



Disclosure according to Pillar 3

Risk Report

K&H Banking Group and
K&H Bank Zrt

For the 2021 Financial Year

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1. Disclosure requirements at K&H (CRR Articles 431.-434.)

K&H 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 relevant recommendations of the Hungarian National Bank (MNB 9/2021). K&H applies the uniform disclosure formats, templates and tables of the commission Implementing regulation (EU) 2021/637. K&H prepares this “Risk Report” for such purposes, containing the information required by law. In line with its general communications policy, K&H is trying to communicate its market risk exposures as openly as possible. Consequently, it discloses information on risk management taking place at K&H in a separate chapter of the “Annual Report” and also in more detail in this document in order to satisfy the requirements of the market as much as possible.

K&H publishes its “Risk Report” four times a year (only once for the full year including the last quarter of the 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 Banking Group is a systematically important institution on the Hungarian market, the bank also publishes half-yearly and quarterly reports in a simplified form.

Similarly to the “Annual Report”, the “Risk Report” is prepared for the last day of the financial year i.e., for the cut-off date. Simultaneously with the display of the report on the K&H corporate portal, the Bank also submits the “Risk Report” to the HNB, which can also publish it in its own website. Pursuant to Article 431 of the CRR and Article 263 of the Hpt, the external auditor will check the content and accuracy in value of the information and data required under the disclosure rules under Pillar 3.

This “Risk Report” was prepared for the cut-off date of 31 December 2021 and contains:

- Standalone, financial and statutory reporting data of K&H Bank, audited according to IFRS, and
- Consolidated, audited financial and preliminary statutory reporting data of the K&H Group, according to IFRS.

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

2. Disclosure of key metrics and overview of risk-weighted exposure amounts (CRR Articles 447, 438)

2.1. EU KM1 - Key metrics

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

		2021.12.31	2021.09.30	2021.06.30	2021.03.31	2020.12.31
		T	T-1	T-2	T-3	T-4
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	365 716	358 149	362 050	362 554	363 348
2	Tier 1 capital	365 716	358 149	362 050	362 554	363 348
3	Total capital	409 806	402 677	407 392	415 042	417 427
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	2 263 749	2 315 709	2 272 715	2 210 386	2 176 009
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	16,16%	15,47%	15,93%	16,40%	16,70%
6	Tier 1 ratio (%)	16,16%	15,47%	15,93%	16,40%	16,70%
7	Total capital ratio (%)	18,10%	17,39%	17,93%	18,78%	19,18%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional CET1 SREP requirements (%)	"protected"	"protected"	"protected"	"protected"	"protected"
EU 7b	of which: to be made up of CET1 capital (percentage points)	"protected"	"protected"	"protected"	"protected"	"protected"
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	"protected"	"protected"	"protected"	"protected"	"protected"
EU 7d	Total SREP own funds requirements (%)	"protected"	"protected"	"protected"	"protected"	"protected"
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2,50%	2,50%	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 (%)					
9	Institution specific countercyclical capital buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer					
11	Combined buffer requirement (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU 11a	Overall capital requirements (%)	13,49%	13,49%	13,49%	13,49%	13,49%
12	CET1 available after meeting the total SREP own funds requirements (%)	228 707	217 420	225 575	238 211	243 347
Leverage ratio						
13	Leverage ratio total exposure measure	4 219 473	4 902 018	4 905 101	4 836 582	4 806 889
14	Leverage ratio	8,67%	7,31%	7,38%	7,50%	7,56%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk	1,69%	1,69%	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%	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 (%)					
EU 14e	Overall leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted)	789 187	983 530	1 120 068	1 093 455	1 160 831
EU 16a	Cash outflows - Total weighted value	1 201 276	1 112 575	1 056 978	1 072 511	1 092 127
EU 16b	Cash inflows - Total weighted value	1 199 206	888 959	509 401	531 759	569 411
16	Total net cash outflows (adjusted value)	300 319	278 144	547 576	540 752	522 717
17	Liquidity coverage ratio (%)	262,78%	353,61%	204,55%	202,21%	222,08%
Net Stable Funding Ratio						
18	Total available stable funding	3 723 719	3 264 486	3 214 632		
19	Total required stable funding	2 183 584	2 055 801	1 993 747		
20	NSFR ratio (%)	170,53%	158,79%	161,24%		

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

		2021.12.31	2021.09.30	2021.06.30	2021.03.31	2020.12.31
		T	T-1	T-2	T-3	T-4
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	354 105	345 452	349 369	349 973	350 772
2	Tier 1 capital	354 105	345 452	349 369	349 973	350 772
3	Total capital	398 150	389 960	394 690	402 695	405 073
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	2 303 304	2 346 340	2 302 925	2 220 923	2 204 178
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15,37%	14,72%	15,17%	15,76%	15,91%
6	Tier 1 ratio (%)	15,37%	14,72%	15,17%	15,76%	15,91%
7	Total capital ratio (%)	17,29%	16,62%	17,14%	18,13%	18,38%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	"protected"	"protected"	"protected"	"protected"	"protected"
EU 7b	of which: to be made up of CET1 capital (percentage points)	"protected"	"protected"	"protected"	"protected"	"protected"
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	"protected"	"protected"	"protected"	"protected"	"protected"
EU 7d	Total SREP own funds requirements (%)	"protected"	"protected"	"protected"	"protected"	"protected"
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2,50%	2,50%	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 (%)					
9	Institution specific countercyclical capital buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer					
11	Combined buffer requirement (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU 11a	Overall capital requirements (%)	10,50%	10,50%	10,50%	10,50%	10,50%
12	CET1 available after meeting the total SREP own funds requirements (%)	213 886	202 253	210 456	225 021	228 739
Leverage ratio						
13	Leverage ratio total exposure measure	4 262 510	4 777 142	4 996 330	4 863 236	4 851 499
14	Leverage ratio	8,52%	7,23%	6,99%	7,20%	7,23%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	1,69%	1,69%	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%	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 (%)					
EU 14e	Overall leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted)	789 556	983 050	1 120 068	1 088 382	1 157 437
EU 16a	Cash outflows - Total weighted value	1 220 459	1 116 028	1 059 855	1 075 935	1 095 972
EU 16b	Cash inflows - Total weighted value	1 199 195	889 248	509 389	531 748	569 398
16	Total net cash outflows (adjusted value)	305 115	279 007	550 465	544 187	526 575
17	Liquidity coverage ratio (%)	258,77%	352,34%	203,48%	200,00%	219,80%
Net Stable Funding Ratio						
18	Total available stable funding	3 700 748	3 247 491	3 040 567		
19	Total required stable funding	2 227 667	2 081 963	2 019 764		
20	NSFR ratio (%)	166,13%	155,98%	150,54%		

2.2. EU OV1 - Overview of risk weighted exposure amounts

3. Table: EU OV1 –values in HUF million; K&H Group compared to last year

Values in HUF million		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		12.31.21	12.31.20	12.31.21
1	Credit risk (excluding CCR)	1 870 678	1 815 091	149 654
2	Of which the standardised approach	121 091	114 216	9 687
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted			
5	Of which the advanced IRB (AIRB) approach	1 635 745	1 587 894	130 860
5.1	Of which MRA	113 842	112 981	9 107
6	Counterparty credit risk - CCR	59 188	46 045	4 735
7	Of which the standardised approach	54 938	44 715	4 395
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	2 326	364	186
9	Of which other CCR	1 924	966	154
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%/ deduction			
20	Position, foreign exchange and commodities risks (Market risk)	345	1 131	28
21	Of which the standardised approach	345	1 131	28
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	333539	313 742	26 683
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	333539	313 742	26 683
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	Total	2 263 749	2 176 009	181 100

4. Table: EU OV1 –values in HUF million; K&H Group compared to last quarter

Values in HUF million		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		12.31.21	09.30.21	12.31.21
1	Credit risk (excluding CCR)	1 870 678	1 952 960	149 654
2	Of which the standardised approach	121 091	117 950	9 687
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted			
5	Of which the advanced IRB (AIRB) approach	1 635 745	1 644 263	130 860
5.1	Of which MRA	113 842	190 747	9 107
6	Counterparty credit risk - CCR	59 188	49 379	4 735
7	Of which the standardised approach	54 938	45 660	4 395
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	2 326	1 919	186
9	Of which other CCR	1 924	1 800	154
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%/ deduction			
20	Position, foreign exchange and commodities risks (Market risk)	345	219	28
21	Of which the standardised approach	345	219	28
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	333 539	313 151	26 683
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	333 539	313 151	26 683
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	Total	2 263 749	2 315 709	181 100

5. Table: EU OV1 – values in HUF million; K&H Bank compared to last year

Values in HUF million		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		12.31.21	12.31.20	12.31.21
1	Credit risk (excluding CCR)	1 915 174	1 845 632	153 214
2	Of which the standardised approach	120 332	108 552	9 627
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted			
5	Of which the advanced IRB (AIRB) approach	1 677 656	1 624 099	134 212
5.1	Of which MRA	117 186	112 981	9 375
6	Counterparty credit risk - CCR	59 195	46 690	4 736
7	Of which the standardised approach	54 939	44 723	4 395
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	2 326	364	186
9	Of which other CCR	1 930	1 602	154
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%/ deduction			
20	Position, foreign exchange and commodities risks (Market risk)	345	1 131	28
21	Of which the standardised approach	345	1 131	28
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	333539	310 724	26 683
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	333539	310 724	26 683
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	Total	2 308 253	2 204 178	184 660

6. Table: EU OV1 – values in HUF million; K&H Bank compared to last quarter

Values in HUF million		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		12.31.21	09.30.21	12.31.21
1	Credit risk (excluding CCR)	1 915 174	1 986 389	153 214
2	Of which the standardised approach	120 332	111 940	9 627
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted			
5	Of which the advanced IRB (AIRB) approach	1 677 656	1 680 228	134 212
5.1	Of which MRA	117 186	194 221	9 375
6	Counterparty credit risk - CCR	59 195	49 386	4 736
7	Of which the standardised approach	54 939	45 662	4 395
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	2 326	1 919	186
9	Of which other CCR	1 930	1 805	154
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%/ deduction			
20	Position, foreign exchange and commodities risks (Market risk)	345	219	28
21	Of which the standardised approach	345	219	28
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	328 590	310 345	26 287
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	328 590	310 345	26 287
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	Total	2 303 304	2 346 340	184 264

2.3. EU OVC - ICAAP information

2.3.1. (a) (Article 438(a) CRR) A summary of their approach to assessing the adequacy of their internal capital to support current and future activities;

The capital strategy supplementing the risk policies of the KBC Group referred to above contains the following:

- Creation of durable values for the shareholders, which means the most efficient utilisation of the capital of the KBC Group with maximum return available under the assumed risks and without any excessive unused capital.
- Compliance with the restrictions on the capital funds of the KBC Group, defined by the regulatory authorities and rating agencies.
- Maintaining capital adequacy by also taking into account the business development outlook of the KBC Group beyond one year as an organic part of the strategic, business and capital planning process.
- Maintaining capitalisation at the KBC Group in order to cover all material risks up to a set high funding level.

The KBC Group considers ICAAP an ideal step to gradually move the whole group towards high level and reliable risk management procedures, Consequently, KBC does not consider ICAAP a separate regulatory burden but a tool that may have a major role in achieving the above objective. This is why the KBC Group considers it important to have a well-founded ICAAP approach. Internal procedures and systems must be elaborated that ensure the availability of sufficient funding for a long term, paying sufficient attention to each important risk.

In 2007 KBC developed an ICAAP procedure for the whole group that was renewed in 2015. The procedure contains internal models for measuring capital requirements, more specifically economic capital². This ensures the set funding ratio at KBC, which is associated with the predefined reliability level of default in economic sense.

Under Pillar 2, the KBC Group uses the ICM model to calculate the total economic capital requirement. The model has also been implemented in the K&H Group, K&H calculates economic capital for 4 risk types for the same time horizon and confidence level, they are the building blocks of ICM:

- credit risk
- operational risk
- market risk (trading and ALM)
- business risk

One of the main component of ICAAP process is to define the risk appetite. We calibrate our operational limits and early warning triggers and their measurement and management methods based on our actual risk appetite. The first step of this process setting up the risk profile of the Bank and compare the risk profile of the actual year with the one of the previous year. The risk appetite (risk acceptance) and the risk profile needs to be synchron. The RCC of K&H approved the K&H Banking Group Risk Appetite Statement 2021 - 2023 document as of 26th of February, 2021.

The board defines the risk appetite and the methods of measurement of risk. The bank monitors these limits monthly and weekly as well (in the Integrated Risk Dashboard and on the weekly specific risk committee meetings) to avoid the limit overruns.

2.3.2. (b) Article 438(c) CRR upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process;

No demand from the relevant competent authority

2.4. EU INS1 - Insurance participations

Empty tables for both K&H Group and Bank

² The concept of economic capital is different from own funds as own funds refers to the minimum level of necessary and mandatory capital required by the regulators to be maintained by the institution; economic capital is the closest estimate of the required amount of capital that the financial institutions use internally to manage their own risks and distribute the costs of maintenance of own funds within the various units or between the members of the organisation.

2.5. EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio

Empty tables for both K&H Group and Bank

3. Disclosure of risk management objectives and policies (CRR Article 435)

3.1. EU OVA - Institution risk management approach

3.1.1. (a) (Point (f) of Article 435 (1) CRR) Disclosure of concise risk statement approved by the management body

(c) (Point (e) of Article 435 (1) CRR) Declaration approved by the management body on the adequacy of the risk management arrangements

The board of the K&H with accepting the Risk appetite statement and the internal control state for 2021 proved that the risk management system is appropriate with respect to the risk profile and strategy of the bank.

3.1.2. (b) (Point (b) of Article 435 (1) CRR) Information on the risk governance structure for each type of risk

(d) (Point (c) of Article 435 (1) CRR) Disclosure on the scope and nature of risk disclosure and/or measurement systems

(e) (Point (c) of Article 435 (1) CRR) Disclose information on the main features of risk disclosure and measurement systems.

(f) (Point (a) of Article 435 (1) CRR) Strategies and processes to manage risks for each separate category of risk

(g) (Points (a) and (d) of Article 435 (1) CRR) Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants

See in Chapter 8.1 LIQA for liquidity risk, Chapter 9.1 EU CRA for credit Risk, Chapter 16.1 MRA for market risk, Chapter 17.1 ORA for operational risk.

3.2. EU OVB - Disclosure on governance arrangements

3.2.1. (a) (Points (a) of Article 435 (2) CRR) The number of directorships held by members of the management body

We have an internal registry about the number of directorships held by members of the management body, taking into account the legal limits (set by Hpt.)

3.2.2. (b) (Points (b) of Article 435 (2) CRR) Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise and

(c) (Points (c) of Article 435 (2) CRR) Information on the diversity policy with regard of the members of the management body

Members of the management body are selected by the Nomination Committee based on the following criteria:

- identification of the roles and skills required for membership in the given management body,
- assessment of the coherence between the knowledge, skills and experience levels of management body members,
- specifying the gender ratio within the management body and develop the necessary strategy to achieve the appropriate ratio (at KBC level institutions are obliged to publish their gender ratios, their strategy developed to achieve those ratios and the method of implementing that strategy).
- assessing the needed time for managing the position (can take enough time for his/her responsibilities) and the detailed assessment of the criteria set by MNB recommendation

Information about our diversity policy and gender ration targets regarding the members of the management body is available on K&H website (<https://www.kh.hu/csoport/bank/vezetoseg>).

3.2.3. (d) (Points (d) of Article 435 (2) CRR) Information whether or not the institution has set up a separate risk committee and the frequency of the meetings

The RCC advises the Board of Directors on the overall current and future risk appetite and risk strategy, as well as on the current and future compliance risk appetite and strategy. It assists the Board of Directors in monitoring and overseeing the implementation of these elements and rules by senior management. The RCC monitors whether the prices of the liabilities and assets and the categories of off-balance sheet products offered to clients take full account of K&H Bank's business model and risk strategy and, in particular, the possible reputation risks linked to these products. The RCC oversees the risk management and compliance functions, and pays special attention to the company's processes to comply with relevant laws and regulations. The K&H Risk and Compliance Committee met 4 times during 2021 (March 9 2021; May 26 2021; September 22 2021; November 24 2021)

3.2.4. (e) (Points (e) of Article 435 (2) CRR) Description on the information flow on risk to the management body.

The chairman of the RCC regularly reports to the Board of Directors about the RCC's activity. In addition, the RCC minutes are officially submitted to the following Board of Directors meeting as well.

4. Disclosure of the scope of application (CRR Article 436)

4.1. EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

7. Table: EU LI1 (values in HUF million; K&H Group)

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and cash balances at central banks	155 244	155 244	155 244				
Other demand deposit with credit institutions	111 347	111 347	111 347				
Securities held-for-trading	902	902				902	
Derivative financial instruments	156 698	156 698		156 698		85 185	
Loans and advances to banks	479 109	479 109	479 109				
Loans and advances to customers	3 910 386	3 910 386	3 910 386				
Reverse repurchase agreements and other similar secured lending	52 678	52 678		52 678			
Fair value through other comprehensive income	69 152	69 152	69 152				
Mandatory fair value through profit or loss	206 014	206 014	206 014				
Other assets	70 167	70 167	70 167				
...							
Total assets	5 211 698	5 211 698	5 001 419	209 377		86 088	
Liabilities							
Measured at amortised cost - Deposits from banks	- 437 931	- 437 931					- 437 931
Measured at amortised cost - Customer accounts	- 4 096 262	- 4 096 262					- 4 096 262
Repurchase agreements and other similar secured borrowings	- 84 932	- 84 932					- 84 932
Held-for-trading (excluding derivatives)							
Financial liabilities designated at fair value	- 5 701	- 5 701					- 5 701
Derivative financial instruments	- 168 035	- 168 035		- 168 035		- 69 476	
Other liabilities	21 774	21 774					21 774
...							
Total liabilities	- 4 771 087	- 4 771 087		- 168 035		- 69 476	- 4 603 052

8. Table: EU LI1 (values in HUF million; K&H Bank)

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and cash balances at central banks	155 244	155 244	155 244				
Other demand deposit with credit institutions	111 347	111 347	111 347				
Securities held-for-trading	902	902				902	
Derivative financial instruments	156 699	156 699		156 699		85 186	
Loans and advances to banks	478 811	478 811	478 811				
Loans and advances to customers	3 929 434	3 929 434	3 929 434				
Reverse repurchase agreements and other similar secured lending	52 678	52 678		52 678			
Fair value through other comprehensive income	69 523	69 523	69 523				
Mandatory fair value through profit or loss	206 014	206 014	206 014				
Other assets	87 769	87 769	44 120				43 649
...							
Total assets	5 248 423	5 248 423	4 994 493	209 378	0	86 089	43 649
Liabilities							
Measured at amortised cost - Deposits from banks	- 601 846	- 601 846					- 601 846
Measured at amortised cost - Customer accounts	- 3 934 724	- 3 934 724					- 3 934 724
Repurchase agreements and other similar secured borrowings	- 105 445	- 105 445					- 105 445
Held-for-trading (excluding derivatives)							
Financial liabilities designated at fair value	- 5 701	- 5 701					- 5 701
Derivative financial instruments	- 168 037	- 168 037		- 168 037		- 69 479	
Other liabilities	4 335	4 335					4 335
...							
Total liabilities	- 4 811 418	- 4 811 418		- 168 037		- 69 479	- 4 643 381

4.2. EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

9. Table: EU LI3 - K&H Group

Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
K&H Jelzálogbank Zrt.	Full consolidation	x					Credit institution
K&H Ingatlanlizing Zrt.	Full consolidation	x					Leasing company/Financial corporation
K&H Autópark Kft.	Full consolidation	x					Leasing company / operative leasing
K&H Faktor Pénzügyi Szolgáltató Zrt.	Full consolidation	x					Factoring/Financial Corporation /
K&H Csportszolgáltató Kft.	Full consolidation	x					Accounting, tax consultancy/Financial corporation/
K&H Tanácsadó Zrt. "v.a"	Full consolidation	x					Business and other management consultancy activities/Non financial corporation/
K&H Equities Zrt.	Full consolidation	x					Business and other management consultancy activities/Non financial corporation/
K&H Érték Zrt.	Full consolidation	x					Investment company/Financial corporation

4.3. EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

10. Table: EU LI2 - K&H Group

	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	5 211 698	5 001 419		209 377	86 088
2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	- 4 771 087			- 168 035	- 69 476
3 Total net amount under the scope of prudential consolidation	440 611	5 001 419		41 342	16 611
4 Off-balance-sheet amounts	1 096 090	1 096 090			
5 Differences in valuations					
6 Differences due to different netting rules, other than those already included in row 2	- 9 628			- 9 628	
7 Differences due to consideration of provisions	42 510	42 510			
8 Differences due to the use of credit risk mitigation techniques (CRMs)	62 411			62 411	
9 Differences due to credit conversion factors	- 568 659	- 568 659			
10 Differences due to Securitisation with risk transfer					
11 Other differences	- 16 352				- 16 352
12 Exposure amounts considered for regulatory purposes	5 665 745	5 571 360		94 126	260

11. Table: EU LI2 - K&H Bank

	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	5 248 422	4 994 493		209 378	86 089
2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	- 4 811 419			- 168 037	- 69 479
3 Total net amount under the scope of prudential consolidation	437 003	4 994 493		41 340	16 610
4 Off-balance-sheet amounts	1 107 973	1 107 973			
5 Differences in valuations					
6 Differences due to different netting rules, other than those already included in row 2	- 9 591			- 9 591	
7 Differences due to consideration of provisions	42 525	42 525			
8 Differences due to the use of credit risk mitigation techniques (CRMs)	62 411			62 411	
9 Differences due to credit conversion factors	- 525 315	- 525 315			
10 Differences due to Securitisation with risk transfer					
11 Other differences					- 16 350
12 Exposure amounts considered for regulatory purposes	5 714 097	5 619 676		94 161	260

4.4. EU LIA - Explanations of differences between accounting and regulatory exposure amounts

There are no differences.

4.5. EU LIB táblázat – Other qualitative information on the scope of application

Not relevant for K&H Group

4.6. EU PV1: Prudent valuation adjustments (PVA)

12. Table: EU PV1 (values in HUF million; K&H Group and Bank)

Category level AVA	Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
1 Market price uncertainty										
2 Not applicable										
3 Close-out cost		47	52					49	48	1
4 Concentrated positions										
5 Early termination										
6 Model risk		185	85					135	132	3
7 Operational risk		3	2					5	5	0
8 Not applicable										
9 Not applicable										
10 Future administrative costs										
11 Not applicable										
12 Total Additional Valuation Adjustments (AVAs)								189	185	4

5. Disclosure of own funds (CCR Article 437)

5.1. EU CC1 - Composition of regulatory own funds

13. Table: EU CC1 (values in HUF million; K&H Group and K&H Bank)

Common Equity Tier 1 (CET1) capital: instruments and reserves		K&H Csoport	K&H Bank
1	Capital instruments and the related share premium accounts	189 753	189 753
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 2		
2	Retained earnings	169 080	156 479
3	Accumulated other comprehensive income (and other reserves)	- 25 333	- 25 357
EU-3a	Funds for general banking risk	31 703	31 622
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	21 000	21 000
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	386 203	373 497

Common Equity Tier 1 (CET1) capital: regulatory adjustments		K&H Csoport	K&H Bank
7	Additional value adjustments (negative amount)	- 189	- 189
8	Intangible assets (net of related tax liability) (negative amount)	- 44 744	- 43 649
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		
11	Fair value reserves related to gains or losses on cash flow hedges	24 629	24 629
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250 %, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10 % threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		
22	Amount exceeding the 17,65 % threshold (negative amount)		
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items (negative amount)		
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		
27a	Other regulatory adjustments	- 183	- 183
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	- 189	- 189
29	Common Equity Tier 1 (CET1) capital	365 716	354 105

Additional Tier 1 (AT1) capital: instruments		K&H Csoport	K&H Bank
30	Capital instruments and the related share premium accounts	37 424	37 424
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 (AT1) capital before regulatory adjustments		
Additional Tier 1 (AT1) capital: regulatory adjustments		K&H Csoport	K&H Bank
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital		
44	Additional Tier 1 (AT1) capital		
45	Tier 1 capital (T1 = CET1 + AT1)	365 716	354 105
Tier 2 (T2) capital: instruments and provisions		K&H Csoport	K&H Bank
46	Capital instruments and the related share premium accounts	37 424	37 424
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments	6 666	6 622
51	Tier 2 (T2) capital before regulatory adjustments	44 090	44 046

Tier 2 (T2) capital: regulatory adjustments		K&H Csoport	K&H Bank
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
56b	Other regulatory adjustments to T2 capital		
57	Total regulatory adjustments to Tier 2 (T2) capital		
58	Tier 2 (T2) capital	44 090	44 046
59	Total capital (TC = T1 + T2)	409 806	398 150
60	Total risk weighted assets	2 263 749	2 303 304
Capital ratios and requirements including buffers		K&H Csoport	K&H Bank
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	16,16%	15,37%
62	Tier 1 (as a percentage of total risk exposure amount)	16,16%	15,37%
63	Total capital (as a percentage of total risk exposure amount)	18,10%	17,29%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	8,68%	7,00%
65	of which: capital conservation buffer requirement	2,50%	2,50%
66	of which: countercyclical buffer requirement	0,002%	0,002%
67	of which: systemic risk buffer requirement		
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		
EU-67b	ebből: a túlzott tőkeáttétel kockázatától eltérő kockázatok kezelését célzó kiegészítő szavatoló-tőke-követelmény		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10,10%	9,29%
Amounts below the thresholds for deduction (before risk weighting)		K&H Csoport	K&H Bank
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2 256	2 256
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)		11 365
75	Deferred tax assets arising from temporary differences (amount below		

Applicable caps on the inclusion of provisions in Tier 2		K&H Csoport	K&H Bank
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	1 615	1 658
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		829
Capital instruments subject to phase-out arrangements (only applicable)		K&H Csoport	K&H Bank
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

5.2. EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

14. Table: EU CC2 (values in HUF million; K&H Group)

		Balance sheet as in published financial statements	Reference
		As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and cash balances with central banks and other demand deposits with credit institutions	266 591	
2	Cash	63 510	
3	Cash balances with central banks	91 734	
4	Other demand deposit with credit institutions	111 347	
5	of which asset pledged as collateral	38 065	
6	Financial assets	4 874 940	
7	Held for trading	86 088	
8	Mandatorily at fair value through profit or loss	206 014	
9	At fair value through other comprehensive income	69 152	
10	of which asset pledged as collateral		
11	At amortised cost	4 442 173	
12	of which asset pledged as collateral	615 249	
13	Hedging derivatives	71 513	
14	Fair value changes of hedged item under portfolio hedge of interest rate risk	- 66 693	
15	Tax assets	3 552	
16	Current tax assets	9	
17	Deferred tax assets	3 543	
18	Investment property	864	
19	Property, plant and equipment	45 120	
20	Intangible assets	58 821	
21	Non-current assets held for sale and disposal groups	124	
22	Other assets	28 379	
xxx	Total assets	5 211 698	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Financial liabilities	4 792 860	
2	Held for trading	69 476	
3	Designated at fair value through profit or loss	5 701	
4	Measured at amortised cost	4 619 125	
5	Hedging derivatives	98 558	
6	Fair value changes of hedged item under portfolio hedge of interest rate risk	- 72 738	
7	Tax liabilities	4 390	
8	Current tax liabilities	4 390	
9	Deferred tax liabilities		
10	Provisions for risks and charges and credit commitments	2 893	
11	Other liabilities	43 682	
xxx	Total liabilities	4 771 087	
Shareholders' Equity			
1	Share capital	140 978	
2	Share premium	48 775	
3	Accumulated profit	236 022	
4	Other reserves	14 836	
xxx	Total shareholders' equity	440 611	

15. Table: EU CC2 (values in HUF million; K&H Bank)

		Balance sheet as in published financial statements	Reference
		As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and cash balances with central banks and other demand deposits with credit institutions	266 591	
2	Cash	63 510	
3	Cash balances with central banks	91 734	
4	Other demand deposit with credit institutions	111 347	
5	of which assets pledged as collateral	38 065	
6	Financial assets	4 894 062	
7	Held for trading	86 089	
8	Mandatorily at fair value through profit or loss	206 014	
9	At fair value through other comprehensive income	69 523	
10	of which assets pledged as collateral		
11	At amortised cost	4 460 923	
12	of which assets pledged as collateral	617 031	
13	Hedging derivatives	71 513	
14	Fair value changes of hedged item under portfolio hedge of interest rate risk	-66 693	
15	Tax assets	3 401	
16	Current tax assets		
17	Deferred tax assets	3 401	
18	Investments in subsidiaries and associated companies	17 396	
19	Investment property	851	
20	Property, plant and equipment	45 866	
21	Intangible assets	58 821	
22	Non-current assets held for sale and disposal groups	124	
23	Other assets	28 003	
xxx	Total assets	5 248 422	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Financial liabilities	4 815 752	
2	Held for trading	69 479	
3	Designated at fair value through profit or loss	5 701	
4	Measured at amortised cost	4 642 014	
5	Hedging derivatives	98 558	
6	Fair value changes of hedged item under portfolio hedge of interest rate risk	-72 738	
7	Tax liabilities	4 228	
8	Current tax liabilities	4 228	
9	Deferred tax liabilities		
10	Provisions for risks and charges and credit commitments	2 894	
11	Other liabilities	61 283	
xxx	Total liabilities	4 811 419	
Shareholders' Equity			
1	Share capital	140 978	
2	Share premium	48 775	
3	Accumulated profit	232 546	
4	Other reserves	14 704	
xxx	Total shareholders' equity	437 003	

5.3. EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

16. Table: EU CCA

	equity	subordinated loan capital #1	subordinated loan capital #2	subordinated loan capital #3
1 Issuer	K&H Bank Zrt.	KBC Bank NV	KBC Bank NV	KBC Bank NV
2 Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: HU0000075304	N/A	N/A	N/A
3 Governing law(s) of the instrument	Hungarian law	Belgian law	Belgian law	Belgian law
Regulatory treatment				
4 Transitional CRR rules	core Tier 1 capital instrumentum	Tier 2 capital instrumentum	Tier 2 capital instrumentum	Tier 2 capital instrumentum
5 Post-transitional CRR rules	core Tier 1 capital instrumentum	Tier 2 capital instrumentum	Tier 2 capital instrumentum	Tier 2 capital instrumentum
6 Eligible at solo/ (sub-)consolidated/ solo&(sub-)consolidated	individuel and (sub)consolidated	individuel and (sub)consolidated	individuel and (sub)consolidated	individuel and (sub)consolidated
7 Instrument type (types to be specified by each jurisdiction)	Share, Common Equity Tier 1 as published in Regulation (EU) No 575/2013 article 28	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HUF 140,978 million	EUR 60 million	EUR 30 million	EUR 37 million
9 Nominal amount of instrument	HUF 140,978 million	EUR 60 million	EUR 30 million	EUR 37 million
9a Issue price	N/A	100%	100%	100%
9b Redemption price	N/A	100%	100%	100%
10 Accounting classification	equity	subordinated loan	subordinated loan	subordinated loan
11 Original date of issuance	N/A	2006.06.30	2015.09.28	2017.12.22
12 Perpetual or dated	perpetual	dated	dated	dated
13 Original maturity date	no maturity	2026.06.30	2025.09.28	2027.12.22
14 Issuer call subject to prior supervisory approval	N/A	No	No	No
15 Optional call date, contingent call dates and redemption amount	N/A	Pursuant to CRR Article 63	Pursuant to CRR Article 63	Pursuant to CRR Article 63
16 Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons / dividends				
17 Fixed or floating dividend/coupon	N/A	variable	variable	variable
18 Coupon rate and any related index	N/A	EURIBOR+2.70%	EURIBOR+3.05%	EURIBOR+1.53%
19 Existence of a dividend stopper	No	N/A	N/A	N/A
20a Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A	N/A
20b Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A	N/A
21 Existence of step up or other incentive to redeem	N/A	No	No	No
22 Noncumulative or cumulative	N/A	Noncumulative	Noncumulative	Noncumulative
23 Convertible or non-convertible	N/A	Non-convertible	Non-convertible	Non-convertible
24 If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25 If convertible, fully or partially	N/A	N/A	N/A	N/A
26 If convertible, conversion rate	N/A	N/A	N/A	N/A
27 If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28 If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29 If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30 Write-down features	N/A	No	No	No
31 If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32 If write-down, full or partial	N/A	N/A	N/A	N/A
33 If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34 If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	in the case of insolvency or liquidation of the institution, the instruments are classified behind all other receivables	Pursuant to CRR Article 63	Pursuant to CRR Article 63	Pursuant to CRR Article 63
36 Non-compliant transitioned features	N/A	N/A	N/A	N/A
37 If yes, specify non-compliant features	N/A	N/A	N/A	N/A

(1) Insert 'N/A' if the question is not applicable

6. Disclosure of countercyclical capital buffers (CRR Article 440)

6.1. EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

17. Table: EU CCyB1 (values in HUF million; K&H Group)

Breakdown by country	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value IRB	Sum of long and short positions of trading book exposures for SA	Value of trading book exposure for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
HU	178 216	2 323 367				2 501 583	132 034			132 034	1 650 425	99,27%	
AT		2 289				2 289	161			161	2 013	0,12%	
BE		151				151	4			4	50	0,00%	
CH		60				60	7			7	88	0,01%	
CY	4					4				4	50	0,00%	
GB		16 408				16 408	491			491	6 138	0,37%	
RO		762				762	13			13	163	0,01%	
SK		2 196				2 196	266			266	3 325	0,20%	0,01
US		97				97	24			24	300	0,02%	
Total	178 220	2 345 330				2 523 550	133 000			133 004	1 662 550		

18. Table: EU CCyB1 (values in HUF million; K&H Bank)

Breakdown by country	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value IRB	Sum of long and short positions of trading book exposures for SA	Value of trading book exposure for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
HU	177 513	2 372 024				2 549 537	134 726			134 726	1 684 075	99,29%	
AT		2 289				2 289	161			161	2 013	0,12%	
BE		151				151	4			4	50	0,00%	
CH		60				60	7			7	88	0,01%	
CY	4					4				4	50	0,00%	
GB		16 408				16 408	491			491	6 138	0,36%	
RO		762				762	13			13	163	0,01%	
SK		2 196				2 196	266			266	3 325	0,20%	0,01
US		97				97	24			24	300	0,02%	
Total	177 517	2 393 987				2 571 504	135 692			135 696	1 696 200		

Disclosure according to Pillar 3 for the 2021 financial year

6.2. EU CCyB2 - Amount of institution-specific countercyclical capital buffer

19. Table: EU CCyB2 (values in HUF million; K&H Group)

Total risk exposure amount	2 263 749
Institution specific countercyclical buffer rate	0,002%
Institution specific countercyclical buffer requirement	45 274 985

20. Table: EU CCyB2 (values in HUF million; K&H Bank)

Total risk exposure amount	2 303 304
Institution specific countercyclical buffer rate	0,002%
Institution specific countercyclical buffer requirement	46 066 075

7. Disclosure of the leverage ratio (CRR Article 451)

7.1. EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

21. Table: EU LR1 (values in HUF million; K&H Group and K&H Bank)

		K&H Group	K&H Bank
1	Total assets as per published financial statements	5 210 616	5 248 422
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation		
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)		
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	- 1 217 475	- 1 217 475
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)		
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		
7	Adjustment for eligible cash pooling transactions		
8	Adjustments for derivative financial instruments	68 595	68 598
9	Adjustment for securities financing transactions (SFTs)	52 755	53 150
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	323 012	324 205
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	- 44 126	- 44 183
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)		
12	Other adjustments		
13	Total exposure measure	4 219 473	4 262 510

7.2. EU LR2 - LRCom: Leverage ratio common disclosure

22. Table: EU LR2 (values in HUF million; K&H Group and K&H Bank)

		2021.12.31 (T)		2021.06.30 (T-1)	
On-balance sheet exposures (excluding derivatives and SFTs)		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	5 087 066	5 127 475	4 973 205	5 036 158
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework				
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 38 065	- 38 065	- 4 091	- 4 091
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)				
5	(General credit risk adjustments to on-balance sheet items)	- 43 088	- 43 145	- 40 318	- 40 369
6	(Asset amounts deducted in determining Tier 1 capital)	- 20 483	- 19 388	- 25 647	- 25 646
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	4 985 430	5 026 877	4 903 149	4 966 052
Derivative exposures		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	45 753	45 753	24 880	24 882
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach				
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	27 662	27 664	39 234	39 239
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach				
EU-9b	Exposure determined under Original Exposure Method				
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)				
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)				
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)				
11	Adjusted effective notional amount of written credit derivatives				
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)				
13	Total derivatives exposures	73 415	73 417	64 114	64 121
SFT exposures		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions				
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	55 014	55 014	51 745	73 053
16	Counterparty credit risk exposure for SFT assets	77	472	249	249
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR				
17	Agent transaction exposures				
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)				
18	Total securities financing transaction exposures	55 091	55 486	51 994	73 302
Other off-balance sheet exposures		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
19	Off-balance sheet exposures at gross notional amount	1 096 090	1 107 974	1 007 266	1 019 171
20	(Adjustments for conversion to credit equivalent amounts)	- 772 041	- 782 731	- 570 780	- 575 673
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	- 1 037	- 1 038	- 859	- 860
22	Other off-balance sheet exposures (sum of lines 17 and 18)	323 012	324 205	435 627	442 638

Excluded exposures		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)				
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	- 1 217 475	- 1 217 475	- 549 783	- 549 783
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)				
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution				
	- Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State				
	- Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution				
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution				
	- Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State				
	- Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution				
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)				
EU-22g	(Excluded excess collateral deposited at triparty agents)				
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)				
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)				
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)				
EU-22k	(Total exempted exposures)	- 1 217 475	- 1 217 475	- 549 783	- 549 783
Capital and total exposure measure		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
23	Tier 1 capital	365 716	354 105	362 050	349 369
24	Total exposure measure	4 219 473	4 262 510	4 905 101	4 996 330
Leverage ratio		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
25	Leverage ratio	8,67%	8,31%	7,38%	6,99%
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	8,67%	8,31%	7,38%	6,99%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6,73%	8,31%	6,64%	6,30%
26	Regulatory minimum leverage ratio requirement (%)	3,00%	3,00%	3,00%	3,00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	3,00%	3,00%	3,00%	3,00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	1,69%	1,69%	1,69%	1,69%
27	Leverage ratio buffer requirement (%)				
EU-27a	Overall leverage ratio requirement (%)	6,00%	6,00%	6,00%	6,00%

Choice on transitional arrangements and relevant exposures		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
EU-27b	Choice on transitional arrangements for the definition of the capital measure				
Disclosure of mean values		K&H Group (T)	KH Solo (T)	K&H Group (T-1)	KH Solo (T-1)
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	12 231	12 231	5 779	5 779
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	55 014	55 014	51 745	73 053
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4 176 690	4 219 727	4 859 135	4 929 056
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5 394 165	4 219 727	5 408 918	5 478 839
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8,76%	8,39%	7,45%	7,09%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6,78%	8,39%	6,69%	6,38%

7.3. EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

23. Table: EU LR3 (values in HUF million; K&H Group and K&H Bank)

		K&H Group	K&H Bank
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	3 790 775	3 831 127
EU-2	Trading book exposures		
EU-3	Banking book exposures, of which:	3 790 775	3 831 127
EU-4	Covered bonds		
EU-5	Exposures treated as sovereigns	1 098 741	1 098 710
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns		
EU-7	Institutions	500 554	500 983
EU-8	Secured by mortgages of immovable properties	647 290	647 290
EU-9	Retail exposures	252 991	252 991
EU-10	Corporates	1 078 383	1 099 595
EU-11	Exposures in default	35 874	35 874
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	176 942	195 684

7.4. EU LRA - disclosure on LRA qualitative items

7.4.1. (a) Description of the processes used to manage the risk of excessive leverage

K&H Group and K&H Bank monitors it regularly. The dividend and capitalization policy of KBC Group ensure the continuous adequacy to regulatory minimum

7.4.2. Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

Leverage ratio of K&H Group increased from 7,56% to 8,67%, while the leverage ratio of K&H Bank increased from 7,23% to 8,31% in 2021. The value of leverage ratios were far above 3% regulatory minimum under reported period. At the calculation of leverage exposure value, the ratio of excluded exposures increased from 2020 to 2021, which improved the leverage ratio

8. Disclosure of liquidity requirements (CRR Articles 435 (1), 451a)

8.1. EU LIQA - Liquidity risk management

8.1.1. (a) Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding,

The liquidity strategy has a three years horizon. The Bank's liquidity situation is great. Maintaining this is a key element of the Bank's overall strategy. The major source of liquidity is the well-diversified retail and corporate deposits. The goal is that the well-diversified liability structure shall be available for the Bank.

The Bank minimized the reliance on wholesale funding, the stable retail and corporate funding ensures sufficient funding. Also, foreign exchange funds are more than enough to fund its foreign currency denominated assets.

The goal is to continue holding the adequate liquidity buffer, having large volume of stable retail and corporate deposits and the Bank meets the regulatory ratios all time.

8.1.2. (b) Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)

Treasury's main objective is to manage the daily liquidity situation of the Bank. Maintaining the necessary liquidity level and meeting the required ratios are the responsibilities of Treasury. The control function is at Dealing Room Risk and Control Department, which is independent from Treasury. Dealing Room Risk and Control Department monitors the liquidity situation, calculates and reports the liquidity measures like LCR and NSFR. Also, it calculates internal measures, does analysis and stress tests and reports them to certain bodies.

The main governing bodies are the CROC and ExCo. They receive reports regularly from both Treasury and Dealing Room Risk and Control Department.

8.1.3. (c) A description of the degree of centralisation of liquidity management and interaction between the group's units

Treasury acts independently while manages the Bank's liquidity situation. Its responsibility that the Bank has sufficient liquidity buffer and meets all regulatory and internal liquidity measures. However, the Bank is part of KBC Group and Treasury works with the Group's units in a group framework in order that KBC Group also has a sufficient liquidity situation.

8.1.4. (d) Scope and nature of liquidity risk reporting and measurement systems

Dealing Room Risk and Control Department measures all liquidity risks at the Bank. Main focus is the calculation of regulatory measures, however calculating internal measures defined by either KBC Group or the Bank itself does strengthen the liquidity risk measurement process and reporting processes.

8.1.5. (e) Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

The liquidity risk appetite of the Bank is consistently low, the liquidity has to be available for the Bank in order that it can perform its normal business activity all the time. In case of not expected or unfavourable market situations the liquidity has to be there.

Treasury does diversify the structure of source of liquidity and the maturity profile is also diversified according to the business strategy.

8.1.6. (f) An outline of the bank's contingency funding plans

In a liquidity emergency situation the Bank would withdraw its deposits at National Bank of Hungary at first round. Then it would tap its facilities at KBC.

At the same time it would enter into repurchase transaction in the interbank market. Finally, it would tap the secured funding facilities at the central bank.

Depending on the situation and possible scenarios, the following actions can be performed by the Bank;

- liquidate some part of its security portfolio
- review the pricing of deposits and could set a very advanced pricing in the market for the clients
- cancel uncommitted credit and liquidity lines
- review the rates of loans, those could be increased, the Bank may support prepayment or abort lending
- initiate some discussions about selling some part of its loan portfolio after careful analysis
- finally, to prepare for the normalcy after the emergency situation, the Bank would create new liquidity increasing products, it would make a new marketing strategy about deposit campaigns and a new image at the market.

8.1.7. (g) An explanation of how stress testing is used

Liquidity stress tests are created monthly and the Bank's governing bodies review them regularly. In a holistic approach the stress tests were developed to cover all perspectives; there is historical stress test, empirical stress test, scenario stress test and reverse stress test as components of the stress test portfolio. The different aspects and views ensure that the Bank shall receive a clear and whole picture.

Also, the stress tests have different horizons; from short window till 6 months horizon. The severity of the stress tests varies too.

During the year stress tests showed that the Bank has a strong liquidity profile, risk measures were above the required levels.

8.1.8. (h) A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy

The Capital and Risk Oversight Committee and Executive Committee yearly overviews the Liquidity Adequacy Statement which contains the liquidity strategy and adequacy. The Statement's aim is that how the main liquidity measures shall develop over time along the set strategy. The liquidity measures have to meet the regulatory requirements all the time. The Bank's liquidity profile and situation is very strong, even at stress scenarios.

8.1.9. (i) A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body. These ratios may include:

Concentration limits on collateral pools and sources of funding (both products and counterparties)

Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank

Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity

Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps

Liquidity Adequacy statement;

The Bank's liquidity and financing situation is very good currently and this risk profile in the business plans is going to be very good too in both expected and unexpected stress scenarios. The risk governance and risk measurement ensures that regulatory and internal risk measures meet the required levels in the future too.

The retail and SME deposits shall be at least 30% of total liabilities.

Corporate deposits shall be maximum 35% of total liabilities.

Wholesale deposits shall be maximum 10% of total liabilities.

The Bank manages the future cashflows with contractual maturity dates, majority of the balance sheet items belongs to this category. The non-maturity deposits and client behavioural modelled liabilities have special attention. Treasury regularly analysis the behavioural model results and the actual realized client behaviour. If necessary Treasury proposes some actions or advices to manage difference.

The maturity bands (version with contractual dates and modelled dates) are shown to the Capital and Risk Oversight Committee regularly. Limit utilizations are also reported and action plans are added if it was needed.

Treasury manages the K&H banking group's liquidity too, internal prices towards affiliates are the key component of this process.

8.2. EU LIQ1 - Quantitative information of LCR

24. Table: EU LIQ1 (values in HUF million; K&H Group)

EU 1a	Quarter ending on (DD Month YYY)	Total unweighted value (average)				Total weighted value (average)			
		2021.12.31	2021.09.30	2021.06.30	2021.03.31	2021.12.31	2021.09.30	2021.06.30	2021.03.31
EU 1b	Number of data points used in the calculation of averages								
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					815 948	1 063 105	1 105 048	1 095 137
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	2 010 670	1 887 904	1 842 911	1 821 631	144 037	134 214	131 232	129 911
3	Stable deposits	1 346 390	1 275 500	1 242 596	1 214 088	67 320	63 775	62 130	60 704
4	Less stable deposits	664 280	612 404	600 315	607 542	76 718	70 439	69 102	69 207
5	Unsecured wholesale funding	1 467 723	1 326 294	1 284 558	1 288 566	708 966	632 753	618 771	617 511
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks								
7	Non-operational deposits (all counterparties)	1 467 700	1 325 372	1 284 558	1 288 066	708 943	631 831	618 771	617 011
8	Unsecured debt	23	922		500	23	922		500
9	Secured wholesale funding								
10	Additional requirements	585 555	568 386	558 779	545 988	238 573	223 526	204 954	219 524
11	Outflows related to derivative exposures and other collateral requirements	178 549	169 143	150 269	151 816	178 549	169 143	150 269	151 816
12	Outflows related to loss of funding on debt products								
13	Credit and liquidity facilities	407 007	399 243	408 510	394 172	60 024	54 383	54 685	67 708
14	Other contractual funding obligations	313 190	264 576	232 069	215 175	11 973	10 377	13 850	10 793
15	Other contingent funding obligations	398 864	385 701	372 160	364 105	106 001	101 073	93 691	86 833
16	TOTAL CASH OUTFLOWS					1 209 550	1 101 944	1 062 498	1 064 572
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	32 025	20 362	11 973	5 669				
18	Inflows from fully performing exposures	1 221 420	766 102	530 058	533 279	1 206 891	753 784	517 020	522 653
19	Other cash inflows	2 929	3 492	5 076	1 201	2 929	3 492	5 076	1 201
EU-19a	(Difference between total weighted inflows and total								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	1 256 374	789 956	547 108	540 149	1 209 821	757 276	522 097	523 855
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap	1 256 374	789 956	547 108	540 149	1 256 374	757 276	522 097	523 855
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					815 948	1 063 105	1 105 048	1 095 137
22	TOTAL NET CASH OUTFLOWS					302 387	388 627	540 401	540 717
23	LIQUIDITY COVERAGE RATIO					270%	307%	205%	203%

25. Table: EU LIQ1 (values in HUF million; K&H Bank)

EU 1a	Quarter ending on (DD Month YYY)	Total unweighted value (average)				Total weighted value (average)			
		2021.12.31	2021.09.30	2021.06.30	2021.03.31	2021.12.31	2021.09.30	2021.06.30	2021.03.31
EU 1b	Number of data points used in the calculation of averages								
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					816 228	1 062 698	1 101 815	1 091 185
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	2 010 670	1 887 904	1 842 911	1 821 630	144 037	134 214	131 232	129 911
3	Stable deposits	1 346 390	1 275 500	1 242 596	1 214 088	67 320	63 775	62 130	60 704
4	Less stable deposits	664 280	612 404	600 315	607 542	76 718	70 439	69 102	69 207
5	Unsecured wholesale funding	1 486 779	1 326 771	1 286 023	1 289 909	720 195	632 768	619 780	618 341
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks								
7	Non-operational deposits (all counterparties)	1 486 779	1 326 771	1 286 023	1 289 909	720 195	632 768	619 780	618 341
8	Unsecured debt								
9	Secured wholesale funding								
10	Additional requirements	585 555	568 386	558 779	545 988	238 573	223 526	204 954	219 524
11	Outflows related to derivative exposures and other collateral requirements	178 549	169 143	150 269	151 816	178 549	169 143	150 269	151 816
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	407 007	399 243	408 510	394 172	60 024	54 383	54 685	67 708
14	Other contractual funding obligations	313 370	264 476	231 969	214 975	11 973	10 377	13 850	10 793
15	Other contingent funding obligations	418 482	390 998	377 382	369 399	112 664	103 317	95 935	89 187
16	TOTAL CASH OUTFLOWS					1 227 443	1 104 203	1 065 751	1 067 757
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	32 025	20 362	11 973	5 669				
18	Inflows from fully performing exposures	1 221 397	766 180	530 029	533 250	1 206 880	753 873	517 006	522 639
19	Other cash inflows	2 929	3 494	5 077	1 201	2 929	3 494	5 077	1 201
EU-19a	(Difference between total weighted inflows and total								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	1 256 351	790 036	547 079	540 120	1 209 809	757 368	522 082	523 840
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap	1 256 351	790 036	547 079	540 120	1 209 809	757 368	522 082	523 840
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					816 228	1 062 698	1 101 815	1 091 185
22	TOTAL NET CASH OUTFLOWS					306 861	390 017	543 669	543 917
23	LIQUIDITY COVERAGE RATIO					266%	307%	203%	201%

8.3. EU LIQB - on qualitative information on LCR, which complements template EU LIQ1

8.3.1. (a) Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

The Bank's liquidity situation is stable due to the well diversified and large deposit volume. The majority of liquidity buffer is Hungarian government bonds or deposits to National Bank of Hungary, so it is ensured that an adequate liquidity buffer is available.

8.3.2. (b) Explanations on the changes in the LCR over time

The LCR is well above the regulatory requirement's level, there is some volatility because of the natural movements of liabilities.

8.3.3. (c) Explanations on the actual concentration of funding sources

The retail and corporate deposits are the sources of the Bank's liquidity. These are well diversified liabilities, the Bank has no additional concentration risk because there is no concentration risk to one party or a group.

8.3.4. (d) High-level description of the composition of the institution's liquidity buffer

The majority of liquidity buffer is Hungarian government bonds. Also, there are some short-term deposits to National Bank of Hungary and naturally there is cash too. Overall, the Bank has a liquidity buffer made of very high quality liquid assets.

8.3.5. (e) Derivative exposures and potential collateral calls

There are no major inflows or outflows from derivatives because the clients' transactions are back-to-back hedges, while ALM only hedges the positions with derivative deals. The so-called HLBA methodology is used for potential collateral outflow modelling, it is taken into account of liquidity calculations.

8.3.6. (f) Currency mismatch in the LCR

The Bank is self-financed from foreign currency liquidity perspective. The main foreign currency is euro, the Bank has a much more liabilities than assets in euro. ALM continuously ensures that there shall be liquidity in every currency.

8.3.7. (g) Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

As the National Bank of Hungary requires, all items in the Bank are taken into account during liquidity risk calculations. For example uncommitted credit lines affect liquidity calculations.

8.4. EU LIQ2 - Net Stable Funding Ratio

26. Table: EU LIQ2 (values in HUF million; K&H Group)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	344 895			44 090	388 986
2	Own funds	344 895			44 090	388 986
3	Other capital instruments					
4	Retail deposits		2 078 944	2 502	148	1 944 470
5	Stable deposits		1 418 683	1 744	12	1 349 417
6	Less stable deposits		660 261	759	136	595 053
7	Wholesale funding:		1 657 080	90 750	708 183	1 390 263
8	Operational deposits					
9	Other wholesale funding		1 657 080	90 750	708 183	1 390 263
10	Interdependent liabilities					
11	Other liabilities:		7 007			
12	NSFR derivative liabilities					
13	All other liabilities and capital		7 007			
14	Total available stable funding (ASF)					3 723 719
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					216 037
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		5 150	5 285	153 938	139 717
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		687 904	193 251	1 562 495	1 516 006
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		45 520			
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		415 021	285	150 098	191 743
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		209 317	175 556	911 677	1 297 652
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					296 077
22	Performing residential mortgages, of which:		17 562	17 325	469 746	
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		14 691	15 307	432 428	
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		483	84	30 974	26 612
25	Interdependent assets					
26	Other assets:		1 228 594	37 773	197 822	259 206
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets			34 726		34 726
30	NSFR derivative liabilities before deduction of variation margin posted			47 539		2 377
31	All other assets not included in the above categories		1 146 329	37 773	197 822	222 103
32	Off-balance sheet items		1 048 241			52 618
33	Total RSF					2 183 584
34	Net Stable Funding Ratio (%)					171%

27. Table: EU LIQ2 (values in HUF million; K&H Bank)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	333 284			44 046	377 329
2	Own funds	333 284			44 046	377 329
3	Other capital instruments					
4	Retail deposits		2 078 943	2 502	148	1 944 470
5	Stable deposits		1 418 683	1 744	12	1 349 417
6	Less stable deposits		660 261	759	136	595 053
7	Wholesale funding:		1 697 481	90 750	690 810	1 378 949
8	Operational deposits					
9	Other wholesale funding		1 697 481	90 750	690 810	1 378 949
10	Interdependent liabilities					
11	Other liabilities:		7 432			
12	NSFR derivative liabilities					
13	All other liabilities and capital		7 432			
14	Total available stable funding (ASF)					3 700 748
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					216 037
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		5 150	5 285	153 938	139 717
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		705 745	193 112	1 603 693	1 559 099
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		45 520			
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		432 545	285	173 795	217 192
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		209 635	175 417	911 412	1 297 584
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					296 077
22	Performing residential mortgages, of which:		17 562	17 325	469 746	
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		14 691	15 307	432 428	
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		483	84	48 740	44 322
25	Interdependent assets					
26	Other assets:		1 228 594	37 773	197 822	259 206
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets			34 726		34 726
30	NSFR derivative liabilities before deduction of variation margin posted			47 539		2 377
31	All other assets not included in the above categories		1 146 329	37 773	197 822	222 103
32	Off-balance sheet items		1 068 035			53 608
33	Total RSF					2 227 667
34	Net Stable Funding Ratio (%)					166%

9. Disclosure of credit risk quality (CRR Articles 435, 442)

9.1. EU CRA: General qualitative information about credit risk

9.1.1. (a) In the concise risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile

(b) When discussing their strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits

Maximum credit risk exposure and/or credit risk concentration is managed and monitored via limits, which define the maximum credit risk exposure allowed in terms of a specific measurement approach.

Transactions that carry a credit risk may only be entered into if authorized by a positive credit decision, which will stipulate, among others, the maximum acceptable credit risk exposure (limit), which may refer to:

- Case-by-case approval for a given transaction (a given counterparty);
- A pre-approved limit for all the transactions of a particular risk type.

Limits at individual counterparty level

In addition to the limit types above, an overall KBC Group limit (as decided by the KBC Group Executive Committee) also applies to corporate exposures in terms of Loss Given Default (LGD) and Expected Loss (EL). These are "hard limits", which means that immediate action is required if such limit is or would be exceeded.

Apart from the limits defined internally at debtor/guarantor/counterparty and country level, large exposure limits are also monitored in compliance with applicable law.

Limits at group/sector/portfolio level

The limits assigned to client groups and sectors/portfolios are designed to define the maximum desirable exposure concentration for client groups, industry sectors, etc. These limits are not approved individually for each client but apply to all clients that fit the scope of the particular limit (e.g. a given industry sector). The limits are subject to regular review in order to meet market/macro-economic requirements and the Bank's risk appetite.

Credit risk monitoring

Credit Risk Department prepares quarterly reports to the senior management regarding the whole consolidated credit portfolio of K&H including both retail (Private Persons and Micro SME) and non-retail (i.e. corporate + Premium SME) segment. These reports are regularly amend and fine-tuned to show information on the actual relevant issues/topics

The so-called Integrated Risk report, prepared for the ExCo on a monthly basis, is aimed at presented and monitoring credit risk, among others.

The credit management functions prepare monthly reports on the following segments:

- Retail
- SME

- Corporate

These reports provide a comprehensive view of the given segment's portfolio development in terms of exposures (e.g. approved limits, loans disbursed) and credit quality (e.g. delays, ratings, impairment losses, loan loss rates, etc.), and assess credit portfolio' main risks broken down by indicators and sub-portfolios.

Also included here are reports from different pseudo portfolios that identify segments with specific risk characteristics (e.g. moratorium, MTG interest rate cap).

Once risks have been identified, measured, monitored and reported, it is the responsibility of both line management and committees to respond, i.e. to bring risks in line with the risk appetite.

Risk avoidance can be achieved by the introduction of credit policies (e.g. forbidding credit risk resulting from lending to specific borrowers), withdrawing or reducing limits (e.g. suspending country limits upon actions of monetary authorities) or deciding to stop certain activities (e.g. when risk and return are not in balance).

9.1.2. (c) When informing on the structure and organisation of the risk management function in accordance with point (b) of Article 435(1) CRR, the structure and organisation of the credit risk management and control function

The three lines of defence concept (3 LOD model) is used to further improve the Internal Control System within the K&H Banking Group. The roles and responsibilities of the different parties within this concept are highlighted below.

First line of defence: business entities

The first line of defence (the business side) has full ownership of its risks. It needs to identify, understand and deal with these risks as well as have the necessary controls executed. This involves allocating sufficient priority and capacity to risk topics, making sure the business self-assessments of the risks are of a sufficient quality, and performing the right controls in the right manner.

Second line of defence: the risk function

The risk function, as part of the second line of defence, formulates independent opinions on the risks K&H faces and on the way, they are mitigated. It provides an overview of the group's control environment and risk exposure. To do this consistently while adhering to high standards, the risk function develops, imposes and monitors consistent implementation of the KBC risk management framework, describing the processes, methods and tools to identify, measure and report on risks. To make sure that its voice is heard, the CRO also has a veto right that can be exercised in the different committees where major decisions are taken.

Third line of defence: internal audit

The third line of defence (internal audit) gives reasonable assurance to the Boards of Directors that the overall internal control environment is effective and that policies and processes are in place, effective and consistently applied throughout the K&H Banking Group.

9.1.3. (d) When informing on the authority, status and other arrangements for the risk management function in accordance with point (b) of Article 435(1) CRR, the relationships between credit risk management, risk control, compliance and internal audit functions.

The Three Lines of Defence Model (3 LOD model), as described in the previous point, ensures the resilience of K&H's risk and control environment and safeguards the sustainability of our business model going forward. In this model, Business acts as the first line of defence, Risk as one of the second lines and Internal Audit as the third line. They all work together in order to prevent major impact losses for the K&H Banking Group.

9.2. EU CRB: Additional disclosure related to the credit quality of assets

9.2.1. The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default in accordance with Article 178 CRR.

Loans past due comprise the assets that the client failed to settle at the due date (even if the delay is one day only).

Although the default/non-default flag is conceptually conceived on client level, a different treatment is allowed in case of retail exposures. For these exposures, the definition of default can be applied at the level of a particular facility, rather than at the level of the obligor. Therefore, a default of a client on one retail exposure does not require to treat all other retail exposure of this client as defaulted as well.

It is important to note that the so-called "Cross Default" is also applicable for retail portfolio. This means that if a retail clients Non-performing exposure exceeds 20% of said clients total exposure then all exposures shall be reported as Non-performing.

9.2.2. The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

The Bank calculates days past due figure for default triggers according to EU regulations. These rules set a materiality, if overdue amounts do not exceed the materiality then the deal shall not be reported as Non-performing or Impaired

9.2.3. Description of methods used for determining general and specific credit risk adjustments.

The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

The bank implemented the so-called Forborne definition, which replaces the standing restructured definition. The main difference compared to the previous definition is the introduction of distressed renegotiation. Basically if the restructuring is linked to any payment difficulty then the restructured deal needs to be flagged as High Risk Forbearance. This means that deals restructured due to payment difficulties cannot be rated as performing, they have to at least be put into PD 10 category. Restructuring activities where there is no indication of payment difficulties can be flagged as

performing forborne. The details of Forbearance can be found in EBA ITS Definition of Forbearance (EBA ITS 2013/03).

It is important to note that after the introduction of blanket moratorium in Hungary the Bank strengthened its Forbearance measures/triggers. If a client was still under moratorium after 1, November 2021, then the client was flagged as at least performing Forborne. If any indication of vulnerability was found (through PD information, client declaration, or based on transactional info) then the client was flagged as Non-Performing Forborne. This is a very conservative approach, expectation most of these clients will heal, to Performing status in the long run.

9.3. EU CQ3: Credit quality of performing and non-performing exposures by past due days

28. Table: EU CQ3 (values in HUF million; K&H Group)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted	
0.5	Cash balances at central banks and other demand deposits	203 083	203 083										
1	Loans and advances	3 630 774	3 626 467	4 307	54 735	38 816	2 439	1 664	1 285	1 361	3 487	5 683	54 735
2	Central banks	1 110 000	1 110 000										
3	General governments	52 504	52 504		1	1							1
4	Credit institutions	528 753	528 753										
5	Other financial corporations	33 747	33 747		342	1						341	342
6	Non-financial corporations	968 158	967 597	561	20 927	15 161	1 399	333	319	716	2 400	599	20 927
7	Of which SMEs	606 632	606 082	550	10 875	5 129	1 392	333	319	716	2 400	586	10 875
8	Households	937 612	933 866	3 746	33 465	23 653	1 040	1 331	966	645	1 087	4 743	33 465
9	Debt securities												
10	Central banks												
11	General governments												
12	Credit institutions												
13	Other financial corporations												
14	Non-financial corporations												
15	Off-balance-sheet exposures	1 093 048											
16	Central banks												
17	General governments	23 302											
18	Credit institutions	362 622											
19	Other financial corporations	55 840											
20	Non-financial corporations	599 003											
21	Households	52 281											
22	Total	3 630 774			54 735								54 735

Disclosure according to Pillar 3 for the 2021 financial year

29. Table: EU CQ3 (values in HUF million; K&H Bank)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
0.5	Cash balances at central banks and other demand deposits	203 083	203 083										
1	Loans and advances	2 201 616	2 197 303	4 313	53 841	37 647	2 439	1 663	1 452	1 440	3 504	5 696	53 841
2	Central banks												
3	General governments	50 269	50 269										
4	Credit institutions	189 830	189 830										
5	Other financial corporations	74 968	74 968		341							341	341
6	Non-financial corporations	949 028	948 468	560	20 132	14 319	1 399	332	342	731	2 402	607	20 132
7	Of which SMEs	597 344	596 795	549	10 914	5 126	1 393	332	341	729	2 402	591	10 914
8	Households	937 521	933 768	3 753	33 368	23 328	1 040	1 331	1 110	709	1 102	4 748	33 368
9	Debt securities	1 070 627	1 070 627										
10	Central banks												
11	General governments	1 034 675	1 034 675										
12	Credit institutions	370	370										
13	Other financial corporations												
14	Non-financial corporations	35 582	35 582										
15	Off-balance-sheet exposures	1 105 565			2 408								2 408
16	Central banks												
17	General governments	23 302											
18	Credit institutions	362 622											
19	Other financial corporations	70 776											
20	Non-financial corporations	596 584			1 647								1 647
21	Households	52 281			761								761
22	Total	4 377 808			56 249								56 249

9.4. EU CR1-A: Maturity of exposure

30. Table: EU CR1-A (values in HUF million; K&H Group)

		Net exposure value					Total
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
1	Loans and advances		2 295 318	973 223	1 775 105		5 043 646
2	Debt securities		42 340	388 579	646 319		1 077 237
3	Total		2 337 658	1 361 801	2 421 423		6 120 883

31. Table: EU CR1 (values in HUF million; K&H Bank)

		Net exposure value					Total
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
1	Loans and advances		2 285 443	973 082	1 838 008		5 096 532
2	Debt securities		42 340	388 970	646 325		1 077 635
3	Total		2 327 782	1 362 052	2 484 333		6 174 167

9.5. EU CR2: Changes in the stock of non-performing loans and advances

32. Table: EU CR2 (values in HUF million; K&H Group)

	Changes in the stock of defaulted and impaired loans and debt securities (values in HUF)	Gross carrying value defaulted exposures
1	Opening balance	41 535
2	Loans and debt securities that have defaulted or impaired since the last reporting period	24 572
3	Returned to non-defaulted status	-419
4	Amounts written off	-7 402
5	Other changes	-5 108
6	Closing balance	53 178

33. Table: EU CR2 (values in HUF million; K&H Bank)

	Changes in the stock of defaulted and impaired loans and debt securities (values in HUF)	Gross carrying value defaulted exposures
1	Opening balance	41 441
2	Loans and debt securities that have defaulted or impaired since the last reporting period	24 572
3	Returned to non-defaulted status	-419
4	Amounts written off	-7 402
5	Other changes	-5 860
6	Closing balance	52 332

9.6. EU CR1: Performing and non-performing exposures and related provisions

34. Table: EU CR1 (values in HUF million; K&H Group)

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					
0.5 Cash balances at central banks and other demand deposits	203 083	203 083														
1 Loans and advances	2 175 942	1 909 451	266 491	54 684		54 684	- 20 750	- 2 853	- 17 897	- 19 238	-	- 19 238		1 316 173	24 339	
2 Central banks																
3 General governments	50 269	39 234	11 035	1		1	- 667	- 20	- 647					25 946		
4 Credit institutions	190 132	189 830	302	35		35	- 30	- 26	- 4					67 132		
5 Other financial corporations	33 747	33 744	3	342		342	- 324	- 324	-	- 339	-	- 339		16 204		
6 Non-financial corporations	967 811	804 626	163 185	20 922		20 922	- 11 453	- 1 395	- 10 058	- 7 593	-	- 7 593		402 284	8 886	
7 Of which SMEs	602 960	537 245	65 715	10 868		10 868	- 5 196	- 974	- 4 222	- 5 495	-	- 5 495		292 450	4 489	
8 Households	933 983	842 017	91 966	33 384		33 384	- 8 276	- 1 088	- 7 188	- 11 306	-	- 11 306		804 607	15 453	
9 Debt securities	1 070 627	1 070 627					- 615	- 615								
10 Central banks	1 034 675	1 034 675														
11 General governments	370	370					- 597	- 597								
12 Credit institutions																
13 Other financial corporations	35 582	35 582														
14 Non-financial corporations							- 18	- 18								
15 Off-balance-sheet exposures	1 105 564	1 030 710	74 854	2 408		2 408	- 608	- 280	- 328	- 431	-	- 431		171 373	675	
16 Central banks																
17 General governments	23 301	17 147	6 154				- 13	- 6	- 7					847		
18 Credit institutions	362 622	352 468	10 154				- 19	- 19						36 900		
19 Other financial corporations	70 776	70 678	98				- 120	- 80	- 40					1 400		
20 Non-financial corporations	596 584	542 908	53 676	1 647		1 647	- 284	- 119	- 165	- 431	-	- 431		124 090	664	
21 Households	52 281	47 509	4 772	761		761	- 172	- 56	- 116					8 136	11	
22 Total	4 352 133	4 010 788	341 345	57 092		57 092	- 21 973	- 3 748	- 18 225	- 19 669	-	- 19 669		1 487 546	25 014	

35. Table: EU CR1 (values in HUF million; K&H Bank)

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received			
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures	
	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					
0.5 Cash balances at central banks and other demand deposits	203 083	203 083														
1 Loans and advances	2 201 616	1 950 741	250 875	3 537		3 537	- 20 621	- 2 865	- 17 756	- 19 225	-	- 19 225		1 316 172	24 339	
2 Central banks																
3 General governments	50 269	39 234	11 035				- 667	- 20	- 647					25 946		
4 Credit institutions	189 830	189 830					- 26	- 26						67 132		
5 Other financial corporations	74 968	74 965	3				- 338	- 338		- 339	-	- 339		16 204		
6 Non-financial corporations	949 030	804 696	144 334				- 11 190	- 1 393	- 9 797	- 7 580	-	- 7 580		402 284	8 886	
7 Of which SMEs	597 344	536 613	60 731				- 5 123	- 972	- 4 151	- 5 495	-	- 5 495		292 450	4 489	
8 Households	937 519	842 016	95 503	3 537		3 537	- 8 400	- 1 088	- 7 312	- 11 306	-	- 11 306		804 606	15 453	
9 Debt securities	1 070 627	1 070 627														
10 Central banks	1 034 675	1 034 675														
11 General governments	370	370														
12 Credit institutions																
13 Other financial corporations	35 582	35 582														
14 Non-financial corporations																
15 Off-balance-sheet exposures	1 105 565	1 030 710	74 855	2 408		2 408	- 608	- 280	- 328	- 431	-	- 431		171 373	675	
16 Central banks	1		1													
17 General governments	23 301	17 147	6 154				- 13	- 6	- 7					847		
18 Credit institutions	362 622	352 468	10 154				- 19	- 19						36 900		
19 Other financial corporations	70 776	70 678	98				- 120	- 80	- 40					1 400		
20 Non-financial corporations	596 584	542 908	53 676	1 647		1 647	- 284	- 119	- 165	- 431	-	- 431		124 090	664	
21 Households	52 281	47 509	4 772	761		761	- 172	- 56	- 116					8 136	11	
22 Total	4 377 808	4 052 078	325 730	5 945		5 945	- 21 229	- 3 145	- 18 084	- 19 656	-	- 19 656		1 487 545	25 014	

9.7. EU CQ1: Credit quality of forborne exposures

36. Table: EU CQ1 (values in HUF million; K&H Group)

		Gross carrying amount/nominal amount of exposures with forbearance measures			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
			Of which defaulted	Of which impaired					
0.5	Cash balances at central banks and other demand deposits								
1	Loans and advances	39 402	36 183	36 183	36 183	-2 684	-11 855	102 228	54 454
2	Central banks							42 466	
3	General governments								
4	Credit institutions								
5	Other financial corporations	3						3	
6	Non-financial corporations	14 874	16 106	16 106	16 106	-1 160	-5 333	19 513	23 752
7	Households	24 525	20 077	20 077	20 077	-1 524	-6 522	40 246	30 702
8	Debt securities								
9	Loan commitments given	824	175						16
10	Total	40 226	36 358	36 183	36 183	-2 684	-11 855	102 228	54 470

37. Table: EU CQ1 (values in HUF million; K&H Bank)

		Gross carrying amount/nominal amount of exposures with forbearance measures			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
			Of which defaulted	Of which impaired					
0.5	Cash balances at central banks and other demand deposits								
1	Loans and advances	80 205	37 422	37 422	34 766	-14 863	-12 156	48 905	19 253
2	Central banks								
3	General governments								
4	Credit institutions								
5	Other financial corporations								
6	Non-financial corporations	30 979	16 106	16 106	16 106	-6 493	-5 333	14 902	7 645
7	Households	49 226	21 316	21 316	18 660	-8 370	-6 823	34 003	11 608
8	Debt securities								
9	Loan commitments given								
10	Total	80 205	37 422	37 422	34 766	-14 863	-12 156	48 905	19 253

9.8. EU CQ4: Quality of non-performing exposures by geography

Not applicable for K&H

9.9. EU CQ5: Credit quality of loans and advances by industry

Not applicable for K&H

9.10. EU CQ7: Collateral obtained by taking possession and execution processes

Not applicable for K&H

Disclosure according to Pillar 3 for the 2021 financial year

9.11. EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries

38. Table: EU CR2-A (values in HUF million; K&H Group)

		Gross carrying amount	Related net cumulated recoveries
010	Initial stock of non-performing loans and advances	41 535	
020	Inflows to non performing portfolios	31 818	
030	Outflows from non-performing portfolios	-20 175	
040	Outflow to performing portfolio	-562	
050	Outflow due to loan repayment, partial or total	-12 341	
060	Outflow due to collateral liquidations		
070	Outflow due to taking possession of collateral		
080	Outflow due to sale of instruments	-6 492	4222
090	Outflow due to risk transfers		
100	Outflows due to write-offs	-779	
110	Outflow due to Other Situations		
120	Outflow due to reclassification as held for sale		
130	Final stock of non-performing loans and advances	53 178	

39. Table: EU CR2-A (values in HUF million; K&H Bank)

		Gross carrying amount	Related net cumulated recoveries
010	Initial stock of non-performing loans and advances	41 441	
020	Inflows to non performing portfolios	31 818	
030	Outflows from non-performing portfolios	-20 927	
040	Outflow to performing portfolio	-562	
050	Outflow due to loan repayment, partial or total	-13 093	
060	Outflow due to collateral liquidations		
070	Outflow due to taking possession of collateral		
080	Outflow due to sale of instruments	-6 492	4222
090	Outflow due to risk transfers		
100	Outflows due to write-offs	-779	
110	Outflow due to Other Situations		
120	Outflow due to reclassification as held for sale		
130	Final stock of non-performing loans and advances	52 332	

9.12. EU CQ2: Quality of forbearance

Not applicable for K&H

9.13. EU CQ6: Collateral valuation - loans and advances

Not applicable for K&H

9.14. EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown

Not applicable for K&H

10. Disclosure of the use of credit risk mitigation techniques (CRR Article 453)

10.1. EU CRC – Qualitative disclosure requirements related to CRM techniques

10.1.1. (a) (Point (a) of Article 453 CRR) A description of the core features of the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting

K&H does not engage in on-balance sheet netting (i.e., the offsetting of balance sheet items such as loans and deposits). K&H Bank uses both netting and collateral received through CSAs and GMRA as risk mitigation tool in the capital charge calculation.

10.1.2. (b) (Point (b) of Article 453 CRR) The core features of policies and processes for eligible collateral evaluation and management

(c) (Point (c) of Article 453 CRR) For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures

The main types of guarantors are government entities and large financial institutions, such as banks, investment banks and insurance companies.

10.1.3. (d) (Point (d) of Article 453 CRR) A description of the main types of collateral taken by the institution to mitigate credit risk

The EU CR3 table presented in section 10.2 provides an overview of the main types of collateral taken by K&H Banking Group to mitigate credit risk.

10.1.4. (e) (Point (e) of Article 453 CRR) Information about market or credit risk concentrations within the credit mitigation taken

The acceptance and valuation of collaterals the Bank receives from its clients and the calculation of collateral value must be governed by the principle of conservatism. Before any risk-taking decision the representatives of the business line must verify the existence, fair value and enforceability of the required credit protection and collaterals. In the acceptance and valuation of collaterals must the following prerequisites and factors must be considered:

- The (legal) status of the collateral must be clear and unambiguous in every case.
- When a collateral deposit is accepted, it must be held with a member company of the Bank Group.
- Securities may only be accepted as collateral if they are unconditionally negotiable, can be endorsed and have been deposited with K&H Bank or a member of a K&H Group or the KBC Group.
- In the case of guarantees given by banks and companies and debt securities issued by banks, a country and bank or company limit applicable to the issuer of the guarantee/securities is a prerequisite for acceptance.

In the mitigation of credit risk the Bank may take into account the following types of credit protection, which meet the minimum requirements of eligibility.

Types of funded credit protection that may be taken into account by the Bank:

- financial collateral (collateral deposits in particular)

- physical collateral on real property (mortgages in particular), pledge, lien or purchase option on movable property (e.g. vehicles)

Types of unfunded credit protection that may be taken into account by the Bank (solely pursuant to an individual decision and a specific legal opinion):

- guarantee
- unconditional (first-loss) surety guarantee

The collateral value of a real property that may be taken into account is based on its market value or credit protection value, also considering the regular reviews prescribed by applicable law and any encumbrance arising from any right related to the property that may reduce the value of the property. Therefore, the collateral value of the property cannot exceed its market value. As under applicable law when the internal rating based approach is used, the property must be valued by an independent appraiser – excluding regular, statistics-based property value reviews – only properties whose value has been determined this way are eligible for collateral purposes.

With respect to capital requirement, credit risk mitigation entails the use of methods that may reduce the calculated minimum capital requirement of credit risk. Credit risk may be reduced by a number of risk-mitigating factors, the most important of which are:

- netting and delivery versus payment (DVP) mechanisms
- surety guarantees / collateral received
- credit derivatives (bought credit protection)

When making estimates for loss given default, K&H Bank takes into consideration the risk-mitigating effects of certain types of collaterals. Eligible collaterals are governed by an internal regulation and procedures, in compliance with applicable law.

In the retail segment, a Bank's internal model-based LGD parameter estimate depends on the coverage ratio of mortgage-backed exposures. In the non-retail segment, the only types of funded credit protection taken into account in the calculation of the regulatory LGD are the financial collaterals and mortgages that meet the eligibility and minimum requirements set out in applicable law. The risk-mitigating effect of unfunded credit protection (e.g. surety guarantees) are taken into consideration in the PD estimates used in capital requirement calculation. The discount rates of the corporate LGD model apply to the following non-retail segments: corporates, SMEs, municipalities, financial institutions, independent commercial real estate projects. The discount rate-based LGD models are applied as part of the use test preceding the planned implementation of the Advanced IRB approach. The Bank uses a discount rate to determine collateral value; the rate is calculated on the basis of the LGD model developed according to KBC-approved methods, and is updated regularly. The Bank uses these discount rates for collateral valuation with Advanced IRB approach. The eligible value of credit protection, i.e., the collateral value ($C_{adjusted}$) is calculated using the initial value ($C_{initial}$) and the discount rate (d). By default, the initial value may be the market, liquidation or book value – pursuant to the relevant decision.

The collateral value of credit protection: $C_{adjusted} = C_{initial} * d$, except for the special case if the contractual amount is smaller, as in this case the contractual value serves as the upper limit.

The discount rate may be reduced by the relationship manager of the credit sponsor when the credit application is written, or by the credit advisor or the competent decision-makers during the pre-decision or decision phase.

10.2. EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

40. Table: EU CR3 (values in HUF million; K&H Group)

		Unsecured carrying amount		Secured carrying amount		Exposures secured by credit derivatives
				Of which secured by collateral	Of which secured by financial guarantees	
1	Loans and advances	2 549 006	1 339 645	1 138 656	200 989	
2	Debt securities	1 070 257				
3	Total	3 619 263	1 339 645	1 138 656	200 989	
4	Of which non-performing exposures	30 459	24 277	22 840	1 437	
EU-5	Of which defaulted	30 459	24 277			

41. Table: EU CR3 (values in HUF million; K&H Bank)

		Unsecured carrying amount		Secured carrying amount		Exposures secured by credit derivatives
				Of which secured by collateral	Of which secured by financial guarantees	
1	Loans and advances	2 526 933	1 340 511	1 139 522	200 989	
2	Debt securities	1 070 257				
3	Total	3 597 190	1 340 511	1 139 522	200 989	
4	Of which non-performing exposures	34 617	24 277	22 840	1 437	
EU-5	Of which defaulted	34 617	24 277			

11. Disclosure of the use of standardised approach (CRR Articles 453, 444)

11.1. EU CRD – Qualitative disclosure requirements related to standardised model

11.1.1. (a) (Point (a) of Article 444 CRR) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) nominated by the institution, and the reasons for any changes over the disclosure period

External ratings used under the standardized approach may be accepted from the following external credit rating agencies: Standard & Poor's, Fitch and Moody's. K&H does not use the external ratings of export credit agencies.

11.1.2. (b) (Point (b) of Article 444 CRR) The exposure classes for which each ECAI or ECA is used

The following ratings of the Hungarian State have been considered (as of 31.12.2021): Standard and Poor's: BBB; Moody's: Baa2; Fitch: BBB (credit rating: 3).

11.1.3. (c) (Point (c) of Article 444 CRR) A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book

Debtor ratings are based on the obligor's probability of default (PD). The KBC Group has defined default as a situation where full repayment at maturity is (at least) uncertain. There are three categories of default, depending on the extent the obligor is performing its liabilities still outstanding and on the chances of recovering the loan.

11.1.4. (d) (Point (d) of Article 444 CRR) The association of the external rating of each nominated ECAI or ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR (except where the institution complies with the standard association published by the EBA)

The KBC Group applies a single group-wide PD rating scale to all counterparties. External ratings provided by rating agencies (Standard & Poor's, Fitch, Moody's) are also mapped to this master scale. There are nine PD rating categories for counterparties "not in default" (PD 1-9) and, as mentioned above, three PD rating categories for counterparties in default (PD10: possible loss - performing; PD11: possible loss – non-performing; PD12: irrecoverable).

The Bank has also developed loss given default and exposure at default calculation models for the corporate segment, which are also used in business processes.

11.2. EU CR4 – standardised approach – Credit risk exposure and CRM effects

42. Table: EU CR4 (values in HUF million; K&H Group)

	Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
1	Central governments or central banks	2 250 115		2 394 531	341		
2	Regional government or local authorities						
3	Public sector entities						
4	Multilateral development banks						
5	International organisations						
6	Institutions						
7	Corporates	20 494	7 631	20 494	0	20 466	100%
8	Retail	143 609	341	6		4	75%
9	Secured by mortgages on immovable property						
10	Exposures in default	2 076		1 263		1 894	150%
11	Exposures associated with particularly high risk						
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity	2 262		2 262		2 262	100%
16	Other items	154 197		154 197		96 465	63%
17	TOTAL	2 572 753	7 972	2 572 753	341	121 091	5%

43. Table: EU CR4 (values in HUF million; K&H Bank)

	Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
1	Central governments or central banks	2 250 062		2 394 478	341		
2	Regional government or local authorities						
3	Public sector entities						
4	Multilateral development banks						
5	International organisations						
6	Institutions						
7	Corporates						
8	Retail	143 609	341	6		4	75%
9	Secured by mortgages on immovable property						
10	Exposures in default	2 076		1 263		1 894	150%
11	Exposures associated with particularly high risk						
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity	19 658		19 658		19 658	100%
16	Other items	156 592		156 592		98 776	63%
17	TOTAL	2 571 997	341	2 571 997	341	120 332	5%

11.3. EU CR5 – standardised approach

44. Table: EU CR5 (values in HUF million; K&H Group)

Exposure classes		Risk weight														Total	Of which unrated		
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%			Others	
1	Central governments or central banks	2 394 872																2 394 872	
2	Regional government or local authorities																		
3	Public sector entities																		
4	Multilateral development banks																		
5	International organisations																		
6	Institutions																		
7	Corporates										20 494							20 494	20 494
8	Retail								6									6	6
9	Secured by mortgages on immovable property																		
10	Exposures in default											1 263						1 263	1 263
11	Higher-risk categories																		
12	Covered bonds																		
13	Institutions and corporates with a short-term credit assessment																		
14	Collective investment undertakings																		
15	Equity										2 262							2 262	2 262
16	Other items	58 035				5 475					87 566		3 122					154 197	154 197
17	Total	2 452 907				5 475			6	110 321	1 263	3 122					2 573 094	178 222	

45. Table: EU CR5 (values in HUF million; K&H Bank)

Exposure classes		Risk weight														Total	Of which unrated		
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%			Others	
1	Central governments or central banks	2 394 819																2 394 819	
2	Regional government or local authorities																		
3	Public sector entities																		
4	Multilateral development banks																		
5	International organisations																		
6	Institutions																		
7	Corporates																		
8	Retail								6									6	6
9	Secured by mortgages on immovable property																		
10	Exposures in default										1 263							1 263	1 263
11	Higher-risk categories																		
12	Covered bonds																		
13	Institutions and corporates with a short-term credit assessment																		
14	Collective investment undertakings																		
15	Equity									19 658								19 658	19 658
16	Other Items	58 035				5 475				90 017		3 065						156 592	156 592
17	Total	2 452 854				5 475			6	109 675	1 263	3 065					2 572 338	177 519	

12. Disclosure of the use of the IRB approach to credit risk (CRR Articles 452, 453, 438, 180 (1))

12.1. EU CRE – Qualitative disclosure requirements related to IRB approach (Article 452 CRR)

12.1.1. (a) (Point (a) of Article 452 CRR) The competent authority's permission of the approach or approved transition

Until 2010 the K&H Group had used the “*standardized approach*” to calculate the capital requirement of credit risk. Since 1 January 2011 the Bank has been using the “*internal ratings based (IRB) approach*” to determine its capital requirement (except for sovereign and leasing exposures and other items). Home-host joint decision of the National Bank of Belgium and Hungarian National Bank licensed K&H Banking Group the use of IRB Advanced method for non-retail segment as of the third quarter of 2015. (TF/2015/25/KN) Both in the retail and non-retail segments the capital requirement is based on own estimations of PD, LGD and CCF risk parameters (Advanced IRB approach)

12.1.2. (b) (Point (c) of Article 452 CRR) The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on:

- *the relationship between the risk management function and the internal audit function;*
- *the rating system review;*
- *procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models;*
- *the procedure to ensure the accountability of the functions in charge of developing and reviewing the models*

The Bank back-tests and reviews its internal rating systems on an annual basis. The processes of developing, testing and authorising new models are governed by KBC group-level guidelines and methodologies. After the back test, redesign of a model validation performed independently from the modelling unit and the validator assesses the model adequacy based on pre-defined aspects in the validation advice.

A substantial part of the models is designed by statistical modelling, using regression on the internal data of the Bank, while in the case of segments where fewer observations are available (for example: Country risk PD model, Project Financing PD model) KBC Group level models were introduced. These latter models, of which many cover low default portfolios, are designed by statistical modelling as well, in most of the cases by using regression to assess probability of default. For certain special portfolios the bank uses the so-called Flexible Rating Tool (FRT)

12.1.3. (c) (Point (d) of Article 452 CRR) The role of the functions involved in the development, approval and subsequent changes of the credit risk models

The processes of developing, testing and authorising new models are governed by KBC group-level guidelines and methodologies.

Validation is a specific – more stringent – form of verification, aimed at challenging an internally designed model, and can only be performed by members of an independent validation unit. Validation is key to the challenging process, as it provides an independent view of the internal model.

Disclosure according to Pillar 3 for the 2021 financial year

The internal models measuring required capital (Pillar 1 and 2) and models which serve as input for these models (e.g., behavioural score models) are subject to formal model validation.

Decisions on the appropriateness of models and changes to the models are taken by the local CRO or the Group CRO (for models that are used group-wide).

12.1.4. (d) (Point (e) of Article 452 CRR) The scope and main content of the reporting related to credit risk models

(e) (Point (f) of Article 452 CRR) A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering:

- *(i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods;*
- *(ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure;*
- *(iii) where applicable, the definitions, methods and data for estimation and validation of credit conversion factors, including assumptions employed in the derivation of those variables.*

Financial institutions are required to perform a rating exercise including the analysis of the client's financial position, creditworthiness, and future solvency, as well as the valuation of the collaterals pledged in order to measure credit risks associated with the business activity. Credit institutions justify their debtor and/or debt rating decisions based on several aspects. All client and facility ratings must be reviewed regularly, but at least once a year. During this review process, it is possible to assess and identify the changes in the counterparty's creditworthiness, including any change in collateral characteristics.

In the retail segment, ratings are assigned at pool level that is, based on grouping together exposures with similar characteristics. Debtor rating in the consumer segment is performed with the help of different scorecard models such as application scorecards and behavioural scorecards, which K&H uses as inputs for pool-level credit risk models. Separate models are used to estimate the other credit risk parameters (i.e. LGD and EAD) of retail exposures.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. LGDs are determined based on the factors that influence the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

12.2. EU CR6-A – Scope of the use of IRB and SA approaches

46. Table: EU CR6-A (values in HUF million; K&H Group)

		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB Approach (%)
1	Central governments or central banks	70 524	2 350 369	97%		3%
1.1	<i>Of which Regional governments or local authorities</i>					100%
1.2	<i>Of which Public sector entities</i>					100%
2	Institutions	892 841	892 841			100%
3	Corporates	1 845 865	1 874 519	2%		98%
3.1	<i>Of which Corporates - Specialised lending, excluding slotting approach</i>		303 973			100%
3.2	<i>Of which Corporates - Specialised lending under slotting approach</i>					100%
4	Retail	838 389	984 867	15%		85%
4.1	<i>of which Retail – Secured by real estate SMEs</i>					100%
4.2	<i>of which Retail – Secured by real estate non-SMEs</i>		682 761			100%
4.3	<i>of which Retail – Qualifying revolving</i>					100%
4.4	<i>of which Retail – Other SMEs</i>					100%
4.5	<i>of which Retail – Other non-SMEs</i>		302 106	48%		52%
5	Equity		2 262	100%		
6	Other non-credit obligation assets		154 277	100%		
7	Total	3 647 619	6 259 134	42%		58%

47. Table: EU CR6-A (values in HUF million; K&H Bank)

		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB Approach (%)
1	Central governments or central banks	70 547	2 350 338	97%		3%
1.1	<i>Of which Regional governments or local authorities</i>					100%
1.2	<i>Of which Public sector entities</i>					100%
2	Institutions	893 269	893 269			100%
3	Corporates	1 907 136	1 907 661	0%		100%
3.1	<i>Of which Corporates - Specialised lending, excluding slotting approach</i>		303 973			100%
3.2	<i>Of which Corporates - Specialised lending under slotting approach</i>					100%
4	Retail	838 389	984 867	15%		85%
4.1	<i>of which Retail – Secured by real estate SMEs</i>					100%
4.2	<i>of which Retail – Secured by real estate non-SMEs</i>		682 761	0%		100%
4.3	<i>of which Retail – Qualifying revolving</i>					100%
4.4	<i>of which Retail – Other SMEs</i>					100%
4.5	<i>of which Retail – Other non-SMEs</i>		302 106	48%		52%
5	Equity		19 703	100%		
6	Other non-credit obligation assets		156 672	100%		
7	Total	3 709 341	6 312 511	41%		59%

12.3. EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

48. Table: EU CR6 (values in HUF million; K&H Group)

Exposure class	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions	
Central governments or central banks	0,00 – <0,15	44 597	27	1,01	44 998	0,14%	5	17%	2,62	9 014	20%	11	- 13	
	0,00 – <0,10													
	0,10 – <0,15	44 597	27	1,01	44 998	0,14%	5	17%	2,62	9 014	20%	11	- 13	
	0,15 – <0,25													
	0,25 – <0,50	11 658	3 232	0,96	12 770	0,38%	27	8%	4,24	1 869	15%	5	- 7	
	0,50 – <0,75	8 824	1 044	1,00	9 308	0,60%	47	35%	4,35	7 489	80%	20	- 20	
	0,75 – <2,50	870	84	0,99	895	1,13%	5	47%	4,68	1 236	138%	5	- 0	
	0,75 – <1,75	870	84	0,99	895	1,13%	5	47%	4,68	1 236	138%	5	- 0	
	1,75 – <2,50													
	2,50 – <10,00	189	0	1,00	189	4,53%	110	45%	2,40	289	153%	4	- 4	
	2,50 – <5,00	189	0	1,00	189	4,53%	110	45%	2,40	289	153%	4	- 4	
	5,00 – <10,00													
	10,00 – <100,00													
	10,00 – <20,00													
	20,00 – <30,00													
	30,00 – <100,00													
100,00 (default)														
	Subtotal	66 138	4 387	1,00	68 159	0,27%	194	18%	3,19	19 897	29%	43	- 45	

Exposure class	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Institutions	0,00 – <0,15	518 079	329 988	0,90	605 579	0,04%	77	58%	1,18	121 049	20%	148	- 50
	0,00 – <0,10	516 941	311 675	0,90	599 339	0,04%	61	58%	1,17	118 019	20%	143	- 50
	0,10 – <0,15	1 139	18 312	0,40	6 240	0,12%	16	64%	1,42	3 030	49%	5	- 0
	0,15 – <0,25	20 075	200	1,01	20 384	0,18%	15	1%	2,87	260	1%	0	- 9
	0,25 – <0,50	289	906	0,70	472	0,31%	8	57%	1,32	320	68%	1	- 0
	0,50 – <0,75	153	14	0,99	156	0,71%	6	56%	1,01	128	82%	1	- 0
	0,75 – <2,50	63		1,01	64	1,36%	6	65%	0,96	80	125%	1	- 0
	0,75 – <1,75	50		1,01	50	1,13%	4	65%	1,00	60	118%	0	- 0
	1,75 – <2,50	13		1,02	13	2,21%	2	63%	0,79	20	152%	0	-
	2,50 – <10,00						45						
	2,50 – <5,00						45						
	5,00 – <10,00												
	10,00 – <100,00												
	10,00 – <20,00												
	20,00 – <30,00												
	30,00 – <100,00												
100,00 (default)													
Subtotal		538 659	331 108	0,90	626 655	0,05%	157	56%	1,23	121 836	19%	151	- 59
Corporates - SME	0,00 – <0,15	28 591	28 079	0,96	44 654	0,10%	2 038	51%	1,84	8 157	18%	24	- 14
	0,00 – <0,10	10 758	10 474	0,96	16 470	0,06%	709	53%	1,77	2 257	14%	6	- 6
	0,10 – <0,15	17 832	17 605	0,96	28 184	0,13%	1 329	49%	1,89	5 900	21%	18	- 8
	0,15 – <0,25	18 926	16 531	0,97	30 369	0,20%	2 032	51%	1,82	8 373	28%	32	- 51
	0,25 – <0,50	75 695	58 404	0,98	106 591	0,36%	4 080	48%	2,24	43 426	41%	185	- 128
	0,50 – <0,75	82 938	45 628	0,99	107 616	0,62%	3 188	49%	2,10	57 367	53%	325	- 552
	0,75 – <2,50	207 196	108 362	1,00	264 672	1,43%	6 757	49%	2,03	188 864	71%	1 798	- 1 283
	0,75 – <1,75	145 884	76 507	1,00	186 894	1,13%	4 376	50%	2,03	130 876	70%	1 052	- 663
	1,75 – <2,50	61 312	31 855	1,00	77 778	2,14%	2 381	45%	2,02	57 989	75%	745	- 620
	2,50 – <10,00	66 087	23 684	1,01	79 512	4,34%	7 535	49%	1,96	77 017	97%	1 713	- 1 557
	2,50 – <5,00	53 705	20 929	1,01	65 217	3,71%	6 002	48%	2,00	60 509	93%	1 178	- 1 149
	5,00 – <10,00	12 382	2 755	1,02	14 294	7,24%	1 533	52%	1,78	16 508	115%	535	- 408
	10,00 – <100,00	14 695	1 521	1,05	16 586	16,39%	1 816	52%	1,56	27 491	166%	1 426	- 1 351
	10,00 – <20,00	12 130	1 282	1,06	13 737	15,06%	1 033	49%	1,58	21 362	156%	1 012	- 972
	20,00 – <30,00	2 565	239	1,03	2 849	22,81%	783	64%	1,46	6 128	215%	414	- 379
	30,00 – <100,00												
100,00 (default)		12 131	1 591	1,00	11 976	100,00%	462	75%	1,46	36 653	306%	7 047	- 7 047
Subtotal		506 258	283 802	0,99	661 977	3,49%	27 908	50%	2,02	447 349	68%	12 550	- 11 983

Disclosure according to Pillar 3 for the 2021 financial year

Exposure class	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Corporates - Specialised Lending	0,00 – <0,15	5	10	1,01	15	0,11%	4	60%	1,00	3	23%	0	0
	0,00 – <0,10												
	0,10 – <0,15	5	10	1,01	15	0,11%	4	60%	1,00	3	23%	0	0
	0,15 – <0,25	388	100	1,01	490	0,22%	4	3%	3,50	10	2%	0	22
	0,25 – <0,50	19 900	55	1,02	20 412	0,42%	30	23%	3,92	8 040	39%	21	11
	0,50 – <0,75	3 058	15	1,05	3 215	0,58%	22	14%	2,19	608	19%	3	109
	0,75 – <2,50	214 232	17 043	1,01	233 567	1,66%	368	35%	4,04	202 053	87%	1 376	4 869
	0,75 – <1,75	112 518	7 660	1,01	121 081	1,21%	282	30%	4,47	77 594	64%	449	424
	1,75 – <2,50	101 714	9 383	1,02	112 487	2,14%	86	39%	3,58	124 459	111%	927	4 445
	2,50 – <10,00	35 692	435	1,05	37 930	5,21%	116	31%	4,18	38 575	102%	559	1 121
	2,50 – <5,00	23 653	15	1,02	24 196	3,04%	95	34%	4,69	25 748	106%	246	322
	5,00 – <10,00	12 040	420	1,10	13 734	9,04%	21	25%	3,29	12 828	93%	313	799
	10,00 – <100,00	43	0	1,03	44	18,10%	5	65%	1,43	89	202%	5	2
	10,00 – <20,00	43	0	1,03	44	18,10%	5	65%	1,43	89	202%	5	2
	20,00 – <30,00												
30,00 – <100,00													
100,00 (default)	2 479	49	1,00	2 479	100,00%	3	9%	1,04	1 548	62%	122	122	
Subtotal		275 796	17 707	1,02	298 153	2,83%	552	33%	4,00	250 927	84%	2 085	6 256
Corporates - Other	0,00 – <0,15	41 102	117 265	0,75	85 283	0,12%	310	62%	1,87	37 469	44%	64	1
	0,00 – <0,10	4 726	69 313	0,47	26 268	0,08%	151	64%	1,18	8 894	34%	13	0
	0,10 – <0,15	36 376	47 953	0,87	59 014	0,14%	159	62%	2,18	28 576	48%	51	1
	0,15 – <0,25	5 455	26 831	0,76	24 653	0,19%	229	62%	1,35	11 423	46%	29	31
	0,25 – <0,50	82 763	137 788	0,89	146 436	0,36%	497	58%	2,55	118 183	81%	303	818
	0,50 – <0,75	31 545	40 347	0,92	48 372	0,61%	406	56%	1,78	46 909	97%	167	17
	0,75 – <2,50	86 607	62 332	1,00	114 960	1,39%	955	54%	2,03	139 465	121%	865	300
	0,75 – <1,75	68 605	38 499	1,01	89 805	1,18%	609	54%	2,19	105 770	118%	569	191
	1,75 – <2,50	18 003	23 833	0,93	25 155	2,13%	346	56%	1,46	33 695	134%	296	109
	2,50 – <10,00	50 011	25 576	0,99	64 329	4,41%	6 481	49%	3,54	111 736	174%	1 330	344
	2,50 – <5,00	46 199	22 089	0,99	59 399	4,05%	6 353	50%	3,64	104 497	176%	1 177	161
	5,00 – <10,00	3 812	3 487	0,98	4 930	8,81%	128	36%	2,30	7 238	147%	153	183
	10,00 – <100,00	5 564	1 553	1,07	7 428	18,07%	85	50%	1,09	19 045	256%	669	446
	10,00 – <20,00	5 564	1 553	1,07	7 428	18,07%	64	50%	1,09	19 043	256%	669	446
	20,00 – <30,00	0		1,03	0	22,81%	21	64%	1,00	1	347%	0	0
30,00 – <100,00													
100,00 (default)	5 687		1,00	5 690	100,00%	23	75%	2,02	40 044	704%	1 071	1 071	
Subtotal		308 733	411 692	0,90	497 152	2,50%	8 986	57%	2,28	524 273	105%	4 498	3 027

Disclosure according to Pillar 3 for the 2021 financial year

Exposure class	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Retail - Secured by immovable property non-SME	0,00 – <0,15	22 218	27	1,01	22 502	0,14%	3 306	27%	4,98	1 944	9%	8	- 92
	0,00 – <0,10												
	0,10 – <0,15	22 218	27	1,01	22 502	0,14%	3 306	27%	4,98	1 944	9%	8	- 92
	0,15 – <0,25	2 401	20	1,01	2 452	0,18%	1 608	22%	4,06	216	9%	1	- 10
	0,25 – <0,50	348 534	714	1,01	351 969	0,27%	46 970	27%	4,94	51 402	15%	262	- 2 405
	0,50 – <0,75	81 372	67	1,01	82 423	0,55%	15 885	29%	4,88	20 766	25%	129	- 1 060
	0,75 – <2,50	177 296	2 491	1,01	181 233	1,26%	24 117	30%	4,95	84 013	46%	695	- 1 893
	0,75 – <1,75	149 773	2 441	1,01	153 183	1,09%	18 759	30%	4,96	64 484	42%	499	- 1 106
	1,75 – <2,50	27 523	49	1,02	28 049	2,20%	5 358	32%	4,89	19 529	70%	196	- 787
	2,50 – <10,00	15 742	49	1,02	16 166	5,66%	3 349	32%	4,90	18 901	117%	295	- 943
	2,50 – <5,00	11 455	21	1,02	11 733	4,38%	2 354	32%	4,90	12 274	105%	165	- 573
	5,00 – <10,00	4 287	28	1,03	4 433	9,04%	995	32%	4,88	6 626	149%	130	- 370
	10,00 – <100,00	6 987	20	1,03	7 201	44,81%	1 560	33%	4,89	13 276	184%	1 040	- 856
	10,00 – <20,00												
	20,00 – <30,00												
	30,00 – <100,00	6 987	20	1,03	7 201	44,81%	1 560	33%	4,89	13 276	184%	1 040	- 856
100,00 (default)	24 815	5	1,02	25 280	100,00%	4 769	35%	4,12	2 121	8%	10 444	- 6 878	
Subtotal		679 364	3 394	1,01	689 227	4,81%	101 564	29%	4,90	192 639	28%	12 875	- 14 137
Retail - Other non-SME	0,00 – <0,15	2		1,01	2	0,09%	1	27%	5,00	0	7%	0	- 0
	0,00 – <0,10	2		1,01	2	0,09%	1	27%	5,00	0	7%	0	- 0
	0,10 – <0,15												
	0,15 – <0,25	40		1,01	41	0,18%	11	28%	4,98	5	11%	0	- 0
	0,25 – <0,50	55 866	10 075	1,04	68 087	0,46%	183 440	48%	3,52	24 067	35%	153	- 217
	0,50 – <0,75	4 398	10 535	1,05	15 150	0,63%	117 393	46%	3,20	6 131	40%	45	- 46
	0,75 – <2,50	13 134	9 128	1,00	21 875	1,39%	94 068	49%	3,86	13 244	61%	149	- 198
	0,75 – <1,75	12 298	5 776	1,01	18 022	1,23%	62 777	49%	3,92	10 637	59%	110	- 169
	1,75 – <2,50	835	3 352	0,96	3 853	2,14%	31 291	48%	3,60	2 607	68%	39	- 29
	2,50 – <10,00	34 159	4 548	1,01	38 873	4,51%	63 467	46%	4,01	28 238	73%	812	- 1 120
	2,50 – <5,00	29 546	4 171	1,01	33 928	4,28%	51 026	46%	4,00	24 192	71%	662	- 801
	5,00 – <10,00	4 613	377	1,00	4 945	6,09%	12 441	50%	4,06	4 047	82%	150	- 319
	10,00 – <100,00	4 586	972	0,99	5 472	37,54%	17 719	49%	3,98	6 384	117%	1 003	- 1 377
	10,00 – <20,00	1 278	63	1,02	1 364	12,12%	2 327	49%	4,04	1 272	93%	80	- 271
	20,00 – <30,00	739	639	0,92	1 257	25,65%	3 974	52%	4,65	1 755	140%	168	- 202
	30,00 – <100,00	2 569	270	1,01	2 851	54,94%	11 418	48%	3,65	3 358	118%	755	- 905
100,00 (default)	7 418	770	1,00	7 443	100,00%	706 252	39%	4,25	754	10%	4 045	- 4 045	
Subtotal		119 603	36 028	1,02	156 943	7,62%	1 182 351	47%	3,71	78 823	50%	6 207	- 7 004
Total (all portfolios)		2 494 550	1 088 118	0,97	2 998 266	2,99%	1 321 712	45%	2,87	1 635 745	55%	38 410	- 42 510

Disclosure according to Pillar 3 for the 2021 financial year

49. Table: EU CR6 (values in HUF million; K&H Bank)

Exposure class	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions	
Central governments or central banks	0,00 – <0,15	44 619	27	1,01	45 020	0,14%	5	17%	3	9 023	20%	11	- 13	
	0,00 – <0,10													
	0,10 – <0,15	44 619	27	1,01	45 020	0,14%	5	17%	3	9 023	20%	11	- 13	
	0,15 – <0,25													
	0,25 – <0,50	11 658	3 232	0,96	12 770	0,38%	27	8%	4	1 869	15%	5	- 7	
	0,50 – <0,75	8 824	1 044	1,00	9 308	0,60%	47	35%	4	7 489	80%	20	- 20	
	0,75 – <2,50	870	84	0,99	895	1,13%	5	47%	5	1 236	138%	5	- 0	
	0,75 – <1,75	870	84	0,99	895	1,13%	5	47%	5	1 236	138%	5	- 0	
	1,75 – <2,50													
	2,50 – <10,00	189	0	1,00	189	4,53%	110	45%	2	289	153%	4	- 4	
	2,50 – <5,00	189	0	1,00	189	4,53%	110	45%	2	289	153%	4	- 4	
	5,00 – <10,00													
	10,00 – <100,00													
	10,00 – <20,00													
20,00 – <30,00														
30,00 – <100,00														
100,00 (default)														
	Subtotal	66 160	4 387	1,00	68 181	0,27%	194	18%	3	19 905	29%	43	- 45	
Institutions	0,00 – <0,15	514 448	329 988	0,90	601 948	0,04%	82	58%	1	120 846	20%	147	- 50	
	0,00 – <0,10	513 309	311 675	0,90	595 708	0,04%	66	58%	1	117 816	20%	142	- 50	
	0,10 – <0,15	1 139	18 312	0,40	6 240	0,12%	16	64%	1	3 030	49%	5	- 0	
	0,15 – <0,25	20 075	200	1,01	20 384	0,18%	15	1%	3	260	1%	0	- 9	
	0,25 – <0,50	287	906	0,70	471	0,31%	7	57%	1	320	68%	1	- 0	
	0,50 – <0,75	153	14	0,99	156	0,71%	6	56%	1	128	82%	1	- 0	
	0,75 – <2,50	4 124		1,00	4 125	1,74%	5	46%	5	7 785	189%	33	- 0	
	0,75 – <1,75	4 110		1,00	4 110	1,74%	4	45%	5	7 764	189%	32	- 0	
	1,75 – <2,50	15		1,02	15	2,20%	1	62%	1	21	137%	0	-	
	2,50 – <10,00						45							
	2,50 – <5,00						45							
	5,00 – <10,00													
	10,00 – <100,00													
	10,00 – <20,00													
20,00 – <30,00														
30,00 – <100,00														
100,00 (default)														
	Subtotal	539 088	331 108	0,90	627 084	0,06%	160	56%	1	129 339	21%	182	- 59	

Kitettségi osztály	PD skála	Eredeti mérlegen belüli bruttó kitettségek	Mérlegen kívüli kitettségek a CCF előtt	Átlagos CCF	EAD a CRM és a CCF után	Átlagos PD	Kötelezettek száma	Átlagos LGD	Átlagos futamidő	RWA-k	RWA sűrűség	Várható veszteség	Értékhelyesbítések és céltartalékok
Corporates - SME	0,00 – <0,15	28 591	28 079	0,96	44 654	0,10%	2 038	51%	2	8 157	18%	24	- 14
	0,00 – <0,10	10 758	10 474	0,96	16 470	0,06%	709	53%	2	2 257	14%	6	- 6
	0,10 – <0,15	17 832	17 605	0,96	28 184	0,13%	1 329	49%	2	5 900	21%	18	- 8
	0,15 – <0,25	18 926	16 531	0,97	30 369	0,20%	2 032	51%	2	8 373	28%	32	- 51
	0,25 – <0,50	75 695	58 404	0,98	106 591	0,36%	4 080	48%	2	43 426	41%	185	- 128
	0,50 – <0,75	82 938	45 628	0,99	107 616	0,62%	3 188	49%	2	57 367	53%	325	- 552
	0,75 – <2,50	207 196	108 362	1,00	264 672	1,43%	6 757	49%	2	188 862	71%	1 798	- 1 283
	0,75 – <1,75	145 883	76 507	1,00	186 893	1,13%	4 376	50%	2	130 873	70%	1 052	- 663
	1,75 – <2,50	61 313	31 855	1,00	77 779	2,14%	2 381	45%	2	57 989	75%	745	- 620
	2,50 – <10,00	66 087	23 684	1,01	79 512	4,34%	7 535	49%	2	77 017	97%	1 713	- 1 557
	2,50 – <5,00	53 705	20 929	1,01	65 217	3,71%	6 002	48%	2	60 509	93%	1 178	- 1 149
	5,00 – <10,00	12 382	2 755	1,02	14 294	7,24%	1 533	52%	2	16 508	115%	535	- 408
	10,00 – <100,00	14 695	1 521	1,05	16 586	16,39%	1 816	52%	2	27 491	166%	1 426	- 1 351
	10,00 – <20,00	12 130	1 282	1,06	13 737	15,06%	1 033	49%	2	21 362	156%	1 012	- 972
	20,00 – <30,00	2 565	239	1,03	2 849	22,81%	783	64%	1	6 128	215%	414	- 379
30,00 – <100,00													
100,00 (default)		12 131	1 591	1,00	11 976	100,00%	462	75%	1	36 653	306%	7 047	- 7 047
Subtotal		506 258	283 802	0,99	661 977	3,49%	27 908	50%	2	447 347	68%	12 550	- 11 983
Corporates - Specialised Lending	0,00 – <0,15	5	10	1,01	15	0,11%	4	60%	1	3	23%	0	- 0
	0,00 – <0,10												
	0,10 – <0,15	5	10	1,01	15	0,11%	4	60%	1	3	23%	0	- 0
	0,15 – <0,25	388	100	1,01	490	0,22%	4	3%	4	10	2%	0	- 22
	0,25 – <0,50	19 900	55	1,02	20 412	0,42%	30	23%	4	8 040	39%	21	- 11
	0,50 – <0,75	3 058	15	1,05	3 215	0,58%	22	14%	2	608	19%	3	- 109
	0,75 – <2,50	214 232	17 043	1,01	233 567	1,66%	368	35%	4	202 053	87%	1 376	- 4 869
	0,75 – <1,75	112 518	7 660	1,01	121 081	1,21%	282	30%	4	77 594	64%	449	- 424
	1,75 – <2,50	101 714	9 383	1,02	112 487	2,14%	86	39%	4	124 459	111%	927	- 4 445
	2,50 – <10,00	35 692	435	1,05	37 930	5,21%	116	31%	4	38 575	102%	559	- 1 121
	2,50 – <5,00	23 653	15	1,02	24 196	3,04%	95	34%	5	25 748	106%	246	- 322
	5,00 – <10,00	12 040	420	1,10	13 734	9,04%	21	25%	3	12 828	93%	313	- 799
	10,00 – <100,00	43	0	1,03	44	18,10%	5	65%	1	89	202%	5	- 2
	10,00 – <20,00	43	0	1,03	44	18,10%	5	65%	1	89	202%	5	- 2
	20,00 – <30,00												
30,00 – <100,00													
100,00 (default)		2 479	49	1,00	2 479	100,00%	3	9%	1	1 548	62%	122	- 122
Subtotal		275 796	17 707	1,02	298 153	2,83%	552	33%	4	250 927	84%	2 085	- 6 256

Kitettségi osztály	PD skála	Eredeti mérlegen belüli bruttó kitettségek	Mérlegen kívüli kitettségek a CCF előtt	Átlagos CCF	EAD a CRM és a CCF után	Átlagos PD	Kötelezettek száma	Átlagos LGD	Átlagos futamidő	RWA-k	RWA sűrűség	Várható veszteség	Értékhelyesbítések és céltartalékok	
Corporates - Other	0,00 – <0,15	82 867	136 780	0,81	133 949	0,12%	319	62%	2	71 932	54%	97	-	16
	0,00 – <0,10	4 726	69 663	0,47	26 341	0,08%	153	64%	1	8 913	34%	13	-	0
	0,10 – <0,15	78 142	67 117	0,90	107 608	0,13%	166	62%	3	63 019	59%	84	-	15
	0,15 – <0,25	5 455	26 831	0,76	24 653	0,19%	229	62%	1	11 423	46%	29	-	31
	0,25 – <0,50	82 763	137 788	0,89	146 436	0,36%	497	58%	3	118 183	81%	303	-	818
	0,50 – <0,75	31 545	40 347	0,92	48 372	0,61%	406	56%	2	46 909	97%	167	-	17
	0,75 – <2,50	86 621	62 333	1,00	114 975	1,39%	955	54%	2	139 516	121%	865	-	300
	0,75 – <1,75	68 411	38 501	1,01	89 613	1,18%	613	54%	2	105 468	118%	567	-	191
	1,75 – <2,50	18 210	23 832	0,93	25 362	2,13%	342	56%	1	34 048	134%	298	-	109
	2,50 – <10,00	49 952	25 576	0,99	64 269	4,42%	6 483	49%	4	111 625	174%	1 328	-	344
	2,50 – <5,00	46 140	22 089	0,99	59 340	4,05%	6 355	50%	4	104 387	176%	1 176	-	161
	5,00 – <10,00	3 812	3 487	0,98	4 930	8,81%	128	36%	2	7 238	147%	153	-	183
	10,00 – <100,00	5 564	1 553	1,07	7 428	18,07%	85	50%	1	19 045	256%	669	-	446
	10,00 – <20,00	5 564	1 553	1,07	7 428	18,07%	64	50%	1	19 043	256%	669	-	446
	20,00 – <30,00	0		1,03	0	22,81%	21	64%	1	1	347%	0	-	0
	30,00 – <100,00													
	100,00 (default)		5 687		1,00	5 690	100,00%	23	75%	2	40 044	704%	1 071	-
Subtotal		350 454	431 207	0,91	545 773	2,29%	8 997	57%	2	558 676	102%	4 531	-	3 042
Retail - Secured by immovable property non-SME	0,00 – <0,15	22 218	27	1,01	22 502	0,14%	3 306	27%	5	1 944	9%	8	-	92
	0,00 – <0,10													
	0,10 – <0,15	22 218	27	1,01	22 502	0,14%	3 306	27%	5	1 944	9%	8	-	92
	0,15 – <0,25	2 401	20	1,01	2 452	0,18%	1 608	22%	4	216	9%	1	-	10
	0,25 – <0,50	348 534	714	1,01	351 969	0,27%	46 970	27%	5	51 402	15%	262	-	2 405
	0,50 – <0,75	81 372	67	1,01	82 423	0,55%	15 885	29%	5	20 766	25%	129	-	1 060
	0,75 – <2,50	177 296	2 491	1,01	181 233	1,26%	24 117	30%	5	84 013	46%	695	-	1 893
	0,75 – <1,75	149 773	2 441	1,01	153 184	1,09%	18 760	30%	5	64 484	42%	499	-	1 106
	1,75 – <2,50	27 522	49	1,02	28 049	2,20%	5 357	32%	5	19 529	70%	196	-	787
	2,50 – <10,00	15 742	49	1,02	16 166	5,66%	3 349	32%	5	18 901	117%	295	-	943
	2,50 – <5,00	11 455	21	1,02	11 733	4,38%	2 354	32%	5	12 274	105%	165	-	573
	5,00 – <10,00	4 287	28	1,03	4 433	9,04%	995	32%	5	6 626	149%	130	-	370
	10,00 – <100,00	6 987	20	1,03	7 201	44,81%	1 560	33%	5	13 276	184%	1 040	-	856
	10,00 – <20,00													
	20,00 – <30,00													
	30,00 – <100,00	6 987	20	1,03	7 201	44,81%	1 560	33%	5	13 276	184%	1 040	-	856
	100,00 (default)		24 815	5	1,02	25 280	100,00%	4 769	35%	4	2 121	8%	10 444	-
Subtotal		679 364	3 394	1,01	689 227	4,81%	101 564	29%	5	192 639	28%	12 875	-	14 137

Disclosure according to Pillar 3 for the 2021 financial year

Kitettségi osztály	PD skála	Eredeti mérlegen belüli bruttó kitettségek	Mérlegen kívüli kitettségek a CCF előtt	Átlagos CCF	EAD a CRM és a CCF után	Átlagos PD	Kötelezettek száma	Átlagos LGD	Átlagos futamidő	RWA-k	RWA sűrűség	Várható veszteség	Értékhelyesbítések és céltartalékok	
Retail - Other non-SME	0,00 – <0,15	2		1,01	2	0,09%	1	27%	5	0	7%	0	-	0
	0,00 – <0,10	2		1,01	2	0,09%	1	27%	5	0	7%	0	-	0
	0,10 – <0,15													
	0,15 – <0,25	40		1,01	41	0,18%	11	28%	5	5	11%	0	-	0
	0,25 – <0,50	55 866	10 075	1,04	68 087	0,46%	183 440	48%	4	24 067	35%	153	-	217
	0,50 – <0,75	4 398	10 535	1,05	15 150	0,63%	117 393	46%	3	6 131	40%	45	-	46
	0,75 – <2,50	13 134	9 128	1,00	21 875	1,39%	94 068	49%	4	13 244	61%	149	-	198
	0,75 – <1,75	12 299	5 776	1,01	18 023	1,23%	62 778	49%	4	10 638	59%	110	-	169
	1,75 – <2,50	835	3 352	0,96	3 853	2,14%	31 290	48%	4	2 606	68%	39	-	29
	2,50 – <10,00	34 159	4 548	1,01	38 873	4,51%	63 467	46%	4	28 238	73%	812	-	1 120
	2,50 – <5,00	29 546	4 171	1,01	33 928	4,28%	51 026	46%	4	24 192	71%	662	-	801
	5,00 – <10,00	4 613	377	1,00	4 945	6,09%	12 441	50%	4	4 047	82%	150	-	319
	10,00 – <100,00	4 586	972	0,99	5 472	37,54%	17 719	49%	4	6 384	117%	1 003	-	1 377
	10,00 – <20,00	1 278	63	1,02	1 364	12,12%	2 327	49%	4	1 272	93%	80	-	271
	20,00 – <30,00	739	639	0,92	1 257	25,65%	3 974	52%	5	1 755	140%	168	-	202
	30,00 – <100,00	2 569	270	1,01	2 851	54,94%	11 418	48%	4	3 358	118%	755	-	905
	100,00 (default)	7 418	770	1,00	7 443	100,00%	706 252	39%	4	754	10%	4 045	-	4 045
Subtotal		119 603	36 028	1,02	156 943	7,62%	1 182 351	47%	4	78 823	50%	6 207	-	7 004
Total (all portfolios)		2 536 721	1 107 633	0,97	3 047 339	2,94%	1 321 726	45%	3	1 677 656	55%	38 473	-	42 525

Disclosure according to Pillar 3 for the 2021 financial year

12.4. EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

50. Table: EU CR7 (values in HUF million; K&H Group)

		Pre-credit derivatives RWAs	Actual RWAs
1	Exposures under FIRB		
2	Central governments and central banks		
3	Institutions		
4	Corporates		
4,1	<i>of which Corporates - SMEs</i>		
4,2	<i>of which Corporates - Specialised lending</i>		
5	Exposures under AIRB		
6	Central governments and central banks	19 897	19 897
7	Institutions	121 836	121 836
8	Corporates – SMEs	1 222 549	1 222 549
8,1	<i>of which Corporates - SMEs</i>	447 349	447 349
8,2	<i>of which Corporates - Specialised lending</i>	250 927	250 927
9	Retail	271 462	271 462
9,1	<i>of which Retail – SMEs - Secured by immovable property collateral</i>		
9,2	<i>of which Retail – non-SMEs - Secured by immovable property collateral</i>	192 639	192 639
9,3	<i>of which Retail – Qualifying revolving</i>		
9,4	<i>of which Retail – SMEs - Other</i>		
9,5	<i>of which Retail – Non-SMEs- Other</i>	78 823	78 823
10	Total	1 635 745	1 635 745

51. Table: EU CR7 (values in HUF million; K&H Bank)

		Pre-credit derivatives RWAs	Actual RWAs
1	Exposures under FIRB		
2	Central governments and central banks		
3	Institutions		
4	Corporates		
4,1	<i>of which Corporates - SMEs</i>		
4,2	<i>of which Corporates - Specialised lending</i>		
5	Exposures under AIRB		
6	Central governments and central banks	19 905	19 905
7	Institutions	129 339	129 339
8	Corporates – SMEs	1 256 950	1 256 950
8,1	<i>of which Corporates - SMEs</i>	447 347	447 347
8,2	<i>of which Corporates - Specialised lending</i>	250 927	250 927
9	Retail	271 462	271 462
9,1	<i>of which Retail – SMEs - Secured by immovable property collateral</i>		
9,2	<i>of which Retail – non-SMEs - Secured by immovable property collateral</i>	192 639	192 639
9,3	<i>of which Retail – Qualifying revolving</i>		
9,4	<i>of which Retail – SMEs - Other</i>		
9,5	<i>of which Retail – Non-SMEs- Other</i>	78 823	78 823
10	Total	1 677 656	1 677 656

12.5. EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

52. Table: EU CR7-A Advanced IRB (values in HUF million; K&H Group)

A-IRB		Total exposures	Credit risk Mitigation techniques										Credit risk Mitigation methods in the calculation of RWEAs		
			Funded credit Protection (FCP)					Unfunded credit Protection (UFCP)					RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)	
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)			Part of exposures covered by Credit Derivatives (%)
1	Central governments and central banks	68 159		3%	3%							34%		19 897	19 897
2	Institutions	626 655		0%	0%							5%		121 836	121 836
3	Corporates	1 457 281	2%	15%	15%			0%		0%	2%	8%		1 222 549	1 222 549
3,1	Of which Corporates – SMEs	661 977	3%	15%	15%			0%		0%	3%	10%		447 349	447 349
3,2	Of which Corporates – Specialised lending	298 153	1%	35%	35%						1%	5%		250 927	250 927
3,3	Of which Corporates – Other	497 152	1%	5%	5%						1%	6%		524 273	524 273
4	Retail	846 171		68%	68%									271 462	271 462
4,1	Of which Retail – Immovable property SMEs														
4,2	Of which Retail – Immovable property non-SM	689 227		83%	83%									192 639	192 639
4,3	Of which Retail – Qualifying revolving														
4,4	Of which Retail – Other SMEs														
4,5	Of which Retail – Other non-SMEs	156 943												78 823	78 823
5	Total	2 998 266	1%	27%	27%			0%		0%	1%	5%		1 635 745	1 635 745

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53. Table: EU CR7-A Advanced IRB (values in HUF million; K&H Bank)

A-IRB		Total exposures	Credit risk Mitigation techniques									Credit risk Mitigation methods in the calculation of RWEAs			
			Funded credit Protection (FCP)					Unfunded credit Protection (UFCP)				RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)		
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)			Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)
1	Central governments and central banks	68 181		3%	3%							34%		19 905	19 905
2	Institutions	627 084		0%	0%							5%		129 339	129 339
3	Corporates	1 505 903	2%	15%	15%		0%		0%	2%	7%			1 256 950	1 256 950
3.1	Of which Corporates – SMEs	661 977	3%	15%	15%		0%		0%	3%	10%			447 347	447 347
3.2	Of which Corporates – Specialised lending	298 153	1%	35%	35%					1%	5%			250 927	250 927
3.3	Of which Corporates – Other	545 773	1%	4%	4%					1%	6%			558 676	558 676
4	Retail	846 171		68%	68%									271 462	271 462
4.1	Of which Retail – Immovable property SMEs														
4.2	Of which Retail – Immovable property non-SM	689 227		83%	83%									192 639	192 639
4.3	Of which Retail – Qualifying revolving														
4.4	Of which Retail – Other SMEs														
4.5	Of which Retail – Other non-SMEs	156 943												78 823	78 823
5	Total	3 047 339	1%	26%	26%		0%		0%	1%	5%			1 677 656	1 677 656

The CR7-A Foundation IRB tables are empty both for K&H Group, and for K&H Bank.

12.6. EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

54. Table: EU CR8 (values in HUF million; K&H Group)

		Risk weighted exposure amount
1	Risk weighted exposure amount on 31.12.2020	1 587 894
2	Asset size (+/-)	188 904
3	Asset quality (+/-)	- 146 800
4	Model updates (+/-)	
5	Methodology and policy (+/-)	
6	Acquisitions and disposals (+/-)	
7	Foreign exchange movements (+/-)	5 747
8	Other (+/-)	
9	Risk weighted exposure amount on 31.12.2021	1 635 745

55. Table: EU CR8 (values in HUF million; K&H Bank)

		Risk weighted exposure amount
1	Risk weighted exposure amount on 31.12.2020	1 624 099
2	Asset size (+/-)	189 811
3	Asset quality (+/-)	- 142 131
4	Model updates (+/-)	
5	Methodology and policy (+/-)	
6	Acquisitions and disposals (+/-)	
7	Foreign exchange movements (+/-)	5 876
8	Other (+/-)	
9	Risk weighted exposure amount on 31.12.2021	1 677 656

12.7. EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)

56. Table: EU CR9 (values in HUF million; K&H Group)

Exposure class	PD scale	Number of obligors at the end of the year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			of which: number of obligors which defaulted during the year				
Central governments or central banks	0,00 – <0,15	5			0,1%	0,1%	
	0,00 – <0,10	1				0,0%	
	0,10 – <0,15	4			0,1%	0,1%	
	0,15 – <0,25	1				0,2%	
	0,25 – <0,50	12			0,4%	0,4%	
	0,50 – <0,75	28			0,6%	0,6%	
	0,75 – <2,50	4			1,1%	1,2%	
	0,75 – <1,75	4			1,1%	1,2%	
	1,75 – <2,50						
	2,50 – <10,00	110			4,5%	4,5%	
	2,50 – <5,00	110			4,5%	4,5%	
	5,00 – <10,00						
	10,00 – <100,00	1				11,4%	
	10,00 – <20,00	1				11,4%	
	20,00 – <30,00						
30,00 – <100,00							
100,00 (default)							
Institutions	0,00 – <0,15	82			0,0%	0,1%	
	0,00 – <0,10	64			0,0%	0,1%	
	0,10 – <0,15	18			0,1%	0,1%	
	0,15 – <0,25	9			0,2%	0,2%	
	0,25 – <0,50	13			0,3%	0,3%	
	0,50 – <0,75	3			0,7%	0,7%	0,9%
	0,75 – <2,50	7			1,4%	1,9%	
	0,75 – <1,75	2			1,1%	1,1%	
	1,75 – <2,50	5			2,2%	2,3%	
	2,50 – <10,00	42				4,7%	
	2,50 – <5,00	40				4,5%	
	5,00 – <10,00	2				7,2%	
	10,00 – <100,00						
	10,00 – <20,00						
	20,00 – <30,00						
30,00 – <100,00							
100,00 (default)							

Disclosure according to Pillar 3 for the 2021 financial year

Exposure class	PD scale	Number of obligors at the end of the year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			of which: number of obligors which defaulted during the year				
Corporates - SME	0,00 – <0,15	978			0,1%	0,1%	0,1%
	0,00 – <0,10	356			0,1%	0,1%	0,1%
	0,10 – <0,15	623			0,1%	0,1%	0,1%
	0,15 – <0,25	1 039			0,2%	0,2%	
	0,25 – <0,50	2 324	1	0,0%	0,4%	0,4%	0,1%
	0,50 – <0,75	1 643	2	0,1%	0,6%	0,6%	0,1%
	0,75 – <2,50	3 840	4	0,1%	1,4%	1,5%	0,2%
	0,75 – <1,75	2 471	1	0,0%	1,1%	1,1%	0,1%
	1,75 – <2,50	1 370	3	0,2%	2,1%	2,1%	0,4%
	2,50 – <10,00	5 711	17	0,3%	4,3%	4,7%	0,4%
	2,50 – <5,00	4 758	7	0,2%	3,7%	4,3%	0,3%
	5,00 – <10,00	954	10	1,1%	7,2%	7,1%	0,8%
	10,00 – <100,00	1 004	39	3,9%	16,4%	18,7%	5,2%
	10,00 – <20,00	578	16	2,8%	15,1%	15,0%	3,6%
20,00 – <30,00	427	23	5,4%	22,8%	23,7%	7,3%	
30,00 – <100,00							
100,00 (default)	258				100,0%	100,0%	
Corporates - Specialised Lending	0,00 – <0,15	1			0,1%	0,1%	
	0,00 – <0,10						
	0,10 – <0,15	1			0,1%	0,1%	
	0,15 – <0,25	3			0,2%	0,2%	
	0,25 – <0,50	25			0,4%	0,4%	
	0,50 – <0,75	4			0,6%	0,6%	
	0,75 – <2,50	173			1,7%	1,7%	0,7%
	0,75 – <1,75	95			1,2%	1,2%	1,0%
	1,75 – <2,50	79			2,1%	2,2%	
	2,50 – <10,00	114	1	0,9%	5,2%	4,7%	0,2%
	2,50 – <5,00	101			3,0%	4,3%	
	5,00 – <10,00	13	1	7,7%	9,0%	8,0%	1,5%
	10,00 – <100,00	3			18,1%	13,6%	8,0%
	10,00 – <20,00	3			18,1%	13,6%	10,0%
20,00 – <30,00							
30,00 – <100,00							
100,00 (default)	2				100,0%	100,0%	

Exposure class	PD scale	Number of obligors at the end of the year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			of which: number of obligors which defaulted during the year				
Corporates - Other	0,00 – <0,15	223			0,1%	0,1%	0,1%
	0,00 – <0,10	100			0,1%	0,1%	
	0,10 – <0,15	123			0,1%	0,1%	0,1%
	0,15 – <0,25	150			0,2%	0,2%	
	0,25 – <0,50	431			0,4%	0,4%	0,1%
	0,50 – <0,75	356			0,6%	0,6%	0,1%
	0,75 – <2,50	816			1,4%	1,4%	0,4%
	0,75 – <1,75	559			1,2%	1,1%	0,2%
	1,75 – <2,50	258			2,1%	2,1%	0,5%
	2,50 – <10,00	1 309	2	0,2%	4,4%	4,6%	0,5%
	2,50 – <5,00	1 170	1	0,1%	4,1%	4,3%	0,3%
	5,00 – <10,00	140	1	0,7%	8,8%	7,1%	1,9%
	10,00 – <100,00	61	1	1,6%	18,1%	16,4%	7,8%
	10,00 – <20,00	50	1	2,0%	18,1%	15,0%	8,6%
20,00 – <30,00	11			22,8%	22,8%	6,3%	
30,00 – <100,00							
100,00 (default)	22				100,0%	100,0%	
Retail - Secured by immovable property non-SME	0,00 – <0,15	2 676	1	0,0%	0,1%	0,1%	0,1%
	0,00 – <0,10						
	0,10 – <0,15	2 676	1	0,0%	0,1%	0,1%	0,1%
	0,15 – <0,25	1 648	16	1,0%	0,2%	0,2%	0,4%
	0,25 – <0,50	43 609	150	0,3%	0,3%	0,3%	0,2%
	0,50 – <0,75	16 331	139	0,9%	0,6%	0,6%	1,1%
	0,75 – <2,50	24 392	244	1,0%	1,3%	1,4%	0,8%
	0,75 – <1,75	18 209	139	0,8%	1,1%	1,1%	0,6%
	1,75 – <2,50	6 183	105	1,7%	2,2%	2,2%	1,3%
	2,50 – <10,00	5 953	214	3,6%	5,7%	6,0%	2,7%
	2,50 – <5,00	3 887	122	3,1%	4,4%	4,4%	2,1%
	5,00 – <10,00	2 066	92	4,5%	9,0%	9,0%	3,6%
	10,00 – <100,00	3 052	419	13,7%	44,8%	42,4%	12,4%
	10,00 – <20,00	2				17,3%	1,6%
20,00 – <30,00	1				23,6%	6,4%	
30,00 – <100,00	3 049	419	13,7%	44,8%	42,5%	23,5%	
100,00 (default)	4 557			100,0%	100,0%	0,1%	

Exposure class	PD scale	Number of obligors at the end of the year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			of which: number of obligors which defaulted during the year				
Retail - Other non-SME	0,00 – <0,15	2			0,1%	0,1%	0,1%
	0,00 – <0,10	2			0,1%	0,1%	0,1%
	0,10 – <0,15						0,1%
	0,15 – <0,25	13			0,2%	0,2%	
	0,25 – <0,50	106 018	351	0,3%	0,5%	0,4%	0,6%
	0,50 – <0,75	64 265	550	0,9%	0,6%	0,6%	0,7%
	0,75 – <2,50	57 919	1 126	1,9%	1,4%	1,5%	1,7%
	0,75 – <1,75	40 867	676	1,7%	1,2%	1,2%	1,4%
	1,75 – <2,50	17 052	450	2,6%	2,1%	2,2%	2,4%
	2,50 – <10,00	38 914	1 008	2,6%	4,5%	4,4%	2,7%
	2,50 – <5,00	32 219	632	2,0%	4,3%	3,9%	2,1%
	5,00 – <10,00	6 695	376	5,6%	6,1%	6,8%	4,5%
	10,00 – <100,00	8 524	1 268	14,9%	37,5%	36,6%	22,6%
	10,00 – <20,00	1 625	108	6,7%	12,1%	12,8%	6,7%
	20,00 – <30,00	1 982	180	9,1%	25,7%	25,8%	21,1%
30,00 – <100,00	4 917	980	19,9%	54,9%	48,9%	29,2%	
100,00 (default)		676 898			100,0%	100,0%	0,0%

57. Table: EU CR9 (values in HUF million; K&H Group)

Exposure class	PD scale	Number of obligors at the end of the year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			of which: number of obligors which defaulted during the year				
Central governments or central banks	0,00 – <0,15	5			0,1%	0,1%	
	0,00 – <0,10	1				0,0%	
	0,10 – <0,15	4			0,1%	0,1%	
	0,15 – <0,25	1				0,2%	
	0,25 – <0,50	11			0,4%	0,4%	
	0,50 – <0,75	27			0,6%	0,6%	
	0,75 – <2,50	3			1,1%	1,0%	
	0,75 – <1,75	3			1,1%	1,0%	
	1,75 – <2,50						
	2,50 – <10,00	109			4,5%	4,5%	
	2,50 – <5,00	109			4,5%	4,5%	
	5,00 – <10,00						
	10,00 – <100,00	1				11,4%	
	10,00 – <20,00	1				11,4%	
	20,00 – <30,00						
30,00 – <100,00							
100,00 (default)							
Institutions	0,00 – <0,15	84			0,0%	0,1%	
	0,00 – <0,10	66			0,0%	0,1%	
	0,10 – <0,15	18			0,1%	0,1%	
	0,15 – <0,25	9			0,2%	0,2%	
	0,25 – <0,50	13			0,3%	0,3%	
	0,50 – <0,75	3			0,7%	0,7%	0,9%
	0,75 – <2,50	7			1,7%	1,9%	
	0,75 – <1,75	2			1,7%	1,1%	
	1,75 – <2,50	5			2,2%	2,3%	
	2,50 – <10,00	42				4,7%	
	2,50 – <5,00	40				4,5%	
	5,00 – <10,00	2				7,2%	
	10,00 – <100,00						
	10,00 – <20,00						
	20,00 – <30,00						
30,00 – <100,00							
100,00 (default)							

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Exposure class	PD scale	Number of obligors at the end of the year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			of which: number of obligors which defaulted during the year				
Corporates - SME	0,00 – <0,15	978			0,1%	0,1%	0,1%
	0,00 – <0,10	356			0,1%	0,1%	0,1%
	0,10 – <0,15	623			0,1%	0,1%	0,1%
	0,15 – <0,25	1 039			0,2%	0,2%	
	0,25 – <0,50	2 324	1	0,0%	0,4%	0,4%	0,1%
	0,50 – <0,75	1 643	2	0,1%	0,6%	0,6%	0,1%
	0,75 – <2,50	3 840	4	0,1%	1,4%	1,5%	0,2%
	0,75 – <1,75	2 471	1	0,0%	1,1%	1,1%	0,1%
	1,75 – <2,50	1 370	3	0,2%	2,1%	2,1%	0,4%
	2,50 – <10,00	5 711	17	0,3%	4,3%	4,7%	0,4%
	2,50 – <5,00	4 758	7	0,2%	3,7%	4,3%	0,3%
	5,00 – <10,00	954	10	1,1%	7,2%	7,1%	0,8%
	10,00 – <100,00	1 004	39	3,9%	16,4%	18,7%	5,2%
	10,00 – <20,00	578	16	2,8%	15,1%	15,0%	3,6%
20,00 – <30,00	427	23	5,4%	22,8%	23,7%	7,3%	
30,00 – <100,00							
100,00 (default)	258				100,0%	100,0%	
Corporates - Specialised Lending	0,00 – <0,15	1			0,1%	0,1%	
	0,00 – <0,10						
	0,10 – <0,15	1			0,1%	0,1%	
	0,15 – <0,25	3			0,2%	0,2%	
	0,25 – <0,50	24			0,4%	0,4%	
	0,50 – <0,75	4			0,6%	0,6%	
	0,75 – <2,50	172			1,7%	1,6%	0,7%
	0,75 – <1,75	94			1,2%	1,2%	1,0%
	1,75 – <2,50	78			2,1%	2,2%	
	2,50 – <10,00	113	1	0,9%	5,2%	4,6%	0,2%
	2,50 – <5,00	100			3,0%	4,2%	
	5,00 – <10,00	13	1	7,7%	9,0%	8,0%	1,5%
	10,00 – <100,00	3			18,1%	13,6%	8,0%
	10,00 – <20,00	3			18,1%	13,6%	10,0%
20,00 – <30,00							
30,00 – <100,00							
100,00 (default)	2				100,0%	100,0%	

Exposure class	PD scale	Number of obligors at the end of the year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			of which: number of obligors which defaulted during the year				
Corporates - Other	0,00 – <0,15	227			0,1%	0,1%	0,1%
	0,00 – <0,10	100			0,1%	0,1%	
	0,10 – <0,15	127			0,1%	0,1%	0,1%
	0,15 – <0,25	150			0,2%	0,2%	
	0,25 – <0,50	431			0,4%	0,4%	0,1%
	0,50 – <0,75	356			0,6%	0,6%	0,1%
	0,75 – <2,50	817			1,4%	1,4%	0,4%
	0,75 – <1,75	560			1,2%	1,1%	0,2%
	1,75 – <2,50	258			2,1%	2,1%	0,5%
	2,50 – <10,00	1 311	2	0,2%	4,4%	4,6%	0,5%
	2,50 – <5,00	1 172	1	0,1%	4,1%	4,3%	0,3%
	5,00 – <10,00	140	1	0,7%	8,8%	7,1%	1,9%
	10,00 – <100,00	61	1	1,6%	18,1%	16,4%	7,8%
	10,00 – <20,00	50	1	2,0%	18,1%	15,0%	8,6%
20,00 – <30,00	11			22,8%	22,8%	6,3%	
30,00 – <100,00							
100,00 (default)	22				100,0%	100,0%	
Retail - Secured by immovable property non-SME	0,00 – <0,15	2 676	1	0,0%	0,1%	0,1%	0,1%
	0,00 – <0,10						
	0,10 – <0,15	2 676	1	0,0%	0,1%	0,1%	0,1%
	0,15 – <0,25	1 648	16	1,0%	0,2%	0,2%	0,4%
	0,25 – <0,50	43 609	150	0,3%	0,3%	0,3%	0,2%
	0,50 – <0,75	16 331	139	0,9%	0,6%	0,6%	1,1%
	0,75 – <2,50	24 392	244	1,0%	1,3%	1,4%	0,8%
	0,75 – <1,75	18 209	139	0,8%	1,1%	1,1%	0,6%
	1,75 – <2,50	6 183	105	1,7%	2,2%	2,2%	1,3%
	2,50 – <10,00	5 953	214	3,6%	5,7%	6,0%	2,7%
	2,50 – <5,00	3 887	122	3,1%	4,4%	4,4%	2,1%
	5,00 – <10,00	2 066	92	4,5%	9,0%	9,0%	3,6%
	10,00 – <100,00	3 052	419	13,7%	44,8%	42,4%	12,4%
	10,00 – <20,00	2				17,3%	1,6%
20,00 – <30,00	1				23,6%	6,4%	
30,00 – <100,00	3 049	419	13,7%	44,8%	42,5%	23,5%	
100,00 (default)	4 557			100,0%	100,0%	0,1%	

Exposure class	PD scale	Number of obligors at the end of the year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			of which: number of obligors which defaulted during the year				
Retail - Other non-SME	0,00 – <0,15	2			0,1%	0,1%	0,1%
	0,00 – <0,10	2			0,1%	0,1%	0,1%
	0,10 – <0,15						0,1%
	0,15 – <0,25	13			0,2%	0,2%	
	0,25 – <0,50	106 018	351	0,3%	0,5%	0,4%	0,6%
	0,50 – <0,75	64 265	550	0,9%	0,6%	0,6%	0,7%
	0,75 – <2,50	57 919	1 126	1,9%	1,4%	1,5%	1,7%
	0,75 – <1,75	40 867	676	1,7%	1,2%	1,2%	1,4%
	1,75 – <2,50	17 052	450	2,6%	2,1%	2,2%	2,4%
	2,50 – <10,00	38 914	1 008	2,6%	4,5%	4,4%	2,7%
	2,50 – <5,00	32 219	632	2,0%	4,3%	3,9%	2,1%
	5,00 – <10,00	6 695	376	5,6%	6,1%	6,8%	4,5%
	10,00 – <100,00	8 524	1 268	14,9%	37,5%	36,6%	22,6%
	10,00 – <20,00	1 625	108	6,7%	12,1%	12,8%	6,7%
	20,00 – <30,00	1 982	180	9,1%	25,7%	25,8%	21,1%
30,00 – <100,00	4 917	980	19,9%	54,9%	48,9%	29,2%	
100,00 (default)		676 898			100,0%	100,0%	0,0%

12.8. EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

58. Table: EU CR9.1 –A-IRB approach (K&H Group)

Exposure class	PD range	External rating equivalent	Number of obligors at the end of the year		Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
				of which: number of obligors which defaulted during the year			
Central governments and central banks	0,000018	AAA					
	0,000031	AA+					
	0,000053	AA					
	0,000091	AA-					
	0,000154	A+					
	0,000263	A					
	0,000448	A-					
	0,000764	BBB+					
	0,001302	BBB		3		0,14%	
	0,002218	BBB-					
	0,00378	BB+					
	0,006441	BB					
	0,010976	BB-					
	0,078704	B+					
	0,031873	B					
	0,054313	B-					
	0,092551	CCC+					
	0,15771	CCC					
	0,268743	CCC-					
0,457948	CC						
0,78036	C						

Exposure class	PD range	External rating equivalent	Number of obligors at the end of the year		Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
				of which: number of obligors which defaulted during the year			
Institutions	0,0003	AAA				0,04%	
	0,0003	AA+				0,04%	
	0,0003	AA		8		0,04%	
	0,000416	AA-		8		0,04%	
	0,000577	A+		29		0,04%	
	0,0008	A		18		0,08%	
	0,001048	A-		8		0,11%	
	0,001374	BBB+		10		0,14%	
	0,0018	BBB		8		0,18%	
	0,002925	BBB-		9		0,29%	
	0,004752	BB+		1		0,45%	
	0,007722	BB		2		0,71%	
	0,012547	BB-		1		1,13%	
	0,020386	B+		5		2,26%	
	0,033125	B		4		4,53%	
	0,053823	B-		2		7,18%	
	0,087454	CCC+					
	0,1421	CCC					
	0,231444	CCC-					
0,376962	CC						
0,613972	C						

Exposure class	PD range	External rating equivalent	Number of obligors at the end of the year		Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
				of which: number of obligors which defaulted during the year			
Corporates - Other	0,0003	AAA					
	0,0003	AA+					
	0,0003	AA					
	0,000416	AA-					
	0,000577	A+					
	0,0008	A					
	0,001048	A-					
	0,001374	BBB+		1		0,14%	
	0,0018	BBB		1		0,18%	
	0,002925	BBB-		1		0,28%	
	0,004752	BB+					
	0,007722	BB					
	0,012547	BB-					
	0,020386	B+					
	0,033125	B					
	0,053823	B-					
	0,087454	CCC+					
	0,1421	CCC					
	0,231444	CCC-					
0,376962	CC						
0,613972	C						

59. Table: EU CR9.1 –A-IRB approach (K&H Bank)

Exposure class	PD range	External rating equivalent	Number of obligors at the end of the year		Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
				of which: number of obligors which defaulted during the year			
Central governments and central banks	0,000018	AAA					
	0,000031	AA+					
	0,000053	AA					
	0,000091	AA-					
	0,000154	A+					
	0,000263	A					
	0,000448	A-					
	0,000764	BBB+					
	0,001302	BBB		3		0,14%	
	0,002218	BBB-					
	0,00378	BB+					
	0,006441	BB					
	0,010976	BB-					
	0,078704	B+					
	0,031873	B					
	0,054313	B-					
	0,092551	CCC+					
	0,15771	CCC					
	0,268743	CCC-					
0,457948	CC						
0,78036	C						

Exposure class	PD range	External rating equivalent	Number of obligors at the end of the year		Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
				of which: number of obligors which defaulted during the year			
Institutions	0,0003	AAA				0,04%	
	0,0003	AA+				0,04%	
	0,0003	AA	8			0,04%	
	0,000416	AA-	8			0,04%	
	0,000577	A+	29			0,04%	
	0,0008	A	18			0,08%	
	0,001048	A-	8			0,11%	
	0,001374	BBB+	10			0,14%	
	0,0018	BBB	8			0,18%	
	0,002925	BBB-	9			0,29%	
	0,004752	BB+	1			0,45%	
	0,007722	BB	2			0,71%	
	0,012547	BB-	1			1,13%	
	0,020386	B+	5			2,26%	
	0,033125	B	4			4,53%	
	0,053823	B-	2			7,18%	
	0,087454	CCC+					
	0,1421	CCC					
	0,231444	CCC-					
0,376962	CC						
0,613972	C						

Exposure class	PD range	External rating equivalent	Number of obligors at the end of the year		Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
				of which: number of obligors which defaulted during the year			
Corporates - Other	0,0003	AAA					
	0,0003	AA+					
	0,0003	AA					
	0,000416	AA-					
	0,000577	A+					
	0,0008	A					
	0,001048	A-					
	0,001374	BBB+	1			0,14%	
	0,0018	BBB	1			0,18%	
	0,002925	BBB-	1			0,28%	
	0,004752	BB+					
	0,007722	BB					
	0,012547	BB-					
	0,020386	B+					
	0,033125	B					
	0,053823	B-					
	0,087454	CCC+					
	0,1421	CCC					
	0,231444	CCC-					
	0,376962	CC					
0,613972	C						

The CR9.1- F IRB tables are empty both for K&H Group and for K&H Bank.

13. Disclosure of specialised lending (CRR Article 438)

13.1. EU CR10 – Specialised lending and equity exposures under the simple riskweighted approach

Not applicable for K&H Group and Bank

14. Disclosure of exposures to counterparty credit risk

14.1. EU CCRA – Qualitative disclosure related to CCR

14.1.1. (a) (Article 439 (a) CRR) Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties

The Bank uses the new regulatory SA-CCR methodology for the EAD calculation in both own funds calculation and internal capital calculation since June 2021. The internal credit limit exposure methodology has been also upgraded to become SA-CCR compliant in early 2022.

14.1.2. (b) (Article 439 (b) CRR) Description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves

The Bank only trades with institutional clients having ISDA/CSA or GMRA agreements. Daily cash margining ensures that such credit exposures are collateralized. Other clients have credit limits and they can make trades within the given limits, although institutional clients have limits too.

14.1.3. (c) (Article 439 (c) CRR) Description of policies with respect to Wrong-Way risk as defined in Article 291 of the CRR

The Bank has clients who want to hedge their positions coming from their natural businesses. Credit limits are given based on their natural position maximized by the Bank's risk appetite. So clients are hedgers, wrong-way risk is not relevant.

14.1.4. (d) (Article 431 (3) and (4) CRR) Any other risk management objectives and relevant policies related to CCR

The Bank always uses netting agreements with the clients. Corresponding netting and collateral are taken into consideration at own funds calculation.

14.1.5. (e) (Article 439 (d) CRR) The amount of collateral the institution would have to provide if its credit rating was downgraded

In such event, the bank sees no significant collateral outflow.

14.2. EU CCR1 – Analysis of CCR exposure by approach

60. Table: EU CCR1 – values in HUF million; K&H Group

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)				1.4				
EU2	EU - Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)	36 732	25 321		1.4	99 034	86 874	86 874	54 938
2	IMM (for derivatives and SFTs)								
2a	Of which securities financing transactions netting sets								
2b	Of which derivatives and long settlement transactions netting sets								
2c	Of which from contractual cross-product netting sets								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					57 080	7 252	7 252	1 924
5	VaR for SFTs								
6	Total					156 114	94 126	94 126	56 862

61. Table: EU CCR1 – values in HUF million; K&H Bank

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)				1.4				
EU2	EU - Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)	36 732	25 323		1.4	99 034	86 876	86 876	54 939
2	IMM (for derivatives and SFTs)								
2a	Of which securities financing transactions netting sets								
2b	Of which derivatives and long settlement transactions netting sets								
2c	Of which from contractual cross-product netting sets								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					57 538	7 285	7 285	1 930
5	VaR for SFTs								
6	Total					156 572	94 161	94 161	56 869

14.3. EU CCR2 – Transactions subject to own funds requirements for CVA risk

62. Table: EU CCR2 – values in HUF million; K&H Group and K&H Bank

		Exposure value	RWEAs
1	Total portfolios subject to the Advanced method		
2	i. VaR component (including the 3x multiplier)		
3	ii. stressed VaR component (including the 3x multiplier)		
4	Transactions subject to the Standardised method	7 939	2 326
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	Total subject to the CVA capital charge	7 939	2 326

14.4. EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

63. Table: EU CCR3 – values in HUF million; K&H Group and K&H Bank

Exposure classes	Risk weight											Total
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	
1 Central governments or central banks	29 174											29 174
2 Regional government or local authorities												
3 Public sector entities												
4 Multilateral development banks												
5 International organisations												
6 Institutions												
7 Corporates												
8 Retail												
9 Institutions and corporates with a short-term credit assessment												
10 Other Items												
11 Total	29 174											29 174

14.5. EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale

64. Table: EU CCR4 – values in HUF million; K&H Group

Exposure class	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Central governments and central banks	0,00 – <0,15							
	0,15 – <0,25							
	0,25 – <0,50							
	0,50 – <0,75							
	0,75 – <2,50							
	2,50 – <10,00							
	10,00 – <100,00							
	100,00 (default)							
Subtotal								
Institutions	0,00 – <0,15	20 447,34	0,07%	12	56%	1,95	7 813,08	38%
	0,15 – <0,25	115,49	0,20%	2	56%	1,00	45,43	39%
	0,25 – <0,50	1 827,92	0,32%	2	56%		729,67	40%
	0,50 – <0,75							
	0,75 – <2,50	593,81	2,24%	2	56%		683,61	115%
	2,50 – <10,00	88,71	4,53%	1	66%	1,00	175,63	198%
	10,00 – <100,00							
	100,00 (default)							
Subtotal	23 073,27	0,16%	19	56%	1,74	9 447,41	41%	
Corporates	0,00 – <0,15	3 126,02	0,20%	23	123%	2,20	936,32	59%
	0,15 – <0,25	3 278,81	0,41%	11	136%	3,00	1 564,67	88%
	0,25 – <0,50	9 721,84	1,16%	53	215%	8,00	7 485,90	343%
	0,50 – <0,75	5 543,19	1,15%	37	129%	3,00	4 860,73	177%
	0,75 – <2,50	15 628,34	4,63%	183	186%	5,59	20 395,19	391%
	2,50 – <10,00	4 303,69	9,66%	28	220%	6,78	10 899,53	627%
	10,00 – <100,00	203,58	29,21%	5	132%	2,00	476,62	540%
	100,00 (default)	72,18	100,00%	4	88%	1,00	795,01	1101%
Subtotal	41 877,65	4,29%	344	192%	6,49	47 413,96	369%	
Retail	0,00 – <0,15							
	0,15 – <0,25							
	0,25 – <0,50							
	0,50 – <0,75							
	0,75 – <2,50							
	2,50 – <10,00	0,29	4,53%	1	92%		0,42	143%
	10,00 – <100,00							
	100,00 (default)							
Subtotal	0,29	4,53%	1	92%		0,42	143%	
Total (all CCR relevant exposure classes)		64 951,21	0,94%	364	61%	1,87	56 861,78	88%

65. Table: EU CCR4 – values in HUF million; K&H Bank

Exposure class	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Central governments and central banks	0,00 – <0,15							
	0,15 – <0,25							
	0,25 – <0,50							
	0,50 – <0,75							
	0,75 – <2,50							
	2,50 – <10,00							
	10,00 – <100,00							
	100,00 (default)							
	Subtotal							
Institutions	0,00 – <0,15							
	0,15 – <0,25							
	0,25 – <0,50	493,07	0,44%	1	88%	5,00	1 007,70	204%
	0,50 – <0,75							
	0,75 – <2,50	7 541,98	2,04%	97	52%	3,55	12 220,48	162%
	2,50 – <10,00	2 435,29	3,03%	6	87%	4,78	8 039,86	330%
	10,00 – <100,00							
	100,00 (default)							
	Subtotal	10 470,34	2,19%	104	62%	3,90	21 268,04	203%
Corporates	0,00 – <0,15	21 884,52	0,19%	29	123%	2,95	8 179,57	64%
	0,15 – <0,25	226,50	0,39%	11	127%	3,00	89,98	79%
	0,25 – <0,50	6 075,97	0,70%	33	121%	1,00	3 207,98	98%
	0,50 – <0,75	3 271,32	0,58%	28	63%	2,00	2 735,10	84%
	0,75 – <2,50	7 717,26	3,58%	75	124%	1,04	7 582,00	212%
	2,50 – <10,00	821,20	12,84%	17	225%	2,01	1 116,36	469%
	10,00 – <100,00	155,29	11,31%	3	66%	1,00	313,62	202%
	100,00 (default)	72,18	100,00%	4	88%	1,00	795,01	1101%
		Subtotal	40 224,24	6,15%	200	214%	2,95	24 019,63
Retail	0,00 – <0,15	1 724,10	0,08%	7	56%	1,20	576,95	33%
	0,15 – <0,25	3 167,79	0,21%	2	66%	1,00	1 520,12	48%
	0,25 – <0,50	4 980,72	0,34%	19	62%	2,00	3 999,88	80%
	0,50 – <0,75	2 271,87	0,57%	9	66%	1,00	2 125,63	94%
	0,75 – <2,50	962,91	1,25%	13	66%	1,00	1 276,30	133%
	2,50 – <10,00	1 136,19	2,85%	7	67%	1,00	1 919,37	169%
	10,00 – <100,00	48,29	17,90%	2	66%	1,00	163,00	338%
	100,00 (default)							
	Subtotal	14 291,87	0,64%	59	64%	1,37	11 581,25	81%
Total (all CCR relevant exposure classes)		64 986,46	0,93%	363	61%	1,87	56 868,91	88%

14.6. EU CCR5 – Composition of collateral for CCR exposures

66. Table: EU CCR5-A - Impact of netting and collateral held on exposure values (values in HUF million, K&H Group)

	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	-26 092		58 667		58 667
SFTs	128 297		108 760	72 496	36 264
Cross-product netting					
Total	102 205		167 428	72 496	94 931

67. Table: EU CCR5-A - Impact of netting and collateral held on exposure values (values in HUF million, K&H Bank)

	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	-26 091	34 849	58 669		58 669
SFTs	149 817		129 305	93 008	36 297
Cross-product netting					
Total	123 727	34 849	187 975	93 008	94 967

68. Table: EU CCR5-B - Composition of collateral for exposures to CCR (values in HUF million, K&H Group)

	Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral		Fair value of posted collateral		Fair value of collateral		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency		1 819		41 899				
2	Cash – other currencies								
3	Domestic sovereign debt						52 540		84 745
4	Other sovereign debt								
5	Government agency debt								
6	Corporate bonds								
7	Equity securities								
8	Other collateral								
9	Total		1 819		41 899		52 540		84 745

69. Table: EU CCR5-B - Composition of collateral for exposures to CCR (values in HUF million, K&H Bank)

	Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral		Fair value of posted collateral		Fair value of collateral		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency		1 819		41 899		425		
2	Cash – other currencies								
3	Domestic sovereign debt						52 540		104 863
4	Other sovereign debt								
5	Government agency debt								
6	Corporate bonds								
7	Equity securities								
8	Other collateral								
9	Total		1 819		41 899		425		104 863

14.7. EU CCR6 – Credit derivatives exposures

Empty tables for both K&H Group and Bank

14.8. EU CCR7 – RWEA flow statements of CCR exposures under the IMM

Empty tables for both K&H Group and Bank

14.9. EU CCR8 – Exposures to CCPs

Empty tables for both K&H Group and Bank

15. Disclosure of exposures to securitisation positions (CRR Article 449)

EU-SECA, and EU SEC1-5 tables are empty, as there is no exposures to securitisation positions in the K&H Group and Bank

16. Disclosure of the use of standardised approach and internal model for market risk (CRR Article 445)

16.1. EU MRA: Qualitative disclosure requirements related to market risk

16.1.1. (a) (Points (a) and (d) of Article 435 (1) CRR) A description of the institution's strategies and processes to manage market risk, including:

- An explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the institution's market risks
- A description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges

The Bank does not carry out trading activity, immaterial non-tradeable positions are held, like only-retail government bonds (MÁP+). Also, the Bank intends to hedge all arising FX positions immediately.

From 2020 Q2, K&H Bank reports its trading risk capital requirement applying CRR. Art.94 – Derogation of Small Trading Book (STB), as a result of compliance with regulatory requirements. National Bank of Hungary (MNB) accepted that K&H Bank was going to use STB. Position risk' capital requirement is henceforth calculated under the credit risk framework, thus the trading risk capital requirement decreased significantly. There is continuous daily monitoring and strong control environment in place appreciated and accepted by MNB when support was given on STB implementation. FX positions are monitored daily in order that all FX positions are to be hedged.

16.1.2. (b) (Point (b) of Article 435 (1) CRR) A description of the structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management.

Trading and Sales (together Markets) manage client driven flows and corresponding positions as first line of defence. Dealing Room Risk and Control Department represents the second line function, it is an independent unit from business, reporting to CRO. Dealing Room Risk and Control Department monitors positions and calculates limit utilizations. Risk measures are the competence of it also. Dealing Room Risk and Control Department reports risk measures and limit utilizations to main governance bodies: CROC and ExCo on a regular basis who approve policies and set actions.

16.1.3. (c) (Point (c) of Article 435 (1) CRR) Scope and nature of risk reporting and measurement systems

Several risk measures and limits are measured and calculated by Dealing Room Risk and Control Department. The main measures are VaR, FX positions, stress tests and Small Trading Book limit. HVaR (historical VaR) has been used which was developed by KBC Bank, responsible for its maintenance too. HVaR was the primary tool to measure market risk, supported by FX stress tests. Since the introduction of Small Trading Book the risk focus has become to monitor the fluent derisking mechanism ensuring open positions to stay immaterial low level. Measures are calculated daily. CROC and ExCo receives regular monthly reports.

16.2. EU MR1 - Market risk under the standardised approach

70. Table: EU MR1 - values in HUF million, K&H group & K&H Bank)

		RWAs	Capital requirements
Outright products			
1	Interest rate risk (general and specific)		
2	Equity risk (general and specific)		
3	Foreign exchange risk	345	28
4	Commodity risk		
Options			
5	Simplified approach		
6	Delta-plus method		
7	Scenario approach		
Securitisation (specific risk)			
8	Securitisation (specific risk)		
9	Total	345	28

17. Disclosure of operational risk (CRR Articles 435(1), 446 and 454)

17.1. EU ORA - Qualitative information on operational risk

17.1.1. (a) Disclosure of the risk management objectives and policies (Points (a), (b), (c) and (d) of Article 435(1) CRR)

Operational risk is considered as a 'non-financial risk' and is defined as the risk resulting from inadequate or failed internal processes, people and systems or from sudden man-made or natural external events. It is divided into 9 subtypes: IT risk, information security risk, business continuity risk, process risk, outsourcing & 3rd party risk, model risk, legal risk, fraud risk, and personal & physical security risk. K&H also takes into consideration reputation risk to a certain level: when assessing the vulnerability to operational risk events, the impact of various incidents on the reputation is also taken into account.

The "KBC Group Operational Risk Management Framework" covers the management of operational risks from their identification up to their reporting. KBC Group implemented a uniform set of tools that apply for the identification, measurement, and management/mitigation operational risks. For the purpose of reporting, processes and risk event types are used jointly as a common and general/uniform framework of reference. Risk mitigating controls comprise the processes for the proper separation of tasks and responsibilities, access management, reconciliation and monitoring. The tools applied for operational risk management were designed to cover the entire spectrum of expected, unexpected and even catastrophic operational risk events.

Amongst others, the following tools are used for the recognition and identification of the operational risks:

Risk Scan: a yearly KBC Group-wide exercise to identify and assess financial & non-financial top risks, including operational risks, that can significantly impact the business model. The outcome of this exercise is a list of top risks for KBC Group and its main subsidiaries which are used as input for several other risk management exercises (e.g. risk appetite setting, stress testing, financial and risk planning, etc.).

New and Active Products Process: a process set up to identify and mitigate all risks related to new and existing products and services, which may negatively impact the customer and/or K&H. All material risks, including all relevant operational risks have to be identified, analyzed and discussed as part of the respective approval process.

Business Continuity Management (BCM): An essential part of the operational risk management framework. The BCM process aims to plan for and respond to serious (business) disruptions, crises or disasters in order to continue business operations at an acceptable, pre-defined level. It identifies potential threats and the consequent impact to K&H business operations that those threats, if realised, might cause. The ultimate goal of business continuity management is to build organizational resilience with the capability for an effective response that safeguards the interests of K&H key stakeholders, reputation, brand and value-creating activities.

Risk Self-Assessment (RSA): These detailed, bottom-up assessments focus on the main (residual) operational risks represented by errors, weaknesses, gaps related to key products, processes and systems, which may not yet have been properly mitigated.

RSAs are forward-looking and allow the Bank to take into account future developments and events. Accountable managers and the operational risk managers (LORM) appointed for end-to-end processes are obliged to regularly plan RSAs, using the process definitions of the relevant business area and their own professional experience.

Scenario Analysis:

Although operational risk capital requirement is calculated with the standardized approach under both Pillars, in Pillar 2 the Bank applies – amongst others – some elements of the advanced AMA methodology, including scenario analysis, in order to benchmark the adequacy of the standardized capital requirement.

Scenario analyses are reviewed on a yearly basis, where experts give their estimation for relevant risk events affecting K&H Bank. The results of scenario analysis are included in K&H's capital benchmarking model as extreme events.

Group Key Controls (GKC)

Top down basic control objectives defined at KBC Group level, to mitigate key inherent risks of the underlying processes and activities of the Group. GKCs ensure that significant operational risks are managed in a uniform manner throughout the Group.

The following tools are applied for the purpose of measuring the operational risks of KBC Group entities:

Loss Event Database: Since 2004 KBC Group records each operational loss amounting to, or exceeding EUR 1,000 in a central database. The same database contains the legal claims filed against the Group entities. K&H collects and registers the operational risk related loss events in a structured manner, in line with the group standards. . Since 2020 near miss events, i.e. operational risk events with no financial impact, are registered as well. **Key Risk Indicators (KRIs):** KRIs are metrics or indicators for monitoring exposure to a loss or other potential event (risks). KRIs may pertain to the entire organisation or only a part thereof. The purpose of the KRIs is to combine the measurement of risk with the current risk management by way of a pragmatic approach, allowing prompt application of the measures in case alerts are observed.

At present a Loss Tolerance Limit and a corresponding Early Warning Limit is in place for operational losses, while warning and alert level risk limits have been set in respect of the Key Risk Indicators.

Internal risk reporting

The Capital and Risk Oversight Committee is responsible for monitoring the operational risk profile and the implementation of the operational risk management framework in general. The reporting obligation includes, without limitation, the followings:

- Developing and maintaining the proper regulation of operational risks;
- Reliability of operational risk management data – from financial and non-financial aspects – reported and/or identified within the organisation;
- Compliance with statutory, internal and external regulations;
- Allocating resources for the management of operational risks;
- Systematic review of all material operational risk related to loss events that occurred at K&H.

CROC also ratifies the minutes taken at the meetings of the Operational Risk Councils.

External risk reporting

The Bank regularly prepares reports and memoranda for the risk management of KBC Group presenting the developments in the main operational risks, internal controls and risk management processes of K&H Group.

The (consolidated) capital requirement for operational risks is approved by the CROC, typically in the second quarter each year. In the scope of the statutory reports to the Supervisor, K&H regularly informs MNB of the methodology of operational risk management and the changes therein. A periodical (quarterly) report is also submitted to the MNB on the capital requirement of operational risks.

17.1.2. (b) Disclosure of the approaches for the assessment of minimum own funds requirements (Article 446 CRR)

Operational risk capital requirement: In 2008 KBC decided to measure its operational risk capital requirement according to the *standardised approach (TSA)* specified in Basel II. KBC Group seeks to focus on the actual (quality) management of operational risks, rather than to optimise the capital requirement of operational risks using an internal financial/risk model. Nevertheless – as already discussed above – KBC applies the stringent standards as required under the *Advanced Measurement Approach (AMA)*.

In line with the Group decision, K&H has applied the *Standardised approach* since 1 January 2008, the methodology of which is described by the relevant articles of the Capital Requirement Directive.

K&H follows up the regulatory developments with regard to the new OPR capital calculation method, the Standard Measurement Approach, and is prepared to switch to the new methodology.

The result of the *Standardized approach* is subject to yearly underpinning to test whether re-using the Pillar 1 capital charge for ICAAP purposes is adequate. The underpinning approach for operational risk required capital is based on a combination of qualitative methodologies and quantitative models

17.1.3. Description of the AMA methodology approach used (if applicable) (Article 454 CRR)

Not applicable for K&H Group and Bank

17.1.4. Description of the AMA methodology approach used (if applicable) (Article 454 CRR)

Not applicable for K&H Group and Bank

17.2. EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

71. Table: EU OR1 – values in HUF million; K&H Group

Banking activities		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	167 811	176 676	198 610	26 683	333 539
3	<i>Subject to TSA:</i>	167 811	176 676	198 610		
4	<i>Subject to ASA:</i>					
5	Banking activities subject to advanced measurement approaches AMA					

72. Table: EU OR1 – values in HUF million; K&H Bank

Banking activities		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	165 338	176 076	192 808	26 287	328 590
3	<i>Subject to TSA:</i>	165 338	176 076	192 808		
4	<i>Subject to ASA:</i>					
5	Banking activities subject to advanced measurement approaches AMA					

18. Disclosure of remuneration policy (CRR Article 450)

18.1. EU REMA - Remuneration policy

K&H publishes the remuneration policy applicable to all organisational units and employees of the Bank, and the employees of the subsidiaries K&H Csoportszolgáltató Kft., K&H Faktor Zrt. and K&H Jelzálogbank Zrt. on its web site (www.kh.hu). **(point a) REMA)**

The purpose of the policy is to create a framework for a sound remuneration practice within K&H Group in line with the corporate sustainability strategy and considering the European and national legislation. This framework aims to ensure consistency with and to promote sound and effective risk management, to prevent incentives for excessive risk taking and to be aligned with the long-term interests of K&H Group. The policy defines the general remuneration guidelines for all staff and specific remuneration guidelines for “Key Identified Staff” working within K&H Group. The policy also determines the governance environment, the responsibilities, the roles and the decision-making competencies. **(point b) REMA)**

The Remuneration Governance bodies established at K&H Group level are as follows **(point b) REMA)**

- the Board of Directors of K&H Group
- the Supervisory Board of K&H Group
- the Remuneration Committee of K&H Group (K&H Bank or subsidiary)
- the Risk and Compliance Committee of K&H Group

Point 5.2 in the Remuneration Policy describes the main tasks of the remuneration governance bodies and the decision making process itself **(point b) REMA)**

K&H has not used external advisors so far in respect of Remuneration Governance bodies. **(point a) REMA)**

The Remuneration Committee (RemCo) approves the Bank's remuneration policy as well as the remuneration of the Bank's senior managers. They decide about fringe benefits and performance based benefits as well. The Committee has 4 members (Peter Andronov, Christine Van Rijseghem, Cedric Du Monceau, Katalin Bóna) and met 6 times in in 2021. (March 10, 2021; May 26 2021; June 10 2021; September 22 2021; November 24, 2021; December 28 2021). **(point a) REMA)**

The Remuneration Committee reviews the Bank Group's Remuneration Policy on an annual basis. The main changes have been made in 2021 are as follows **(point b) REMA):**

- Changes based on KBC Remuneration Policy modifications and legislative changes: change in the material KIS definition (threshold decreased to 50.000 EUR or 17.500.000 HUF (lower of the two) variable remuneration and deferral is applied by such KIS employees also where variable remuneration is higher than 1/3 of the total remuneration; deferral period changed to 4 years, in addition in case of KBC Senior General Managers' deferral scheme was also modified (50% for 5 years)
- Modification based on local audit recommendation: zero tolerance remuneration impact for Top50 managers, in case of breaches

Point 3.4 of the Remuneration Policy defines the maximum ratios of fix and variable remuneration as follows **(point d) REMA):**

Total fixed yearly remuneration	Maximum variable remuneration
below 50.000 EUR	100% of fixed
between 50.000 EUR and 100.000 EUR	50.000 EUR
above 100.000 EUR	50% of fixed

The variable remuneration is based on performance, there is no guaranteed variable remuneration. Severance payments are meant as payments on top of what legally is mandatory to pay out when someone leaves K&H Group. In defining the amount of such severance payments, the applicable labor laws and the Collective Agreement of K&H Group should be respected. **(point b) REMA)**

K&H Bankgroup's result and individual performance evaluation is used as criteria for performance measurement (Point 4.5 of the Remuneration Policy is used for risk-adjusted remuneration and long-term assessment.). **(point b) REMA)**

The Institution and the Bank Group's performance is included in the calculation of parameter 'C' of the variable remuneration. The below main areas are defined with the following KPIs:

- Retail Banking Division: segment level direct income, segment cost, RAROC and Bank Group Profit After Tax
- Business Banking Division: segment level direct income, segment cost, RAROC and Bank Group Profit After Tax
- Other Bank Group areas: bank group level Direct Income, total cost, RAROC and Bank Group Profit After Tax

In case of Top50 managers the bank group's performance is measured by the risk adjusted profit year on year change (increase or decrease).

For individual performance measurement different quantitative and qualitative measures are used. The result of that appears in a different parameter of the variable calculation. **(point e) REMA)**

With "weak" performance the risk gateway is not passed resulting in no variable payment on group level. In addition the parameter C of variable remuneration measures company performance between 70-120% meaning that below 70% there is no variable payment. For Top50 managers' circle the variable remuneration is affected by the risk adjusted profit change compared to the previous year. Below 100% it results lower awarded variable remuneration than standard. **(point e) REMA)**

The section 4.1 of the Remuneration Policy describes those employee categories, whose activity might have a material impact on the company's risk profile. **(point a) REMA)**

The methods and process of deferred payments are described in the Remuneration Policy point 4.2 and 4.3. **(point f) REMA)**

In case of Key Identified Staff (K.I.S), if the level of variable remuneration and/or its' ratio compared to the total remuneration reaches or exceeds the prescribed limits in the Remuneration Policy, deferred payment is applied. In such cases 50% of the variable remuneration is linked to non-cash instruments. For example: phantom stock based upon KBC Group share. **(point g) REMA)**

Section 4.5 of the K&H Remuneration Policy describes the detailed process of Ex Ante and Ex Post Risk Adjustment.

Ex ante risk adjustment is realized through qualitative and quantitative risk-adjusted performance measures.

A risk gateway is installed as a quantitative risk-adjusted performance measure. Such risk gateway consists of internal or regulatory measures, that will determine if variable remuneration is paid and deferred amounts can be vested or not . The K&H Risk Gateway consists of the following KPIs:

- K&H Group Common Equity Tier 1 ratio
- K&H Bank Consolidated NSFR ratio
- LCR K&H Bank Consolidated
- K&H Group ICM ratio

If the risk gateway is not passed, no variable remuneration will be paid for the respective performance year and the deferred amounts of previous years will not vest and will be lost for that year.

If the risk gateway is passed, the level of the variable remuneration that can be paid, still depends on other risk based variable remuneration guidelines and processes in force, such as:

- Quantitative risk adjustment measures (e.g. Risk Adjusted Profit (RAP) and RAROC+) and other indicators (e.g. net results), are additionally introduced and impact the level of variable remuneration directly by (risk) adjusting the size of bonus pools and individual awards.
- The performance appraisal procedure on individual level includes risk-related objectives, that can be both qualitative and quantitative and that prohibit excessive risk-taking.

All performance-related variable remuneration is subject to "ex post risk adjustment" either by applying a "malus" (reducing of unvested variable remuneration) and/or a "claw back" (reclaiming ownership of already vested or paid variable remuneration in the past up to maximum five years after

payment) at the discretion of the Supervisory Board of KBC Group as mentioned below and to the extent permitted by law. **(point c) and f) REMA)**

K&H Bank Group's result defines partly the level of variable remuneration, for which the control functions have no direct impact. The annual KPI-s of the head of control functions and the variable remuneration amount of them is approved by the Remuneration Committee. **(point b) REMA)**

K&H does not benefit from a derogation laid down in Article 94 (3) CRD . **(point i) REMA)**

The remuneration of the collective management body is disclosed via the following tables (Identified staff remuneration) **(point j) REMA)**

18.2. EU REM1 - Remuneration awarded for the financial year

73. Table: EU REM1

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	7	7	3	33
2		Total fixed remuneration	16,76	203,90	181,32	808,30
3		Of which: cash-based	16,76	203,90	181,32	808,30
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified staff	7	7	3	33
10		Total variable remuneration	0,56	50,75	41,35	347,65
11		Of which: cash-based	0,56	25,69	20,99	290,88
12		Of which: deferred		11,09	8,14	46,29
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments		25,06	20,36	56,77
EU-14b		Of which: deferred		11,09	8,14	22,71
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15	Of which: other forms					
16	Of which: deferred					
17	Total remuneration (2 + 10)		17,32	254,65	222,67	1 155,95

18.3. EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

In 2021 there wasn't any special payments for identified staff.

Disclosure according to Pillar 3 for the 2021 financial year

18.4. EU REM3 - Deferred remuneration

74. Table: EU REM3

Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	73,35	36,66	36,69			17,17	36,66	12,49
8	Cash-based	25,33	12,02	13,31				12,02	
9	Shares or equivalent ownership interests								
10	Share-linked instruments or equivalent non-cash instruments	48,02	24,64	23,38			17,17	24,64	12,49
11	Other instruments								
12	Other forms								
13	Other senior management	79,15	20,58	58,57			21,40	20,58	18,64
14	Cash-based	30,97	12,89	18,08				12,89	
15	Shares or equivalent ownership interests								
16	Share-linked instruments or equivalent non-cash instruments	48,18	7,69	40,49			21,40	7,69	18,64
17	Other instruments								
18	Other forms								
19	Other identified staff	127,49	44,78	82,71				44,78	
20	Cash-based	127,49	44,78	82,71				44,78	
21	Shares or equivalent ownership interests								
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	Total amount	279,99	102,02	177,97			38,57	102,02	31,13

18.5. EU REM4 - Remuneration of 1 million EUR or more per year

There is no employee with such a remuneration in K&H Group.

18.6. EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

75. Table: EU REM5

	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
1	Total number of identified staff									
2	7	7	14							
3	Of which: other senior management									
4				1	1	0	0	0	1	
4	Of which: other identified staff									
5	17,32	254,65	271,97	14	2	0	10	3	4	
5	Total remuneration of identified staff									
6	0,56	50,75	51,31	187,55	48,38	0	81,47	27,81	43,79	
6	Of which: variable remuneration									
7	16,76	203,90	220,66	345,99	142,78	0	267,68	89,99	143,18	
7	Of which: fixed remuneration									

19. Disclosure of encumbered and unencumbered assets (CRR Article 443)

19.1. EU AE1 - Encumbered and unencumbered assets

76. Table: EU AE1 – values in HUF million; K&H Group

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
010	Assets of the reporting institution							
	410 003							
030	Equity instruments							
040	241 023		247 346		253 077			
040	Debt securities							
050	of which: covered bonds							
060	of which: asset-backed securities							
070	241 023		247 346		253 077			
070	of which: issued by general governments							
080	of which: issued by financial corporations							
090	of which: issued by non-financial corporations							
120	170 281							
120	Other assets							

77. Table: EU AE1 – values in HUF million; K&H Bank

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
010	Assets of the reporting institution	410 003							
030	Equity instruments								
040	Debt securities	241 023		247 346		253 077			
050	of which: covered bonds								
060	of which: asset-backed securities								
070	of which: issued by general governments	241 023		247 346		253 077			
080	of which: issued by financial corporations								
090	of which: issued by non-financial corporations								
120	Other assets	170 281							

19.2. EU AE2 - Collateral received and own debt securities issued

78. Table: EU AE2 – values in HUF million; K&H Group

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
				of which EHQLA and HQLA	
130	Collateral received by the reporting institution				
140	Loans on demand				
150	Equity instruments				
160	Debt securities				
170	of which: covered bonds				
180	of which: securitisations				
190	of which: issued by general governments				
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	Own debt securities issued other than own covered bonds or securitisations				
241	Own covered bonds and asset-backed securities issued and not yet pledged				
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED		410 003		

79. Table: EU AE2 – values in HUF million; K&H Bank

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	Collateral received by the reporting institution				
140	Loans on demand				
150	Equity instruments				
160	Debt securities				
170	of which: covered bonds				
180	of which: securitisations				
190	of which: issued by general governments				
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	Own debt securities issued other than own covered bonds or securitisations				
241	Own covered bonds and asset-backed securities issued and not yet pledged				
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	424 617			

19.3. EU AE3 - Sources of encumbrance

80. Table: EU AE3 – values in HUF million; K&H Group

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
Carrying amount of selected financial liabilities	268 514	286 813

81. Table: EU AE3 – values in HUF million; K&H Bank

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	397 805	417 224

19.4. EU AE4 - Accompanying narrative information

19.4.1. (a) General narrative information on asset encumbrance

(b) Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template EU AE1 and EU AE2.

Due to No. 680/2014 Regulation (EU), the encumbered assets for K&H Bank are mainly driven by refinancing loans from EIB, and MNB LFG program.

Assets and collateral have been determined as encumbered with consistent with the definition provided in the EBA Guidelines on the Disclosure of Encumbered assets (EBA GL/2014/03), assets are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction which impacts their transferability and free use.

Asset encumbrance is integral to K&H Bank business and funding models that, over time, have increased as a result of participation on MNB LFG programs.

20. Covid 19

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the world, causing disruptions to businesses and economic activity.

With the aim of mitigating the economic impact of the coronavirus, on 18 March 2020 a financial moratorium was announced for the retail and corporate debtors for principal, interest and fee payments which would become due until 31 December 2020 (Government decree of 47/2020 and 62/2020). The payment moratorium was automatic for all eligible debtors and loans (but the debtor had the right to opt-out from the payment moratorium).

On 22 December 2020 the government announced the decree of 637/2020 about the introduction of the financial moratorium's special rules related to the Covid-19 crises. This decree prolongs the duration of the first moratorium according to which the financial moratorium is available for another half year until 30 June 2021.

The scheme was further extended for another year, but with important changes. It is no longer an „opt-out” type of moratorium, clients have to declare their intent to extend payment moratorium, and certain criteria need to be met. For non-retail customers net income has to have decreased, for retail customers it is lost employment, decreased wage, families raising children. For non-retail around 1% of the portfolio chose to opt-in, for retail 4%, both categories were flagged as at least performing forborne/stage2, if any indications of vulnerability were found then they were flagged as High Risk Forborne/stage3.

The moratorium did not result in debt forgiveness: the unpaid interest and fee accumulated during the moratorium shall be redeemed after the moratorium in equal annual parts during the extended remaining tenor of the loan together with the due principal instalments. The tenor of the loan will be prolonged in a way that the debtor's new instalment covering the deferred interest and fee as well next to the due capital shall not exceed the instalment determined in the original payment schedule.

Although the debtors shall redeem all deferred payment obligations accumulated during the moratorium, as no interest can be charged on the unpaid interest the Group recognized a negative P&L impact arising from the time value of the payment deferral. According to preliminary estimations, the loss will amount to approximately HUF 4 400 million which amount was calculated based on the number of eligible debtors taking into account the opt-out rate of the clients. The estimated negative impact is recognized as a modification to the gross carrying amount of the related loans in the Group's consolidated statement of financial position and as modification losses on financial assets at amortized cost in the Group's consolidated income statement in 2020.

The Financial Stability Board of the Magyar Nemzeti Bank (MNB) adopted on March 19 a comprehensive package of measures to mitigate the effects of the Covid-19 crises on the financial intermediation sector. Among them the MNB called on banks and their shareholders not to approve or pay dividends until the end of September 2020 and prolonged this period with another 1 year later on in 2020.

In April MNB launched the latest scheme of the Funding for Growth Programme in order to support access to finance for SMEs. The scheme makes financial funds available to micro-, small and medium-sized businesses from April 20 through credit institutions and financial businesses at a fixed interest rate of a maximum 2.5%, available on a wider scale than before, helping SMEs to overcome the economic effects of the coronavirus.

In addition, based on Government decree of 1170/2020. (IV.21.) for the mitigation of the negative effects of the Covid-19 crises to SMEs and corporates, Garantiqa Hitelgarancia Zrt. launched a loan guarantee program with specific conditions giving a maximum 90% guarantee which quickens the application of loans for the companies.

20.1. Covid1 - Information on loans and advances subject to legislative and non-legislative moratoria

82. Table: Covid1– values in HUF million; K&H Group and Bank

		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				Performing			Non performing			Inflows to non-performing exposures
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		
1	Loans and advances subject to moratorium	53 009	30 604	30 255	30 433	22 404	22 355	20 454	-9 129	-1 820	-1 802	-1 819	-7 309	-7 292	-6 345	18 418
2	of which: Households	37 464	20 671	20 324	20 499	16 793	16 781	16 050	-6 462	-1 071	-1 054	-1 071	-5 391	-5 389	-5 092	14 715
3	of which: Collateralised by residential immovable property	27 432	15 866	15 567	15 733	11 567	11 554	10 924	-4 045	-979	-963	-979	-3 066	-3 064	-2 834	9 763
4	of which: Non-financial corporations	15 545	9 934	9 931	9 934	5 611	5 574	4 404	-2 667	-748	-748	-748	-1 918	-1 903	-1 253	3 703
5	of which: Small and Medium-sized Enterprises	3 594	1 429	1 427	1 429	2 165	2 128	958	-1 082	-134	-134	-134	-947	-932	-283	257
6	of which: Collateralised by commercial immovable property	9 185	4 747	4 747	4 747	4 438	4 438	3 236	-1 989	-412	-412	-412	-1 577	-1 577	-916	2 775

20.2. Covid2 - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

83. Table: Covid2– values in HUF million; K&H Group and Bank

	Number of obligors	Gross carrying amount								
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria					
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year	
1	10 799	53 009								
2	10 799	53 009	53 009			53 009				
3		37 464	37 464			37 464				
4	<i>of which: Collateralised by residential immovable property</i>	27 432	27 432			27 432				
5	of which: Non-financial corporations	15 545	15 545			15 545				
6	<i>of which: Small and Medium-sized Enterprises</i>	3 594	3 594			3 594				
7	<i>of which: Collateralised by commercial immovable property</i>	9 185	9 185			9 185				

20.3. Covid3 - Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

Empty tables for both K&H Group and Bank

21. List of abbreviations

AIRB	Advanced IRB approach (credit risk)
AMA	Advanced Measurement Approach (operational risk)
ARC	Audit Committee
ASA	Alternative Standardized Approach (operational risk)
BCBS	Basel Committee of Banking Supervision
BIA	Basic Indicators Approach (operational risk)
BoD	Board of Directors
CIC	Corporate Institutional Committee
CRC	Credit Risk Council
CRD	Capital Requirements Directive
CrisCo	Crisis Committee
CRO	Chief Risk Officer
CROC	Capital and Risk Oversight Committee
CT	Country Team
EAD	Exposure at Default
ERM	Enterprise-wide Risk Management
EXCO	Executive Committee
FFG	Funding for growth
FIRB	Foundation IRB approach (credit risk)
HAS	Hungarian Accounting Standards
HPT	Credit Institutions and Financial Enterprises Act (Act CXII of 1996)
ICAAP	Internal Capital Adequacy Assessment Process
ICM	Internal Capital Model
IFRS	International Financial Reporting Standards
IMA	Internal Models Approach (market risk)
IRB	Internal Ratings Based approach (credit risk)
LGD	Loss Given Default
MC IM	Management Committee International Markets
MNB	the Central Bank of Hungary

NAPP	New and Active Products Process
NCC	National Credit Committee
NCsC	National Credit Sub-Committee
ORC	Operational Risk Council
PD	Probability of Default
RAROC	Risk-adjusted Return on Capital
RC	Remuneration Committee
RCC	Retail Credit Committee
RCs	Retail Committees
RPC	Retail Product Committee
RWA	Risk Weighted Assets
SICR	Significant Increase in Credit Risk
SMA	Standardized Measurement Approach (market risk)
SREP	Supervisory Review and Evaluation Process
STA	Standardized Approach (credit risk)
TSA	Standardized Approach (operational risk)
VRM	Value and Risk Management