Risk management report for 2013
– Qualitative data
Erste Bank Hungary Zrt.

The published data reflect the conditions as of 31.12.2013

1. General information

1.1. Name of the bank

Erste Bank Hungary Zrt. (hereinafter referred to as the Bank) complies with its disclosure obligations both individually and on a consolidated basis together with its subsidiaries belonging to the scope of consolidated supervision (hereinafter referred to as the Erste Group). Below, individual and consolidated data services will be distinctly mentioned in case any difference arises in between them. Where it is not specifically indicated, the given information is identical on the individual and consolidated levels.

1.2. Brief description of the differences between the consolidations relating to accounting and capital requirement calculation

1.2.1. Fully consolidated items

The Bank fully involves all its subsidiaries in the scope of consolidation.

1.2.2. Partly consolidated items

There are no partly consolidated items.

1.2.3. Items to be deducted from the regulatory capital

Based on the aforementioned facts there is no influence on the regulatory capital serves to secure risks.

1.2.4. Other items

There are no other items.

1.3. Prevention of capital withdrawal

At the present, the Bank has no enterprise that is not involved in the scope of consolidated supervision, and its regulatory capital would not amount to the statutory capital requirement of the country where it is seated.

1.4. Declaration of indemnification

The Bank represents 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.

2. Certain elements of the regulatory capital; positive and negative components

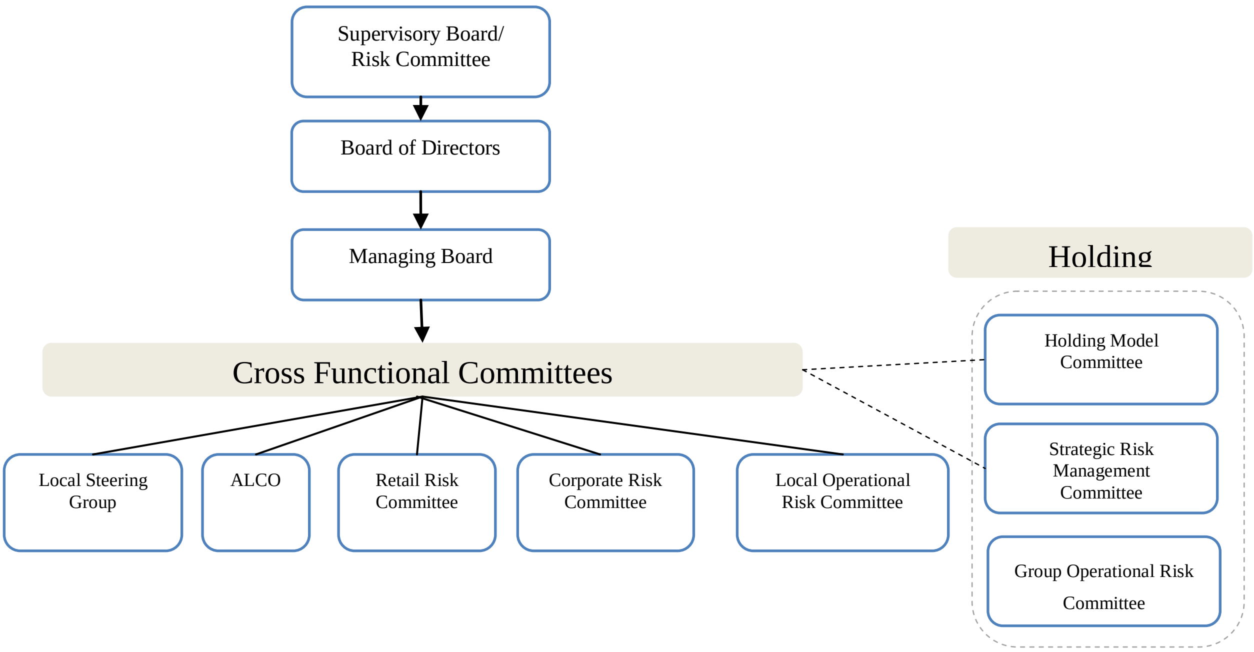
The Bank's regulatory capital is presented in the table of Quantitative data on Page 42.

3. Risk management

3.1. Risk Governance

EBH's Board of Directors is responsible for the legal and regulatory compliance regarding to risk management principles. CRO, as deputy CEO and member of Board is responsible for the risk management organizational structure. Operational risk management responsibilities are delegated to various risk management departments and comities under the supervision of the CRO.

Supervisory Board is informed about the risk management related information and developments,



supervises the risk management, as well as the ICAAP framework. If necessary it initiates the necessary actions.
Risk Committee, which is a sub-committee of the Supervisory Board of Erste Hungary, is the most senior risk committee in Erste Hungary. It is responsible for the approval of methods and processes of risk control and management as well as for the risk infra-structure. The Risk Committee also monitors the capital base and allocates capital at the macro level and determines the risk framework. As the central risk control body, the Risk Committee is frequently and regularly briefed on the risk status, both retrospectively and prospectively, and across all risk types. The Risk Committee analyses the current status as well as any trends and makes management decisions at the highest level. In line with the new Hungarian Banking Act (Act CCXXXVII of 2013.) valid from 1th of January 2014 EBH has established the Risk Management and Steering Committee, thus EBH has terminate the Risk Committee as a subcommittee of the Supervisory Board and established a new,

independent Risk Management and Steering Committee. The new Risk Management and Steering Committee is the successor of the former Risk Committee, but with the new duties and composition defined by the new Banking Act. which operates stringing from January 2014
EBH's Board of Directors within the frame of legislation, Deed of Foundation, decisions of Single stockholder and recommendations of Supervisory Board manage EBH's operation and business activities. Board of Director approves EBH's Risk Strategy.

EBH' Managing Board is responsible for decisions and principles relevant for EBH's daily operation. The Managing Board is responsible for the setup of the Risk Strategy framework, and monitors the fulfilment of the goals laid down within the Risk Strategy. The members of the Managing Board shall have an understanding about the risk types relevant for EBH, as well as the measurement and management techniques. EBH's Managing Board discusses and submits to Board of Directors for decision EBH's risk management framework and EBH's Risk Appetite Statement (RAS). EBH's Managing Board ensures that EBH's risk management units possess the necessary independency and licences for efficient operation, and its operation is monitored and supervised on a regular basis.

Local Steering Group (hereafter LSG) ensures alignment within steering functions of the Bank providing higher coherence of methodologies and standards, coordination of their roll out and impact on the institution including coordination of key steering processes like planning and forecasting and internal capital assessment process. LSG is a joint forum of management from steering functions, namely controlling, strategic risk management, asset and liability management and accounting.

The Bank has an Asset-Liability Management Committee, which is the most important strategic decision-making body for asset-liability management and within that, the interest rate risk management. In accordance with its responsibilities, the Committee regularly reviews the interest rate risk position of the Bank and the development of the positions thereof.

Retail Risk Committee (hereafter RRC) is responsible for continuous supervision and decision over of the Bank's retail risk taking rules, limits and risk parameters. The RRC is informed about the Risk Appetite statement of the management and responsible to develop and decide on retail risk strategy which derived from the risk tolerance. The RRC contributes to the internal capital assessment process.

Corporate Risk Committee (hereafter CRC) is responsible for continuous supervision and decision over of the Bank's corporate risk taking rules, limits and risk parameters. The CRC is informed about the Risk Appetite statement of the management and responsible to develop and decide on corporate risk strategy which derived from the risk tolerance. The RRC contributes to the internal capital assessment process. 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.

Operational Risk Committee ("ORC") approves and follows up risk mitigating measures arising from Operational Risk activities. The ORC meets quarterly and informs the Managing Board about its decisions on a quarterly basis.

3.1.1. Remuneration data

The remuneration data of the Bank and its subsidiaries under consolidated supervision is presented in Annex 1.

3.2. Counterparty risks

3.2.1. Main principles of risk management, applied methods, identification and management of risks

The counter-party risk is the specific risk of transacting with the partners, and relates to the performance of transactions, the warranties of the underlying products. Credit risks are handled separately, i.e. as a summary name for risks connected with the solvency of partners and their willingness to pay.

To manage counterparty risks, the Bank applies the relevant regulation. The Bank establishes the counterparty risks against a specific customer separately for the individual transactions. Any collateral for the given transaction is taken into consideration if it is allowed by the contract of the customer or the relevant business regulations. For any customer or customer group, the counterparty risks of the individual transactions can be consolidated only if the Bank has an appropriate netting agreement with the customer.

3.2.2. Limits allocated to counterparty risks

At the Bank, the capital requirement calculation for counterparty risks is supported by the system. The calculation algorithm has been specified for the following cases:

Open delivery;

Settlement risks;

Counterparty risks belonging to the trading book.

At the present, the Bank's capital requirement for counterparty risks is determined on the Bank's (non-consolidated) level. The normal rules of approval govern the application and approval of limits broken down to the level of individual customers, and they are recorded in the holding company's central, dedicated limit management system.

3.2.3. Collaterals for counterparty risks

On the basis of bilateral agreements the Bank has the option to mitigate risks by netting or the involvement of collaterals. 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 and stock market rates, interest rates, etc.), the collaterals need to be revaluated continuously. The scope of acceptable collaterals is narrow: cash collateral or Hungarian governmental securities. Governmental securities as collaterals are revaluated on a weekly basis, whereas foreign exchange collateral deposits undergo this process from day to day.

The Bank essentially has two types of customers:

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

3.2.4 Contract-based netting and its impact on the capital requirement

The Bank does not rely on the option of netting fictitious borrowing and lending deals arising from the breakdown of forward transactions.

3.2.5. Analysis of the credit derivative portfolio

The Bank does not have a credit derivative portfolio.

3.2.6. Estimated value of α

The Bank does not apply the α value.

3.3. Capital adequacy of the credit institution (credit and dilution risks)

3.3.1. Scope of application for risk assessment and reporting systems

In relation to its risk position, the Bank regularly prepares reports to the Board of Directors and other forums of decision-making.

The reporting system operated by the Bank includes the following reports, without limitations:

- portfolio quality
- capital position
- monitoring
- rating systems

The Bank's Board of Directors regularly inquires about the trends in the Bank's portfolio, the reliability of the applied rating systems, as well as EBH Group's risk-bearing capacity, and then decides on taking the necessary measures.

In addition to the above-mentioned reporting systems, on the basis of limits determined for the individual exposure types the Bank regularly measures and assesses the extent of its risk exposures, and makes proposals for the required actions.

The Bank's various professional units are involved in the development and operation of the risk reporting system.

The Bank's units in charge of risk management are separated from the business units within the organization, and even within risk management risk units responsible for operative risk management and risk-related organizational units attending control functions are also separated from each other. The cooperation of these professional units and the information provided in the context of the managerial reporting system ensures for the management to have a comprehensive view of the Bank's risk position at all times.

3.3.2. Principles and strategy for the internal capital adequacy assessment process (ICAAP)

ICAAP is aimed at assessing what an amount of capital requirement is needed on the basis of the institution's own calculations to cover the risks assumed and borne by the institution.

ICAAP (Internal Capital Adequacy Assessment Process) is a procedure ensuring that the Bank can

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

The Bank has a process for assessing their overall capital adequacy in relation to its risk profile. The ICAAP concept will be established in line with the methodology of Erste Holding[1] , in view of the domestic legal regulations and the **requirements of the Supervisory Authority.**

A fundamental objective of the Bank Group is to implement its strategic objectives by driving prudent and risk-conscious operations.

The Bank Group's risk assumption principles and the degree of its risk appetite are approved within the scope of the competence of the Board of Directors, though it is ICAAP governance operated as a part of internal management that ensures that the requirements described in the context of the Bank's risk appetite should be enforced in the actual operating activities, while the trends in the risk appetite and portfolio should be regularly monitored and reported to the Board of Directors in the form of feedbacks. At the Bank, it is Strategic risk Management that is responsible for the operation of the ICAAP framework system.

A regular tool for assessing internal capital adequacy is the calculation of the Bank's risk-bearing capacity (RCC). When determining internal capital requirements, in order to recognize risks more accurately the Bank may apply parameters that are different from the ones used in Pillar 1, which is mostly general during the internal definition of the supervisory parameters applied in Pillar 1.

Trends in the Group's capital demand and the regular monitoring of the capital that is available for covering risks put the means and tools for comprehensive risk management and capital management in place. It 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 Group.

3.3.3. Principles of credit risk management

Principles of credit risk management:

Being financing the core of its business profile and activities, the Bank assumes risks, and these risks are identified, evaluated, managed and measured by the risk management units, separately from the business units. The main task and responsibility of the risk management units are to ensure the Bank's prudent operations and effective risk management in line with the pre-defined principles:

- The Bank's risk assumption is based on the review of the customer's financial position, income-generating ability, business environment, as well as the assessment of the risks that are inherent in the products the Bank offers.
- The debtors bearing the same risk are managed together and the exposures of debtors/groups of debtors are aggregated on EBH Group level.
- As irrespective of the type, form, expiry and coverage of the given risk assumption, and still before the assumption of exposures the Bank rates every customer for whom any risk is taken. If the risk assumption for the given customer is secured by a guarantee issued by or joint and several suretyship of a third person, the rating needs to be performed for that third person, as well.
- The person performing the customer rating and preparing the proposal may not make a decision on the risk assumption.
- The decision-making authorities of risk assumption are assigned to decision-making levels that are determined by the combination of the business unit, affiliation to any specific customer group, the customer rating, the level of coverage and the total amount of liabilities.
- All the decisions on risk assumptions are required to comply with the generally applicable

[1] Erste Group Bank AG (Holding) is Erste Bank Hungary Zrt's parent company.

“four-eye” principle, meaning that every decision needs to be made by at least two responsible decision-makers having appropriate competences.

- To secure the return of its receivables, in general the Bank assumes risks only in possession of collaterals. Furthermore, the Bank ensures the availability, fair value and enforceability of the collaterals and securities prior to its risk decisions and monitors these characteristics of collaterals in the entire period of risk-bearing.
- Every transaction has to be approved for a definite term and maturity. Whenever the Bank makes a proposal to the customer or issues a loan commitment, its binding duration should always be defined.

3.3.4. Capital requirements for risk categories by exposure class

Capital requirements calculated for each risk category of the credit portfolio are introduced under Quantitative Data on page 24.

3.3.5. Definition of “overdue” and “credit quality deterioration”

In accordance with the recommendation of the Basel Committee on Banking Supervision (Basel II) the Erste Group differentiates and records 5 default categories. These incidents are marked with an R and numbered from 1 to 5. The different categories are defined as follows:

- R1: the competent decision-making forum deems that based on the early warning signs the complete repayment is not probable.
- R2: Late payment overdue for more than 90 days and no less than HUF 25,000
- R3: involuntary rescheduling (if rescheduling is not induced by the normal course of business, but becomes expedient for return)
- R4: partially accounted loss
- R5: legal proceedings (bankruptcy, liquidation, final settlement, executory procedure)

The development of the volumes of “Late payment items” and “exposures with credit quality deterioration” and the provisions created are introduced under Quantitative Data, in pages 26-31.

3.3.5.1. The approach to credit quality deterioration in the internal rules

The Customer and Partner Rating Policy and the Risk Management Policy of the Bank provides for the basic principles on following the deterioration of customer rating and credit quality.

The Bank grades its corporate customers in its internal rating system. The customer rating is assigned in the rating system by evaluating financial, expert and external information. The Bank’s relevant codes of conduct provide for the rules of customer monitoring and customer rating review. In the framework of the regular customer rating review and customer monitoring customers are re-rated again in the rating system in accordance with the changes occurring in their position; by the evaluation of the above mentioned information the rating system reliably reflects if the credit quality of the customer has deteriorated.

The Bank also assigns rating to its retail customers in the internal rating system (scorecards). The monitoring of the deterioration of the customers credit quality is done based on the so called behaviour scorecards, which re-grade the retail customers monthly based on the repayment behavior (characteristics) of the customer.

The Bank reviews its customer rating systems at least once a year in accordance with its Validation Policy; validation itself - pursuant to legislative requirements - is carried out by the Validation Team of the Holding as an independent external expert team.

Change of portfolio quality is primarily reflected in the change of provision allocation. As a result of active portfolio management the quality of the portfolio has improved slightly in 2013.

3.3.6. Main principles and methods for portfolio quality and provisioning

The accounting and reversal of loss in value and the creation and use of provisions are carried out by the Bank in accordance with the Hungarian Accounting Standards (HAS) and the International Financial Reporting Standards (IFRS).

Approaches and methods pursuant to the Hungarian Accounting Standards (HAS):
The assessment of the loss in value for receivables is based on the rating of the specific transaction. For off-balance sheet liabilities the provision created is determined by the probability of becoming on-balance.

If the total exposure of the Bank to the respective customer exceeds HUF 50 million, the receivables receive an individual rating. For receivables from non-performing customers the loss in value accounted for equals the expected loss calculated based on the present value of expected return. For debtors (or customer groups) that are not free of problems, but show only minor delays 10% (or 1%) loss in value is accounted for.

If the total exposure of the Bank to the respective customer does not exceed HUF 50 million, the rating of the problematic receivables is determined with an algorithm based on the outstanding delay, the potential non-performance and the risk parameters. Risk parameters are estimated by the Bank considering the type of receivables and the customer rating.
Risk parameters are the following: the probability of non-performance, expected loss in case of non-performance, loss detection time factor.

For capitalised interest the Bank applies the provisions of Paragraph (2), Article 13 of Government Decree No 250/2000. For restructured loans the Bank acts in accordance with Chapter 7, Annex 7 of Government Decree No. 250/2000.

For certain items presenting extraordinary risk pursuant to Regulation No. JÉ-I/I-391/2009 of the Hungarian Financial Supervisory Authority the Bank accounts for higher loss in value and creates more provisions.

3.3.7. Portfolio analysis for segments applying the standard method

The standard portfolio is introduced by tables under Quantitative Data on page 22-23.

3.3.8. Portfolio analysis for segments applying the internal rating-based (IRB) method

The IRB portfolio is introduced by tables under Quantitative Data on pages 33 -38.

3.3.9. Analysis for portfolios managed according to standards of the Supervisor

Portfolios managed separately according to standards of the Supervisor are introduced by tables under Quantitative Data on page 37.

3.4 Market risk

3.4.1. Risks recorded in the Trading Book

The Trading Book of the Bank is kept by the Treasury. For recording and marking the positions to market the Bank applies a system in which the group of transactions assigned to the Trading Book are clearly separated due to the established portfolio/folder structure: each folder is assigned to a portfolio and each portfolio is classified into either the Banking or the Trading Book. The Trading Book is updated on every business day based on the continuously recorded transactions.

Capital requirements for partner risks recorded in the Trading Book are calculated by the Bank with the mark-to-market method, while capital requirements for position risk and for the foreign exchange currency risk occurring in the entire business activity together with the major risks also recorded are calculated with the standard method.

Capital requirements for the listed risks are introduced by the table on page 39 of the Quantitative Data.

3.4.2. Shares not recorded in the Trading Book

The Bank does not have any shares not recorded in the Trading Book.

3.4.3. Positions not recorded in the Trading Book

3.4.3.1. Risk type and assessment method

The interest rate risk of the Non-Trading (or Banking) Book 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 Non-Trading Book generally the repricing (new pricing) risk is the most frequent and, regarding its impact, the most significant source of interest rate risk.

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.

3.4.3.2. The organizational background for the management of interest rate risk of the Non-Trading Book

The Bank has an Asset-Liability Management Committee, which is the most important strategic decision-making body for asset-liability management and, within that, the interest rate risk management. In accordance with its responsibilities, the Committee regularly reviews the interest rate risk position of the Bank and the development of the positions thereof. In addition to monitoring the position, the Committee also has the right to evaluate and rate the Bank's interest rate risk position. The Committee's scope of authority also includes the approval and amendment of the relevant internal rules, in particular the modification of the valid limits, assumptions, procedures and methods.

3.4.3.3. Interest rate risk monitoring and report

The Bank's management regularly receives reports about the development of the Non-Trading 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 potentially excessive risks undertaken higher than 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.

3.5. Operational risk

3.5.1. Main principles of risk management, methods applied, identification and management of risks

The Bank uses the combination of the Advanced Measurement Approach (AMA) on the individual level and the Basic Indicator Approach (BIA) on the consolidated level in order to determine the amount of capital requirements serving as collateral for operational risks. All subsidiaries of the Bank use the Basic Indicator Approach.

On 31 December 2013 the individual operational risk capital requirement of Erste Bank Hungary Zrt. determined with the Advanced Measurement Approach was HUF 11,325,549 million and on the consolidated level it was HUF 14,129.815 million, out of which the part determined with the Basic

Indicator Approach was HUF 2,804,266 million.

The calculation of the capital with the Advanced Measurement Approach is carried out centrally with the capital calculation model applied by Erste Group Bank AG. The group level capital requirement is allocated, based on the predefined scale and loss indicator, to the group members – including Erste Bank Hungary - applying the Advanced Measurement Approach.
When calculating the central capital requirements the Erste Group Bank applies the Loss Distribution Approach (LDA) in which the internal loss data and scenarios of Erste Holding members are used as input; furthermore the loss incidents of the ORX database are used as external data. The external environment and the internal control factors are quantified indirectly, by scenario analysis.

Erste Bank has been dedicated to manage operational risks as of 2004, and uses the Advanced Measurement Approach, which is in compliance with the relevant legal, supervisory and group level requirements, as of 1 June 2009 with the permission of the Supervisory Authority. Consequently, the quantitative techniques for measuring operational risk and the qualitative techniques for risk management are simultaneously used in the Bank. In accordance with the Group level risk control guidelines the Bank's subsidiaries implement the elements of the operational risk management framework to suit their risk profile.

Quantitative techniques for measuring operational risk applied in the Bank are as follows:

- decentralized internal loss data collection in the entire Bank based on uniform rules and principles,
- annually conducted scenario analysis for the quantification of loss incidents that have not yet been identified in loss data collection, but are potentially occurring events in the future,
- holding level, Loss Distribution Approach (LDA) based capital requirement calculation.

Qualitative techniques applied in the Bank to identify and mitigate operational risks are as follows:

- regularly conducted risk self-assessments in order to reveal the Bank's activities with high residual risk and to draw up the related risk mitigating measures,
- definition, collection and monitoring of key risk indicators demonstrating the development of the risk level,
- reveal and analyse the process related risks and controls and improve process efficiency (process-based risk management activity),
- risk analysis to identify the risks of outsourced activities.

The parent company, Erste Bank Group AG is a member of the international ORX loss data consortium, and our Bank is a member of the Hungarian Operational Loss Database (HunOR). In order to cover large amounts of operational risk losses the Bank has entered into an insurance contract for operational risk with Erste Reinsurance. The insurance covers the following risks:

Non-bank specific risks:

- Damage to property and shutdown
- Valuable property risk
- General liability insurance

Bank specific risks:

- Internal fraud
- External fraud
- Civil liability insurance
- Technological risks

The capital requirements of the Bank were determined as the allocation of the group level capital requirements determined by Erste Group Bank AG. Internal data used for the capital calculation are provided by the subsidiaries, while the ORX database is the source for external data. As of 1 July

2011 - with the permission of the Supervisor - the operational risk insurance program, as a risk mitigation instrument, is considered in the calculation of capital.

3.6. Securitisation

At present there is no securitisation in the Bank.

4. Instruments and procedures

4.1. Rating systems

4.1.1. 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 electronic systems that are built on 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.

Out of the Erste Group subsidiaries Erste Leasing Eszközfinanszírozási Zrt. and Erste Leasing Autófinaszírozási Zrt.,as part of Erste Bank Hungary Zrt. since 2013 and Erste Leasing Bérlet Szolgáltató Kft. introduced the IRB method as of 1 July 2009.

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.

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

4.1.2. The application of internal estimations other than in the definition of the risk weighted exposure value

The risk parameters defined with internal estimations are used consistently by the Bank in all areas, where the estimated risks have an impact. Such particular areas are decision-making competences and pricing.

During the pricing the Bank's purpose is to set a price that provides coverage for the entire banking cost of the commitment. The Bank examines its customers in each case and based on this the Bank establishes what risks and costs the Bank has to undertake with the respective commitment. Prices are set accordingly.

Pricing always examines the profitability of the entire customer/customer group and also includes the examination of the revenues and costs for all banking services. In the corporate segment the price is set individually on a customer level, but in the private segment the price is given for the sub-portfolios representing a homogenous risk segment

The period examined during pricing is the whole period of the loan. Risks are included in pricing with the expected risk margin (ERM), which is determined by the Bank by using the parameters applied in the internal estimations. Based on these empirical figures the purpose of ERM is to quantify the expected loss and consider the same in pricing.

4.1.3. Description of rating systems

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

Although risk assessment is primarily based on customer rating, decisions regarding the individual credit risks are not based solely on the customer rating, but they are made with the full consideration of risks. Within this framework, in addition to the customer and the customer risks any potential third party in the transaction and, in certain cases, the security system are also the subject of the review.

4.1.4. Procedures for checking the reliability of rating systems

Rating systems are reviewed once a year or in case of extraordinary events at Erste Holding's competence centers, which is based on uniform standards. For retail portfolios both the requisition and the behaviour scorecards are checked. In the course of back-testing the Bank – together with the competence centers - examines, among others, the rating distribution, calibration and discriminating 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.

4.2. Description of the rating process

4.2.1. General

The Bank uses different rating systems for central governments and central banks, credit institutions, local governments, leasing companies, 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.

4.2.2 Internal rating systems: correlation between internal and external ratings

The Bank rates its customers in the internal rating system, and then these rating results are used in the decision-making processes, capital calculations. At the same time, the correspondence of the internal rating categories to the rating categories of external credit rating agencies is defined on the Group level, and such alignment is to be followed across Erste Group within the Group-level rating framework regulations. The regular review of such correspondence falls within the scope of the responsibilities of the holding company.

4.2.3. 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 introduced in 1993 and reviewed in 2001. 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.

4.2.4. 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.

4.2.5. Rating of enterprises

When rating business companies, the Bank invariably examines capital supply, 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 concepts 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; 5a,5b, 5c – Average risk; 6a – 6b Risk over the average; 7 – Exposure limit; 8 – Early warning; R1-5 – Default.

4.2.6. Rating of retail customers

To determine the rating of exposures within the Bank's retail portfolio, product-specific scorecards are used. These product-specific scorecards are integrated into a customer-level rating system.

The rating method basically works on the level of accounts. If a customer demands a new product, the given customer is rated with the use of the appropriate product-specific application scorecard. 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.

4.2.7. 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.

4.3. *Definition of the individual risk parameters, the method of determination, estimated and real data in the individual risk segments*

The basis of the calculation of all the risk parameters is the definition of default, which is defined by the bank in accordance with the established paragraphs of the CRR (capital requirements regulation). .

With respect to the materiality threshold, the Bank has relied on the above mentioned regulation, meaning that by satisfying the requirement of aligning with standard values Erste Holding has determined the materiality threshold as HUF 25,000 for both corporate and retail exposures. This decision has been motivated by an endeavour to decrease the capital requirement.

In the case of exposures against the private person customers of the retail segment, the Bank employs the customer-level detection of default.

The definition of default applied in the corporate segment emphatically goes back to the relevant paragraphs of the CRR.

The Bank annually reviews the definition of the event of default in order to associate the events of failure with actually detectable losses, thereby decreasing the probability of recurrence arising from any event of failure. With respect to the estimated risk parameters, the Bank conforms to the requirements of general compliance with the IRB validation criteria.

4.3.1. Probability of default (PD)

PD estimates the probability that any given customer falls in default within the upcoming 12 months.

To estimate the probability of default (PD) on its own for both the retail and corporate portfolio, the Bank applies an approach based on the customer rating, which in turn relies on the option and actual execution of the regular re-rating of the customers. In this context, the retail PD estimates are more conservative than the customary Hungarian banking practices (customer-level approach). The own PD estimates used for the individual rating categories are presented under the section on page 37 of Quantitative data.

The estimates are performed with the so-called Lando and Skodeberg's method based on intensity matrixes. The Bank assesses client quality migration in its portfolio with this model. That is it measures how the clients' payment conditions will change for the next year.

For the quantitative validation of PD estimates, the Bank uses the standards determined for Erste Holding's subsidiaries, including the examination of the fulfillment of the initial conditions of Lando and Skodeberg's method and the validity of the estimates. The validation itself is executed annually by the holding company's Validation unit as an independent team of experts.

4.3.2. Loss given default (LGD)

LGD is used to estimate the volume of any 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.

The Bank applies its own loss at default (LGD) estimates in the retail segment. The own LGD estimates used for the individual retail product types categories are presented under the section on page 37 of Quantitative data.

LGD is validated annually by the holding company's Validation unit as an independent team of experts. It basically embraces the analysis of the refinement options for 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, and therefore it involves both quantitative and qualitative elements.

Within the ICAAP framework, the Bank used its own estimates for the corporate LGD values on the level of the individual customers.

4.3.3. Credit conversion factor (CCF)

CCF shows what % ratio of the existing credit 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 credit limit that has already been drawn down 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. The own CCF estimates used for these pools are presented under the section on page 37 of Quantitative data.

Since 2009, the preferred method has been the so-called „variable time horizon method" (having replaced the so-called „fixed time horizon" method) that considers that the event of default may occur at any time within the 12 months (and not exactly in 12 months) following the date of the capital calculation.

CCF is validated annually by the holding company's Validation unit as an independent team of experts. It basically embraces the review of the refinement options for 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.

4.4. Mitigation of credit risks

4.4.1. Valuation and management of securities

- The Bank strives for stipulating the most liquid securities possible, i.e. those that can be exchanged for cash within the shortest possible time.
- The collateral value of securities can be established as the product of the so-called base value (equals the market value, or the mortgage lending value in the case of a property collateral) and the so-called collateral multiplier (valuation rate) that is different for the various types of collaterals, as deducted with third-party encumbrances and adjustments.
- To establish the value of a collateral, first the actual market value needs to be determined for the date when the associated contract is concluded. For the valuation of collaterals, efforts need to be made to determine the realistic market value, and thus the so-called "audit" principle needs to be applied, stating that the base value of a security has to be established on the basis of the information indicating the smallest amount.
- The value appraisal of real-estate properties and moveable properties is always performed by companies, experts that are accepted by the Bank, and are in possession of proper professional authorizations and references.

- When risks are assumed for property development (not including the acquisition / construction / expansion / modernization / renovation of houses by private persons), the value of the security may not be judged in view of any expected, future yield or value change in the future. In these cases, the calculation of the collateral value is based on the combination of the present value of the property (at the time of the decision-making or review) subject to the development and the actual amount of expenditures on the investment as a base value from which the collateral value has to be calculated. Any loan associated with property development may be disbursed only on the basis of invoices presented to and controlled by the Bank.
- 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.

4.4.2. Main types of recognized securities

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”);
- in addition, property collaterals are covered with valid property insurance.

In the light of the foregoing, the scope of recognized securities – 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, and these 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.

4.4.3. Value of exposures covered with guarantees, suretyships and credit derivatives, credit ratings of counterparties

Before accepting collaterals that are not made available in advance, the Bank follows the relevant legal requirements, and rates the guarantors and sureties in conformance to the provisions of its internal regulations. The detailed breakdown of the exposures covered by the individual customer types is described in the quantitative report.

4.4.4. Moderation of the risk concentration by mitigating credit risks

The concentration of credit risk means the distribution of receivables against certain customers and commercial partners when due to some specific common reason the default of a similar group of customers jeopardizes normal business operations. In a narrower sense, concentration means large risk exposure, though it may as well be interpreted in broader terms, such as sectoral and geographic concentration, concentration outstanding in a specific foreign currency, as well as concentration with respect to the type of the risk mitigant or the issuer.

Although because of the granulated nature of the retail segment concentration in its narrower sense does not exist, the portfolio structures carrying identical risk profiles are regularly measured in view of the individual product types.

The exposures against the 20 largest customers of the corporate segment are presented in the table on page 38 of Quantitative data. Regularly measured on the portfolio of the corporate segment, the sector-, geographic-, maturity-related concentrations are demonstrated in the form of tables of on pages 24-25 of Quantitative data.

To manage concentration risks, the Bank uses limits continuously supported by monitoring.

Risk management report for 2013

– Quantitative data

Erste Bank Hungary Zrt.

Review of Portfolio - Exposure by Exposure Classes, Average Exposure

In million HUF	Individual			Consolidated		
Exposure class	**Exposure (mn HUF)**	**Exposure (in %)**	**Average Exposure (mn HUF)**	**Exposure (mn HUF)**	**Exposure (in %)**	**Average Exposure (mn HUF)**
Central Governments & Central Banks	408 066	18,27%	541 497	426 657	18,76%	552 251
Regional Governments & Local Authorities	33 332	1,49%	71 831	33 695	1,48%	72 012
Credit institutions / investment firms	152 245	6,82%	174 960	159 243	7,00%	178 458
Corporates	469 277	21,01%	540 929	475 155	20,90%	551 766
Retail (incl. SME)	1 066 824	47,77%	1 062 667	1 072 553	47,17%	1 142 017
Equity	50 181	2,25%	31 953	50 181	2,21%	31 953
Other items	53 491	2,40%	51 466	56 351	2,48%	52 915
Sum	**2 233 417**	**100,00%**	**2 475 303**	**2 273 835**	100,00%	**2 581 373**

Review of Portfolio - Exposure by Basel II Approach and Exposure Classes

In million HUF		Individual				Consolidated			
Portfolio	**Exposure class**	**Exposure (mn HUF)**	**Exposure (in %)**	**Credit line (mn HUF)**	**Credit line (in %)**	**Exposure (mn HUF)**	**Exposure (in %)**	**Credit line (mn HUF)**	**Credit line (in %)**
Standard	Central Governments & Central Banks	408 066	18,27%	667	0,62%	426 657	18,76%	667	0,58%
	Regional Governments & Local Authorities	104	0,00%	0	0,00%	467	0,02%	0	0,00%
	Credit Institutions / Investment enterprises	8 858	0,40%	500	0,46%	18 084	0,80%	6 720	5,88%
	Corporates	97 672	4,37%	9 574	8,89%	103 511	4,55%	9 574	8,38%
	Retail (incl. SME)	7 378	0,33%	178	0,17%	13 107	0,58%	178	0,16%
	Equity	50 181	2,25%	0	0,00%	50 181	2,21%		0,00%
	Other items	53 491	2,40%	638	0,59%	56 351	2,48%	941	0,82%
Sum		**625 750**	**28,02%**	**11 556**	**10,73%**	**668 358**	29,39%	**18 080**	**15,82%**
IRB	Central Governments & Central Banks	0	0,00%	0	0,00%	0	0,00%	0	0,00%
	Regional Governments & Local Authorities	33 228	1,49%	1 294	1,20%	33 228	1,46%	1 294	1,13%
	Credit Institutions / Investment enterprises	143 387	6,42%	200	0,19%	141 160	6,21%	200	0,17%
	Corporates	182 577	8,17%	68 912	63,96%	182 616	8,03%	68 912	60,31%
	Retail (incl. SME)	1 059 446	47,44%	23 367	21,69%	1 059 446	46,59%	23 367	20,45%
	Other items	0	0,00%	0	0,00%	0	0,00%	0	0,00%
Sum		**1 418 639**	**63,52%**	**93 773**	**87,04%**	**1 416 449**	62,29%	**93 773**	**82,07%**
Managed separetely according to supervisory standards	Corporates	189 028	8,46%	2 409	2,24%	189 028	8,31%	2 409	2,11%
Sum		**189 028**	**8,46%**	**2 409**	**2,24%**	**189 028**	8,31%	**2 409**	**2,11%**
Total		**2 233 417**	**100,00%**	**107 738**	**100,00%**	**2 273 835**	**100,00%**	**114 262**	**100,00%**

Review of Portfolio - Standard Portfolio – Exposure, Collateral Coverage by Exposure Classes and RW %

Exposure class (Standard portfolio)	Risk Weight Classes	Exposure (mn HUF)	Exposure (in %)	Credit line (mn HUF)	Credit line (in %)	Unsecured Exposure (mn HUF)	Unsecured Exposure (in %)	Secured Exposure (in %)	Unsecured credit line (mn HUF)	Unsecured credit line (in %)	Secured credit line (in %)
Central Governments & Central Banks	**1: 0% <= X < 20%**	408 066	65,21%	667	5,77%	408 066	65,21%	0,00%	667	5,77%	0,00%
	3: 50% <= X < 100%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	4: 100% <= X < 150%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
Central Governments & Central Banks		**408 066**	**65,21%**	**667**	**5,77%**	**408 066**	**65,21%**	**0,00%**	**667**	**5,77%**	**0,00%**
Regional Governments & Local Authorities	**1: 0% <= X < 20%**	101	0,02%	0	0,00%	101	0,02%	0,00%	0	0,00%	0,00%
	2: 20% <= X < 50%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	4	0,00%	0	0,00%	4	0,00%	0,00%	0	0,00%	0,00%
	4: 100% <= X < 150%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
Regional Governments & Local Authorities		**104**	**0,02%**	**0**	**0,00%**	**104**	**0,02%**	**0,00%**	**0**	**0,00%**	**0,00%**
Credit Institutions / Investment Enterprises	**1: 0% <= X < 20%**	6 943	1,11%	500	4,33%	2 831	0,45%	0,66%	500	4,33%	0,00%
	2: 20% <= X < 50%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	1 915	0,31%	0	0,00%	0	0,00%	0,31%	0	0,00%	0,00%
Credit institutions / investment firms		**8 858**	**1,42%**	**500**	**4,33%**	**2 831**	**0,45%**	0,96%	**500**	**4,33%**	**0,00%**
Corporates	**1: 0% <= X < 20%**	5 498	0,88%	6 451	55,82%	5 498	0,88%	0,00%	6 451	55,82%	0,00%
	2: 20% <= X < 50%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	91 813	14,67%	3 124	27,03%	38 461	6,15%	8,53%	3 124	27,03%	0,00%
	4: 100% <= X < 150%	361	0,06%	0	0,00%	0	0,00%	0,06%	0	0,00%	0,00%
	5: 150% <= X < 350%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
Corporates		**97 672**	15,61%	**9 574**	**82,85%**	**43 959**	**7,02%**	**8,58%**	**9 574**	**82,85%**	**0,00%**
Retail (incl. SME)	**2: 20% <= X < 50%**	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	7 371	1,18%	178	1,54%	6 822	1,09%	0,09%	178	1,54%	0,00%
	4: 100% <= X < 150%	7	0,00%	0	0,00%	7	0,00%	0,00%	0	0,00%	0,00%
Retail (incl. SME)		**7 378**	**1,18%**	**178**	**1,54%**	**6 829**	**1,09%**	**0,09%**	**178**	**1,54%**	**0,00%**
Equity	**1: 0% <= X < 20%**	49 317	7,88%	0	0,00%	49 317	7,88%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	864	0,14%	0	0,00%	864	0,14%	0,00%	0	0,00%	0,00%
Equity		**50 181**	**8,02%**	**0**	**0,00%**	**50 181**	**8,02%**	**0,00%**	**0**	**0,00%**	**0,00%**
Other items	**1: 0% <= X < 20%**	27 758	4,44%	0	0,00%	27 758	4,44%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	25 734	4,11%	60	0,52%	23 615	3,77%	0,34%	59,79181133	0,52%	0,00%
	4: 100% <= X < 150%	0	0,00%	578	5,00%	62	0,01%	0,00%	578	5,00%	0,00%
Other items		**53 491**	**8,55%**	**638**	**5,52%**	**51 435**	**8,22%**	**0,33%**	**638**	**5,52%**	**0,00%**
Sum		**625 750**	**100%**	**11 556**	**100%**	**563 405**	**90,04%**	**9,96%**	**11 556**	**100,00%**	**0,00%**

*** thereof Exposure**

Review of Portfolio - Standard Portfolio – Exposure, Collateral Coverage by Exposure Classes and RW %

Exposure class (Standard portfolio)	Risk Weight Classes	Exposure (mn HUF)	Exposure (in %)	Credit line (mn HUF)	Credit line (in %)	Unsecured Exposure (mn HUF)	Unsecured Exposure (in %)	Secured Exposure (in %)	Unsecured credit line (mn HUF)	Unsecured credit line (in %)	Secured credit line (in %)
Central Governments & Central Banks	**1: 0% <= X < 20%**	426 657	63,84%	667	3,69%	423 229	63,32%	0,51%	667	3,69%	0,00%
	3: 50% <= X < 100%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	4: 100% <= X < 150%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
Central Governments & Central Banks		**426 657**	**63,84%**	**667**	**3,69%**	**423 229**	63,32%	**0,51%**	**667**	**3,69%**	**0,00%**
Regional Governments & Local Authorities	**1: 0% <= X < 20%**	463	0,07%	0	0,00%	463	0,07%	0,00%	0	0,00%	0,00%
	2: 20% <= X < 50%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	4	0,00%	0	0,00%	4	0,00%	0,00%	0	0,00%	0,00%
	4: 100% <= X < 150%	**1**	**0,00%**	0	0,00%	**1**	0,00%	**0,00%**	**0**	0,00%	0,00%
Regional Governments & Local Authorities		468	0,07%	**0**	**0,00%**	468	0,07%	0,00%	0	**0,00%**	**0,00%**
Credit Institutions / Investment Enterprises	**1: 0% <= X < 20%**	16 168	2,42%	6 720	37,17%	11 649	1,74%	0,68%	6 720	37,17%	0,00%
	2: 20% <= X < 50%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	**1 916**	0,29%	**0**	0,00%	**1**	0,00%	**0,29%**	**0**	**0,00%**	**0,00%**
Credit institutions / investment firms		18 084	**2,71%**	**6 720**	**37,17%**	11 650	1,74%	0,96%	6720,165629	37,17%	0,00%
Corporates	**1: 0% <= X < 20%**	0	0,00%	6 451	35,68%	0	0,00%	0,00%	6 451	35,68%	0,00%
	2: 20% <= X < 50%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	103 511	15,49%	3 124	17,28%	53 397	7,99%	7,50%	3 124	17,28%	0,00%
	4: 100% <= X < 150%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	5: 150% <= X < 350%	**0**	**0,00%**	**0**	0,00%	**0**	0,00%	**0,00%**	**0**	**0,00%**	**0,00%**
Corporates		103 511	15,49%	**9 574**	**52,95%**	53 397	7,99%	7,50%	9 574	52,95%	0,00%
Retail (incl. SME)	**2: 20% <= X < 50%**	15	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
	3: 50% <= X < 100%	12 958	1,94%	178	0,98%	8 840	1,32%	0,62%	178	0,98%	0,00%
	4: 100% <= X < 150%	134	0,02%	0	0,00%	134	0,02%	0,00%	0	0,00%	0,00%
	5: 150% <= X < 350%	0	0,00%	0	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
Retail (incl. SME)		**13 107**	**1,96%**	**178**	**0,98%**	**8 974**	1,34%	**0,62%**	**178**	**0,98%**	**0,00%**
Equity	**1: 0% <= X < 20%**	49 317	7,38%	0	0,00%	49 317	7,38%	**0,00%**	0	0,00%	0,00%
	3: 50% <= X < 100%	864	0,13%	0	0,00%	864	0,13%	0,00%	0	0,00%	0,00%
Equity		**50 181**	**7,51%**	**0**	**0,00%**	**50 181**	7,51%	**0,00%**	**0**	**0,00%**	**0,00%**
Other items	**1: 0% <= X < 20%**	29 285	4,38%	304	1,68%	29 285	4,38%	0,00%	304	1,68%	0,00%
	3: 50% <= X < 100%	27 032	4,04%	60	0,33%	24 784	3,71%	0,34%	60	0,33%	0,00%
	4: 100% <= X < 150%	34	0,01%	578	3,20%	34	0,01%	0,00%	578	3,20%	0,00%
Other items		**56 351**	**8,43%**	**941**	**5,21%**	**54 104**	8,10%	**0,34%**	**941**	**5,21%**	**0,00%**
Sum		**668 359**	**100,00%**	**18 080**	**100%**	**602 003**	**90,07%**	**9,93%**	**18 080**	**100,00%**	**0,00%**

Capital Requirement and Expected Loss by Exposure Classes

In million HUF	Individual			Consolidated		
Exposure class	**Exposure (mn HUF)**	**Capital requirement (mn HUF)**	**Expected loss (mn HUF)**	**Exposure (mn HUF)**	**Capital requirement (mn HUF)**	**Expected loss (mn HUF)**
Central Governments & Central Banks	408 066	1 860	0	426 657	1 962	0
Regional Governments & Local Authorities	33 332	2 511	35	33 695	2 511	35
Credit Institutions / Investment Enterprises	152 245	0	0	159 243	0	0
Corporates	469 277	53 869	130 505	475 155	54 021	130 505
Retail (incl. SME)	1 066 824	3 823	3 231	1 072 553	3 823	3 231
Equity	50 181	69	0	50 181	69	0
Other items	53 491	34 423	57 613	56 351	34 443	57 613
Total	**2 233 417**	**96 554**	**191 384**	**2 273 835**	**96 828**	**191 384**

Capital Requirement by Basel II Approach and Exposure Classes

In million HUF		Individual		Consolidated	
Portfolio	**Exposure class**	**Capital requirement (mn HUF)**	**Capital requirement (in %)**	**Capital requirement (mn HUF)**	**Capital requirement (in %)**
Standard	Central Governments & Central Banks	0	0,00%	0	0,00%
	Regional Governments & Local Authorities	2	0,00%	2	0,00%
	Credit Institutions / Investment Enterprises	154	0,16%	154	0,16%
	Corporates	5 146	5,33%	5 166	5,33%
	Retail (incl. SME)	130	0,14%	283	0,29%
	Equity	69	0,07%	69	0,07%
	Other items	1 860	1,93%	1 962	2,03%
Sum		**7 361**	**7,62%**	**7 635**	**7,88%**
IRB	Central Governments & Central Banks	0	0,00%	0	0,00%
	Regional Governments & Local Authorities	3 869	4,01%	3 869	4,00%
	Credit Institutions / Investment Enterprises	2 309	2,39%	2 309	2,38%
	Corporates	19 214	19,90%	19 214	19,84%
	Retail (incl. SME)	48 973	50,72%	48 973	50,58%
	Other items	0	0,00%	0	0,00%
Sum		**74 365**	**77,02%**	**74 365**	**76,80%**
Managed separetely according to supervisory standards	Corporates	14 828	15,36%	14 828	15,31%
Sum		**14 828**	**15,36%**	**14 828**	**15,31%**
Total		**96 554**	**100,00%**	**96 828**	**100,00%**

Portfolio by Countries

In million HUF	Individual				Consolidated			
Country	**Exposure (mn HUF)**	**Exposure (in %)**	**Credit line (mn HUF)**	**Credit line (in %)**	**Exposure (mn HUF)**	**Exposure (in %)**	**Credit line (mn HUF)**	**Credit line (in %)**
Core Market - Austria	120 275	5,39%	99	0,09%	119 679	5,26%	99	0,09%
Core Market - Croatia	62	0,00%	2	0,00%	62	0,00%	2	0,00%
Core Market - Czech Republic	14	0,00%	69	0,06%	14	0,00%	69	0,06%
Core Market - Hungary	2 094 859	93,80%	106 716	99,05%	2 135 081	93,90%	113 240	99,11%
Core Market - Romania	2 789	0,12%	28	0,03%	2 790	0,12%	28	0,02%
Core Market - Serbia	207	0,01%	3	0,00%	207	0,01%	3	0,00%
Core Market - Slovakia	959	0,04%	11	0,01%	959	0,04%	11	0,01%
Core Market - Slovenia	32	0,00%	0	0,00%	32	0,00%	0	0,00%
Emerging Markets - Asia	854	0,04%	3	0,00%	868	0,04%	3	0,00%
Emerging Markets - Latin America	51	0,00%	1	0,00%	55	0,00%	1	0,00%
Emerging Markets - Middle East/Africa	523	0,02%	19	0,02%	524	0,02%	19	0,02%
Emerging Markets - SE Europe/CIS	346	0,02%	3	0,00%	947	0,04%	8	0,01%
Other EU Countries	1 967	0,09%	5	0,00%	2 692	0,12%	5	0,00%
Other Industrialized Countries	10 477	0,47%	780	0,72%	9 927	0,44%	775	0,68%
Sum	**2 233 417**	**100,00%**	**107 738**	**100,00%**	**2 273 835**	**100,00%**	**114 262**	**100,00%**

Portfolio by Industry Group

In million HUF	Individual				Consolidated			
Industries	Exposure (mn HUF)	Exposure (in %)	Credit line (mn HUF)	Credit line (in %)	Exposure (mn HUF)	Exposure (in %)	Credit line (mn HUF)	Credit line (in %)
A: Agriculture and forestry	25 029	1,12%	3 062	2,84%	24 322	1,07%	3 062	2,68%
B: Mining	489	0,02%	1 751	1,63%	486	0,02%	1 751	1,53%
C: Manufacturing	51 965	2,33%	18 621	17,28%	48 565	2,14%	18 621	16,30%
D: Energy sector	18 862	0,84%	23 470	21,78%	17 280	0,76%	23 470	20,54%
E: Water supply	12 143	0,54%	1 240	1,15%	9 319	0,41%	1 240	1,09%
F: Construction (road, railway, bridge except FX)	36 428	1,63%	10 090	9,37%	34 924	1,54%	10 090	8,83%
Fx: Real estate development	0	0,00%	0	0,00%	35 367	1,56%	0	0,00%
G: Trade	48 317	2,16%	6 805	6,32%	46 333	2,04%	6 805	5,96%
H: Transport	11 745	0,53%	3 870	3,59%	11 292	0,50%	3 870	3,39%
I: Hotels and restaurants	8 208	0,37%	1 106	1,03%	7 136	0,31%	1 106	0,97%
J: Information and communication technology	1 272	0,06%	170	0,16%	1 034	0,05%	170	0,15%
K: Financial and insurance services (except Kx)	254 192	11,38%	996	0,92%	267 497	11,76%	7 025	6,15%
Kx: Activity of subsidiaries	4	0,00%		0,00%	8	0,00%	0	0,00%
L: Real estate and housing	257 440	11,53%	1 940	1,80%	257 440	11,32%	1 940	1,70%
M: Research and development	4 863	0,22%	781	0,72%	3 807	0,17%	781	0,68%
N: Other business services	4 645	0,21%	1 513	1,40%	4 155	0,18%	1 513	1,32%
O: Public administration	259 258	11,61%	1 961	1,82%	259 597	11,42%	1 961	1,72%
P: Education	2 116	0,09%	69	0,06%	1 988	0,09%	69	0,06%
Q: Health and social service	693	0,03%	64	0,06%	232	0,01%	64	0,06%
R: Art, entertainment and recreation	3 048	0,14%	371	0,34%	2 895	0,13%	371	0,32%
S: Other services	21 898	0,98%	6 281	5,83%	28 461	1,25%	6 776	5,93%
T: Private households	1 148 857	51,44%	23 531	21,84%	1 154 901	50,79%	23 531	20,59%
U: Foreign organizations	61 780	2,77%	45	0,04%	49454,70074	2,17%	45	0,04%
X: Other	167	0,01%	0	0,00%	7 339	0,32%	0	0,00%
Sum	**2 233 417**	**100,00%**	**107 738**	**100,00%**	**2 273 835**	**100,00%**	**114 262**	**100,00%**

Portfolio by Maturity

In million HUF	Individual				Consolidated			
Maturity	Exposure (mn HUF)	Exposure (in %)	Credit line (mn HUF)	Credit line (in %)	Exposure (mn HUF)	Exposure (in %)	Credit line (mn HUF)	Credit line (in %)
1: < 3 months	578 716	25,91%	17 687	16,42%	633 736	27,87%	24 210	21,19%
2: 3 months <= X < 1 year	133 775	5,99%	54 151	50,26%	142 951	6,29%	54 151	47,39%
3: 1 year <= X < 2,5 years	143 146	6,41%	14 584	13,54%	142 839	6,28%	14 584	12,76%
4: 2,5 years <= X < 5 years	245 364	10,99%	6 201	5,76%	237 118	10,43%	6 201	5,43%
5: 5 years <= X < 10 years	198 217	8,88%	1 160	1,08%	194 050	8,53%	1 160	1,02%
6: 10 years <= X < 15 years	471 440	21,11%	13 667	12,69%	465 738	20,48%	13 667	11,96%
7: 15 years <= X < 20 years	265 922	11,91%	43	0,04%	259 404	11,41%	43	0,04%
8: 20 years <= X	196 836	8,81%	246	0,23%	197 998	8,71%	246	0,22%
Sum	**2 233 417**	**100,00%**	**107 738**	**100,00%**	**2 273 835**	**100,00%**	**114 262**	**100,00%**

Portfolio by Collateral Types

In million HUF	Individual				Consolidated			
	Retail and micro		Non-retail		Retail and micro		Non-retail	
Collateral type	Exposure (mn HUF)	Exposure (in %)	Credit line (mn HUF)	Credit line (in %)	Exposure (mn HUF)	Exposure (in %)	Credit line (mn HUF)	Credit line (in %)
Cash, deposit	647	0,06%	19 530	1,57%	647	0,06%	19 530	1,57%
Security	83	0,01%	936	0,08%	83,24758586	0,01%	936	0,08%
Received guarantee	746	0,07%	7 211	0,58%	746	0,07%	7 211	0,58%
Commercial real estate	0	0,00%	48 948	3,93%	0	0,00%	48 948	3,92%
Residental real estate	678 682	62,50%	2 642	0,21%	678 682	62,34%	2 642	0,21%
Vehicle	0	0,00%	0	0,00%	0	0,00%	0	0,00%
Unsecured	405 677	37,36%	1 166 095	93,63%	408 484	37,52%	1 168 034	93,64%
Sum	**1 085 835**	**100,00%**	**1 245 363**	**100,00%**	**1 088 643**	**100,00%**	**1 247 301**	**100,00%**

Overdue and Credit Quality Deterioration Exposure- by Industry Group

In million HUF		Individual		Consolidated	
Industries	Risk category	Exposure (mn HUF)	Exposure (in %)	Outstanding amount (mn HUF)	Outstanding ratio (%)
A: Agriculture and forestry	RK3 - overdue	46	0,01%	29	0,01%
	RK4 - credit quality deterioration	4 897	0,99%	4 879	1,01%
A: Agriculture and forestry		**4 944**	**1,00%**	**4 908**	**1,02%**
B: Mining	RK3 - overdue	2	0,00%	0	0,00%
	RK4 - credit quality deterioration	5	0,00%	5	0,00%
B: Mining		**6**	**0,00%**	**5**	**0,00%**
C: Manufacturing	RK3 - overdue	319	0,06%	214	0,04%
	RK4 - credit quality deterioration	11 248	2,28%	11 086	2,30%
C: Manufacturing		**11 567**	**2,35%**	**11 300**	**2,35%**
D: Energy sector	RK3 - overdue	418	0,08%	297	0,06%
	RK4 - credit quality deterioration	8 203	1,67%	6 654	1,38%
D: Energy sector		**8 621**	**1,75%**	**6 951**	**1,44%**
E: Water supply	RK3 - overdue	571	0,12%	567	0,12%
	RK4 - credit quality deterioration	5 039	1,02%	5 036	1,05%
E: Water supply		**5 610**	**1,14%**	**5 602**	**1,16%**
F: Construction (road, railway, bridge except Fx)	RK3 - overdue	88	0,02%	6	0,00%
	RK4 - credit quality deterioration	21 479	4,36%	20 675	4,30%
F: Construction (road, railway, bridge except Fx)		**21 567**	**4,38%**	**20 681**	**4,30%**
Fx: Real estate development	RK3 - overdue	0	0,00%	0	0,00%
	RK4 - credit quality deterioration	0	0,00%	0	0,00%
Fx: Real estate development		**0**	**0,00%**	**0**	**0,00%**
G: Trade	RK3 - overdue	1 984	0,40%	1 666	0,35%
	RK4 - credit quality deterioration	8 753	1,78%	8 116	1,69%
G: Trade		**10 737**	**2,18%**	**9 782**	**2,03%**
H: Transport	RK3 - overdue	52	0,01%	0	0,00%
	RK4 - credit quality deterioration	1 426	0,29%	1 329	0,28%
H: Transport		**1 479**	**0,30%**	**1 329**	**0,28%**
I: Hotels and restaurants	RK3 - overdue	49	0,01%	0	0,00%
	RK4 - credit quality deterioration	969	0,20%	911	0,19%
I: Hotels and restaurants		**1 018**	**0,21%**	**911**	**0,19%**
J: Information and communication technology	RK3 - overdue	37	0,01%	2	0,00%
	RK4 - credit quality deterioration	308	0,06%	217	0,05%
J: Information and communication technology		**345**	**0,07%**	**219**	**0,05%**
K: Financial and insurance services (except Kx)	RK3 - overdue	11	0,00%	0	0,00%
	RK4 - credit quality deterioration	50	0,01%	40	0,01%
K: Financial and insurance services (except Kx)		**61**	**0,01%**	**40**	**0,01%**
Kx: Activity of subsidiaries	RK3 - overdue	0	0,00%	0	0,00%
	RK4 - credit quality deterioration	0	0,00%	0	0,00%
Kx: Activity of subsidiaries		**0**	**0,00%**	**0**	**0,00%**
L: Real estate and housing	RK3 - overdue	8 228	1,67%	7 740	1,61%
	RK4 - credit quality deterioration	70 922	14,41%	66 766	13,88%
L: Real estate and housing		**79 150**	**16,08%**	**74 506**	**15,49%**
M: Research and development	RK3 - overdue	83	0,02%	1	0,00%
	RK4 - credit quality deterioration	1 227	0,25%	1 121	0,23%
M: Research and development		**1 310**	**0,27%**	**1 122**	**0,23%**
N: Other business services	RK3 - overdue	84	0,02%	15	0,00%
	RK4 - credit quality deterioration	759	0,15%	667	0,14%
N: Other business services		**843**	**0,17%**	**682**	**0,14%**
O: Public administration	RK3 - overdue	8 647	1,76%	8 647	1,80%
	RK4 - credit quality deterioration	7 371	1,50%	7 371	1,53%
O: Public administration		**16 018**	**3,25%**	**16 018**	**3,33%**
P: Education	RK3 - overdue	9	0,00%	5	0,00%
	RK4 - credit quality deterioration	83	0,02%	79	0,02%
P: Education		**92**	**0,02%**	**84**	**0,02%**
Q: Health and social service	RK3 - overdue	19	0,00%	0	0,00%
	RK4 - credit quality deterioration	63	0,01%	61	0,01%
Q: Health and social service		**82**	**0,02%**	**61**	**0,01%**
R: Art, entertainment and recreation	RK3 - overdue	9	0,00%	0	0,00%
	RK4 - credit quality deterioration	706	0,14%	699	0,15%
R: Art, entertainment and recreation		**715**	**0,15%**	**700**	**0,15%**
S: Other services	RK3 - overdue	3 635	0,74%	3 033	0,63%
	RK4 - credit quality deterioration	4 911	1,00%	4 085	0,85%
S: Other services		**8 546**	**1,74%**	**7 118**	**1,48%**
T: Private households	RK3 - overdue	28 896	5,87%	27 690	5,76%
	RK4 - credit quality deterioration	290 622	59,04%	291 373	60,56%
T: Private households		**319 518**	**64,91%**	**319 064**	**66,32%**
U: Foreign organizations	RK3 - overdue	6	0,00%	6	0,00%
	RK4 - credit quality deterioration	27	0,01%	27	0,01%
U: Foreign organizations		**33**	**0,01%**	**33**	**0,01%**
X: Other	RK3 - overdue	0	0,00%	0	0,00%
	RK4 - credit quality deterioration	0	0,00%	0	0,00%
X: Other		**0**	**0,00%**	**0**	**0,00%**
Sum		**492 262**	**100,00%**	**481 113**	**100,00%**

Provision on Overdue and Credit Quality Deterioration Exposure by Industry Groups

In million HUF		Individual		Consolidated	
Industries	**Risk category**	**Provision (on)**	**Provision (off)**	**Provision (on)**	**Provision (off)**
A: Agriculture and forestry	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	816	41	816	41
A: Agriculture and forestry		**816**	**41**	**816**	**41**
B: Mining	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	0	0	0	0
B: Mining		**0**	**0**	**0**	**0**
C: Manufacturing	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	2 891	314	2 891	314
C: Manufacturing		**2 891**	**314**	**2 891**	**314**
D: Energy sector	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	111	0	111	0
D: Energy sector		**111**	**0**	**111**	**0**
E: Water supply	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	2 898	0	2898	0
E: Water supply		**2 898**	**0**	**2898**	**0**
F: Construction (road, railway, bridge except Fx)	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	1 302	173	1 302	173
F: Construction (road, railway, bridge except Fx)		**1 303**	**173**	**1 303**	**173**
Fx: Real estate development	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	2 242	238	2 242	238
Fx: Real estate development		**2 242**	**238**	**2 242**	**238**
G: Trade	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	1 796	10	1 796	10
G: Trade		**1 796**	**10**	**1 796**	**10**
H: Transport	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	447	19	447	19
H: Transport		**447**	**19**	**447**	**19**
I: Hotels and restaurants	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	178	6	178	6
I: Hotels and restaurants		**178**	**6**	**178**	**6**
J: Information and communication technology	RK3 - overdue	1	0	1	0
	RK4 - credit quality deterioration	92	0	92	0
J: Information and communication technology		**93**	**0**	**93**	**0**
K: Financial and insurance services (except Kx)	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	521	0	521	0
K: Financial and insurance services (except Kx)		**521**	**0**	**521**	**0**
Kx: Activity of subsidiaries	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	613	2	613	2
Kx: Activity of subsidiaries		**613**	**2**	**613**	**2**
L: Real estate and housing	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	15 773	25	15 773	25
L: Real estate and housing		**15 773**	**25**	**15 773**	**25**
M: Research and development	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	1 596	0	1596	0
M: Research and development		**1 596**	**0**	**1596**	**0**
N: Other business services	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	59	4	59	4
N: Other business services		**59**	**4**	**59**	**4**
O: Public administration	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	547	0	547	0
O: Public administration		**547**	**0**	**547**	**0**
P: Education	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	31	0	31	0
P: Education		**31**	**0**	**31**	**0**
Q: Health and social service	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	3	0	3	0
Q: Health and social service		**3**	**0**	**3**	**0**
R: Art, entertainment and recreation	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	270	0	270	0
R: Art, entertainment and recreation		**270**	**0**	**270**	**0**
S: Other services	RK3 - overdue	1	0	1	0
	RK4 - credit quality deterioration	71	0	71	0
S: Other services		**71**	**0**	**71**	**0**
T: Private households	RK3 - overdue	2 182	57	2 182	57
	RK4 - credit quality deterioration	52 165	169	52 165	169
T: Private households		**54 347**	**226**	**54 347**	**226**
U: Foreign organizations	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	0	0	0	0
U: Foreign organizations		**0**	**0**	**0**	**0**
X: Other	RK3 - overdue	0	0	0	0
	RK4 - credit quality deterioration	121	0	121	0
X: Other		**121**	**0**	**121**	**0**
Sum		**86 729**	**1057**	**86 729**	**1057**

Overdue and Credit Quality Deterioration Exposure by Countries

In million HUF		Individual		Consolidated	
Country	**Risk category**	**Exposure (mn HUF)**	**Exposure (in %)**	**Exposure (mn HUF)**	**Exposure (in %)**
Core Market - Austria	RK3 - overdue	5	0,00%	4	0,00%
	RK4 - credit quality deterioration	5	0,00%	5	0,00%
Core Market - Austria		**10**	**0,00%**	**9**	**0,00%**
Core Market - Croatia	RK3 - overdue	1	0,00%	1	0,00%
	RK4 - credit quality deterioration	4	0,00%	4	0,00%
Core Market - Croatia		**6**	**0,00%**	**6**	**0,00%**
Core Market - Czech Republic	RK3 - overdue	1	0,00%	1	0,00%
	RK4 - credit quality deterioration	5	0,00%	5	0,00%
Core Market - Czech Republic		**6**	**0,00%**	**6**	**0,00%**
Core Market - Hungary	RK3 - overdue	52 906	10,75%	49 633	10,32%
	RK4 - credit quality deterioration	435 854	88,54%	427 984	88,96%
Core Market - Hungary		**488 761**	**99,29%**	**477 618**	**99,27%**
Core Market - Romania	RK3 - overdue	48	0,01%	47	0,01%
	RK4 - credit quality deterioration	981	0,20%	981	0,20%
Core Market - Romania		**1 029**	**0,21%**	**1 029**	**0,21%**
Core Market - Serbia	RK3 - overdue	18	0,00%	18	0,00%
	RK4 - credit quality deterioration	29	0,01%	29	0,01%
Core Market - Serbia		**47**	**0,01%**	**47**	**0,01%**
Core Market - Slovakia	RK3 - overdue	9	0,00%	8	0,00%
	RK4 - credit quality deterioration	43	0,01%	43	0,01%
Core Market - Slovakia		**52**	**0,01%**	**51**	**0,01%**
Core Market - Slovenia	RK3 - overdue	0	0,00%	0	0,00%
	RK4 - credit quality deterioration	12	0,00%	12	0,00%
Core Market - Slovenia		**12**	**0,00%**	**12**	**0,00%**
Emerging Markets - Asia	RK3 - overdue	9	0,00%	9	0,00%
	RK4 - credit quality deterioration	159	0,03%	159	0,03%
Emerging Markets - Asia		**168**	**0,03%**	**168**	**0,03%**
Emerging Markets - Latin America	RK3 - overdue	0	0,00%	0	0,00%
	RK4 - credit quality deterioration	32	0,01%	32	0,01%
Emerging Markets - Latin America		**32**	**0,01%**	**32**	**0,01%**
Emerging Markets - Middle East/Africa	RK3 - overdue	2	0,00%	2	0,00%
	RK4 - credit quality deterioration	265	0,05%	265	0,05%
Emerging Markets - Middle East/Africa		**267**	**0,05%**	**267**	**0,06%**
Emerging Markets - SE Europe/CIS	RK3 - overdue	21	0,00%	59	0,01%
	RK4 - credit quality deterioration	152	0,03%	317	0,07%
Emerging Markets - SE Europe/CIS		**173**	**0,04%**	**376**	**0,08%**
Other EU Countries	RK3 - overdue	75	0,02%	75	0,02%
	RK4 - credit quality deterioration	802	0,16%	802	0,17%
Other EU Countries		**878**	**0,18%**	**877**	**0,18%**
Other Industrialized Countries	RK3 - overdue	98	0,02%	59	0,01%
	RK4 - credit quality deterioration	724	0,15%	556	0,12%
Other Industrialized Countries		**822**	**0,17%**	**616**	**0,13%**
Sum		**492 262**	**100,00%**	**481 113**	**100%**

Provision by Industry Groups

Individual (in mn HUF)	Opening Provision - on_balance (mn HUF)	Allocation (mn HUF)	Release (mn HUF)	Closing Provision on_balance (mn HUF)	Opening provision off_balance (mn HUF)	Provision Creation (mn HUF)	Release and usage of provisions off_balance (mn HUF)
A: Agriculture and forestry	2 930	1 084	1 810	2 192	1	57	129
B: Mining	14	2	6	10	0	2	0
C: Manufacturing	13 409	5 019	11 318	6 948	0	414	49
D: Energy sector	7 043	197	1 147	6 231	1	67	10
E: Water supply	702	3 115	462	3 284	0	0	0
F: Construction (road, railway, bridge except FX)	7 127	1 548	1 843	6 916	6	249	2
Fx: Real estate development	7 579	3 497	4 088	6 961	3	271	-1
G: Trade	15 390	3 262	11 123	7 467	28	37	36
H: Transport	4 277	1 147	4 115	1 250	0	28	0
I: Hotels and restaurants	847	297	346	801	1	7	28
J: Information and communication technology	801	140	733	199	0	2	0
K: Financial and insurance services (except Kx)	1 767	576	1 062	1 277	0	1	0
Kx: Activity of subsidiaries	1 333	651	459	1 528	0	5	0
L: Real estate and housing	71 364	21 629	40 143	52 805	65	127	44
M: Research and development	3 911	2 329	3 185	2 992	0	9	310
N: Other business services	1 005	121	548	583	8	7	8
O: Public administration	2 131	566	1 760	918	6	0	3
P: Education	106	41	21	127	0	0	0
Q: Health and social service	77	26	40	63	0	1	0
R: Art, entertainment and recreation	246	307	165	381	1	23	142
S: Other services	377	284	115	545	0	1	0
T: Private households	150 881	65 832	59 382	157 637	106	645	269
U: Foreign organizations	1	2	2	0	0	0	0
X: Other	1 433	211	1 031	610	3145	617	0
Sum	**294 750**	**111 883**	**144 907**	**261 726**	**3 370**	**2 572**	**1 030**

Provision by Industry Groups

Consolidated (in mn HUF)	Opening Provision - on_balance (mn HUF)	Allocation (mn HUF)	Release (mn HUF)	Closing Provision on_balance (mn HUF)	Opening provision off_balance (mn HUF)	Provision Creation (mn HUF)	Release and usage of provisions off_balance (mn HUF)
A: Agriculture and forestry	2930	1 084	1810	2 192	1	57	129
B: Mining	14	2	6	10	0	2	0
C: Manufacturing	13 422	5 019	11 318	6 962	0	414	49
D: Energy sector	7 043	197	1147	6 231	1	67	10
E: Water supply	702	3115	462	3284	0	0	0
F: Construction (road, railway, bridge except FX)	7169	1 548	1843	6 958	6	249	2
Fx: Real estate development	7 583	3 497	4088	6 965	3	271	-1
G: Trade	15 451	3 262	11123	7 529	28	37	36
H: Transport	4 277	1 147	4115	1 250	0	28	0
I: Hotels and restaurants	899	297	346	853	1	7	28
J: Information and communication technology	801	140	733	199	0	2	0
K: Financial and insurance services (except Kx)	1767	576	1062	1277	0	1	0
Kx: Activity of subsidiaries	1434	651	459	1629	0	5	0
L: Real estate and housing	71 370	21 629	40 143	52 811	65	127	44
M: Research and development	3917	2329	3185	2 998	0	9	310
N: Other business services	1005	121	548	583	8	7	8
O: Public administration	2131	566	1760	918	6	0	3
P: Education	106	41	21	127	0	0	0
Q: Health and social service	81	26	40	67	0	1	0
R: Art, entertainment and recreation	248	307	165	383	1	23	142
S: Other services	781	284	115	949	0	1	0
T: Private households	151 387	65 832	59 382	158 143	106	645	269
U: Foreign organizations	1	2	2	0	0	0	0
X: Other	1433	211	1031	610	3145	617	0
Sum	**295 953**	**111 883**	**144 907**	**262 929**	**3 370**	**2572**	**1 030**

Overdue and Credit Quality Deterioration Exposure by Countries

In million HUF		Individual				Consolidated			
Country	Risk category	Provision (on)	Provision on (in %)	Provision off	Provision off (%)	Provision (on)	Provision on (in %)	Provision off	Provision off (%)
Core Market - Austria	RK3 - overdue	0	0%	0	0%	0	0%	0	0%
	RK4 - credit quality deterioration	0	0%	0	0%	0	0%	0	0%
Core Market - Austria		**1**	**0%**	**0**	**0%**	**1**	**0%**	**0**	**0%**
Core Market - Croatia	RK3 - overdue	0	0%	0	0%	0	0%	0	0%
	RK4 - credit quality deterioration	3	0%	0	0%	3	0%	0	0%
Core Market - Croatia		**3**	**0%**	**0**	**0%**	**3**	**0%**	**0**	**0%**
Core Market - Czech Republic	RK3 - overdue	0	0%	0	0%	0	0%	0	0%
	RK4 - credit quality deterioration	1	0%	0	0%	1	0%	0	0%
Core Market - Czech Republic		**1**	**0%**	**0**	**0%**	**1**	**0%**	**0**	**0%**
Core Market - Hungary	RK3 - overdue	2 160	2%	55	5%	2 160	2%	55	5%
	RK4 - credit quality deterioration	84 013	97%	999	95%	84 013	97%	999	95%
Core Market - Hungary		**86 173**	**99%**	**1 055**	**100%**	**86 173**	**99%**	**1 055**	**100%**
Core Market - Romania	RK3 - overdue	3	0%	0	0%	3	0%	0	0%
	RK4 - credit quality deterioration	176	0%	1	0%	176	0%	1	0%
Core Market - Romania		**179**	**0%**	**1**	**0%**	**179**	**0%**	**1**	**0%**
Core Market - Serbia	RK3 - overdue	1	0%	0	0%	1	0%	0	0%
	RK4 - credit quality deterioration	13	0%	0	0%	13	0%	0	0%
Core Market - Serbia		**14**	**0%**	**0**	**0%**	**14**	**0%**	**0**	**0%**
Core Market - Slovakia	RK3 - overdue	1	0%	0	0%	1	0%	0	0%
	RK4 - credit quality deterioration	4	0%	0	0%	4	0%	0	0%
Core Market - Slovakia		**6**	**0%**	**0**	**0%**	**6**	**0%**	**0**	**0%**
Core Market - Slovenia	RK3 - overdue	0	0%	0	0%	0	0%	0	0%
	RK4 - credit quality deterioration	2	0%	0	0%	2	0%	0	0%
Core Market - Slovenia		**2**	**0%**	**0**	**0%**	**2**	**0%**	**0**	**0%**
Core Market - Ukraine	RK3 - overdue	4	0%	0	0%	4	0%	0	0%
	RK4 - credit quality deterioration	19	0%	0	0%	19	0%	0	0%
Core Market - Ukraine		**23**	**0%**	**0**	**0%**	**23**	**0%**	**0**	**0%**
Emerging Markets - Asia	RK3 - overdue	1	0%	0	0%	1	0%	0	0%
	RK4 - credit quality deterioration	22	0%	0	0%	22	0%	0	0%
Emerging Markets - Asia		**23**	**0%**	**0**	**0%**	**23**	**0%**	**0**	**0%**
Emerging Markets - Latin America	RK3 - overdue	0	0%	0	0%	0	0%	0	0%
	RK4 - credit quality deterioration	1	0%	0	0%	1	0%	0	0%
Emerging Markets - Latin America		**1**	**0%**	**0**	**0%**	**1**	**0%**	**0**	**0%**
Emerging Markets - Middle East/Africa	RK3 - overdue	0	0%	0	0%	0	0%	0	0%
	RK4 - credit quality deterioration	75	0%	0	0%	75	0%	0	0%
Emerging Markets - Middle East/Africa		**76**	**0%**	**0**	**0%**	**76**	**0%**	**0**	**0%**
Emerging Markets - SE Europe/CIS	RK3 - overdue	2	0%	1	0%	2	0%	1	0%
	RK4 - credit quality deterioration	33	0%	0	0%	33	0%	0	0%
Emerging Markets - SE Europe/CIS		**34**	**0%**	**1**	**0%**	**34**	**0%**	**1**	**0%**
Other EU Countries	RK3 - overdue	10	0%	0	0%	10	0%	0	0%
	RK4 - credit quality deterioration	180	0%	0	0%	180	0%	0	0%
Other EU Countries		**191**	**0%**	**0**	**0%**	**191**	**0%**	**0**	**0%**
Other Industrialized Countries	RK3 - overdue	0	0%	0	0%	0	0%	0	0%
	RK4 - credit quality deterioration	2	0%	1	0%	2	0%	1	0%
Other Industrialized Countries		**2**	**0%**	**1**	**0%**	**2**	**0%**	**1**	**0%**
Sum		**86 729**	**100%**	**1 057**	**100%**	**86 729**	**100%**	**1 057**	**100%**

IRB-portfolio - Central Governments and Central Banks Exposure, RW, LGD and CCF by rating categories - Individual

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Central Governments & Central Banks	**3:** 0,11% <= X < 0,31%							
	6: 1,71% <= X < 3,11%							
Sum								

IRB-portfolio - Central Governments and Central Banks Exposure, RW, LGD and CCF by rating categories – Consolidated

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Central Governments & Central Banks	**3:** 0,11% <= X < 0,31%							
	6: 1,71% <= X < 3,11%							
Sum								

I

RB-portfolio – Regional Government and Local Authorities Exposure, RW, LGD and CCF by rating categories - Individual

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Regional Governments & Local Authorities	**6:** 1,71% <= X < 3,11%	16 781	50,15%	19 962	177	129,28%	44,59%	72,67%
	7: 3,11% <= X < 5,81%	1 090	3,30%	1 619	20	148,52%	45,00%	66,67%
	8: 5,81% <= X < 10,81%	3 267	9,90%	5 764	99	176,41%	45,00%	65,42%
	9: 10,81% <= X < 100%	8 310	25,19%	20 415	1 281	236,93%	44,22%	72,63%
	10: X = 100 %	3 674	11,14%	0	1 654	0,00%	43,78%	75,66%
		104	0,32%	24	0	24,00%	45,00%	100,00%
Sum		**33 228**	**100,00%**	**47 783**	**3 231**			

IRB-portfolio – Regional Government and Local Authorities Exposure, RW, LGD and CCF by rating categories – Consolidated

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Regional Governments & Local Authorities	**6:** 1,71% <= X < 3,11%	16 781	50,15%	19 962	177	129,28%	44,59%	72,67%
	7: 3,11% <= X < 5,81%	1 090	3,30%	1 619	20	148,52%	45,00%	66,67%
	8: 5,81% <= X < 10,81%	3 267	9,90%	5 764	99	176,41%	45,00%	65,42%
	9: 10,81% <= X < 100%	8 310	25,19%	20 415	1 281	236,93%	44,22%	72,63%
	10: X = 100 %	3 674	11,14%	0	1 654	0,00%	43,78%	75,66%
		104	0,32%	24	0	24,00%	45,00%	100,00%
Sum		**33 228**	**100,00%**	**47 783**	**3 231**			

IRB-portfolio - Credit Institutions and Investment Enterprises, Exposure, RW, LGD and CCF by rating categories - Individual

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Credit Institutions / Investment Enterprises	**1:** 0,00% <= X < 0,04%	16 073	11,21%	2 455	2	15,32%	45,00%	97,26%
	2: 0,04% <= X < 0,11%	114 429	79,80%	23 774	26	20,11%	43,45%	90,95%
	3: 0,11% <= X < 0,31%	28	0,02%	6	0	27,93%	45,00%	90,36%
	4: 0,31% <= X < 0,71%	4 000	2,79%	2 627	7	65,67%	45,00%	83,33%
		8 858	6,18%	1 781	0	37,44%	45,00%	67,44%
Sum		**143 387**	**100,00%**	**30 643**	**35**			

IRB-portfolio - Credit Institutions and Investment Enterprises, Exposure, RW, LGD and CCF by rating categories - Consolidated

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Credit Institutions / Investment Enterprises	**1:** 0,00% <= X < 0,04%	16 073	11,21%	2 455	2	15,32%	45,00%	97,26%
	2: 0,04% <= X < 0,11%	114 429	79,80%	23 774	26	20,11%	43,45%	90,95%
	3: 0,11% <= X < 0,31%	28	0,02%	6	0	27,93%	45,00%	90,36%
	4: 0,31% <= X < 0,71%	4 000	2,79%	2 627	7	65,67%	45,00%	83,33%
		8 858	6,18%	1 781	0	37,44%	45,00%	67,44%
Sum		**143 387**	**100,00%**	**30 643**	**35**			

IRB-portfolio – Corporate Exposure, RW, LGD and CCF by rating categories – Individual

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Corporates	**3:** 0,11% <= X < 0,31%	2 635	0,54%	1 005	2	0	45,00%	92,23%
	4: 0,31% <= X < 0,71%	2 661	0,54%	913	3	0	44,19%	69,54%
	5: 0,71% <= X < 1,71%	256 212	52,09%	231 531	33 546	1	43,61%	75,70%
	6: 1,71% <= X < 3,11%	23 530	4,78%	21 075	223	1	44,22%	74,03%
	7: 3,11% <= X < 5,81%	38 394	7,81%	40 067	602	1	44,57%	85,63%
	8: 5,81% <= X < 10,81%	13 111	2,67%	18 234	401	2	44,63%	89,05%
	9: 10,81% <= X < 100,00%	15 608	3,17%	26 596	1 080	2	44,75%	80,85%
	10: X = 100 %	42 945	8,73%	27	17 577	0	44,93%	70,37%
		96 747	19,67%	59 632	0	1	53,36%	67,05%
Sum		**491 844**	**100%**	**399 081**	**53 434**			

Exposure class (IRB portfolio)	Rating category (PD class)	Credit line (mn HUF)	Credit line (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Corporates	**3:** 0,11% <= X < 0,31%	0	0,00%	0	0	0	0,00%	0,00%
	4: 0,31% <= X < 0,71%	748	1,40%	200	1	0	44,19%	69,54%
	5: 0,71% <= X < 1,71%	31 123	58,11%	25 079	3 634	1	43,61%	75,70%
	6: 1,71% <= X < 3,11%	2 451	4,58%	1 988	21	1	44,22%	74,03%
	7: 3,11% <= X < 5,81%	3 778	7,05%	3 590	54	1	44,57%	85,63%
	8: 5,81% <= X < 10,81%	3 636	6,79%	3 959	87	2	44,63%	89,05%
	9: 10,81% <= X < 100,00%	1 184	2,21%	1 875	76	2	44,75%	80,85%
	10: X = 100 %	143	0,27%	0	58	0	44,93%	70,37%
		10 499	19,60%	5 838	0	1	53,36%	67,05%
Sum		**53 563**	**100%**	**42 529**	**3 931**			

IRB-portfolio – Corporate Exposure, RW, LGD and CCF by rating categories – Consolidated

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Corporates	**3:** 0,11% <= X < 0,31%	2 635	0,48%	1 005	2	40,06%	45,00%	92,23%
	4: 0,31% <= X < 0,71%	2 661	0,62%	913	3	46,96%	44,19%	69,54%
	5: 0,71% <= X < 1,71%	256 213	52,66%	231 532	33 546	78,99%	43,61%	75,72%
	6: 1,71% <= X < 3,11%	23 530	4,76%	21 075	223	100,90%	44,22%	74,03%
	7: 3,11% <= X < 5,81%	38 395	7,73%	40 068	602	127,87%	44,57%	85,63%
	8: 5,81% <= X < 10,81%	13 111	3,07%	18 234	401	160,25%	44,63%	89,05%
	9: 10,81% <= X < 100,00%	15 608	3,08%	26 596	1 080	197,29%	44,75%	80,85%
	10: X = 100 %	42 945	7,90%	27	17 577	0,04%	44,93%	70,38%
		97 007	19,70%	59 875	0	95,68%	53,36%	67,09%
Sum		**492 107**	**100%**	**399 325**	**53 434**			

Exposure class (IRB portfolio)	Rating category (PD class)	Credit line (mn HUF)	Credit line (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Corporates	**3:** 0,11% <= X < 0,31%	0	0,00%	0	0	0	0,00%	0,00%
	4: 0,31% <= X < 0,71%	748	1,40%	200	1	0	44,19%	69,54%
	5: 0,71% <= X < 1,71%	31 123	58,11%	25 079	3 634	1	43,61%	75,70%
	6: 1,71% <= X < 3,11%	2 451	4,58%	1 988	21	1	44,22%	74,03%
	7: 3,11% <= X < 5,81%	3 778	7,05%	3 590	54	1	44,57%	85,63%
	8: 5,81% <= X < 10,81%	3 636	6,79%	3 959	87	2	44,63%	89,05%
	9: 10,81% <= X < 100,00%	1 184	2,21%	1 875	76	2	44,75%	80,85%
	10: X = 100 %	143	0,27%	0	58	0	44,93%	70,37%
		10 499	19,60%	5 838	0	1	53,36%	67,05%
Sum		**53 563**	**100%**	**42 529**	**3 931**			

IRB-portfolio – Retail Exposure, RW, LGD and CCF by rating categories – Individual

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Retail (incl. Micro)	**4:** 0,31% <= X < 0,71%	74 013	6,99%	14 805	80	23,12%	70,75%	95,05%
	5: 0,71% <= X < 1,71%	396 106	37,39%	194 559	1 622	40,46%	69,32%	95,32%
	6: 1,71% <= X < 3,11%	91 405	8,63%	83 759	1 099	60,29%	78,77%	94,92%
	7: 3,11% <= X < 5,81%	67 449	6,37%	79 421	1 418	76,50%	77,09%	96,05%
	8: 5,81% <= X < 10,81%	58 907	5,56%	85 452	2 388	82,68%	74,08%	96,01%
	9: 10,81% <= X < 100,00%	74 860	7,07%	141 662	9 379	116,66%	77,77%	96,35%
	10: X = 100 %	289 533	27,33%	0	114 213	0,00%	69,94%	96,49%
		7 173	0,68%	1 555	0	77,03%	79,47%	70,41%
Sum		**1 059 446**	**100%**	**601 212**	**130 199**			

Exposure class (IRB portfolio)	Rating category (PD class)	Credit line (mn HUF)	Credit line (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Retail (incl. Micro)	**3:** 0,11% <= X < 0,31%	3 890	16,65%	719	4	15,86%	77,80%	98,65%
	4: 0,31% <= X < 0,71%	12 903	55,22%	5 924	49	16,87%	79,09%	98,92%
	5: 0,71% <= X < 1,71%	3 595	15,38%	3 046	40	21,63%	79,83%	98,85%
	6: 1,71% <= X < 3,11%	1 313	5,62%	1 431	26	20,99%	80,71%	98,92%
	7: 3,11% <= X < 5,81%	618	2,65%	831	23	24,16%	79,44%	99,12%
	8: 5,81% <= X < 10,81%	319	1,36%	559	37	25,53%	78,12%	99,07%
	9: 10,81% <= X < 100,00%	348	1,49%	0	127	17,13%	81,66%	98,26%
	10: X = 100 %	382	1,64%	77	0	0,00%	82,07%	97,85%
Sum		**23 367**	**100%**	**12 588**	**306**			

IRB-portfolio – Retail Exposure, RW, LGD and CCF by rating categories - Consolidated

Exposure class (IRB portfolio)	Rating category (PD class)	Exposure (mn HUF)	Exposure (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Retail (incl. Micro)	**4:** 0,31% <= X < 0,71%	74 013	6,99%	14 805	80	23,12%	70,75%	95,05%
	5: 0,71% <= X < 1,71%	396 106	37,39%	194 559	1 622	40,46%	69,32%	95,32%
	6: 1,71% <= X < 3,11%	91 405	8,63%	83 759	1 099	60,29%	78,77%	94,92%
	7: 3,11% <= X < 5,81%	67 449	6,37%	79 421	1 418	76,50%	77,09%	96,05%
	8: 5,81% <= X < 10,81%	58 907	5,56%	85 452	2 388	82,68%	74,08%	96,01%
	9: 10,81% <= X < 100,00%	74 860	7,07%	141 662	9 379	116,66%	77,77%	96,35%
	10: X = 100 %	289 533	27,33%	0	114 213	0,00%	69,94%	96,49%
		7 173	0,68%	1 555	0	77,03%	79,47%	70,41%
Sum		**1 059 446**	**100%**	**601 212**	**130 199**			

Exposure class (IRB portfolio)	Rating category (PD class)	Credit line (mn HUF)	Credit line (in %)	Risk Weighted Asset (RWA)	Expected loss	Risk Weight	LGD	CCF
Retail (incl. Micro)	**3:** 0,11% <= X < 0,31%	3 890	16,65%	719	4	15,86%	77,80%	98,65%
	4: 0,31% <= X < 0,71%	12 903	55,22%	5 924	49	16,87%	79,09%	98,92%
	5: 0,71% <= X < 1,71%	3 595	15,38%	3 046	40	21,63%	79,83%	98,85%
	6: 1,71% <= X < 3,11%	1 313	5,62%	1 431	26	20,99%	80,71%	98,92%
	7: 3,11% <= X < 5,81%	618	2,65%	831	23	24,16%	79,44%	99,12%
	8: 5,81% <= X < 10,81%	319	1,36%	559	37	25,53%	78,12%	99,07%
	9: 10,81% <= X < 100,00%	348	1,49%	-	127	17,13%	81,66%	98,26%
	10: X = 100 %	382	1,64%	77	0	0,00%	82,07%	97,85%
Sum		**23 367**	**100%**	**12 588**	**306**			

Portfolio managed according to Supervisory Authority Standards – Exposure by maturity and rating category

Maturity	Slotting Category	Exposure (in mn HUF)	Exposure (in %)
1. X <2,5 year	Category 1	1 014	0,54%
	Category 2	3 741	1,98%
	Category 3	3 258	1,72%
	Category 4		0,00%
	Category 5 (Default)	46 008	24,34%
1. X <2,5 year		**54 021**	**28,58%**
2. X = > 2,5 year	Category 1	34 309	18,15%
	Category 2	46 028	24,35%
	Category 3	38 613	20,43%
	Category 4	5	0,00%
	Category 5 (Default)	16 052	8,49%
2. X = > 2,5 year		**135 007**	**71,42%**
Total		**189 028**	**100,00%**

Own PD, LGD, CCF estimation - Individual

PD			
Rating category	Credit institutions/Investment enterprises (%)	Municipality (%)	Corporate (%)
1	0,03%	0,03%	0,03%
2	0,03%	0,03%	0,03%
3	0,05%	1,31%	0,16%
4A	0,07%	1,50%	0,32%
4B	0,11%	1,73%	0,95%
4C	0,19%	1,98%	1,29%
5A	0,26%	2,28%	1,36%
5B	0,39%	2,62%	2,52%
5C	0,65%	3,07%	3,24%
6A	1,21%	4,05%	5,51%
6B	2,64%	6,73%	7,77%
7	6,98%	15,20%	13,41%
8	23,18%	42,31%	21,95%
R	100,00%	100,00%	100,00%

PD	
Rating category	Retail
A1	0,33%
A2	0,71%
B1	1,49%
B2	2,92%
C1	4,99%
C2	9,57%
D1	20,58%
D2	48,27%
R	100,00%

Retail	LGD	CCF
Current Account	79,47%	91,16%
Credit Card	78,64%	91,11%
Mortgage Subsidized by State	21,84%	
Mortgage other CHF	37,79%	
Mortgage other EUR	25,15%	
Mortgage other HUF	37,79%	
Mortgage - HLTV	56,19%	
Other products	91,37%	

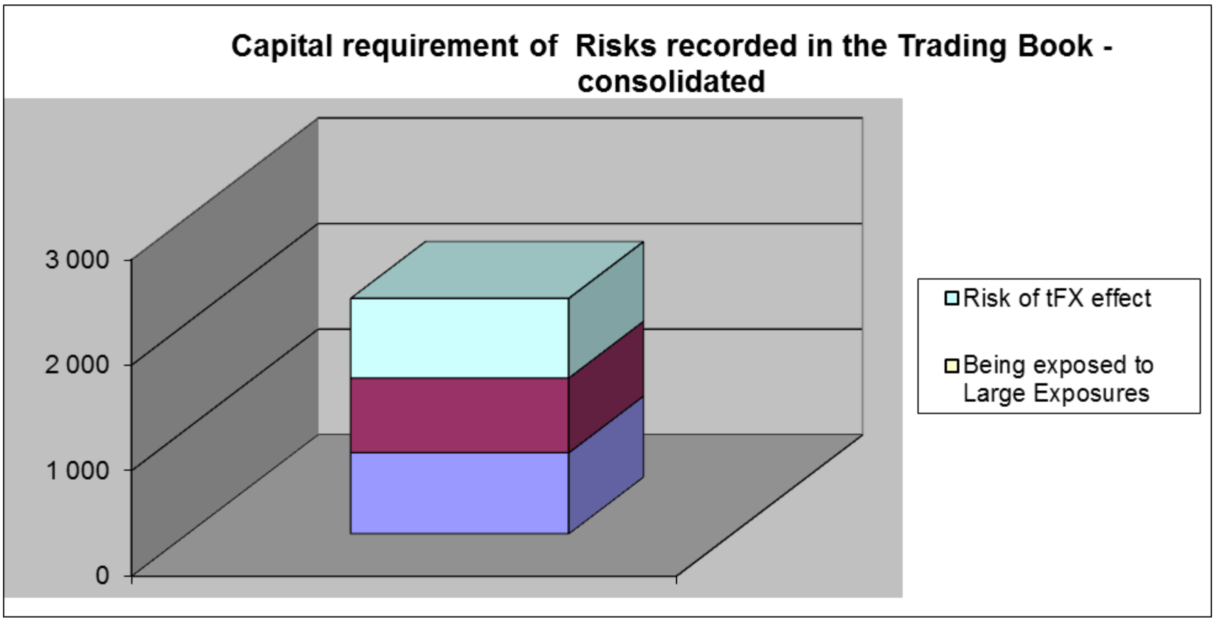
TOP 20 Client Exposure - Individual

Nr.	Exposure (in mn HUF)	Exposure in % (within the total portfolio)
1	57 655	3,32%
2	27 672	1,59%
3	19 594	1,13%
4	12 730	0,73%
5	12 214	0,70%
6	10 124	0,58%
7	8 657	0,50%
8	8 499	0,49%
9	8 467	0,49%
10	8 308	0,48%
11	8 163	0,47%
12	7 865	0,45%
13	6 366	0,37%
14	5 938	0,34%
15	5 563	0,32%
16	5 555	0,32%
17	5 402	0,31%
18	5 322	0,31%
19	5 011	0,29%
20	4 697	0,27%
Total	**233 802**	**13,47%**

Market risk

Risk categories	Individual MFt	Individual Capitel requirement in (%)	Consolidated MFt	Consolidated Capitel requirement in (%)
Risk of the position	561	25,9%	768	34,5%
Partner risk	571	26,3%	708	31,8%
Being exposed to Large Exposures	284	13,1%	0	0,0%
Risk of tFX effect	753	34,7%	753	33,8%
Összesen	**2 169**	**100,0%**	**2 229**	**100,0%**

[1]The Bank does not have any shares not recorded in the Trading Book.



Impact of contract based netting on the capital requirement

Contract-based netting and its impact on the capital requirement				
	Capital requirement		Netting	
	Individual M Ft	Consolidated M Ft	Individual M Ft	Consolidated M Ft
Risks recorded in the Trading Book	571	708	-113	-113
Összesen	**571**	**708**	**-113**	**-113**
Eligibel value of collateral in case of credit risk			11 162	

ERSTE BANK HUNGARY ZRT.		
		mn HUF
Description	**Individual**	**Consolidated**
	2013. december 31.	
OWN FUNDS	**235 955**	**247 629**
COMMON EQUITY TIER 1 CAPITAL	**170 370**	**174 546**
Capital instruments eligible as CET1 Capital	***290 327***	***290 327***
Paid up capital instruments	101 000	101 000
Share premium	189 327	189 327
Retained earnings	***-107 481***	***-102 115***
Reserves	-90 812	-90 766
General reserve		
Previous years retained earnings (Profit reserve)	-90 812	-90 766
Audited profit of the year		
(-) Loss of the year	-16 669	-15 356
Eligible Common Equity T1 because of consolidation		4 007
Difference of CET1 (+/-)		4 007
Changes of net equity of subsidiaries		3 880
Consolidation adjusments		127
Funds for general banking risk	***0***	***0***
General risk provision		
(-) General risk provision's tax		
(-) Other deduction	***-12 476***	***-13 666***
(-) Other intangible assets gross amount	***-12 476***	***-13 666***
TIER 2 CAPITAL	72 178	73 083
Share premium	**10**	**10**
Of which: Unrealised gains and losses measured at fair value	10	10
Eligible T2 Capital because of consolidation		*598*
Difference of T2 (+/-)		598
Capital consolidation adjustment (+/-)		598
From subsidiaries		598
IRB Excess of provisions over expected losses eligible	6 912	7 219
Eligible subordinated capital with maturity date	65 256	65 256
(-) Deductions from CET1 or T2 Capital	-6 593	0
(-) Deductions from CET1	**-3 297**	**0**
(-) Deduction because of financial entities	-3 297	0
(-) CET1 instruments of relevant entities where the institution has a significant investment	*0*	*0*
(-) Deductions from T2	*-3 296*	*0*
(-) Deduction because of financial entities	-3 296	0
(-) Deduction because of relevant entities where the institution has a 51%> investment	*0*	*0*
(-) Deduction because of financial entities	*-6 593*	*0*
Toltal CET1 and T2 Capital to limits	229 043	*240 410*
(-) IRB shortfall of provisions to expected losses and equity expected loss amounts	**0**	**0**
(-) CET1 instruments of relevant entities where the institution has a significant investment	0	0
(-) CET1 instruments of relevant entities where the institution has a significant investment	0	0
Toltal CET1 Capital	*167 073*	*174 546*
Toltal T2 Capital	**68 882**	**73 083**
Toltal CET1 and T2 Capital after deductions	**235 955**	**247 629**
Additional Capital use for market risk	**0**	**0**