Disclosure Report
2020

ERSTE
Bank

Contents

Declaration

under Regulation 575/2013 / EU (CRR) disclosure for the 2020 business year obligation

Erste Bank Hungary Zrt. (hereinafter Bank) makes the following statement regarding its Disclosure:

Erste Bank Hungary Zrt. declares that the institution's risk management system is appropriate in terms of the company's strategy and profile.

The Disclosure document describes the institution's overall risk profile associated with the business strategy it uses. Key ratios and indicators are included in the document, which provides a comprehensive picture to external stakeholders on the risk management of the institution, including the connection between the Bank’s risk profile and its risk appetite set by the management body.

PricewaterhouseCoopers Könyvvizsgáló Ltd. verifies that the information contained in the disclosure report is in accordance with the data sent to MNB, the National Bank of Hungary.

Budapest, 28 April 2021.

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Chief Risk Officer

1. Introduction

The document is the Basel Pillar 3 Disclosure Report of Erste Bank Hungary Zrt.

Erste Bank Hungary Zrt. (referred to as ‘EBH’ or the ‘Bank’ hereafter) is a limited liability company, incorporated and domiciled in Hungary. The core activities of Erste Bank Hungary Zrt. are savings, investments, loans and credits as well as leasing services. Geographically the Bank focuses primarily on the Hungarian market and offers its services for private individuals, small and medium-sized enterprises as well as large corporations, financial institutes, municipalities, public sector and non-profit organizations.

Erste Bank Hungary Zrt. has been a member of Erste Group since 1997. Erste Group Bank AG is Erste Bank Hungary Zrt.’s parent company, hereinafter the preference shareholder, other shareholders are the Corvinus Nemzetközi Befektetési Zrt. and the European Bank for Reconstruction and Development.

Erste Group Bank AG was founded in 1819 as the first Austrian savings bank and has since developed into the largest privately owned Austrian banking group and into the largest financial services provider in Central and Eastern Europe. It has been listed on the Vienna, Prague and Bucharest Stock Exchange.

This report discloses an overview of the current risk profile and risk management of Erste Bank Hungary Zrt., organized as follows:

- structure of risk management;
- capital structure and adequacy;
- risk measurement approaches and methods;
- risk management systems with respect to each type of risk and the;
- risk positions assumed.

1.1. Disclosure policy and structure

The disclosure requirements of the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (hereinafter Hpt.) Article 122 and the Regulation (EU) No 575/2013 of the European Parliament and the Council on prudential requirements for credit institutions and investment firms; amending regulation (EU) No 648/2012 (CRR) have been implemented throughout the Bank since 1 January 2007. The current Pillar 3 Disclosure Report of Erste Bank Hungary Zrt. is made in accordance with the CRR and the Hungarian legislation, specifically Hpt.

The Disclosure Report provides comprehensive disclosure on risks, risk management and capital management. This document is required to be published on a regular basis – once a year – in Hungarian as well as in English. Erste Bank Hungary Zrt. has opted for the Internet as the medium of this publication.

Based on the institutions' audited data of 31 December 2014 the Bank was identified by the central bank of Hungary (referred to as ‘MNB’), acting within its macro-prudential supervisory function, as a systemically important credit institution. Thus the Bank is subject to a yearly ‘Supervisory Review and Evaluation Process’, to guarantee that the Bank has adequate rules, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks.

The internal ‘Pillar 3 Disclosure’ policy of the Bank was adopted in July 2015 and is subject to a yearly supervision. The preparation of the Disclosure Report and the formal audit for completeness and compliance is carried out by the Strategic Risk Management.

2. Risk management objectives and policies (Art. 435.)

2.1. Policies for risk management objectives (Art. 435. (1))

Basel III is a global regulatory capital framework to promote bank's transparency and disclosures, to improve the banking sector's ability to absorb shocks arising from financial and economic circumstances as well as to improve risk management and governance. It is composed of three pillars of which 'Pillar 3' prescribes regulatory public disclosures around capital structure, capital adequacy and risk-weighted assets.

The application of the new regulatory requirements for credit institutions and investments firms became effective as of 1 January 2014, known as the 'CRR/CRD package' in the European Union. The own funds and the regulatory capital requirements is calculated and published in accordance to the 'Basel III' requirements.

All requirements as defined in the CRR and in technical standards issued by the European Banking Authority (EBA) are fully applied by Erste Group for regulatory purposes and for the disclosure of regulatory information.

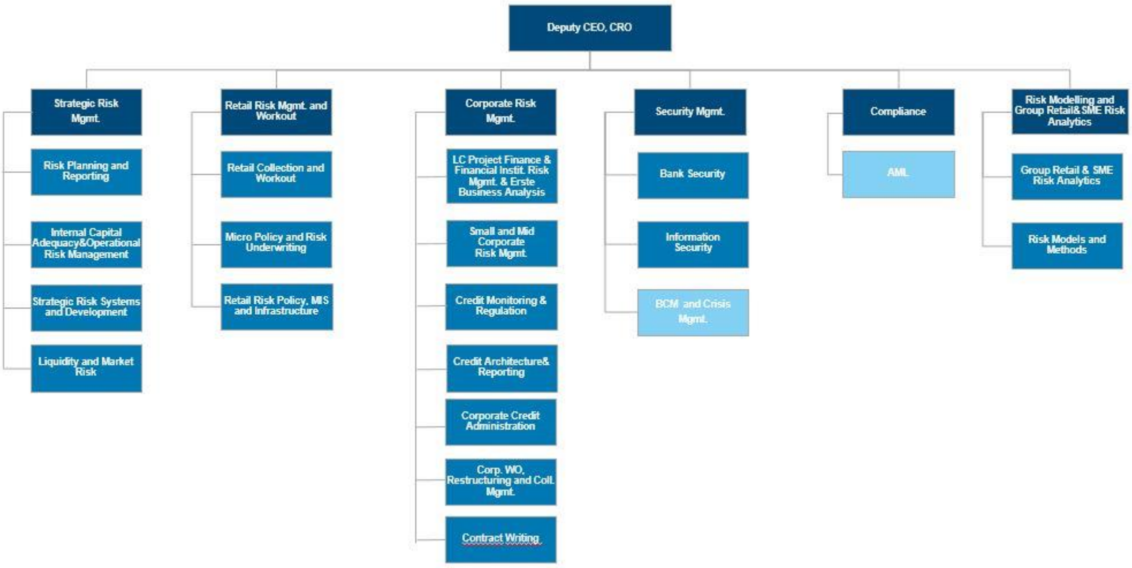
According to CRR 432 the Bank doesn't have to publish non-material, classified or protected information. However, there is no such information that EBH wouldn't publish based on these criteria.

2.1.1. Risk management approach (EU OVA)

2.1.1.1. Risk management organization

Risk management is achieved through a clear organizational structure with defined roles and responsibilities, delegated authorities and risk limits. Risk management units are completely separate from each business unit. Besides the Risk Governance Committee (RGC) the Bank has also established local committees in order to support efficient decision process and in order to ensure a multi-functional supervision (i.e. ensuring the participation of various fields professions) in risk management, in related principles, in risk strategy forming, harmonizing with business strategy, following up and monitoring the strategy and its execution, as well as strengthening the risk awareness and risk culture. The main objectives of the committees include the promotion of mutual understanding and coordination in the field of corporate and retail lending activities and between the internal management functions.

The following chart illustrates the organizational structure of the risk management area:



Strategic Risk Management

Provides data, methodology and professional competence to determine the Bank's risk exposure. Promotes the stable capital situation and effective operation of the Bank by forecasting future developments in the risk exposures, as well as supports the Bank's growth in line with legal requirements.

Retail Risk Management and Workout

It evaluates credit risks against retail customers, checks credit proposals, develops risk management opinions, checks documents, records and systems, and then makes decisions. The responsibility includes the operation of retail risk management reports, analyzes, management information system. Coordination and implementation of retail workout activities.

Corporate Risk Management

Its responsibility is to evaluate the credit risks of clients falling within its competence, to make decisions, to check the credit proposals from the point of view of risk management and compliance with the rules, to comment on them, and to check the documents, records and systems related to risk taking.

Security Management

The security activity of the Bank is an institutional care about planning, organizational management, implementation and control conditions, that serves the protection of the Bank's own assets, other important values, interests, of assets owned by third parties but managed by the Bank, of the personal safety and personal properties of employees, furthermore it serves the prevention or the obstruction of the continuation of unlawful behaviors threatening customers, as well as the minimization of related risks.

Compliance

Monitoring the legal compliance of decisions, internal policies and announcements made in the course of the Bank's operations. Performing general and securities compliance tasks. Complete anti-money laundering (AML) related tasks, including identification and customer relationship management tasks and controls.

Risk Modelling and Group Retail&SME Analytics

Its responsibility is to collect data for the development of rating models and for model development (Basel and IFRS9 parameters), monitoring and validation purposes, and ad hoc analyzes. Developing a rating methodology that meets current strategic objectives and expectations. Development, maintenance, monitoring and validation of rating models and credit risk parameters based on relevant methodologies.

2.1.1.2. Risk management system

In order to ensure that the risk management system is in line with the profile and strategy, the Bank has implemented a comprehensive Enterprise-wide Risk Management (ERM hereinafter) Framework. Key components of this framework are:

- the Risk Appetite Statement (RAS);
- Risk Materiality Assessment (RMA);
- Risk-bearing Capacity Calculation (RCC);
- and the Risk Strategy, which frames the above three.

In addition to the elements of the above mentioned ERM framework, the Bank's risk management performs also the following functions:

- Measuring and analyzing risks
- Risk planning and forecasting
- Stress Tests
- Recovery Plan
- Risk Reporting System

A fundamental objective of the Bank is to implement its strategic objectives by driving prudent and risk-conscious operations. The Bank lays down its risk management principles in its Risk Strategy. Erste Bank Hungary Zrt. uses a risk management and control system that is proactive and tailored to its business and risk profile. It is based on a clear Risk Appetite Statement (RAS) that is consistent with the Bank's business strategy and focused on early identification and management of risks and trends. In addition to meeting the internal goal of effective and efficient risk management, the Bank's risk management and control system has been developed to fulfil external and, in particular, regulatory requirements. The Bank defines its Risk Strategy and Risk Appetite through the annual planning process to ensure proper alignment of risk, limit system, capital, liquidity and performance targets.

The Bank has always focused on a reliable risk culture. As part of this, proactive behaviour and a strong risk management culture are expected from all employees. In terms of individual behaviour and decision-making, personal integrity and a high level of professionalism are essential.

Risk Appetite Statement (RAS)

The Bank's Risk Appetite Statement (RAS hereinafter) expresses the maximum level of risk that the Bank is willing to accept in order to deliver its business objectives by serving as a starting point for the implementation of the risk limit framework. The risk appetite thus provides a meaningful guidance for the planning process, the tolerances for the core risk metrics and key risk principles to manage risks. It sets the boundary for limits & target setting, and forms a key input into the annual strategic planning process, creating a holistic perspective on capital, liquidity and risk-return trade-offs.

Risk Materiality Assessment (RMA)

The RMA contains the identifications of the risks and the required methodology and testing to determine the materiality of the risk. The main purpose of the risk assessment is to identify and assess material risks and consequently to analyse the risk profile of Erste Bank Hungary Key outputs are used for the limit system of the RAS, for designing elements of a risk management framework, and in the scenario design and selection of the comprehensive stress test.

Risk Strategy

Erste Bank Hungary's Risk Strategy forms an essential part of the ERM framework. The Risk Strategy defines the general principles and key elements of the risk management framework to ensure an adequate and consistent implementation of the Risk Strategy. The Strategy combines the principles of prudent risk-taking and risk culture, the outcomes of the RAS and RMA, and the initiatives needed to achieve strategic goals at the level of each type of risk or key business line.

Risk-bearing capacity calculation (RCC)

Within the RCC, all material risks are regularly quantified, aggregated and compared to the coverage potential, to the bank's own funds and to limits set in risk appetite. The result and evaluation of the calculation are part of the regular reports prepared for management, supporting senior management in their decision making processes, in order to comply with prudent risk-taking and risk limits. Insights generated by the assessment are used to improve risk management practices and further mitigate risks within EBH.

The Risk-bearing Capacity Calculation (RCC) describes the methodology of Pillar 2 capital adequacy calculation. In contrast to the regulatory view of Pillar 1, the RCC is based on an economic view of Pillar 1+ approach, assuming continuation of Erste Bank as expected by the MNB Guide to ICAAP, and determines whether Erste Bank Hungary has sufficient capital to cover all relevant risks it is exposed to. With this Pillar 1+ approach Erste Bank Hungary increases efficiency and ensures comparability with the Pillar 1 calculation. Based on the results of the RMA, economic capital is considered for relevant risk types as approved by the Board of Directors and the Supervisory Board. The economic capital requirement is then compared to internally available capital (coverage potential) to cover the Bank's risks in Pillar 2. Both economic capital and coverage potential are computed on the CRR scope of consolidation of Erste Bank Hungary as parent entity based on IFRS accounting standards.

Besides the Pillar 1 risk types (credit, market and operational risks), interest rate risk in the banking book, and additional credit risk types like concentration risk and NBH high-risk portfolios as well as business risk are explicitly considered within the economic capital calculated over a horizon of one year and at a confidence level of 99.92%. For the calculation of the economic capital, Erste Bank Hungary uses, where possible, more risk sensitive/advanced methodologies tailored to Erste Bank Hungary's individual risk profile and specificities of the Bank's individual risk exposures. Diversification effects between risks (inter-risk diversification) are not considered, reflecting the Bank's prudent approach to maintain sufficient internal capital in times when correlations between risks may change dramatically (like in times of stress). The largest portion of eco-nomic capital requirements is coming from credit risk, which accounts for 68.3% of total economic capital requirements at the end of 2020.

The calculation of internal capital or coverage potential required to cover Pillar 2 risks/unexpected losses is based on Pillar 1+ approach. Namely, CRR and CRR II (Regulation (EU) No. 575/2013 and Regulation

(EU) No. 876/2019 amending Regulation (EU) No. 575/2013) regulatory own funds are adjusted by internal capital components which reflect economic view (e.g. year-to-date profit (if not already considered in Pillar 1 capi-tal), Pillar 2 IRB expected loss excess/shortfall add-on, etc.).

The coverage potential must be sufficient to absorb Pillar 2 risks/unexpected losses resulting from the Bank's operations at any point in time (normal and stressed), as reflected in the EBH's Risk Appetite through the limits set for EBH economic capital adequacy and stressed capital adequacy utilisation. At the end of 2020, the economic capital adequacy was at 55.8%.

The Managing Board, the Risk Governance Committee, the Board of Directors and the Supervisory Board are briefed quarterly on the results of the ICAAP capital adequacy through the EBH ICAAP Report. The ICAAP Report includes risk profile developments, available capital (coverage potential), consideration of potential losses in stress situations, the degree of the risk limit utilisation and the overall status of capital adequacy and outlines risk profile development in relation to risk appetite.

Risk reporting systems

The cooperation of the Bank's units in charge of risk management and the managerial reporting system ensures that management is provided with a comprehensive view of the Bank's risk position at all times.

In relation to its risk position, the Bank regularly prepares reports about its risk exposure, actual and forecasted capital position under Pillar I and Pillar II, results of comprehensive and supervisory Stress Testing, liquidity and market risk profile and concentration risk for discussion and approval for decision-making bodies and committees: for the Board of Directors, for the Managing Board, for the Supervisory Board, for the Risk Governance Committee as well as for the Risk Committees.

Risk planning and forecasting

The responsibility for risk management within the Bank includes ensuring sound risk planning and forecasting processes, focusing on both portfolio and economic environment changes. The forecasts determined by risk management are the result of close co-operation with all stakeholders in the Bank's overall planning process, and in particular, with Controlling, Finance and Accounting, Strategic/Corporate/Retail Risk Management and the Asset Liability Management by assessing:

- the expected portfolio quality and impairment levels
- risk-weighted asset management and ensuring capital adequacy
- capital allocation to entities, business lines and segments
- forecasting the liquidity and interest rate risk.

All insights from the ICAAP and controlling processes is used to allocate capital with a view to risk-return considerations.

Recovery plans

In compliance with the Hpt. 114.§ Erste Bank Hungary Zrt. is required to draw up a recovery plan for potential crisis situations. In 2020 an updat-ed Recovery Plan was submitted to the Regulator by the Bank.

The EBH Recovery Plan identifies options for restoring financial strength and viability in case Erste Bank Hungary comes under severe economic stress. The plan specifies potential options for the replenishment of capital and liquidity resources of the bank in order to cope with a range of scenarios including both idiosyncratic and market-wide stress (in 2020 one COVID-19 scenario was requested by the regulator). The recovery governance described in the plan ensures timely identification and proper management of any recovery situation. Furthermore, the assessment of the EBH Recovery Plan and the recently addressed assessment of the overall recovery capacity are part of the Supervisory Review and Evaluation Process (SREP) assessment. It is relevant to demonstrate that, in a severe stress which is close to a failing or likely to fail situation, there is suffi-cient recovery capacity available.

Erste Bank Hungary collaborates with the resolution authorities in the drawing up of resolution plans based on local and EU Regulation. Based on a joint decision taken in the Resolution College, Erste Group in April 2020 received notification of the preferred Multiple Point of Entry (MPE) resolution strategy on cross-country level, but a Single Point of Entry (SPE) resolution strategy within a country. This results in being MPE in Hungary.

The Bank Recovery and Resolution Directive (BRRD) introduced the Minimum Requirement for own funds and Eligible Liabilities (MREL), which is – in case of Erste due to the MPE resolution strategy – set on Resolution Group level. Based on the MREL joint decision, the require-ment is binding as of the date of the notification in case of notified MREL surplus, however in case of an MREL shortfall the requirement be-comes binding at the end of a transition period to be set between 2 and 4 years, at the latest by the end of 2023. MREL is expressed as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds (TLOF).

In June 2019 the new banking reform package was published, which includes the Bank Recovery and Resolution Directive (BRRD2). The trans-position into national law was done in November 2020. Key changes include the MREL expression in terms of Risk Weighted Assets (RWA) and Leverage Ratio Exposure (LRE) instead of TLOF, adapted transition arrangements (binding intermediate MREL target as of 01.01.2022 and a common deadline of 01.01.2024 to meet the final MREL target) as well as tighter eligibility criteria. Hence, MREL target setting will be subject to further changes. Potential changes in the MREL requirement will be reflected in Erste Bank Hungary's funding plan as to ensure compliance with MREL and subordination targets.

Stress Tests

The Bank annually conducts its own impact assessment as the Bank's risk management framework, aiming to assess the Bank's resilience on its consolidated portolio in a variety of stress situations along with each type of risk. The applied scenarios include possible macroeconomic/business shocks after the acceptance of the participants of the respective decision forum. Stress testing is complemented with target-specific sensitivity tests using tools developed by the Bank. The results revealed by the analysis are fundamental to determining the Bank's risk appetite, which is an integral part of the Bank's risk strategy.

The Bank pays special attention to prevent the reproduction of the problematic portfolio and to reduce the previously non-performing portfolio.

2.1.1.3. Risk governance

The Risk Appetite Statement (RAS) is subject to approval by the supreme governing and supervisory bodies. The Bank's risk management units operate independently of the business units. In the course of the actual management activities, the management through the integrated risk management framework – as part of the internal management – ensures compliance with the requirements set out in the Bank' Risk Appetite Statement. The Bank continuously monitors and reports to the Board of Directors on the 'Risk Appetite' and portfolio measures. Within the Bank, the Strategic Risk Management are is responsible for operating the integrated risk management framework.

The Board of Directors, the Executive Board, the Risk Management Committee and the Supervisory Board receive quarterly reports on the risk covered by the integrated risk management framework and on the current and future developments in the capital position under the I. and II. Pillars.

Regular monitoring of the Bank's capital requirements and eligible capitals to cover risks provides sufficient time for management to take the necessary measures and timely intervention to mitigate the risks, thus ensuring the Bank's prudent operation.

In February 2020 the Risk Materiality Assessment (RMA) – the risk profile of Erste Bank Hungary Zrt. – was discussed by the management bodies. Erste Bank Hungary Zrt. declares that the article CRR 435 (1), point e) that uses a risk management system that provides assurance that the terms of the risk management system applied profile and strategy of the institution is reasonable.

The Board of Directors of Erste Bank Hungary discussed the Risk Appetite Statement (RAS) and its indicators in February 2020. On the back of global developments related to Covid-19, as well as changed regulatory requirements/expectations towards credit institutions, in the first half of 2020, interim revisions of EBH RAS and Risk Strategy were conducted and approved by the designated governance.The risk appetite presented in this document is in line with the Bank's business strategy and focuses on early identification and management of risks and trends. According to Article 453 (1) f) of CRR, Erste Bank Hungary declares that the risk profile of the Bank is in line with the Risk Appetite Statement.

In addition to meet the internal goals of effective and efficient risk management, the Bank's risk management and control system has been designed to meet external – especially regulatory – requirements.

2.1.2. Credit risk

Credit risk is a fundamental risk for banks, the borrowers are unable to repay the loan and interest at maturity, or do not pay. Lending is one of the main activities in the profile of Erste Bank Hungary.

Credit risk related to retail, corporate, municipality, real estate and project loan portfolios are managed to ensure regulatory compliant risk management practices and to provide customers with manageable loan facilities that are within their financial capacities.

The special risk policies and rules of procedures:

- for retail customers are regulated by the Retail Risk Procedure;
- for SMEs and large corporations are regulated by the Corporate Risk Policy and Corporate risk taking approval authorities policy
- for municipalities are regulated by the Municipality Risk Policy and
- for real estate and project transactions are regulated by the Real Estate Financing Policy

Quantitative portfolio limits and qualitative risk principles are defined to ensure that the risk profile remains in line with the risk strategy. Moreover the Bank's risk management ensures that any new products or change in lending criteria are in line with the group-wide lending framework requirements and are adequately supported by the existing risk infrastructure. Erste Bank Hungary also ensures that the local environment (market, competitive, economic, political, and legal/regulatory) is appropriately addressed. A management summary of the key developments is distributed at least quarterly to senior management and key decision makers.

2.1.2.1. Structure and organisation

As lending is a core profile of the Bank, the Bank regularly identifies, evaluates, manages and monitors credit risk, carried out by the following risk management units:

- Strategic Risk Management,
- Retail Risk and Workout Management,
- Corporate Risk
- Risk Modelling

Inner policies define the retail lending framework by establishing policy rules for the entire retail lending cycle covering underwriting, portfolio management, early and late collection. Thus retail lending and analytical framework serves as a basis for the Bank's retail lending practices and for identifying potential adverse portfolio developments.

The compliance with inner policies is carried out by the Retail Risk and Workout Management. For new products or sub-products to ensure proper risk rules the Retail Risk and Workout Management also prepares proposal about minimum lending criteria, score cut-off, debt burden % criteria, documentation requirements, verification steps and other risk related parameters to gain approval and ensure proper introduction.

Corporate Risk evaluates credit risks related to large corporate, project and real estate financing, financial institution and municipality clients, makes proposals for credit decision-making as well as controls credit proposals in terms of risk management and compliance with rules.

The portfolios risk analytics are operated and managed by the operative risk areas through the 'management information system' (MIS) which serves as the analytical background that supports retail risk management decisions with various regular and specific analyses and ensures prudent lending while promoting the 'Managing-through-MIS' approaches and the pro-active, analytics based management of retail loan portfolios on a Bank wide basis.

Strategic Risk Management is responsible for the risk strategy and the related frameworks.

Risk Modelling's responsibility is to collect data for the development of rating models and for model development (Basel and IFRS9 parameters), monitoring and validation purposes, and ad hoc analyzes. Developing a rating methodology that meets current strategic objectives and expectations. Development, maintenance, monitoring and validation of rating models and credit risk parameters based on relevant methodologies.

2.1.2.2. Credit risk measurement and control

Prior to granting a loan, the creditworthiness of a client is determined and confirmed in view of the risk/reward trade-off. Loans can only be granted if the repayment capacity of the borrower is sufficient to serve the regular repayments. Risk-adjusted pricing ensures a balanced relationship between risk and return.

The regular credit risk reports contain information for the Management Board and the risk management committee related to the developments of loan exposures in each key segment, the quality of the portfolio by rating category and detailed risk-relevant information on customers at risk of default or already defaulted. The regular credit risk reports serve as the basis for the business and risk strategy.

The Retail Risk and Workout ensures historical data gathering regarding changes in the risk rule set. It reports the risk rule set changes toward the Group Retail Risk Management (GRRM) on a regular basis to build on up-to-date portfolio monitoring techniques (vintage analysis, delinquency trends, segment analyses, etc.) and to show key drivers behind specific portfolio developments.

2.1.2.3. Risk mitigation rules

In order to secure its claims, the Bank only takes risk with the proper collaterals. The Bank checks the existence of the collateral, their real value and enforceability, and continuously monitors them during the period of risk. Interest rate hedging is provided to the extent necessary.

2.1.3. Market risk

In Erste Bank Hungary Zrt.'s internal documents market risk is defined as the risk of economic loss that may arise due to adverse changes in market prices and to the parameters derived from those prices. It is divided into interest rate risk, credit spread risk, currency risk, equity risk, commodity risk and volatility risk.

Market risks stem from short-term trading in instruments whose prices are determined daily (trading book) as well as from the traditional banking business (banking book).

The supervision and monitoring of market risks and capital ratios, performance indicators is the responsibility of the Managing Board, Board of Directors and the Asset Liability Committee (ALCO).

Market risk related monitoring, management and reporting is delegated to the Liquidity and Market Risk Management at Erste Bank Hungary Zrt. and holds responsibility for the following general objectives:

- to avoid unexpected losses and protect the capital of the bank;
- independent control of market risk, i.e. providing an objective check on risk-taking activities and the effectiveness of risk management to help ensure risks remain within the bank's defined risk appetite, so that risk concentrations are avoided, and risk and return objectives are appropriately balanced;
- ensuring all systemic portfolio and market risks taken within a particular business are well understood and controlled, understanding the drivers of P&L, valuation issues and potential sources of stress;
- mapping and management on the market risk in portfolios and in individual positions, especially concentrated positions;
- where market risks have been identified, reviewing – as far as possible – that they are completely and accurately captured and fed to risk measurement systems, and ensuring they are appropriately constrained through limits and/or other controls, as necessary;
- determining the appropriate regulatory capital treatment of risks subject to the market risk control framework.

The role of the Managing Board and the Board of Directors and its Committees is the definition and approval of a risk appetite (in relation to the banking as well as to the trading book), reviews market and liquidity risk limits with respect to capital and performance management in addition to reviewing local banking book profile.

There was no material change in the market risk management framework in 2020.

2.1.3.1. Trading Book

There are two method types, to measure market risk. Those methods can be categorized as portfolio based measures (like Value at Risk) and sensitivity based measures. Both methods are used in conjunction.

Value at Risk (VaR): Value at Risk measures the potential loss in value of a risky asset or portfolio over a predefined period for a given confidence interval. The risk horizon and confidence level is 1 day, 99%. At the moment historical simulation is used to generate value at risk estimates where value at risk is calculated for all instruments which are implemented in the market risk engine and for which a time series of the market risk factors is available.

Worst case interest rate movement over one year (Stress VaR):

- The basis is the time series starting in 2007, which is used to calibrate a one year period that presents the worst performance for the current portfolio of Erste Group. The Stress VaR is a historical VaR simulated on this period at a 99% confidence level.

Key Rate Shock or interest rate sensitivity per bucket

- Present value of one basis point (PVBP or PV01)
- Present value of a one basis point change of the credit curve (Credit01)

Performance based Triggers (Stop Loss)

Stop loss refers to an action trigger when the profit and loss shows a certain loss with respect to a certain predefined basis (this can be for example the YTD performance, the performance measured from a high water mark).

Recording risk in the trading book

The Bank's trading book is managed by the Treasury. Determining the position and the market value of the positions is a system of the Bank, which makes it possible to clearly distinguish the business assigned to the trading book for the established portfolio / folder structure. Each folder is assigned to a portfolio and assigns all portfolios to a bank or a trading book. Every trading day is updated on the trading book, based on fixed transactions

Limit Setting and monitoring

The limits must always be in line with the risk appetite of the respective trading unit. Starting with the budget of the unit a VaR limit is derived where in a further step sensitivity limits are derived. In order to control the development of the P&L, stop loss limits are derived based on the VaR / sensitivities and the yearly budget. In case limits are breached the breach is reported to the respective committees.

Capital requirement for position risk, exchange risk and large exposure risk is calculated according to the standardized method.

The general standards of market risk controlling and management (standards, limits and analyses) are defined by Erste Group, and described in the Group Principles for Managing Market Risk and are constantly reviewed based on the changes of the market circumstances, market standards and regulatory expectations.

Risk measurement is guaranteed by the daily calculation of VaR for each of the trading units. Additionally, sensitivity limits are in place for all asset classes.

The limits are monitored daily. Furthermore, a consistency check between the VaR limits and the sensitivity limits is carried out on a regular basis.

Risk measurement by purely statistical methods such as VaR does not adequately take into account the consequences of crisis situations.

For this reason, the Bank supplements its VaR-based risk measurement with stress testing based on several methods (stressed Value-at-Risk (sVaR), extreme value theory, scenario analysis). These assessments help to analyse the effects of market movements of low probability.

Market risk reporting

The Managing Board shall continuously review information on the bank’s market risk development. Risk Management shall report to the Supervisory Board on a regular basis. In addition, the Supervisory Board shall be informed about the market risk strategy and the market risk management framework on a yearly basis.

Risk reporting is divided into internal and external reporting:

Internal reporting comprises of

- daily measurement and limit control of the market risk of all trading books (VaR, sensitivity and performance based triggers reporting to management);
- detailed monthly reports;
- stress tests.

External reporting comprises of

- Capital requirement based on the internal model;
- Reports on exceptions in backtesting of the internal model if required;
- Quarterly reports to the Magyar Nemzeti Bank;
- Stress testing on irregular basis.

Interest rate risk of the Banking Book

The rules of the CRR obligate banks to quantify the interest rate risk of their banking book and the capital requirements of this risk. Beyond the external requirements, business operations of the bank, managing their financial risks and the need for measuring profitability unambiguously requires the separation of banking and trading activities and their risk management. During the normal course of business the Bank undertakes interest rate risk arising from the repricing of collected funds and placements.

The internal documents of the Bank clearly outlines the tasks, responsibility and authority for:

- identifying the potential interest rate risk, which is arisen from the expected development of the balance sheet and banking activities;
- establishing and maintaining an interest rate risk measurement system;
- monitoring and reporting interest rate risk positions and;
- formulating and executing strategies to manage interest rate risk exposures in accordance with the guidelines of both Erste Group and Hungarian regulatory authorities.

The bank is committed to apply an interest rate risk management process, which is extensive and focuses on every relevant issue. In the interest of these, both short term, profit-oriented and long term, economic value oriented variables are included in the policy.

Organization

The Bank's Risk Appetite Statement consists of the core risk metrics and key risk principles to manage risks and sets the boundary for limits.

The supreme decision making body regarding the asset liability management and the interest rate risk management is the Asset Liability Committee, that meets at least monthly. Asset-Liability Management is responsible for the management of the interest rate of the banking book, and the maintenance of the funding transfer price system. Liquidity and Market Risk Management is responsible for the measurement of interest rate risk and reporting to the ALCO.

This organizational set-up guarantees the implementation of independence of interest rate risk measure, monitoring and controlling from departments undertaking interest rate risk.

Risk types and measurement methods

The Interest Rate Risk in the Banking Book (IRRBB) generally can be defined as follows: deterioration of the financial position of the bank deriving from the unexpected and unfavorable fluctuation of interest rates and the exposure to such negative consequences. The deterioration of the financial position can basically arise in two areas: it can impact profitability on the one hand, and the economic (business) value of the bank on the other hand.

Conventionally, risks can be listed under four categories based on the type of interest rate fluctuations and the type of positions exposed to risk:

- repricing risk;
- basis risk;
- yield curve risk;
- option risk.

Out of the above regarding positions recorded in the Banking Book generally the repricing (new pricing) risk is the most frequent and, regarding its impact, the most significant source of interest rate risk. Option risk is currently not quantified, but the Bank takes it into account in its internal transfer prices and manages this risk by appropriate pricing.

Risk Management in the Banking Book

The interest rate risk of the Banking Book is dealt with by the management in the Asset Liability Committee (ALCO). The ALM regularly reviews the interest rate risk position of the Bank and the development of the positions thereof. In addition to monitoring the position, the ALM also has the right to evaluate and rate the Bank's interest rate risk position.

Risk Measurement and control

The QRM Balance Sheet Management software is used throughout the entire Erste Group. The data for the current portfolio, market data for the cut-off date in question and the assumptions on future portfolio developments (volume, margins, etc.) are all entered into this system. It measures both the effect on profit/loss and the market value of the banking book positions. The data are organised in an account/product structure. The account structure corresponds to that of the IFRS balance sheet, while the product structure represents the currency and the interest rate-related behaviour of the products in this group.

Risk Measurement in the Banking Book

For assessing the interest rate risk of the Banking Book the Bank uses the simulation method, which is among the methodologically more sophisticated solutions.

The different aspects of exposure to interest rate risk are taken into consideration by the Bank, i.e. in the course of simulation the calculations are carried out with the approach traditionally used by asset-liability management, which means that

- the net interest income simulation (income perspective) and
- the cash-flow valuation, or the economic value simulation (economic perspective) are applied.

Risk hedging

The major instruments of interest rate risk management are balance sheet restructuring and off-balance-sheet instruments, influenced by the following risk characteristics: maturity, type of interest payment (fix or floating), repricing dates and periods, as well as the indicator to which the repricing are linked.

Risk reporting from the Banking Book

The Bank's management regularly receives reports about the development of the banking book interest rate risk exposure. These reports allow the Management:

- to evaluate the level and trend of the Bank's total interest rate risk exposure;
- to check compliance with the defined risk tolerance levels;
- to identify potential risk exposure excess of the level set forth by the policy;
- to determine if the Bank has enough capital to undertake the respective interest rate risk;
- to make decisions regarding interest rate risk.

2.1.4. Market Risk Model

Risks are calculated based on the standardised model (Article 329. (3), 352. (6), 358. (4) of CRR), the Bank does not use internal model. (Art. 455.).

2.1.5. Liquidity risk

Goals and principles of risk management

Liquidity risk is defined by Erste Bank Hungary Zrt. according to the principles of the Basel Committee for Banking Supervision. Thus, a difference is made between:

- market liquidity risk (i.e., the risk that the Bank will be unable to close a position due to insufficient market depth or market disruptions) and,
- funding liquidity risk, i.e., the risk that the bank would not be capable of efficiently fulfilling expected or unexpected requirements for current and future cash flows and collateral without restricting their daily business or the financial situation. The funding liquidity risk is broken down further into:
    - insolvency risk and
    - structural liquidity risk.

The former is the short-term risk that current or future payment obligations will not be fully met in a timely and economically appropriate manner, while structural liquidity risk refers to the long-term risk of losses due to a change in the refinancing costs or in the issuer spreads of the Bank.

Liquidity risk management framework

Liquidity and Market Risk Management is responsible for liquidity risk management in Erste Bank Hungary Zrt.

The process of formulating the liquidity strategy is the following:

- the Bank Supervisory Board acknowledges the RAS, receives Bank risk reports which include RAS development and the liquidity risk profile;

- the Board sets the strategic framework for liquidity management, approves the risk tolerance appropriate to the business strategy, approves the Bank strategy, policies and practices to manage liquidity risk in accordance with risk tolerance and reviews the information on the bank's liquidity development;
- the Asset and Liabilty Comittee is the highest decision making committee concerning all aspects of Liquidity Risk Management. It approves and is responsible for the definition and implementation of a sound liquidity risk analysis framework for identifying, measuring, monitoring and controlling all liquidity risk types across the Bank;
- the Operative Liquidity Committee consists of the relevant stakeholders of Treasury, ALM and Liquidity and Market Risk Management and monitors the liquidity position of the Bank
- The changes of the liquidity indicators and the Bank's liquidity strategy is presented to the Management during the monthly ALCO

2.1.5.1. Risk measurement and control

Survival period analysis

The short-term liquidity risk (insolvency risk) is measured and limited by applying a "Survival Period Analysis" for every currency. This analysis provides the maximum period during which a bank survives in a serious combined market and idiosyncratic crisis while relying on its pool of liquid assets. The worst-case scenario monitored simulates very limited money market and capital market access and at the same time significant client deposit outflow. Furthermore, the simulation assumes increased drawdown on guarantees and loan commitments dependent on the type of the customer, as well as the potential outflows from collateralised derivative transactions estimating the effect from collateral outflow in the case of adverse market movements.

Liquidity coverage ratio (LCR)

The CRR and the Delegated Act based ratios are monitored on monthly frequency. According to the RAS, the red zone limit level of the LCR is at 105%, there is furthermore a warning level (amber zone limit) that is defined in nominal terms for the LCR buffer (the difference between the High Quality Liquid Assets and Net Liquidity outflow) at EUR 400M. .

In 2020, the Erste Bank consolidated LCR was measured in the range of 143% and 222%. In the consolidated balance sheet of Erste Hungary, there are three currencies surpassing the 1% level of the total assets: HUF, EUR and USD. The main currency of the liquidity surplus of the Bank is in HUF as the liquidity is primarily invested in Hungarian Government Bonds. The temporary FX liquidity shortages are managed by the ALM through FX derivatives.

The risk concentrations analysed on quarterly frequency in the Bank. In 2020, the measured value of the Herfindahl index quantifying the risk concentration was around 1% showing low level of risk.

2.1.5.2. Methods and instruments of Risk mitigation

The general standards of liquidity risk controlling and management are defined by the Bank, documented in the respective internal guidelines and are constantly reviewed and further developed.

The Contingency Funding Plan provides a framework for managing both temporary and long term liquidity disruptions that risk the bank's ability to fund some or all of its activities in a timely manner and/or at reasonable cost. The plan is tested and revised at least yearly. Testing shall ensure that roles and responsibilities are appropriate and understood, contact information is up to date and the transferability of cash and collateral is still present.

Consolidation level : Erste Bank Hungary Group	2020 Q1		2020 Q2		2020 Q3	
Description	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
(data in million HUF)						
Number of data points used in the calculation of averages	1	1	1	1	1	1
HIGH-QUALITY LIQUID ASSETS						
1. Total high-quality liquid assets (HQLA)	**1,188,423**	**1,187,656**	**1,370,612**	**1,369,333**	**1,234,672**	**1,233,418**
OUTFLOWS						
2. Retail deposits and deposits from small business customers	**1,251,900**	**105,722**	**1,332,205**	**104,627**	**1,339,437**	**104,494**
3. Stable deposits	561,716	28,086	598,768	29,938	607,915	30,396
4. Less stable deposits	690,184	77,636	733,437	74,688	731,522	74,098
5. Unsecured wholesale funding	**945,887**	**681,438**	**1,010,136**	**702,558**	**1,009,077**	**648,931**
6. Operational deposits	3,246	162	1,007	50	1,188	59
7. Non-operational deposits	942,640	681,275	1,009,129	702,508	1,007,888	648,871
8. Unsecured debt	0	0	0	0	0	0
9. Secured wholesale funding	**9,615**	**9,615**	**50,881**	**0**	**0**	**0**
10. Additional requirements	**442,395**	**442,395**	**369,740**	**369,740**	**410,679**	**410,679**
11. Outflows related to derivative exposures and other collateral requirements	442,395	442,395	369,740	369,740	410,679	410,679
12. Outflows related to loss of funding on debt products	0	0	0	0	0	0
13 Credit and liquidity facilities	**167,597**	**14,926**	**147,616**	**9,973**	**147,577**	**10,227**
14. Other contractual funding obligations	**1,195**	**1,195**	**250,992**	**29,351**	**271,608**	**40,983**
15. Other contingent funding obligations	**383,398**	**89,168**	**206,286**	**12,249**	**9,712**	**9,712**
16. Total outflows	**3,201,986**	**1,344,459**	**3,367,855**	**1,228,497**	**3,188,089**	**1,225,025**
INFLOWS						
17. Secured lending	**0**	**0**	**2,546**	**0**	**39,998**	**0**
18. Inflows from fully performing exposures	**109,753**	**91,375**	**94,519**	**75,720**	**101,073**	**87,107**
19. Other cash inflows	**456,906**	**456,906**	**312,775**	**312,775**	**349,197**	**349,197**
EU-19a 19a{Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies}	0	0	0	0	0	0
EU-19b (Excess inflows from a related specialised credit institution}	0	0	0	0	0	0
20. Total inflows	**566,659**	**548,282**	**409,840**	**388,495**	**490,269**	**436,304**
EU-20a Fully exempt cash-flows	**0**	**0**	**0**	**0**	**0**	**0**
EU-20b Inflows subject to 90% cap	**0**	**0**	**0**	**0**	**0**	**0**
EU-20c Inflows subject to 75% cap	**566,659**	**548,282**	**409,840**	**388,495**	**490,269**	**436,304**
TOTAL ADJUSTED VALUE						
21. LIQUIDITY BUFFER		**1,187,656**		**1,369,333**		**1,233,418**
22. TOTAL NET CASH OUTFLOW		**796,178**		**840,002**		**788,720**
23. LIQUIDITY COVERGAE RATIO (%)		**149.17%**		**163.02%**		**156.38%**

Consolidation level : Erste Bank Hungary Group	2020 Q4		2020 average	
Description	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
(data in million HUF)				
Number of data points used in the calculation of averages	1	1	4	4
HIGH-QUALITY LIQUID ASSETS				
1. Total high-quality liquid assets (HQLA)	**1,218,480**	**1,215,569**	**1,253,047**	**1,251,494**
OUTFLOWS				
2. Retail deposits and deposits from small business customers	**1,421,452**	**110,126**	**1,336,249**	**106,242**
3. Stable deposits	665,813	33,291	608,553	30,428
4. Less stable deposits	755,639	76,836	727,695	75,814
5. Unsecured wholesale funding	**1,250,839**	**746,893**	**1,053,985**	**694,955**
6. Operational deposits	124,563	30,920	32,501	7,798
7. Non-operational deposits	1,126,277	715,972	1,021,483	687,157
8. Unsecured debt	0	0	0	0
9. Secured wholesale funding	**99**	**0**	**15,149**	**2,404**
10. Additional requirements	**542,559**	**542,559**	**441,343**	**441,343**
11. Outflows related to derivative exposures and other collateral requirements	542,559	542,559	441,343	441,343
12. Outflows related to loss of funding on debt products	0	0	0	0
13 Credit and liquidity facilities	**151,180**	**10,350**	**153,492**	**11,369**
14. Other contractual funding obligations	**271,307**	**62,808**	**198,776**	**33,584**
15. Other contingent funding obligations	**10,705**	**10,705**	**152,525**	**30,458**
16. Total outflows	**3,648,142**	**1,483,440**	**3,351,518**	**1,320,355**
INFLOWS				
17. Secured lending	**0**	**0**	**10,636**	**0**
18. Inflows from fully performing exposures	**421,557**	**400,044**	**181,726**	**163,562**
19. Other cash inflows	**473,673**	**473,673**	**398,138**	**398,138**
EU-19a 19a{Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies}	0	0	0	0
EU-19b (Excess inflows from a related specialised credit institution}	0	0	0	0
20. Total inflows	**895,230**	**873,717**	**590,500**	**561,700**
EU-20a Fully exempt cash-flows	**0**	**0**	**0**	**0**
EU-20b Inflows subject to 90% cap	**0**	**0**	**0**	**0**
EU-20c Inflows subject to 75% cap	**895,230**	**873,717**	**590,500**	**561,700**
TOTAL ADJUSTED VALUE				
21. LIQUIDITY BUFFER		**1,215,569**		**1,251,494**
22. TOTAL NET CASH OUTFLOW		**609,723**		**758,656**
23. LIQUIDITY COVERGAE RATIO (%)		**199.36%**		**164.96%**

Table 1: The value and components of the liquidity coverage ratio

2.1.6. Operational risk

Principles and objectives in Operational Risk Management

Definition of Operational Risk: The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk.

Erste Bank Hungary Zrt. treats operational risk since 2004 and uses for identifying and assessing this type of risk quantitative and qualitative risk methodologies as well.

The fundamental objective besides determining the operational risk capital is to enhance the operational risk awareness in the Bank, the identification and collection of risk factors, and the treatment of operational risk proactively as well.

Organization

In Erste Bank Hungary Zrt. Operational Risk area within Strategic Risk Management, ICAAP and Operational Risk.

Measuring of risk and controls

Methodologies regarding measurement of operational risk

- Loss Data Collection: Loss data collection on a decentralized base covers the whole Bank with integrated rules and standards
- Key Risk Indicators: Monitoring and collection main risk indicators showing the risk evolution in the Bank
- Scenario analysis: Evaluating the exposure to potential low frequency high severity events
- Risk Control and Self Assessment: Risk assessment on a qualitative base should be performed with every business unit within the Bank, in order to identify high residual risk factors in the Bank
- Assessing the risk of Outsourcings, models, and products within the Bank
- Evaluation of Benchmark data with the following tools: HunOR the Hunagrian and ORX the international loss database

Methods for treating and preventing operational risk:

- Insurance for mitigating the impact of events
- Mitigation measures to prevent future similar events and for proactive management of potential risks
- Presenting the highest loss events, and mitigation measures to the Operational Risk Management Committee

2.1.7. Other risk

Strategic risk

Strategic risk, when crystallizing, will also impact the liquidity situation of the bank, either in the form of unexpected additional funding needs and/or higher funding costs.

EBH uses a model developed and maintained by Erste Group for quantification of economic capital for Business/Strategic risk. In addition to covering the economic capital in Pillar 2 risk-bearing capacity, a qualitative assessment is also performed annually within the Risk Materiality Assessment framework focusing on the key aspects of Strategic risk (business risk, profitability and capital risk, management risk). Main results of the qualitative and quantitative assessments are considered during the impementation of the management and control framework as well as risk factors are simulated and analysed in the regular internal stress testing framework.

Reputational risk

The reputational risk, as any type of risk to which the Bank is exposed, is assessed at least annually. Due to its nature, reputational risk falls under qualitative assessment.

EBA has established clear processes and a comprehensive framework to manage reputational risk:

- Code of Ethics, Compliance Policy, PR Directives and related processes and compliance therewith;

- Regulatory guidelines for corporate / retail product approval processes;
- Monitoring of events negatively affecting the Bank's reputation.

2.2. GOVERNING AND CONTROLLING BODIES OF ERSTE BANK HUNGARY ZRT.

2.2.1. Selection and assessment of members of management bodies

Erste Bank Hungary Zrt. has been a member of Erste Group since 1997. Erste Group Bank AG is Erste Bank Hungary Zrt.'s parent company, hereinafter the preference shareholder, other shareholders are the Corvinus Nemzetközi Befektetési Zrt. and the European Bank for Reconstruction and Development.

The qualification requirements (skills and expertise) for members of the governing and controlling bodies of Erste Bank Hungary Zrt. are governed by the internal guidelines for the selection and assessment of members of the management and supervisory boards, defined by the Nomination Committee of the company.

These guidelines define, in accordance with applicable legal provisions (Hpt. 112. §.), the internal framework for the selection and assessment of proposed and appointed members of the management bodies, corporate bodies and are also an important tool for ensuring good corporate governance and control. The assessment of proposed and appointed members of management bodies is based on the following criteria:

- reputation requirements (no criminal record, no violation of the statutory regulations pertaining to financial organizations);
- experience criteria (education and professional experience);
- governance and independence (examination of potential conflicts of interest; the overall (existing) composition of the Board of Directors or Supervisory Board and the relevant, necessary collective knowledge and experience; the ability of the candidate to perform his/her duties independently, without undue influence from other persons).
- time expense
- overall compliance

Both on individual and on overall level the management and supervisory bodies and their members possess the necessary knowledge, experience and expertise required to fulfil their role at the company, as follows:

Overview of education:	Overview of professional experience:	Overview of expertise:
Master - of Business Administration, - in Economics, - in Finance, - or in Engineering.	Diverse background gained at several local/regional/global organizations, private/public financial institutions as well as in consulting.	Relevant expertise on fields of banking operations.
Studies in internationally acknowledged institutions.	Overall experience of the board members covers the whole banking operation.	Deep expertise of financial markets.

Various extracurricular activities.	At least 15 years of professional experience in the banking sector or 10+ years of experience in managing respective fields.	Proven leadership skills and expertise.

Table 2: Skills and expertise of the managing and governing bodies of Erste Bank Hungary Zrt. as of 31 December 2020

2.2.1.1. Members of the Board of Directors on 31 December 2020

Radovan Jelasity Chairman of the Board of Directors, CEO (01.06.2011. -)

Mr Jelasity was born in Baja, finished his secondary school in Budapest. He obtained an MBA at the Finance Faculty of Illinois University in Chicago after acquiring a degree in economics at the Belgrade University. He started his banking career at the Deutsche Bank in Frankfurt where he worked for four years as area manager responsible for Central-Eastern Europe. Later he participated in banking projects in Germany, Poland and Bulgaria, on behalf of McKinsey&Company in Frankfurt. As Vice President of the Banking Rehabilitation Agency he participated in the reorganization of the banking sector and in the launch of the privatization process of several large banks. After serving as Deputy Governor he was appointed the Governor of the National Bank of Serbia in 2004 and held this office until 2010. . As central banker, Mr Jelasity played an important role in the consolidation of the Serbian banking sector and the insurance market, as well as in the strengthening of the regulatory and supervisory bodies; furthermore he played a key role in Serbia's negotiations with international financial institutions. Mr Jelasity - as Chief Executive Officer of the Company since June 2011 – beyond his responsibilities specified by the laws and by the by-laws of the Board of Directors - is responsible for the financial stability of the Company, acts as managing director of the Company and assists the Board of Directors in making decisions affecting the entire Company. He contributes to setting directions to the Company's business policies with evaluation of local and foreign business and macro-economic environment. He manages and coordinates the Company's Corporate Division, supervises the strategic and business planning as well as the operation of the Division. In addition to his position held in the Company, he has been the member of the General Council in the Hellenic Financial Stability Fund in Athens from October 2016 till November 2019. He is the president of the Hungarian Banking Association from May 2020.

László Harmati Managing Director, Deputy CEO Retail (02.04.2013. -)

Mr Harmati started his career at the ITCB - Consulting and Training, then between 1998 and 1999 he was Head of Department of Entrepreneurship and Regulation in the Ministry of Finance. Between 1999 and 2002, as Head of Department of Regulation at the National Bank of Hungary, he played a leading role, amongst others, in the development and launching of the domestic trading book regulation and the implementation of the Basel capital rules in Hungary. From 2002 until early 2013, as Deputy CEO at FHB Mortgage Bank Nyrt, and as CEO from 2010 the supervision of the entire business area belonged into his his competence and as a consequence he played a leading role in the management of the bank's business strategy. In 2006 and 2007 he undertook an active role in founding the FHB Bank Zrt where he fulfilled the position of the CEO. In 2010 and 2011 he was in charge of the acquisition of Allianz Bank Zrt. Mr Harmatie is associated with the establishment of the new business model, managing the rationalization project, and the intensive retail online developments (netbank, netbroker, lead generation via the Internet). He had a leading role in the cost rationalization, the development of the new set of tools for housing subsidy, he is credited with the re-tuning of the collection protocols, and the increase of the branch and direct channels' cross-sale potential. László Harmati as Deputy CEO (Chief Retail Officer) of the Company – since April 2013 – manages and coordinates the retail division of the Bank, supervises the operation of the branch network, manages and supervises the sale of retail products, the customer service and the telesales channel of the Bank.

Krisztina Zsiga Managing Director, Deputy CEO Risk management (06.11.2017. -)

Ms Zsiga graduated in 1993 at the Manchester Metropolitan University. She has been working in risk management for more than 20 years. She gained wide experience on this area in various European countries. Between 1995 and 2007 she worked at Inter-Európa Bank, Citibank and the CitiGroup in Budapest, Moscow, Norway, Prague, and London. She joined Erste Group Bank AG in January 2008 where she was working as Head of Retail Risk Management. Between 2013 and 2016 she was member of the Company's Supervisory Board before she had been elected as external member of the Board of Directors. In November 2017 Krisztina Zsiga was elected as Deputy CEO for Risk Management (Chief Risk Officer) of the Compay. She supervises the credit policies of the Bank's business lines, including the credit rating, collateral valuation and provisioning policies. She regularly reviews market risks, supervises the delegation of functions regarding credit clients and he holds responsibility for the safe and secure operation of the Company.

Ivan Vondra, Managing Director, Deputy CEO Finance (07.11.2015. -)

Mr Vondra used to work at the Czech subsidiary of the Erste Group, at Česká Sporitelna as Head of Accounting, Controlling and Business Intelligence since 2002. Between 1992 and 1996 he was Deputy CFO at International Commercial Bank in Prague he gained 20 years experience in the financial market. Ivan Vondra as Deputy CEO (Chief Financial Officer) of the Company – since November 2015 – is responsible for the financial stability within the Company's business policies and he supervises the Finance and Accounting, Controlling, ALM, Facility and Property Management and Procurement areas.

Tamás Foltányi, Managing Director, Deputy CEO IT and Operation (15.01.2016. -)

Mr Foltányi studied at the Budapest University of Technology at the Faculty of Electrical Engineering then finished the Bank Management Programme at The International Training Center for Bankers Ltd. (Bankárképző). During his career he held leading positions at Inter-Európa Bank and Creditanstalt. From 1999 until 2004 as a managing partner at PWC and IBM he was responsible for the Hungarian financial sector and services offered for them, then took over the management of the IBM Global Services businesses. From 2005 until 2015 he was the Deputy Chief Executive Officer of the FHB Mortgage Bank Nyrt. Tamás Foltányi as Deputy CEO for IT and Operation (Chief Operating Officer) of the Company – since January 2016 – is responsible for the Bank's IT and operations, supervises the IT system development and operational tasks of the Company, manages and coordinates the IT planning of the Company.

Dr. János Rudnay, external Board of Directors member (01.10.2004. -)

Mr Rudnay graduated at the Vienna University' Law School in 1977. Between 1977 and 1994 he worked in management positions at various Philips affiliates. As of 1994 has was the CEO of the Pécs Brewery Rt. then from 1995 he was the CEO of Reemtsma Debrecen Tobacco Plant Kft. Between 2001 and 2002 he was the member of SPB Investment Rt's advisory board. He has been a consultant to Erste Group Bank AG since September 2002. From 4 December 2003 he was external Board member of Postbank and Savings Fund Rt, then from 1 October 2004 he has been elecetd as external member of the Board of Directors at the Company.

Frederik Silzer external Board of Directors member (01.08.2005. -)

Mr Silzer started his career in 1988 at the die Erste österreichische Spar-Casse Bank, then from 1993 he worked at AVABANK in the are coordinating affiliates and he was Executive Director at several Central European subsidiaries. In 1998 he joined Bank Austria AG (earlier operated as Creditanstalt

AG) where he was in charge of coordinating subsidiaries, amongst other in Hungary. Since 2008 he has been in charge of coordinating the activity of Erste Bank der österreichischen Sparkassen AG in Central-Eastern Europe, including Hungary, he is responsible for numerous acquisition and integration projects.

Zoltán István Marczinkó, external Board of Directors member (11.08.2016. -)

Mr Marczinkó graduated in 1988 at the Karl Marx University of Economic Sciences. At the beginning of his career he worked as the Head of Section for Production Organization in Dabas Printing House. He worked at Budapest Bank Nyrt. as Lending Executive from 1992. Later he was appointed the Head of Branch Network/Head of Central Branch at the HBW Express Savings Cooperative. He worked in the same position (branch manager) at Budapest Bank Nyrt. from 2000 to the end of the year 2010, after that he was the head of the Corporate Business Center.

From 2013 he worked at the Széchenyi Kereskedelmi Bank Zrt. as Head of Acquisitions and Business Development. From 2014 he is Deputy Secretary of State at the Ministry for National Economy, responsible for Key Corporate Relations.

Michael Neumayr, external Board of Directors member (14.09.2016. -)

Mr Neumayr graduated in 1980 as doctor of law at the University of Vienna and subsequently obtained a diploma in International Relations at the Johns Hopkins University, Bologna Center.

He started his professional career in 1982 in international banking at Girozentrale Group, and held various management positions at the international division in Vienna, and the subsidiary in Zurich. In 1995 he joined Bank Austria Creditanstalt, Vienna, heading the International Finance and Syndications Department until 2002.

From 2002 to 2008 he was Executive Director and Member of the Board of Directors at the European Bank for Reconstruction and Development (EBRD) in London, representing Austria and five other shareholder countries, including Bosnia and Herzegovina, and Kazakhstan.

Since 2008, he is an independent business advisor, he established his own company under the name Finance and Business Consultant. He is Board of Directors member at KrK-Kreditimi Rural I Kosoves from 2012 and at Unibank from 2015, he is also a member of the Investment Committee at GFF.

Karin Svoboda, external Board of Directors member (01.04.2020.-)

Ms Karin Svoboda graduated in 1995 as economist at the University of Vienna. She started her career at Erste Group Bank AG from 1998, where she held various management positions from 2002. Later she was appointed the Head of Projects and CEE Governance, Head of Group Crisis Management and Head of Group Capital Management. Karin Svoboda is the Head of Enterprise wide Risk Management - since 2017 – is responsible for group level ICAAP framework, central credit risk calculation, group level IFRS 9 impairment methodology and validation, regulatory and management risk reporting, recovery and resolution planning.

2.2.1.2. Members of the Supervisory Board on 31 December 2020

Dr. Manfred Wimmer, Supervisory Board member, Chairman of the Supervisory Board (01.09.2008. -)

Mr Wimmer graduated in 1978 at the Law School of the Innsbruck University. Between 1982 and 1999 he worked at the International Division of Creditanstalt, Wien. He has been working at ERSTE Bank der Oesterreichischen Sparkassen AG. between 1998-1999 as Head of International Marketing

Departmentbetween 1999-2002 as acquisition and integration Project Manager of Ceska Sporitelna then between 2002-2007 as Head of Strategic Holding Development Area. Between 2007 and 2008 ha held the position of the President and Board Member of Banca Comerciala Romana. Since 2008 Mr Wimmer is Board Member at Erste Group Bank AG responsible for Finance and Accounting and Performance Management. He retired as of 1 September 2013, but he is keeping the Chairman position of the Company's Supervisory Board.

Friedrich Rödler, Supervisory Board member (28.04.2012. -)

He graduated in 1975 at the Vienna Technical University (Mathematics and IT specialty), then obtained an academic degree at the Vienna School of Economics in 1976, then a second degree in "International relations" specialty. From 1976 until 1986 he was employed by Arthur Andersen & Co, then between 1986 and 1990 he worked as a partner at GRT Robol & CO. He held various positions at PWC from 1990 to 2013. Mr Rödler is the Chairman of the Supervisory Board of Erste Group Bank AG. He has more than 34 years of work experience in financial, accounting and tax consultancy matters.

Maximilian Clary Und Aldringen, Supervisory Board member (22.03.2016. -)

Mr Clary Und Aldringen graduated at the Universitat Passau and European School of Management. He started his master's degree studies at London Business School for Executive MBA Degree in 2014, where he have been finished all courses successfully. During his working career he held several positions at Raiffeisen Zentralbank Österreich AG and Raiffeisen Bank International AG. From 2013 until 2014 he was employed at the Romanian subsidiary of Erste Bank Bank AG, Banca Comerciala Romana as a consultant to the Chief Operating Officer. Since April 2014, he had been the senior manager of the Group Strategy area of Erste Group Bank AG, and since January 2015 he is the head of the this area.

dr. Alíz Zsolnai, Supervisory Board member (11.08.2016. -)

Ms Zsolnai graduated in 2002 at the University of Szeged. She passed Specialist Exam in Public Administration in 2004. In 2006 she spent three months internship in the HM Treasury and finished her PhD studies in 2012. From 2002 she is a government official in the Ministry of Finance, where she worked as Deputy Head of Department in 2014, and as Head of Department since 2015. Regular lectures given at conferences, professional debates and training courses related to various financial organisations, institutions and services Preparation of national-scale central regulation of training programs and regular participation in the elaboration of training and examination materials for high-level as well as adult education and training.

Lucyna Stanczak-Wuczynska, Supervisory Board member (28.02.2017. -)

Ms Stanczak-Wuczynska graduated in 1990 at the Warsaw School of Economics then obtained a second degree in Economics and European Integration. She started her professional career in 1992 at Credit Agricole. Between 1998 and 2000 she was the Structured Finance Vice President of ABN Amro Bank Polska S.A. She joined the European Bank for Reconstruction and Development (EBRD) in 2000 in Poland, where she became Country Director. Since August 2014 she has been working at the headquarters of EBRD in London as Financial Institutions (EU Banks) Director.

Ara Homeri Abrahamyan, Supervisory Board member (02.09.2019 -)

Ara Homeri Abrahamyan graduated on the faculty of Electrical Engineering at State Engineering University of Armenia in 1994, than he completed his Ph.D. studies in 1999. Between 1994 and 2000 he worked as researcher at different universities. During his career, he was Senior Programmer, Software Architect and Partner at Nairsoft Inc., afterwards at Seals GmbH in software development and architecture area. He held various positions at Deutsche Bank AG from 2002 to 2015, as Global Head of Credit Engines and Operational Risk IT department, thereafter as Head of Client Lead for Risk Analytics, Living Wills and Operational Risk IT department, finally he became the Regional Head of Risk, Legal, Compliance and CSBC IT area. He is holding the position of Head of Group Digital Transformation at Erste Group Bank AG, where he started to work at 2015. He is responsible for the Group IT Portfolio management, Investment Governance, IT Strategy of the Group and Group Digital Transformation as well. He is a member of the Group COO. He became Supervisory Board member at Erste Bank Hungary from 2nd September 2019.

Magdolna Nagy, Supervisory Board member, representing employees (01.02.2013. -)

Ms Nagy is the Head of the Custody area of the Company

She graduated in 1990 at the Budapest School of Economics. She has 20 year experience in investment services. Since 1993 she developed the depository service activity in various Hungarian banks. Between 1993 and 1997, she was head of deposit management at Magyar Hitelbank then between 1997 and 2000 at CIB Central European International Bank Rt. At the Company she has been Head of the Custody area 2000.

Anna Kósa, Supervisory Board member, representing employees (11.08.2016. -)

Ms Kósa is the Head of Compliance at the Company.

She graduated as lawyer in the University of Miskolc. She worked as compliance and legal executive at the beginning of her career at the Magyarországi Volksbank. She joined the Company in 2012 as compliance expert at the AML and Securities Compliance. She was responsible for performance of compliance functions related to the financial and investment service activities of the Company and for the supervision of the relevant internal processes from compliance aspects. Later she was the Acting Head of Compliance Department. She is the Head of Compliance) since May 2016.

Attila István Balla, Supervisory Board member, representing employees (06. 12. 2018. -)

Mr Balla is the regional head of the branch network in the East Hungarian region, originally graduated as an engineer, but he also finished economy studies in 1993. Before joining the Company in 2010, he worked for several other credit institution in various positions (head of sale at retail and SME segment for Unicredit or branch director for Raiffeisen..etc). He was mainly responsible for sales activities in his positions, but he had committee mandates as well, like Supervisory Board member for Erste Biztosító as well as for UniCredit Bank.

Directorate outside the Group

Name	Number of directorate outside the Group
Radován Jelasity	0
Krisztina Zsiga	0

László Szabolcs Harmati	0
Ivan Vondra	0
Tamás Foltányi	0
Frederik Silzer	0
dr. János Rudnay	0
Zoltán István Marczinkó	0
Michael Neumayr	0
Karin Svoboda	0
Manfred Wimmer	0
Friedrich Rödler	1
Maximilian Clary Und Aldringen	0
dr. Alíz Zsolnai	0
Lucyna Stanczak-Wuczynska	0
Ara Homeri Abrahamyan	0
Magdolna Nagy	0
dr. Anna Kósa	0
Attila István Balla	0

2.2.1.3. Members of Managing Board on 31 December 2020

Jelasity Radován: Chairman of the Board of Directors, CEO, managing director responsible for the Corporate Business

László Harmati: Managing Director, Deputy CEO Retail

Krisztina Zsiga: Managing Director, Deputy CEO Risk management

Ivan Vondra: Managing Director, Deputy CEO Finance

Tamás Foltányi: Managing Director, Deputy CEO IT and Operation

2.2.1.4. Number of meetings held by the Board of Directors and the Supervisory Board in 2020

In 2020 both the Board of Directors and Supervisory Board held four meetings.

The quorum at the 2020 meetings of the Board of Directors and the Supervisory Board was ensured in each case.

2.2.1.5. The presentation of criteria considered when evaluating the work of the Board of Directors, the Supervisory Board, the Managing Board, as well as of the members of these bodies

The Company is a credit institution subject to the Credit Institution Act, where, in line with the legislative provisions the Nomination Committee appraised the members of the Board of Directors and the Supervisory Board. The appraisal criteria for members of these bodies are laid down in the Remuneration Policy published by the Company, its Fit & Proper regulation and other criteria laid down in the Credit Institution Act. No further measures were made as a follow-up to this appraisal.

2.2.2. Policy of diversity

Erste Group was founded on the principles of accessibility and inclusion. Diversity and equal opportunities are firmly embedded in Erste Group's corporate philosophy and corporate culture, thus providing a solid foundation for building strong and mutually beneficial relationships between Erste Group, its employees and the communities and societies in Erste Group's markets. The commitment to promoting equal opportunities and diversity was institutionalized by appointing a Diversity Manager responsible for developing a group-wide diversity policy, identifying targets and measures, as well as regular monitoring and reporting on targets.

During 2016 the Bank has joined the European Diversity Charter.

2.2.3. Risk governance committees

Risk management is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities and risk limits. Besides the Risk Governance Committee (RGC) the Bank has also established local committees in order to support an efficient decision process and in order to ensure a multi-functional supervision (i.e. ensuring the participation of various fields of professions). The main task of the committees are managing the risks, forming the related principles and risk strategies, harmonizing with business strategy, following up and monitoring the strategy and its execution, as well as strengthening the risk awareness and risk culture. The main objectives of the committees include the promotion of mutual understanding and coordination in the field of corporate and retail lending activities and between the internal management functions.

Risk Governance Committee

The Board of Directors established – with the acknowledgment of the Supervisory Board – according to "Banking Act" 110 § the Risk Governance Committee. The Risk Governance Committee held four meetings in 2020 at which it took decisions which are within its duties as outlined below:

- advises the Managing Board with regard to current and future risk tolerance; the credit institution's risk strategy and monitors the implementation of this risk strategy;
- it further checks whether the incentives offered by the internal remuneration system duly consider the risk, the capital, the liquidity and the probability as well as the time of realised profits;
- it is responsible for granting approval in all those cases in which loans and exposures or large exposures reach an amount exceeding the approval authority of the Managing Board defined in the approval authority regulation;
- it is responsible for monitoring risk management at Erste Bank Hungary Zrt.;
- it further checks whether services and products are adequately priced to take into account the business model and the credit institution's risk strategy.

Asset-Liability Management Committee (hereinafter ALCO) task and purpose:

In order to ensure the Bank's profitability and secure operation, it regularly reviews in terms of market risks the following:

- the Bank's short and medium term liquidity and the financial sources of the Bank;
- the interest rate margin of the bank's balance sheet;
- the structure and volume of market risk, with special focus on the changes in profitability resulting from eventual interest rate volatility;

- balance sheet growth,
- capital adequacy.

In addition to ensure adequate solvency position of the Bank it regularly discusses the overall solvency situation of the Bank, contributes to the discussion about the capital management, especially about the supply side of the capital and prepares decisions related to capital management to the Managing Board.

To ensure the the Bank's profitability and secure operation it has a decision making right in the areas of liquidity and refinancing, capital management, internal transfer price system and other questions.

Retail Risk Committee (hereinafater RRC) task and purpose:

The Retail Risk Committee (hereafter RRC) is responsible for continuous supervision of the Bank's retail lending activity; supervision of the retail collection and work out activity; supervision of the retail credit portfolio risk; definition of regulations related to lending criteria, processes and documents which are not regulated elsewhere.

No individual risk-taking decision competence is granted to this Committee. Its tasks contain:

- develop and decide on retail risk strategy which derived from the Risk Appetite Statement approved by the Board of Directors;
- setting risk triggers fit into the annual budget and also into risk strategy of EBH;
- deciding about policy rules for retail lending products;
- decide about risk related material changes in product setup;
- granting authority for daily operative portfolio decisions, differentiate them from material decisions;
- monitoring and approving GAPs versus the Holding risk regulations;
- risk monitoring of retail lending portfolio;
- monitoring of retail collection and work out activity;
- approve risk margin to be considered in pricing;
- inform monthly the Managing Board about its decisions;
- setting the risk limits relevant for the retail portfolio in line with the risk strategy and monitoring of these limits;
- contributing to the ICAAP tasks with input, inquires and discussion on topics related to the retail portfolio.

Corporate Risk Committee (hereinafter CRC) task and purpose:

The Corporate Risk Committee (CRC) is implemented for the general purpose to strengthen the communication and understanding between Corporate Business (VÜ)/ Real Estate Finance (ISF)/ Capital Markets Financial Institutions (FI) and Risk Management areas and to support establishment of well based decisions about risk appetite, general business policies and risk policies in corporate area.

The CRC is responsible for continuous supervision of the corporate/project/Financial institution lending activity, the products developed and sold for clients, the trends of the corporate/institutional markets and the behavior of the corporate portfolio. CRC is focusing also on interpretation of risk parameters, understanding the impacts thereof and approving the parameters. The functions of CRC are extended also to the corporate work-out & restructuring activities, trends of problematic portfolios, strategies for real estate property portfolios taken over to the books of the bank or to subsidiaries also.

The CRC is the forum of discussions and decisions on new business initiatives, on application of new tools, systems or procedures in business and in risk management, on regular reports about the high priority business and risk projects in corporate banking area.

The CRC does not take decisions regarding individual corporate clients or transactions.

Main tasks of Corporate Risk Committee:

- Defining and monitoring the corporate strategy (including all corporate areas listed above) based on the approved business and risk strategies as well risk appetite statements of the bank;
- Decision on the methodologies of provisioning and budgeting, forecasting in terms of NPL and Risk Costs;
- Decision on non-retail provisioning parameters;
- Monitoring of the volume trends, quality changes and concentrations of Corporate (ISF/FI) credit portfolio;
- Decision on minimum risk requirements for corporate clients and products;
- Decision on product development processes, implementation of individual products;
- Decision on accepting annual validation result of non retail scorecards and parameters;
- Decision on non retail PD, LGD, CCF models and parameters;
- Decision on new non-retail scorecard implementation;
- Decision on Expected Risk Margin Matrix used for pricing;
- Monitoring of the lending procedures and the sufficient controls applied in the processes;
- Monitoring of client and product segments in terms of profitability and capital requirement;
- Supervising the development of the main projects of risk and business areas;
- Supervising the collateral management functions and regulatory compliance thereof;
- Monitoring of the general compliance of local rules and procedures with risk guidelines of Erste Group and with requirements of regulators;
- Supervising the strategy of corporate work-out & restructuring, and monitoring the collection and restructuring activity of the bank;
- Supervising the strategy of Real estate restructuring &and Real estate leasing and enforcement, and monitoring the collection and restructuring activity of the bank,
- Monitoring the changes in external and internal risk regulations, identifying the impacts on thebusiness activities, capital adequacy and regulatory compliance of the bank, , including the ICAAP requirement;
- Receiving the information about the overall the Risk Strategy and Risk appetite statement, on the Risk Bearing Capacity, and on the Risk Planning and forecasting methodologies;
- Contributing to the ICAAP tasks with input, inquires and discussion on topics related to the corporate portfolio, especially:
  - contributing to discussion about the Risk Materiality Assessment and Concentration risk analysis;
  - contributing to the Risk Based planning and forecasting related to the corporate portfolio, further it is informed about the overall Budget risk base case;
  - contributing to the discussion around portfolio-level Risk Limits and Targets that are in broken down from the risk strategy;
- Responsible for setting the risk limits relevant for the Corporate/ISF/FI business line in accordance to the risk strategy and monitoring of these limits.

Local Operational Risk Committee (hereinafter LORCO) task and purpose:

- to reduce operational risk and other Non-Financial Risk exposure: the Committee ensures that information and experience revealed and gained in the course of operational risk management shall be integrated into business and supporting processes, and thereby the EBH's exposure to operational risks can be reduced;
- supervise relevant entity-level methodologies and risk management standards: for non-financial risks on the entity level
- identify, assess, manage and reduce non-financial risk exposure: the committee will ensure that information and experience revealed and gained with regard to non-financial risk management is integrated into business and supporting processes, and thereby the Bank's exposure to non-financial risks reduced;

- provide advisory opinions to strategic decisions: the committee will provide expert opinions on entity level which may have an impact on non-financial risk exposure (e.g. merger and acquisition activities, product approval process / outsourcing / risk acceptance / risk profile);
- supervise non-financial risks and risk mitigation: the committee will ensure that all risks detected and events which have already occurred are discussed and addressed in order to implement adequate corrective measures and manage and reduce non-financial risk exposure;
- review, investigate and control relevant risks and issues: the committee shall have the authority to initiate reviews, investigations and perform control into any matters within its scope of responsibility;
- take informed decisions: the committee shall have the power and decision-making competence for the reduction of non-financial risks by deciding on risk return decision proposals and entity-wide risk mitigation actions;
- serve as escalation body: the committee provides opinion and advice on issues beyond its decision-making competence, and makes recommendations/decisions to local or Group bodies.
- Reporting: ROCC Office shall consider the local entity's risk profile of non-financial risk to be submitted to ROCC and further on to Group Operational Conduct Committee (GOCC) in line with the by-laws of these committees.
- Local implementation: The committee shall consider the decisions/recommendations made by ROCC and GOCC for local entity implementation.

Other committees

In addition to the local committees, the CRO of Erste Bank Hungary Zrt. and the Head of Strategic Risk Department participate regularly in the Holding Level Committees. These committees are resposible for adaquate coordination and implementation of Group wide risk related actions.

Group Entreprise Wide Risk Management Committee's memberrs are the subsidiaries' directord of Strategic Risk departments. This Committee is considered as a preliminary decision making forum for the CRO Board in Risk relevant issues.

3. Scope of application (Art. 436.)

Comparison of consolidation for accounting purposes and regulatory purposes:

The financial scope of consolidation is used to describe the scope of consolidation required by IFRS, which are applicable to the financial statements of the Bank.

The regulatory scope of consolidation is used as a synonym for the scope of consolidation that follows the regulatory requirements for consolidation as defined by the CRR and by the Hpt. (which introduced the requirements of the CRD into national law).

Breakdown information is shown on consolidated level, solo Bank tables can be found in the Appendix.

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Cash and cash balances	197,463	197,463	197,463	0	0	0	0
Financial assets held for trading: Derivatives	51,008	51,008	0	51,008	0	46,510	0
Financial assets held for trading:Other financial assets held for trading	108,699	108,699	0	0	0	108,699	0
Non-trading financial assets at fair value through profit or loss: Debt securities	0	0	0	0	0	0	0
Non-trading financial assets at fair value through profit or loss: Equity instruments	2,739	2,739	2,739	0	0	0	0
Non-trading financial assets at fair value through profit or loss: Loans and advances to customers	208,444	208,444	208,444	0	0	0	0
Financial assets at fair value through other comprehensive income: Debt securities	135,020	135,020	135,020	0	0	0	0
Financial assets at fair value through other comprehensive income: Equity instruments	0	0	0	0	0	0	0
Financial assets at amortised cost: Debt securities	1,015,824	1,015,824	1,015,824	0	0	0	0
Financial assets at amortised cost: Loans and advances to banks	308,830	308,830	302,132	0	0	6,698	0
Financial assets at amortised cost: Loans and advances to customers	1,492,379	1,492,379	1,492,379	0	0	0	0
Finance lease receivables	45,587	45,587	45,587	0	0	0	0
Property and equipment	28,945	28,945	28,945	0	0	0	0
Investment property	16,455	16,455	16,455	0	0	0	0
Intangible assets	31,922	31,922	0	0	0	0	31,922
Investments in joint ventures and associates	0	0	0	0	0	0	0
Current tax assets	1,133	1,133	1,133	0	0	0	0
Deferred tax assets	3,017	3,017	3,017	0	0	0	0
Assets held for sale	1,490	1,490	0	0	0	0	1,490
Trade and other receivables	12,218	12,218	12,218	0	0	0	0
Other assets	39,062	39,062	39,062	0	0	0	0
TOTAL ASSETS	**3,700,235**	**3,700,235**	**3,500,418**	**51,008**	**0**	**161,907**	**33,412**
Financial liabilities held for trading: Derivatives	-48,180	-48,180	0	-48,180	0	-46,626	0
Financial liabilities held for trading: Other financial liabilities	-1,630	-1,630	0	0	0	0	0
Financial liabilities designated at fair value through profit or loss: Debt securities issued	-18,392	-18,392	0	0	0	0	0
Financial liabilities measured at amortised cost: Debt securities issued	-141,168	-141,168	0	0	0	0	-141,168
Financial liabilities measured at amortised cost: Deposits from banks	-317,208	-317,208	0	-99	0	0	-317,109
Financial liabilities measured at amortised cost: Deposits from customers	-2,683,241	-2,683,241	0	0	0	0	-2,683,241
Financial liabilities measured at amortised cost: Other financial liabilities	-6,640	-6,640	0	0	0	0	-6,640
Finance lease liabilities	-21,710	-21,710	0	0	0	0	-21,710
Provisions	-8,248	-8,248	0	0	0	0	-8,248
Current tax liabilities	-279	-279	0	0	0	0	-279
Deferred tax liabilities	-28	-28	0	0	0	0	-28
Other liabilities	-27,028	-27,028	0	0	0	0	-27,028
TOTAL LIABILITIES	**-3,273,750**	**-3,273,750**	**0**	**-48,279**	**0**	**-46,626**	**-3,205,450**
Total equity: Equity attributable to owners of the parent	**-423,862**	**-423,862**	**0**	**0**	**0**	**0**	**-423,862**

Table 3: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

		Total	Items subject to			
			Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	3,700,235	3,500,418	51,008	0	161,907
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	3,273,750	0	48,279	0	46,626
3	Total net amount under regulatory scope of consolidation	3,748,513	3,500,418	99,287	0	208,533
4	Off-balance sheet amounts	459,165	149,586	0	0	0
	Effect of CCF to off-balance	-309,580	0	0	0	0
5	**Differences in valuations**	-218,746	-175,597	-43,150	0	0
6	differences due to derivatives	-44,043	0	-44,043	0	0
7	Differences due to consideration of provisions for on-balance exposure	62,471	57,800	0	0	0
8	Provisions for on-balance exposure in STA	-4,671	0	0	0	0
9	Other	-232,503	-233,397	893	0	0
10	**Exposure amounts considered for regulatory purposes**	**3,679,353**	**3,474,407**	**56,137**	**0**	**208,533**

Table 4: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Name of entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor detucted	Deducted	
Erste Befektetési Zrt.	Full consolidation	X				Brokerage services
Erste Ingatlan Kft.	Full consolidation	X				Real estate management
Sió Ingatlan Invest Kft.	Full consolidation	X				Real estate development
Erste Lakástakarék Zrt.	Full consolidation	X				Building sociaty
Collat-reál Kft.	Full consolidation	X				Property management
Erste Jelzálogbank Zrt.	Full consolidation	X				Refinancing

Table 5: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

4. Covid-19

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

The Hungarian Government first time announced the State of Emergency in March 2020, followed by re-announcements and extensions later during the year, and ordered several health protective measures to slow down the spread of the virus. Also published 18 March 2020 its first economic package, followed by additional measures later during the year, in response to the COVID-19 pandemic.

The most important measures that affect the banking sector was the repayment moratoria (I. and II) launched in March and December 2020.

Loan repayment moratoria

The most important measures that affect the banking sector was the repayment moratoria for all private borrowers and businesses covering both principal and interest. In-scope were the loans contracted latest 18 March 2020. The first moratorium (Moratorium I.) expired 31 December 2020. The second moratorium (Moratorium II.) was published 22 December 2020, as a separate moratorium providing a repayment freeze for customers in the period of 1 January 2021 – 30 June 2021.

In Moratorium I. the participation was an opt-out type one, meaning eligible clients became automatically part of the moratorium scheme and needed to actively state if had no intention to stay in.

In Moratorium II. the scheme is mixed in terms that clients were part of Moratorium I. as of 31 December 2020 were automatically part of the scheme and needed to state if had opposite intention, while clients were not part of Moratorium I. as of 31 December 2020 could opt-in by actively stating their participation intention. Additional characteristic is, that clients are entitled to opt in and out till the end of the moratoria periods.

Due to the fact that interest cannot be charged on the unpaid interest, and the unpaid interest will be repaid later in time, conforming to IFRS requirements Erste Hungary recognised a modification loss (effect of contractual modification in the meaning of IFRS9) for both Moratorium I. and Moratorium II., in the amount of 8.3 billion forint, while interest continues to accrue on the outstanding balances. Moratorium I. modification loss was calculated applying a stable participation rate valid as of 31 December 2020.

For Moratorium II., the modification loss amount was defined based on expert estimations, supported by experiences gained during Moratorium I. The opt-out ratio was assumed as stable.

Effect on customers

Immediately upon the crisis showing severe economic impacts in Hungary, initiatives were started aiming to, on the one hand support the Bank's clients to the utmost extent, and on the other hand, manage the respective risks and bearing the responsibility of the Bank towards all stakeholders in mind.

In addition to programmes with standard parameters that were defined at a very early stage of the crisis and should support an efficient processing, also individual solutions were agreed with clients that did not meet all predefined requirements.

Effect on business

In March 2020, risk management and business divisions started a joint initiative aiming to quickly provide a harmonised guidance for a focused industry approach within Erste Group, reflecting the changed economic environment. Industries and sub-industries were categorised into high, medium and low expected impacts due to Covid-19 based on a combination of research material, feedback collected from client meetings and single name analyses, both centrally as well as in the entities.

Main driver for assigning an industry classification (at the beginning three, later-on four: green, yellow, amber and red) was the assessment of impacts of the crisis on significant increase in credit risk on the specific (sub)industry. E.g. a complete lock-down of businesses like hotels depending on international customers or passenger air transport resulted in a “red” classification, whereas less affected industries like food retailers or construction were assessed as “green”. The classifications are regularly reviewed on a 12-month rolling forecast basis to take current developments into account. A respective business and risk strategy for the (sub)industries was formulated based on the assessment. The assessed risk for the specific (sub)industry can lead to strategic recommendations (e.g. to temporarily limit financing for specific categories to existing clients only) and/or the revision of underwriting standards. This approach was aligned with all affected entities and business lines and approved by the respective governance bodies of Erste Group.

Effect on Expected Credit Loss

As described above, an increase of the ECL might result from a re-assessment of the credit risk parameters and a migration to worse stages either via significant increase in credit risk (SICR) or a default.

The moratorium introduced in Hungary fulfil the conditions as defined in the EBA guidelines published on 25 March and 2 April 2020. Relief offered to credit owners thus did not result in an automatic transfer from Stage 1 to Stage 2. However, EBH continues to perform individual assessments whether there are other circumstances that would lead to forbearance or default classification.

We have re-assessed credit risk parameters based on the new macro-scenarios FLI overlay. We will continue monitoring of the macro and macro-prediction development in order to reflect up-to-date information in our credit risk parameters. While macroeconomic FLI shift measures the change of the macro development it can not include the impact of missing default for 2020 (due to the moratoria). In order to create the necessary impairment level on the performing portfolio for the default in 2021, an expert shift was applied to elevate 1Y PD to cover 2 years of default.

EBH has addressed expected SICR by introducing Covid-19 portfolio overlays. We divided the portfolio in private individuals (PIs) and non-private individuals (non-PIs) and assessed the customers by taking into account any Covid-19 related relieve measure granted as well as the internal industry heat-map and corresponding PD levels. Based on this assessment and individual reviews, customers were migrated to stage 2, i.e. life-time ECL measure. The industry heat map and the portfolio overlays are subject to regular reviews.

EBH will assess releases of Covid-19 portfolio overlays for PI portfolios once the moratoria are lifted. When moratoria do no longer distort DPD information, behavioural scoring will allow proper SICR assessment. In case of non-PI portfolios, release of the overlays will be assessed after a consistent improvement of the macro indicators is observed.

EBH expects an increase in defaults especially after state aid measures, in particular moratoria, are lifted.

		Gross carrying amount						
			Performing			Non performing		
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days
1	Loans and advances subject to moratorium	**553,589**	**530,317**	**3,067**	**190,245**	**23,271**	**2,952**	**19,226**
2	of which: Households	**389,864**	**378,638**	**2,928**	**90,986**	**11,226**	**2,573**	**8,316**
3	*of which: Collateralised by residential immovable property*	**192,068**	**183,963**	**2,846**	**40,693**	**8,104**	**2,498**	**6,565**
4	of which: Non-financial corporations	**159,905**	**147,860**	**139**	**99,136**	**12,045**	**379**	**10,910**
5	*of which: Small and Medium-sized Enterprises*	**120,225**	**109,770**	**5**	**75,595**	**10,455**	**61**	**9,695**
6	*of which: Collateralised by commercial immovable property*	**106,826**	**96,996**	**0**	**71,532**	**9,830**	**326**	**9,451**

		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	Loans and advances subject to moratorium	**-29,323**	**-16,454**	**-109**	**-15,142**	**-12,869**	**-1,473**	**-10,032**	**8,404**
2	of which: Households	**-20,664**	**-13,562**	**-100**	**-12,490**	**-7,102**	**-1,414**	**-4,956**	**98**
3	*of which: Collateralised by residential immovable property*	**-9,486**	**-4,356**	**-97**	**-3,915**	**-5,130**	**-1,361**	**-4,078**	**58**
4	of which: Non-financial corporations	**-8,647**	**-2,881**	**-10**	**-2,647**	**-5,767**	**-59**	**-5,076**	**8,307**
5	*of which: Small and Medium-sized Enterprises*	**-7,654**	**-2,294**	**0**	**-2,107**	**-5,361**	**-2**	**-4,752**	**7,099**
6	*of which: Collateralised by commercial immovable property*	**-6,389**	**-1,811**	**0**	**-1,679**	**-4,578**	**-32**	**-4,525**	**7,326**

Table 6: Covid 1 – Information on loans and advances subject to legislative and non-legislative moratoria

	Number of obligors	Gross carrying amount							
					Residual maturity of moratoria				
			Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which moratorium was offered	**124,302**	**553,589**							
Loans and advances subject to moratorium (granted)	**124,302**	**553,589**	553,589	0	553,589	-	-	-	-
of which: Households		**0**	389,864	0	389,864	0	-	0	-
of which: Collateralised by residential immovable property		**0**	192,068	0	192,068	0	-	0	-
of which: Non-financial corporations		**0**	159,905	0	159,905	0	-	0	-
of which: Small and Medium-sized Enterprises		**0**	120,225	0	120,225	0	-	0	-
of which: Collateralised by commercial immovable property		**0**	106,826	0	106,826	0	-	0	-

Table 7: Covid 2 – Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	**14,180**	0	11,030	2,235
of which: Households	**164**			0
of which: Collateralised by residential immovable property	**0**			0
of which: Non-financial corporations	**14,016**	0	10,883	2,235
of which: Small and Medium-sized Enterprises	**11,385**			599
of which: Collateralised by commercial immovable property	**4,875**			2,235

Table 8: Covid 3 – Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

5. Own funds (Art. 437.)

The Bank declares that there is no obstacle to the transfer of the regulatory capital and repayment of liabilities in all those credit institutions, financial enterprises, investment enterprises, investment fund management companies and secondary enterprises where it holds controlling influence or participation.

As of 31 December 2020, there was no capital shortfall at any of the companies included in Erste Bank Hungary's consolidation.

For the disclosure of own funds, Erste Bank Hungary Zrt. follows the requirements under Article 437 CRR as well as the requirements defined in the Implementing Technical Standards (EU) No 1423/2013.

The table designed by the EBA to show the capital structure of regulatory capital. Disclosing of this table that shows the details on the capital structure of Erste Bank Hungary Zrt. including the capital components as well as any regulatory deductions and prudential filters. Disclosures in this table cover the disclosure requirements as defined in Article 437 (1) (d) CRR, separate disclosure of the nature and amounts of each prudential filter applied pursuant to Articles 32 to 35 CRR, each deduction made pursuant to Articles 36, 56 and 66 CRR as well as items not deducted in accordance with Articles 47, 48, 56, 66 and 79 CRR.

Major changes in legal environment of financial institutions

A detailed breakdown of the regulatory changes affecting the Bank's risk assessment in 2020 are shown in the Annual Report on Erste Bank Hungary Zrt.'s website under the following link: https://www.erstebank.hu/hu/ebh-nyito/bankunkrol/erste-bank-hungary-zrt/vallalatiranyitas/hivatalalos-kozzetetelek

Transitional Provision

For the calculation of the transitional provisions, Erste Bank Hungary Zrt. follows the requirements under 10/2014 MNB decree as well as EBA Guidelines.

Own Funds increase

The Bank in 2020 did not carry out capital increase, given that tha Bank's capital position is stable and the leverage ratio is above both regulatory and internally acceptable levels.

Capital instruments main features

The table below sets out the capital instruments' main features.

Issuer	Erste Bank Hungary Zrt	Erste Bank Hungary Zrt	Erste Bank Hungary Zrt	Erste Bank Hungary Zrt	Erste Bank Hungary Zrt	Erste Bank Hungary Zrt
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	0	HU0000354493	MM00000000133	MM00000000136	MM00000017633	MM00000006689
Governing law (s) of the instrument	Act. IV. of 2006.	Act CXX. Of 2001. on Capital market	Act CCXXXVII. of 2013. (Hpt)	Act CCXXXVII. of 2013. (Hpt)	Act CCXXXVII. of 2013. (Hpt)	Act CCXXXVII. of 2013. (Hpt)
Regulatory treatment						
Transitional (CRR) rules	Common Equity Tier 1	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
Post transitional (CRR) rules	Common Equity Tier 1	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
Eligible at solo (sub-)consolidated/solo&(sub)consolidated	Solo and (sub-)consolidated	Solo and (sub-)consolidated	Solo and (sub-)consolidated	Solo and (sub-)consolidated	Solo and (sub-)consolidated	Solo and (sub-)consolidated
Instrument type (types to be specified by each jurisdiction)	Act. 28. of CRR	Act. 62. of CRR	Act. 62. of CRR	Act. 62. of CRR	Act. 62. of CRR	Act. 62. of CRR
Amount recognised in regulatory capital (currency in million, as of most racent reporting date)	263 491 958 255 HUF	1 083 924 587 HUF	11 684 160 000 HUF	24 828 840 000 HUF	10 337 560 560 HUF	12 779 550 000 HUF
Currency of issue	HUF	HUF	EUR	EUR	EUR	EUR
Nominal amount of instrument	146 000 000 000 HUF	3 351 510 000 HUF	32 000 000 EUR	68 000 000 EUR	28 312 000 EUR	35 000 000 EUR
Issue price	-	49.92	100	100	100	100
Redemption price (min. Redemption price)	-	100	100	100	100	100
Accounting classification	Equity	Liabilities at amortised cost	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities	Subordinated liabilities
Original date of issuarance	0	2014.03.28	2008.12.30	2009.03.27	2016.06.30	2014.06.30
Perpetual of dated	Prepetual	Prepetual	Prepetual	Prepetual	Prepetual	Prepetual
Original maturity date	No expiry date	2024.03.28	2026.03.01	2026.03.01	2026.03.01	2026.03.01
Issuer call subject to prior supervisory approval	-	No	No	No	No	No
Fixed or floating divident coupon	-	Fixed	Floating	Floating	Floating	Floating
Coupon rate and any related index	-	0.90%	EUR3MT + 336 spread	EUR3MT + 336 spread	EUR3MT + 336 spread	EUR3MT + 336 spread
Existence of a divident stopper	-	No	No	No	No	No
Fully discrebonary, partialy discrebonary or mandatory (in terms of timing)	-	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Fully discrebonary, partialy discrebonary or mandatory (in terms of amount)	-	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or toher incentive of redeem	-	No	No	No	No	No
Noncumulative or cumulaticve	-	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non convertible	-	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
Description features	-	No	No	No	No	No
Inappropriate moving to features	-	No	No	No	No	No

Table 9: Capital instruments main features template

Own Funds Template

The following table presents the breakdown of own funds. The capital situation of the bank is stable. The capital structure exceeds the minimum requirements set out in the CRR. The consolidated solvency ratio was at 22.02% on 31st December 2020, which is significantly above the regulatory minimum.

The full amount of the capital requirement is calculated and put into relation with the regulatory capital. The eligible qualifying capital must be available at least in the amount of the sum of the minimum capital requirements.

The IFRS (consolidated and Bank only) balance sheet items provide a basis to CET1 items, AT1 items, T2 items. Regulatory deductions and prudential filters were applied by the Bank in accordance with CRR.

Own funds under Basel 3 consist of CET1, AT1 and T2. In order to determine the capital ratios, each respective capital component is compared to the total risk. The minimum capital requirement for Tier 1 capital (CET1 plus AT1) and for total own funds are 4.5%, 6% and 8%, respectively.

	Own Funds	(A) AMOUNT AT DISCLOSURE DATE		(B) Regulation (EU) No 575/2013
	as of 31st of December 2020	Bank only	Full Consolidated	Article reference
	Common equity Tier 1 (CET1) capital: instruments and reserves in mn HUF			
1	Capital instruments and the related share premium accounts	263,492	263,492	26 (1), 27, 28, 29, EBA list 26 (3)
	of which: 1. instrument type	146,000	146,000	EBA list 26 (3)
	of which: 2. instrument type	117,492	117,492	
	of which: 3. instrument type	0	0	
2	Retained earnings	96,035	110,428	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	3,788	4,064	26 (1)
3a	Funds for general banking risk	22,927	22,927	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1.	0	0	486 (2)
	Public sector capital injections grandfathered until 1 January 2018	0	0	483 (2)
5	Minority interests (amount allowed in consolidated CET1)	0	0	84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	18,907	22,952	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**405,149**	**423,863**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments mn HUF			
7	Additional value adjustments (negative amount)	-873	-900	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-28,966	-31,922	36 (1) (b), 37, 472 (4)
9	Empty set in the EU	0	0	
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)	-2,702	-2,769	36 (1) (c), 38, 472 (5)
11	Fair value reserves related to gains or losses on cash flow hedges	0	0	33 (a)
12	Negative amounts resulting from the calculation of expected loss amounts	-953	-953	36 (1) (d), 40, 159, 472 (6)
13	Any increase in equity that results from securitised assets (negative amount)	0	0	32 (1)

14	Gain or losses on liabilities valued at fair value resulting from changes in own credit standing	0	0	33 (b)
15	Defined-benefit pension fund assets (negative amount)	0	0	36 (1) (e), 41, 472 (7)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	0	36 (1) (f), 42, 472 (8)
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entites have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0	36 (1) (g), 44, 472 (9)
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 postitions) (negative amount)	0	0	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
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 postitions) (negative amount)	0	0	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20	Empty set in the EU	0	0	
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	0	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	0	0	36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)	0	0	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)	0	0	36 (1) (k) (iii), 379 (3)
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)	0	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	Amount exceeding the 15% threshold (negative amount)	0	0	48 (1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	0	36 (1) (i), 48 (1) (b), 470, 472 (11)
24	Empty set in the EU	0	0	
25	of which: deferred tax assets arising from temporary differences	0	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a	Losses for the current financial year (negative amount)	0	0	36 (1) (a), 472 (3)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	0	36 (1) (l)
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	0	0	

26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	0	0	
	of which: …….. Filter for unrealised loss 1	0	0	467
	of which: …….. Filter for unrealised loss 2	0	0	468
	of which: …….. Filter for unrealised gain 1	0	0	
	of which: …….. Filter for unrealised gain 2	0	0	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	0	0	481
	of which: ...	0	0	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	0	36 (1) (j)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	**-33,493**	**-36,544**	
29	Common Equity Tier 1 (CET1) capital	**371,656**	**387,319**	
Additional Tier 1 (AT1) capital: instruments in mn HUF				
30	Capital instruments and the related share premium accounts	0	0	51, 52
31	of which: classified as equity under applicable accounting standards	0	0	
32	of which: classified as liabilities under applicable accounting standards	0	0	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	0	486 (3)
	Public sector capital injections grandfathered until 1 January 2018	0	0	483 (3)
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	0	0	9 5, 86, 480
35	of which: instruments issued by subsidiaries subject to phase out	0	0	486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**0**	**0**	
Additional Tier 1 (AT1) capital: regulatory adjustments in mn HUF				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0	0	52 (1) (b), 56 (a), 57, 475 (2)
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)	0	0	56 (b), 58, 475 (3)
39	Direct, indirect and synthetic holdings by the institution 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)	0	0	56 (c), 59, 60, 79,
		0		475 (4)

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)	0	0	56 (d), 59, 79, 475 (4)
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0	0	
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	0	472, 473 (3)(a),
				472 (4), 472 (6), 472 (8)(a), 472 (9), 472 (10)(a), 472 (11) (a)
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to excepted losses tec.	0	0	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	0	477, 477 (3), 477 (4)(a)
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities etc.	0	0	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deduction required pre-CRR	0	0	467, 468, 481
	of which: ... Possible filter for unrealised losses	0	0	
	of which: ... Possible filter for unrealised gains	0	0	
	of which: ...	0	0	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	0	0	56 (e)
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	0	
44	**Additional Tier 1 (AT1) capital**	**0**	**0**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**371,656**	**387,319**	
Tier 2 (T2) capital: instruments and provisions in mn HUF				
46	Capital instruments and the related share premium accounts	60,714	60,714	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	0	0	486 (4)
	Public sector capital injections grandfathered until 1 January 2018	0	0	483 (4)

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	0	0	87, 88, 480
49	of which: instruments issued by subsidiaries subject to phase out	0	0	486 (4)
50	Credit risk adjustments	3,590	3,514	62 (c) (d)
51	**Tier 2 capital before regulatory adjustments**	**64,304**	**64,228**	
Tier 2 (T2) capital: regulatory adjustments in mn HUF				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	0	63 (b) (i), 66 (a), 67, 477 (2)
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0	66 (b), 68, 477 (3)
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)	0	0	66 (c), 69, 70, 79, 477 (4)
54a	of which: new holdings not subject to transitional arrangements	0	0	
54b	of which holdings existing before 1 January 2013 and subject to transitional arrangements	0	0	
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)	0	0	66 (d), 69, 79, 477 (4)
56	Regulatory adjustments applied to additional tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0	0	
56a	Residual amounts deducted from Additional Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	0	472, 472 (3)(a), 472 (4), 472 (6), 472(8), 472 (9), 472 (10)(a), 472 (11) (a)
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to excepted losses tec.	0	0	
56b	Residual amounts deducted from Additional Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	0	475, 475 (2) (a), 475 (3), 475 (4) (a)

	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in AT1 instruments, direct holdings of non-significant investments in the capital of other financial sector entities etc.	0	0	
56c	Amount to be deducted from or added to Additional Tier 2 capital with regard to additional filters and deduction required pre-CRR	0	0	467, 468, 481
	of which: ... Possible filter for unrealised losses	0	0	
	of which: ... Possible filter for unrealised gains	0	0	
	of which: ...	0	0	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	**0**	
58	**Tier 2 (T2) capital**	**64,304**	**64,228**	
59	**Total capital (TC = T1 + T2)**	**435,960**	**451,547**	
59a	RWAs in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	0	0	
	of which... Items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)	0	0	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
	of which... Items not deducted from AT1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities etc.)	0	0	475, 475 (2) (b), 475 (2) (c), 475 (4) (b)
	of which... Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of the other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc.)	0	0	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)
60	**Total risk weighted assets**	**2,035,404**	**2,051,041**	
Capital ratios and buffers as percentage				
61	Common Equity Tier 1 (as a percentage ot total risk exposure amount)	18.26	18.88	92 (2) (a), 465
62	Tier 1 (as a percentage ot total risk exposure amount)	18.26	18.88	92 (2) (b), 465
63	Total capital (as a percentage ot total risk exposure amount)	21.42	22.02	92 (2) (c)

64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	50,886	51,277	CRD 128, 129, 140
65	of which: capital conservation buffer requirement	50,885	51,276	
66	of which: countercyclical buffer requirement	1	1	
67	of which: systemic risk buffer requirement	0	0	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0	0	CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	0	0	CRD 128
69	[non relevance in EU regulation]	0	0	
70	[non relevance in EU regulation]	0	0	
71	[non relevance in EU regulation]	0	0	
Amounts below the thresholds for deduction (before risk weighting) in mn HUF				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,231	1,231	36 (1)(h), 45, 46, 472 (10), 56(c), 59, 60, 475 (4), 66(c), 69, 70, 477(4)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	0	36 (1) (i), 45, 48, 470, 472 (11)
74	Empty set in the EU	0	0	
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	0	0	36 (1) (c), 38, 48, 470, 472 (5)
Applicable caps on the inclusion of provison in Tier 2 in mn HUF				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0	0	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0	0	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	3,590	3,514	62
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	8,002	8,004	62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				

80	- Current cap on CET1 instruments subject to phase out arrangements	0	0	484 (3), 486 (2) & (5)
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	0	484 (3), 486 (2) & (5)
82	- Current cap on AT1 instruments subject to phase out arrangements	0	0	484 (4), 486 (3) & (5)
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	0	484 (4), 486 (3) & (5)
84	- Current cap on T2 instruments subject to phase out arrangements	0	0	484 (5), 486 (4) & (5)
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	0	484 (5), 486 (4) & (5)

Table 10: Own Founds Template as of 31st of December 2020

6. Capital requirements (Art. 438.)

According to the Joint Decision from 1st April 2008, the Bank calculates its credit risk capital requirement using the IRB methodology for segments with material exposure. It annually performs validation of the credit risk models according to the applicable regulations. From 1st January 2014, the bank calculates the capital requirement according to the 'Basel III' provisions, i.e. the provisions of CRDIV/CRR and Hpt.

In order to safeguard a harmonized group-wide approach, Erste Bank Hungary does not apply the transitional rules according to articles 468 and 473a of the CRR.

The Capital requirements of Erste Bank Hungary for credit-, market and operational risk are the following:

			RWAs		Minimum capital requirements
			2020	2019	2020
	1	Credit risk (excluding CCR)	1,427,225	1,399,692	114,178
Article 438(c)(d)	2	Of which the standardised approach	170,953	162,550	13,676
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach	587,140	599,232	46,971
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach	669,132	637,910	53,531
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	0	0	0
Article 107 Article 438(c)(d)	6	CCR	44,973	36,877	3,598
Article 438(c)(d)	7	Of which mark to market	44,944	36,847	3,595
Article 438(c)(d)	8	Of which original exposure	0	0	0
	9	Of which the standardised approach	0	0	0
	10	Of which internal model method (IMM)	0	0	0
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	29	30	2
Article 438(c)(d)	12	Of which CVA	7,632	13,292	611
Article 438(e)	13	Settlement risk	0	0	0
Article 449(o)(i)	14	Securitisation exposures in the banking book (after the cap)	0	0	0
	15	Of which IRB approach	0	0	0
	16	Of which IRB supervisory formula approach (SFA)	0	0	0
	17	Of which internal assessment approach (IAA)	0	0	0
	18	Of which standardised approach	0	0	0
Article 438 (e)	19	Market risk	32,030	17,119	2,562
	20	Of which the standardised approach	32,030	17,119	2,562
	21	Of which IMA	0	0	0
Article 438(e)	22	Large exposures	0	0	0
Article 438(f)	23	Operational risk	546,814	502,067	43,745
	24	Of which basic indicator approach	26,837	23,598	2,147
	25	Of which standardised approach	0	0	0
	26	Of which advanced measurement approach	519,977	478,469	41,598
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
Article 500	28	Floor adjustment	0	0	0
	29	Total	2,051,041	1,955,755	164,083

Table 11: EU OV1 – Overview of RWAs

Quantitative information on specialised lending and equities is provided in the table below:

Specialised lending							
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk w eight	Exposure amount	RWA	Expected losses
Category 1	Less than 2.5 years	56,369	0	50%	56,369	24,245	0
	Equal to or more than 2.5 years	146,227	15,200	70%	157,610	94,838	630
Category 2	Less than 2.5 years	1,775	0	70%	1,775	951	7
	Equal to or more than 2.5 years	18,609	0	90%	18,609	14,103	149
Category 3	Less than 2.5 years	391	0	115%	391	342	11
	Equal to or more than 2.5 years	381	0	115%	381	347	11
Category 4	Less than 2.5 years	169	0	250%	169	322	14
	Equal to or more than 2.5 years	3,373	0	250%	3,373	6,818	270
Category 5	Less than 2.5 years	863	0	-	863	0	431
	Equal to or more than 2.5 years	6,322	0	-	6,322	0	3,161
Total	Less than 2.5 years	59,567	0		59,567	25,860	463
	Equal to or more than 2.5 years	174,912	15,200		186,296	116,106	4,221
Equities under the simple risk-w eight approach							
Categories		On-balance sheet	Off-balance sheet	Risk w eight	Exposure amount	RWA	Capital requirement
Exchange-traded equity exposures		0	0	0%	0	0	0
Private equity exposures		0	0	0%	0	0	0
Other equity exposures		0	0	0%	0	0	0
Összesen		0	0		0	0	0

Table 12: EU CR10 – IRB (specialised lending and equities)

The Bank does not have non-deducted participations in insurance undertakings.

	Value
Holdings of ow n funds instruments of a financial sector entity w here the institution has a significant investment not deducted from ow n funds (before risk w eighting)	0
Total RWAs	0

Table 13: EU INS1 – Non-deducted participations in insurance undertakings

The changes in RWA of credit exposures under the IRB approach are detailed in the table below:

		a	b
		RWA amount	Capital requirement
1	**RWA as at end of previous reporting period**	**1,237,142**	**98,971**
2	Asset size	5,203	416
3	Asset quality	-3,887	-311
4	Model updates	-4,409	-353
5	Methodology and policy	1,357	109
6	Acquisitions and disposals	0	0
7	Foreign exchange movements	18,520	1,482
8	Other	2,346	188
9	**RWA as at end of reporting period**	**1,256,272**	**100,502**

Table 14: EU CR8 – RWA flow statements of credit risk exposures under the IRB approach

6.1. Internal Capital Adequacy

ICAAP is a procedure ensuring that the Bank can

- adequately identify, measure, sum up and monitor the risks;
- have appropriate capital coverage to secure the material risks as determined in line with its internal rules;
- have adequate internal capital to ensure the actual and future operation;
- operate an adequate system of risk management, and develop that system continuously with respect to the identified risk factors.

Given the Bank's business strategy, the key risks for Erste Bank Hungary Zrt. are credit risk, market risk and operational risk.

Based on the business activities of Erste Bank Hungary Zrt., beside the capital requirements for credit-market and operational risk calculate capital for high-risk portfolio and for business risk in internal capital calculation. Business and strategic risk is defined as the unexpected deviation from the expected operating result which can be driven by unexpected behaviour of competitors, customers, investors and other third parties. Profit changes stemming from macroeconomic downturn are assessed under Macroeconomic risk. Regular monitoring of the Bank's capital requirement and the capital available for covering risks gives sufficient time to the management to take the necessary measures and intervene in a timely manner towards the mitigation of risks, thereby ensuring the prudent operation of the Bank.

The Board of Directors, the Managing Board, the Risk Governance Committee and the Supervisory Board all receive quarterly reports regarding the ICAAP framework covered risks, and the previous as well as future developments of both the Pillar I and II capital situation.

7. Counterparty exposure (Art. 439.)

The counterparty risk is a specific type of credit risk of transacting with counterparties, and relates to the realization of financial markets and OTC transactions and the risk of the underlying products.

Counterparty default risks are monitored and controlled at transaction level as well as at portfolio level. Erste Group has a group-wide real-time limit monitoring system to which the companies of the Group are connected online, especially the units with trading activities. The availability of unused limits must be checked before a transaction is executed.

In managing counterparty risks, the Bank applies the relevant regulations and internal procedures. The Bank evaluates the exposure and the counterparty risk of a specific customer separately for each individual transaction.

Counterparty default risks are measured and monitored on a daily basis by two independent risk management units in Risk Management. Counterparty default risk is taken into consideration in the credit risk reporting.

Monitoring and revaluation are applicable for the existing portfolio. Counterparty limits are to be monitored and remedial actions are taken, should a limit be exceeded. Counterparty credit risk limits are established in order to ensure that the actual credit risk exposure to a client/client group should not exceed the approved risk appetite.

Internal capital allocation and definition of credit limits for counterparty credit exposures

Any collateral for the given transaction is taken into consideration if it is allowed under the contract with the counterparty or by the relevant business regulations. Capital requirements for counterparty risks recorded in the trading book or the banking book are calculated by the Bank with the mark-to-market method; if applicable, using the internal rating approach (IRB) or – where there is an exemption or the portfolio is not rated –, under IRB standardized approach.

The capital requirement calculation for counterparty risk is implemented in the risk systems used by the Bank. The calculation algorithm has been specified for the following cases:

- Open delivery;
- Settlement risks;
- Counterparty risks belonging to the trading book;
- Counterparty risks belonging to the banking book.

The Bank's capital requirement for counterparty risks are calculated both on consolidated and non-consolidated level.

The normal rules of approval govern the application and approval of limits, broken down to the level of individual customers. The limits are recorded in the holding company's central, dedicated limit management system.

Securing of collateral and establishing reserves

On the basis of bilateral agreements with counterparties the Bank has the option to mitigate risks by netting or by using the accepted collateral. The Bank assumes risks only for positive net market values. As the volatility of the affected markets is high due to the fluctuation of the market risk parameters (foreign exchange prices, interest rates, etc.), the accepted collaterals need to be revaluated continuously. The Bank, however, considers only limited set of collaterals as eligible for risk mitigation:

cash collateral or certain securities overwhelmingly Hungarian governmental securities. The securities are revaluated on a weekly basis, whereas foreign exchange deposit collaterals undergo revaluation on a daily basis.

The Bank essentially has two types of counterparties:

- Banking counterparties where transactions are concluded on a limit basis;
- Corporate counterparties that are contracted for treasury limits or collateral deposits.

On the basis of bilateral contracts Erste Bank Hungary has the ability to apply risk mitigating measures (netting, taking of security).

Credit risk incurs only when the net market value is positive (replacement risk). As this risk depends mainly on fluctuations in the market risk parameters (exchange rates, interest rate movements, share prices, credit spreads), open transactions are regularly revalued and collateral adjusted.

Acceptable collateral is usually cash denominated in certain defined currencies (HUF, EUR, USD) government bonds or securities with government guarantee or Erste mortgage bonds. In case of the securities used as collateral, an additional valuation discount (haircut) is applied.

The adjustment of the collateral to the current risk situation (mark-to market valuation of the transactions with the respective counterparty) and the review of the current collateral value (taking into account exchange rate fluctuations for collateral in foreign currency, market value of securities) are performed at contractually agreed intervals.

As Erste Bank Hungary accepts either cash deposits or securities issued or guaranteed by the government as collateral, no further reserves are being created for exposures secured in this manner. Credit value adjustments are made for unsecured exposures from derivatives dealings contingent on credit rating or PD of the counterparty and the maturity of the contract.

Limitation on wrong-way risk

The Bank is using various scenarios to identify wrong-way risk. Based on the results specific limits are set in order to avoid general and specific wrong way risk (e.g. limitations for acceptable collateral for OTC trades and repurchase agreements, limitations on trades where specific wrong-way risk could occur.)

Impact on collaterals of a rating downgrade

Based on the existing contracts, a rating downgrade of the Bank would not lead to additional collateral posting requirements.

Counterparty exposure

Disclosure requirements covered: Art. 439. CRR e), f) of CRR

Estimation of scaling factor (including treatment of correlation factor)

The Bank does not calculate α.

7.1. Quantitative disclosure for counterparty credit risk

Counterparty credit risk exposures are presented in the Annex.

		a	b	c	d	e	f	g
		Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1	Mark to market		33,058	32,922			56,916	36,595
2	Original exposure							
3	Standardised approach							
4	IMM (for derivatives and SFTs)							
5	*Of which securities financing transactions*							
6	*Of which derivatives and long settlement transactions*							
7	*Of which from contractual cross-product netting*							
8	Financial collateral simple method (for SFTs)							
9	Financial collateral comprehensive method (for SFTs)							
10	VaR for SFTs							
11	**Total**							36,595

Table 15: EU CCR1 – Analysis of CCR exposure by approach

		a	b
		Exposure Value	RWAs
1	Total portfolios subject to the advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) SVaR component (including the 3× multiplier)		
4	All portfolios subject to the standardised method	22,247	7,632
EU4	Based on the original exposure method		
5	Total subject to the CVA capital charge	22,247	7,632

Table 16: EU CCR2 – CVA capital charge

		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	**Derivatives**	54,740	17,185	37,555	0	37,555
2	**SFTs**	0	0	0	0	0
3	Cross-product netting	0	0	0	0	0
4	Total	54,740	17,185	37,555	0	37,555

Table 17: EU CCR5-A – Impact of netting and collateral held on exposure values

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral receives		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	0	0	0	0	0	0
Equity	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Table 18: EU CCR5-B – Composition of collateral for exposures to CCR

8. Capital buffers (Art. 440.)

The Bank creates counter-cyclical capital buffers. As of 31.12 2020 counter-cyclical capital buffer requirement was 0.000035%.

The following table represents the geographical distribution of relevant credit exposures for the calculation of its countercyclical capital buffer:

Row		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
		010	020	030	040	050	060	070	080	090	100	110	120
010	Czech Republic	0	49	0	0	0	0	5	0	0	5	0.00	0.50%
020	Hong Kong	0	0	0	0	0	0	0	0	0	0	0.00	1.00%
030	Slovakia	1	26	0	0	0	0	1	0	0	1	0.00	1.00%

Table 19: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Row		Column
		010
010	Total risk exposure amount	2,051,041
020	Institution specific countercyclical buffer rate	0.00%
030	Institution specific countercyclical buffer requirement	1

Table 20: Amount of institution-specific countercyclical capital buffer

9. Indicators of global systemic importance (Art. 441.)

EBH is not identified as a global systemically important institution (G-SII) in accordance with Art. 131 CRR. Therefore, the disclosure referred to in Article 441 CRR does not relevant.

10. Credit risk adjustments (Art. 442.)

Past due:

‘Day past due’ (hereinafter DPD) count starts at the first overdue day of the account. The client level DPD is the maximum of the DPD’s of the accounts for all segments (Retail, Non-retail) and products, and processes (early collection, default recognition etc.). In case of overdrafts, DPD counting starts when the client breaches the overdraft limit.

In case of credit payment moratorium DPD is frozen on contractual level.

Impaired:

Exposure of clients in R1-R5 non-performing status is categorized as impaired

Methods for impairment calculation:

According to the IFRS9 there are three main stages outlined for expected credit loss (ECL) determination:

- Financial instruments that are not credit-impaired on initial recognition belong to Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 month.
- If a significant increase in credit risk (SICR) since initial recognition is identified, but the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. Instruments in Stage 2 have their ECL measured based on expected credit losses on a lifetime (LT) basis.
- If the financial instrument is credit impaired, the financial instrument is then moved to Stage 3. Instruments in Stage 3 have their ECL measured based on expected credit losses on a LT basis.
- Purchased or originated credit-impaired (POCI) financial instruments are those financial instruments that are credit-impaired on initial recognition. Their ECL is always measured on LT basis.

To recognise credit risk deterioration the Bank uses both qualitative and quantitative informaition both on deal and client level.

The Bank may move a financial asset from Stage 1 to stage 2 based on information on segment of industrial activity and participation in credit payment moratorium using so called portfolio level management overlay. Such an overlay is registered on individual exposure level. COVID paragrafusra vissza

In case of financial instruments being POCI or in Stage 2 EBH calculates ECL based on lifetime probability of default. In case of non-performing clients, EBH estimates the loss given default.

Exposures are classified as individually significant if the total on- and off-balance exposure to the borrower exceeds a predefined materiality limit. Otherwise, the exposure to the customer is considered to be individually insignificant.

The individual calculation approach is applied in case of individually significant exposures to defaulted customers in Stage 3 or POCI. It consists in the individual assessment of the difference between the gross carrying amount and the present value of the expected cash flows, which are estimated by workout or risk managers. The discounting of the cash flows is based on the effective interest rate (POCI: credit-adjusted effective interest rate).

Under the rule-based approach, credit loss allowances are calculated based on the estimated exposure at default, probability of default (PD), loss given default (LGD), and in case of off-balance items, the credit conversion factor (CCF) taking into consideration the Bank's macroeconomic expectations.

Credit loss allowance – both in individual approach and rule based approach (through the parameters) – is calculated based on different exit strategies (auction, restructuring, cure), taking into consideration their probability of success and recovery ratios.

Forbearance:

Restructuring, renegotiation and forbearance

Restructuring means contractual modification of any of the customer's loan repayment conditions including tenor, interest rate, fees, principal amount due or a combination thereof. Restructuring can be business restructuring (in the retail segment), commercial renegotiation (in the corporate segment), or forbearance (e.g. concession due to financial difficulties) in line with EBA requirements in both segments.

Restructuring and renegotiation

Restructuring as business restructuring in the retail segment or as commercial renegotiation in the corporate segment is a potential and effective customer retention tool involving re-pricing or the offering of an additional loan or both in order to maintain the bank's valuable, good clientele.

Forbearance

The definition of "forbearance" is included in Regulation (EU) 2015/227 and MNB regulation 39/2016. A restructuring is considered "forbearance" if it entails a concession towards a customer facing or about to face financial difficulties in meeting their contractual financial commitments. A borrower is in financial difficulties if any of the following conditions are met:

- the customer was more than 30 days past due in the past 3 months;
- the customer would be 30 days past due or more without receiving forbearance;
- the customer is in default;
- the customer would default without receiving forbearance;
- the contract modification involves total or partial cancellation by write-off of the debt on any of the customer's credit obligations while at customer level open credit exposure still remains.

Additional criteria for non-retail segment:

- early warning signals for this customer identified;
- customer has deteriorated financial figures, which led to decline of the rating grade;
- customer has increased probability of default.

Forborne exposure is assessed at loan contract level and means only the exposure to which forbearance measures have been extended and excludes any other exposure the customer may have, as long as no forbearance was extended to these.

Concession means that any of the following conditions are met:

- modification/refinancing of the contract would not have been granted, had the customer not been in financial difficulty;
- there is a difference in favour of the customer between the modified/refinanced terms of the contract and the previous terms of the contract;

- the modified/refinanced contract includes more favourable terms than other customers with a similar risk profile would have obtained from the same institution.
- activation of embedded forbearance clause of the contract;
- any waiver of a material financial or non-financial covenant.

Forbearance can be initiated by the bank or by the customer (on account of loss of employment, illness etc.). Components of forbearance can be instalment reduction, tenor extension, interest reduction or forgiveness, principal reduction or forgiveness, revolving exposure change to instalment and/or others.

Forbearance measures are divided and reported as:

- performing forbearance (incl. performing forbearance under probation that was upgraded from non-performing forbearance);
- non-performing forbearance (incl. defaulted forbearance; since 10/2019 the definition of non-performing status is aligned with default) .

Forborne exposures are considered performing when:

- the exposure did not have non-performing status at the time the extension of or application for forbearance was approved;
- granting the forbearance has not led to classifying the exposure as non-performing/default.

Performing forborne exposures become non-performing when one of the following forbearance classifications is fulfilled during the monitoring period of a minimum two years:

- an additional forbearance measure is extended;
- the customer becomes more than 30 days past due on forborne exposure and in the past the customer was in the non-performing forbearance category;
- the customer meets any of the default event criteria defined in the default definition;
- for corporate customers, when a final restructuring agreement cannot be concluded within 18 months after the first forbearance measure.

The performing forbearance classification can be discontinued and the account can become a non-forborne account when all of the following conditions are met:

- a minimum of two years have passed from the date of classifying the exposure as performing forbearance (probation period);
- under the forborne payment plan, at least 50% of the original (pre-forbearance) instalment has been regularly repaid (significant repayment) at least during half of the probation period (in the case of retail customers);
- regular repayments in a significant amount during at least half of the probation period have been made (in the case of non-retail customers);
- significant repayment includes amount previously past-due (if any) or written-off (if no-past due amounts) for both segments retail and non-retail;
- none of the exposure of the customer is more than 30 days past due at the end of the probation period.

The non-performing forbearance classification can be discontinued and reclassified as performing under probation when all of the following conditions are met:

- one year has passed from the date of classifying the exposure as non-performing forbearance or from the latest of the following events:
  - the moment of extending the restructuring measure;
  - the end of the grace period included in the restructuring agreement;
  - the moment when the exposure has been classified as defaulted.
- the forbearance has not led the exposure to be classified as non-performing;
- the customer is not classified as defaulted according to the definition of default;

- retail customers: the customer has demonstrated the ability to comply with the post-forbearance conditions by either of the following:
    - the customer has never been more than 30 days past due during the 12 months prior to the reclassification and there is no delinquent amount;
    - the customer has repaid the full past due amount or the written-off amount (if there was any).
- corporate customers: significant amount has been paid in regular repayments, analysis of financial development that leaves no concern about future compliance with post-forbearance terms and conditions. Furthermore, the customer has never been more than 30 days past due during the 12 months prior to the reclassification and there is no delinquent amount.

In the corporate segment, recognition of forbearance measures typically leads to the involvement of the responsible local workout unit. The largest part of the forbearance measures are set and monitored within the responsibility of the local workout units according to the internal regulations and standards for the workout involvement. Forbearance measures are defined as qualitative trigger events in the SICR concept.

Default definition

Since October 2019 Erste Bank has implemented the new definition of default, to comply with the EBA Guidelines on the application of the definition of default under Art.178 of CRR and Commission Delegated Regulation (EU) 2018/171 of 19 October 2017 on supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the materiality threshold for credit obligations past due.

The definitions of non-performing and default are aligned within Erste Bank.

The materiality of 90 days past due credit obligation is applied for on-balance exposure at client level and assessed daily against the group-wide defined materiality threshold (except the local regulator has defined different thresholds) for the:

- retail exposure: as an absolute limit on client level of 100 EUR and relative 1% on client level;
- non-retail exposure: as an absolute limit on client level of 500 EUR and relative 1% on client level.

		a	b
		Net exposure at the end of the period	Average net exposure over the period
1	Central governments or central banks	18,802	20,216
2	Institutions	266,626	271,994
3	Corporates	975,546	962,730
4	*Of Which: SME*	332,545	330,372
5	*Of Which: Specialised Lending*	245,335	*246,606*
6	*Other corporates*	397,666	*385,751*
7	Retail	897,815	930,163
8	*Secured by real estate property*	521,376	*508,695*
9	*SME*	0	*4*
10	*Non-SME*	0	*0*
11	*Qualifying Revolving*	0	*0*
12	*Other Retail*	376,439	*421,465*
13	Equity	0	0
14	Non credit obligation asset	83,983	81,585
15	***Total IRB approach***	**2,242,772**	**2,185,104**
16	Central governments or central banks	1,087,551	943,103
17	Regional governments or local authorities	10,846	21,790
18	Public sector entities	67	82
19	Multilateral Development Banks	0	0
20	International Organisations	0	0
21	Institutions	5,637	18,567
22	Corporates	135,489	107,025
23	*of which: SME*	51,768	49,660
24	Retail	200,827	113,610
25	*of which: SME*	37,564	35,129
26	Secured by mortgages on immovable property	10,895	9,718
27	*of which: SME*	706	500
28	Exposures in default	460	887
29	Items associated with particularly high risk	0	0
30	Covered bonds	2,518	2,665
31	Claims on institutions and corporates with a short-term credit assessment	0	636
32	Collective investments undertakings (CIU)	0	0
33	Equity exposures	3,839	3,461
34	Other exposures	25,250	26,247
35	***Total SA approach***	**1,483,380**	**1,247,791**
36	**Total**	**3,726,152**	**3,432,894**

Table 21: EU CRB-B – Total and average net amount of exposures

		a	b	c	d	e	f	g
		Net values						
		EU	Hungary	Austria	Slovakia	Czech Republic	Romania	Slovenia
1	Central governments or central banks	18,802	18,802	0	0	0	0	0
2	Institutions	265,749	260,804	2,924	15	639	17	651
3	Corporates	974,648	966,742	0	25	244	8	0
4	Retail	897,815	897,815	0	0	0	0	0
5	Equity	0	0	0	0	0	0	0
6	Non credit obligation asset	83,983	83,982	0	0	0	0	0
7	***Total IRB approach***	**2,240,998**	**2,228,146**	**2,924**	**41**	**883**	**26**	**651**
8	Central governments or central banks	1,087,551	1,087,551	0	0	0	0	0
9	Regional governments or local authorities	10,846	10,846	0	0	0	0	0
10	Public sector entities	67	67	0	0	0	0	0
11	Multilateral Development Banks	0	0	0	0	0	0	0
12	International Organisations	0	0	0	0	0	0	0
13	Institutions	5,618	981	2,169	0	1	10	0
14	Corporates	135,482	135,395	21	0	0	0	0
15	Retail	200,796	200,779	0	0	0	0	0
16	Secured by mortgages on immovable property	10,895	10,895	0	0	0	0	0
17	Exposures in default	460	460	0	0	0	0	0
18	Items associated with particularly high risk	0	0	0	0	0	0	0
19	Covered bonds	2,518	2,518	0	0	0	0	0
20	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0
21	Collective investments undertakings (CIU)	0	0	0	0	0	0	0
22	Equity exposures	1,231	1,231	0	0	0	0	0
23	Other exposures	25,250	25,250	0	0	0	0	0
24	Total SA approach	**1,480,714**	**1,475,974**	**2,190**	**0**	**1**	**10**	**0**
	Total	**3,721,712**	**3,704,120**	**5,114**	**41**	**884**	**36**	**651**

		h		i	j	k	l	m
		Net values						
		Germany	United Kingdom	*Other countries*	United Satets	Canada	Other geographical areas	Total
1	Central governments or central banks	0	0	0	0	0		18,802
2	Institutions	221	374	877	877	0		266,626
3	Corporates	53	0	897	0	897		975,546
4	Retail	0	0	0	0	0		897,815
5	Equity	0	0	0	0	0		0
6	Non credit obligation asset	0	0	0	0	0		83,983
7	***Total IRB approach***	**274**	**374**	**1,774**	**877**	**897**		**2,242,772**
8	Central governments or central banks	0	0	0	0	0		1,087,551
9	Regional governments or local authorities	0	0	0	0	0		10,846
10	Public sector entities	0	0	0	0	0		67
11	Multilateral Development Banks	0	0	0	0	0		0
12	International Organisations	0	0	0	0	0		0
13	Institutions	3	0	19	19	0		5,637
14	Corporates	58	0	7	0	0		135,489
15	Retail	1	0	31	1	0		200,827
16	Secured by mortgages on immovable property	0	0	0	0	0		10,895
17	Exposures in default	0	0	0	0	0		460
18	Items associated with particularly high risk	0	0	0	0	0		0
19	Covered bonds	0	0	0	0	0		2,518
20	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0		0
21	Collective investments undertakings (CIU)	0	0	0	0	0		0
22	Equity exposures	0	0	2,608	2,608	0		3,839
23	Other exposures	0	0	0	0	0		25,250
24	Total SA approach	**62**	**0**	**2,666**	**2,628**	**0**		**1,483,380**
	Total	**336**	**374**	**4,440**	**3,505**	**898**		**3,726,152**

Table 22: EU CRB-C – Geographical breakdown of exposures

		Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial and insurance services
1	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0
2	Institutions	0	0	0	0	0	0	0	0	0	0	266,583
3	Corporates	55,551	717	284,639	89,974	6,339	30,473	100,953	34,274	18,820	7,274	55,458
4	Retail	371	0	0	0	0	0	0	0	0	0	0
5	Equity	0	0	0	0	0	0	0	0	0	0	0
6	Non credit obligation asset	30	0	31	2	0	54	75	7	8	11	555
7	***Total IRB approach***	**55,952**	**717**	**284,670**	**89,976**	**6,339**	**30,527**	**101,028**	**34,282**	**18,827**	**7,285**	**322,596**
8	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	180,811
9	Regional governments or local authorities	0	0	0	0	0	0	0	0	0	0	0
10	Public sector entities	0	0	0	0	0	0	0	0	0	0	0
11	Multilateral Development Banks	0	0	0	0	0	0	0	0	0	0	0
12	International Organisations	0	0	0	0	0	0	0	0	0	0	0
13	Institutions	0	0	0	0	0	0	0	0	0	0	5,637
14	Corporates	10,630	148	44	24,969	31	710	3,376	1,140	110	20	78,804
15	Retail	3,454	41	4,558	6	77	5,339	9,554	1,660	1,599	1,564	609
16	Secured by mortgages on immovable property	482	0	31	0	0	14	31	6	37	14	7,856
17	Exposures in default	2	0	128	0	0	16	103	11	3	16	1
18	Items associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	0
19	Covered bonds	0	0	0	0	0	0	0	0	0	0	2,518
20	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0
21	Collective investments undertakings (CIU)	0	0	0	0	0	0	0	0	0	0	0
22	Equity exposures	0	0	0	0	0	0	0	0	0	0	3,651
23	Other exposures	0	0	0	0	0	24,970	0	0	0	0	281
24	***Total SA approach***	14,568	189	4,760	24,975	108	31,049	13,064	2,816	1,748	1,614	280,167
25	**Total**	70,520	906	289,430	114,951	6,447	61,576	114,091	37,098	20,575	8,899	602,763

		Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Retail	Other	Total
1	Central governments or central banks	0	0	0	18,802	0	0	0	0	0	0	18,802
2	Institutions	0	0	0	0	43	0	0	0	0	0	266,626
3	Corporates	237,247	24,235	12,631	0	0	530	544	14,853	0	1,034	975,546
4	Retail	0	0	0	0	0	0	0	0	897,444	0	897,815
5	Equity	0	0	0	0	0	0	0	0	0	0	0
6	Non credit obligation asset	30	34	15	5	3	1	2	7	1	83,111	83,983
7	***Total IRB approach***	**237,277**	**24,270**	**12,645**	**18,807**	**46**	**531**	**546**	**14,860**	**897,445**	**84,145**	**2,242,772**
8	Central governments or central banks	0	0	0	906,740	0	0	0	0	0	0	1,087,551
9	Regional governments or local authorities	0	0	0	10,846	0	0	0	0	0	0	10,846
10	Public sector entities	0	0	0	0	67	0	0	0	0	0	67
11	Multilateral Development Banks	0	0	0	0	0	0	0	0	0	0	0
12	International Organisations	0	0	0	0	0	0	0	0	0	0	0
13	Institutions	0	0	0	0	0	0	0	0	0	0	5,637
14	Corporates	8,047	3,945	1,880	15	0	27	125	1,464	0	4	135,489
15	Retail	1,069	4,092	1,387	0	423	1,104	431	987	162,865	7	200,827
16	Secured by mortgages on immovable property	29	11	0	0	6	44	5	3	2,327	0	10,895
17	Exposures in default	68	15	19	0	0	3	0	1	76	0	460
18	Items associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	0
19	Covered bonds	0	0	0	0	0	0	0	0	0	0	2,518
20	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0
21	Collective investments undertakings (CIU)	0	0	0	0	0	0	0	0	0	0	0
22	Equity exposures	0	0	0	0	0	0	0	0	0	188	3,839
23	Other exposures	0	0	0	0	0	0	0	0	0	0	25,250
24	***Total SA approach***	9,213	8,064	3,285	917,601	497	1,178	562	2,455	165,267	199	1,483,380
25	**Total**	246,490	32,334	15,931	936,409	543	1,708	1,108	17,315	1,062,712	84,345	3,726,152

Table 23: EU CRB-D – Concentration of exposures by industry or counterparty types

	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Central governments or central banks	0	4,525	5,333	8,945	0	18,802
Institutions	0	42,095	164,194	60,314	23	266,626
Corporates	1,521	216,400	408,203	267,946	81,477	975,546
Retail	2,894	37,408	130,746	589,415	137,352	897,815
Equity	0	0	0	0	0	0
Non credit obligation asset	8	61,545	0	0	22,430	83,983
Total IRB approach	**4,423**	**361,972**	**708,475**	**926,620**	**241,282**	**2,242,772**
Central governments or central banks	121	304,697	531,916	250,452	364	1,087,551
Regional governments or local authorities	10	0	4,290	6,546	0	10,846
Public sector entities	0	0	52	7	8	67
Multilateral Development Banks	0	0	0	0	0	0
International Organisations	0	0	0	0	0	0
Institutions	0	4,771	0	0	866	5,637
Corporates	67	5,817	14,340	54,104	61,160	135,489
Retail	1,307	8,939	11,484	169,339	9,759	200,827
Secured by mortgages on immovable property	7,856	14	362	2,663	0	10,895
Exposures in default	92	0	193	116	60	460
Items associated w ith particularly high risk	0	0	0	0	0	0
Covered bonds	0	0	2,518	0	0	2,518
Claims on institutions and corporates w ith a short-term credit assessment	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0
Equity exposures	0	0	0	0	3,839	3,839
Other exposures	25,019	0	0	0	232	25,250
Total SA approach	**34,473**	**324,239**	**565,155**	**483,227**	**76,287**	**1,483,380**
Total	***38,895***	***686,211***	***1,273,630***	***1,409,847***	***317,569***	***3,726,152***

Table 24: EU CRB-E – Maturity of exposures

	Gross carrying value		Specific Credit Risk Adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values (a+b-c-d-e)
	defaulted exposures	non-defaulted exposures				
Central governments or central banks	18,811	0	9	0	4	18,802
Institutions	266,825	0	206	0	48	266,618
Corporates	971,419	29,799	25,673	0	19,175	975,546
Of Which: Specialised Lending	242,494	7,185	4,345	0	3,287	245,335
Of Which: SME	971,419	29,799	25,673	0	-52	975,546
Retail	908,923	25,283	36,391	9,986	8,694	897,815
Secured by real estate property	521,596	16,931	17,151	8,732	-1,248	521,376
Other Retail	387,327	8,352	19,240	1,254	9,942	376,439
SME	0	0	0	0	0	0
Non-SME	0	0	0	0	0	0
Equity	0	0	0	0	0	0
Non credit obligation asset	84,903	549	1,468	-1,476	1,470	83,983
Total IRB approach	2,250,881	55,631	63,747	8,510	29,390	2,242,764
Central governments or central banks	1,088,118	0	619	0	497	1,087,499
Regional governments or local authorities	10,850	0	4	0	1	10,846
Public sector entities	67	0	0	0	-1	67
Multilateral Development Banks	0	0	0	0	0	0
International Organisations	0	0	0	0	0	0
Institutions	5,637	1	1	0	0	5,637
Corporates	136,530	87	1,129	0	-263	135,489
of which: SME	0	0	0	0	0	0
Retail	201,383	510	1,066	0	278	200,827
of which: SME	0	0	0	0	0	0
Secured by mortgages on immovable property	10,909	0	14	0	5	10,895
of which: SME	0	0	0	0	0	0
Exposures in default	0	2,520	2,060	0	548	460
Items associated with particularly high risk	0	0	0	0	0	0
Covered bonds	2,518	0	0	0	0	2,518
Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0
Equity exposures	3,839	0	0	0	0	3,839
Other exposures	25,250	0	0	0	0	25,250
Total SA approach	1,485,104	3,118	4,894	0	1,065	1,483,328
Total	3,735,984	58,749	68,641	8,510	30,455	3,726,092
Of which: Loans	2,027,321	55,430	60,721	8,510	26,191	2,022,030
Of which: Debt securities	1,155,777	985	1,690	0	752	1,155,071
Of which: off balance	456,849	2,335	6,170	0	3,513	453,014

Table 25: EU CR1-A – Credit quality of exposures by exposure class and instrument

	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which non-performing		of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**3,562,197**	**56,732**	**56,732**	**3,244,277**	**-62,520**		**-939**
Core Market - Austria	29,430	0	0	29,421	-21		0
Core Market - Croatia	7,317	0	0	7,317	-31		0
Core Market - Czech Republic	45	0	0	45	-3		0
Core Market - Hungary	3,517,675	56,647	56,647	3,200,875	-62,287		-939
Core Market - Romania	708	27	27	697	-37		0
Core Market - Serbia	22	0	0	22	-2		0
Core Market - Slovakia	513	0	0	513	-12		0
Emerging Markets	550	3	3	550	-17		0
Other EU including Slovenia	3,872	51	51	3,872	-98		0
Other Industrialised Countries	2,065	3	3	965	-12		0
Off-balance-sheet exposures	**459,165**	**2,339**	**2,339**			**-6,173**	
Core Market - Austria	66	0	0			0	
Core Market - Croatia	3	0	0			0	
Core Market - Czech Republic	887	0	0			-1	
Core Market - Hungary	455,952	2,336	2,336			-6,163	
Core Market - Romania	20	0	0			0	
Core Market - Serbia	0	0	0			0	
Core Market - Slovakia	47	0	0			0	
Emerging Markets	14	0	0			-1	
Other EU including Slovenia	1,262	1	1			-2	
Other Industrialised Countries	914	3	3			-5	
Total	**4,021,362**	**59,071**	**59,071**	**3,244,277**	**-62,520**	**-6,173**	**-939**

Table 26: NPL 05 - Quality of non-performing exposures by geography

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which non-performing		of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	50,461	1,495	1,495	50,454	-1,544	0
Mining and quarrying	7,427	0	0	7,427	-31	0
Manufacturing	180,062	5,737	5,737	180,061	-5,467	0
Electricity, gas, steam and air conditioning supply	25,021	5	5	25,021	-186	0
Water supply	4,314	0	0	4,314	-35	0
Construction	16,117	68	68	16,117	-258	0
Wholesale and retail trade	74,222	2,030	2,030	74,204	-2,032	-4
Transport and storage	37,042	11,858	11,858	37,042	-7,220	0
Accommodation and food service activities	19,461	4,405	4,405	19,453	-1,938	0
Information and communication	2,652	47	47	2,652	-63	0
Financial and insurance services	57,590	666	666	57,590	-524	0
Real estate activities	221,374	2,727	2,727	221,319	-3,009	0
Professional, scientific and technical activities	25,983	188	188	25,982	-633	0
Administrative and support service activities	11,137	255	255	11,137	-264	0
Public administration and defence, compulsory social security	14	0	0	14	0	0
Education	341	2	2	341	-6	0
Human health services and social work activities	834	12	12	812	-18	0
Arts, entertainment and recreation	934	1	1	934	-22	0
Other services	2,434	115	115	2,434	-124	0
Total	**737,420**	**29,610**	**29,610**	**737,306**	**-23,375**	**-4**

Table 27: NPL 06 - Credit quality of loans and advances by industry

	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				
Loans and advances	**4,610**	**3,891**	**3,891**	**3,860**	**-122**	**-2,042**	**5,846**	**1,732**
Central banks								
General governments								
Credit institutions								
Other financial corporations								
Non-financial corporations	178	392	392	392	-10	-61	491	330
Households	4,432	3,499	3,499	3,468	-112	-1,981	5,355	1,402
Debt securities		985	985	985		-532	453	453
Loan commitments given	49	4	4	4	-1	-3	46	
Total	**4,659**	**4,880**	**4,880**	**4,849**	**-123**	**-2,577**	**6,344**	**2,185**

Table 28: NPL 01 - Credit quality of forborne exposures

	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
Loans and advances	**2,242,175**	**2,215,784**	**26,391**	**55,747**	**36,911**	**1,895**
Central banks	**380,505**	380,505	0	**0**	0	0
General governments	**23,759**	23,759	0	**11**	0	0
Credit institutions	**103,833**	103,833	1	**0**	0	0
Other financial corporations	**54,576**	54,530	46	**1**	1	0
Non-financial corporations	**707,810**	689,957	17,853	**29,610**	26,579	84
Of which SMEs	**419,126**	402,476	16,650	**14,490**	11,859	81
Households	**971,693**	963,201	8,492	**26,125**	10,332	1,811
Debt securities	**1,263,289**	**1,263,289**	**0**	**985**	**985**	**0**
Central banks	**0**	0	0	**0**	0	0
General governments	**963,254**	963,254	0	**0**	0	0
Credit institutions	**277,486**	277,486	0	**0**	0	0
Other financial corporations	**1,100**	1,100	0	**0**	0	0
Non-financial corporations	**21,449**	21,449	0	**985**	985	0
Off-balance-sheet exposures	**456,826**			**2,339**		
Central banks	0			0		
General governments	1,184			0		
Credit institutions	1,911			0		
Other financial corporations	65,038			0		
Non-financial corporations	266,413			1,713		
Households	122,280			626		
Total	**3,962,291**	**3,479,073**	**26,391**	**59,071**	**37,896**	**1,895**

	Gross carrying amount/nominal amount					
	Non-performing exposures					
	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
Loans and advances	**1,848**	**4,344**	**4,323**	**1,232**	**5,193**	**55,747**
Central banks	0	0	0	0	0	0
General governments	0	11	0	0	0	11
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	1
Non-financial corporations	1,085	1,440	302	16	105	29,610
Of which SMEs	712	1,439	297	12	90	14,490
Households	763	2,894	4,022	1,216	5,087	26,125
Debt securities	**0**	**0**	**0**	**0**	**0**	**985**
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	0	0	0	0	0	985
Off-balance-sheet exposures						
Central banks						
General governments						
Credit institutions						
Other financial corporations						
Non-financial corporations						
Households						
Total	**1,848**	**4,344**	**4,323**	**1,232**	**5,193**	**59,071**

Table 29: NPL 03 - Credit quality of performing and non-performing exposures by past due days

	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
Loans and Advances	**2,242,175**	**1,717,525**	**298,237**	**55,747**	**0**	**45,150**
Central banks	380,505	380,505	0	0	0	0
General governments	23,759	9,914	13,781	11	0	0
Credit institutions	103,833	103,833	0	0	0	0
Other financial corporations	54,576	54,479	97	1	0	1
Non-financial corporations	707,810	529,145	169,741	29,610	0	28,863
of which SMEs	419,126	281,113	129,089	14,490	0	13,840
Households	971,693	639,650	114,618	26,125	0	16,287
Debt securities	**1,263,289**	**1,151,335**	**3,417**	**985**	**0**	**985**
Central banks	0	0	0	0	0	0
General governments	963,254	921,392	0	0	0	0
Credit institutions	277,486	211,910	0	0	0	0
Other financial corporations	1,100	0	0	0	0	0
Non-financial corporations	21,449	18,032	3,417	985	0	985
Off-balance-sheet exposures	**456,826**	**371,101**	**32,704**	**2,339**	**0**	**1,252**
Central banks	0	0	0	0	0	0
General governments	1,184	1,164	20	0	0	0
Credit institutions	1,911	0	0	0	0	0
Other financial corporations	65,038	64,933	105	0	0	0
Non-financial corporations	266,413	188,676	26,986	1,713	0	723
Households	122,280	116,329	5,593	626	0	529
Total	**3,962,291**	**3,239,961**	**334,357**	**59,071**	**0**	**47,387**

	Accumulated impairment, accumulated negative changes in fair value							Collateral and financial	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Loans and Advances	**-27,349**	**-5,891**	**-21,348**	**-34,420**	**0**	**-27,745**	**-8,510**	**1,150,480**	**18,559**
Central banks	-101	-101	0	0	0	0	0	0	0
General governments	-42	-1	-42	-5	0	0	0	7,873	0
Credit institutions	-57	-57	0	0	0	0	0	70,627	0
Other financial corporations	-163	-160	-3	-1	0	-1	0	36,676	0
Non-financial corporations	-7,553	-2,493	-5,060	-15,826	0	-15,514	0	327,068	12,595
of which SMEs	-5,555	-1,406	-4,149	-7,748	0	-7,437	0	263,878	6,258
Households	-19,432	-3,079	-16,243	-18,587	0	-12,230	-8,510	708,235	5,964
Debt securities	**-1,158**	**-943**	**-215**	**-532**	**0**	**-532**	**0**	**267,851**	**453**
Central banks	0	0	0	0	0	0	0	0	0
General governments	-527	-527	0	0	0	0	0	8,900	0
Credit institutions	-156	-156	0	0	0	0	0	258,951	0
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	-476	-261	-215	-532	0	-532	0	0	453
Off-balance-sheet exposures	**-5,578**	**-1,416**	**-1,729**	**-595**	**0**	**-556**		**62,297**	**258**
Central banks	0	0	0	0	0	0		0	0
General governments	0	0	0	0	0	0		0	0
Credit institutions	-1	0	0	0	0	0		1,857	0
Other financial corporations	-48	-48	-1	0	0	0		295	0
Non-financial corporations	-3,979	-867	-700	-265	0	-263		57,161	258
Households	-1,549	-501	-1,028	-330	0	-294		2,984	0
Total	**-34,085**	**-8,250**	**-23,291**	**-35,547**	**0**	**-28,834**	**-8,510**	**1,480,628**	**19,270**

Table 30: NPL 04 - Performing and non-performing exposures and related provisions

	Collateral obtained by taking possession	
	Value at initial recognition	**Accumulated negative changes**
Property, plant and equipment (PP&E)		
Other than PP&E	15,286	-2,474
Residential immovable property		
Commercial immovable property	15,286	-2,474
Movable property (auto, shipping, etc.)		
Equity and debt instruments		
Other		
Total	**15,286**	**-2,474**

Table 31: NPL 09 - Collateral obtained by taking possession and execution processes

	Accumulated Specific credit risk adjustment	Accumulated General credit risk adjustment
Opening balance	-40,784	0
Increases due to amounts set aside for estimated loan losses during the period	-87,704	0
Decreases due to amounts reversed for estimated loan losses during the period	57,248	0
Decreases due to amounts taken against accumulated credit risk adjustments	657	0
Transfers betw een credit risk adjustments	0	0
Impact of exchange rate differences	-575	0
Business combinations, including acquisitions and disposals of subsidiaries	0	0
Other adjustments	4,945	0
Closing balance	-66,213	0
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	8,670	0
Specific credit risk adjustments recorded directly to the statement of profit or loss	-3,742	0

Table 32: EU CR2-A –Changes in the stock of general and specific credit risk adjustments

		Defaulted exposures
1	**Opening stock**	**44,935**
2	Exposures that have defaulted since the last reporting period	30,543
3	Returned to non-defaulted status	-6,454
4	Amounts w ritten off	-4,398
5	Other changes	-5,553
6	**Closing stock**	**59,071**

Table 33: EU CR2-B: Changes in stock of defaulted and impaired loans and debt securities

11. Unencumbered assets (Art. 443.)

At the end of the year 10% of the bank's assets were used as collateral.

The majority of the encumbered assets are pledged loans (HUF 224 billion), out of that HUF 184 billion are loans pledged for refinancing loans from Mortgage Banks. This is needed in order to meet the Mortgage Financing Adequacy Ratio (MFAR).

Most of the pledged HUF 144 billion securities is used for the Loan for Growth program of the National Bank of Hungary.

2020.12.31		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of non-encumbered assets		Fair value of non-encumbered assets	
			of which: central bank's eligible		of which: central bank's eligible		of which: central bank's eligible		of which: central bank's eligible
in million HUF		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**367,895**	**143,893**			**3,329,989**	**1,109,536**		
020	Loans on demand					175,349			
030	Equity instruments	19		19		3,982		3,839	
040	Debt securities	143,893	143,893	147,808	147,808	1,118,690	1,109,536	1,136,305	1,128,311
050	of which: covered bonds								
060	of which: asset-backed securities								
070	of which: issued by general governments	134,374	134,374	138,316	138,316	828,353	820,764	845,711	838,179
080	of which: issued by financial corporations					268,911	267,803	268,846	268,846
090	of which: issued by non-financial corporations					21,426	20,969	21,748	21,286
100	Loans and advances other than loans on demand	223,983				1,836,822			
110	of which: mortgage loans	183,580				719,993			
120	Other assets					195,146			
121	of which: ...								

Table 34: Encumbered and non-encumbered assets

2020.12.31		Fair value of encumbered collateral received or own debt securities issued		Non-encumbered		
				Fair value of collateral received or own debt securities issued available for encumbrance		Nominal of collateral received or own debt securities issued non available for encumbrance
			of which: central bank's eligible		of which: central bank's eligible	
in million HUF		010	030	040	060	070
130	**Collateral received by the reporting institution**			191,880	3,501	**4,544,202**
140	Loans on demand					314,519
150	Equity instruments			1,644		6,963
160	Debt securities			3,501	3,501	127,286
170	of which: covered bonds					
180	of which: asset-backed securities					
190	of which: issued by general governments			3,501	3,501	22,982
200	of which: issued by financial corporations					104,304
210	of which: issued by non-financial corporations					
220	Loans and advances other than loans on demand					52,027
230	Other collateral received			186,735		4,043,406
231	of which: ...					
240	**Own debt securities issued other than own covered bonds or ABSs**					
241	**Own covered bonds and ABSs issued and not yet pledged**					
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**367,895**	**143,893**			

Table 35: Collateral received

2020.12.31		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
in million HUF		010	030
010	**Carrying amount of selected financial liabilities**	**328,851**	**366,577**
020	Derivatives	43,213	32,346
030	of which: Over-The-Counter	43,164	32,117
040	Deposits	132,188	138,184
050	Repurchase agreements	99	98
060	of which: central banks		0
070	Collateralised deposits other than repurchase agreements	132,089	138,086
080	of which: central banks	130,608	135,608
090	Debt securities issued	153,450	196,046
100	of which: covered bonds issued	153,450	196,046
110	of which: asset-backed securities issued	0	0
120	Other sources of encumbrance		1,319
130	Nominal of loan commitments received		
140	Nominal of financial guarantees received		
150	Fair value of securities borrowed with non cash-collateral		
160	Other		1,319
170	TOTAL SOURCES OF ENCUMBRANCE	**328,851**	**367,895**

Table 36: Sources of encumbrance

12. Use of ECAIs

According to Article 4 (98) CRR, external credit assessment institution (ECAI) means a credit rating agency that is registered or certified in accordance with Regulation (EC) No 1060/2009.

Ratings provided by external credit rating agencies are matched to the ratings provided by the internal rating system for each agency.

A rating system comprises all models, methods, processes, controls, data collection and data processing processes that serve the assessment of credit risks, the allocation of exposures to rating grades and the quantification of default probabilities for certain types of exposures.

The rating systems used by Erste Bank Hungary Zrt. meet the requirements for the application of the IRB Approach.

External rating are applied on sovereign customers as an input (Moody's rating is applied) to the local model. Other clients are rated internally.

The Bank used by external rating agencies and credit quality categories are as follows:

Moody's	OECD Country Risk Ratings	Credit Quality Step
Aaa to Aa3	0 to 1	1
A1 to A3	2	2
Baa1 to Baa3	3	3
Ba1 to Ba3	4 to 5	4
B1 to B3	6	5
Caa1 and below	7	6

Table 37: Allocation of the external ratings to credit quality steps

The RW allocation depending on the credit quality step and the exposure class is as follows:

Credit Quality Step	Central governments and central banks	Institutions (Option 1)	Institutions (Option 2) long-term	Institutions (Option 2) short-term	Corporates
1	0%	20%	20%	20%	20%
2	20%	50%	50%	20%	50%
3	50%	100%	50%	20%	100%
4	100%	100%	100%	50%	100%
5	100%	100%	100%	50%	150%
6	150%	150%	150%	150%	150%

Table 38: CRR - The RW allocation depending on the credit quality step and the exposure class is as follows

Exposure Classes	RW								
	0%	2%	4%	10%	20%	35%	50%	70%	75%
Central governments or central banks	1,500,697	0	0	0	0	0	0	0	0
Regional government or local authorities	0	0	0	0	1,886	0	0	0	0
Public sector entities	0	0	0	0	0	0	0	0	0
Multilateral development banks	7,635	0	0	0	0	0	0	0	0
International organisations	0	0	0	0	0	0	0	0	0
Institutions	0	0	0	0	5,637	0	0	0	0
Corporates	0	0	0	0	0	0	0	0	0
Retail	0	0	0	0	0	0	0	0	32,572
Secured by mortgages on immovable property	0	0	0	0	0	10,384	500	0	0
Exposures in default	0	0	0	0	0	0	0	0	0
Higher-risk categories	0	0	0	0	0	0	0	0	0
Covered bonds	0	0	2,518	0	0	0	0	0	0
Institutions and corporates with a short term credit assessment	0	0	0	0	0	0	0	0	0
Collective investment undertakings	0	0	0	0	0	0	0	0	0
Equity	0	0	0	0	0	0	0	0	0
Other items	9	0	0	0	0	0	0	0	0
Total	1,508,341	0	2,518	0	7,523	10,384	500	0	32,572

Exposure Classes	RW							Total	of which unrated
	100%	150%	250%	370%	1250%	Other	Deducted		
Central governments or central banks	0	0	92	0	0	0	0	1,500,789	0
Regional government or local authorities	0	0	0	0	0	0	0	1,886	0
Public sector entities	10	0	0	0	0	0	0	10	0
Multilateral development banks	0	0	0	0	0	0	0	7,635	0
International organisations	0	0	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0	5,637	0
Corporates	58,679	0	0	0	0	0	0	58,679	0
Retail	0	0	0	0	0	0	0	32,572	0
Secured by mortgages on immovable property	0	0	0	0	0	0	0	10,883	0
Exposures in default	110	126	0	0	0	0	0	236	0
Higher-risk categories	0	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	2,518	0
Institutions and corporates with a short term credit assessment	0	0	0	0	0	0	0	0	0
Collective investment undertakings	0	0	0	0	0	0	0	0	0
Equity	3,839	0	0	0	0	0	0	3,839	2,608
Other items	25,241	0	0	0	0	0	0	25,250	0
Total	87,879	126	92	0	0	0	0	1,649,934	

Table 39: EU CR5 – Standardised approach

Exposure classes	RW						
	0%	2%	4%	10%	20%	50%	70%
Central governments or central banks	1,099	0	0	0	0	0	0
Regional government or local authorities	0	0	0	0	0	0	0
Public sector entities	0	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0	0
International organisations	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0
Corporates	0	0	0	0	0	0	0
Retail	0	0	0	0	0	0	0
Institutions and corporates with a short term credit assessment	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0
Total	1,099	0	0	0	0	0	0

Exposure classes	RW				Total	of which unrated
	75%	100%	150%	Egyéb		
Central governments or central banks	0	0	0	0	1,099	0
Regional government or local authorities	0	149	0	0	149	0
Public sector entities	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0
International organisations	0	0	0	0	0	0
Institutions	0	0	0	0	0	0
Corporates	0	20,929	0	0	20,929	0
Retail	2,281	0	0	0	2,281	0
Institutions and corporates with a short term credit assessment	0	0	0	0	0	0
Other items	0	0	0	0	0	0
Total	2,281	21,078	0	0	24,459	0

Table 40: EU CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk

13. Exposure to market risk (Art. 445.)

	RWA	Capital requirement
Outright products		
Interest rate risk (general and specific)	28,605	2,288
Equity risk (general and specific)	3,409	273
Foreign exchange risk	0	0
Commodity risk	0	0
Options		
Simplified approach	0	0
Delta-plus method	0	0
Scenario approach	0	0
Securitisation (specific risk)	0	0
Total	32,014	2,561

Table 41: EU MR1 – Market risk under the standardised approach

14. Operational risk (Art. 446.)

Erste Bank Hungary Zrt. determined its operational risk capital with the methodologies below:

- On individual level used the AMA (Advanced Measurement Approach), which is calculated by Erste Group, and allocated to other entities uses AMA as well with an allocation key (calculated by a loss and an indicator key). Erste Group uses the Loss Distribution Approach (LDA) for modelling OpRisk. EG incorporates following input factors into the model: Internal loss data , External loss data, scenario analysis, Business Environment and Control Factors.
- For its Subsidiaries the BIA (Basic Indicator Approach) which calculates capital requirement on an accounting basis, 15% of the average gross income for the last three years of the Bank
- On a consolidated level the sum of the capital calculated with AMA and BIA methodologies to cover the operational risk exposure in the Bank

15. Non-trading book equity exposures (Art. 447.)

The Bank has a portfolio not registered in the trading book and regulated by the Art. 447. CRR c).

In the banking book registered equities are shown on FV (future value). Data for securities which are not shown in the trading book is in table 57.

15.1. Special rules for the management and registration of securities

Separate registration of shares for trading and investment purposes is required. Shares acquired for trading purposes are shown as shares for trading, while shares the Bank intend to keep are presented by the Company as shares for investment purposes. Asset-Liability Management determines whether a security was bought for trading or investment purposes and it should be booked based on that to the separate portfolio (trading, held to collect or held to collect and sale).

The nominal value of securities shall be recorded. Year-end inventory should be taken into account in both at nominal value and at amortized cost and should be performed at market value at the balance sheet date.

15.2. Registering securities related to special cases

If the fair value of the unregistered elements of the capital is permanently or substantially lower than the book value, it recognizes impairment being quantified. The Company considers a one-year duration as permanent and 10% difference as significant.

Impairment of the available-for-sale financial assets is accounted for by accumulating the accumulated loss in the hedge loss and the fair value reserve in the profit and loss account under the heading "Net worth of financial assets and liabilities not measured through profit or loss". If the amount of impairment exceeds the estimated valuation reserve, the excess loss is recognized directly against the profit or loss on the net impairment of financial assets and liabilities that are not recognized through profit or loss.

The Company reduces the amount of cumulative impairment in the event that objective evidence demonstrates that a positive change in the expected return on the financial asset has occurred. In the case of equity instruments, there is no possibility of reversing the impairment loss. For deferred available-for-sale financial assets, the write-down of impairment losses is recognized in the income statement under the heading "Net worth of financial assets and liabilities not measured through profit or loss".

16. Risk reporting from the Banking Book (Art. 448.)

Risk monitoring in the Banking Book

The economic value of equity is estimated as a difference between the net present value of all the contractual cash inflows (assets) and outflows (liabilities) derived from the current balance sheet. The simulated interest rate movements are based on the six predescribed shock scenarios defined in the paragraphs 114 and 115 of the EBA guideline (Guidelines on the management of interest rate risk arising from non-trading book activities" "EBA/GL/2018/02) and the parameters defined by MNB in the methodolgical handbook of "Internal Capital Adequacy Process (ICAAP), Internal Liquidity Adequacy Process (ILAAP) and Supervisory Review and Business Modell Analysis (BMA)". The set includes two parallel scenarios of upward and downward shift and in addition four non-parallel scenarios are identified for each currency representing steepening, flattening and upward and downwards movements on the short end of the yield curve respectively. Flooring logic is following the prescription in paragraph 115 (k) of the same guideline and starts with a floor of -100 bp at the overnight time bucket. The floor increases by 5 bp per year until it reaches a value of 0 bp at the 20Y bucket. The sensitivity of EVE is reported in relation to Tier 1 capital and is used for internal limit setting.

The net interest income is expressed as the absolute sum total of the variation of the 1-year net interest income by currency, occurring as a result of the above mentioned six scenarios compared to the net interest income calculated with an unchanged interest rate scenario. According to the current methodology, the maturing volumes are 100% renewed (unchanged balance sheet assumed during the year, the positive values – in line with the methodology – are weighted with a 50% weight so the total is not the sum of the individual currency values.

Currency	EVE change mn HUF (worst scenario in case of negative paralell shock)
HUF	-19,511
EUR	6,670
USD	-58
CHF	-207
TOTAL	**-16,441**
Solvency equity	347,480
Basel II ratio	**4.73%**

Table 42: CRR Art. 448. CRR – Sensitivity of economic value (Banking Book)

17. Securitization process at the Bank

Published according to the Art 449. CRR that in 2020, there was no securitization process originated by Erste Bank Hungary Zrt.

18. Remuneration policy (Art. 450.)

The main body overseeing remuneration during the financial year in Erste Bank Hungary Zrt. is the Remuneration Committee. The Committee consisted of three external member of Board of Directors. The Committee held 2 meetings in the 2020 financial year.

Erste Bank Hungary Zrt. discloses its remuneration policy on the homepage of the Bank, which includes also the remuneration policy applicable for the identified staff defined based on the section (2) of 117. § of Hpt. The Bank also fulfils the disclosure obligation on the following topics defined by the section (1) of the Article 450 of Chapter 8 of the regulation (EU) No 575/2013 with the published remuneration policy through the website:
https://www.erstebank.hu/content/dam/hu/ebh/www_erstebank_hu/bankunkrol/javadalmazasi-politika/2020/Remuneration_policy_HUN_2020_kozzetetel.pdf

Information concerning the decision-making process used for determining the remuneration policy; the most important design characteristics of the remuneration system (including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria); information on link between pay and performance, the ratios between fixed and variable remuneration, the main parameters and rationale for any variable component scheme and any other non-cash benefits and information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based are all included in the disclosed remuneration policy.

The aggregated quantitative information on remuneration data of the Bank and its subsidiaries under consolidated supervision is presented on the Bank's website.

19. Leverage (Art. 451.)

On the basis of Article 499 (2) of CRR, and in accordance with Article 499 (1) a) the bank reports the leverage ratio.

The bank discloses the value of consolidated leverage ratio according Art. 451 (1) b) of CRR. The Bank reports development of the consolidated leverage ratio to the top management on a quarterly basis.

Accordance to the Article 451 (1) e) of CRR the Bank disclose that its leverage ratio has not changed significantly in 2020, which exceeds both the regulatory and the internally accepted levels. The leverage ratio changed from 11,59% at the end of 2019 to 10,35% at the end of 2020.

Regulating processes used to manage excessive leverage are covered by EBH's internal regulations. The determination of capital targets are part of strategic planning process. However the mid- and long-term strategic plans comprise high-level guidelines in respect to the required capital level, the direct targets and limits are defined by Risk Appetite Statement (RAS) (e.g. CET1 ratio, Own funds ratio, leverage ratio). During the top-down analysis the first factor is the consideration of external stakeholders' opinion while the bottom up analysis validate the initial targets. The analyses includes also the sub-ratios (e.g. CET1 ratio). The Bank uses similar processes to manage the risk of leverage. Leverage ratio is regularly monitored. Leverage ratio limits and triggers are also defined in the RAS. If the ratio reaches the early warning signs, the Bank takes steps to manage the risks arising from the size of the leverage ratio and draws the management's attention. CRR 451. (1) d).

		Applicable amount
1	Total assets as per published financial statements	3,393,644
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	0
4	Adjustments for derivative financial instruments	-24,564
5	Adjustment for securities financing transactions (SFTs)	2,881
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	90,832
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	0
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-27,588
7	Other adjustments	305,510
8	Leverage ratio total exposure	3,740,714

Table 43: LRSum - Summary reconciliation of accounting assets and leverage ratio exposures

		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	3,625,671
2	(Asset amounts deducted in determining Tier 1 capital)	-36,536
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	3,589,135
Derivative exposures		
4	Replacement cost associated w ith all derivatives transactions (ie net of eligible cash variation margin)	36,902
5	Add-on amounts for PFE associated w ith all derivatives transactions (markto-market method)	20,960
EU-5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivatives collateral provided w here deducted from the balance sheet assets pursuant to the applicable accounting framew ork	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of w ritten credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for w ritten credit derivatives)	0
11	Total derivatives exposures (sum of lines 4 to 10)	57,862
SFT exposures		
12	Gross SFT assets (w ith no recognition of netting), after adjusting for sales accounting transactions	404
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	Counterparty credit risk exposure for SFT assets	2,481
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance w ith Articles 429b(4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	2,885
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	90,832
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Other off-balance sheet exposures (sum of lines 17 and 18)	90,832
Exempted exposures in accordance w ith Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance w ith Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
EU-19b	(Exposures exempted in accordance w ith Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
Capital and total exposure mesure		
20	Tier 1 capital	340,515
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	3,740,714
Leverage ratio		
22	Leverage ratio	9.10%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	0
EU-24	Amount of derecognised fiduciary items in accordance w ith Article 429(11) of Regulation (EU) No 575/2013	0

Table 44: LRCom - Leverage ratio common disclosure

According to the Article 3 (2) of Commission Impementing Regulation (EU) 2016/200 „where institutions are required, by virtue of the second subparagraph of Article 13(1) of Regulation (EU) No 575/2013 to disclose information on a sub-consolidated basis, they shall not be required to complete and publish the template entitled ‘LRSpl’ of Annex I on a sub-consolidated basis.”

20. Use of the IRB Approach to credit risk (Art. 452.)

Approved approaches and transitional rules by the regulator

Erste Bank Hungary Zrt. was authorised by the supervisory authority FMA (for indefinite time) to calculate risk-weighted exposure amounts for credit risk using the IRB Approach from 1st April 2008. (IRB Official Notice 28 Mar 2008; IRB official notice for single banking entities and at consolidated level for institutions abroad.)

It annually performs validation of the credit risk models according to the applicable regulations.

The following segments fall under the Advanced IRB Approach:

- Retail

The following segment falls under the Foundation IRB Approach:

- Corporate
- Institutions
- Central government and central bank
- Institutions
- Corporate / Special Lending (Real Estate Financing)

Rating systems and use of ECAIs

A rating system comprises all models, methods, processes, controls, data collection and data processing processes that serve the assessment of credit risks, the allocation of exposures to rating grades and the quantification of default probabilities for certain types of exposures.

The rating systems used by Erste Bank Hungary Zrt. meet the requirements for the application of the IRB Approach.

External rating are applied on sovereign customers as an input (Moody's rating is applied) to the local model. Other clients are rated internally.

Rating Models and Methods

The internal rating models and the estimates of the risk parameters play a key role in credit risk management, in the decision-making processes and in lending operations. Furthermore, they deliver the main determinants for the procedures to assess the capital requirement. Erste Bank Hungary Zrt. uses empirical-statistical and expert-based model types. A periodical validation assures the quality of the rating models and risk parameters.

The purpose of customer rating is the best possible estimation of customer related risks, i.e. to establish the probability of default of the customer within one year (Probability of Default, PD).

Risk assessment is primarily based on the customer rating, however decisions regarding the individual credit risks are not based solely on the customer rating, but they are made with the apprehensive consideration of risk factors.

Within this framework, in addition to the customer and the customer risks any potential third party in the transaction and, in certain cases, the collateral are also the subject of the review.

The rating method to be used is determined depending on customer classification:

- Retail
- Corporates
- Banks
- Sovereigns

Every customer is assigned a certain rating method, as follows:

Exposure Classes	STATISTICAL MODEL	EXPERT MODEL
Retail, commercial	✓	
Corporate	✓	✓
SME	✓	
Special Lending (IPRE)		✓
Banks		✓
Other financial institutions		✓
Central government and central banks		✓
Country		✓
Sovereign		✓
Equities	✓	✓

Table 45: Rating method of different exposure classes as of 31 December 2020

The rating methods Bank rating and Sovereign rating are used as centralised methods throughout Erste Group without any regional modifications and are made available to the Group companies.

The other rating methods (rating private individuals, rating SME, rating corporates and rating specialised lending) follow uniform modelling guidelines. At Erste Bank Hungary model structures feature regional adaptations appropriate to the respective portfolios.

Procedures for checking the reliability of rating systems

Rating systems are reviewed at least once a year. The review is based on Group standards. In the course of back-testing the Bank examines, among others, the rating distribution, calibration and discriminatory power. If required based on the review, the models are adjusted or redeveloped.

Customer rating is used for corporate credit portfolios, the review of which is carried out similarly to that of the retail portfolio.

The structure of the internal rating system and the link between internal and external ratings

Depending on the customer type and the product the Bank uses systems that are using customer and product data to establish the rating. Where this is not available, the rating is established based on the procedure set forth in a separate policy.

The rating systems applied by the Bank have been established based on the standards valid for the Erste Holding subsidiaries and in accordance with the Hungarian regulations. The rating system of the Bank is validated by Erste Holding Validation Unit with annual frequency.

The management of the Bank is regularly notified about the validation results. If the validation process discovers deficiencies concerning rating system of the Bank, and the related processes, the Bank is required to define and implement risk mitigation measures in the relevant fields of the Risk Management of the Bank.

Ratings provided by external credit rating agencies are matched to the ratings provided by the internal rating system for each agency.

Description of the rating process

The Bank uses different rating systems for central governments and central banks, credit institutions, local governments, insurance companies, business entities, project companies, retail customers and other organizations.

When rating any customer, the Bank considers objective and quantifiable as well as subjective and non-quantifiable aspects. With reliance on the review of the portfolio, the information originating from the rating process is continuously measured against historic data.

The Bank's IRB rating systems and its rating methods are back-tested and validated yearly, in line with regulatory requirements.

Rating of central governments or central banks

Central governments and central (or national) banks are rated on the level of Erste Holding with the use of a special rating system which is regularly reviewed. The rating has a special focus on the short-, medium- and long-term risk of foreign currency indebtedness.

The country risk is regarded to be equivalent to the risk carried by the central government, including the government itself, the central (national) bank and the institutions that are backed by the government's joint and several suretyship. The rating is updated on a quarterly basis in order to moderate the distorting effects of the quickly changing environment. The risk model distinguishes two country types: industrial and developing (emerging) markets.

Rating of credit institutions and investment enterprises

To rate credit institutions and investment enterprises, Erste Holding uses its own, dedicatedly developed model. This rating system is an expert model based on the combination of quantitative, qualitative and country risk criteria, to the risk transfer be covered.

Rating of enterprises

When rating business companies, the Bank is required to examine capital endowment, capital structure, liquidity, profitability and debt service. In addition to the foregoing, the system for the analysis of the balance sheet calculates other indicators for assessment, as well. Beside historic figures, the Bank also considers future expectations in the course of rating. Subjective aspects reviewed on a mandatory basis: ownership structure, professional image of the management, market situation and its expected trends, composition of orders, sectoral information, evaluation of future outlooks, quality of planning.

The Bank uses a 13+R level borrower rating system for enterprises: 1 – Virtually risk-free; 2 – Minimum risk; 3 – Low risk; 4a, 4b, 4c – Risk under the average level; 5a,5b, 5c – Average risk level; 6a – 6b Risk over the average level; 7 – Exposure limit; 8 – Early warning; R1-5 – Default.

Rating of retail customers

To determine the rating of exposures within the Bank's retail portfolio, product-specific information is also used. The product-specific information, combined with the customer level scorecards, are integrated into a customer-level rating system.

The rating scale that is applied to private persons within the retail portfolio (and also presented in the capital calculation) has 8+R grades. Micro-entrepreneurial customers are rated on a scale of 13+R grades, identically to corporate customers.

Participations

The Bank rates its participations on a quarterly basis. The rating categories and provisioning rates belonging to participations are established with respect to their book values in the Bank's records and their fair (market) values. When rating a participation, it is to be considered what tendencies the business operations of the company show in comparison with the previous years, and what changes can be anticipated in the short and medium run.

The Bank is not involved in activities for the acquisition of participations for profit.

The process used to transfer the issuer and issue credit assessments onto items not included in the trading book

Issuers are rated the same way as other customers. External rating are applied on sovereign customers as an input (Moody's rating is applied) to the local model. Other clients are rated internally.

Other clients are rated internally.

Probability of default (PD)

PD estimates the probability of the customer falls in default.

For the quantitative validation of PD estimates, the Bank uses the standards determined for Erste Holding's subsidiaries.

The validation itself is executed annually by the Erste Holding Validation unit as an independent team of experts. Validation includes the backtesting of both the portfolio level PD as well as the long-term PD estimated for rating categories, and the comparison with empirical portfolio level default rates and the long term, rating-category based default rates. According to the methodology approved by the supervision authority, if the validation analysis detects an underestimation, a re-estimation is required.

Loss given default (LGD)

LGD is used to estimate the volume of a loss that is suffered by the Bank on average on a transaction having gone default, with respect to the costs associated with receivables collection and the time value of money. The absolute volume of the loss is projected to the total value of the receivables outstanding in relation to the given transaction (= exposure at default ~ EAD) at the time of the occurrence of the default event.

The Bank applies its own loss given default (LGD) estimates in the retail segment.

LGD is validated annually by the Erste Holding Validation Unit. It basically embraces the revision of pools, an overview of changes in the workout processes, the comparison of the newly available factual information with the earlier estimates and the review of the macro-correction of the estimates, and therefore it involves both quantitative and qualitative elements. If the validation backtesting proves on the basis of the actual empirical data that the estimated LGD parameters are not conservative enough, a management intervention and a re-estimation is required. The bank uses recovery data on product level in on order to estimate the LGD and this process is based on the internal database.

Credit conversion factor (CCF)

CCF shows what ratio of the offbalance limit still unutilized at the reference time is expected to be drawn down by the customer until the date of default. In the capital calculation, this amount is still to be added to the part of the offbalance limit that has already been drawn to establish the estimated value of the exposure at default (EAD).

The Bank estimates the credit conversion factor (CCF) for the revolving type products (current account overdrafts and credit cards) of the retail segment.

CCF is validated annually by Erste Holding Validation unit. It basically embraces the review of pools, an overview of changes in the relevant banking processes (e.g. current account monitoring), the comparison of the newly available factual information with the earlier estimates and the review of the necessity of the macro-correction, and therefore it involves both quantitative and qualitative elements.

Control Mechanism for Rating System

Every new IRB model developed must be reviewed prior to use by the Independent Group Validation department. Compliance with development standards and the quality of the results are assessed based on documented validation standards.

The validation procedures and methods are further detailed in Erste Group's Disclosure Report: https://www.erstegroup.com/en/investors/reports/regulatory-reports

Quantitative disclosure on credit risk

Table 46 shows the exposure, average EAD, average PDs, LGDs for the exposure classes of central governments and central banks, institutions, corporates, retail and equity by PD classes, similarly to table 48 where the EAD, average PD, average LGD and RWA is summarized for exposure classes private, corporate, double entry book keeping micros, private entrepreneurs and real estate projects by PD scale. In table 47 the weighted PDs can be seen together with the number of observations and the number of defaults.

		a	b	c	d	e	f
	PD-scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors
General governments and central banks							
	0,00 – <0,15	0	0		0		0
	0,15 – <0,25	18,811	0		21,044	0.2%	4
	0,25 – <0,50	0	0		0		0
	0,50 – <0,75	0	0		0		0
	0,75 – <2,50	0	0		0		0
	2,50 – <10,00	0	0		0		0
	10,00 – <100,00	0	0		0		0
	100 (non-performing (default))	0	0		0		0
	Partial sum	18,811	0		21,044	0.2%	4
Institutions							
	0,00 – <0,15	3,740	1,076	17%	3,966	0.1%	7
	0,15 – <0,25	73,285	158	20%	1,807	0.2%	5
	0,25 – <0,50	172,802	678	20%	1,215	0.3%	7
	0,50 – <0,75	15,041	0		15,041	0.6%	1
	0,75 – <2,50	0	0		0		0
	2,50 – <10,00	0	0		0		0
	10,00 – <100,00	45	0		29	18.3%	4
	100 (non-performing (default))	0	0		0		0
	Partial sum	264,913	1,911	18%	22,058	0.5%	24
Corporate (SME) (SL not incl.)							
	0,00 – <0,15	26	2,905	0%	13	0.1%	3
	0,15 – <0,25	0	0		0		0
	0,25 – <0,50	18,629	6,982	2%	25,664	0.4%	72
	0,50 – <0,75	31,779	19,361	4%	30,967	0.7%	162
	0,75 – <2,50	80,108	38,509	11%	80,918	1.6%	453
	2,50 – <10,00	41,337	20,024	9%	40,189	3.8%	211
	10,00 – <100,00	55,266	18,792	10%	51,342	12.4%	447
	100 (non-performing (default))	9,229	1,696	12%	7,362	100.0%	36
	Partial sum	236,374	108,270	8%	236,454	7.1%	1,384
Corporate (other)							
	0,00 – <0,15	83,551	4,462	0%	83,551	0.1%	2
	0,15 – <0,25	35,956	32,328	28%	45,044	0.2%	1
	0,25 – <0,50	17,020	12,275	11%	18,368	0.3%	11
	0,50 – <0,75	23,210	54,584	52%	51,468	0.7%	9
	0,75 – <2,50	60,786	18,127	2%	60,040	1.6%	25
	2,50 – <10,00	22,577	5,931	15%	23,456	3.7%	8
	10,00 – <100,00	18,235	6,164	8%	18,734	10.3%	26
	100 (non-performing (default))	11,689	0		11,689	100.0%	7
	Partial sum	273,024	133,871	30%	312,350	5.1%	89
Retail (Mortgage)							
	0,00 – <0,15	0	0		0		0
	0,15 – <0,25	0	0		0		0
	0,25 – <0,50	0	0		0		0
	0,50 – <0,75	167,276	610	100%	167,886	0.5%	19,905
	0,75 – <2,50	232,744	839	100%	233,583	1.7%	35,409
	2,50 – <10,00	98,743	416	100%	99,159	5.9%	15,898
	10,00 – <100,00	20,909	58	100%	20,967	36.2%	3,845
	100 (non-performing (default))	16,931	0		16,931	100.0%	3,366
	Partial sum	536,604	1,923	100%	538,527	6.5%	78,423
Retail (other)							
	0,00 – <0,15	0	0		0		0
	0,15 – <0,25	0	0		0		0
	0,25 – <0,50	0	0		0		0
	0,50 – <0,75	64,824	74,707	71%	117,577	0.5%	132,157
	0,75 – <2,50	82,270	24,245	75%	100,486	1.7%	83,199
	2,50 – <10,00	93,515	15,055	75%	104,872	6.0%	71,388
	10,00 – <100,00	29,019	3,692	70%	31,605	33.8%	25,027
	100 (non-performing (default))	7,730	622	73%	8,185	100.0%	6,949
	Partial sum	277,358	118,321	72%	362,724	7.6%	318,720
Total		1,607,085	364,296	38%	1,493,158	6.4%	398,644

		g	h	i	j	k	l
	PD-scale	Average LGD	Average maturity	RWA	RWA density	EL	Value adjustments and Provisions
General governments and central banks							
	0,00 – <0,15			0		0	0
	0,15 – <0,25	38.6%	2.0	9,249	43.9%	17	4
	0,25 – <0,50			0		0	0
	0,50 – <0,75			0		0	0
	0,75 – <2,50			0		0	0
	2,50 – <10,00			0		0	0
	10,00 – <100,00			0		0	0
	100 (non-performing (default))			0		0	0
	Partial sum	38.6%	2.0	9,249	43.9%	17	4
Institutions							
	0,00 – <0,15	45.0%	0.2	2,058	51.9%	3	3
	0,15 – <0,25	45.0%	0.6	996	55.1%	1	27
	0,25 – <0,50	45.0%	3.3	735	60.5%	2	84
	0,50 – <0,75	11.3%	0.8	3,005	20.0%	10	24
	0,75 – <2,50			0		0	0
	2,50 – <10,00			0		0	0
	10,00 – <100,00	45.0%	4.2	73	247.6%	2	1
	100 (non-performing (default))			0		0	0
	Partial sum	22.0%	0.8	6,868	31.1%	18	139
Corporate (SME) (SL not incl.)							
	0,00 – <0,15	45.0%	6.3	2	18.8%	0	8
	0,15 – <0,25			0		0	0
	0,25 – <0,50	44.6%	4.3	10,514	41.0%	42	98
	0,50 – <0,75	44.5%	3.4	17,108	55.2%	92	202
	0,75 – <2,50	44.5%	3.1	58,835	72.7%	571	650
	2,50 – <10,00	44.4%	3.0	37,903	94.3%	671	1,315
	10,00 – <100,00	44.5%	3.3	71,988	140.2%	2,845	4,318
	100 (non-performing (default))	44.1%	2.6	0	0.0%	3,245	4,776
	Partial sum	44.5%	3.3	196,351	83.0%	7,466	11,366
Corporate (other)							
	0,00 – <0,15	45.0%	2.6	26,263	31.4%	38	235
	0,15 – <0,25	45.0%	0.7	19,471	43.2%	35	182
	0,25 – <0,50	45.0%	1.5	10,464	57.0%	24	116
	0,50 – <0,75	45.0%	2.7	43,132	83.8%	155	219
	0,75 – <2,50	42.1%	3.4	63,543	105.8%	398	566
	2,50 – <10,00	45.0%	3.1	34,017	145.0%	395	687
	10,00 – <100,00	44.5%	1.6	36,293	193.7%	855	684
	100 (non-performing (default))	45.0%	3.3	0	0.0%	5,260	6,538
	Partial sum	44.4%	2.4	233,183	74.7%	7,161	9,227
Retail (Mortgage)							
	0,00 – <0,15			0		0	0
	0,15 – <0,25			0		0	0
	0,25 – <0,50			0		0	0
	0,50 – <0,75	29.9%	15.4	43,208	25.7%	266	119
	0,75 – <2,50	30.6%	14.9	132,776	56.8%	1,211	494
	2,50 – <10,00	31.0%	14.6	113,385	114.3%	1,808	917
	10,00 – <100,00	30.6%	12.8	36,452	173.9%	2,312	776
	100 (non-performing (default))	30.5%	6.1	3,857	22.8%	13,282	7,041
	Partial sum	30.4%	14.7	329,679	61.2%	18,880	9,348
Retail (other)							
	0,00 – <0,15			0		0	0
	0,15 – <0,25			0		0	0
	0,25 – <0,50			0		0	0
	0,50 – <0,75	72.5%	1.7	67,151	57.1%	452	229
	0,75 – <2,50	69.4%	3.7	91,164	90.7%	1,201	542
	2,50 – <10,00	68.4%	4.1	116,089	110.7%	4,427	3,954
	10,00 – <100,00	75.5%	4.0	59,883	189.5%	8,173	8,222
	100 (non-performing (default))	70.9%	2.0	4,462	54.5%	7,031	6,223
	Partial sum	70.7%	3.1	338,749	93.4%	21,283	19,170
Total		45.4%	26.4	1,114,078	74.6%	54,808	49,254

Table 46: EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

Exposure class	PD	External rating equivalent	Weighted average PD	Average PD (client w eigthed)	Number of obligors		Defaulted	Defaulted new obligors	Average past yearly default rate
					previous year	this year			
BIL	0.75 -< 2.50	NA	1.83%	1.83%	836	697	0	0	1.05%
BIL	2.50 -< 10.00	NA	4.78%	4.84%	1,285	1,495	0	0	3.92%
BIL	10.00 -< 100.00	NA	21.07%	22.16%	215	289	0	0	30.03%
BIL	100.00 (non performing)	NA	100.00%	100.00%	216	206	206	63	100.00%
CORPALL	0.00 -< 0.15	NA	0.06%	0.08%	11	8	0	0	0.12%
CORPALL	0.25 -< 0.50	NA	0.36%	0.34%	91	87	0	0	1.72%
CORPALL	0.50 -< 0.75	NA	0.67%	0.67%	178	193	0	0	0.50%
CORPALL	0.75 -< 2.50	NA	1.62%	1.65%	533	519	0	0	1.62%
CORPALL	2.50 -< 10.00	NA	3.76%	3.76%	212	224	0	0	2.51%
CORPALL	10.00 -< 100.00	NA	14.58%	14.18%	382	433	0	0	7.42%
CORPALL	100.00 (non performing)	NA	100.00%	100.00%	74	89	89	29	100.00%
EAR	0.75 -< 2.50	NA	1.83%	1.83%	159	159	0	0	1.45%
EAR	2.50 -< 10.00	NA	4.80%	4.71%	346	353	0	0	3.29%
EAR	10.00 -< 100.00	NA	16.06%	19.80%	119	146	0	0	17.69%
EAR	100.00 (non performing)	NA	100.00%	100.00%	15	19	19	7	100.00%
PRK	0.50 -< 0.75	NA	0.53%	0.53%	141,884	139,570	0	0	0.37%
PRK	0.75 -< 2.50	NA	1.67%	1.71%	111,999	110,171	0	0	0.64%
PRK	2.50 -< 10.00	NA	6.59%	6.69%	89,116	86,090	0	0	1.60%
PRK	10.00 -< 100.00	NA	33.64%	30.49%	23,637	28,225	0	0	11.55%
PRK	100.00 (non performing)	NA	100.00%	100.00%	12,191	9,515	9,515	1828	100.00%
SLIPRE	0.50 -< 0.75	NA	0.58%	0.58%	9	5	0	0	0.00%
SLIPRE	0.75 -< 2.50	NA	1.87%	1.84%	32	33	0	0	1.66%
SLIPRE	2.50 -< 10.00	NA	7.25%	7.47%	14	10	0	0	8.26%
SLIPRE	10.00 -< 100.00	NA	25.35%	24.14%	10	7	0	0	17.86%
SLIPRE	100.00 (non performing)	NA	100.00%	100.00%	216	201	201	63	100.00%

Table 47: EU CR9 – IRB approach – Backtesting of PD per exposure class

Exposure class	PD	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
PRK	0.50 -< 0.75	285,462,963,291	0.53%	139	50.23%	49.85	110,359,273,610	38.66%
PRK	0.75 -< 2.50	334,069,499,775	1.70%	106	43.02%	72.19	223,939,958,021	67.03%
PRK	2.50 -< 10.00	204,030,715,904	5.96%	82	50.88%	54.54	229,474,405,565	112.47%
PRK	10.00 -< 100.00	52,572,320,332	34.83%	28	58.20%	47.38	96,334,408,916	183.24%
PRK	100.00 (non-performing)	25,115,791,821	100.00%	9	43.95%	55.39	8,319,216,831	33.12%
CORPALL	0.00 -< 0.15	87,301,856,878	0.10%	5	58.26%	28.79	35,354,961,357	40.50%
CORPALL	0.15 -< 0.25	54,990,280,785	0.17%	1	58.26%	6.63	30,774,287,868	55.96%
CORPALL	0.25 -< 0.50	45,828,274,997	0.34%	81	57.88%	27.13	29,487,099,758	64.34%
CORPALL	0.50 -< 0.75	100,200,284,303	0.67%	172	58.05%	28.75	93,940,577,259	93.75%
CORPALL	0.75 -< 2.50	168,866,419,804	1.61%	484	56.55%	18.45	189,761,690,851	112.37%
CORPALL	2.50 -< 10.00	75,680,786,169	3.76%	219	58.03%	24.85	110,041,803,607	145.40%
CORPALL	10.00 -< 100.00	82,575,831,925	11.93%	482	57.59%	9.43	165,363,706,172	200.26%
CORPALL	100.00 (non-performing)	19,986,817,488	100.00%	43	45.00%	28.57	0	0.00%
SLIPRE	0.50 -< 0.75	47,729,587,946	0.58%	5	55.18%	71.24	38,988,772,961	81.69%
SLIPRE	0.75 -< 2.50	191,889,461,397	1.41%	37	48.02%	56.24	190,733,723,638	99.40%
SLIPRE	2.50 -< 10.00	2,812,955,590	7.13%	11	58.67%	44.54	5,033,541,734	178.94%
SLIPRE	10.00 -< 100.00	3,567,878,898	30.02%	13	59.06%	55.34	9,928,064,598	278.26%
SLIPRE	100.00 (non-performing)	7,217,150,568	100.00%	19	45.00%	52.40	0	0.00%
BIL	0.75 -< 2.50	6,017,266,847	1.83%	696	47.07%	26.05	2,924,792,167	48.61%
BIL	2.50 -< 10.00	20,224,368,773	4.77%	1	49.07%	39.32	13,423,897,232	66.37%
BIL	10.00 -< 100.00	5,069,261,702	22.18%	294	46.61%	32.61	4,857,661,595	95.83%
BIL	100.00 (non-performing)	671,134,500	100.00%	89	51.19%	8.93	19,341,391	2.88%
EAR	0.75 -< 2.50	1,354,310,044	1.83%	159	47.21%	19.97	707,912,394	52.27%
EAR	2.50 -< 10.00	5,652,775,567	4.09%	353	58.26%	45.57	6,069,321,147	107.37%
EAR	10.00 -< 100.00	3,060,235,244	16.18%	149	56.08%	53.80	5,656,632,714	184.84%
EAR	100.00 (non-performing)	40,111,813	100.00%	19	55.64%	4.55	1,755,639	4.38%

Table 48: EU CCR4 – IRB approach – CCR exposures by portfolio and PD scale

21. Management and recognition of credit risk mitigation

Collateral management has been set up within the business area Corporate Risk, Restructuring and Workout Management in the Bank, and Group Collateral Management Policy has been implemented, it defines, among other things, group-wide uniform valuation standards for credit collateral. This policy ensures that the requirements of CRR are met as well as the standardization of the credit risk decision-making process with respect to the assets recognized as collateral.

All collateral eligible within the Group is specified in an exhaustive list in the 'Group Collateral Catalogue'. Locally-permitted collateral is defined by Erste Bank Hungary Zrt. (in the EBH Collateral Catalogue) in accordance with the applicable national legal provisions. The valuation and revaluation of the collateral is done in accordance with the principles defined in the Group catalogue and internal work instructions grouped by class and based on local supervisory requirements.

21.1. Collateral valuation and netting

21.1.1. Valuation

The Bank aims at requesting liquid collaterals, i.e. those that can be exchanged for cash within the shortest possible time. The liquidity of the security is fundamentally influenced by its legal enforceability, as well as marketability, saleability.

The collateral value of the offered collateral can be established as the product of the so-called base value (equals the market value) and the so-called collateral multiplier (valuation rate) that is different for the various types of collaterals, and deduction with third-party encumbrances and adjustments.

To establish the value of collateral shall be determined in accordance with the principles and calculation methods set forth in the collateral management and valuation related policies.

Collateral Management establishes the applied valuation rates described in EBH Collateral Catalogue, which are based on historical recovery rates of collaterals (both in court as well as out of court realisation).

Collateral Management monitors the valuation rates at least annually and adapted to the actual collateral recovery rates calculated in line with requirements defined by Group Credit Risk Models. In doing so the results of the last years should be considered because extremely good results as well as extremely bad results of a single year have to be balanced ("through the cycle").

The following steps are necessary for the calculation of a collateral value within the credit decision process (it has to be ensured that the results are shown in one currency; if values – e.g. base value and nominal value or prior claims – are in different currencies they have to be converted every time the calculation is performed; in COLMAN the exchange rate is at the EKB middle rate):

1) The base value (= market value) of a collateral asset has to be identified having in mind the future marketability and the lasting characteristics of the collateral asset. An appropriate timeframe for recovery also has to be taken into consideration. Therefore, the determination of the base value within the credit decision process is subject to more stringent conditions than an evaluation in general economic life. The exact regulations, on how the base value for the specific collateral types has to be determined, are part of EBH Collateral Catalogue and of the internal working instructions.
2) Application of the valuation rate: this represents the percentage of the market value at which the asset is taken into consideration.

3) Reduction of the base value (prior claims): claims that have prior ranking rights to the collateral in question, on the same collateral asset, are the prior claims. Prior claims have to be taken into consideration independent of the beneficiary of these rights (third parties or own bank). The amount of the prior claim(s) has to be deducted from the base value (multiplied by the valuation rate).

4) Nominal value ceiling: it limits the acceptable value of the collateral in case of a contractual ceiling of the title (e.g. mortgage amount). If the nominal value is not defined the whole exposure will be taken.

5) Acceptable value: represents an internal risk view on collateral, which serves to show the most probable recovery amount of the collateral in case of its liquidation. It is calculated by using the market value (base value) and multiplying it with the valuation rate and respecting reductions. The acceptable value is limited by the nominal value.

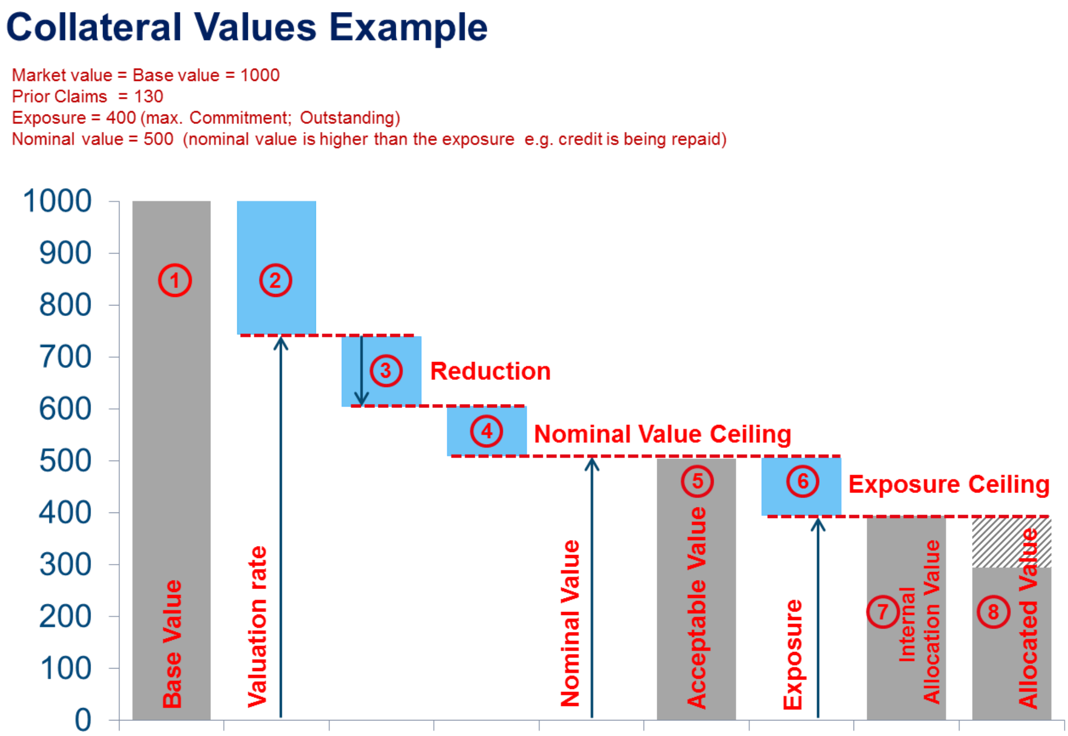
   In case of syndicated loans, the acceptable values of the collateral have to reflect the own syndication share of the participating bank.

6) Exposure ceiling: when calculating the allocated value of collateral it has to be considered that the acceptable value is capped by the "exposure". Where by "exposure" is meant the sum of maximum of the current commitment respectively outstanding of all connected, secured loan.

7) Internal allocation value: allocation value amount equals to acceptable value capped by the exposure; it represents the maximum value of each collateral that might be allocated to the connected exposure.

8) Allocated value: this is the part of the allocation value which is assigned to a specific credit exposure and actually used for calculation of secured / unsecured exposure (the allocated value is also named "internal collateral value".

Optional base value correction: In exceptional cases, the base value may be corrected downwards by risk management and/or collateral management. Such corrections have to be reasoned and documented in the IT system. Local collateral management has to define an exhaustive list of cases, where corrections may be applied. In such cases, the corrected base value has to be delivered for all purposes. This way of correction is optional. No other individual corrections of the values are allowed.



A collateral value in the credit process is only admissible:

- If the evaluation regulations have been met (especially the appraisal of the market value and the consideration of encumbrances).
- If all legal conditions that are necessary for the complete establishment of the collateral have been fulfilled.
- If no further activities of the borrower are necessary for the bank to assure full control of the collateral.
- If all credit and collateral agreements concluded with the borrower or with the collateral provider are legally effective and enforceable under the relevant legal regulations at the moment of the signing of the contracts.
- If the collateral is also legally effective and enforceable under the relevant legal regulations in case of an insolvency of the borrower or the collateral owner.

In case a new loan is granted these requirements have to be fulfilled before disbursement of the loan; in exceptional cases registrations of mortgages in the land register or pledges have to take place within reasonable period of time after disbursement - Collateral Management has to define the exceptional cases that are accepted locally as well as the maximum time periods. If an additional evaluation of the collateral is performed after disbursement the correct input of data into the IT system has to be ensured.

In order to determine the market value for the purposes of collateralization, all Real Estate has to be appraised according to the principles outlined within this document. These principles and valuation methods follow internationally accepted real estate valuation standards. The market value resulting from applying these principles is considered as the value which must be used for all internal purposes.

The appraised market value (= base value) serves to express prudent expectations as to value over the long term. The following steps are required in order to exclude short-term market volatility or temporary market trends:

- Assessment of the future marketability and saleability of the property – with respect to the possible necessity of a future sale at short notice – the valuator has to identify situations where current values reflect short-term demand due to market inefficiencies.
- Consideration of the normal and local market conditions: the valuator has to examine the potential impact of wider economic and social factors. It is the responsibility of the valuator to use authoritative relevant information as to local trends and sustainable values. The valuation has to be based on market data.
- Consideration of the long-term sustainable aspects of the property such as the quality of the location, construction and layout as well as construction defects. Prudent assessment of the capitalization rate specifically, taking into account long term market data and trends and excluding all short-term expectations regarding the return on investment is of great importance.
- Current use: the valuation has to be primarily based on the existing property use. A valuation based on an alternative use is only possible if there are special proven circumstances. Essentially speculative or transient uses are excluded.
- Elimination of speculative elements: current market phenomena, which are not sustainable, have to be identified explicitly.
- The income stream of the property used in the valuation should be no more than the sustainable net rental income that the type of property produces over the time in the specific local market, excluding any unusual or extraordinary cash flows. The sustainable yield has to be assessed based on a judgment of the past and current long-term market trends and not taking any uncertain elements of possible future growth into account.
- Clear and transparent documentation: the valuation methods should be adopted and expressed clearly either in the valuation principles or in the particular valuator's report. All parameters and assumptions relevant for the valuation must be documented in detail.

In general, the accepted methods for valuating RE can be broken down into three groups:

- Market methods which calculate the value of the property by comparing historical transaction prices of comparable properties (Comparative Method).

- Income methods are typically used for income producing properties. The Capitalization Method and the Discounted Cash Flow Method (DCF) are considered acceptable.
- Cost methods which take into consideration necessary costs related to the construction, renovation or modification of the property. These include the Depreciated Replacement Cost Method (DRC) and the Residual Value Method.

Depending on the nature of property, the following valuation methods have to be applied mandatorily:

Type/Nature of property	Valuation method*
Undeveloped land	Comparative method Residual Value method
Residential real estate	
Apartments (flats)/ terraced and detached houses	Comparative method
Houses with less than three units	Comparative method (preferred) Cost method
Commercial and industrial real estate	
Residential properties with three or more units (also owner-occupied)	Income method
Income producing rented properties with stable income (e.g. office, retail, logistics)	Capitalization method
Income producing properties with an expected fluctuating income (e.g. hotels, offices, garages, storages)	DCF method
Owner occupied properties	Income method (Capitalization Method, based on potential income)
Land owned by developers (qualified assets) with the plan to realize a project	Residual Value method
Special Properties	Income method (preferred) Cost method (to be avoided) Comparative method
Agricultural and forestry real estate	Cost method Comparative method Income method

** The application of the listed valuation methods is mandatory - valuator has to choose best fitting method if more than one method is applicable and justify the choice of the method.*
If the usage of the property is multiple the allocation to a collateral type has to follow the definitions of the EBH Collateral Catalogue. In such cases, land register and cadaster excerpts respectively operating permits and licenses shall be used as supporting documents.

In each case, the appraisal of properties and movables must be prepared with the company or external expert accepted by the Bank and holding professional license and references, or internal experts, at the cost of the borrower. The relevant order of procedure is included in the regulation on the use of appraisers. In the case of the appraisal of properties, EBH supervises the payment of the costs of the appraisal in line with the collateral management rules.

In these cases, the current value (it can be established during the decision-making and the review) of the property serving as the subject of the development, the current amount of actual development costs have to be recorded, checked and managed in accordance with the policies as collateral value has to be calculated from this.

No person performing the valuation of collateral may be involved in the associated decision on risk assumption.

Changes in the value of the collaterals are continuously monitored by the Bank until the expiry of the transaction.

Only valuations that uphold the defined standards will be considered valid and their values accepted. A Full Scope Valuation takes all relevant factors for a comprehensive market value assessment of a property into account, including an on-site visitation, all relevant property related information, market data and a consistent appraisal. Certain minimum standards are required in order for the valuation to be accepted and local valuation units are responsible for compliance with this process.

The real estate evaluations need to be carried out by internal or external valuators who possess sufficient knowledge, experience, skills and qualifications.

The valuation process comprises of four main steps, additionally a review is to be performed after each valuation. It can be pictured as follows:

1) Preparation
- Arrangement of a site visitation
- Collection and pre-check of documents

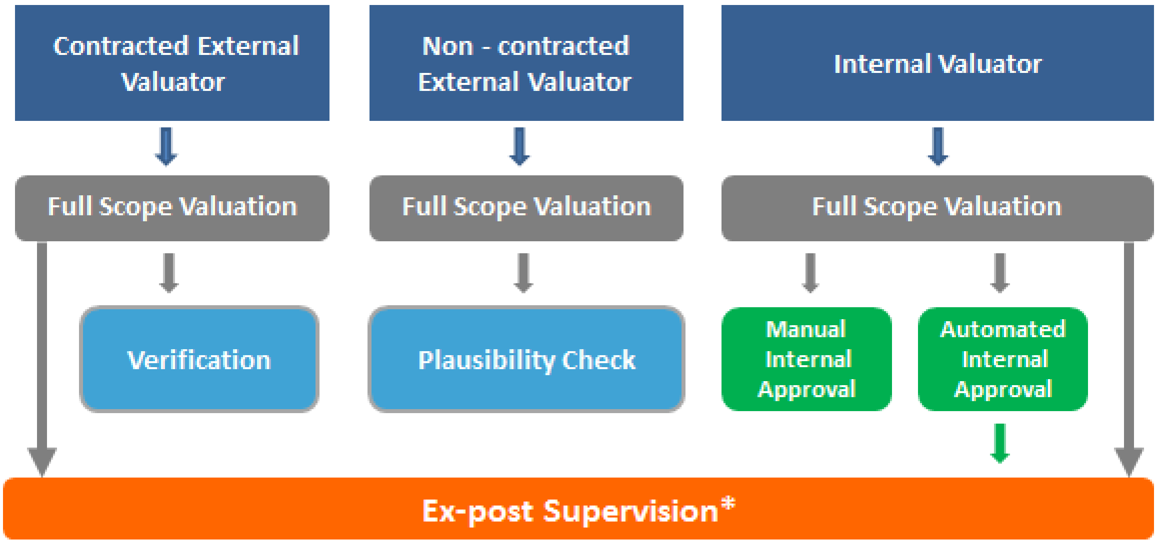
2) Visitation
- Internal/external inspection of the object
- Photo documentation
- Assessment of location and object condition
- Risk check (planned use versus actual use, highest and best use, enviromental risks)
- Assessment of tenant list in case of leased objects

3) Analysis
- In depth analysis of all documents
- In depth analysis of on-site visitation

4) Valuation
- Selection of the method
- Object and location description
- Value appraisal
- Storage of data

REVIEW
- Verification
- Plausibility check
- Manual internal approval
- Automated internal approval
- Ex-post supervision

Depending on the type of valuator who carries out the valuation several kinds of checks may be done:



21.1.2. The acceptability and main types of recognized collaterals

Detailed rules are set forth in the prevailing collateral management policies; EBH guidelines are in line with the requirements of EU and Hungarian law

According to the relevant regulations on credit risk management and capital requirement for credit risk, collaterals can be regarded as items decreasing the capital requirement only if

- they are legally valid, and can be enforced on a reasonable time scale (the contracts are appropriate, e.g. the mortgage has been registered, the contract has been notarized, etc.);
- their valuation is appropriate, the collateral values are well maintained (their market values are properly supported – e.g. determined by independent value appraisers –, and regularly monitored);
- on the level of the transactions, the related record-keeping and associated processes ensure the provision of comprehensive and up-to-date information to capital calculation ("flagging");
- property collaterals are covered with valid property insurance.

In terms of the foregoing, the scope of recognized collaterals – that can be considered to act as capital-decreasing items – extend to

- financial securities (cash security deposits, deeds of deposit, governmental securities, certain other securities, etc.);
- properties (with the exception of social buildings of reduced marketability, special industrial properties and property projects);
- governmental, banking and certain other guarantee undertakings.

When the above conditions are met defined by internal regulations, and these specific types of collaterals are available, the Bank takes the accepted securities into account in the calculation of the capital requirements as means of mitigating credit risks.

21.1.3. Discussion of policies for securing collateral and establishing credit reserves

All the assets offered as collaterals shall be covered with proper property insurance if it is possible in the Hungarian insurance practices. (At the present, e.g. agricultural lands are not a form of properties that can be insured, and therefore are exceptions to this rule.) Directly before disbursement at the latest, the customer shall be in possession of an insurance quotation issued by a Hungarian insurance company (or insurance contracts or policy) wherein the Bank is defined as the beneficiary.

When an eligible collateral is established, the Bank shall be provided with such a document connected with the insurance contract of the collateral real-estate property or moveable property that authorizes the Bank to receive the amount of the insurance upon the occurrence of any damage incident. Pursuant to the provisions of the CRR, the Bank has a procedure to monitor whether the real-estate property or moveable property deemed to be eligible to serve as a credit risk collateral is properly insured against damage incidents.

If directly before disbursement only the quotation is submitted, the insurance-related contract, bond, as well as the deed relating to the assignment of the insurance amount to the Bank or the establishment of the mortgage right shall be presented to the Bank within 30 days following the conclusion of the loan agreement. For the event of any failure to conclude the insurance-related contract, the agreement made in relation to the commitment undertaken shall provide for the Bank’s right of immediate cancellation. Of the presented documents, copies shall be made for the Bank. The insurance contract shall be concluded and assigned to the Bank even if the property is not owned by the borrower, but a third person (real debtor).

The usability of the insurance amount pledged to the Bank is limited, as the insurance amount would be used only on to restore the damage event.

The customer shall confirm the timely payment of the insurance fee to the Bank. Towards this end, the customer may be obliged to transfer the insurance fee from its account held with the Bank, or provide the Bank with the copy of the accounting record that confirms the payment within 5 days following each payment. The standard contract templates of EBH the customer grants authority to EBH collection rights on the accounts at EBH to the insurance fee.

The insurance contracts concluded in respect of the securities and the assignment of the same to the Bank or the establishment of a lien and the payment of the insurance premium must be continuously checked in each case. This is regulated in the monitoring regulations.

In the case of motor vehicle financing, an insurance (“Casco”) providing appropriate coverage against a loss event is necessary, if the insurance is prescribed in the product description.

For each transaction in the EBH loan portfolio where it was provided for as a conditions the existence and contractual maintenance of insurances must be verified during the entire term of the transaction. Depending on the outcome of the monitoring activity contractual performance must be sought, as well as the maintenance and restitution of the original state. The payment of insurance premiums must be verified, as well as the existence of the appropriate clause.

For corporate loan transactions, this activity must be carried out on the basis of the data received from the insurance partners with the involvement of the partners contracted with EBH for the completion of the task, in a separate framework agreement. The contracted partners request information on the status of the insurances from the insurance partners in accordance with the framework contract, on the basis of the authorization letters signed by customers. Insurance data must be kept in a register broken down by customer and collateral.

	Exposure unsecured-Carrying amounts	Exposure to be secured	Exposure secured by collateral	Exposure secured by financial guarantees	Exposure secured by credit derivatives
Total loans	1,461,395	560,635	400,898	159,736	0
Total debt securities	1,014,970	140,101	0	140,101	0
Total exposure	3,014,439	711,713	404,628	307,085	**0**
of w hich defaulted	14,803	9,348	8,403	945	0

Table 49: EU CR3 – CRM techniques – Overview

	Exposures before CCF and CRM		**Exposure post CCF and CRM**		**RWA and RWA density**	
Asset classes	On balance	Off balance	On balance	Off balance	RWA	RWA density
Central governments or central banks	1,087,551	0	1,500,650	139	67	0%
Regional government or local authorities	9,710	1,137	1,886	0	377	20%
Public sector entities	27	41	10	0	10	100%
Multilateral development banks	0	0	7,611	24	0	0%
International organisations	0	0	0	0	0	
Institutions	5,637	0	5,637	0	1,127	20%
Corporates	68,591	66,898	57,657	1,022	51,963	89%
Retail	189,463	11,364	32,403	168	21,810	67%
Secured by mortgages on immovable property	10,881	15	10,881	3	1,345	12%
Exposures in default	456	4	236	0	299	127%
Higher-risk categories	0	0	0	0	0	
Covered bonds	2,518	0	2,518	0	504	20%
institutions and corporates w ith a short term credit assessment	0	0	0	0	0	
collective investment undertakings	0	0	0	0	0	
Equity	3,839	0	3,839	0	3,839	100%
Other items	25,250	0	25,250	0	25,241	100%
Total	1,403,923	79,457	1,648,578	1,357	106,582	6%

Table 50: EU CR4 – Standardised approach – Credit risk exposure and CRM effects

As the bank does not have credit derivatives, template EU CR7 – Effect on the RWAs of credit derivatives used as CRM techniques is not applicable.

22. Use of the AMA to operational risk (Art. 454.)

The Banks capital requirement based on Advanced Measurement Approach is calculated by Erste Holding, and allocated to Erste Bank Hungary and other Erste Group subsidiaries with an allocation key. Erste Group uses the Loss Distribution Approach (LDA) for modelling OpRisk. The loss events and the results of the Scenario analysis are provided by Subsidiaries of Erste Group. For determining loss key two factors are taken into consideration, the size indicators of the Bank and the proportion of loss data the given Subsidiary has. From 2011 the Bank uses Insurance factor for calculating the capital as a risk mitigation tool and for capital requirement reduction.

Capital requirement of EBH calculated with AMA in Q4 2020 was 41 598 122 703HUF. This amount includes the Holding level 7% add on which is allocated to the Subsidiaries of Erste Holding with an allocation key calculated based on the size of each Subsidiary.

23. Use of Internal Market Risk Models (Art. 455.)

Risks are calculated with the standard method (Art. 329 (3), 352 (6), 358 (4) CRR) at Erste Bank Hungary Zrt., no internal model is used at the Bank (Art. 455).

Annex – Bank solo view

Consolidation level : Erste Bank Hungary Group	2020 Q1		2020 Q2		2020 Q3	
Description	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
(data in million HUF)						
Number of data points used in the calculation of averages	1	1	1	1	1	1
HIGH-QUALITY LIQUID ASSETS						
1. Total high-quality liquid assets (HQLA)	1,093,289	1,093,289	1,256,522	1,256,522	1,150,983	1,150,342
OUTFLOWS						
2. Retail deposits and deposits from small business customers	1,154,330	92,094	1,214,832	88,517	1,227,426	89,028
3. Stable deposits	561,716	28,086	598,768	29,938	607,915	30,396
4. Less stable deposits	592,613	64,009	616,064	58,579	619,511	58,632
5. Unsecured wholesale funding	1,103,892	718,940	1,127,665	731,081	1,132,687	682,800
6. Operational deposits	174899.0174	43075.50442	135328.128	33630.54832	136956.3381	34001.4607
7. Non-operational deposits	928,993	675,865	992,337	697,451	995,731	648,798
8. Unsecured debt	0	0	0	0	0	0
9. Secured wholesale funding	0	0	50,881	0	0	0
10. Additional requirements	442,395	442,395	369,740	369,740	410,679	410,679
11. Outflows related to derivative exposures and other collateral requirements	442,395	442,395	369,740	369,740	410,679	410,679
12. Outflows related to loss of funding on debt products	0	0	0	0	0	0
13 Credit and liquidity facilities	167,597	14,926	156,732	13,619	154,674	13,066
14. Other contractual funding obligations	474	474	250,992	29,352	271,608	40,982
15. Other contingent funding obligations	383,398	106,578	197,178	3,141	269	269
16. Total outflows	3,252,086	1,375,408	3,368,021	1,235,451	3,197,343	1,236,823
INFLOWS						
17. Secured lending	0	0	2,546	0	39,998	0
18. Inflows from fully performing exposures	109,441	91,473	48,597	30,432	66,690	53,547
19. Other cash inflows	456,880	456,880	312,707	312,707	349,175	349,175
EU-19a 19a{Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies}	0	0	0	0	0	0
EU-19b (Excess inflows from a related specialised credit institution}	0	0	0	0	0	0
20. Total inflows	566,321	548,354	363,850	343,139	455,864	402,722
EU-20a Fully exempt cash-flows	0	0	0	0	0	0
EU-20b Inflows subject to 90% cap	0	0	0	0	0	0
EU-20c Inflows subject to 75% cap	566,321	548,354	363,850	343,139	455,864	402,722
TOTAL ADJUSTED VALUE						
21. LIQUIDITY BUFFER		1,093,289		1,256,522		1,150,342
22. TOTAL NET CASH OUTFLOW		827,054		892,312		834,101
23. LIQUIDITY COVERGAE RATIO (%)		132.19%		140.82%		137.91%

Consolidation level : Erste Bank Hungary Group	2020 Q4		2020 average	
Description	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
(data in million HUF)				
Number of data points used in the calculation of averages	1	1	4	4
HIGH-QUALITY LIQUID ASSETS				
1. Total high-quality liquid assets (HQLA)	1,137,136	1,134,848	1,159,482	1,158,750
OUTFLOWS				
2. Retail deposits and deposits from small business customers	1,318,503	95,748	1,228,773	91,347
3. Stable deposits	665,813	33,291	608,553	30,428
4. Less stable deposits	652,689	62,457	620,219	60,919
5. Unsecured wholesale funding	1,236,739	739,284	1,150,246	718,026
6. Operational deposits	124562.6556	30920.1888	142936.5348	35406.92556
7. Non-operational deposits	1,112,177	708,364	1,007,309	682,619
8. Unsecured debt	0	0	0	0
9. Secured wholesale funding	99	0	12,745	0
10. Additional requirements	542,559	542,559	441,343	441,343
11. Outflows related to derivative exposures and other collateral requirements	542,559	542,559	441,343	441,343
12. Outflows related to loss of funding on debt products	0	0	0	0
13 Credit and liquidity facilities	155,616	12,125	158,655	13,434
14. Other contractual funding obligations	271,307	62,808	198,596	33,404
15. Other contingent funding obligations	5,468	5,468	146,578	28,864
16. Total outflows	3,530,291	1,457,991	3,336,935	1,326,418
INFLOWS				
17. Secured lending	0	0	10,636	0
18. Inflows from fully performing exposures	263,549	242,625	122,069	104,519
19. Other cash inflows	473,661	473,661	398,106	398,106
EU-19a 19a{Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies}	0	0	0	0
EU-19b (Excess inflows from a related specialised credit institution}	0	0	0	0
20. Total inflows	737,211	716,286	530,811	502,625
EU-20a Fully exempt cash-flows	0	0	0	0
EU-20b Inflows subject to 90% cap	0	0	0	0
EU-20c Inflows subject to 75% cap	737,211	716,286	530,811	502,625
TOTAL ADJUSTED VALUE				
21. LIQUIDITY BUFFER		1,134,848		1,158,750
22. TOTAL NET CASH OUTFLOW		741,705		823,793
23. LIQUIDITY COVERGAE RATIO (%)		153.01%		140.66%

Table 51: The value and components of the liquidity coverage ratio

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Cash and cash balances	197,421	197,421	197,421	0	0	0	0
Financial assets held for trading: Derivatives	50,969	50,969	0	50,969	0	46,437	0
Financial assets held for trading:Other financial assets held for trading	106,261	106,261	0	0	0	106,261	0
Non-trading financial assets at fair value through profit or loss: Debt securities	1,100	1,100	1,100	0	0	0	0
Non-trading financial assets at fair value through profit or loss: Equity instruments	2,739	2,739	2,739	0	0	0	0
Non-trading financial assets at fair value through profit or loss: Loans and advances to customers	208,444	208,444	208,444	0	0	0	0
Financial assets at fair value through other comprehensive income: Debt securities	124,331	124,331	124,331	0	0	0	0
Financial assets at fair value through other comprehensive income: Equity instruments	0	0	0	0	0	0	0
Financial assets at amortised cost: Debt securities	934,799	934,799	934,799	0	0	0	0
Financial assets at amortised cost: Loans and advances to banks	309,118	309,118	302,420	0	0	6,698	0
Financial assets at amortised cost: Loans and advances to customers	1,485,831	1,485,831	1,485,831	0	0	0	0
Finance lease receivables	38,940	38,940	38,940	0	0	0	0
Property and equipment	28,697	28,697	28,697	0	0	0	0
Investment property	209	209	209	0	0	0	0
Intangible assets	28,966	28,966	0	0	0	0	28,966
Investments in joint ventures and associates	54,351	54,351	54,351	0	0	0	0
Current tax assets	1,033	1,033	1,033	0	0	0	0
Deferred tax assets	2,927	2,927	2,927	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0
Trade and other receivables	12,218	12,218	12,218	0	0	0	0
Other assets	32,528	32,528	32,528	0	0	0	0
TOTAL ASSETS	**3,620,880**	**3,620,880**	**3,427,986**	**50,969**	**0**	**159,396**	**28,966**
Financial liabilities held for trading: Derivatives	-48,935	-48,935	0	-48,935	0	-46,577	0
Financial liabilities held for trading: Other financial liabilities	0	0	0	0	0	0	0
Financial liabilities designated at fair value through profit or loss: Debt securities issued	0	0	0	0	0	0	0
Financial liabilities measured at amortised cost: Debt securities issued	-6,746	-6,746	0	0	0	0	-6,746
Financial liabilities measured at amortised cost: Deposits from banks	-565,499	-565,499	0	-99	0	0	-565,400
Financial liabilities measured at amortised cost: Deposits from customers	-2,534,862	-2,534,862	0	0	0	0	-2,534,862
Financial liabilities measured at amortised cost: Other financial liabilities	-6,640	-6,640	0	0	0	0	-6,640
Finance lease liabilities	-21,710	-21,710	0	0	0	0	-21,710
Provisions	-8,088	-8,088	0	0	0	0	-8,088
Current tax liabilities	0	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0	0
Other liabilities	-23,249	-23,249	0	0	0	0	-23,249
TOTAL LIABILITIES	**-3,215,730**	**-3,215,730**	**0**	**-49,034**	**0**	**-46,577**	**-3,166,696**
Total equity: Equity attributable to owners of the parent	**-405,149**	**-405,149**	**0**	**0**	**0**	**0**	**-405,149**

Table 52: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

	Total	Items subject to			
		Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	3,620,880	3,427,986	50,969	0	159,396
Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	3,215,730	0	49,034	0	46,577
Total net amount under regulatory scope of consolidation	3,669,914	3,427,986	100,003	0	205,972
Off-balance sheet amounts	470,062	149,586	0	0	0
Effect of CCF to off-balance	-320,476	0	0	0	0
Differences in valuations	-218,423	-175,771	-42,651	0	0
differences due to derivatives	-42,654	0	-42,654	0	0
Differences due to consideration of provisions for on-balance exposure	61,718	57,800	0	0	0
Provisions for on-balance exposure in STA	-3,918	0	0	0	0
Other	-233,569	-233,571	2	0	0
Exposure amounts considered for regulatory purposes	**3,601,077**	**3,401,800**	**57,352**	**0**	**205,972**

Table 53: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Gross carrying amount						
		Performing			Non performing		
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days
Loans and advances subject to moratorium	**552,876**	**529,618**	**3,067**	**190,229**	**23,257**	**2,952**	**19,219**
of which: Households	389,176	377,964	2,928	90,970	11,213	2,573	8,309
of which: Collateralised by residential immovable property	191,509	183,419	2,846	40,677	8,090	2,498	6,559
of which: Non-financial corporations	159,880	147,835	139	99,136	12,045	379	10,910
of which: Small and Medium-sized Enterprises	120,225	109,770	5	75,595	10,455	61	9,695
of which: Collateralised by commercial immovable property	106,826	96,996	0	71,532	9,830	326	9,451

	h	i	j	k	l	m	n	o
	Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	**-29,305**	**-16,447**	**-109**	**-15,138**	**-12,858**	**-1,473**	**-10,027**	**8,404**
of which: Households	-20,646	-13,555	-100	-12,486	-7,092	-1,414	-4,951	98
of which: Collateralised by residential immovable property	-9,468	-4,349	-97	-3,912	-5,119	-1,361	-4,073	58
of which: Non-financial corporations	-8,647	-2,881	-10	-2,647	-5,767	-59	-5,076	8,307
of which: Small and Medium-sized Enterprises	-7,654	-2,294	0	-2,107	-5,361	-2	-4,752	7,099
of which: Collateralised by commercial immovable property	-6,389	-1,811	0	-1,679	-4,578	-32	-4,525	7,326

Table 54: Covid 1 – Information on loans and advances subject to legislative and non-legislative moratoria

	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which moratorium was offered	**124,135**	**552,876**							
Loans and advances subject to moratorium (granted)	**124,135**	**552,876**	552,876	0	552,876	-	-	-	-
of which: Households		**389,176**	389,176	0	389,176	0	-	0	-
of which: Collateralised by residential immovable property		**191,509**	191,509	0	191,509	0	-	0	-
of which: Non-financial corporations		**159,880**	159,880	0	159,880	0	-	0	-
of which: Small and Medium-sized Enterprises		**120,225**	120,225	0	120,225	0	-	0	-
of which: Collateralised by commercial immovable property		**106,826**	106,826	0	106,826	0	-	0	-

Table 55: Covid 2 – Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	**14,180**	0	11,030	2,235
of which: Households	**164**			0
of which: Collateralised by residential immovable property	**0**			0
of which: Non-financial corporations	**14,016**	0	10,883	2,235
of which: Small and Medium-sized Enterprises	**11,385**			599
of which: Collateralised by commercial immovable property	**4,875**			2,235

Table 56: Covid 3 – Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

			RWAs		Minimum capital requirements
			2020	2019	2020
	1	Credit risk (excluding CCR)	1,477,451	1,421,724	118,196
Article 438(c)(d)	2	Of which the standardised approach	206,915	182,144	16,553
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach	602,108	602,007	48,169
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach	668,427	637,573	53,474
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	0	0	0
Article 107 Article 438(c)(d)	6	CCR	9,374	36,235	750
Article 438(c)(d)	7	Of which mark to market	9,374	36,235	750
Article 438(c)(d)	8	Of which original exposure	0	0	0
	9	Of which the standardised approach	0	0	0
	10	Of which internal model method (IMM)	0	0	0
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	0	0	0
Article 438(c)(d)	12	Of which CVA	6,783	13,292	543
Article 438(e)	13	Settlement risk	0	0	0
Article 449(o)(i)	14	Securitisation exposures in the banking book (after the cap)	0	0	0
	15	Of which IRB approach	0	0	0
	16	Of which IRB supervisory formula approach (SFA)	0	0	0
	17	Of which internal assessment approach (IAA)	0	0	0
	18	Of which standardised approach	0	0	0
Article 438 (e)	19	Market risk	28,602	6,490	2,288
	20	Of which the standardised approach	28,602	6,490	2,288
	21	Of which IMA	0	0	0
Article 438(e)	22	Large exposures	0	0	0
Article 438(f)	23	Operational risk	519,977	478,469	41,598
	24	Of which basic indicator approach	0	0	0
	25	Of which standardised approach	0	0	0
	26	Of which advanced measurement approach	519,977	478,469	41,598
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
Article 500	28	Floor adjustment	0	0	0
	29	Total	2,035,404	1,942,919	162,832

Table 57: EU OV1 – Overview of RWAs

Specialised lending							
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA	Expected losses
Category 1	Less than 2.5 years	56,369	0	50%	56,369	24,245	0
	Equal to or more than 2.5 years	146,227	15,200	70%	157,610	94,838	630
Category 2	Less than 2.5 years	1,775	0	70%	1,775	951	7
	Equal to or more than 2.5 years	18,609	0	90%	18,609	14,103	149
Category 3	Less than 2.5 years	391	0	115%	391	342	11
	Equal to or more than 2.5 years	381	0	115%	381	347	11
Category 4	Less than 2.5 years	169	0	250%	169	322	14
	Equal to or more than 2.5 years	3,373	0	250%	3,373	6,818	270
Category 5	Less than 2.5 years	863	0	-	863	0	431
	Equal to or more than 2.5 years	6,322	0	-	6,322	0	3,161
Total	Less than 2.5 years	59,567	0		59,567	25,860	463
	Equal to or more than 2.5 years	174,912	15,200		186,296	116,106	4,221
Equities under the simple risk-weight approach							
Categories		On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA	Capital requirements
Exchange-traded equity exposures		0	0	190%	0	0	0
Private equity exposures		0	0	290%	0	0	0
Other equity exposures		0	0	370%	0	0	0
Total		0	0		0	0	0

Table 58: EU CR10 – IRB (speciális hitelezés és részvények)

		a	b
		RWA amount	Capital requirement
1	**RWA as at end of previous reporting period**	**1,239,580**	**99,166**
2	Asset size	8,420	674
3	Asset quality	-3,887	-311
4	Model updates	-4,409	-353
5	Methodology and policy	1,357	109
6	Acquisitions and disposals	0	0
7	Foreign exchange movements	27,130	2,170
8	Other	2,346	188
9	**RWA as at end of reporting period**	**1,270,536**	**101,643**

Table 59: EU CR8 – RWA flow statements of credit risk exposures under the IRB approach

		a	b	c	d	e	f	g
		Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1	Mark to market		31,648	37,394			16,746	14,268
2	Original exposure							
3	Standardised approach							
4	IMM (for derivatives and SFTs)							
5	*Of which securities financing transactions*							

6	*Of which derivatives and long settlement transactions*							
7	*Of which from contractual cross-product netting*							
8	Financial collateral simple method (for SFTs)							
9	Financial collateral comprehensive method (for SFTs)							
10	VaR for SFTs							
11	**Total**							14,268

Table 60: EU CCR1 – Analysis of CCR exposure by approach

	a	b
	Exposure Value	RWAs
Total portfolios subject to the advanced method		
(i) VaR component (including the 3× multiplier)		
(ii) SVaR component (including the 3× multiplier)		
All portfolios subject to the standardised method	22,247	6,783
Based on the original exposure method		
Total subject to the CVA capital charge	22,247	6,783

Table 61: EU CCR2 – CVA capital charge

	a	b	c	d	e
	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	52,352	17,185	35,168	0	35,168
SFTs	0	0	0	0	0
Cross-product netting	0	0	0	0	0
Total	52,352	17,185	35,168	0	35,168

Table 62: EU CCR5-A – Impact of netting and collateral held on exposure values

Row		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
		010	020	030	040	050	060	070	080	090	100	110	120
010	Czech Republic	0	49	0	0	0	0	5	0	0	5	0.00	0.50%
020	Hong Kong	0	0	0	0	0	0	0	0	0	0	0.00	1.00%
030	Slovakia	0	26	0	0	0	0	1	0	0	1	0.00	1.00%

Table 63: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Row		Column
		010
010	Total risk exposure amount	2,035,404
020	Institution specific countercyclical buffer rate	0.00%
030	Institution specific countercyclical buffer requirement	1

Table 64: Amount of institution-specific countercyclical capital buffer

		a	b
		Net exposure at the end of the period	Average net exposure over the period
1	Central governments or central banks	18,713	20,166
2	Institutions	266,626	271,994
3	Corporates	975,546	962,730
4	*Of Which: SME*	332,545	330,372
5	*Of Which: Specialised Lending*	245,335	*246,606*
6	*Other corporates*	397,666	*385,751*
7	Retail	897,815	930,163
8	*Secured by real estate property*	521,376	*508,695*
9	*SME*	0	*4*
10	*Non-SME*	0	*0*
11	*Qualifying Revolving*	0	*0*
12	*Other Retail*	376,439	*421,465*
13	Equity	0	0
14	Non credit obligation asset	83,983	79,947
15	***Total IRB approach***	**2,242,683**	**2,185,053**
16	Central governments or central banks	994,667	853,389
17	Regional governments or local authorities	10,836	20,025
18	Public sector entities	67	82
19	Multilateral Development Banks	0	0
20	International Organisations	0	0
21	Institutions	24,641	31,701
22	Corporates	134,018	106,344
23	*of which: SME*	51,768	49,660
24	Retail	197,603	110,280
25	*of which: SME*	37,528	35,048
26	Secured by mortgages on immovable property	712	553
27	*of which: SME*	706	500
28	Exposures in default	453	879
29	Items associated with particularly high risk	0	0
30	Covered bonds	0	0
31	Claims on institutions and corporates with a short-term credit assessment	0	0
32	Collective investments undertakings (CIU)	0	0
33	Equity exposures	58,752	61,218
34	Other exposures	0	0
35	***Total SA approach***	**1,421,749**	**1,184,471**
36	**Total**	**3,664,432**	**3,369,524**

Table 65: EU CRB-B – Total and average net amount of exposures

	Net values						
	EU	Hungary	Austria	Slovakia	Czech Republic	Romania	Slovenia
Central governments or central banks	18,713	18,713	0	0	0	0	0
Institutions	265,749	260,804	2,924	15	639	17	651
Corporates	974,648	966,742	0	25	244	8	0
Retail	897,815	897,815	0	0	0	0	0
Equity	0	0	0	0	0	0	0
Total IRB approach	**2,240,908**	**2,228,057**	**2,924**	**41**	**883**	**26**	**651**
Central governments or central banks	994,667	994,667	0	0	0	0	0
Regional governments or local authorities	10,836	10,836	0	0	0	0	0
Public sector entities	67	67	0	0	0	0	0
Multilateral Development Banks	0	0	0	0	0	0	0
Corporates	134,011	133,933	21	0	0	0	0
Retail	197,574	197,574	0	0	0	0	0
Secured by mortgages on immovable property	712	712	0	0	0	0	0
Exposures in default	453	453	0	0	0	0	0
Items associated w ith particularly high risk	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0
Claims on institutions and corporates w ith a short-term credit assessment	0	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0	0
Equity exposures	56,143	56,143	0	0	0	0	0
Other exposures	0	0	0	0	0	0	0
Total SA approach	**1,419,105**	**1,419,027**	**21**	**0**	**0**	**0**	**0**
Total	**3,660,014**	**3,647,083**	**2,945**	**41**	**883**	**26**	**651**

	Net values					
	Germany	United Kingdom	*Other countries*	United Satets	Canada	Total
Central governments or central banks	0	0	0	0	0	18,713
Institutions	221	0	877	877	0	266,626
Corporates	53	0	897	0	897	975,546
Retail	0	0	0	0	0	897,815
Equity	0	0	0	0	0	0
Total IRB approach	**274**	**0**	**1,774**	**877**	**897**	**2,242,683**
Central governments or central banks	0	0	0	0	0	994,667
Regional governments or local authorities	0	0	0	0	0	10,836
Public sector entities	0	0	0	0	0	67
Multilateral Development Banks	0	0	0	0	0	0
Corporates	58	0	6	0	0	134,018
Retail	0	0	29	0	0	197,603
Secured by mortgages on immovable property	0	0	0	0	0	712
Exposures in default	0	0	0	0	0	453
Items associated w ith particularly high risk	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0
Claims on institutions and corporates w ith a short-term credit assessment	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0
Equity exposures	0	0	2,608	2,608	0	58,752
Other exposures	0	0	0	0	0	0
Total SA approach	**58**	**0**	**2,644**	**2,608**	**0**	**1,421,749**
Total	**332**	**0**	**4,418**	**3,485**	**897**	**3,664,432**

Table 66: EU CRB-C – Geographical breakdown of exposures

	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade
Central governments or central banks	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0
Corporates	55,551	717	284,639	89,974	6,339	30,473	100,953
Retail	371	0	0	0	0	0	0
Equity	0	0	0	0	0	0	0
Non credit obligation asset	30	0	31	2	0	54	75
Total IRB approach	***55,952***	***717***	***284,670***	***89,976***	***6,339***	***30,527***	***101,028***
Central governments or central banks	0	0	0	0	0	0	0
Regional governments or local authorities	0	0	0	0	0	0	0
Public sector entities	0	0	0	0	0	0	0
Multilateral Development Banks	0	0	0	0	0	0	0
International Organisations	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0
Corporates	10,630	148	44	24,969	31	710	3,376
Retail	3,454	41	4,558	6	77	5,339	9,554
Secured by mortgages on immovable property	482	0	31	0	0	14	31
Exposures in default	2	0	128	0	0	16	103
Items associated with particularly high risk	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0
Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0	0
Equity exposures	0	0	0	0	0	0	0
Other exposures	0	0	0	0	0	0	0
Total SA approach	***14,568***	***189***	***4,760***	***24,975***	***108***	***6,079***	***13,064***
Total	**70,520**	**906**	**289,430**	**114,951**	**6,447**	**36,606**	**114,091**

	Transport and storage	Accommodation and food service activities	Information and communication	Financial and insurance services	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities
Central governments or central banks	0	0	0	0	0	0	0
Institutions	0	0	0	266,583	0	0	0
Corporates	34,274	18,820	7,274	55,458	237,247	24,235	12,631
Retail	0	0	0	0	0	0	0
Equity	0	0	0	0	0	0	0
Non credit obligation asset	7	8	11	555	30	34	15
Total IRB approach	***34,282***	***18,827***	***7,285***	***322,596***	***237,277***	***24,270***	***12,645***
Central governments or central banks	0	0	0	180,447	0	0	0
Regional governments or local authorities	0	0	0	0	0	0	0
Public sector entities	0	0	0	0	0	0	0
Multilateral Development Banks	0	0	0	0	0	0	0
International Organisations	0	0	0	0	0	0	0
Institutions	0	0	0	24,641	0	0	0
Corporates	1,140	110	20	78,727	8,047	3,945	1,880
Retail	1,660	1,599	1,564	162	1,069	4,092	1,387
Secured by mortgages on immovable property	6	37	14	0	29	11	0
Exposures in default	11	3	16	1	68	15	19
Items associated w ith particularly high risk	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0
Claims on institutions and corporates w ith a short-term credit assessment	0	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0	0
Equity exposures	0	0	0	25,773	32,790	0	0
Other exposures	0	0	0	0	0	0	0
Total SA approach	***2,816***	***1,748***	***1,614***	***309,751***	***42,002***	***8,064***	***3,285***
Total	**37,098**	**20,575**	**8,899**	**632,347**	**279,280**	**32,334**	**15,931**

	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Retail	Other	Total
Central governments or central banks	18,713	0	0	0	0	0	0	18,713
Institutions	0	43	0	0	0	0	0	266,626
Corporates	0	0	530	544	14,853	0	1,034	975,546
Retail	0	0	0	0	0	897,444	0	897,815
Equity	0	0	0	0	0	0	0	0
Non credit obligation asset	5	3	1	2	7	1	83,111	83,983
Total IRB approach	***18,718***	***46***	***531***	***546***	***14,860***	***897,445***	***84,145***	***2,242,683***
Central governments or central banks	814,220	0	0	0	0	0	0	994,667
Regional governments or local authorities	10,836	0	0	0	0	0	0	10,836
Public sector entities	0	67	0	0	0	0	0	67
Multilateral Development Banks	0	0	0	0	0	0	0	0
International Organisations	0	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0	24,641
Corporates	15	0	27	125	70	0	4	134,018
Retail	0	423	1,104	431	987	160,089	7	197,603
Secured by mortgages on immovable property	0	6	44	5	3	0	0	712
Exposures in default	0	0	3	0	1	69	0	453
Items associated with particularly high risk	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	0
Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0	0	0
Equity exposures	0	0	0	0	0	0	188	58,752
Other exposures	0	0	0	0	0	0	0	0
Total SA approach	***825,071***	***497***	***1,178***	***562***	***1,061***	***160,158***	***199***	***1,421,749***
Total	**843,789**	**543**	**1,708**	**1,108**	**15,921**	**1,057,603**	**84,345**	**3,664,432**

Table 67: EU CRB-D – Concentration of exposures by industry or counterparty types

	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Central governments or central banks	0	4,435	5,333	8,945	0	18,713
Institutions	0	42,095	164,194	60,314	23	266,626
Corporates	1,521	216,400	408,203	267,946	81,477	975,546
Retail	2,894	37,408	130,746	589,415	137,352	897,815
Equity	0	0	0	0	0	0
Non credit obligation asset	8	61,545	0	0	22,430	83,983
Total IRB approach	**4,423**	**361,883**	**708,475**	**926,620**	**241,282**	**2,242,683**
Central governments or central banks	0	290,006	474,205	230,456	0	994,667
Regional governments or local authorities	0	0	4,290	6,546	0	10,836
Public sector entities	0	0	52	7	8	67
Multilateral Development Banks	0	0	0	0	0	0
International Organisations	0	0	0	0	0	0
Institutions	0	11,956	1,799	0	10,887	24,641
Corporates	67	4,423	14,340	54,104	61,084	134,018
Retail	1,168	6,301	11,484	169,339	9,311	197,603
Secured by mortgages on immovable property	0	2	202	508	0	712
Exposures in default	92	0	192	109	60	453
Items associated with particularly high risk	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0
Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0
Equity exposures	0	0	0	0	58,752	58,752
Other exposures	0	0	0	0	0	0
Total SA approach	**1,328**	**312,688**	**506,563**	**461,070**	**140,101**	**1,421,749**
Total	***5,750***	***674,571***	***1,215,038***	***1,387,690***	***381,383***	***3,664,432***

Table 68: EU CRB-E – Maturity of exposures

	Gross carrying value		Specific Credit Risk Adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values (a+b-c-d-e)
	defaulted exposures	non-defaulted exposures				
Central governments or central banks	18,722	0	9	0	4	18,713
Institutions	266,825	0	206	0	48	266,618
Corporates	971,419	29,799	25,673	0	19,175	975,546
Of Which: Specialised Lending	242,494	7,185	4,345	0	3,287	245,335
Of Which: SME	971,419	29,799	25,673	0	-52	975,546
Retail	908,923	25,283	36,391	9,986	8,693	897,815
Secured by real estate property	521,596	16,931	17,151	8,732	-1,248	521,376
Other Retail	387,327	8,352	19,240	1,254	9,942	376,439
SME	0	0	0	0	0	0
Non-SME	0	0	0	0	0	0
Equity	0	0	0	0	0	0
Non credit obligation asset	84,903	549	1,468	-1,476	1,470	83,983
Total IRB approach	***2,250,791***	***55,631***	***63,747***	***8,510***	***29,390***	***2,242,675***
Central governments or central banks	995,180	0	565	0	455	994,615
Regional governments or local authorities	10,840	0	4	0	1	10,836
Public sector entities	67	0	0	0	-1	67
Multilateral Development Banks	0	0	0	0	0	0
International Organisations	0	0	0	0	0	0
Institutions	24,662	0	20	0	-13	24,641
Corporates	135,059	0	1,042	0	-272	134,018
of which: SME	0	0	0	0	0	0
Retail	198,084	0	481	0	204	197,603
of which: SME	0	0	0	0	0	0
Secured by mortgages on immovable property	712	0	0	0	0	712
of which: SME	0	0	0	0	0	0
Exposures in default	0	2,492	2,039	0	548	453
Items associated with particularly high risk	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0
Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	0	0	0	0	0
Equity exposures	58,752	0	0	0	0	58,752
Other exposures	0	0	0	0	0	0
Total SA approach	***1,423,357***	***2,492***	***4,151***	***0***	***922***	***1,421,697***
Total	**3,674,148**	**58,123**	**67,898**	**8,510**	**30,312**	**3,664,373**
Of which: Loans	2,021,872	54,804	60,023	8,510	26,096	2,016,652
Of which: Debt securities	1,060,806	985	1,636	0	710	1,060,155
Of which: off balance	467,746	2,335	6,180	0	3,506	463,900

Table 69: EU CR1-A – Credit quality of exposures by exposure class and instrument

	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which non-performing		of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**3,459,055**	**56,106**	**56,106**	**3,142,311**	**-61,768**		**-939**
Core Market - Austria	27,456	0	0	27,447	-21		0
Core Market - Croatia	7,317	0	0	7,317	-31		0
Core Market - Czech Republic	44	0	0	44	-3		0
Core Market - Hungary	3,418,763	56,063	56,063	3,103,139	-61,577		-939
Core Market - Romania	697	26	26	686	-37		0
Core Market - Serbia	21	0	0	21	-2		0
Core Market - Slovakia	513	0	0	513	-12		0
Emerging Markets	548	2	2	548	-16		0
Other EU including Slovenia	1,635	13	13	1,635	-60		0
Other Industrialised Countries	2,061	1	1	961	-9		0
Off-balance-sheet exposures	**470,062**	**2,339**	**2,339**			**-6,183**	
Core Market - Austria	66	0	0			0	
Core Market - Croatia	3	0	0			0	
Core Market - Czech Republic	887	0	0			-1	
Core Market - Hungary	466,849	2,336	2,336			-6,173	
Core Market - Romania	20	0	0			0	
Core Market - Serbia	0	0	0			0	
Core Market - Slovakia	47	0	0			0	
Emerging Markets	14	0	0			-1	
Other EU including Slovenia	1,262	1	1			-2	
Other Industrialised Countries	914	3	3			-5	
Total	**3,929,117**	**58,446**	**58,446**	**3,142,311**	**-61,768**	**-6,183**	**-939**

Table 70: NPL 05 - Quality of non-performing exposures by geography

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which non-performing		of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	50,461	1,495	1,495	50,454	-1,544	0
Mining and quarrying	7,427	0	0	7,427	-31	0
Manufacturing	180,062	5,737	5,737	180,061	-5,467	0
Electricity, gas, steam and air conditioning supply	25,021	5	5	25,021	-186	0
Water supply	4,314	0	0	4,314	-35	0
Construction	16,117	68	68	16,117	-258	0
Wholesale and retail trade	74,222	2,030	2,030	74,204	-2,032	-4
Transport and storage	37,042	11,858	11,858	37,042	-7,220	0
Accommodation and food service activities	19,461	4,405	4,405	19,453	-1,938	0
Information and communication	2,652	47	47	2,652	-63	0
Financial and insurance services	57,590	666	666	57,590	-524	0
Real estate activities	221,374	2,727	2,727	221,319	-3,009	0
Professional, scientific and technical activities	25,983	188	188	25,982	-633	0
Administrative and support service activities	11,137	255	255	11,137	-264	0
Public administration and defence, compulsory social security	14	0	0	14	0	0
Education	341	2	2	341	-6	0
Human health services and social work activities	834	12	12	812	-18	0
Arts, entertainment and recreation	934	1	1	934	-22	0
Other services	952	28	28	952	-37	0
Total	**735,939**	**29,524**	**29,524**	**735,825**	**-23,288**	**-4**

Table 71: NPL 06 - Credit quality of loans and advances by industry

	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				
Loans and advances	**4,610**	**3,891**	**3,891**	**3,860**	**-122**	**-2,042**	**5,846**	**1,732**
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	178	392	392	392	-10	-61	491	330
Households	4,432	3,499	3,499	3,468	-112	-1,981	5,355	1,402
Debt securities	0	985	985	985	0	-532	453	453
Loan commitments given	49	4	4	4	-1	-3	46	0
Total	**4,659**	**4,880**	**4,880**	**4,849**	**-123**	**-2,577**	**6,344**	**2,185**

Table 72: NPL 01 - Credit quality of forborne exposures

	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
Loans and advances	**2,235,806**	**2,209,555**	**26,251**	**55,121**	**36,593**	**1,703**
Central banks	**380,505**	380,505	0	**0**	0	0
General governments	**23,759**	23,759	0	**11**	0	0
Credit institutions	**104,089**	104,088	1	**0**	0	0
Other financial corporations	**54,524**	54,479	46	**0**	0	0
Non-financial corporations	**706,415**	688,562	17,853	**29,524**	26,494	84
Of which SMEs	**419,126**	402,476	16,650	**14,490**	11,859	81
Households	**966,514**	958,163	8,351	**25,587**	10,099	1,620
Debt securities	**1,167,142**	**1,167,142**	**0**	**985**	**985**	**0**
Central banks	**0**	0	0	**0**	0	0
General governments	**869,626**	869,626	0	**0**	0	0
Credit institutions	**274,968**	274,968	0	**0**	0	0
Other financial corporations	**1,100**	1,100	0	**0**	0	0
Non-financial corporations	**21,449**	21,449	0	**985**	985	0
Off-balance-sheet exposures	**467,722**			**2,339**		
Central banks	0			0		
General governments	1,184			0		
Credit institutions	7,461			0		
Other financial corporations	70,385			0		
Non-financial corporations	266,413			1,713		
Households	122,280			626		
Total	**3,870,671**	**3,376,698**	**26,251**	**58,446**	**37,577**	**1,703**

	Non-performing exposures					
	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
Loans and advances	**1,736**	**4,341**	**4,323**	**1,232**	**5,193**	**55,121**
Central banks	0	0	0	0	0	0
General governments	0	11	0	0	0	11
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	1,084	1,440	302	16	105	29,524
Of which SMEs	712	1,439	297	12	90	14,490
Households	652	2,891	4,022	1,216	5,087	25,587
Debt securities	**0**	**0**	**0**	**0**	**0**	**985**
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	0	0	0	0	0	985
Off-balance-sheet exposures						
Central banks						
General governments						
Credit institutions						
Other financial corporations						
Non-financial corporations						
Households						
Total	**1,736**	**4,341**	**4,323**	**1,232**	**5,193**	**58,446**

Table 73: NPL 03 - Credit quality of performing and non-performing exposures by past due days

	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
Loans and Advances	**2,235,806**	**1,711,390**	**298,002**	**55,121**	**0**	**44,524**
Central banks	380,505	380,505	0	0	0	0
General governments	23,759	9,914	13,781	11	0	0
Credit institutions	104,089	104,089	0	0	0	0
Other financial corporations	54,524	54,427	97	0	0	0
Non-financial corporations	706,415	527,750	169,741	29,524	0	28,776
of which SMEs	419,126	281,113	129,089	14,490	0	13,840
Households	966,514	634,705	114,383	25,587	0	15,748
Debt securities	**1,167,142**	**1,056,364**	**3,417**	**985**	**0**	**985**
Central banks	0	0	0	0	0	0
General governments	869,626	828,940	0	0	0	0
Credit institutions	274,968	209,392	0	0	0	0
Other financial corporations	1,100	0	0	0	0	0
Non-financial corporations	21,449	18,032	3,417	985	0	985
Off-balance-sheet exposures	**467,722**	**381,998**	**32,704**	**2,339**	**0**	**1,252**
Central banks	0	0	0	0	0	0
General governments	1,184	1,164	20	0	0	0
Credit institutions	7,461	5,550	0	0	0	0
Other financial corporations	70,385	70,280	105	0	0	0
Non-financial corporations	266,413	188,676	26,986	1,713	0	723
Households	122,280	116,329	5,593	626	0	529
Total	**3,870,671**	**3,149,752**	**334,123**	**58,446**	**0**	**46,761**

	Accumulated impairment, accumulated negative changes in fair value due to						Accumulated partial write-off	Collateral and financial	
	Performing exposures – accumulated			Non-performing exposures –				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Loans and Advances	**-27,269**	**-5,891**	**-21,268**	**-33,801**	**0**	**-27,126**	**-8,510**	**1,137,528**	**18,552**
Central banks	-101	-101	0	0	0	0	0	0	0
General governments	-42	-1	-42	-5	0	0	0	7,873	0
Credit institutions	-67	-67	0	0	0	0	0	62,771	0
Other financial corporations	-163	-160	-3	0	0	0	0	36,633	0
Non-financial corporations	-7,553	-2,493	-5,060	-15,739	0	-15,427	0	326,840	12,595
of which SMEs	-5,555	-1,406	-4,149	-7,748	0	-7,437	0	263,878	6,258
Households	-19,344	-3,069	-16,164	-18,056	0	-11,699	-8,510	703,412	5,957
Debt securities	**-1,104**	**-889**	**-215**	**-532**	**0**	**-532**	**0**	**267,851**	**453**
Central banks	0	0	0	0	0	0	0	0	0
General governments	-473	-473	0	0	0	0	0	8,900	0
Credit institutions	-155	-155	0	0	0	0	0	258,951	0
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	-476	-261	-215	-532	0	-532	0	0	453
Off-balance-sheet exposures	**-5,588**	**-1,426**	**-1,729**	**-595**	**0**	**-556**		**62,297**	**258**
Central banks	0	0	0	0	0	0		0	0
General governments	0	0	0	0	0	0		0	0
Credit institutions	-5	-4	0	0	0	0		1,857	0
Other financial corporations	-54	-53	-1	0	0	0		295	0
Non-financial corporations	-3,979	-867	-700	-265	0	-263		57,161	258
Households	-1,549	-501	-1,028	-330	0	-294		2,984	0
Total	**-33,962**	**-8,206**	**-23,212**	**-34,928**	**0**	**-28,215**	**-8,510**	**1,467,676**	**19,263**

Table 74: NPL 04 - Performing and non-performing exposures and related provisions

	Collateral obtained by taking possession	
	Value at initial recognition	**Accumulated negative changes**
Property, plant and equipment (PP&E)	0	0
Other than PP&E	0	0
Residential immovable property	0	0
Commercial immovable property	0	0
Movable property (auto, shipping, etc.)	0	0
Equity and debt instruments	0	0
Other	0	0
Total	**0**	**0**

Table 75: NPL 09 - Collateral obtained by taking possession and execution processes

		a	b
		Accumulated Specific credit risk adjustment	Accumulated General credit risk adjustment
1	**Opening balance**	-40,784	0
2	Increases due to amounts set aside for estimated loan losses during the period	-87,704	0
3	Decreases due to amounts reversed for estimated loan losses during the period	57,248	0
4	Decreases due to amounts taken against accumulated credit risk adjustments	657	0
5	Transfers between credit risk adjustments	0	0
6	Impact of exchange rate differences	-575	0
7	Business combinations, including acquisitions and disposals of subsidiaries	0	0
8	Other adjustments	4,945	0
9	**Closing balance**	-66,213	0
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	8,670	0
11	Specific credit risk adjustments recorded directly to the statement of profit or loss	-3,742	0

Table 76: EU CR2-A –Changes in the stock of general and specific credit risk adjustments

		Defaulted exposures
1	**Opening stock**	**44,384**
2	Exposures that have defaulted since the last reporting period	30,541
3	Returned to non-defaulted status	-6,444
4	Amounts written off	-4,398
5	Other changes	-5,638
6	**Closing stock**	**58,446**

Table 77: EU CR2-B – Changes in stock of defaulted and impaired loans and debt securities

2020.12.31		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of non-encumbered assets		Fair value of non-encumbered assets	
			of which: central bank's eligible		of which: central bank's eligible		of which: central bank's eligible		of which: central bank's eligible
in million HUF		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**349,213**	**133,297**			**3,271,667**	**1,031,567**		
020	Loans on demand					175,307			
030	Equity instruments	0		0		2,739		2,739	
040	Debt securities	133,297	133,297	137,211	137,211	1,033,194	1,031,567	1,049,186	1,048,724
050	of which: covered bonds								
060	of which: asset-backed securities								
070	of which: issued by general governments	123,777	123,777	127,719	127,719	745,375	745,313	761,081	761,081
080	of which: issued by financial corporations					266,393	265,285	266,357	266,357
090	of which: issued by non-financial corporations					21,426	20,969	21,748	21,286
100	Loans and advances other than loans on demand	215,916				1,857,818			
110	of which: mortgage loans	183,580				717,722			
120	Other assets					202,608			
121	of which: ...								

Table 78: Encumbered and non-encumbered assets

2020.12.31		Fair value of encumbered collateral received or own debt securities issued		Non-encumbered		
				Fair value of collateral received or own debt securities issued available for encumbrance		Nominal of collateral received or own debt securities issued non available for encumbrance
			of which: central bank's eligible		of which: central bank's eligible	
in million HUF		010	030	040	060	070
130	**Collateral received by the reporting institution**					**4,357,466**
140	Loans on demand					314,519
150	Equity instruments					6,963
160	Debt securities					127,286
170	of which: covered bonds					0
180	of which: asset-backed securities					0
190	of which: issued by general governments					22,982
200	of which: issued by financial corporations					104,304
210	of which: issued by non-financial corporations					0
220	Loans and advances other than loans on demand					52,027
230	Other collateral received					3,856,671
231	of which: …					0
240	**Own debt securities issued other than own covered bonds or ABSs**					0
241	**Own covered bonds and ABSs issued and not yet pledged**					0
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**349,213**	**133,297**			**0**

Table 79: Collateral received

2020.12.31		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
in million HUF		010	030
010	**Carrying amount of selected financial liabilities**	**356,483**	**347,894**
020	Derivatives	44,020	32,117
030	of which: Over-The-Counter	44,020	32,117
040	Deposits	312,464	315,777
050	Repurchase agreements	99	98
060	of which: central banks	0	0
070	Collateralised deposits other than repurchase agreements	312,365	315,679
080	of which: central banks	130,608	135,608
090	Debt securities issued	0	0
100	of which: covered bonds issued	0	0
110	of which: asset-backed securities issued	0	0
120	Other sources of encumbrance	0	1,319
130	Nominal of loan commitments received	0	0
140	Nominal of financial guarantees received	0	0
150	Fair value of securities borrowed with non cash-collateral	0	0
160	Other	0	1,319
170	TOTAL SOURCES OF ENCUMBRANCE	**356,483**	**349,213**

Table 80: Sources of encumbrance

Exposure Classes	RW								
	0%	2%	4%	10%	20%	35%	50%	70%	75%
Central governments or central banks	1,407,904	0	0	0	0	0	0	0	0
Regional government or local authorities	0	0	0	0	1,876	0	0	0	0
Public sector entities	0	0	0	0	0	0	0	0	0
Multilateral development banks	7,635	0	0	0	0	0	0	0	0
International organisations	0	0	0	0	0	0	0	0	0
Institutions	13,754	0	0	0	0	0	0	0	0
Corporates	0	0	0	0	0	0	0	0	0
Retail	0	0	0	0	0	0	0	0	29,348
Secured by mortgages on immovable property	0	0	0	0	0	201	500	0	0
Exposures in default	0	0	0	0	0	0	0	0	0
Higher-risk categories	0	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	0	0
Institutions and corporates with a short term credit assessment	0	0	0	0	0	0	0	0	0
Collective investment undertakings	0	0	0	0	0	0	0	0	0
Equity	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0
Total	1,429,294	0	0	0	1,876	201	500	0	29,348

Exposure Classes	RW							Total	of which unrated
	100%	150%	250%	370%	1250%	Other	Deducted		
Central governments or central banks	0	0	0	0	0	0	0	1,407,904	0
Regional government or local authorities	0	0	0	0	0	0	0	1,876	0
Public sector entities	10	0	0	0	0	0	0	10	0
Multilateral development banks	0	0	0	0	0	0	0	7,635	0
International organisations	0	0	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0	13,754	0
Corporates	57,208	0	0	0	0	0	0	57,208	0
Retail	0	0	0	0	0	0	0	29,348	0
Secured by mortgages on immovable property	0	0	0	0	0	0	0	701	0
Exposures in default	110	119	0	0	0	0	0	229	0
Higher-risk categories	0	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	0	0
Institutions and corporates with a short term credit assessment	0	0	0	0	0	0	0	0	0
Collective investment undertakings	0	0	0	0	0	0	0	0	0
Equity	58,752	0	0	0	0	0	0	58,752	2,608
Other items	0	0	0	0	0	0	0	0	0
Total	116,079	119	0	0	0	0	0	1,577,417	2,608

Table 81: EU CR5 – Standardised approach

Exposure classes	RW						
	0%	2%	4%	10%	20%	50%	70%
Central governments or central banks	1,099	0	0	0	0	0	0
Regional government or local authorities	0	0	0	0	0	0	0
Public sector entities	0	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0	0
International organisations	0	0	0	0	0	0	0
Institutions	210	0	0	0	0	0	0
Corporates	0	0	0	0	0	0	0
Retail	0	0	0	0	0	0	0
Institutions and corporates with a short term credit assessment	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0
Total	1,309	0	0	0	0	0	0

Exposure classes	RW				Total	of which unrated
	75%	100%	150%	Egyéb		
Central governments or central banks	0	0	0	0	1,099	0
Regional government or local authorities	0	149	0	0	149	0
Public sector entities	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0
International organisations	0	0	0	0	0	0
Institutions	0	0	0	0	210	0
Corporates	0	17,909	0	0	17,909	0
Retail	0	0	0	0	0	0
Institutions and corporates with a short term credit assessment	0	0	0	0	0	0
Other items	0	0	0	0	0	0
Total	0	18,059	0	0	19,368	0

Table 82: EU CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk

	RWA	Capital requirement
Outright products		
Interest rate risk (general and specific)	28,602	2,288
Equity risk (general and specific)	0	0
Foreign exchange risk	0	0
Commodity risk	0	0
Options		
Simplified approach	0	0
Delta-plus method	0	0
Scenario approach	0	0
Securitisation (specific risk)	0	0
Total	28,602	2,288

Table 83: EU MR1 – Market risk under the standardised approach

Currency	EVE change mn HUF (worst scenario in case of negative paralell shock)
HUF	-19,195
EUR	6,675
USD	-58
CHF	-207
TOTAL	**-16,122**
Solvency equity	335,868
Basel II ratio	**4.80%**

Table 84: CRR Art. 448. CRR – Sensitivity of economic value (Banking Book)

		Applicable amount
1	Total assets as per published financial statements	3,411,401
2	Adjustment for entities w hich are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framew ork but excluded from the leverage ratio total exposure measure in accordance w ith Article 429(13) of Regulation (EU) No 575/2013)	0
4	Adjustments for derivative financial instruments	-9,780
5	Adjustment for securities financing transactions (SFTs)	99
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	91,920
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance w ith Article 429 (7) of Regulation (EU) No 575/2013)	0
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance w ith Article 429 (14) of Regulation (EU) No 575/2013)	-24,996
7	Other adjustments	197,663
8	Leverage ratio total exposure	3,666,307

Table 85: LRSum - Summary reconciliation of accounting assets and leverage ratio exposures

		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	3,550,511
2	(Asset amounts deducted in determining Tier 1 capital)	-28,966
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	3,521,545
Derivative exposures		
4	Replacement cost associated w ith all derivatives transactions (ie net of eligible cash variation margin)	34,514
5	Add-on amounts for PFE associated w ith all derivatives transactions (markto-market method)	18,225
EU-5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivatives collateral provided w here deducted from the balance sheet assets pursuant to the applicable framew ork	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of w ritten credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for w ritten credit derivatives)	0
11	Total derivatives exposures (sum of lines 4 to 10)	52,740
SFT exposures		
12	Gross SFT assets (w ith no recognition of netting), after adjusting for sales accounting transactions	99
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	Counterparty credit risk exposure for SFT assets	2
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance w ith Articles 429b(4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	102
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	91,920
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Other off-balance sheet exposures (sum of lines 17 and 18)	91,920
Exempted exposures in accordance w ith Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance w ith Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
EU-19b	(Exposures exempted in accordance w ith Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
Capital and total exposure mesure		
20	Tier 1 capital	329,040
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	3,666,307
Leverage ratio		
22	Leverage ratio	8.97%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	0
EU-24	Amount of derecognised fiduciary items in accordance w ith Article 429(11) of Regulation (EU) No 575/2013	0

Table 86: LRCom - Leverage ratio common disclosure

		a	b	c	d	e	f	g	h	i	j	k	l
	PD-scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Value adjustments and Provisions
General governments and central banks													
	0,00 – <0,15	0	0		0		0			0		0	0
	0,15 – <0,25	18,722	0		20,955	0.2%	4	38.7%	2.0	9,195	43.9%	17	4
	0,25 – <0,50	0	0		0		0			0		0	0
	0,50 – <0,75	0	0		0		0			0		0	0
	0,75 – <2,50	0	0		0		0			0		0	0
	2,50 – <10,00	0	0		0		0			0		0	0
	10,00 – <100,00	0	0		0		0			0		0	0
	100 (non-performing (default))	0	0		0		0			0		0	0
	Partial sum	18,722	0		20,955	0.2%	4	38.7%	2.0	9,195	43.9%	17	4
Institutions													
	0,00 – <0,15	3,740	1,076	17%	3,966	0.1%	7	45.0%	0.2	2,058	51.9%	3	3
	0,15 – <0,25	73,285	158	20%	1,807	0.2%	5	45.0%	0.6	996	55.1%	1	27
	0,25 – <0,50	172,802	678	20%	1,215	0.3%	7	45.0%	3.3	735	60.5%	2	84
	0,50 – <0,75	15,041	0		15,041	0.6%	1	11.3%	0.8	3,005	20.0%	10	24
	0,75 – <2,50	0	0		0		0			0		0	0
	2,50 – <10,00	0	0		0		0			0		0	0
	10,00 – <100,00	45	0		29	18.3%	4	45.0%	4.2	73	247.6%	2	1
	100 (non-performing (default))	0	0		0		0			0		0	0
	Partial sum	264,913	1,911	18%	22,058	0.5%	24	22.0%	0.8	6,868	31.1%	18	139
Corporate (SME) (SL not incl.)													
	0,00 – <0,15	26	2,905	0%	13	0.1%	3	45.0%	6.3	2	18.8%	0	8
	0,15 – <0,25	0	0		0		0			0		0	0
	0,25 – <0,50	18,629	6,982	2%	25,664	0.4%	72	44.6%	4.3	10,514	41.0%	42	98
	0,50 – <0,75	31,779	19,361	4%	30,967	0.7%	162	44.5%	3.4	17,108	55.2%	92	202
	0,75 – <2,50	80,108	38,509	11%	80,918	1.6%	453	44.5%	3.1	58,835	72.7%	571	650
	2,50 – <10,00	41,337	20,024	9%	40,189	3.8%	211	44.4%	3.0	37,903	94.3%	671	1,315
	10,00 – <100,00	55,266	18,792	10%	51,342	12.4%	447	44.5%	3.3	71,988	140.2%	2,845	4,318
	100 (non-performing (default))	9,229	1,696	12%	7,362	100.0%	36	44.1%	2.6	0	0.0%	3,245	4,776
	Partial sum	236,374	108,270	8%	236,454	7.1%	1,384	44.5%	3.3	196,351	83.0%	7,466	11,366
Corporate (other)													
	0,00 – <0,15	83,551	4,462	0%	83,551	0.1%	2	45.0%	2.6	26,263	31.4%	38	235
	0,15 – <0,25	35,956	32,328	28%	45,044	0.2%	1	45.0%	0.7	19,471	43.2%	35	182
	0,25 – <0,50	17,020	12,275	11%	18,368	0.3%	11	45.0%	1.5	10,464	57.0%	24	116
	0,50 – <0,75	23,210	54,584	52%	51,468	0.7%	9	45.0%	2.7	43,132	83.8%	155	219
	0,75 – <2,50	60,786	18,127	2%	60,040	1.6%	25	42.1%	3.4	63,543	105.8%	398	566
	2,50 – <10,00	22,577	5,931	15%	23,456	3.7%	8	45.0%	3.1	34,017	145.0%	395	687
	10,00 – <100,00	18,235	6,164	8%	18,734	10.3%	26	44.5%	1.6	36,293	193.7%	855	684
	100 (non-performing (default))	11,689	0		11,689	100.0%	7	45.0%	3.3	0	0.0%	5,260	6,538
	Partial sum	273,024	133,871	30%	312,350	5.1%	89	44.4%	2.4	233,183	74.7%	7,161	9,227
Retail (Mortgage)													
	0,00 – <0,15	0	0		0		0			0		0	0
	0,15 – <0,25	0	0		0		0			0		0	0
	0,25 – <0,50	0	0		0		0			0		0	0
	0,50 – <0,75	167,276	610	100%	167,886	0.5%	19,905	29.9%	15.4	43,208	25.7%	266	119
	0,75 – <2,50	232,744	839	100%	233,583	1.7%	35,409	30.6%	14.9	132,776	56.8%	1,211	494
	2,50 – <10,00	98,743	416	100%	99,159	5.9%	15,898	31.0%	14.6	113,385	114.3%	1,808	917
	10,00 – <100,00	20,909	58	100%	20,967	36.2%	3,845	30.6%	12.8	36,452	173.9%	2,312	776
	100 (non-performing (default))	16,931	0		16,931	100.0%	3,366	30.5%	6.1	3,857	22.8%	13,282	7,041
	Partial sum	536,604	1,923	100%	538,527	6.5%	78,423	30.4%	14.7	329,679	61.2%	18,880	9,348
Retail (other)													
	0,00 – <0,15	0	0		0		0			0		0	0
	0,15 – <0,25	0	0		0		0			0		0	0
	0,25 – <0,50	0	0		0		0			0		0	0
	0,50 – <0,75	64,824	74,707	71%	117,577	0.5%	132,157	72.5%	1.7	67,151	57.1%	452	229
	0,75 – <2,50	82,270	24,245	75%	100,486	1.7%	83,199	69.4%	3.7	91,164	90.7%	1,201	542
	2,50 – <10,00	93,515	15,055	75%	104,872	6.0%	71,388	68.4%	4.1	116,089	110.7%	4,427	3,954
	10,00 – <100,00	29,019	3,692	70%	31,605	33.8%	25,027	75.5%	4.0	59,883	189.5%	8,173	8,222
	100 (non-performing (default))	7,730	622	73%	8,185	100.0%	6,949	70.9%	2.0	4,462	54.5%	7,031	6,223
	Partial sum	277,358	118,321	72%	362,724	7.6%	318,720	70.7%	3.1	338,749	93.4%	21,283	19,170
	Total	1,606,996	364,296	38%	1,493,069	6.4%	398,644	45.4%	26.4	1,114,025	74.6%	54,808	49,254

Table 87: EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

		a	b	c	d	e	f	g
	PD Scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
Institutions	0,00 – <0,15	13,009	0.14%	6	44.68%	6.14	6,704	51.53%
	0,15 – <0,25	2,376	0.18%	7	45.00%	28.26	1,269	53.39%
	0,25 – <0,50	1,305	0.33%	21	45.00%	38.47	772	59.18%
	0,50 – <0,75	15,041	0.60%	1	11.25%	10.00	3,005	19.98%
	0,75 – <2,50	0					0	
	2,50 – <10,00	0					0	
	10,00 – <100,00	21	10.24%	1	45.00%	7.00	43	206.48%
	100 non-performig (default))	0					0	
	Partial sum	31,752.18		36.00			11,793.27	
Corporate	0,00 – <0,15	87,302	0.10%	5	58.26%	28.79	35,355	40.50%
	0,15 – <0,25	54,990	0.17%	1	58.26%	6.63	30,774	55.96%
	0,25 – <0,50	45,828	0.34%	81	57.88%	27.13	29,487	64.34%
	0,50 – <0,75	100,200	0.67%	172	58.05%	28.75	93,941	93.75%
	0,75 – <2,50	168,866	1.61%	484	56.55%	18.45	189,762	112.37%
	2,50 – <10,00	75,681	3.76%	219	58.03%	24.85	110,042	145.40%
	10,00 – <100,00	82,576	11.93%	482	57.59%	9.43	165,364	200.26%
	100 non-performing (default))	19,987	100.00%	43	45.00%	28.57	0	0.00%
	Partial sum	635,430.6		1,487			654,724.1	
Total		667,182.74		1,523.00			666,517.40	

Table 88: EU CCR4 – IRB approach – CCR exposures by portfolio and PD scale

	Exposure unsecured- Carrying amounts	Exposure to be secured	Exposure secured by collateral	Exposure secured by financial guarantees	Exposure secured by credit derivatives
Total loans	1,568,572	448,081	332,705	115,376	0
Total debt securities	931,300	128,855	0	128,855	0
Total exposure	3,081,223	583,209	334,433	248,776	**0**
of w hich defaulted	18,546	5,598	5,049	549	0

Table 89: EU CR3 – CRM techniques – Overview

	Exposures before CCF and CRM		Exposure post CCF and CRM		RWA and RWA density	
Asset classes	On balance	Off balance	On balance	Off balance	RWA	RWA density
Central governments or central banks	994,667	0	1,407,766	139	0	0%
Regional government or local authorities	9,699	1,137	1,876	0	375	20%
Public sector entities	27	41	10	0	10	100%
Multilateral development banks	0	0	7,611	24	0	0%
International organisations	0	0	0	0	0	
Institutions	13,754	10,887	13,754	0	0	0%
Corporates	67,120	66,898	56,186	1,022	50,492	88%
Retail	186,240	11,364	29,180	168	19,392	66%
Secured by mortgages on immovable property	698	15	698	3	256	37%
Exposures in default	449	4	229	0	288	126%
Higher-risk categories	0	0	0	0	0	
Covered bonds	0	0	0	0	0	
institutions and corporates with a short term credit assessment	0	0	0	0	0	
collective investment undertakings	0	0	0	0	0	
Equity	58,752	0	58,752	0	58,752	100%
Other items	0	0	0	0	0	
Total	1,331,405	90,344	1,576,061	1,357	129,565	8%

Table 90: EU CR4 – Standardised approach – Credit risk exposure and CRM effects