Disclosure according to Pillar 3

Risk Report

K&H Banking Group and K&H Bank Zrt

For the Third Quarter of 2018 Financial Year

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 13/2017 (XI.30) recommendation of the Hungarian National Bank. 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.

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

Overview of RWAs and capital requirements as of 30th of September, 2018:

Risk Weight Asset (RWA)	K&H Group	K&H Bank	
Total RWA	1897	1927	
Credit Risk (CVA included)	1634	1662	
Market Risk	16	16	
Operational Risk	247	249	
Capital Adequecy Ratio	16,19%	13,62%	

Table 1 : Risk weighted assets and capital adequecy ratio (values in HUF bln)

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

Values in HUF million	RWAs		Minimum capital requirements
	Т	T-1	Т
Credit risk (excluding CCR)	1 602 218	1 471 654	128 177
Of which the standardised approach	97 829	92 155	7 826
Of which the foundation IRB (FIRB) approach	0	0	0
Of which the advanced IRB (AIRB) approach	1 464 302	1 321 867	117 144
Of which MRA	0	0	0
Of which equity IRB under the simple risk-weighted			
approach or the IMA	40 087	57 633	3 207
CCR	32 206	40 443	2 577
Of which mark to market	31 586	39 875	2 527
Of which original exposure			
Of which the standardised approach			
Of which internal model method (IMM)			
Of which risk exposure amount for contributions to the			
default fund of a CCP			
Of which CVA	620	568	50
Settlement risk	0	0	0
Securitisation exposures in the banking book (after the			
cap)	0	0	0
Of which IRB approach	0	0	0
Of which IRB supervisory formula approach (SFA)	0	0	0
Of which internal assessment approach (IAA)	0	0	0
Of which standardised approach	0	0	0
Market risk	15 795	15 320	1 264
Of which the standardised approach	15 795	15 320	1 264
Of which IMA	0	0	0
Large exposures	0	0	0
Operational risk	246 588	246 796	19 727
Of which basic indicator approach	0	0	0
Of which standardised approach	246 588	246 588	19 727
Of which advanced measurement approach	0	0	0
Amounts below the thresholds for deduction (subject	-		
to 250% risk weight)	0	0	0
Floor adjustment	0	0	0
Total	1 896 807	1 774 214	151 745

Values in HUF million	RWAs		Minimum capital requirements
	Т	T-1	Т
Credit risk (excluding CCR)	1 629 891	1 497 390	130 391
Of which the standardised approach	72 299	70 609	5 784
Of which the foundation IRB (FIRB) approach	0	0	0
Of which the advanced IRB (AIRB) approach	1 517 505	1 369 148	121 400
Of which MRA	0	0	0
Of which equity IRB under the simple risk-weighted approach or the IMA	40 087	57 633	3 207
CCR	32 253	40 498	2 580
Of which mark to market	31 633	39 930	2 531
Of which original exposure			
Of which the standardised approach			
Of which internal model method (IMM)			
Of which risk exposure amount for contributions to the default fund of a CCP			
Of which CVA	620	568	50
Settlement risk	0	0	0
Securitisation exposures in the banking book (after the cap)	0	0	0
Of which IRB approach	0	0	0
Of which IRB supervisory formula approach (SFA)	0	0	0
Of which internal assessment approach (IAA)	0	0	0
Of which standardised approach	0	0	0
Market risk	15 795	15 320	1 264
Of which the standardised approach	15 795	15 320	1 264
Of which IMA	0	0	0
Large exposures	0	0	0
Operational risk	249 454	249 454	19 956
Of which basic indicator approach	0	0	0
Of which standardised approach	249 454	249 454	19 956
Of which advanced measurement approach	0	0	0
Amounts below the thresholds for deduction (subject			
to 250% risk weight)	0	0	0
Floor adjustment	0	0	0
Total	1 927 392	1 802 661	154 191

Own funds and leverage ratio:

Table 4: Component of own funds

Components of own funds	K&H Group	K&H Bank
(HUF million)	007.054	000 447
	307 054	262 417
	265 934	221 297
COMMON EQUITY TIER 1 CAPITAL (CET 1 CAPITAL)	265 934	221 297
Capital instruments eligible as CET1 capital	189 753	189 753
Paid up capital instruments	140 978	140 978
Memorandum item: Capital instruments not eligible	-	-
Share premium	48 775	48 775
(-) Ow n CET1 instruments	-	-
(-) Direct holdings of CET1 instruments	-	-
(-) Indirect holdings of CET1 instruments	-	-
(-) Synthetic holdings of CET1 instruments	-	-
(-) Actual or contingent obligations to purchase ow n CET1 instruments	-	-
Retained earnings	77 033	32 228
Previous years retained earnings	33 784	32 228
Profit or loss eligible	43 250	-
Profit/loss attributable to ow ners of the parent	43 250	43 028
(-) Part of interim or year-end profit not eligible	-	- 43 028
Accumulated other comprehensive income	196	196
Other reserves	-	-
Funds for general banking risk	17 639	17 630
Transitional adjustments due to grandfathered CET1 Capital instruments	-	-
Minority interest given recognition in CET1 capital	-	-
Transitional adjustments due to additional minority interests	-	-
Adjustments to CET1 due to prudential filters	2 968	2 922
(-) Increases in equity resulting from securitised assets	-	-
Cash flow hedge reserve	3 428	3 428
Cumulative gains and losses due to changes in ow n credit risk on fair valued liabilities	- 0	- 46
Fair value gains and losses arising from the institution's ow n credit risk related to derivative liabilities	- 4	- 4
(-) Value adjustments due to the requirements for prudent valuation	- 455	- 455
(-) Goodw ill	-	-
(-) Goodw ill accounted for as intangible asset	-	-
(-) Goodw ill included in the valuation of significant investments	-	-
Deferred tax liabilities associated to goodw ill	-	-
(-) Other intangible assets	- 16 109	- 16 119
(-) Other intangible assets gross amount	- 16 109	- 16 119
Deferred tax liabilities associated to other intangible assets	-	-
	-	-
(-) IRB shortfall of credit risk adjustments to expected losses	- 5 546	- 5313
	L	

(-) Securitisation positions which can alternatively be subject to a 1,250 % risk w eight			
Deferred tax liabilities associated to defined benefit pension fund assets Deferred tax liabilities associated to defined benefit pension fund assets Defined benefit pension fund assets which the institution has an unrestricted ability to use (-) Reciprocal cross holdings in CET1 Capital (-) Caulifying holdings outside the financial sector which can alternatively be subject to a 1.250 % risk weight (-) Securitisation positions which can alternatively be subject to a 1.250 % risk weight (-) Securitisation positions which can alternatively be subject to a 1.250 % risk weight (-) Free deliveries which can alternatively be subject to a 1.250 % risk weight (-) Free deliveries which can alternatively be subject to a 1.250 % risk weight (-) Securitisation positions weight (-) Securitisation positions which can alternatively be subject to a 1.250 % risk weight (-) Securitisation positions which can alternatively be subject to a 1.250 % risk weight (-) Retury exposures under an internal models approach, and can alternatively be subject to a (-) Securities of financial sector entities where the institution does not have a significant (-) CET1 instruments of financial sector entities where the institution has a significant investment (-) Carbit instruments of CET1 Capital (-) CET1 instruments of CET1 Capital (-) CET1 capital due to Article 3 CRR (-) CET1 capital due to Article 3 CRR (-) CET1 capital instruments (-) Due tholdings of CET1 Capital (-) Capital instruments (-) Own AT1 instruments	(-) Defined benefit pension fund assets	-	-
Defined benefit pension fund assets which the institution has an unrestricted ability to use (-) Reciprocal cross holdings in CETI Capital (-) Excess of deduction from AT1 iters over AT1 Capital (-) Couldifying holdings outside the financial sector which can alternatively be subject to a 1,250 % isk weight (-) Securitisation positions which can alternatively be subject to a 1,250 % risk weight (-) Securitisation positions which can alternatively be subject to a 1,250 % risk weight (-) Securitisation positions which can alternatively be subject to a 1,250 % risk weight (-) Securitisation positions which can alternatively be subject to a 1,250 % risk weight (-) Seutory exposures under an internatively be subject to a 1,250 % risk weight (-) CETI instruments of financial sector entities where the institution does not have a significant restment (-) CETI instruments of financial sector entities where the institution has a significant investment (-) Arount exceeding the 17,65 % threshold (-) CETI instruments of financial sector entities where the institution has a significant investment (-) Arount exceeding the 17,65 % threshold (-) CETI instruments of discustors — other (-) Arount exceeding the 17,65 % threshold (-) CETI capital due to Artice 3 CRR (-) CETI capital detections of CETI Capital (-) CETI capital due to Artice 3 CRR (-) CETI capital elements on deluctions — other (-) Own ATI instruments (-) Arount merr: Capital Arit Capital (-) Chert holdings of ATI instruments (-) Own ATI instruments (-) Synthetic holdings of ATI instruments (-) Reciprocal cross holdings in ATI Capital (-) Capital due to Artice 3 CRR (-) Synthetic holdings of ATI instruments (-) Count AT	(-) Defined benefit pension fund assets gross amount	-	-
	Deferred tax liabilities associated to defined benefit pension fund assets	-	-
(-) Excess of deduction from AT1 items over AT1 Capital (-) Qualifying holdings outside the financial sector which can alternatively be subject to a 1,250 % isk weight (-) Free deliveries which can alternatively be subject to a 1,250 % isk weight (-) Free deliveries which can alternatively be subject to a 1,250 % isk weight (-) Free deliveries which can alternatively be subject to a 1,250 % isk weight (-) Free deliveries which can alternatively be subject to a 1,250 % isk weight (-) Free deliveries which can alternatively be subject to a 1,250 % isk weight (-) Explicit to a tarenatively be subject to a 1,250 % isk weight (-) Explicit to a tarenatively be subject to a 1,250 % isk weight (-) Explicit to a financial sector entities where the institution does not have a significant (-) CET1 instruments of financial sector entities where the institution has a significant investment (-) CET1 instruments of financial sector entities where the institution has a significant investment (-) CET1 instruments of transcial sector entities a provide a CRR (-) CET1 instruments of CET1 Capital due to Article 3 CRR (-) CET1 capital elements or CET1 Capital (-) CET1 capital elements or CET1 Capital (-) CET1 capital elements or deductions - other AbDTIONAL TIER 1 CAPITAL (AT1 CAPITAL) (-) Capital instruments (-) Own AT1 instruments (-) Own AT1 instruments (-) Own CAT1 instruments (-) Own CAT1 instruments (-) CAT1 instruments (-) CAT1 instruments (-) Actual or contingent obligations to purchase own AT1 capital Transitional adjustments due to additional recognition in AT1 Capital (-) Actual or contingent obligations to purchase own AT1 instruments (-) Actual or contingent obligations to purchase own AT1 instruments (-) Actual or contingent obligations to purchase own AT1 capital Transitional adjustments due to additional recognition in AT1 Capital (-) Actual or contingent ob	Defined benefit pension fund assets w hich the institution has an unrestricted ability to use	-	-
C) Qualifying holdings outside the financial sector which can alternatively be subject to a 1,250 % isk weight (-) Securitisation positions which can alternatively be subject to a 1250 % risk weight (-) Securitisation positions and the analternatively be subject to a 1,250 % risk weight (-) Securitisation positions in a basket for which an alternatively be subject to a 1,250 % risk weight (-) Equily exposures under an internal models approach and can alternatively be subject to a 1,250 % risk weight (-) Equily exposures under an internal models approach which can alternatively be subject to a 1,250 % risk weight (-) CETI instruments of financial sector entities where the institution does not have a significant revestment (-) CETI instruments of financial sector entities where the institution has a significant investment (-) CETI instruments of financial sector entities where the institution has a significant investment (-) CETI instruments of CETI Capital (-) CETI applied use to Article 3 CRR (-) CETI capital instruments to CETI Capital (-) CETI instruments (-) CETI applied use to Article 3 CRR (-) CETI capital instruments (-) Own ATI instruments (-) CETI capital instruments (-) Own ATI instruments (-) Own	(-) Reciprocal cross holdings in CET1 Capital	-	-
C) Qualifying holdings outside the financial sector which can alternatively be subject to a 1,250 % isk weight (-) Securitisation positions which can alternatively be subject to a 1250 % risk weight (-) Securitisation positions and the analternatively be subject to a 1,250 % risk weight (-) Securitisation positions in a basket for which an alternatively be subject to a 1,250 % risk weight (-) Equily exposures under an internal models approach and can alternatively be subject to a 1,250 % risk weight (-) Equily exposures under an internal models approach which can alternatively be subject to a 1,250 % risk weight (-) CETI instruments of financial sector entities where the institution does not have a significant revestment (-) CETI instruments of financial sector entities where the institution has a significant investment (-) CETI instruments of financial sector entities where the institution has a significant investment (-) CETI instruments of CETI Capital (-) CETI applied use to Article 3 CRR (-) CETI capital instruments to CETI Capital (-) CETI instruments (-) CETI applied use to Article 3 CRR (-) CETI capital instruments (-) Own ATI instruments (-) CETI capital instruments (-) Own ATI instruments (-) Own	(-) Excess of deduction from AT1 items over AT1 Capital	_	-
isk w eight - _(-) Securitisation positions which can alternatively be subject to a 1,250 % risk w eight - _(-) Fee deliveries which can alternatively be subject to a 1,250 % risk w eight - _(-) Fault deliveries which can alternatively be subject to a 1,250 % risk w eight - _(-) Fault exposures under an instral models approach which can alternatively be subject to a - _(-) Expt exposures under an internal models approach which can alternatively be subject to a - _(-) CET1 instruments of financial sector entities where the institution does not have a significant investment - _(-) CET1 instruments of financial sector entities where the institution has a significant investment - _(-) CET1 instruments of financial sector entities where the institution has a significant investment - _(-) CET1 instruments of financial sector entities where the institution has a significant investment - _(-) CET1 instruments of financial sector entities of the trick of CRR - _(-) Amount exceeding the 17,65 % threshold - - _(-) CET1 capital due to Article 3 CRR - - _(-) CET1 capital due to Article 3 CRR - - _(-) CET1 capital due to Article 3 CRR - - _(-) CET1 capital instruments - - <td></td> <td></td> <td></td>			
(-) Free deliveries which can alternatively be subject to a 1,250 % risk w eight - (-) Positions in a basket for which an institution cannot determine the risk w eight under the IRB approach, and can alternatively be subject to a 1,250 % risk w eight - (-) Suptive exposures under an internal models approach which can alternatively be subject to a 1,250 % risk w eight - (-) Deductible deferred tax assets that rely on future profitability and arise from temporary differences - (-) CTI instruments of financial sector entities where the institution has a significant investment - (-) CTI instruments of financial sector entities where the institution has a significant investment - (-) CTI instruments of financial sector entities where the institution has a significant investment - (-) CTI instruments of financial sector entities where the institution has a significant investment - (-) CTI instruments of financial sector entities where the institution has a significant investment - (-) CTI capital due to Article 3 CRR - (-) Capital instruments or deductions — other - Abditional deductions of CET1 Capital - Abditional deductions of CET1 Capital - (-) Capital instruments - (-) Atti as AT1 Capital - (-) Own AT1 instruments -	risk w eight	-	-
(-) Positions in a basket for which an institution cannot determine the risk weight	(-) Securitisation positions w hich can alternatively be subject to a 1250 % risk w eight	-	-
approach, and can alternatively be subject to a 1,250 % risk w eight (-) Equity exposures under an internal models approach which can alternatively be subject to a (-) CET1 instruments of financial sector entities where the institution does not have a significant investment (-) Deductible deferred tax assets that rely on future profitability and arise from temporary (-) CET1 instruments of financial sector entities where the institution has a significant investment (-) CET1 instruments of financial sector entities where the institution has a significant investment (-) CET1 instruments of financial sector entities a Vere the institution has a significant investment (-) CET1 instruments of CET1 Capital (-) CET1 capital elements or deductions - other (-) CET1 capital elements or deductions - other (-) CET1 instruments eligible as AT1 Capital (-) Capital instruments (-) Oract holdings of AT1 instruments not eligible (-) Capital instruments (-) Oract holdings of AT1 instruments (-) Oract holdings of AT1 instruments (-) Ndirect holdings of AT1 instruments (-) Actual or contingent obligations to purchase own AT1 instruments (-) Actual or contingent obligations to purchase own AT1 capital of instruments issued by subsidiaries that red given recognition in AT1 Capital (-) Attal or contingent obligations to purchase own AT1 instruments (-) Attal or contingent obligations to purchase own AT1 capital of instruments issued by subsidiaries that are given recognition in AT	(-) Free deliveries which can alternatively be subject to a 1,250 % risk weight	-	-
[-) Equity exposures under an internal models approach which can alternatively be subject to a	(-) Positions in a basket for which an institution cannot determine the risk w eight under the IRB	-	-
1,250 % risk weight	approach, and can alternatively be subject to a 1,250 % risk w eight		
(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		-	-
Investment Image: Construct of the sector of the secto			
Jiff Ferences	investment	-	-
(-) CET1 instruments of financial sector entities where the institution has a significant investment (-) Amount exceeding the 17,65 % threshold (-) Amount exceeding the 17,65 % threshold (-) Other transitional adjustments to CET1 Capital (-) Additional deductions of CET1 Capital due to Article 3 CRR (-) CET1 capital elements or deductions — other (-) Capital instruments of deductions — other (-) Capital instruments (-) Capital instruments (-) Capital instruments (-) Capital instruments (-) Own AT1 instruments (-) Direct holdings of AT1 instruments (-) Own of AT1 instruments (-) Own of AT1 instruments (-) Own of AT1 instruments (-) Actual or contingent obligations to purchase own AT1 instruments (-) Actual or contingent obligations to purchase own AT1 instruments (-) Actual or contingent obligations to purchase own AT1 capital (-) Actual or contingent obligations to purchase own AT1 Capital (-) Reciprocal cross holdings in AT1 Capital (-) Reciprocal cross holdings in AT1 Capital (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution has a significant investment (-) AT1 instruments of financial sector entities where the institution has a significant investment (-) AT1 instruments of financial sector entities where the institution has a significant investment (-) Excess of deduction from T2 items over T2 Capital (-) AT1 instruments of financial sector entities where the institution has a significant investment (-) At1 instruments of financial sector entities where the institution has a significant investment (-) Excess of deduction from T2 items over T2 Capital (-) AT1 instruments of financial sector entities where the institution has a sign		_	-
(-) Arrount exceeding the 17,65 % threshold (-) Arrount exceeding the 17,65 % threshold (-) Other transitional adjustments to CET1 Capital due to Article 3 CRR (-) Additional deductions of CET1 Capital due to Article 3 CRR (-) CET1 capital elements or deductions — other ADDTIONAL TIER 1 CAPITAL (AT1 CAPITAL) (-) Capital instruments (-) Capital instruments (-) Capital instruments (-) Direct holdings of AT1 instruments (-) Own AT1 instruments (-) Own AT1 instruments (-) Own AT1 instruments (-) Direct holdings of AT1 instruments (-) Own AT1 instruments (-) Own AT1 instruments (-) Own AT1 instruments (-) Actual or contingent obligations to purchase own AT1 instruments (-) Synthetic holdings of AT1 instruments (-) Synthetic boldings in AT1 Capital instruments (-) Reciprocal cross holdings in AT1 Capital (-) AT1 instruments due to additional recognition in AT1 Capital (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) Excess of deduction from T2 items over T2 Capital (-) Excess of deduction from AT1 Capital (-) Excess of deductin fr	differences		
Other transitional adjustments to CET1 Capital - Additional deductions of CET1 Capital due to Article 3 CRR - CET1 capital elements or deductions — other - ADDITIONAL TIER 1 CAPITAL (AT1 CAPITAL) -	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	-
Additional deductions of CET1 Capital due to Article 3 CRR • CET1 capital elements or deductions — other • ADDTIONAL TIER 1 CAPITAL (AT1 CAPITAL) • Capital instruments eligible as AT1 Capital • Paid up capital instruments • Memorandum item: Capital instruments not eligible • Share premium • (·) Dwn AT1 instruments • (·) Direct holdings of AT1 instruments • (·) Direct holdings of AT1 instruments • (·) Synthetic holdings of AT1 instruments • (·) Synthetic holdings of AT1 instruments • (·) Synthetic holdings of process holdigations to purchase own AT1 instruments • (·) Synthetic holdings in a process holding in AT1 Capital • (·) AT1 instruments of financial sector entities where the institution has a significant investment • (·) AT1 instruments of financial sector entities where the institution has a significant investment • (·) AT1 instruments of financial sector entities where the institution has a significant investment • (·) AT1 instruments to AT1 Capital •	(-) Amount exceeding the 17,65 % threshold	-	-
CET1 capital elements or deductions — other - ADDTIONAL TIER 1 CAPITAL (AT1 CAPITAL) - Capital instruments eligible as AT1 Capital - Paid up capital instruments - Memorandum item: Capital instruments not eligible - Share premium - (-) Own AT1 instruments - (-) Direct holdings of AT1 instruments - (-) Direct holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Actual or contingent obligations to purchase own AT1 instruments - (-) Actual or contingent obligations to purchase own AT1 Capital instruments - (-) Actual or contingent obligations to purchase own AT1 Capital - (-) Actual or contingent obligations to purchase own action in AT1 Capital - (-) Reciprocal cross holdings in AT1 Capital - (-) AT1 instruments of financial sector entities where the institution does not have a significant investment - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) AT1 instruments	Other transitional adjustments to CET1 Capital	-	-
ADDTIONAL TIER 1 CAPITAL (AT1 CAPITAL) - Capital instruments eligible as AT1 Capital - Paid up capital instruments - Memorandum item: Capital instruments not eligible - Share premium - (-) Own AT1 instruments - (-) Direct holdings of AT1 instruments - (-) Direct holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 instruments - Transitional adjustments due to grandfathered AT1 Capital instruments - Instruments issued by subsidiaries that are given recognition in AT1 Capital - (-) Reciprocal cross holdings in AT1 Capital - (-) AT1 instruments of financial sector entities where the institution does not have a significant investment - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) AT1 instruments of financial sector entities where the institution has a significant investment -	Additional deductions of CET1 Capital due to Article 3 CRR	-	-
Capital instruments eligible as AT1 Capital - Paid up capital instruments - Memorandum item: Capital instruments not eligible - Share premium - (-) Ow n AT1 instruments - (-) Direct holdings of AT1 instruments - (-) Indirect holdings of AT1 instruments - (-) Indirect holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 capital instruments - (-) Actual or contingent obligations to purchase ow n AT1 capital instruments - (-) Actual or contingent obligations to purchase ow n AT1 capital instruments - (-) Actual or contingent obligations to purchase own at11 instruments - (-) Actual or contingent obligations to purchase own at11 capital instruments - (-) Actual or contingent obligations to purchase own at11 capital - (-) At1 instruments due to additional recognition in AT1 Capital <	CET1 capital elements or deductions — other	-	-
Paid up capital instruments -	ADDITIONAL TIER 1 CAPITAL (AT1 CAPITAL)	-	-
Memorandum item: Capital instruments not eligible -	Capital instruments eligible as AT1 Capital	-	-
Share premium	Paid up capital instruments	-	-
(-) Ow n AT1 instruments - (-) Direct holdings of AT1 instruments - (-) Indirect holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 instruments - Transitional adjustments due to grandfathered AT1 Capital instruments - Instruments issued by subsidiaries that are given recognition in AT1 Capital - Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by subsidiaries - (-) Reciprocal cross holdings in AT1 Capital - (-) AT1 instruments of financial sector entities where the institution does not have a significant investment - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) Excess of deduction from T2 items over T2 Capital - (-) Excess of deduction from AT1 capital (deducted in CET1) - (-) Additional deductions of AT1 Capital due to Article 3 CRR -	Memorandum item: Capital instruments not eligible	_	-
(-) Direct holdings of AT1 instruments - (-) Indirect holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 instruments -	Share premium	-	-
(-) Direct holdings of AT1 instruments - (-) Indirect holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Synthetic holdings of AT1 instruments - (-) Actual or contingent obligations to purchase ow n AT1 instruments -		_	-
		-	-
(-) Synthetic holdings of AT1 instruments -		-	
 (-) Actual or contingent obligations to purchase ow n AT1 instruments Transitional adjustments due to grandfathered AT1 Capital instruments Instruments issued by subsidiaries that are given recognition in AT1 Capital Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by subsidiaries (-) Reciprocal cross holdings in AT1 Capital (-) AT1 instruments of financial sector entities where the institution does not have a significant (-) AT1 instruments of financial sector entities where the institution has a significant investment (-) Excess of deduction from T2 items over T2 Capital Other transitional adjustments to AT1 Capital (-) Excess of deduction from AT1 items over AT1 Capital (deducted in CET1) Additional deductions of AT1 Capital due to Article 3 CRR 			
		-	
Instruments issued by subsidiaries that are given recognition in AT1 Capital - Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by - (-) Reciprocal cross holdings in AT1 Capital - (-) AT1 instruments of financial sector entities where the institution does not have a significant - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) Excess of deduction from T2 items over T2 Capital - (-) Excess of deduction from AT1 Capital - (-) Excess of deduction from T2 items over T2 Capital -			-
Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by -		-	•
subsidiaries - (-) Reciprocal cross holdings in AT1 Capital - (-) AT1 instruments of financial sector entities where the institution does not have a significant - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) Excess of deduction from T2 items over T2 Capital - (-) Excess of deduction from T2 items over T2 Capital - (-) Excess of deduction from AT1 capital - (-) Excess of deduction from AT1 items over AT1 Capital (deducted in CET1) - Additional deductions of AT1 Capital due to Article 3 CRR -		-	-
(-) AT1 instruments of financial sector entities where the institution does not have a significant nvestment	Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by subsidiaries	-	-
Investment Image: Construction of the sector entities where the institution has a significant investment Image: Construction of the sector entities where the institution has a significant investment Image: Construction of the sector entities where the institution has a significant investment Image: Construction of the sector entities where the institution has a significant investment Image: Construction of the sector entities over T2 Capital Image: Construction of the sector entities over T2 Capital Image: Construction of the sector entities over T2 Capital Image: Construction of the sector entities over T2 Capital Image: Construction of the sector entities over T2 Capital (deducted in CET1) Image: Construction over the sector entities over the sector en	(-) Reciprocal cross holdings in AT1 Capital	-	-
(-) AT1 instruments of financial sector entities where the institution has a significant investment - (-) Excess of deduction from T2 items over T2 Capital - Other transitional adjustments to AT1 Capital - Excess of deduction from AT1 items over AT1 Capital (deducted in CET1) - Additional deductions of AT1 Capital due to Article 3 CRR -		_	_
(-) Excess of deduction from T2 items over T2 Capital - Other transitional adjustments to AT1 Capital - Excess of deduction from AT1 items over AT1 Capital (deducted in CET1) - Additional deductions of AT1 Capital due to Article 3 CRR -	investment	-	-
Other transitional adjustments to AT1 Capital - Excess of deduction from AT1 items over AT1 Capital (deducted in CET1) - Additional deductions of AT1 Capital due to Article 3 CRR -	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	-
_Excess of deduction from AT1 items over AT1 Capital (deducted in CET1) - Additional deductions of AT1 Capital due to Article 3 CRR -	(-) Excess of deduction from T2 items over T2 Capital	-	-
_Additional deductions of AT1 Capital due to Article 3 CRR _	Other transitional adjustments to AT1 Capital	-	-
	Excess of deduction from AT1 items over AT1 Capital (deducted in CET1)	-	-
	Additional deductions of AT1 Capital due to Article 3 CRR	-	-
_AT1 capital elements or deductions — other -	AT1 capital elements or deductions — other	-	-

_TIER 2 CAPITAL (T2 CAPITAL)	41 120	41 120
Capital instruments and subordinated loans eligible as T2 Capital	41 120	41 120
Paid up capital instruments and subordinated loans	41 120	41 120
Memorandum item: Capital instruments and subordinated loans not eligible	25	25
Share premium	-	-
(-) Ow n T2 instruments	-	-
(-) Direct holdings of T2 instruments	-	-
(-) Indirect holdings of T2 instruments	-	-
(-) Synthetic holdings of T2 instruments	-	-
(-) Actual or contingent obligations to purchase ow n T2 instruments	-	-
Transitional adjustments due to grandfathered T2 Capital instruments and subordinated loans	-	-
Instruments issued by subsidiaries that are given recognition in T2 Capital	-	-
Transitional adjustments due to additional recognition in T2 Capital of instruments issued by subsidiaries	-	-
IRB Excess of provisions over expected losses eligible	-	-
SA General credit risk adjustments	-	-
(-) Reciprocal cross holdings in T2 Capital	-	-
(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	-
(-) T2 instruments of financial sector entities where the institution has a significant investment	-	-
Other transitional adjustments to T2 Capital	-	-
Excess of deduction from T2 items over T2 Capital (deducted in AT1)	-	-
(-) Additional deductions of T2 Capital due to Article 3 CRR	-	-
T2 capital elements or deductions — other	-	-

Table 5: Leverage ratio (K&H Group, values in HUF million)

Leverage ratio	2018.09.30
SFT exposure according to CRR 222	15 296
Derivatives	156 171
Undrawn credit facilities, which may be cancelled unconditionally at any time without notice	130 259
Medium/ low risk trade related off-balance sheet items	22 392
Medium risk trade related off-balance sheet items and officially supported export finance related off-balance sheet items	438 924
Other off-balance sheet items	363 654
Other assets	3 240 430
Tier 1 capital	265 934
Regulatory adjustments	-13 141
Leverage ratio	6,11%

Table 6: Leverage ratio (K&H Bank, values in HUF million)

Leverage ratio	2018.09.30
SFT exposure according to CRR 222	15 296
Derivatives	156 176
Undrawn credit facilities, which may be cancelled unconditionally at any time without notice	129 861
Medium/ low risk trade related off-balance sheet items	62 371
Medium risk trade related off-balance sheet items and officially supported export finance related off-balance sheet items	241 494
Other off-balance sheet items	507 004
Other assets	3 263 506
Tier 1 capital	221 297
Regulatory adjustments	-13 197
Leverage ratio	5,07%

	RWA amounts	Capital requirements
RWAs as at the end of the previous reporting period	1 321 867	105 749
Asset size	129 137	10 331
Asset quality	-34 042	-2 723
Model updates	52 093	4 167
Methodology and policy	0	0
Acquisitions and disposals	0	0
Foreign exchange movements	-4 753	-380
Other	0	0
RWAs as at the end of the reporting period	1 464 302	117 144

Table 7: EU CR8 RWA flow statements of credit risk exposures under the IRB approach (K&H Group, values in million HUF)

Table 8: EU CR8 RWA flow statements of credit risk exposures under the IRB approach (K&H Bank, values in million HUF)

	RWA amounts	Capital requirements
RWAs as at the end of the previous reporting period	1 369 148	109 532
Asset size	133 279	10 662
Asset quality	-32 181	-2 574
Model updates	52 093	4 167
Methodology and policy	0	0
Acquisitions and disposals	0	0
Foreign exchange movements	-4 834	-387
Other	0	0
RWAs as at the end of the reporting period	1 517 505	121 400