Disclosure according to Pillar 3

Risk Report

K&H Banking Group and K&H Bank Zrt

For the 2023 Financial Year

Table of contents

1. Disclosure requirements at K&H (CRR Articles 431.-434.) 7
2. Disclosure of key metrics and overview of risk-weighted exposure amounts (CRR Article 438).. 8
2.1. EU KM1 - Key metrics 8
2.2. EU OV1 - Overview of risk weighted exposure amounts 10
2.3. EU OVC - ICAAP information 13
2.4. EU INS1 - Insurance participations 14
2.5. EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio. 14
3. Disclosure of own funds (CCR Article 437) 15
3.1. EU CC1 - Composition of regulatory own funds 15
3.2. EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements 19
3.3. EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments 21
4. Disclosure of countercyclical capital buffers (CRR Article 440) 22
4.1. EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 22
4.2. EU CCyB2 - Amount of institution-specific countercyclical capital buffer 24
5. Disclosure of the leverage ratio (CRR Article 451) 24
5.1. EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures 24
5.2. EU LR2 - LRCom: Leverage ratio common disclosure 25
5.3. EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) 27
5.4. EU LRA - disclosure on LRA qualitative items 27
6. Disclosure of liquidity requirements (CRR Article 451a) 27
6.1. EU LIQA - Liquidity risk management 27
6.2. EU LIQ1 - Quantitative information of LCR 31
6.3. EU LIQB - on qualitative information on LCR, which complements template EU LIQ1 32
6.4. EU LIQ2 - Net Stable Funding Ratio 34
7. Disclosure of credit risk quality (CRR Article 442) 36
7.1. EU CRB: Additional disclosure related to the credit quality of assets 36
7.2. EU CR1-A: Maturity of exposure 42
7.3. EU CR2: Changes in the stock of non-performing loans and advances 43
7.4. EU CR1: Performing and non-performing exposures and related provisions 44
7.5. EU CQ1: Credit quality of forborne exposures 46
7.6. EU CQ2: Quality of forbearance 46

7.7. EU CQ3: Credit quality of performing and non-performing exposures by past due days 47

7.8. EU CQ4: Quality of non-performing exposures by geography 49

7.9. EU CQ5: Credit quality of loans and advances by industry 49

7.10. EU CQ6: Collateral valuation - loans and advances 49

7.11. EU CQ7: Collateral obtained by taking possession and execution processes – vintage breakdown 49

7.12. EU CQ8: Collateral obtained by taking possession and execution processes 49

7.13. EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries 49

8. Disclosure of the use of credit risk mitigation techniques (CRR Article 453) 50

8.1. EU CRC – Qualitative disclosure requirements related to CRM techniques 50

8.2. EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques 52

9. Disclosure of the use of standardised approach (CRR Article 453) 53

9.1. EU CR4 – standardised approach – Credit risk exposure and CRM effects 53

10. Disclosure of the use of the IRB approach to credit risk (CRR Articles 453, 438) 54

10.1. EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques 54

10.2. EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques 55

10.3. EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach 56

11. Disclosure of specialised lending (CRR Article 438) 57

11.1. EU CR10 – Specialised lending and equity exposures under the simple riskweighted approach 57

12. Disclosure of exposures to counterparty credit risk (CRR Article 438) 57

12.1. EU CCR7 – RWEA flow statements of CCR exposures under the IMM 57

12.2. EU MR2-B – RWA flow statements of market risk exposures under the IMA 57

13. Disclosure of remuneration policy (CRR Article 450) 57

13.1. EU REMA - Remuneration policy 57

13.2. EU REM1 - Remuneration awarded for the financial year 60

13.3. EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) 60

13.4. EU REM3 - Deferred remuneration 61

13.5. EU REM4 - Remuneration of 1 million EUR or more per year 62

13.6. EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) 62

14. Environmental, social and governance risks (Article 449a CRR) 62

14.1. Qualitative information on Environmental risk 62

14.2. Qualitative information on Social risk 70

14.3. Qualitative information on Governance risk 71
14.4. ESG risks templates 72
15. List of abbreviations 79

1. TABLE: TEMPLATE EU KM1 - KEY METRICS TEMPLATE (VALUES IN HUF MILLION, K&H GROUP) 8
2. TABLE: TEMPLATE EU KM1 - KEY METRICS TEMPLATE (VALUES IN HUF MILLION, K&H BANK) 9
3. TABLE: EU OV1 –VALUES IN HUF MILLION; K&H GROUP COMPARED TO LAST YEAR 10
4. TABLE: EU OV1 –VALUES IN HUF MILLION; K&H GROUP COMPARED TO LAST QUARTER 11
5. TABLE: EU OV1 – VALUES IN HUF MILLION; K&H BANK COMPARED TO LAST YEAR 12
6. TABLE: EU OV1 – VALUES IN HUF MILLION; K&H BANK COMPARED TO LAST QUARTER 13
7. TABLE: EU CC1 (VALUES IN HUF MILLION; K&H GROUP AND K&H BANK) 15
8. TABLE: EU CC2 (VALUES IN HUF MILLION; K&H GROUP) 19
9. TABLE: EU CC2 (VALUES IN HUF MILLION; K&H BANK) 20
10. TABLE: EU CCA 21
11. TABLE: EU CCYB1 (VALUES IN HUF MILLION; K&H GROUP) 22
12. TABLE: EU CCYB1 (VALUES IN HUF MILLION; K&H BANK) 23
13. TABLE: EU CCYB2 (VALUES IN HUF MILLION; K&H GROUP) 24
14. TABLE: EU CCYB2 (VALUES IN HUF MILLION; K&H BANK) 24
15. TABLE: EU LR1 (VALUES IN HUF MILLION; K&H GROUP AND K&H BANK) 24
16. TABLE: EU LR2 (VALUES IN HUF MILLION; K&H GROUP AND K&H BANK) 25
17. TABLE: EU LR3 (VALUES IN HUF MILLION; K&H GROUP AND K&H BANK) 27
18. TABLE: EU LIQ1 (VALUES IN HUF MILLION; K&H GROUP) 31
19. TABLE: EU LIQ1 (VALUES IN HUF MILLION; K&H BANK) 32
20. TABLE: EU LIQ2 (VALUES IN HUF MILLION; K&H GROUP) 34
21. TABLE: EU LIQ2 (VALUES IN HUF MILLION; K&H BANK) 35
22. TABLE: EU CRB-B (VALUES IN HUF MILLION; K&H GROUP) 37
23. TABLE: EU CRB-B (VALUES IN HUF MILLION; K&H BANK) 38
24. TABLE: EU CRB-C (VALUES IN HUF MILLION; K&H GROUP) 39
25. TABLE: EU CRB-C (VALUES IN HUF MILLION; K&H BANK) 39
26. TABLE: EU CRB-D (VALUES IN HUF MILLION; K&H GROUP) 39
27. TABLE: EU CRB-D (VALUES IN HUF MILLION; K&H BANK) 40
28. TABLE: EU CRB-E (VALUES IN HUF MILLION; K&H GROUP) 40
29. TABLE: EU CRB-E (VALUES IN HUF MILLION; K&H BANK) 41
30. TABLE: EU CR1-A (VALUES IN HUF MILLION; K&H GROUP) 42
31. TABLE: EU CR1 (VALUES IN HUF MILLION; K&H BANK) 42
32. TABLE: EU CR2 (VALUES IN HUF MILLION; K&H GROUP) 43
33. TABLE: EU CR2 (VALUES IN HUF MILLION; K&H BANK) 43
34. TABLE: EU CR1 (VALUES IN HUF MILLION; K&H GROUP) 44
35. TABLE: EU CR1 (VALUES IN HUF MILLION; K&H BANK) 45
36. TABLE: EU CQ1 (VALUES IN HUF MILLION; K&H GROUP) 46
37. TABLE: EU CQ1 (VALUES IN HUF MILLION; K&H BANK) 46
38. TABLE: EU CQ3 (VALUES IN HUF MILLION; K&H GROUP) 47
39. TABLE: EU CQ3 (VALUES IN HUF MILLION; K&H BANK) 48
40. TABLE: EU CR2-A (VALUES IN HUF MILLION; K&H GROUP) 49
41. TABLE: EU CR2-A (VALUES IN HUF MILLION; K&H BANK) 50
42. TABLE: EU CR3 (VALUES IN HUF MILLION; K&H GROUP) 52
43. TABLE: EU CR3 (VALUES IN HUF MILLION; K&H BANK) 52
44. TABLE: EU CR4 (VALUES IN HUF MILLION; K&H GROUP) 53
45. TABLE: EU CR4 (VALUES IN HUF MILLION; K&H BANK) 53
46. TABLE: EU CR7 (VALUES IN HUF MILLION; K&H GROUP) 54
47. TABLE: EU CR7 (VALUES IN HUF MILLION; K&H BANK) 54
48. TABLE: EU CR7-A ADVANCED IRB (VALUES IN HUF MILLION; K&H GROUP) 55
49. TABLE: EU CR7-A ADVANCED IRB (VALUES IN HUF MILLION; K&H BANK) 55
50. TABLE: EU CR8 (VALUES IN HUF MILLION; K&H GROUP) 56
51. TABLE: EU CR8 (VALUES IN HUF MILLION; K&H BANK) 56

52. TABLE: EU REM1 60
53. TABLE: EU REM3 61
54. TABLE: EU REM5 62
55. TABLE: ESG - TEMPLATE 1 – VALUES IN HUF MILLION 73
56. TABLE: ESG - TEMPLATE 2 – VALUES IN HUF MILLION 74
57. TABLE: ESG - TEMPLATE 5 – VALUES IN HUF MILLION 75
58. TABLE: ESG - TEMPLATE 6 – VALUES IN HUF MILLION 75
59. TABLE: ESG - TEMPLATE 7 – VALUES IN HUF MILLION 76
60. TABLE: ESG - TEMPLATE 8 – (%) 77
61. TABLE: ESG - TEMPLATE 10 – VALUES IN HUF MILLION 77

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 (7/2022. (IV.22.)). 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.

The K&H corresponds with the requirements of the Article 449a of the CRR Disclosure of environmental, social and governance risks (ESG risks) and the relevant recommendations of the Hungarian National Bank 10/2022. (VIII.2.).

K&H publishes its “Risk Report” two times a 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 reports in a simplified form.

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

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 2023 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 Article 438)

2.1. EU KM1 - Key metrics

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

		31/12/2023	30/06/2023	31/12/2022	30/06/2022
Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	506 251	404 361	410 836	358 920
2	Tier 1 capital	506 251	404 361	410 836	358 920
3	Total capital	536 398	446 204	459 869	402 119
Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	3 103 689	2 722 388	2 692 856	2 397 588
Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	16,31%	14,85%	15,26%	14,97%
6	Tier 1 ratio (%)	16,31%	14,85%	15,26%	14,97%
7	Total capital ratio (%)	17,28%	16,39%	17,08%	16,77%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3,21%	3,21%	3,55%	3,55%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1,81%	1,81%	2,00%	2,00%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2,41%	2,41%	2,66%	2,66%
EU 7d	Total SREP own funds requirements (%)	11,21%	11,21%	11,55%	11,55%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	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 (%)	0,00%	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,00%	0,00%	0,00%	0,00%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer	0,50%	0,50%	0,25%	0,25%
11	Combined buffer requirement (%)	3,00%	3,00%	2,75%	2,75%
EU 11a	Overall capital requirements (%)	14,21%	14,21%	14,31%	14,31%
12	CET1 available after meeting the total SREP own funds requirements (%)	9,28%	8,39%	9,08%	8,77%
Leverage ratio					
13	Leverage ratio total exposure measure	4 631 207	4 384 411	4 197 993	3 939 722
14	Leverage ratio %	10,93%	9,22%	9,79%	9,11%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0,00%	0,00%	0,00%	0,00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%
EU 14c	Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0,00%	0,00%	0,00%	0,00%
EU 14e	Overall leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%
Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1 951 538	1 587 325	1 808 474	602 986
EU 16a	Cash outflows - Total weighted value	1 021 292	1 124 637	1 318 464	1 154 487
EU 16b	Cash inflows - Total weighted value	88 060	90 049	234 506	1 490 417
16	Total net cash outflows (adjusted value)	933 231	1 034 587	1 083 958	288 622
17	Liquidity coverage ratio (%)	209%	153%	167%	209%
Net Stable Funding Ratio					
18	Total available stable funding	3 980 407	3 622 967	3 783 029	3 867 867
19	Total required stable funding	2 713 020	2 512 320	2 172 567	2 294 996
20	NSFR ratio (%)	147%	144%	174%	169%

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

		31/12/2023	30/06/2023	31/12/2022	30/06/2022
Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	500 758	396 075	406 477	355 267
2	Tier 1 capital	500 758	396 075	406 477	355 267
3	Total capital	530 906	437 889	455 463	398 446
Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	3 136 678	2 756 684	2 728 817	2 425 232
Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15,96%	14,37%	14,90%	14,65%
6	Tier 1 ratio (%)	15,96%	14,37%	14,90%	14,65%
7	Total capital ratio (%)	16,93%	15,88%	16,69%	16,43%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,00%	0,00%	0,00%	0,00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%
EU 7d	Total SREP own funds requirements (%)	8,00%	8,00%	8,00%	8,00%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,00%	0,00%	0,00%	0,00%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer	0,00%	0,00%	0,00%	0,00%
11	Combined buffer requirement (%)	2,50%	2,50%	2,50%	2,50%
EU 11a	Overall capital requirements (%)	10,50%	10,50%	10,50%	10,50%
12	CET1 available after meeting the total SREP own funds requirements (%)	8,93%	7,88%	8,69%	8,43%
Leverage ratio					
13	Leverage ratio total exposure measure	4 667 843	4 457 350	4 240 447	4 886 931
14	Leverage ratio %	10,73%	8,89%	9,59%	7,27%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0,00%	0,00%	0,00%	0,00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%
EU 14c	Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0,00%	0,00%	0,00%	0,00%
EU 14e	Overall leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%
Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1 950 961	1 585 606	1 806 435	604 490
EU 16a	Cash outflows - Total weighted value	1 064 120	1 147 944	1 348 701	1 166 656
EU 16b	Cash inflows - Total weighted value	88 057	79 158	234 500	1 490 411
16	Total net cash outflows (adjusted value)	976 063	1 068 786	1 114 200	291 664
17	Liquidity coverage ratio (%)	200%	148%	162%	207%
Net Stable Funding Ratio					
18	Total available stable funding	4 158 796	3 557 547	3 766 717	3 834 414
19	Total required stable funding	3 106 987	2 538 467	2 216 383	2 360 159
20	NSFR ratio (%)	134%	140%	170%	162%

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
		31/12/2023	31/12/2022	31/12/2023
1	Credit risk (excluding CCR)	**2 575 401**	**2 235 073**	**206 032**
2	Of which the standardised approach	480 712	145 252	38 457
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted approach			
5	Of which the advanced IRB (A-IRB) approach	1 947 945	1 933 410	155 836
6	Counterparty credit risk - CCR	**26 623**	**47 783**	**2 130**
7	Of which the standardised approach	25 906	46 656	2 072
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	397	505	32
9	Of which other CCR	319	621	26
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%			
20	Position, foreign exchange and commodities risks (Market risk)	**698**	**330**	56
21	Of which the standardised approach	**698**	**330**	56
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	**500 968**	**409 670**	**40 077**
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	500 968	409 670	40 077
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	Total	**3 103 689**	**2 692 856**	**248 295**

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
		31/12/2023	30/09/2023	31/12/2023
1	**Credit risk (excluding CCR)**	**2 575 401**	**2 365 635**	**206 032**
2	Of which the standardised approach	480 712	164 676	38 457
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted approach			
5	Of which the advanced IRB (A-IRB) approach	1 947 945	2 060 276	155 836
6	**Counterparty credit risk - CCR**	**26 623**	**36 877**	**2 130**
7	Of which the standardised approach	25 906	36 114	2 072
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	397	435	32
9	Of which other CCR	319	328	26
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%			
20	**Position, foreign exchange and commodities risks (Market risk)**	**698**	**356**	**56**
21	Of which the standardised approach	698	356	56
22	Of which IMA			
EU 22a	Large exposures			
23	**Operational risk**	**500 968**	**410 622**	**40 077**
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	500 968	410 622	40 077
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	**Total**	**3 103 689**	**2 813 490**	**248 295**

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
		31/12/2023	31/12/2022	31/12/2023
1	Credit risk (excluding CCR)	**2 613 204**	**2 273 695**	**209 056**
2	Of which the standardised approach	518 476	134 969	41 478
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted approach			
5	Of which the advanced IRB (A-IRB) approach	1 947 983	1 982 314	155 839
6	Counterparty credit risk - CCR	**26 711**	**48 194**	**2 137**
7	Of which the standardised approach	25 898	46 652	2 072
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	397	505	32
9	Of which other CCR	415	1 037	33
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%			
20	Position, foreign exchange and commodities risks (Market risk)	**698**	**330**	**56**
21	Of which the standardised approach	698	330	56
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	**496 066**	**406 598**	**39 685**
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	496 066	406 598	39 685
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	Total	**3 136 678**	**2 728 816**	**250 934**

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
		31/12/2023	30/09/2023	31/12/2023
1	Credit risk (excluding CCR)	**2 613 204**	**2 405 515**	**209 056**
2	Of which the standardised approach	518 476	155 809	41 478
3	Of which the foundation IRB (FIRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted approach			
5	Of which the advanced IRB (A-IRB) approach	1 947 983	2 109 024	155 839
6	Counterparty credit risk - CCR	**26 711**	**37 653**	**2 137**
7	Of which the standardised approach	25 898	36 111	2 072
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	397	505	32
9	Of which other CCR	415	1 037	33
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%			
20	Position, foreign exchange and commodities risks (Market risk)	**698**	**356**	**56**
21	Of which the standardised approach	698	356	56
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	**496 066**	**407 497**	**39 685**
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	496 066	407 497	39 685
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	Total	**3 136 678**	**2 851 021**	**250 934**

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 capital[2]. 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)

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 syncron. The RCC of K&H approved the K&H Banking Group Risk Appetite Statement 2023 - 2025 document as of 8th March, 2023.

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

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

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.

3. Disclosure of own funds (CCR Article 437)

3.1. EU CC1 - Composition of regulatory own funds

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

		K&H Bank	K&H Group
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
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	239 459	243 550
3	Accumulated other comprehensive income (and other reserves)	- 13 878	- 13 884
EU-3a	Funds for general banking risk	46 756	46 933
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	107 484	108 899
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**569 574**	**575 250**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	- 101	- 101
8	Intangible assets (net of related tax liability) (negative amount)	- 87 073	- 87 257
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 of financial instruments that are not valued at fair value	18 826	18 826
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, 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		
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 except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	- 198	- 198
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjusments	- 270	- 270
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**- 101**	**- 101**
29	**Common Equity Tier 1 (CET1) capital**	**500 758**	**506 251**
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	30 148	30 148
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			
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)**	**500 758**	**506 251**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	56 887	56 887
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR		
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		
51	**Tier 2 (T2) capital before regulatory adjustments**	**56 887**	**56 887**
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	21 902	21 902
53	Direct, indirect and synthetic 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)	3 409	3 409
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 adjusments to T2 capital		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**25 311**	**25 311**
58	**Tier 2 (T2) capital**	**31 576**	**31 576**
59	**Total capital (TC = T1 + T2)**	**530 906**	**536 398**
60	**Total risk exposure amount**	**3 136 678**	**3 103 689**
Capital ratios and buffers			
61	Common Equity Tier 1	15,96%	16,31%
62	Tier 1	15,96%	16,31%
63	Total capital	16,93%	17,28%
64	Institution CET1 overall capital requirements	7,00%	9,31%
65	of which: capital conservation buffer requirement	2,50%	2,50%
66	of which: countercyclical buffer requirement	0,004%	0,003%
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		0,50%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage		
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	**8,93%**	9,28%
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities 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)	1 801	1 801
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 17.65% thresholds and net of eligible short positions)	11 060	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		
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)	3 746	3 746
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	1 129	

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

8. 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 clases 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	1 307 058	
2	Cash	78 954	
3	Cash balances with central banks	1 166 774	
4	Other demand deposit with credit institutions	61 330	
5	of which asset pledged as collateral	0	
6	Financial assets		
7	Held for trading	73 760	
8	Mandatorily at fair value through profit or loss	330 460	
9	At fair value through other comprehensive income	163 882	
10	of which asset pledged as collateral	0	
11	At amortised cost	3 464 184	
12	of which asset pledged as collateral	13 893	
13	Hedging derivatives	129 857	
14	Fair value changes of hedged item under portfolio hedge of interest rate risk	-68 369	
15	Tax assets	2 978	
16	Current tax assets	22	
17	Deferred tax assets	2 956	
18	Investment property	264	
19	Property, plant and equipment	47 186	
20	Intangible assets	96 657	
21	Non-current assets held for sale and disposal groups	0	
22	Other assets	58 551	
xxx	**Total assets**	**5 606 468**	
Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements			
1	Financial liabilities	4 995 261	
2	Held for trading	72 480	
3	Designated at fair value through profit or loss	58 541	
4	Measured at amortised cost	4 740 977	
5	Hedging derivatives	123 263	
6	Fair value changes of hedged item under portfolio hedge of interest rate risk	-45 288	
7	Tax liabilities	4 842	
8	Current tax liabilities	4 837	
9	Deferred tax liabilities	5	
10	Provisions for risks and charges and credit commitments	5 986	
11	Other liabilities	70 416	
xxx	**Total liabilities**	**5 031 217**	
Shareholders' Equity			
1	Share capital	140 978	
2	Share premium	48 775	
3	Accumulated profit	341 581	
4	Other reserves	43 917	
xxx	**Total shareholders' equity**	**575 251**	

9. 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 clases 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	1 307 059	
2	Cash	78 954	
3	Cash balances with central banks	1 166 774	
4	Other demand deposit with credit institutions	61 331	
5	of which assets pledged as collateral		
6	Financial assets	4 181 905	
7	Held for trading	73 760	
8	Mandatorily at fair value through profit or loss	330 460	
9	At fair value through other comprehensive income	164 243	
10	of which assets pledged as collateral		
11	At amortised cost	3 483 585	
12	of which assets pledged as collateral	24 698	
13	Hedging derivatives	129 857	
14	Fair value changes of hedged item under portfolio hedge of interest rate risk	-68 369	
15	Tax assets	2 791	
16	Current tax assets		
17	Deferred tax assets	2 791	
18	Investments in subsidiaries and associated companies	16 241	
19	Investment property	245	
20	Property, plant and equipment	47 797	
21	Intangible assets	96 526	
22	Non-current assets held for sale and disposal groups		
23	Other assets	57 963	
xxx	**Total assets**	**5 642 158**	
Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements			
1	Financial liabilities	5 017 042	
2	Held for trading	72 480	
3	Designated at fair value through profit or loss	58 541	
4	Measured at amortised cost	4 762 758	
5	Hedging derivatives	123 263	
6	Fair value changes of hedged item under portfolio hedge of interest rate risk	-45 288	
7	Tax liabilities	4 563	
8	Current tax liabilities	4 563	
9	Deferred tax liabilities		
10	Provisions for risks and charges and credit commitments	5 987	
11	Other liabilities	90 280	
xxx	**Total liabilities**	**5 072 584**	
Shareholders' Equity			
1	Share capital	140 978	
2	Share premium	48 775	
3	Accumulated profit	336 196	
4	Other reserves	43 625	
xxx	**Total shareholders' equity**	**569 574**	

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

10. 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					

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

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

11. 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 fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	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	483 474	2 724 719				3 208 193	185 747			185 747	2 321 838	99,60%	
AT		85				85	2			6	75		
BG	4					4				4	50		2,00%
CH	100					100	6			6	75		
CZ		1 064				1 064	25			25	313	0,01%	2,00%
GB	3 483					3 483	258			258	3 225	0,14%	
LU	47					47	4			4	50		0,50%
RU	24					24	2			2	25		
SK		4 327				4 327	417			417	5 213	0,22%	1,50%
TR	25					25	3			3	38		
US		104				104	25			25	313	0,01%	
Total	**487 157**	**2 730 299**				**3 217 456**	**186 489**			**186 497**	**2 331 213**		

12. 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 fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	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	520 694	2 725 301				3 245 995	188 777			188 777	2 359 713	99,61%	
AT		85				85	2			6	75		
BG	4					4				4	50		2,00%
CH	100					100	6			6	75		
CZ		1 064				1 064	25			25	313	0,01%	2,00%
GB	3 483					3 483	258			258	3 225	0,14%	
LU	47					47	4			4	50		0,50%
RU	24					24	2			2	25		
SK		4 327				4 327	417			417	5 213	0,22%	1,50%
TR	25					25	3			3	38		
US		104				104	25			25	313	0,01%	
Total	**524 377**	**2 730 881**				**3 255 258**	**189 519**			**189 527**	**2 369 088**		

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

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

Total risk exposure amount	3 103 689
Institution specific countercyclical buffer rate	0,003%
Institution specific countercyclical buffer requirement	109

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

Total risk exposure amount	3 136 678
Institution specific countercyclical buffer rate	0,004%
Institution specific countercyclical buffer requirement	110

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

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

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

		Applicable Amount	
		K&H Group	K&H Bank
1	Total assets as per published financial statements	5 606 468	5 642 158
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 bank (if applicable))	- 1 193 112	- 1 193 112
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 point (i) of Article 429a(1) CRR)		
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	- 23 433	- 23 433
9	Adjustment for securities financing transactions (SFTs)	15 444	15 444
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	417 744	418 813
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	- 42 962	- 42 173
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)		
12	Other adjustments	- 148 942	- 149 854
13	**Leverage ratio total exposure measure**	**4 631 207**	**4 667 843**

5.2. EU LR2 - LRCom: Leverage ratio common disclosure

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

		CRR leverage ratio exposures			
		31/12/2023		30/06/2023	
		K&H Group	K&H Bank	K&H Group	K&H Bank
	On-balance sheet exposures (excluding derivatives and SFTs)				
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	5 464 517	5 499 109	5 065 040	5 105 357
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)	-2 784	-2 784	-23 238	-23 238
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)	-39 855	-39 064	-45 725	-45 387
6	(Asset amounts deducted in determining Tier 1 capital)	-68 802	-68 618	-42 193	-46 191
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**5 353 076**	**5 388 643**	**4 953 884**	**4 990 541**
	Securities financing transaction (SFT) exposures				
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	12 167	12 167	12 321	40 422
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	25 888	25 888	23 241	23 241
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**	**38 055**	**38 055**	**35 562**	**63 663**
	SFT exposures				
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)	15 384	15 384	2 927	2 927
16	Counterparty credit risk exposure for SFT assets	60	60		
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**	**15 444**	**15 444**	**2 927**	**2 927**
	Other off-balance sheet exposures				
19	Off-balance sheet exposures at gross notional amount	1 408 215	1 418 849	1 427 769	1 469 534
20	(Adjustments for conversion to credit equivalent amounts)	993 478	1 003 044	1 025 410	1 058 997
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-3 007	-3 008	-1 693	-1 696
22	**Other off-balance sheet exposures**	**417 744**	**418 813**	**404 052**	**412 233**

	Excluded exposures				
EU-22a	(Exposures excluded from the 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))	- 1 193 112	- 1 193 112	- 1 012 014	- 1 012 014
EU-22c	(-) Excluded exposures of public development banks - Public sector investments				
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)				
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)				
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)	- 1 193 112	- 1 193 112	- 1 012 014	- 1 012 014
	Capital and total exposure mesure				
23	**Tier 1 capital**	506 251	500 758	404 361	396 075
24	**Leverage ratio total exposure measure**	**4 631 207**	**4 667 843**	**4 384 411**	**4 457 350**
	Leverage ratio				
25	**Leverage ratio**	10,93%	10,73%	9,22%	8,89%
EU-25	**Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)**	10,93%	10,73%	9,22%	8,89%
25a	**Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)**	8,69%	8,54%	7,49%	7,24%
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 (%)**				
EU-26b	**of which: to be made up of CET1 capital (percentage points)**				
27	**Leverage ratio buffer requirement (%)**				
EU-27a	**Overall leverage ratio requirement (%)**	3,00%	3,00%	3,00%	3,00%
	Choice on transitional arrangements and relevant exposures				
EU-27b	Choice on transitional arrangements for the definition of the capital measure				
	Disclosure of mean values				
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	5 036	5 036	3 201	3 201
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	15 384	15 384	2 927	2 927
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)	4 620 859	4 657 495	4 384 685	4 457 624
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)	5 813 971	5 850 607	5 396 699	5 469 638
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)	10,96%	10,75%	9,22%	8,89%
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)	8,71%	8,56%	7,49%	7,24%

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

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

		CRR leverage ratio exposures	
		K&H Group	K&H Bank
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	4 228 766	4 264 148
EU-2	Trading book exposures		
EU-3	Banking book exposures, of which:	4 228 766	4 264 148
EU-4	Covered bonds		
EU-5	Exposures treated as sovereigns	998 689	998 689
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	22 053	19 530
EU-7	Institutions	336 479	337 160
EU-8	Secured by mortgages of immovable properties	692 587	692 573
EU-9	Retail exposures	352 913	352 651
EU-10	Corporate	1 517 345	1 539 746
EU-11	Exposures in default	38 358	37 920
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	270 342	285 879

5.4. EU LRA - disclosure on LRA qualitative items

5.4.1. (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

5.4.2. 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 9,79% to 10,93%, while the leverage ratio of K&H Bank increased from 9,59% to 10,73% in 2023. 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 2022 to 2023, which improved the leverage ratio.

6. Disclosure of liquidity requirements (CRR Article 451a)

6.1. EU LIQA - Liquidity risk management

6.1.1. (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 stabile retail and corporate funding ensures sufficient funding. Also, foreing exchange funds are more than enough to fund its foreign currency denominated assets. The funding structure is enriched by the long-term funds from Asset Management and Mortgage Bank's issuance of covered bonds.

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

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

Treasury's main objective is to manage the daily liqudity 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 liqudity situation, calculates and reports the liqudity measures like LCR and NSFR. Also, it calculates internal measures, does analysis and stress tests and reports them to the relevant bank comittees.

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

6.1.3. (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 liqudity situation. Its responsibility is to ensure the Bank's sufficient liqudity buffer and compliance to all regulatory and internal liquidity measurs. 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 liqudity situation.

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

Dealing Room Risk and Control Deparment measures all liqudity risks at the Bank. Main focus is the calculation of regulatory measures. Calculating internal measures defined by either KBC Group or the Bank itself strengthens the liqudity risk measurement process and reporting processes.

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

The liqudity risk appetitte of the Bank is consistently low, the necessary liquidity has to be available for the Bank at all times in order it can perform its normal business activity. Even in case of not expected or unfavourable market situations the liquidity has to be there.

Treasury in its business strategy fosters diversify of funding both in structure and maturity, and minimizes dependency on interbank market.

6.1.6. (f) An outline of the bank`s contingency funding plans

In a liqudity 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 on the interbank market. Finally, it would tap the secured funding facilites 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 liquidty 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 carefull 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.

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

Liquidity stress test 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 ensures 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 liqudity profile.

6.1.8. (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 Comittee and Executive Committee yearly overviews the Liquidity Adequacy Statement which contains the liquidty strategy and adequacy. The Statement aims to ensrue the that evolution of main liqudity measures are in line with the set strategy. The liqudity measures have to meet the regulatory requirements all the time. The Bank's liqudity profile and situation is very strong, even at stress scenarios.

6.1.9. (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 liqudity and financing situation measured in its actual and in the forward looking business plans' risk profile is sufficient and adequate 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.

Retail and SME deposit ratio to the total balance sheet is minimum 35%

Corporate deposit ratio to the total balance sheet is maximum 35%

Interbank deposit ratio to the total balance sheet is maximum 10%.

The Bank manages the future cashflows with contractual maturity dates, and majority of the balance sheet items belongs to this category. The non-maturity deposits and client behavioral modeled liabilites are under special attention. Treasury regularly analysis the behavioral model results and the actual client behavier. If necessary Treasury proposes actions or advices to manage difference.

Treasury department manages the liquidity for the whole K&H Banking Group under the internal FTP system.

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

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

6.2. EU LIQ1 - Quantitative information of LCR

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

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31/12/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2023	30/09/2023	30/06/2023	31/03/2023
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
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					1 860 483	1 698 382	1 641 494	1 547 181
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	1 973 229	1 927 617	1 951 498	2 018 091	146 573	140 116	137 166	143 413
3	*Stable deposits*	1 183 235	1 213 614	1 333 738	1 353 662	59 162	60 681	66 687	67 683
4	*Less stable deposits*	789 993	714 003	617 760	664 429	87 411	79 435	70 479	75 730
5	Unsecured wholesale funding	1 583 883	1 568 645	1 513 662	1 500 915	707 800	724 701	708 326	744 615
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	315 741	286 205	94 668		67 754	59 203	19 212	
7	*Non-operational deposits (all counterparties)*	1 267 848	1 247 929	1 418 614	1 500 212	639 751	630 988	688 734	743 912
8	*Unsecured debt*	295	34 510	380	703	295	34 510	380	703
9	*Secured wholesale funding*								
10	Additional requirements	573 566	608 228	709 177	647 468	111 950	146 843	268 617	226 973
11	*Outflows related to derivative exposures and other collateral requirements*	40 228	78 885	207 116	164 491	40 228	78 885	207 116	164 491
12	*Outflows related to loss of funding on debt products*								
13	*Credit and liquidity facilities*	533 339	529 343	502 061	482 977	71 722	67 958	61 501	62 482
14	Other contractual funding obligations	465 677	488 315	470 677	454 131	3 145	2 651	3 919	3 436
15	Other contingent funding obligations	363 462	389 851	417 011	397 322	98 321	104 204	109 266	104 527
16	TOTAL CASH OUTFLOWS					1 067 787	1 118 514	1 227 293	1 222 964
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	7 730	12 025	1 827	11 139				
18	Inflows from fully performing exposures	83 311	125 211	87 427	254 208	65 687	105 013	69 251	218 863
19	Other cash inflows	2 973	2 466	1 677	1 350	2 973	2 466	1 677	1 350
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	94 014	139 702	90 931	266 697	68 659	107 478	70 928	220 214
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	94 014	139 702	90 931	266 697	68 659	107 478	70 928	220 214
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					1 860 483	1 698 382	1 641 494	1 547 181
22	TOTAL NET CASH OUTFLOWS					999 128	1 011 036	1 156 366	1 002 750
23	LIQUIDITY COVERAGE RATIO					186%	168%	142%	154%

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

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31/12/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2023	30/09/2023	30/06/2023	31/03/2023
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
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					1 860 171	1 687 430	1 640 384	1 546 164
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	1 973 229	1 927 617	1 951 498	2 018 091	146 573	140 116	137 166	143 413
3	*Stable deposits*	1 183 235	1 213 614	1 333 738	1 353 662	59 162	60 681	66 687	67 683
4	*Less stable deposits*	789 993	714 003	617 760	664 429	87 411	79 435	70 479	75 730
5	Unsecured wholesale funding	1 602 789	1 542 952	1 523 014	1 514 245	721 081	693 695	712 488	753 205
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	316 498	286 205	94 668		67 917	59 203	19 212	
7	*Non-operational deposits (all counterparties)*	1 286 290	1 256 747	1 428 345	1 514 245	653 164	634 492	693 275	753 205
8	*Unsecured debt*								
9	*Secured wholesale funding*								
10	Additional requirements	573 858	614 895	719 177	650 802	112 242	149 510	272 617	228 306
11	*Outflows related to derivative exposures and other collateral requirements*	40 519	78 885	207 117	164 491	40 519	78 885	207 117	164 491
12	*Outflows related to loss of funding on debt products*								
13	*Credit and liquidity facilities*	533 339	536 009	512 061	486 311	71 722	70 625	65 501	63 815
14	Other contractual funding obligations	465 758	488 518	470 891	454 277	3 145	2 651	3 919	3 436
15	Other contingent funding obligations	409 245	453 374	467 934	442 691	109 655	124 057	124 978	118 884
16	TOTAL CASH OUTFLOWS					1 092 695	1 110 028	1 251 168	1 247 245
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	7 730	12 025	1 827	11 139				
18	Inflows from fully performing exposures	83 306	125 201	83 788	254 193	65 685	105 008	65 617	218 856
19	Other cash inflows	2 973	2 531	1 677	1 354	2 973	2 531	1 677	1 354
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	94 008	139 757	87 292	266 686	68 658	107 539	67 294	220 209
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	94 008	139 757	87 292	266 686	68 658	107 539	67 294	220 209
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					1 860 171	1 687 430	1 640 384	1 546 164
22	TOTAL NET CASH OUTFLOWS					1 024 037	1 002 489	1 183 874	1 027 036
23	LIQUIDITY COVERAGE RATIO					182%	168%	139%	151%

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

6.3.1. (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 stabile due to the well diversified and ample customer deposit basis. The majority of liqudity buffer is invested in Hungarian government bonds or deposited to National Bank of Hungary, so it is ensured that an adequate liduity buffer is available.

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

The LCR is sufficiently and continuously above the regulatory requirement level. There is some volatility because of the natural movements of customer deposits, and because of rearrangements between inflows and liquid assets.

6.3.3. (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 so the Bank has no additional concentration risk to one party or a group.

6.3.4. (d) High-level description of the composition of the institution`s liquidity buffer

The liqudity buffer is kept in Hungarian goverment bonds, short term deposits at National Bank of Hungary and naturally there is cash too. Overall the Bank has a liqudity buffer made of very high quality Level 1 liquid assets.

6.3.5. (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 modeling, it is taken into account of liqudity calculations.

6.3.6. (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 much more liabilities than assets in euro. ALM continously ensures that there shall be liqudity in every currency.

6.3.7. (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 liqudity risk calculations. For example uncommitted credit lines impacts liquidity calculations.

6.4. EU LIQ2 - Net Stable Funding Ratio

20. 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	
Rendelkezésre álló stabil források (ASF) elemei						
1	Capital items and instruments	**469 168**			**30 171**	**499 338**
2	*Own funds*	469 168			30 171	499 338
3	*Other capital instruments*					
4	Retail deposits		**2 031 952**	**6 371**	**70**	**1 895 929**
5	*Stable deposits*		1 226 909	464		1 166 004
6	*Less stable deposits*		805 043	5 907	70	729 925
7	Wholesale funding:		**2 182 780**	**118 024**	**768 082**	**1 766 457**
8	*Operational deposits*		362 634			181 317
9	*Other wholesale funding*		1 820 146	118 024	768 082	1 585 139
10	Interdependent liabilities					
11	Other liabilities:					
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		0			
14	**Total available stable funding (ASF)**					**3 980 407**
Előírt stabil források (RSF) elemei						
15	Total high-quality liquid assets (HQLA)					**165 212**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**5 729**	**5 846**	**166 394**	**151 275**
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		**496 563**	**292 321**	**2 698 773**	**2 071 454**
18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		12 169			
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		49 228	44 220	248 958	275 991
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		413 938	227 178	1 823 488	1 358 744
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		18 388	19 064	578 460	394 718
22	*Performing residential mortgages, of which:*		2 267	1 611	17 722	15 967
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					
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*		573	248	30 145	26 034
25	Interdependent assets					
26	Other assets:		**48 366**	**2 295**	**245 598**	**277 779**
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		25 867			25 867
30	*NSFR derivative liabilities before deduction of variation margin posted*		19 452			973
31	*All other assets not included in the above categories*		3 046	2 295	245 598	250 939
32	Off-balance sheet items		**592 642**	**38 939**	**300 805**	**47 300**
33	**Total RSF**					**2 713 020**
34	**Net Stable Funding Ratio (%)**					146,72%

21. 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	
Rendelkezésre álló stabil források (ASF) elemei						
1	Capital items and instruments	**463 853**			**30 171**	**494 024**
2	*Own funds*	463 853			30 171	494 024
3	*Other capital instruments*					
4	Retail deposits		**2 031 952**	**6 371**	**70**	**1 895 929**
5	*Stable deposits*		1 226 909	464		1 166 004
6	*Less stable deposits*		805 043	5 907	70	729 925
7	Wholesale funding:		**2 298 338**	**97 052**	**957 684**	**1 950 161**
8	*Operational deposits*		362 635			181 317
9	*Other wholesale funding*		1 935 703	97 052	957 684	1 768 843
10	Interdependent liabilities					
11	Other liabilities:					
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		0			
14	**Total available stable funding (ASF)**					**4 158 796**
Előírt stabil források (RSF) elemei						
15	Total high-quality liquid assets (HQLA)					**165 212**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**5 728**	**5 843**	**166 400**	**151 275**
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		**551 739**	**269 404**	**1 976 496**	**1 986 370**
18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		12 169			
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		127 166	44 220	249 096	283 923
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		396 879	209 892	1 250 711	1 362 942
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					
22	*Performing residential mortgages, of which:*		14 952	14 852	430 150	297 003
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		12 676	13 236	412 389	-
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*		573	440	46 539	42 501
25	Interdependent assets					
26	Other assets:		**323 601**	**24 652**	**573 946**	**748 625**
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*					
30	*NSFR derivative liabilities before deduction of variation margin posted*		4 706			235
31	*All other assets not included in the above categories*		318 895	24 652	573 946	748 390
32	Off-balance sheet items		**656 518**	**38 944**	**297 553**	**55 506**
33	**Total RSF**					**3 106 987**
34	**Net Stable Funding Ratio (%)**					133,85%

7. Disclosure of credit risk quality (CRR Article 442)

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

7.1.1. 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.

7.1.2. 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

7.1.3. 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 has proved to be a very conservative approach of the Forborne definition, the vast majority of these clients expected to have recovered to the performing category by the end of the recovery period.

7.1.4. EU CRB-B - Total and average net amount of exposures

22. Table: EU CRB-B (values in HUF million; K&H Group)

Exposure class	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks		21 068
Institutions	2 121	464 375
Corporates	2 168 656	2 415 544
Of which: Specialised lending	283 205	333 077
Of which: SMEs	983 881	1 033 391
Retail	864 344	847 004
Secured by real estate property	702 152	688 099
SMEs		
Non-SMEs	702 152	688 099
Qualifying revolving		
Other retail	162 192	158 905
SMEs		
Non-SMEs	162 192	158 905
Equity		
Total IRB approach	**3 035 121**	**3 747 990**
Central governments or central banks	2 183 105	2 019 621
Regional governments or local authorities	29 476	7 369
Public sector entities	8 696	2 174
Multilateral development banks		
International organisations		
Institutions	687 349	171 837
Corporates	368 361	127 748
Of which: SMEs	97 777	32 054
Retail	232 808	206 609
Of which: SMEs		
Secured by mortgages on immovableproperty	11 334	2 843
Of which: SMEs	9 037	2 259
Exposures in default	3 278	3 255
Items associated with particularlyhigh risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment		
Collective investments undertakings		
Equity exposures	1 807	1 700
Other exposures	199 733	203 235
Total standardised approach	**3 725 946**	**2 746 391**
Total	**6 761 067**	**6 494 381**

23. Table: EU CRB-B (values in HUF million; K&H Bank)

Exposure class	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks		21 068
Institutions	2 121	464 459
Corporates	2 169 618	2 499 418
Of which: Specialised lending	283 205	333 077
Of which: SMEs	983 881	1 033 391
Retail	864 344	847 004
Secured by real estate property	702 152	688 099
SMEs		
Non-SMEs	702 152	688 099
Qualifying revolving		
Other retail	162 192	158 905
SMEs		
Non-SMEs	162 192	158 905
Equity		
Total IRB approach	**3 036 083**	**3 831 949**
Central governments or central banks	2 183 105	2 019 621
Regional governments or local authorities	26 953	6 738
Public sector entities	8 696	2 174
Multilateral development banks		
International organisations		
Institutions	688 030	172 008
Corporates	401 860	100 465
Of which: SMEs	87 510	21 878
Retail	232 546	206 333
Of which: SMEs		
Secured by mortgages on immovableproperty	11 320	2 830
Of which: SMEs	9 037	2 259
Exposures in default	1 412	1 645
Items associated with particularlyhigh risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment		
Collective investments undertakings		
Equity exposures	18 049	17 941
Other exposures	199 213	202 863
Total standardised approach	**3 771 184**	**2 732 618**
Total	**6 807 267**	**6 564 567**

7.1.5. EU CRB-C - Geographical breakdown of exposures

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

Exposure class	Middle and East Europe			Western Europe					Africa	North America	Latin America	Asia	Middle East	Australia	Total
		Hungary	Other		Belgium	France	Spain	Other							
Central governments or central banks															
Institutions	2 121	2 121		0	0										2 121
Corporates	2 168 473	2 163 443	5 030	89	1	4		84	0	94	0	0			2 168 656
Retail	863 531	863 414	117	671	20	9	19	621		58	0	57	15	11	864 344
Equity															
Total IRB approach	3 034 125	3 028 978	5 147	759	21	13	19	705	0	153	1	57	15	11	3 035 121
Central governments or central banks	2 183 105	2 183 105													2 183 105
Regional governments or local authorities	29 476	29 476													29 476
Public sector entities	8 696	8 696													8 696
Multilateral development banks															
International organisations															
Institutions	230 291	219 998	10 293	452 666	350 045	86 317	15 000	1 304		3 885		449		57	687 349
Corporates	364 888	355 816	9 072	3 349		0		3 349					124		368 361
Retail	232 777	232 772	5	31	0	0	0	30	0	0	0	0	0	0	232 808
Secured by mortgages on immovable property	11 334	11 334													11 334
Exposures in default	3 278	3 278													3 278
Items associated with particularly high risk															
Covered bonds															
Claims on institutions and corporates with a short-term credit assessment															
Collective investments undertakings															
Equity exposures	1 807	1 807													1 807
Other exposures	199 733	199 733													199 733
Total standardised approach	3 265 384	3 246 015	19 369	456 046	350 046	86 317	15 000	4 683	0	3 885	0	450	124	57	3 725 946
Total	6 299 510	6 274 993	24 517	456 805	350 067	86 330	15 020	5 389	0	4 038	1	507	139	68	6 761 067

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

Exposure class	Middle and East Europe			Western Europe					Africa	North America	Latin America	Asia	Middle East	Australia	Total
		Hungary	Other		Belgium	France	Spain	Other							
Central governments or central banks															
Institutions	2 121	2 121		0	0										2 121
Corporates	2 169 435	2 164 405	5 030	89	1	4		84	0	94	0	0			2 169 618
Retail	863 531	863 414	117	671	20	9	19	621	-	58	0	57	15	11	864 344
Equity															
Total IRB approach	3 035 087	3 029 940	5 147	759	21	13	19	705	0	153	1	57	15	11	3 036 083
Central governments or central banks	2 183 105	2 183 105													2 183 105
Regional governments or local authorities	26 953	26 953													26 953
Public sector entities	8 696	8 696													8 696
Multilateral development banks															
International organisations															
Institutions	230 973	220 680	10 293	452 666	350 045	86 317	15 000	1 304		3 885		449		57	688 030
Corporates	398 387	389 316	9 072	3 349		0		3 349					124		401 860
Retail	232 515	232 510	5	31	0	0	0	30	0	0	0	0	0	0	232 546
Secured by mortgages on immovable property	11 320	11 320													11 320
Exposures in default	1 412	1 412													1 412
Items associated with particularly high risk															
Covered bonds															
Claims on institutions and corporates with a short-term credit assessment															
Collective investments undertakings															
Equity exposures	18 049	18 049													18 049
Other exposures	199 213	199 213													199 213
Total standardised approach	3 310 622	3 291 253	19 369	456 046	350 046	86 317	15 000	4 683	0	3 885	0	450	124	57	3 771 184
Total	6 345 710	6 321 193	24 517	456 805	350 067	86 330	15 020	5 389	0	4 038	1	507	139	68	6 807 267

7.1.6. EU CRB-D - Concentration of exposures by industry or counterparty types

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

Exposure class	Automitive	Other	Building and construction	Metal machinery and heavy equipment	Shipping and aviation	Authority	IT nd Electronics	Commercial real estate	Private Person	Media & Telecom	Agriculture, farming, fishing and food	Finance and insurance	Shipping and aviation	HORECA	Utility	Textil, timber and paper	Chemicals	Electricity and water	Total
Central governments or central banks																			
Institutions						781						500			841				2 121
Corporates	100 136	327	217 269	92 963	326 792	2	62 830	269 869	174	7 535	422 334	5 924	7 314	26 249	158 552	28 141	99 473	342 773	2 168 656
Retail									864 344										864 344
Equity																			
Total IRB approach	100 136	327	217 269	92 963	326 792	782	62 830	269 869	864 517	7 535	422 334	6 424	7 314	26 249	159 393	28 141	99 473	342 773	3 035 121
Central governments or central banks		320				2 182 784													2 183 105
Regional governments or local authorities						29 476													29 476
Public sector entities						8 696													8 696
Multilateral development banks																			
International organisations																			
Institutions						208 984													687 349
Corporates	105 795	363	7 635	3 409	13 513		434	7		13	10 950	82 472	36 083		16 851		4 415	86 421	368 361
Retail		262				231 609			937										232 808
Secured by mortgages on immovable property			838		14						378		0		269			9 835	11 334
Exposures in default	1 528	0				1 412			0		338								3 278
Items associated with particularly high risk																			
Covered bonds																			
Claims on institutions and corporates with a short-term credit assessment																			
Collective investments undertakings																			
Equity exposures		1 807																	1 807
Other exposures	4	199 637			82		4								2		2	2	199 733
Total standardised approach	107 327	202 390	8 473	3 409	13 609	2 662 962	438	7	937	13	11 665	560 837	36 083		17 122		4 417	96 258	3 725 946
Total	207 462	202 717	225 742	96 372	340 401	2 663 744	63 268	269 877	865 454	7 548	434 000	567 261	43 396	26 249	176 514	28 141	103 890	439 031	6 761 067

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

Exposure class	Automitive	Other	Building and construction	Metal machinery and heavy equipment	Shipping and aviation	Authority	IT nd Electronics	Commercial real estate	Private Person	Media & Telecom	Agriculture, farming, fishing and food	Finance and insurance	Shipping and aviation	HORECA	Utility	Textil, timber and paper	Chemicals	Electricity and water	Total
Central governments or central banks																			
Institutions						781						500			841				2 121
Corporates	100 136	328	217 269	92 963	326 792	2	62 830	269 869	174	7 535	422 334	5 924	7 314	26 249	159 513	28 141	99 473	342 773	2 169 618
Retail									864 344										864 344
Equity																			
Total IRB approach	100 136	328	217 269	92 963	326 792	782	62 830	269 869	864 517	7 535	422 334	6 424	7 314	26 249	160 354	28 141	99 473	342 773	3 036 083
Central governments or central banks		320				2 182 784													2 183 105
Regional governments or local authorities						26 953													26 953
Public sector entities						8 696													8 696
Multilateral development banks																			
International organisations																			
Institutions						208 984						479 046							688 030
Corporates	70 723		7 294		263		279	7		13	1 129	188 973	35 110		11 649			86 421	401 860
Retail						231 609			937										232 546
Secured by mortgages on immovable property			838								378		0		269			9 835	11 320
Exposures in default		0				1 412			0										1 412
Items associated with particularly high risk																			
Covered bonds																			
Claims on institutions and corporates with a short-term credit assessment																			
Collective investments undertakings																			
Equity exposures		18 049																	18 049
Other exposures	1	199 209													2			2	199 213
Total standardised approach	70 724	217 578	8 132		263	2 660 439	279	7	937	13	1 507	668 019	35 110		11 919			96 258	3 771 184
Total	170 859	217 905	225 400	92 963	327 055	2 661 222	63 109	269 877	865 454	7 548	423 841	674 443	42 423	26 249	172 273	28 141	99 473	439 031	6 807 267

7.1.7. EU CRB-E - Maturity of exposures

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

Exposure class	On demand	≤ 1 year	>1 year ≤ 5 year	> 5 year	No stated maturity	Total
Central governments or central banks						
Institutions		561	585	975		2 121
Corporates		534 380	765 695	868 581		2 168 656
Retail		24 179	97 715	742 450		864 344
Equity						
Total IRB approach		559 120	863 995	1 612 006		3 035 121
Central governments or central banks		1 235 489	522 403	425 213		2 183 105
Regional governments or local authorities		8 348	1 154	19 973		29 476
Public sector entities			2 261	6 435		8 696
Multilateral development banks						
International organisations						
Institutions		275 347	339 668	72 334		687 349
Corporates		168 670	35 425	164 265		368 361
Retail		936	58	231 813		232 808
Secured by mortgages on immovable property		211	4 113	7 009		11 334
Exposures in default		438		2 840		3 278
Items associated with particularly high risk						
Covered bonds						
Claims on institutions and corporates with a short-term credit assessment						
Collective investments undertakings						
Equity exposures				1 807		1 807
Other exposures		86	9	199 637		199 733
Total standardised approach		1 689 526	905 092	1 131 328		3 725 946
Total		2 248 646	1 769 088	2 743 334		6 761 067

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

Exposure class	On demand	≤ 1 year	>1 year ≤ 5 year	> 5 year	No stated maturity	Total
Central governments or central banks						
Institutions		561	585	975		2 121
Corporates		534 587	765 731	869 300		2 169 618
Retail		24 179	97 715	742 450		864 344
Equity						
Total IRB approach		559 327	864 031	1 612 725		3 036 083
Central governments or central banks		1 235 489	522 403	425 213		2 183 105
Regional governments or local authorities		5 825	1 154	19 973		26 953
Public sector entities			2 261	6 435		8 696
Multilateral development banks						
International organisations						
Institutions		275 860	339 668	72 502		688 030
Corporates		167 097	35 417	199 346		401 860
Retail		936	58	231 551		232 546
Secured by mortgages on immovable property		201	4 109	7 009		11 320
Exposures in default		0		1 412		1 412
Items associated with particularly high risk						
Covered bonds						
Claims on institutions and corporates with a short-term credit assessment						
Collective investments undertakings						
Equity exposures				18 049		18 049
Other exposures			4	199 209		199 213
Total standardised approach		1 685 409	905 075	1 180 700		3 771 184
Total		2 244 736	1 769 107	2 793 425		6 807 267

7.2. EU CR1-A: Maturity of exposure

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

	Net exposure value						
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances		2 194 112	1 246 443	2 277 242		5 717 796
2	Debt securities		54 534	522 645	466 092		1 043 271
3	***Total***		***2 248 646***	***1 769 088***	***2 743 334***		***6 761 067***

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

	Net exposure value						
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances		2 190 010	1 246 462	2 327 353		5 763 824
2	Debt securities		54 727	522 645	466 072		1 043 443
3	***Total***		***2 244 736***	***1 769 107***	***2 793 425***		***6 807 267***

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

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

		Gross carrying amount
1	**Initial stock of non-performing loans and advances**	54 931
2	Inflows to non-performing portfolios	20 931
3	Outflows from non-performing portfolios	- 24 042
4	Outflows due to write-offs	- 1 933
5	Outflow due to other situations	- 22 109
6	**Final stock of non-performing loans and advances**	51 820

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

		Gross carrying amount
1	**Initial stock of non-performing loans and advances**	54 929
2	Inflows to non-performing portfolios	20 651
3	Outflows from non-performing portfolios	- 24 042
4	Outflows due to write-offs	- 1 933
5	Outflow due to other situations	- 22 109
6	**Final stock of non-performing loans and advances**	51 538

7.4. 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	Collaterals 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	**1 228 102**	**1 227 910**	**193**												
1	Loans and advances	**2 885 632**	**1 887 010**	**667 299**	**54 394**		**54 394**	**-22 055**	**-9 023**	**-13 000**	**-16 049**		**-16 049**		**1 714 603**	**26 165**
2	*Central banks*															
3	*General governments*	190 896	164 488	26 409	1		1	-305	-287	-17					115 968	
4	*Credit institutions*	310 287	294 774	66				-100	-99	-1					172 999	
5	*Other financial corporations*	42 220	42 213	8	577		577	-560	-560						23 611	
6	*Non-financial corporations*	1 275 880	829 459	446 419	26 420		26 420	-11 116	-4 768	-6 349	-9 419		-9 419		534 314	10 965
7	*Of which: SMEs*	783 980	560 590	223 390	11 778		11 778	-7 630	-3 291	-4 339	-4 452		-4 452		405 946	6 266
8	*Households*	1 066 349	556 076	194 397	27 396		27 396	-9 974	-3 309	-6 633	-6 630		-6 630		867 711	15 200
9	Debt Securities	1 043 497	1 026 870	16 627	1 880		1 880	-1 233	-631	-602	-699		-699		205	
10	*Central banks*	1 008 794	1 008 794													
11	*General governments*	361	361					-567	-567						205	
12	*Credit institutions*															
13	*Other financial corporations*	34 342	17 715	16 627	1 880		1 880									
14	*Non-financial corporations*							-666	-64	-602	-699		-699			
15	Off-balance sheet exposures	**1 400 020**	**1 097 809**	**302 211**	**9 164**		**9 164**	**-1 948**	**-1 301**	**-647**	**-1 062**		**-1 062**		**193 911**	**3 361**
16	*Central banks*															
17	*General governments*	29 397	29 317	80				-4	-4						112	
18	*Credit institutions*	346 362	336 362	10 000				-36	-36						39 258	
19	*Other financial corporations*	74 355	74 257	98				-304	-302	-2					4 772	
20	*Non-financial corporations*	897 112	610 502	286 610	8 528		8 528	-1 477	-908	-569	-1 062		-1 062		147 105	3 361
21	*Households*	52 794	47 371	5 423	636		636	-127	-51	-76					2 664	
22	*Total*	**5 329 149**	**4 011 689**	**986 137**	**65 438**		**65 438**	**-25 236**	**-10 955**	**-14 249**	**-17 810**		**-17 810**		**1 908 719**	**29 526**

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						Accumulated partial write-off	Collaterals 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	**53 730**	**53 537**	**193**				**-0,35**	**-0,05**	**-0,30**						
1	Loans and advances	**2 904 664**	**1 964 543**	**611 930**	**54 111**		**51 493**	**-21 050**	**-8 830**	**-12 188**	**-16 045**		**-15 728**		**1 714 604**	**26 164**
2	*Central banks*															
3	*General governments*	165 454	164 488	966	1		1	-300	-287	-13					115 968	
4	*Credit institutions*	310 559	295 102	10				-99	-99						172 999	
5	*Other financial corporations*	119 427	119 419	8	577		577	-560	-560						23 611	
6	*Non-financial corporations*	1 242 876	829 458	413 418	26 137		26 137	-10 117	-4 575	-5 542	-9 415		-9 415		534 314	10 965
7	*Of which: SMEs*	780 589	560 590	219 999	11 778		11 778	-7 583	-3 291	-4 292	-4 452		-4 452		405 946	6 266
8	*Households*	1 066 348	556 076	197 528	27 396		24 778	-9 974	-3 309	-6 633	-6 630		-6 313		867 712	15 199
9	Debt Securities	1 043 496	1 026 869	16 627	1 880		1 880	-1 233	-631	-602			-699		205	
10	*Central banks*														205	
11	*General governments*	1 008 793	1 008 793					-567	-567				-699			
12	*Credit institutions*	361	361													
13	*Other financial corporations*															
14	*Non-financial corporations*	34 342	17 715	16 627	1 880		1 880	-666	-64	-602						
15	Off-balance sheet exposures	**1 411 902**	**1 127 917**	**283 985**	**7 914**		**7 914**	**-1 946**	**-1 307**	**-639**	**-1 062**		**-1 062**		**196 961**	**3 367**
16	*Central banks*															
17	*General governments*	29 397	29 317	80				-4	-4						113	
18	*Credit institutions*	346 362	336 362	10 000				-36	-36						39 258	
19	*Other financial corporations*	104 045	103 947	98				-305	-303	-2					4 772	
20	*Non-financial corporations*	879 304	610 920	268 384	7 278		7 278	-1 474	-913	-561	-1 062		-1 062		147 106	3 361
21	*Households*	52 794	47 371	5 423	636		636	-127	-51	-76					5 712	6
22	***Total***	**5 413 792**	**4 172 866**	**912 735**	**63 905**		**61 287**	**-24 229**	**-10 768**	**-13 429**	**-17 107**		**-17 489**		**1 911 770**	**29 531**

7.5. 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	25 901	37 914	37 914	37 914	-684	-10 688	90 156	56 947
2	*Central banks*							36 156	
3	*General governments*								
4	*Credit institutions*								
5	*Other financial corporations*								
6	*Non-financial corporations*	9 234	20 596	20 596	20 596	-182	-7 224	18 476	28 611
7	*Households*	16 667	17 318	17 318	17 318	-502	-3 464	35 524	28 336
8	Debt securities								
9	Loan commitments given	1 007	470						144
10	**Total**	**26 908**	**38 384**	**37 914**	**37 914**	**-684**	**-10 688**	**90 156**	**57 091**

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	67 805	39 758	39 758	38 306	-11 568	-10 884	41 884	20 670
2	*Central banks*								
3	*General governments*								
4	*Credit institutions*								
5	*Other financial corporations*								
6	*Non-financial corporations*	29 827	20 596	20 596	20 596	-7 405	-7 224	13 547	8 016
7	*Households*	37 978	19 162	19 162	17 710	-4 163	-3 660	28 337	12 654
8	Debt securities								
9	Loan commitments given								
10	**Total**	**67 805**	**39 758**	**39 758**	**38 306**	**-11 568**	**-10 884**	**41 884**	**20 670**

7.6. EU CQ2: Quality of forbearance

Not applicable for K&H

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

38. 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
	Cash balances at central banks and other demand deposits	1 228 104	1 228 104										
1	**Loans and advances**	2 897 195	2 894 364	2 831	54 439	45 627	1 907	2 909	1 393	1 130	69	1 404	54 439
2	*Central banks*	7 981	7 981										
3	*General governments*	190 901	190 901		1	1							1
4	*Credit institutions*	313 679	313 679										
5	*Other financial corporations*	42 216	42 216		577	576		1					577
6	*Non-financial corporations*	1 275 937	1 275 572	365	26 423	23 236	194	1 329	248	342	20	1 054	26 423
7	*Of which SMEs*	787 693	787 340	353	11 787	8 631	188	1 325	246	331	20	1 046	11 787
8	*Households*	1 066 481	1 064 015	2 466	27 438	21 814	1 713	1 579	1 145	788	49	350	27 438
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**	1 400 019			9 164								9 164
16	*Central banks*												
17	*General governments*	29 396											
18	*Credit institutions*	346 362											
19	*Other financial corporations*	74 355											
20	*Non-financial corporations*	897 112			8 528								8 528
21	*Households*	52 794			636								636
22	**Total**	**2 897 195**	**2 894 364**	**2 831**	**63 603**	**45 627**	**1 907**	**2 909**	**1 393**	**1 130**	**69**	**1 404**	**63 603**

39. 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 dem and desposits**	**1 228 102**	**1 228 102**										
1	**Loans and advances**	**2 904 665**	**2 901 831**	**2 834**	**54 112**	**45 335**	**1 907**	**2 898**	**1 358**	**1 133**	**72**	**1 409**	**54 112**
2	*Central banks*												
3	*General governments*	165 454	165 454		1	1							1
4	*Credit institutions*	310 559	310 559										
5	*Other financial corporations*	119 426	119 426		576	576							576
6	*Non-financial corporations*	1 242 877	1 242 510	367	26 147	22 962	194	1 329	248	341	20	1 054	26 147
7	*Of which SMEs*	780 589	780 237	352	11 778	8 624	188	1 325	245	331	20	1 046	11 778
8	*Households*	1 066 349	1 063 882	2 467	27 388	21 796	1 713	1 569	1 110	792	52	356	27 388
9	**Debt securities**	**1 045 376**	**1 045 376**										
10	*Central banks*												
11	*General governments*	1 008 794	1 008 794										
12	*Credit institutions*	360	360										
13	*Other financial corporations*												
14	*Non-financial corporations*	36 222	36 222										
15	**Off-balance-sheet exposures**	**1 411 902**			**7 914**								**7 914**
16	*Central banks*												
17	*General governments*	29 396											
18	*Credit institutions*	346 362											
19	*Other financial corporations*	104 045											
20	*Non-financial corporations*	879 305			7 278								7 278
21	*Households*	52 794			636								636
22	**Total**	**6 590 045**	**5 175 309**	**2 834**	**62 026**	**45 335**	**1 907**	**2 898**	**1 358**	**1 133**	**72**	**1 409**	**62 026**

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

Not applicable for K&H

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

Not applicable for K&H

7.10. EU CQ6: Collateral valuation - loans and advances

Not applicable for K&H

7.11. EU CQ7: Collateral obtained by taking possession and execution processes – vintage breakdown

Not applicable for K&H

7.12. EU CQ8: Collateral obtained by taking possession and execution processes

Not applicable for K&H

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

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

		Gross carrying amount	Related net cumulated recoveries
1	**Initial stock of non-performing loans and advances**	54 931	
2	Inflows to non performing portfolios	20 931	
3	Outflows from non-performing portfolios	- 24 042	
4	Outflow to performing portfolio	- 6 847	
5	Outflow due to loan repayment, partial or total	- 12 602	
6	Outflow due to collateral liquidations		
7	Outflow due to taking possession of collateral		
8	Outflow due to sale of instruments	- 2 660	1154
9	Outflow due to risk transfers		
10	Outflows due to write-offs	- 1 933	
11	Outflow due to Other Situations		
12	Outflow due to reclassification as held for sale		
13	**Final stock of non-performing loans and advances**	51 820	

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

		Gross carrying amount	Related net cumulated recoveries
1	**Initial stock of non-performing loans and advances**	54 929	
2	Inflows to non performing portfolios	20 651	
3	Outflows from non-performing portfolios	- 24 042	
4	Outflow to performing portfolio	- 6 847	
5	Outflow due to loan repayment, partial or total	- 12 602	
6	Outflow due to collateral liquidations		
7	Outflow due to taking possession of collateral		
8	Outflow due to sale of instruments	- 2 660	1154
9	Outflow due to risk transfers		
10	Outflows due to write-offs	- 1 933	
11	Outflow due to Other Situations		
12	Outflow due to reclassification as held for sale		
13	**Final stock of non-performing loans and advances**	51 538	

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

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

8.1.1. (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.

8.1.2. (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.

8.1.3. (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.

8.1.4. (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.

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

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

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	2 442 105	1 737 633	1 275 757	461 876	
2	Debt securities	1 045 016				
3	Total	3 487 121	1 737 633	1 275 757	461 876	
4	*Of which non-performing exposures*	13 581	26 161	23 790	2 371	
EU-5	*Of which defaulted*	13 581	26 161			

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

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	2 420 471	1 740 768	1 278 892	461 876	
2	Debt securities	1 045 016				
3	Total	3 465 487	1 740 768	1 278 892	461 876	
4	*Of which non-performing exposures*	11 905	26 161	23 790	2 371	
EU-5	*Of which defaulted*	11 905	26 161			

9. Disclosure of the use of standardised approach (CRR Article 453)

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

44. 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	2 183 105		2 585 651	19 592	23 035	1%
2	Regional government or local authorities	22 053	7 423	21 871	1 517	4 678	20%
3	Public sector entities	8 696		8 696			0%
4	Multilateral development banks						0%
5	International organisations						0%
6	Institutions	337 359	349 990	176 607	22 317	82 923	42%
7	Corporates	218 324	150 037	206 002	48 353	234 962	92%
8	Retail	232 378	430	1 199		899	75%
9	Secured by mortgages on immovable property	11 152	182	11 152	91	4 869	43%
10	Exposures in default	1 850	1 428	438	0	658	150%
11	Exposures associated with particularly high risk						0%
12	Covered bonds						0%
13	Institutions and corporates with a short-term credit assessment						0%
14	Collective investment undertakings						0%
15	Equity	1 807		1 807		1 807	100%
16	Other items	199 733		199 733		126 881	64%
17	**TOTAL**	**3 216 457**	**509 489**	**3 213 157**	**91 870**	**480 712**	**15%**

45. 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	2 183 105		2 585 651	19 592	23 035	1%
2	Regional government or local authorities	19 530	7 423	19 348	1 517	4 173	20%
3	Public sector entities	8 696		8 696			0%
4	Multilateral development banks						0%
5	International organisations						0%
6	Institutions	338 040	349 990	177 289	22 317	83 348	42%
7	Corporates	240 532	161 328	228 211	48 353	258 193	93%
8	Retail	232 116	430	937		703	75%
9	Secured by mortgages on immovable property	11 138	182	11 138	91	4 862	43%
10	Exposures in default	1 412	0	0	0	1	149%
11	Exposures associated with particularly high risk						0%
12	Covered bonds						0%
13	Institutions and corporates with a short-term credit assessment						0%
14	Collective investment undertakings						0%
15	Equity	18 049		18 049		18 049	100%
16	Other items	199 213		199 213		126 114	63%
17	**TOTAL**	**3 251 832**	**519 353**	**3 248 532**	**91 870**	**518 476**	**16%**

10. Disclosure of the use of the IRB approach to credit risk (CRR Articles 453, 438)

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

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

		Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
1	**Exposures under F-IRB**		
2	Central governments and central banks		
3	Institutions		
4	Corporates		
4,1	*of which Corporates - SMEs*		
4,2	*of which Corporates - Specialised lending*		
5	**Exposures under A-IRB**	**1 947 945**	**1 947 945**
6	Central governments and central banks		
7	Institutions	2 974	2 974
8	Corporates	1 633 253	1 633 253
8,1	*of which Corporates - SMEs*	479 213	479 213
8,2	*of which Corporates - Specialised lending*	476 782	476 782
9	Retail	311 717	311 717
9,1	*of which Retail – SMEs - Secured by immovable property collateral*		
9,2	*of which Retail – non-SMEs - Secured by immovable property collateral*	215 666	215 666
9,3	*of which Retail – Qualifying revolving*		
9,4	*of which Retail – SMEs - Other*		
9,5	*of which Retail – Non-SMEs- Other*	96 051	96 051
10	**TOTAL (including F-IRB exposures and A-IRB exposures)**	**1 947 945**	**1 947 945**

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

		Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
1	**Exposures under F-IRB**		
2	Central governments and central banks		
3	Institutions		
4	Corporates		
4,1	*of which Corporates - SMEs*		
4,2	*of which Corporates - Specialised lending*		
5	**Exposures under A-IRB**	**1 947 983**	**1 947 983**
6	Central governments and central banks		
7	Institutions	2 974	2 974
8	Corporates	1 633 291	1 633 291
8,1	*of which Corporates - SMEs*	479 167	479 167
8,2	*of which Corporates - Specialised lending*	476 782	476 782
9	Retail	311 717	311 717
9,1	*of which Retail – SMEs - Secured by immovable property collateral*		
9,2	*of which Retail – non-SMEs - Secured by immovable property collateral*	215 666	215 666
9,3	*of which Retail – Qualifying revolving*		
9,4	*of which Retail – SMEs - Other*		
9,5	*of which Retail – Non-SMEs- Other*	96 051	96 051
10	**TOTAL (including F-IRB exposures and A-IRB exposures)**	**1 947 983**	**1 947 983**

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

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

48. 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 sustitution 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														
2	Institutions	2 097	1%	19%	19%	0%	0%	0%	0%	0%	1%	7%	0%	2 974	2 974
3	Corporates	1 836 791	2%	14%	13%	0%	1%	0%	0%	0%	2%	20%	0%	1 633 253	1 633 253
3,1	Of which Corporates – SMEs	840 812	2%	10%	9%	0%	1%	0%	0%	0%	2%	34%	0%	479 213	479 213
3,2	Of which Corporates – Specialised lending	289 946	4%	43%	43%	0%	0%	0%	0%	0%	4%	4%	0%	476 782	476 782
3,3	Of which Corporates – Other	706 033	1%	7%	6%	0%	1%	0%	0%	0%	1%	12%	0%	677 258	677 258
4	Retail	894 357	0%	75%	75%	0%	0%	0%	0%	0%	0%	0%	0%	311 717	311 717
4,1	Of which Retail – Immovable property SMEs														
4,2	Of which Retail – Immovable property non-SMEs	725 376	0%	93%	93%	0%	0%	0%	0%	0%	0%	0%	0%	215 666	215 666
4,3	Of which Retail – Qualifying revolving														
4,4	Of which Retail – Other SMEs														
4,5	Of which Retail – Other non-SMEs	168 981	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	96 051	96 051
5	Total	2 733 245	1%	34%	33%	0%	1%	0%	0%	0%	1%	14%	0%	1 947 945	1 947 945

49. 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 sustitution 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														
2	Institutions	2 097	1%	19%	19%	0%	0%	0%	0%	0%	1%	7%	0%	2 974	2 974
3	Corporates	1 837 373	2%	14%	13%	0%	1%	0%	0%	0%	2%	20%	0%	1 633 291	1 633 291
3,1	Of which Corporates – SMEs	840 812	2%	10%	9%	0%	1%	0%	0%	0%	2%	34%	0%	479 167	479 167
3,2	Of which Corporates – Specialised lending	289 946	4%	43%	43%	0%	0%	0%	0%	0%	4%	4%	0%	476 782	476 782
3,3	Of which Corporates – Other	706 616	1%	7%	6%	0%	1%	0%	0%	0%	1%	12%	0%	677 343	677 343
4	Retail	894 357	0%	75%	75%	0%	0%	0%	0%	0%	0%	0%	0%	311 717	311 717
4,1	Of which Retail – Immovable property SMEs														
4,2	Of which Retail – Immovable property non-SMEs	725 376	0%	93%	93%	0%	0%	0%	0%	0%	0%	0%	0%	215 666	215 666
4,3	Of which Retail – Qualifying revolving														
4,4	Of which Retail – Other SMEs														
4,5	Of which Retail – Other non-SMEs	168 981	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	96 051	96 051
5	Total	2 733 828	1%	34%	33%	0%	1%	0%	0%	0%	1%	14%	0%	1 947 983	1 947 983

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

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

		Risk weighted exposure amount
1	**Risk weighted exposure amount as at the end of the previous reporting period**	1 933 410
2	Asset size (+/-)	350 433
3	Asset quality (+/-)	3 319
4	Model updates (+/-)	
5	Methodology and policy (+/-)	-309 479
6	Acquisitions and disposals (+/-)	
7	Foreign exchange movements (+/-)	-29 739
8	Other (+/-)	
9	**Risk weighted exposure amount as at the end of the reporting period**	1 947 945

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

		Risk weighted exposure amount
1	**Risk weighted exposure amount as at the end of the previous reporting period**	1 982 314
2	Asset size (+/-)	360 353
3	Asset quality (+/-)	343
4	Model updates (+/-)	
5	Methodology and policy (+/-)	-364 694
6	Acquisitions and disposals (+/-)	
7	Foreign exchange movements (+/-)	-30 333
8	Other (+/-)	
9	**Risk weighted exposure amount as at the end of the reporting period**	1 947 983

11. Disclosure of specialised lending (CRR Article 438)

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

Not applicable for K&H Group and Bank

12. Disclosure of exposures to counterparty credit risk (CRR Article 438)

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

Empty tables for both K&H Group and Bank

12.2. EU MR2-B – RWA flow statements of market risk exposures under the IMA

Empty tables for both K&H Group and Bank

13. Disclosure of remuneration policy (CRR Article 450)

13.1. 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 3 members (Peter Andronov, Chistine Van Rijsseghem, Cedric Du Monceau), an employee representative (Head of Compensation, Benefits & HR Planning, and the Secretary (Head of HR) and met 5 times in in 2023 (March 8, 2023; May 24, 2023; September 13, 2023; November 22, 2023; December 15, 2023). **(point a) REMA)**

The Remuneration Committee reviews the Bank Group's Remuneration Policy on an annual basis. The main changes have been made in 2023 are as follows **(point b) REMA):**

- Changes based on KBC Remuneration Policy modifications and legislative changes: The Remuneration policies were extended with specific regulations related to the distribution of insurance products.
  K&H Group changed the previous stricter deferral rules for Risk takers with above €30.000 variable to align with the KBC Remuneration Policy.

Section 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 in 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)**

13.2. EU REM1 - Remuneration awarded for the financial year

52. Table: EU REM1

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	9	5	3	43
2		Total fixed remuneration	34,43	245,08	140,49	1 177,34
3		Of which: cash-based	34,43	245,08	140,49	1 177,34
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	9	5	3	43
10		Total variable remuneration	5,72	69,57	38,05	418,47
11		Of which: cash-based	6,00	36,15	20,93	351,21
12		Of which: deferred	0,29	18,76	9,51	56,15
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		34,78	19,02	88,08
EU-14b		Of which: deferred		18,09	7,61	35,23
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)		**40,14**	**314,64**	**178,54**	**1 595,82**

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

In 2023 there wasn't any special payments for identified staff.

13.4. EU REM3 - Deferred remuneration

53. 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	133,98	68,78	65,20			5,46	52,94	15,84
8	Cash-based	51,91	24,83	27,08				24,83	
9	Shares or equivalent ownership interests								
10	Share-linked instruments or equivalent non-cash instruments	82,07	43,96	38,12			5,46	28,11	15,84
11	Other instruments								
12	Other forms								
13	Other senior management	38,83	22,94	15,89			1,76	17,12	5,82
14	Cash-based	17,66	9,91	7,74				9,91	
15	Shares or equivalent ownership interests								
16	Share-linked instruments or equivalent non-cash instruments	21,17	13,03	8,14			1,76	7,21	5,82
17	Other instruments								
18	Other forms								
19	Other identified staff	292,32	166,19	126,13			14,88	125,61	40,58
20	Cash-based	171,59	90,46	81,13				90,46	
21	Shares or equivalent ownership interests								
22	Share-linked instruments or equivalent non-cash instruments	120,74	75,73	45,01			14,88	35,15	40,58
23	Other instruments								
24	Other forms								
25	Total amount	**465,13**	**257,92**	**207,22**			**22,10**	**195,67**	**62,25**

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

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

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

54. 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	Of which: members of the MB	9	5	14							
3	Of which: other senior management				1	1	0	0	0	1	
4	Of which: other identified staff				17	4	0	12	4	6	
5	Total remuneration of identified staff	40,14	314,64	354,79	722,64	227,23	0,00	429,60	143,01	251,87	
6	Of which: variable remuneration	5,72	69,57	75,28	248,92	45,33	0,00	80,62	31,32	50,34	
7	Of which: fixed remuneration	34,43	245,08	279,50	473,72	181,90	0,00	348,98	111,69	201,53	

14. Environmental, social and governance risks (Article 449a CRR)

14.1. Qualitative information on Environmental risk

14.1.1. Business strategy and processes

K&H has a well-developed Risk Appetite Statement and process, which supports the banking group in the successful implementation of its strategy and is fully embedded into KBC's financial planning process. It evolves in sync with changes in the internal and external context and the strategic ambitions. The risk appetite covers all material risks that K&H is exposed to with particular attention for risks which dominate the external environment not only today but also in the future. Given the increased importance K&H assigns to climate risk, a specific risk appetite objective is included to the Risk Appetite Statement, covering both angles of the 'double materiality': The Group is committed to embed climate and environmental impacts into its decision making, products and processes with the aim of contributing positively to society and safeguarding long-term sustainability.

To be less vulnerable to changes in the external environment – including climate change – we pursue diversity and flexibility in our business mix, client segments, distribution channels and geographies, where we refrain from focusing on short-term gains at the expense of long-term stability. We manage volatility of net results by defining a solid risk management framework and risk appetite to ensure financial and operational resilience in the short, medium and long term.

By signing the Collective Commitment to Climate Action (CCCA) in 2019, KBC group stated publicly that it wants to play a leading role and be a significant lever in the process of transitioning to a more sustainable society and a low-carbon economy, including by committing to aligning its portfolios and business strategy with the Paris Agreement to keep global warming below 2°C while striving for a target of 1.5°C.

In 2022, we calculated the financed emissions of a selection of our portfolios using the methodology put forward by the Partnership for Carbon Accounting Financials (PCAF).

Following the changes in client behaviour and expectations means that we are not just focusing on digital transformation, but also sustainability and green financing are becoming very important factors in daily business activities: in both Retail and Business Banking, K&H will become the leading advisor of clients when it comes to green financing. In Retail, K&H have already introduced a green mortgage product which is available for both sustainable home purchase and renovation to increase energy efficiency. On the investment side, we provide a wide variety of responsible mutual funds fitting every client's risk profile. In Business Banking, K&H also provides green financing for sustainability-related purposes, green leasing for fully electric cars and aim at developing segment specific advisory in numerous areas of the economic spectrum based on group white papers.

Client dialogue is an essential part of bank's approach to better understanding how business clients already deal or plan to deal with sustainability challenges and to supporting them in this transition. We also use this dialogue to collect our clients' environmentally relevant data and steer business clients towards additional disclosures that might become necessary (e.g. related to the Corporate Sustainability Reporting Directive (CSRD), or the EU Taxonomy).

14.1.2. Governance

On group level the Internal Sustainability Board (ISB), chaired by the group CEO, is the primary forum for the discussion of all sustainability-related topics (including our approach to climate change) and the main platform for driving sustainability at group level (with representation of senior managers from all business units and core countries. It debates and takes strategic and commercial decisions on all sustainability-related matters. On local K&H level sustainability related governance is managed through K&H Sustainability Programme.

With regards to the first and second line of defence, a hybrid organisational structure and governance, with strong central management and clear accountability in each of our business lines, are in place to ensure that sustainability topics receive the necessary attention and resources in our business operations and strategies going forward.

Main local decision body in sustainability questions is the K&H Sustainability Streering Commmittee (SSC) chaired by the CEO. CRO represents risk function in the committee. The K&H Sustainability Programme reports to the bank executive committee quarterly and to the Board of Directors annually.

All K&H senior managers have an explicit sustainability objective to increase sustainability awareness and to encourage management to take concrete action in the domain of sustainability (including climate policy). At least 10% of the variable remuneration received by senior management depends on the achievement of individual targets related to the implementation of the group's sustainability strategy.

14.1.3. Risk management

The KBC Enterprise Risk Management Framework defines the group overall approach to risk management and sets group-wide standards for risk management. It covers all risks to which the group is exposed, including ESG risks, which are gradually being embedded in the risk management processes.

ESG risks are identified in our risk taxonomy as key risks related to the business environment. ESG risks are considered as important risk drivers of the external environment and manifest themselves through all other traditional risk areas, such as credit risk, technical insurance risk, market risk, operational and reputational risk. As such, we do not consider ESG as standalone risk types.

When assessing potential impacts of ESG-risks, we consider three angles, ranging from direct to indirect impacts:

- direct impacts through our own operations, e.g., our own environmental footprint, workforce considerations, diversity, corporate governance & code of conduct,
- impacts through our outsourced activities and suppliers (related to the ESG profile of these third parties), and,
- indirect impacts through our core activities (lending and investing) and clients/exposures.

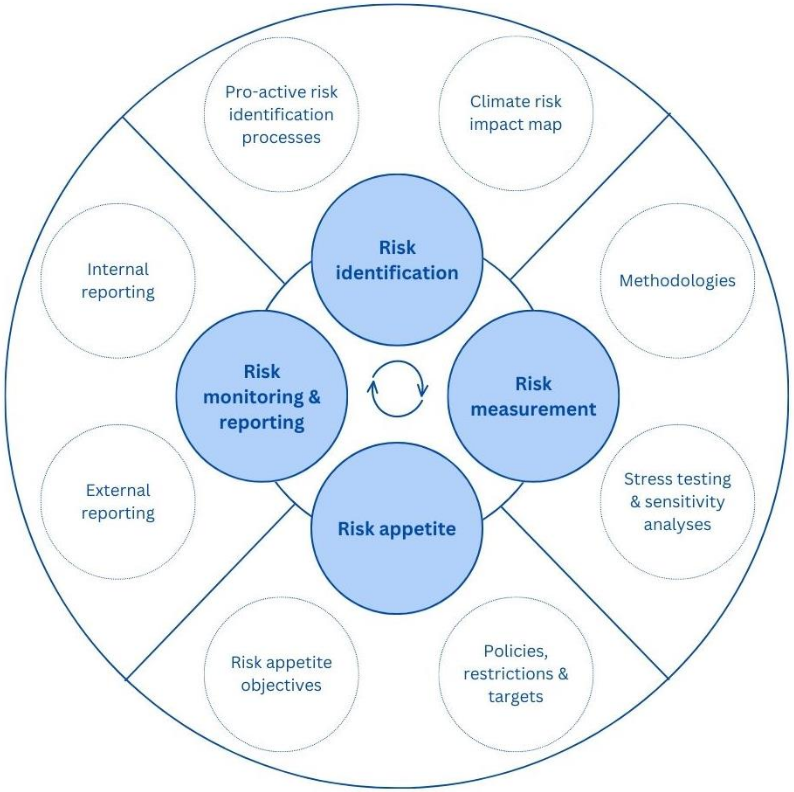
K&H uses a variety of approaches and processes to identify new, emerging and changing risks, including climate and other ESG risks. We continuously scan the internal and external environment for new and emerging risks we are exposed to in the short term (1-to-3-year horizon), in the medium term (4-to-10-year horizon) and in the long term (beyond 10-year horizon). By doing so, we also incorporate a forward-looking perspective.

The KBC group makes use of a series of tools and methodologies to strengthen our ability to identify, measure and analyse transition risks for our lending and investment activities. These tools provide further insights into the impact of climate change on our business model, as well as that of our activities on the environment:

The Paris Agreement Capital Transition Assessment (PACTA) methodology measures the alignment of KBC Group corporate industrial loan portfolio with decarbonisation pathways and helps to determine whether the companies in the loan portfolio are following a transition path in line with targets set by various climate transition scenarios. The scope of the PACTA tool in 2022 covers carbon-intensive activities within the steel, automotive, aviation, power, oil and gas, coal and cement sectors.

In 2022 the group rolled out the UNEP FI transition risk assessment methodology to highly climate-relevant sectors and their relevant subsegments, covering a similar scope as the White Paper exercises. After selecting six different climate scenarios, KBC Group assessed the impact of a transition to a low-carbon economy by estimating how the portfolios’ Expected Loss (EL) could potentially change if these scenarios were to materialise.

In 2022, we calculated the financed emissions of a selection of our portfolios using the methodology put forward by the Partnership for Carbon Accounting Financials (PCAF).



1. Figure - Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks

For climate and other environmental risks, we differentiate between transition and physical risks:

- **Transition risks**: risks arising from disruptions and shifts associated with the transition to a low-carbon, climate-resilient or environmentally sustainable economy which include policy changes (e.g., imposition of carbon-pricing mechanisms, energy efficiency requirements or encouragement of sustainable use of environmental resources), technological changes/progress (e.g., old technology replaced by cleaner technology) or behavioural changes (e.g., where consumers or investors shift towards more sustainable products and services or difficulties to attract and retain customers, employees, investors or business partners for companies with a reputation of harming the environment).

- **Physical risks**: risks arising from physical phenomena associated with both climate or environmental trends such as (chronic) changing weather patterns, rising sea levels, increasing temperatures, biodiversity loss, resource scarcity, reduced water availability, changes in water and soil productivity, etc. and extreme weather events (acute), including storms, floods, fires, heatwaves or droughts that may disrupt operations or value chains or damage property.

K&H approaches climate risk from a double materiality perspective, concentrating on both:

- **Financial materiality** (outside-in view), looking at the impact of climate change on our business. Transition risks, for example, can lead to sudden repricing of assets, market volatility, credit losses and climate-related litigation resulting from financing obsolete (brown) technology or infrastructure, impacting lending and investment portfolios, whereas physical risk can increase the level of claims under the insurance policies we provide as well as the value of our assets or collateral; and
- **Environmental and social materiality** (inside-out view), looking at our business' impact on the environment.

In 2023, additional risk identification exercises for the other environmental risks will be performed (a.o. including other environmental considerations into the 2023 update of the White Papers and working towards an extension of the Climate Risk Impact Map to other environmental risks).

Other environmental risks can translate into financial risk through physical and transition risk drivers (similar to the ones for climate risk: policy & regulation, technological change & consumer preference). Aligned with the environmental objectives described by the EU Taxonomy, we consider the following environmental risk types: biodiversity loss, water stress, pollution, waste risk.

In our policies for sustainable and responsible lending we identify controversial activities with respect to the environment (including climate and biodiversity), human rights, business ethics and sensitive/controversial societal issues (e.g. intoxicating crops, gambling, fur, mining operations, land acquisition and the involuntary resettlement of indigenous people and prostitution). These specify the economic activities we are not willing to finance (such as activities related to thermal coal) or only under strict conditions (such as biomass technologies, production of palm oil, etc.).

Since 2020, strategic sectoral projects (so-called White Papers) have been set up, with a focus on our credit business, for eight carbon-intensive industrial sectors (energy, commercial real estate, agriculture, food production, building and construction, chemicals, transportation and metals) and three product lines (mortgages, car loans and car leasing). The selected sectors and business lines are material for K&H loan portfolio both from a Greenhouse Gas (GHG) perspective and from an exposure perspective. The White Papers make a clear analysis of the challenges and technological developments in each of these sectors and business lines, including the relevant European and local regulations and action plans, their impact on K&H portfolios in terms of climate-related risks and opportunities, which reporting metrics can be used to steer these portfolios. They also provide an initial outline of possible risk-mitigating measures, commercial policy adjustments and how we can steer the portfolio in line with the Paris Agreement. The White Papers are updated regularly (annually/biannually) to monitor the changing business environment, to evaluate long-term resilience towards climate and other environmental risks and to seek opportunities.

In 2021, the group initiated the development of a Climate Risk Impact Map. This yearly executed risk identification process aims to identify the most material climate risk drivers for group's businesses and portfolios. It reflects the impact of transition risk (policy and regulation, technology and consumer preference) and physical risk (split according to different climate perils) drivers on the traditional risk types by (1) distinguishing between different drivers of transition and physical risk, (2) considering three distinct climate scenarios, (3) for three different time horizons.

The timing and severity of transition risks and physical risks (i.e., the "climate pathway") depend mainly on government and policy action. Given the uncertainty on the climate pathway that will eventually materialize, climate risks impacts are estimated for three distinct climate scenarios. These are made available by the Network for Greening of the Financial System (NGFS) and encompass a global, harmonised set of transition pathways, physical climate change impacts and economic indicators. Importantly, macroeconomic insights provided by these scenarios facilitate an assessment of the impact of these scenarios on the financial sector as a whole and K&H in particular. Aligning with NGFS scenarios ensures assumptions are aligned with the industry standards and facilitate comparability between the impact map and other internal and external climate risk related exercises. The relevance of these scenarios has already been demonstrated as these were also selected by the ECB for its 2022 climate stress test. Each scenario contains different assumptions regarding the timing and impact of different physical and transition risk drivers:

- Net Zero 2050 (Orderly scenario): in this scenario, there is early and decisive action to reduce global emissions in a gradual way, with clearly signposted government policies implemented relatively smoothly. There is a structural reallocation but no other macroeconomic shock. Transition risk is present, but remains rather limited. The actions are sufficient to limit global average temperature increases to below 1.5°C. However, even this moderate increase in global temperatures leads to higher physical risks.
- Delayed transition (Disorderly scenario): under this scenario, action to address climate change is delayed by ten years. To compensate for the delayed start, a more far-reaching adjustment is required. Companies and consumers change their behavior in response to these dramatic shifts, and asset prices see a sharp repricing as a result, leading to a macroeconomic shock. The climate target is still met, and global average temperature increases are limited to below 2°C. Under this scenario, physical risks increase more than in the Net Zero 2050 scenario and transition risks are severe.
- Current policies (Hot house world): this scenario assumes no limit on the global temperature by 2100, assuming no accelerated economic transition and a continuation of current policy trends. Physical climate change is high under this scenario, with climate impacts for these emissions reflecting the riskier (high) end of current estimates.

As the impacts of climate risk will materialise over different time horizons, impacts are assessed for three different time frames: short (1-3 years), medium (4-10 years) and long term (>10 years).

In the climate risk impact map, impacts are assessed in an expert-based way, supported by already available quantitative insights. With every (yearly) review of the Impact Map, additional insights, data and quantification will be added to the underpinning of the assessments in order for KBC to evaluate climate risk in a progressively data-driven way.

Currently there are no indications that a material impact is to be expected within the short term for any of the risk types. Looking forward to the medium and long term, we expect upward pressure from climate change on credit risk, legal risk and reputation risk (under the conservative assumption that K&H’s portfolio would remain unchanged and no additional mitigating actions would be taken). These impacts stem both from transition risk and physical risk drivers.

Since 2022, the conclusions from the climate risk impact map are incorporated into our risk management processes. In particular, the impact map’s insights are gradually enabling us to incorporate the most material climate risk drivers and the time horizons over which these are expected to materialize in the different scenarios into our stress testing, to address the most material climate risks within risk appetite, e.g. by adjusting policies and setting targets and to follow-up on the associated metrics and targets within our reporting processes. As such, the Climate Risk Impact Map is crucial input to ICAAP/ILAAP and the assessment of the impact of climate change.

There is currently still a lack of data and standardised methods to properly assess and measure ESG risks with the same level of accuracy and quality as is usual for the more traditional risk types. In order to enable a more data-driven approach towards managing ESG risk, we keep on increasing our efforts to identify ESG-related data needs, define ESG metrics, adjust data architecture and ensure the implementation in our reporting processes. Since 2021 ESG data delivery project is running at K&H. Main task of the project is to identify data requirement and organise the collection and storage of the data.

K&H Sustainability Program adopted quantified long term targets for certain priority sectors: energy, real estate and transport.

Target setting prioritization of sectors are based on the observation that these sectors are frontloaded in the whole climate transition and/ or have the necessary clean technology availability to achieve relatively rapid carbon emission reductions. The absence of any of these features explains the rationale for not setting already quantified targets for the remaining sectors for the time being.

Business decisions have to consider the impact on the path towards the long term targets. Realisation should be annually monitored and reviewed.

Transmission channels

	Transition risk	Physical risk
Corporates	Depending on each individual company's transition plans, impacts can be different across and within sectors: Companies can be directly affected (e.g., loss of clients, increased costs and lower profitability, increased litigation costs, etc.), but also indirectly as their supply chain might be impacted by transition risk. • Failure to make a transition or making a transition at too slow pace can lead to a loss of business. Additional investments might be necessary and increasing costs can occur.	Corporates can be impacted by physical risk through direct damage caused by extreme weather events: • Critical assets can be damaged/destroyed or infrastructure can become unavailable. • Physical risks can cause supply-side shocks via impacts on transportation or primary resources.
Households	• Households can face increased costs re. utility and/or food. • As energy efficiency considerations become more factored into house prices, energy inefficient houses may decrease in value or increase more slowly.	• Extreme weather events can damage real estate or others assets (such as vehicles). Even though these damages are mostly covered by insurance, these insurance prices can also be expected to go up. • Costs can increase, e.g., due to more costs for cooling/heating, increased food costs, …
Sovereigns	The impact on sovereigns follow the impact of the underlying economy. In extreme circumstances, sovereigns which are most vulnerable to transition and physical risks can for example run the risk of downgrades.	
Financial institutions	The extent to which financial institutions will be impacted by transition and physical risks is dependent on their business and portfolio characteristics.	

14.2. Qualitative information on Social risk

14.2.1. Business strategy and processes

The corporate strategy of KBC group is built around four pillars where one of them is that KBC group takes its responsibility towards society and local economies very seriously and aims to reflect that in its everyday activities.

KBC Group has defined risk appetite objectives, which guide and support the Group in defining and realising its strategic goals. Amongst others the group champions a strong corporate culture which encourages responsible behavior and is supported by a promotion and remuneration policy with a sustainable and long-term view.

The group's Risk Appetite Statement applies to all entities of KBC Group. The Group Risk Appetite Statement specifies how the risk appetite should be 'cascaded' to the local entities including K&H.

KBC is a signatory of the UN Global Compact Principles, which it implements in its policies to make sure they are applied in all its operations. The UN Global Compact asks companies to embrace, support and, within their sphere of influence, enact a set of core values in the areas of human rights, labour standards, the environment and combating corruption.

Companies involved in controversial weapon systems (e.g., nuclear weapons, cluster bombs and biological or chemical weapons) and UN Global Compact Worst Offenders enter the 'KBC Blacklist' and are excluded from all our activities, including the actively managed non-RI funds of KBC Asset Management. A group-wide zero-tolerance policy is in place for 'new business with a company on the KBC Blacklist'. This policy is fully embedded in the organisation as part of the operational risk management framework.

14.2.2. Governance

On group level the ISB, chaired by the CEO, is the primary forum for the discussion of all sustainability-related topics (including our approach to social risk) and the main platform for driving sustainability at group level (with representation of senior managers from all business units and core countries, the Group Corporate Sustainability Senior General Manager, and the Group CFO as vice-chairman). It debates and takes strategic and commercial decisions on all sustainability-related matters. On local K&H level sustainability related governance is managed through K&H Sustainability Programme. Main local decision body in sustainability questions is the K&H Sustainability Streering Commmittee chaired by the CEO.

Social aspects w.r.t. our own operations are handled within several K&H departments, such as Sustainability Streering Commmittee (SSC), HR (e.g. employee growth and development, diversity and inclusion), Facilities (workplace safety), Compliance (compliance risks), Risk (cyber and other operational risks), Marketing & Communication (responsible marketing), Complaints handling, etc.

All K&H senior managers have an explicit responsible behaviour objective to increase awareness and to encourage management to take concrete action At least 10% of the variable remuneration received by senior management depends on the achievement of individual targets related to the implementation of the group's sustainability strategy.

14.2.3. Risk management

KBC is a signatory of the UN Global Compact Principles, which it implements in its policies to make sure they are applied in all its operations.

The 'New and Active Products Process' (NAPP) is 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. To ensure responsible product development within K&H, no product/process/service can be created, purchased, changed or sold without an approval in line with the NAPP governance.

Policies are in place for credit risk, corporate social responsibility (CSR)/sustainable & responsible lending as well as restricted delegations prevail and KBC black list is applicable.

As member of KBC group, the focus of K&H Bank's corporate lending activity is on borrowers · that are intrinsically well-managed financial institutions or corporates,· with whom the Bank keeps or wants to establish a broad long term relationship, · and that are located in a recognised and respected legal environment.

14.3. Qualitative information on Governance risk

14.3.1. Governance

On group level the ISB, chaired by the CEO, is the primary forum for the discussion of all sustainability-related topics (including our approach to governance risk) and the main platform for driving sustainability at group level (with representation of senior managers from all business units and core countries, the Group Corporate Sustainability Senior General Manager, and the Group CFO as vice-chairman). It debates and takes strategic and commercial decisions on all sustainability-related matters. On local K&H level sustainability related governance is managed through K&H Sustainability Programme. Main local decision body in sustainability questions is the K&H Sustainability Streering Commmittee (SSC) chaired by the CEO.

Governance risk defined in KBC Group is the risk arising from changing expectations concerning corporate governance (corporate policies & code of conducts, e.g., responsibilities of senior staff members, remuneration, internal controls, shareholder rights), anti-corruption & anti-bribery and transparency (e.g., in tax planning, external disclosures, …). The group Compliance Charter, several Compliance domains closely link with social and governance risks, e.g. Corporate Governance, Conduct, Embargo, Investor protection, Data protection, Ethics & Fraud, Consumer protection and anti-money laundering).

In the area of operational and reputational risk, KBC group screens its outsourced entities and suppliers by using the Sustainability Code of Conduct. The Code of Conduct is in line with the UN Global Compact Principles and applies to all entities of the KBC Group. As input to any outsourcing decision, a risk, compliance and legal assessment is always being prepared according to due diligence guidance also covering ESG risks.

As input to any outsourcing decision, a risk, compliance and legal assessment is always being prepared according to due diligence guidance also covering ESG risks.

14.3.2. Risk management

KBC group has implemented the ESG Assessment Guide in the loan origination/review process (including several credit acceptance criteria). An ESG assessment is mandatory for high-risk sectors above certain materiality thresholds (which we are gradually lowering), as also specified in KBC's Credit Risk Standards on Loan Origination for Corporate, SME and Micro SME. Next to the environmental risks governance risk factors (incl. ethical considerations, strategy and risk management, inclusiveness and transparency) are considered in this ESG assessment. For the full Corporate and SME segment, the client's governance aspects (e.g., organizational structure, ethical considerations, past controversies, …) are also part of this due diligence process.

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.

14.4. ESG risks templates

In the first iteration of this regulatory reporting exercise, required data inputs are based on information that is collected on a best-effort basis and hence is also reliant on proxy estimations. Consequently, the templates must be interpreted with care and regarded as work in progress as, going forward, more and better data sources will become available (e.g., as a result of the further implementation of the Corporate Sustainability Reporting Directive (CSRD) and the European Reporting Standards (ESRS)). This should allow a better assessment of K&H's exposure to transition and physical risk based on the reported templates.

A one-on-one comparison between this and other externally published reports is not always possible to the full extent.

14.4.1. ESG - Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

55. Table: ESG - Template 1 – values in HUF million

	Sector/subsector	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair			GHG financed emissions (scope 1, scope 2 and scope		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	**Exposures towards sectors that highly contribute to climate change***	**1 124 274,23**	**4 305,98**		**361 113,61**	**27 311,06**	**-19 689,79**	**-6 402,34**	**-9 625,53**	**313 920 654,44**		**15,38%**	**719 381,61**	**306 770,62**	**88 312,50**	**9 809,53**	**1 363,00**
2	A - Agriculture, forestry and fishing	165 565,00			22 483,78	1 273,40	-833,79	-347,27	-157,20	159 606 670,91		0,38%	108 003,19	49 745,20	7 816,61		1 047,76
3	B - Mining and quarrying	245,61	177,88		13,43	0,48	-0,39	-0,00	-0,34	51 534,15		0,00%	191,78	53,83			867,20
4	*B.05 - Mining of coal and lignite*																
5	*B.06 - Extraction of crude petroleum and natural gas*																
6	*B.07 - Mining of metal ores*	0,02				0,02	-0,01		-0,01	31,98		0,00%	0,02				382,80
7	*B.08 - Other mining and quarrying*	67,71			13,43	0,43	-0,30	-0,00	-0,30	37 223,47		0,00%	13,88	53,83			2 139,85
8	*B.09 - Mining support service activities*	177,88	177,88			0,03	-0,07		-0,03	14 278,70		0,00%	177,88				382,80
9	C - Manufacturing	357 723,11	3 776,89		209 977,09	9 398,25	-9 396,18	-3 352,22	-5 032,40	97 200 044,56		5,62%	276 657,71	80 636,16	484,51	3,83	1 059,48
10	*C.10 - Manufacture of food products*	114 681,05			75 985,93	311,03	-1 731,28	-1 354,97	-130,35	15 548 187,92		1,17%	92 989,29	21 262,52	484,51	3,83	831,10
11	*C.11 - Manufacture of beverages*	9 803,80			4 682,31	12,31	-94,10	-66,87	-6,67	832 280,10		0,44%	6 233,17	3 570,63			1 480,25
12	*C.12 - Manufacture of tobacco products*																
13	*C.13 - Manufacture of textiles*	4 715,57			1 138,76	0,34	-58,46	-26,85	-0,17	510 892,22		0,00%	3 167,78	1 547,79			1 290,06
14	*C.14 - Manufacture of wearing apparel*	810,47			95,70	28,61	-20,91	-1,90	-11,08	101 403,94		0,00%	728,92	81,55			692,87
15	*C.15 - Manufacture of leather and related products*	1 783,69			883,13	0,88	-11,26	-3,52	-0,44	199 720,09		0,00%	926,21	857,47			1 722,60
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	6 120,07			5 275,18	7,90	-66,00	-52,63	-5,70	1 645 359,87		0,00%	5 383,92	736,15			677,56
17	*C.17 - Manufacture of pulp, paper and paperboard*	6 203,56			5 134,99	0,33	-86,89	-78,69	-0,17	1 394 818,33		0,00%	3 677,28	2 526,28			1 753,22
18	*C.18 - Printing and service activities related to printing*	2 794,99			1 740,67	0,23	-33,74	-26,62	-0,12	390 966,16		0,00%	2 304,01	490,98			903,41
19	*C.19 - Manufacture of coke oven products*	3 776,89	3 776,89		3 776,89		-36,06	-36,06		2 138 111,06		0,25%		3 776,89			2 480,54
20	*C.20 - Production of chemicals*	39 833,57			35 597,81	0,50	-312,54	-293,32	-0,23	13 076 815,18		1,60%	29 160,76	10 672,82			1 383,64
21	*C.21 - Manufacture of pharmaceutical preparations*	13 025,79			9 173,90	0,05	-132,93	-99,30	-0,01	1 945 201,99		0,60%	6 464,56	6 561,23			1 985,48
22	*C.22 - Manufacture of rubber products*	18 544,30			5 396,99	452,22	-415,67	-72,68	-236,82	1 500 763,60		0,88%	15 648,73	2 895,57			972,23
23	*C.23 - Manufacture of other non-metallic mineral products*	20 395,17			17 737,60	1,88	-203,46	-184,41	-1,76	20 538 615,25		0,00%	14 171,59	6 223,58			1 446,98
24	*C.24 - Manufacture of basic metals*	13 766,15			7 822,64	2 660,76	-1 574,07	-170,00	-1 401,21	6 262 077,57		0,00%	13 631,16	134,99			366,77
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	30 622,81			8 673,64	1 490,08	-1 015,92	-98,58	-743,25	2 898 735,75		0,23%	24 472,74	6 150,07			903,41
26	*C.26 - Manufacture of computer, electronic and optical products*	8 334,65			6 575,88	0,14	-509,50	-490,59	-0,02	434 045,50		0,00%	1 204,32	7 130,33			2 690,58
27	*C.27 - Manufacture of electrical equipment*	6 086,41			207,17	110,55	-72,22	-5,35	-23,11	355 162,11		0,00%	4 916,59	1 169,82			1 002,94
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	14 384,16			7 012,25	1 131,43	-1 260,04	-97,22	-1 108,02	882 982,23		0,00%	13 321,89	1 062,27			689,04
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	25 316,57			8 482,10	2 454,77	-891,88	-140,94	-650,06	24 879 115,14		0,46%	23 311,86	2 004,71			695,70
30	*C.30 - Manufacture of other transport equipment*	5 558,25			400,22	0,00	-44,13	-0,43	-0,00	593 310,84		0,00%	5 558,25				413,42
31	*C.31 - Manufacture of furniture*	1 998,04			381,69	3,96	-23,26	-7,90	-1,20	304 432,11		0,00%	1 983,14	14,90			983,80
32	*C.32 - Other manufacturing*	6 807,77			3 361,50	695,65	-752,87	-37,80	-689,87	618 094,22		0,00%	5 757,84	1 049,93			1 098,64
33	*C.33 - Repair and installation of machinery and equipment*	2 359,38			440,15	34,64	-48,99	-5,60	-22,13	148 953,38		0,00%	1 643,70	715,68			1 489,09
34	D - Electricity, gas, steam and air conditioning supply	86 225,55	269,28		29 093,19	0,57	-1 251,82	-1 166,45	-0,14	24 309 606,45		7,84%	6 541,05	13 732,06	64 624,35	1 328,08	2 487,40
35	*D35.1 - Electric power generation, transmission and distribution*	77 965,05	0,15		21 671,61	0,10	-1 193,42	-1 110,46	-0,03	14 262 722,47		7,84%	5 681,89	13 264,39	57 690,69	1 328,08	2 232,11
36	*D35.11 - Production of electricity*	73 681,33	0,16		21 671,60	0,10	-1 186,29	-1 110,46	-0,03	12 897 021,14		6,19%	5 667,12	13 264,39	53 421,73	1 328,08	4 340,95
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	269,13	269,13		191,98	0,37	-0,48	-0,31	-0,06	327 088,91		0,00%	269,13				375,14
38	*D35.3 - Steam and air conditioning supply*	7 991,37			7 229,60	0,10	-57,92	-55,68	-0,05	9 719 795,07		0,00%	590,03	467,67	6 933,67		5 049,13
39	E - Water supply; sewerage, waste management and remediation activities	7 881,61			389,61	1,55	-33,42	-6,33	-0,73	9 095 063,02		0,00%	6 142,18	1 739,43			1 125,43
40	F - Construction	34 588,46			11 347,32	373,13	-410,13	-154,90	-125,80	3 086 228,04		0,15%	23 801,51	7 150,96	3 635,99		1 675,07
41	*F.41 - Construction of buildings*	12 213,73			4 005,75	69,35	-140,96	-71,97	-18,04	1 052 767,35		0,15%	8 918,11	3 295,63			1 435,50
42	*F.42 - Civil engineering*	10 800,81			2 418,04	188,93	-124,14	-21,82	-67,27	982 315,05		0,00%	6 337,00	827,82	3 635,99		2 522,65
43	*F.43 - Specialised construction activities*	11 573,92			4 923,53	114,85	-145,02	-61,11	-40,49	1 051 145,64		0,00%	8 546,41	3 027,52			1 136,91
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	210 006,77	81,94		26 893,20	12 138,34	-5 042,12	-496,90	-3 969,04	12 807 071,78		0,15%	179 064,43	30 883,28			533,00
45	H - Transportation and storage	69 383,17			16 848,24	112,18	-769,95	-123,58	-78,35	1 969 332,75		0,00%	45 138,42	23 764,27	480,48		1 234,38
46	*H.49 - Land transport and transport via pipelines*	35 252,01			13 677,06	59,37	-160,63	-94,69	-28,20	558 167,47		0,00%	30 136,20	5 115,80			700,52
47	*H.50 - Water transport*	36,49				36,43	-36,43		-36,43	21 673,46		0,00%	36,49				382,80
48	*H.51 - Air transport*	98,01			0,03		-1,17	-0,00		92 512,24		0,00%	0,04	97,97			2 985,84
49	*H.52 - Warehousing and support activities for transportation*	32 922,28			2 807,77	16,37	-567,72	-26,37	-13,72	1 288 737,15		0,00%	13 977,81	18 463,99	480,48		1 802,42
50	*H.53 - Postal and courier activities*	1 074,38			363,37	0,01	-4,01	-2,52	-0,01	8 242,43		0,00%	987,88	86,50			1 213,48
51	I - Accommodation and food service activities	20 824,82			12 728,44	2 318,93	-288,76	-67,38	-206,28	1 637 830,57		0,00%	9 847,08	5 938,34	5 039,41		2 289,14
52	L - Real estate activities	171 830,12			31 339,31	1 694,24	-1 663,23	-687,30	-55,26	4 157 272,21		1,24%	63 994,27	93 127,09	6 231,15	8 477,61	2 637,27
53	**Exposures towards sectors other than those that highly contribute to climate change***	**214 269,93**			**101 931,78**	**992,01**	**-2 220,28**	**-548,46**	**-501,60**				**165 485,05**	**47 048,98**	**1 735,85**		**992,48**
54	K - Financial and insurance activities	104 837,78			89 384,69	24,67	-340,89	-179,95	-12,38				81 710,22	23 124,37	3,20		1 031,59
55	Exposures to other sectors (NACE codes J, M - U)	109 432,14			12 547,09	967,34	-1 879,40	-368,52	-489,22				83 774,84	23 924,61	1 732,66		955,01
56	**TOTAL**	**1 338 544,15**	**4 305,98**		**463 045,39**	**28 303,07**	**-21 910,07**	**-6 950,81**	**-10 127,14**	**313 920 654,44**		**15,38%**	**884 866,67**	**353 819,60**	**90 048,36**	**9 809,53**	**1 303,69**

Template 1 contains information on those exposures more susceptible to potential risks related to the transition towards a low-carbon and climate resilient economy. It includes exposures of non-financial corporates operating in climate-sensitive sectors, incl. non-performance status, stage 2 classification and related provisions as well as maturity buckets and information on financed GHG emission data (scope 1 and scope 2). Scope 3 data will be added to the template at a later stage, once more data is available or by applying the PCAF methodology (EBA deadline: June 2024).

The financed GHG emissions (expressed in tonnes of CO2 equivalent) are calculated based on the guidelines created by the Partnership for Carbon Accounting Financials (PCAF) in the 'The Global GHG Accounting & Reporting Standard for the Financial Industry'. In case data could not be obtained directly from the counterparty, the scope 1 and 2 financed emissions were calculated based on the PCAF asset-based emission factor (based on the counterparty's NACE rev2 code and country).

14.4.2. ESG - Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

56. Table: ESG - Template 2 – values in HUF million

	Counterparty sector	Total gross carrying amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	Total EU area	1 375 216,79	250 591,27	444 457,28	260 266,23	109 203,47	27 505,61	22 601,20	34 095,45	105 619,61	192 611,38	74 998,56	81 354,17	61 086,78	165 702,15	659 748,70	60,50%
2	Of which Loans collateralised by commercial immovable property	649 497,57	153 891,45	90 564,82	122 121,43	29 460,86	1 078,97	15 605,27	11 706,46	39 888,83	90 054,84	11 735,19	19 200,23	5 558,26	37 374,44	433 979,32	45,44%
3	Of which Loans collateralised by residential immovable property	725 719,21	96 699,82	353 892,46	138 144,80	79 742,61	26 426,64	6 995,94	22 388,99	65 730,78	102 556,53	63 263,37	62 153,93	55 528,52	128 327,71	225 769,38	89,45%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties																
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	1 031 543,42	211 147,30	418 166,56	258 761,36	106 375,37	27 508,03	9 584,80								659 748,70	100,00%
6	Total non-EU area	70,02														70,02	0,00%
7	Of which Loans collateralised by commercial immovable property																
8	Of which Loans collateralised by residential immovable property	70,02														70,02	0,00%
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties																
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated																

Template 2 includes information on the loans collateralized with commercial and residential immovable property, including information on the level of energy efficiency of the collaterals measured or estimated in terms of kWh/m^2 energy consumption, and in terms of the label of the energy performance certificate (EPC).

When energy efficiency scores were not available but details of the underlying asset were available, internal estimates were used to complete columns b-g of the template.. The allocation to the EPC labels of the report is text-based, i.e. if the label contains A, in whichever form, it will be allocated to the A label and likewise for labels B-G. Loans of which the collateral was obtained by taking possession are not reported due to the low materiality of the portfolio. The collection of EP scores or labels is an ongoing process and both the share of certified scores as well as the share of estimated scores will continuously improve going forward.

14.4.3. ESG - Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

Not applicable for K&H.

14.4.4. ESG - Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk

57. Table: ESG - Template 5 – values in HUF million

	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket										Accumulated impairment, accumulated		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate	Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	165 565,00	16 384,08	7 546,35	1 185,78		1 047,76		25 116,21		3 410,79	193,17	-126,49	-52,68	-23,85
2	B - Mining and quarrying	245,61					867,20		0,00						
3	C - Manufacturing	357 723,11	14 496,86	4 225,33	25,39		1 059,48		18 744,69		11 002,80	492,47	-492,36	-175,66	-263,70
4	D - Electricity, gas, steam and air conditioning supply	86 225,55	555,99	1 167,23	5 493,07	112,89	2 487,40		7 329,17		2 472,92	0,05	-106,40	-99,15	-0,01
5	E - Water supply; sewerage, waste management and remediation activities	7 881,61	614,22	173,94			1 125,43		788,16		38,96	0,15	-3,34	-0,63	-0,07
6	F - Construction	34 588,46	15 877,99	4 770,41	2 425,57		1 675,07		23 073,96		7 569,79	248,91	-273,60	-103,34	-83,92
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	210 006,77	3 545,48	611,49	0,00		533,00		4 158,13		532,49	240,34	-99,83	-9,84	-78,59
8	H - Transportation and storage	69 383,17	8 653,03	4 555,61	92,11		1 234,38		13 300,75		3 229,81	21,50	-147,60	-23,69	-15,02
9	L - Real estate activities	171 830,12	12,80	18,63	1,25	1,70	2 637,27		34,37		6,27	0,34	-0,33	-0,14	-0,01
10	Loans collateralised by residential immovable property	725 789,24	2 224,07	6 182,18	25 525,33	10 838,37	6 103,52	9 798,15	42 676,41	72,58	13 240,99	1 264,63			
11	Loans collateralised by commercial immovable property	649 497,57	16 118,63	13 037,84	2 713,87	8 604,91	2 870,65	52 479,40	35 332,67		20 915,13	2 800,43	-2 637,41	-588,45	-1 135,43
12	Repossessed colalterals														
13	Other relevant sectors (breakdown below where relevant)														

Template 5 includes information on exposures in the banking book towards non-financial corporates, on loans collateralized with immovable property and on repossessed real estate collaterals, exposed to chronic and acute climate-related hazards, with a breakdown by sector of economic activity and by geography of location of the activity of the counterparty or of the collateral, for those sectors and geographical areas subject to climate change acute and chronic events. We refer to chapter 20.1.3 for an overview of the sources of information and the applied methodologies to identify the exposures subject to climate-change physical risk.

14.4.5. ESG - Template 6: Summary of GAR KPIs

58. Table: ESG - Template 6 – values in HUF million

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	0,32%		0,32%	1,97%
GAR flow	6,39%		6,39%	0,00%

In this table, we publish the so-called Green Asset Ratio (GAR) according to the EU Taxonomy Regulation (EU 2020/852), based on turnover. And Tables 7 and 8 provide detailed information on the GAR for taxonomy aligned activities proposed under Article 8 of the EU Taxonomy Regulation (EU 2020/852).

For the determination of the GAR %, we have taken data from our clients covered by the NFRD (EU Directive 2014/95). Companies (customers) subject to NFRD were considered to be companies with a significant public interest and with more than 500 employees. However, subsidiaries of our NFRD clients and separate business entities (so-called SPVs) set up to implement and/or operate their projects were not considered as NFRD clients. The taxonomy of our exposures to these latter clients is disclosed in our Annual Report and in the so-called voluntary section of our Sustainability Report.

14.4.6. ESG - Template 7: Mitigating actions: Assets for the calculation of GAR

59. Table: ESG - Template 7 – values in HUF million

	Million HUF	Disclosure reference date T															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1 608 908,40	114 074,40	10 718,40		6 507,60	4 210,80						114 074,40	10 718,40		6 507,60	4 210,80
2	**Financial corporations**	358 300,80	101 059,20										101 059,20				
3	Credit institutions	148 909,20	101 059,20										101 059,20				
4	Loans and advances	148 909,20	101 059,20										101 059,20				
5	Debt securities, including UoP																
6	Equity instruments																
7	Other financial corporations	209 391,60															
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments																
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments																
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments																
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	106 035,60	12 632,40	10 718,40		6 507,60	4 210,80						12 632,40	10 718,40		6 507,60	4 210,80
21	Loans and advances	89 575,20	11 866,80	10 335,60		6 507,60	3 828,00						11 866,80	10 335,60		6 507,60	3 828,00
22	Debt securities, including UoP	16 460,40	765,60	382,80		382,80							765,60	382,80		382,80	
23	Equity instruments																
24	**Households**	1 091 745,60															
25	of which loans collateralised by residential immovable property	704 734,80															
26	of which building renovation loans	16 077,60															
27	of which motor vehicle loans																
28	**Local governments financing**	52 826,40															
29	Housing financing																
30	Other local governments financing	52 826,40															
31	Collateral obtained by taking possession: residential and commercial immovable properties	382,80															
32	**TOTAL GAR ASSETS**	1 608 908,40	114 074,40	10 718,40		6 507,60	4 210,80						114 074,40	10 718,40		6 507,60	4 210,80
	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	1 230 319,20															
34	Loans and advances	1 210 413,60															
35	Debt securities	19 905,60															
36	Equity instruments																
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	2 296,80															
38	Loans and advances	2 296,80															
39	Debt securities																
40	Equity instruments																
41	Derivatives	61 630,80															
42	On demand interbank loans	61 248,00															
43	Cash and cash-related assets	78 856,80															
44	Other assets (e.g. Goodwill, commodities etc.)	341 840,40															
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	3 385 100,40															
	Other assets excluded from both the numerator and denominator for GAR calculation																
46	Sovereigns	1 139 212,80															
47	Central banks exposure	1 174 813,20															
48	Trading book	73 497,60															
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**																
50	**TOTAL ASSETS**	5 772 241,20															

14.4.7. ESG - Template 8: GAR

60. Table: ESG - Template 8 – (%)

Disclosure reference date T: KPIs on stock

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1 GAR	3,36%	0,32%	0,00%	0,19%	0,12%						3,36%	0,32%	0,00%	0,19%	0,12%	1,97%
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3,36%	0,32%	0,00%	0,19%	0,12%						3,36%	0,32%	0,00%	0,19%	0,12%	1,97%
3 Financial corporations	2,99%										2,99%					1,75%
4 Credit institutions	2,99%										2,99%					1,75%
5 Other financial corporations																
6 of which investment firms																
7 of which management companies																
8 of which insurance undertakings																
9 Non-financial corporations subject to NFRD disclosure obligations	0,38%	0,32%	0,00%	0,19%	0,12%						0,38%	0,32%	0,00%	0,19%	0,12%	0,22%
10 Households																
11 of which loans collateralised by residential immovable property																
12 of which building renovation loans																
13 of which motor vehicle loans																
14 Local government financing																
15 Housing financing																
16 Other local governments financing																
17 Collateral obtained by taking possession: residential and commercial immovable properties																

Disclosure reference date T: KPIs on flows

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total new assets covered
	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1 GAR	26,79%	6,39%		3,93%	2,46%						26,79%	6,39%	0,00%	3,93%	2,46%	
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	26,79%	6,39%		3,93%	2,46%						26,79%	6,39%	0,00%	3,93%	2,46%	
3 Financial corporations	19,42%										19,42%					
4 Credit institutions	19,42%										19,42%					
5 Other financial corporations																
6 of which investment firms																
7 of which management companies																
8 of which insurance undertakings																
9 Non-financial corporations subject to NFRD disclosure obligations	7,37%	6,39%		3,93%	2,46%						7,37%	6,39%	0,00%	3,93%	2,46%	
10 Households																
11 of which loans collateralised by residential immovable property																
12 of which building renovation loans																
13 of which motor vehicle loans																
14 Local government financing																
15 Housing financing																
16 Other local governments financing																
17 Collateral obtained by taking possession: residential and commercial immovable properties																

14.4.8. ESG - Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy[3]

61. Table: ESG - Template 10 – values in HUF million

	Type of financial instrument	Type of counterparty	Gross carrying amount	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations				
2		Non-financial corporations				
3		Of which Loans collateralised by commercial immovable property	3 450,00	3 450,00		Green Bonds aligned according to ICMA Green Bond Principles
4		Households				
5		Of which Loans collateralised by residential immovable property				
6		Of which building renovation loans				
7		Other counterparties	10 760,07	10 760,07		Green Bonds aligned according to ICMA Green Bond Principles
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations				
9		Non-financial corporations	107 532,84	107 532,84		LMA framework/Specific local frameworks (NBH Preferential Capital Discount Program, Eximbank "Green" Framework /EU taxonomy regulation (only SC alignment)
10		Of which Loans collateralised by commercial immovable property	99 034,83	99 034,83		
11		Households	112 480,80	112 480,80		Specific local framework (NBH Preferential Capital Discount Program)/EU taxonomy regulation (only SC alignment)
12		Of which Loans collateralised by residential immovable property	112 480,80	112 480,80		
13		Of which building renovation loans	91,50	91,50		
14		Other counterparties				

[3] The data are calculated using the ECB (European Central Bank) exchange rates of 29 December 2023.

In this table, we include those exposures that contribute to climate change mitigation that are based on either domestic or international frameworks but do not fully meet the technical screening criteria of the EU Taxonomy Regulation. Exposures that comply with the following frameworks are included in the table:

- Exposures that meet the conditions of the Green Corporate and Municipal Capital Allowance Programme announced by the MNB (e.g. solar farm financing),

- Exposures granted under the EXIMBANK Green Financing Framework,

- Exposure under the LMA (Loan Market Associaton) Green Loan Principles,

- ICMA (International Capital Markets Association) Green Bond Principles exposures to public and corporate green bond issues.

In addition to the above, we also report for the first time on exposures that meet the EU Taxonomy Regulation's criteria of "substantial contribution" (even using an estimation methodology) but, due to a lack of information, do not meet the criteria of "do no significant harm" and "minimum social safeguard". Key exposures in the table:

- The corresponding part of "green" mortgage loans to residential customers,

- A portion of solar park financing for businesses,

- Green leasing exposures to corporates financing zero or low (below 50 g CO_2e/km) emission vehicles

15. 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
ESG	Environmental, social and governance risks
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