Risk Report

Erste Bank Hungary Zrt.

The published data reflect the conditions as of 30.09.2014

1. Qualitative Information

1.1 General information

1.1.1 Background of the disclosure

Erste Bank Hungary Zrt. (hereinafter referred to as the Bank) complies with its disclosure obligations according Pillar 3 requirements as laid down in the European Union Regulation 575/2013 and in the Hungarian legislation, specifically Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (hereinafter Hpt.). The information is disclosed in a quantitative and qualitative part. Breakdown information is shown on the relevant consolidation level, consolidation is indicated where applicable.

According to 123.§ of Hpt., the bank discloses the following information:

a) Name	Erste Bank Hungary Zrt
a) Nature of activity	Other monetary intermediation
a) Geografichal relation	Hungary
b) Revenues (million HUF)	232 426
c) Full time employees	2 609
d) Income before taxation (million HUF)	-101 014
e) Tax (million HUF)	0
f) Received subsidies (million HUF)	0
Return on assets (Taxed income/total assets)	-5.10

As of 30.09.2014

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

1.1.2.1. Fully consolidated items

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

1.1.2.2. Partly consolidated items

There are no partly consolidated items.

1.1.2.3. 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.

1.1.2.4. Other items

There are no other items.

1.1.3. Capital

1.1.3.1. Capital Requirement

According to the Joint Decision from 01.04.2008, the Bank calculates its capital requirement as an IRB bank. It annually performs validation of the credit risk models according to the regulations. The models used are also subject to supervisory review as part of the annual SREP process.

From 01.01.2014, the bank calculates the capital requirement according to the 'Basel III' provisions, i.e. the provisions of CRDIV/CRR and Hpt. The capital situation of the bank is stable. The capital structure exceeds the minimum requirements set out in CRR. The consolidated solvency ratio was at 19.5% in Q3 2014, which is significantly above the supervisory minimum.

1.1.3.2. Leverage

On the basis of paragraph (2), article 499 of CRR, and in accordance with section a), paragraph (1), article 499, the bank reports the leverage ratio based on the Tier 1 capital phase in concept. The Bank has received approval from the Hungarian Central Bank to calculate the leverage ratio according to paragraph (3), article 499 of CRR.

The bank discloses the value of consolidated leverage ratio according to section b), paragraph (1), article 451 of CRR in table 21 of this report.

The Bank reports development of the consolidated leverage ratio to the top management on a quarterly basis. The Bank, in 2014 – before coming into force of the obligatory compliance with regulator's requirement – has set a limit on the leverage ratio within the risk appetite framework, which is higher than the limit expected from the regulator.

The Bank has made a significant increase to its Tier 1 capital in August 2014, which – in combination with the decrease of the balance sheet total – ensured a permanently favorable level of the leverage ratio.

1.1.3.3. Capital Buffers

The Bank does not create counter-cyclical capital buffers.

1.1.3.4. Prevention of capital withdrawal

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

1.1.4. Declaration of indemnification

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

1.1.5. Corporate Governance

1.1.5.1. Members of the Board

The Board of Erste Bank Hungary Zrt. consists of 4 internal and 2 external members. This information is based on the last 30 september 2014 data.

1.1.5.2. Recruitment of the Board members

The Bank's B-181/2014 regulation declares the reputation, experience and competence requirements of the Supervisory Board, the Board of Directors, and the key management personnel.

Reputation requirements

- no criminal record
- no violation of the statutory regulations pertaining to financial organizations

Experience criteria

- education and professional experience

Governance and independence

- verification of potential conflicts of interest
- the ability of the candidate to commit sufficient time
- the overall (existing) composition of the Board of Directors or Supervisory Board and the relevant, necessary collective knowledge and experience
- the ability of the candidate to perform his/her duties independently, without undue influence from other persons

1.1.5.3. Policy of diversity

The Group has defined a Group-wide target and strategy in this topic earlier this year. The target is to reach a share of 35% of women in top management (Boards, B-1) and supervisory boards in the group by 2019.

1.1.6. Adequacy of the Risk management systemta

The Board of the bank monthly – reviews and accepts the summery of the set of risk processes in a permanent form. It also regularly talks out and accepts the summery of the Internal Capital Adequacy. The Risk Governance Committee of the Bank regularly reviews the following topics:

- major changes in the risk management framework
- comprehensive risk management report
- information on the internal capital adequacy assessment and its framework

These topics are regular (monthly and quarterly) topics of the Board meetings.

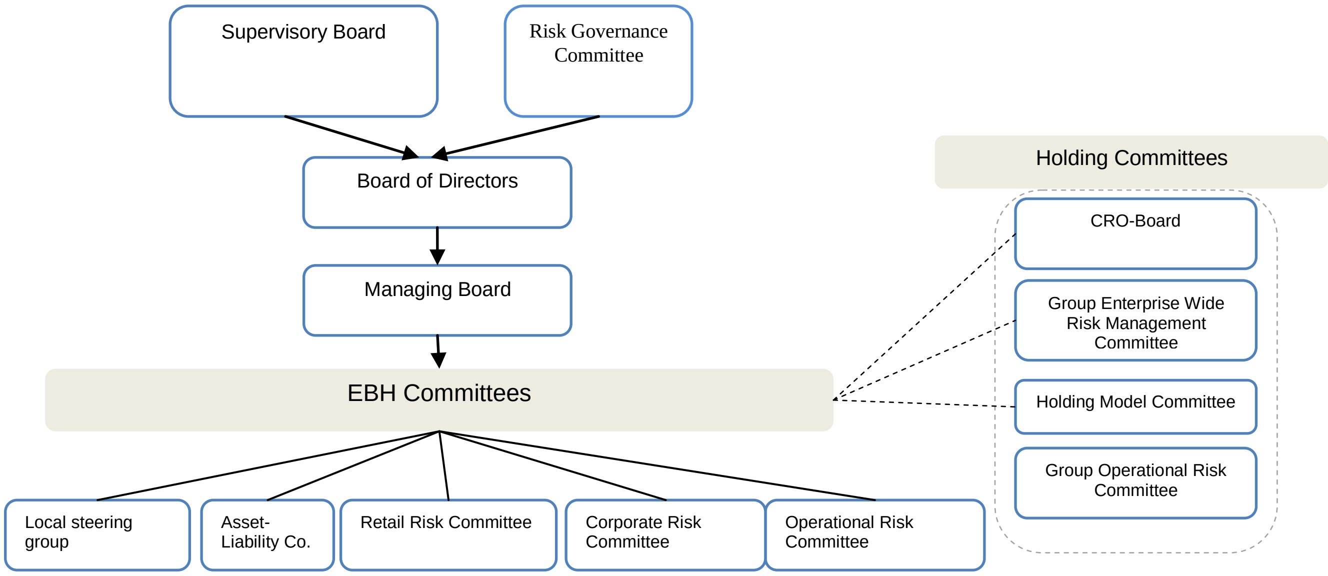
1.2. Certain elements of the regulatory capital; positive and negative components

The Bank's regulatory capital is presented in table 20.

1.3. Risk management

1.3.1. Risk Governance and organization

EBH's **Board of Directors** is responsible for the legal and regulatory compliance related to risk management requirements. CRO, as deputy CEO and member of the Board is responsible for the risk management organizational structure. Operative risk management responsibilities are delegated to various risk management departments and committees responsible for the discussion and management of risk management matters, as established under the supervision of the CRO.



The Supervisory Board is informed about the risk management related issues and developments, supervises the framework of risk management, as well as ICAAP. If necessary it initiates the necessary actions.

The Risk Governance Committee reviews information on risk management matters, including the framework of risk management, the risk management processes, the solvency situation of EBH, as well as the compliance with the regulations or group level standards. The Committee was established in line with the new Hpt. Accordingly, as of 1 January 2014. EBH has terminated the previous Risk Committee as a subcommittee of the Supervisory Board and established the new, independent Risk Governance Committee. The new Committee is therefore the successor of the former Risk Committee, but with the new duties and composition defined by Hpt.

EBH's **Board of Directors,** as the executive body of EBH, and within the framework defined by the legislation, the Deed of Foundation, the resolutions of the Sole Shareholder, and the recommendations of the Supervisory Board manages EBH's operational and business activities. The Board of Directors 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. EBH's Managing Board discusses and submits to the Board of Directors EBH's risk management framework and EBH's Risk Appetite Statement (RAS) for approval. EBH's Managing Board ensures that EBH's risk management units possess the necessary independency and authority for an efficient operation Operation of these units is monitored and supervised on a regular basis.

EBH established further committees in order to support the efficient decision process and in order to ensure a multi-functional supervision (i.e. ensuring the participation of various fields of professions) in risk management, the related principles, and follow up on results. Several committees were formed to fulfil specific roles like participation in the creation of risk strategy, harmonization of the risk and business strategy, as well as strengthening the risk awareness and risk culture. The main objectives of the committees include the promotion of mutual understanding and coordination in the field of corporate and retail lending activities and between the internal management functions.

Local Steering Group (hereafter LSG) ensures alignment within steering functions of the Bank providing higher coherence of methodologies and standards applied, 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 steering functions, and bodies responsible for management information. LSG is composed of directors of Controlling, Strategic risk management, Asset-liability management and Accounting.

The Bank has an **Asset-Liability Management Committee** which is the most important strategic decision-making body for managing market risk inherent in the banking book and trading book of the bank (including interest rate risk) as well as for liquidity management. The committee prepares decision proposals for the Board of Directors / Managing Board in relation to the solvency situation of the Bank.

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

Corporate Risk Committee (hereafter CRC) is responsible for continuous supervision and decision over Bank's corporate risk taking rules, limits and risk parameters. The CRC is informed about the Risk Appetite statement of the management and is responsible for development and decision on the corporate risk strategy which is based on the targeted risk tolerance. The CRC 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.

Beside local committees, the CRO of EBH and the Director of Strategic Risk Department participate regularly at the Erste Group level committees: the CRO Board and the Group Enterprise Wide Risk Management Committee. These committees are responsible for adequate coordination and implementation of risk related actions. The CRO-Board members include CROs / Deputy CEOs in the Group with Group CRO as a chairman. The CRO-Board ensures the compliance with integrated risk standards within the Group.

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

Beside these committees, the on Group level, further Committees are the Holding Model Committee is another committee related to the risk management. This committee is responsible for coordination and approval of model developments Group wide. EBH is represented in this Committee by Strategic Risk Department as a permanent delegate.

1.3.2. Counterparty risks

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

The counter-party risk is a specific risk of transacting with the counterparties, and relates to the realization of financial markets and OTC transactions, and the risks of the underlying products.

In managing counterparty risks, the Bank applies the relevant regulations, government decrees and internal procedures. The Bank calculates the counterparty risks against a specific customer separately for each individual transaction. Any collateral for the given transaction is taken into consideration if it is allowed under the contract with the counterparty or by the relevant business regulations. Capital requirements for counterparty risks recorded in the trading book or the banking book are calculated by the Bank with the mark-to-market method; if applicable, using the internal rating approach (IRB) or – where there is an exemption or the portfolio is not rated –, under IRB standardized approach.

The capital requirement calculation for counterparty risk is supported by a systematic solution. The calculation algorithm has been specified for the following cases:

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

At present, the Bank's capital requirement for counterparty risks is calculated on consolidated and non-consolidated level.

1.3.2.2. Exposures recorded in the trading book

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

Capital requirement allocated for CVA risk on solo level is calculated based on the by the Holding. Consolidated calculation includes Erste Befektetési Zrt local parameters.

1.3.2.3. Collaterals for counterparty risks

On the basis of bilateral agreements with counterparties the Bank has the option to mitigate risks by netting or by using the accepted collateral. The Bank assumes risks only for positive net market values. As the volatility of the affected markets is high due to the fluctuation of the market risk parameters (foreign exchange and stock market prices, interest rates, etc.), the accepted collaterals need to be revaluated continuously. The Bank, however, considers only limited set of collaterals as eligible for risk mitigation: cash collateral or Hungarian governmental securities. Collaterals of governmental securities are revaluated on a weekly basis, whereas foreign exchange deposit collaterals undergo revaluation on a daily basis.

The Bank essentially has two types of counterparties:

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

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

The Bank does not use the netting as a risk mitigation technique in its capital requirement calculation.

1.3.2.5. Analysis of the credit derivative portfolio

The Bank does not have a credit derivative portfolio.

1.3.2.6. Estimated value of α

The Bank does not apply the α value.

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

1.3.3.1. Scope of application for risk assessment and reporting systems

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

The reporting system operated by the Bank includes among others the following reports:

- portfolio quality
- capital position
- monitoring of specific risks
- rating systems analyses
- financial statements relating to the liquidity and market risk profile

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 appropriate measures.

In addition to the above-mentioned reports, on the basis of limits (for example credit, concentration, sectoral concentration, and liquidity concentration risk) 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(for example Strategic Risk Management Dir.) and risk-related organizational units performing control functions (for example Internal Audit Dir.) 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 that management is provided with a comprehensive view of the Bank's risk position at all times.

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

ICAAP is aimed at assessing what is the capital amount required to cover the risks assumed and borne by the institution. This amount is determined by Bank's own calculations.

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

- adequately identify, measure, sum up and monitor the risks,
- have appropriate capital coverage to secure the material risks as determined in line with its internal rules,
- 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 its overall capital adequacy in relation to its risk profile. The ICAAP concept is 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 is to implement its strategic objectives by driving prudent and risk-conscious operations.

The Bank'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. Strategic Risk Management Directorate is responsible for the operation of the ICAAP framework system.

Calculation of the Bank's risk-bearing capacity (RCC) represents a tool for regular assessment of the internal capital adequacy. When determining the 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.

Trends in the Banks'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 Bank. The Board of Directors and the Risk Committee are regularly informed of the ICAAP framework developments, including capital management, portfolio quality and the amount and treatment of the operational risk.

1.3.3.3. Principles of credit risk management

Principles of credit risk management:

As lending is a core of the business profile and activities of the Bank, 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 is 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 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 connected clients from risk perspective are managed together and the exposures of debtors/groups of debtors are aggregated on EBH Group level.
- Irrespective of the type, form, expiry and coverage of the given risk exposure, 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

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

well.

- The person performing the customer rating and preparing the proposal may not make a decision on the risk taking.
- The decision-making authorities of risk exposure 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 exposure are required to comply with the generally applicable “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 before taking the risk, the bank requires collateral from the clientFurthermore, 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.

1.3.3.4. Capital requirements for risk categories by exposure class

Capital requirements calculated for each risk category of the credit portfolio are introduced in table 14.

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

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: 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: Non performing involuntary rescheduling
- 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 in table 4, 6, 7.

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

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

The Bank applies internal rating system to calculate client rating grades. 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 customer’s credit quality is done based on the so called behavior 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 Erste Holding Validation Unit 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 up to Q3 2014.

1.3.3.6. 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. Following risk parameters are used: the probability of non-performance, expected loss in case of non-performance, loss detection time factor.

For capitalized 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.

1.3.3.7. Portfolio analysis for segments applying the standard method

The standard portfolio is introduced in table 2, 4, 5, 8, 9, 10, 11.

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

The IRB portfolio is introduced in table 2, 4, 5, 8, 9, 10, 11.

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

The portfolio managed according to standards of the supervisor is introduced in table 22.

1.3.4 Market risk

1.3.4.1. Risks recorded in the Trading Book

The trading book of the Bank is managed 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 is 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 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 trading book are presented in table 15.

1.3.4.2. Shares not recorded in the Trading Book

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

1.3.4.3. Positions recorded in the Banking Book

1.3.4.3.1. Risk type and assessment method

The interest rate risk of the 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 Banking Book generally the repricing (new pricing) risk is the most frequent and, regarding its impact, the most significant source of interest rate risk. Option risk is not quantified currently, however the internal transfer pricing (FTP) considers this risk and consequently, pricing reflects that kind of 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.

1.3.4.3.2. The organizational background for the management of banking book interest rate risk

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.

1.3.4.3.3. Interest rate risk monitoring and report

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

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

Data related to interest rate risk in the banking book can be found in the in table 16, 17.

1.3.5. Operational risk

1.3.5.1. 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 to cover operational risk. All subsidiaries of the Bank use the Basic Indicator Approach.

On 30 September 2014 the individual operational risk capital requirement of Erste Bank Hungary Zrt. determined with the Advanced Measurement Approach was HUF 12 220,604 million and on the consolidated level it was HUF 15 077,749 million, out of which the part determined with the Basic Indicator Approach was HUF 2 857,145 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 Erste Group members applying the Advanced Measurement Approach – including Erste Bank Hungary -.
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 an 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. The Bank uses the Advanced Measurement Approach, which is in compliance with the relevant legal, supervisory and group level requirements. The use of this approach was approved by supervisor 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 following:

- 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 calculated 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. 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.

1.3.6. Securitization

At present there is no securitization in the Bank.

1.4. Instruments and procedures

1.4.1. Rating systems

1.4.1.1. 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 using customer and product data to establish the rating. Where this is not available, the rating is established based on the procedure set forth in a separate policy.

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. The rating system of the Bank is validated by Erste Holding Validation Unit with annual frequency; the management of the Bank is regulary notified about the validation results. If the validation process discovers deficiencies concerning rating system of the Bank, and the related processes, the Bank is required to define and implement risk mitigation measures in the relevant fields of the Risk Management of the Bank.

Ratings provided by external credit rating agencies are matched to the ratings provided by the internal rating system for each agency. The Bank uses external rating for corporates, institutions and for sovereign exposures not related to the Hungarian state, after validation by the Bank. The data related to the use of external rating are shown in Table 12-13.

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

The risk parameters defined by using internal models are used consistently by the Bank in all areas, where the estimated risks are relevant. Such particular areas are decision-making competences and pricing.

Regarding pricing the Bank's purpose is to set a price that provides coverage for all expected costs 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 in a form of the expected risk margin (ERM).

1.4.1.3. 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 of the customer within one year (Probability of Default, PD).

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

1.4.1.4. Procedures for checking the reliability of rating systems

Rating systems are reviewed at least once a year by Erste Holding's competence centers. The review is based on EB Group standards. For retail portfolios both the application and the behavioral scorecards are checked. In the course of back-testing the Bank – together with the competence centers - examines, among others, the rating distribution, calibration and discriminatory power. If required based on the review, the models are adjusted or redeveloped.

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

1.4.2. Description of the rating process

1.4.2.1. 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.

1.4.2.2 Internal rating systems: correlation between internal and external ratings

The Bank rates its customers in the internal rating system. These rating results are used in the decision-making processes and 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.

1.4.2.3. 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 regularly reviewed. The rating has a special focus on the short-, medium- and long-term risk of foreign currency indebtedness. The country risk is regarded to be equivalent to the risk carried by the central government, including the government itself, the central (national) bank and the institutions that are backed by the government's joint and several suretyship. The rating is updated on a quarterly basis in order to moderate the distorting effects of the quickly changing environment. The risk model distinguishes two country types: industrial and developing (emerging) markets.

1.4.2.4. 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.

1.4.2.5. Rating of enterprises

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

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

1.4.2.6. 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.

1.4.2.7. 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.

1.4.3. 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 endeavor 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.

1.4.3.1. Probability of default (PD)

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

The estimates are performed by using the so-called Lando and Skodeberg's method based on intensity matrices. With this model the Bank measures client migrations among rating grades.

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 Erste Holding Validation unit as an independent team of experts. Validation includes the backtesting of both the portfolio level PD as well as the long-term PD estimated for rating categories, and the comparison with empirical portfolio level default rates and the long term, rating-category based default rates. According to the methodology approved by the supervision authority, if the validation analysis detects an underestimation, a re-estimation is required. As a consequence of the validation for the year 2013, the Bank has re-estimated the private PD parameters.

1.4.3.2. Loss given default (LGD)

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

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

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

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

1.4.3.3. 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 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.

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

1.4.4. Mitigation of credit risks

1.4.4.1. Valuation and management of collaterals

The Bank aim at requesting liquid collaterals, 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.

1.4.4.2. Main types of recognized collaterals

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 collaterals – that can be considered to act as capital-decreasing items – extend to

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

When the above conditions are met, 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.

1.4.4.3. Value of exposures covered with guarantees 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.

1.4.4.4. 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 common factors the default of a similar group of customers endangers normal business operations of the Bank. 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.

The IRB method - due to its nature – underestimates the capital requirement for portfolio with imperfect granularity, therefore the Bank annually analyses the possible additional capital requirement coming from imperfect granularity. The result of this analysis is annually reviewed by the Supervision. As the decisive majority of the credit risk exposures of the Bank can be found in the retail segment, the Bank did not have to create additional capital requirement due to imperfect granularity either in 2013 or 2014.

The Bank regularly monitors the concentration of the portfolio according to the above given categories, and reports that to the top management on a quarterly basis. For the management of the concentration risks, the Bank applies limits on individual exposures as well as industries. The limit usage is regularly reported to top management.

Geographic-, maturity-related concentrations characteristic for the portfolio are demonstrated in the table 2, 3, 5.

2. Quantitative Information

Table 1: Consolidation of main entity and group exposures (as of 30.09.2014)

HUF	Individual		Consolidated	
Exposure class	Exposure	EAD	Exposure	EAD
Total portfolio	**2 198 336 779 138**	**2 093 050 685 571**	**2 253 555 293 179**	**2 147 592 758 768**
AIRB Total	**1 063 014 014 550**	**1 060 820 539 015**	**1 063 144 487 238**	**1 060 820 539 015**
IRB - Central governments and central banks	-	-	-	-
IRB - Institutions	-	-	-	-
IRB - Corporates-SME without supporting facto	-	-	-	-
IRB - Specialised lending	-	-	-	-
IRB - Other corporates	-	-	-	-
IRB - Retail-SME secured by immovables without supporting factor	-	-	-	-
IRB - Retail-secured by immovable property	911 841 725 075	911 821 091 098	911 873 803 639	911 821 091 099
IRB - Retail revolving	-	-	-	-
IRB - Retail SME non-secured by immovables without supporting factor	-	-	-	-
IRB - Other retail	151 172 289 476	148 999 447 916	151 270 683 599	148 999 447 916
FIRB Total	**470 378 995 667**	**413 369 005 015**	**490 306 968 247**	**429 878 350 028**
IRB - Central governments and central banks	-	-	-	-
IRB - Institutions	61 381 462 088	59 273 176 338	73 183 289 708	71 555 690 401
IRB - Corporates-SME without supporting facto	-	-	-	-
IRB - Specialised lending	182 200 649 814	181 489 682 655	182 228 367 390	181 489 682 647
IRB - Other corporates	226 796 883 765	172 606 146 021	234 895 311 144	176 832 976 975
STD Total	**664 943 768 921**	**618 861 141 542**	**700 103 837 694**	**656 893 869 725**
STD - exposures to central governments or central banks	459 618 268 263	457 294 368 565	472 507 121 468	473 772 113 561
STD - exposures to regional governments or local authorities	424 478	424 478	31 327 037	31 327 037
STD - exposures to public sector entities	-	-	-	-
STD - exposures to multilateral development banks	5 942 253 936	5 942 253 936	5 942 253 936	5 942 253 936
STD - exposures to international organisations	-	-	-	-
STD - exposures to institutions	5 341 887 626	1 862 029 120	31 077 843 196	28 521 851 425
STD - exposures to corporates	54 919 267 530	39 202 110 975	61 953 677 004	47 317 129 871
STD - retail exposures	1 836 482 939	1 174 528 604	6 975 253 207	5 794 875 954
STD - exposures secured by mortgages on immovable property	4 835 973 329	4 650 658 885	4 848 887 162	4 663 572 718
STD - other items	50 738 699 145	48 689 081 864	88 787 759 144	84 985 947 680
STD - exposures associated with particularly high risk	-	-	-	-
STD - exposures in the form of covered bonds	-	-	-	-
STD - exposures to institutions and corporates with a short-term credit assessment	-	-	-	-
STD - exposures in the form of units or shares in collective investment undertakings	-	-	-	-
STD - equity exposures	55 177 943 267	55 177 943 267	784 203 623	784 203 623
STD - exposures in default	26 532 568 406	4 867 741 847	27 195 511 917	5 080 593 921

Unless stated otherwise, information of the main entity is presented in the following tables

Table 2: Exposures according to methodology, exposure class and maturity class (as of 30.09.2014)

HUF			
Methodology - Exposure Class	Maturity	Exposure	EAD
IRB - Institutions	< 3 months	41 519 967 042	41 379 397 029
	3 months-1 year	2 906 150 220	1 070 242 426
	1 year <= X < 2,5 years	10 266 163 781	10 152 692 192
	2,5 years <= X < 5 years	5 675 386 665	5 657 050 311
	5 years <= X < 10 years	428 090 439	428 090 439
	10 years <= X < 15 years	306 357 631	306 357 631
	15 years <= X < 20 years	275	275
	20 years <= X	85 030 759	85 030 759
	Expired, overdue	194 315 276	194 315 276
IRB - Other corporates	< 3 months	37 811 754 026	23 307 065 423
	3 months-1 year	48 790 242 465	19 080 834 368
	1 year <= X < 2,5 years	41 451 222 205	32 661 888 407
	2,5 years <= X < 5 years	28 785 319 682	27 749 578 438
	5 years <= X < 10 years	28 527 279 271	28 379 458 047
	10 years <= X < 15 years	21 108 609 568	21 108 609 568
	20 years <= X	2 416 598 695	2 412 880 577
	Expired, overdue	17 905 857 853	17 905 831 194
IRB - Other retail	< 3 months	2 463 248 135	2 301 821 122
	3 months-1 year	10 841 703 100	10 264 398 747
	1 year <= X < 2,5 years	17 675 445 136	17 660 796 340
	2,5 years <= X < 5 years	48 869 913 577	48 863 629 397
	5 years <= X < 10 years	7 880 082 397	7 875 584 232
	10 years <= X < 15 years	45 426 187 760	44 044 249 270
	15 years <= X < 20 years	1 907 075 322	1 893 745 044
	20 years <= X	11 812 860 626	11 799 450 343
	Expired, overdue	4 295 773 421	4 295 773 421
IRB - Retail-secured by immovable property	< 3 months	876 404 130	874 017 631
	3 months-1 year	955 815 378	947 032 181
	1 year <= X < 2,5 years	5 780 884 947	5 772 499 100
	2,5 years <= X < 5 years	26 051 604 212	26 051 031 734
	5 years <= X < 10 years	110 445 198 508	110 445 030 025
	10 years <= X < 15 years	278 094 519 787	278 094 519 787
	15 years <= X < 20 years	169 119 029 484	169 119 020 640
	20 years <= X	169 920 851 200	169 920 522 573
	Expired, overdue	150 597 417 428	150 597 417 428
IRB - Specialised lending	< 3 months	648 467 956	648 467 956
	3 months-1 year	11 512 439 308	11 255 989 408
	1 year <= X < 2,5 years	21 466 705 613	21 252 624 475
	2,5 years <= X < 5 years	5 573 348 941	5 333 348 941
	5 years <= X < 10 years	32 815 101 056	32 815 101 056
	10 years <= X < 15 years	54 120 177 721	54 119 741 600
	15 years <= X < 20 years	28 854 883 444	28 854 883 444
	20 years <= X	2 906 482 557	2 906 482 557
	Expired, overdue	24 303 043 218	24 303 043 218
STD - equity exposures	10 years <= X < 15 years	55 177 943 267	55 177 943 267
STD - exposures secured by mortgages on immovable property	< 3 months	1 144 666 696	1 120 000 000
	3 months-1 year	137 345 838	131 985 881
	1 year <= X < 2,5 years	25 374 844	21 596 434
	2,5 years <= X < 5 years	679 344 997	667 351 578
	5 years <= X < 10 years	1 706 943 411	1 634 242 982
	10 years <= X < 15 years	288 195 942	281 342 584
	15 years <= X < 20 years	849 947 476	789 999 998
	20 years <= X	4 154 124	4 139 427
STD - exposures to corporates	< 3 months	12 860 609 526	5 971 139 580
	3 months-1 year	10 105 892 415	6 012 338 579
	1 year <= X < 2,5 years	5 129 057 516	4 302 346 947
	2,5 years <= X < 5 years	7 810 629 668	6 910 164 130
	5 years <= X < 10 years	4 706 004 552	4 087 833 023
	10 years <= X < 15 years	5 642 042 042	4 243 270 024
	15 years <= X < 20 years	5 373 605 640	4 481 339 969
	20 years <= X	2 722 272 718	2 707 324 407
	Expired, overdue	569 153 455	486 354 317
STD - exposures to institutions	< 3 months	695 072 917	2 752 201
	3 months-1 year	559 026 615	6 666 421
	1 year <= X < 2,5 years	2 881 786 282	1 074 090 320
	2,5 years <= X < 5 years	499 357 181	93 515 143
	5 years <= X < 10 years	76 476 297	76 476 297
	10 years <= X < 15 years	148 693 880	147 936 157
	20 years <= X	0	0
	Expired, overdue	481 474 454	460 592 581

Table 2: Exposures according to methodology, exposure class and maturity class (as of 30.09.2014)

- continued

HUF			
Methodology - Exposure Class	Maturity	Exposure	EAD
STD - other items	< 3 months	50 738 699 145	48 689 081 864
STD - exposures to central governments or central banks	< 3 months	152 361 235 661	151 894 755 024
	3 months-1 year	61 034 974 790	59 650 072 870
	1 year <= X < 2,5 years	121 957 905 350	121 568 633 960
	2,5 years <= X < 5 years	48 910 892 771	48 827 647 909
	5 years <= X < 10 years	823 114 994	823 114 994
	10 years <= X < 15 years	29 259 540 703	29 259 539 816
	15 years <= X < 20 years	44 098 298 034	44 098 298 034
	20 years <= X	8 200 266	8 200 266
	Expired, overdue	1 164 105 693	1 164 105 693
STD - exposures to multilateral development banks	< 3 months	2 554 254 600	2 554 254 600
	3 months-1 year	541 999 336	541 999 336
	1 year <= X < 2,5 years	2 846 000 000	2 846 000 000
STD - exposures to regional governments or local authorities	10 years <= X < 15 years	424 339	424 339
	20 years <= X	139	139
STD - retail exposures	< 3 months	95 265 301	13 610 803
	3 months-1 year	341 300 317	52 828 850
	1 year <= X < 2,5 years	231 302 632	189 929 249
	2,5 years <= X < 5 years	416 829 026	296 849 850
	5 years <= X < 10 years	255 644 435	229 666 903
	10 years <= X < 15 years	372 210 713	283 473 473
	20 years <= X	16 179 384	13 984 368
	Expired, overdue	107 751 132	94 185 109
STD - exposures in default	< 3 months	827 175 197	234 353 516
	3 months-1 year	36 778 211	10 185 185
	1 year <= X < 2,5 years	174 053 813	74 851 304
	2,5 years <= X < 5 years	197 066 874	46 718 108
	5 years <= X < 10 years	128 041 109	12 804 109
	10 years <= X < 15 years	1 108 926 570	624 941 931
	15 years <= X < 20 years	640 824 879	346 291 453
	20 years <= X	3 740 773 553	204 524 943
	Expired, overdue	19 678 928 199	3 313 071 299
Total		2 198 336 779 138	2 093 050 685 571

Table 3: Impaired and overdue exposures according to regions (as of 30.09.2014)

HUF		
Region	Exposure	EAD
Core Market - Austria	5 725 428	5 725 428
Core Market - Croatia	4 921 102	4 921 102
Core Market - Czech Republic	4 926 346	4 926 346
Core Market - Hungary	339 467 946 023	316 620 970 786
Core Market - Romania	896 351 506	896 351 506
Core Market - Serbia	27 904 440	27 904 440
Core Market - Slovakia	44 880 082	44 787 930
Core Market - Slovenia	11 987 422	11 987 422
Emerging Markets - Asia	270 155 576	270 155 576
Emerging Markets - Latin America	22 813 385	22 813 385
Emerging Markets - Middle East/Africa	179 545 679	179 545 679
Emerging Markets - SE Europe/CIS	236 982 569	236 982 569
Other EU Countries	1 455 632 458	1 453 440 028
Other Industrialized Countries	135 883 324	135 698 201
Total	342 765 655 340	319 916 210 397

Table 4: Exposure, risk weighted assets and provisions according to counterparty type and exposure class (as of 30.09.2014)

		HUF			
Counterparty Class	Methodology - Exposure Class	Exposure	EAD	RWA	Provision
Central Banks	STD - exposures to central governments or central banks	135 529 481 628	135 529 481 628	-	-
Central Governments	STD - exposures to central governments or central banks	324 088 786 635	321 764 886 937	-	887
	STD - exposures in default	105 727 308	-	-	105 727 308
Corp	IRB - Other corporates	177 148 543 961	126 050 823 100	98 880 383 560	23 324 032 404
	IRB - Specialised lending	172 896 820 784	172 192 189 625	165 480 953 810	36 794 790 141
	STD - equity exposures	54 957 943 267	54 957 943 267	54 957 943 267	-
	STD - other items	50 738 699 145	48 689 081 864	20 634 973 286	-
	STD - exposures secured by mortgages on immovable property	3 569 996 858	3 390 377 559	2 184 488 897	175 085 966
	STD - exposures to corporates	43 045 608 769	29 998 632 757	25 961 192 723	1 868 588 189
	STD - exposures in default	22 907 656 597	4 330 589 143	4 874 289 898	18 575 597 224
Corp SME	IRB - Other corporates	49 648 339 804	46 555 322 921	38 772 023 364	1 020 551 833
	IRB - Specialised lending	9 303 829 030	9 297 493 030	8 986 773 932	311 457 079
	STD - equity exposures	50 000 000	50 000 000	38 095 000	-
	STD - exposures secured by mortgages on immovable property	1 226 772 446	1 223 258 135	564 966 774	3 514 311
	STD - exposures to corporates	11 873 658 761	9 203 478 217	7 012 130 055	1 920 064 176
Institution	IRB - Institutions	53 166 912 734	52 914 345 567	17 745 814 213	346 369
	STD - equity exposures	170 000 000	170 000 000	170 000 000	-
	STD - exposures to institutions	5 341 887 626	1 862 029 120	1 491 353 294	639 821 849
	STD - exposures in default	2 991 463 901	490 566 345	490 566 345	1 729 770 571
Local Authorities	IRB - Institutions	8 214 549 354	6 358 830 772	1 266 226 013	381 488 578
	STD - exposures to regional governments or local authorities	424 478	424 478	84 896	-
MDB	STD - exposures to multilateral development banks	5 942 253 936	5 942 253 936	-	-
Retail	IRB - Other retail	151 172 289 476	148 999 447 916	125 956 198 475	30 378 932 731
	IRB - Retail-secured by immovable property	911 841 725 075	911 821 091 098	588 233 642 159	136 357 128 053
	STD - retail exposures	1 836 482 939	1 174 528 604	880 896 454	275 099 472
	STD - exposures secured by mortgages on immovable property	39 204 025	37 023 191	18 739 877	2 180 833
	STD - exposures in default	527 720 600	46 586 360	46 586 360	481 134 241
Total		2 198 336 779 138	2 093 050 685 571	1 164 648 322 651	254 345 312 214

Table 5: Exposures according to regions and Exposure class (as of 30.09.2014)

HUF			
Region	**Methodology - Exposure Class**	**Exposure**	**EAD**
Core Market - Austria	IRB - Institutions	43 954 892 348	43 850 489 463
	IRB - Other corporates	208 327 325	208 327 325
	IRB - Other retail	6 944 492	6 749 479
	IRB - Retail-secured by immovable property	38 852 997	38 852 997
	STD - exposures to corporates	1 187 982	764 009
Core Market - Croatia	IRB - Other retail	12 011 630	11 973 263
	IRB - Retail-secured by immovable property	50 886 112	50 886 112
	IRB - Specialised lending	0	0
	STD - exposures to corporates	11 025	9 714
Core Market - Czech Republic	IRB - Institutions	49 626 564	9 925 313
	IRB - Other corporates	13 926 226	13 926 226
	IRB - Other retail	2 077 068	2 004 933
	IRB - Retail-secured by immovable property	12 196 703	12 196 703
	STD - exposures to corporates	111 776	71 851
Core Market - Hungary	IRB - Institutions	12 558 449 168	10 663 124 765
	IRB - Other corporates	225 043 846 151	171 403 108 407
	IRB - Other retail	150 609 817 701	148 444 349 893
	IRB - Retail-secured by immovable property	903 305 273 690	903 284 643 949
	IRB - Specialised lending	182 200 649 814	181 489 682 655
	STD - equity exposures	55 177 943 025	55 177 943 025
	STD - retail exposures	1 836 453 374	1 174 506 480
	STD - exposures secured by mortgages on immovable property	4 835 973 329	4 650 658 885
	STD - exposures to corporates	50 116 437 330	34 595 110 129
	STD - exposures to institutions	5 341 887 626	1 862 029 120
	STD - other items	50 738 699 145	48 689 081 864
	STD - exposures to central governments or central banks	459 618 268 263	457 294 368 565
	STD - exposures to regional governments or local authorities	424 478	424 478
	STD - exposures in default	26 532 568 406	4 867 741 847
Core Market - Serbia	IRB - Other corporates	303 191	303 191
	IRB - Other retail	31 053 897	30 730 793
	IRB - Retail-secured by immovable property	166 421 811	166 421 811
	STD - exposures to corporates	23 656	19 472
Core Market - Slovakia	IRB - Other corporates	38 032 461	38 032 461
	IRB - Other retail	74 204 237	73 041 855
	IRB - Retail-secured by immovable property	533 176 372	533 176 372
	IRB - Other retail	413 955	400 963
	IRB - Retail-secured by immovable property	29 666 227	29 666 227
	STD - exposures to corporates	1 418 205	868 914
Core Market - Romania	IRB - Institutions	1 000 000	200 000
	IRB - Other corporates	128 969 647	128 969 647
	IRB - Other retail	227 856 194	225 721 595
	IRB - Retail-secured by immovable property	2 396 816 411	2 396 812 175
	STD - exposures to corporates	619 407	398 162
	STD - retail exposures	17 801	12 089
Emerging Markets - Asia	IRB - Other corporates	24 214 328	24 214 328
	IRB - Other retail	22 378 343	22 136 854
	IRB - Retail-secured by immovable property	866 141 084	866 141 084
	STD - exposures to corporates	39 645	25 484
Emerging Markets - Middle East/Africa	IRB - Institutions	64 399 700	12 879 940
	IRB - Other corporates	1 252 036	1 252 036
	IRB - Other retail	27 430 155	27 234 289
	IRB - Retail-secured by immovable property	486 219 885	486 219 885
Emerging Markets - SE Europe/CIS	IRB - Other corporates	0	0
	IRB - Other retail	47 973 995	47 256 456
	IRB - Retail-secured by immovable property	812 141 484	812 141 484
	STD - exposures to corporates	0	0
Emerging Markets - Latin Amerika	IRB - Other corporates	0	0
	IRB - Other retail	7 808 224	7 663 466
	IRB - Retail-secured by immovable property	50 729 899	50 729 899
	STD - exposures to corporates	0	0
Other EU Countries	IRB - Institutions	4 677 694 282	4 661 156 831
	IRB - Other corporates	776 891 856	776 891 856
	IRB - Other retail	90 296 128	88 611 489
	IRB - Retail-secured by immovable property	2 867 743 136	2 867 743 136
	STD - exposures to corporates	3 876 308	1 174 077
	STD - retail exposures	11 764	10 035
Other Industrialized Countries	IRB - Institutions	75 400 027	75 400 027
	IRB - Other corporates	561 120 545	11 120 545
	IRB - Other retail	12 023 458	11 572 591
	IRB - Retail-secured by immovable property	225 459 264	225 459 264
	STD - equity exposures	243	243
	STD - exposures to corporates	4 795 542 196	4 603 669 163
	STD - exposures to multilateral development banks	5 942 253 936	5 942 253 936
Total		2 198 336 779 138	2 093 050 685 571

Table 6: Overdue exposures according to counterparty classes (as of 30.09.2014)

HUF		
Counterparty Class	Exposure	EAD
Central Governments	105 734 767	6 572
Corp	85 283 957 831	66 554 098 341
Corp SME	5 058 080 648	3 896 101 122
Institution	3 097 478 727	574 945 435
Local Authorities	384 437 221	384 437 221
Retail	398 615 584 598	397 976 323 544
Total	492 545 273 792	469 385 912 235

Table 7: Impaired exposures according to counterparty classes (as of 30.09.2014)

HUF		
Counterparty Class	Exposure	EAD
Central Governments	3 219 122 829	789 496 710
Corp	198 543 175 449	116 688 834 755
Corp SME	6 954 003 881	2 383 095 475
Institution	5 285 397 227	845 590 855
Local Authorities	2 646 108 330	790 389 748
Retail	299 426 235 723	296 317 675 493
Total	516 074 043 439	417 815 083 036

Table 8: AIRB undrawn commitments according to exposure class (as of 30.09.2014)

HUF				
Counterparty Class	Methodology - Exposure Class	Exposure	EAD	RWA
Retail	IRB - Other retail	24 492 102 995	22 319 261 435	23 001 596 772
	IRB - Retail-secured by immovable property	233 416 022	212 782 046	414 985 551
Total		24 725 519 017	22 532 043 481	23 416 582 323

Table 9: AIRB exposures according to LGD buckets (as of 30.09.2014)

HUF			
Methodology - Exposure Class	LGD Bucket	Exposure	EAD
IRB - Other retail	25% - 50%	63 623 857 025	63 623 857 025
	50%-75%	0	0
	75%-100%	87 548 432 450	85 375 590 891
IRB - Retail-secured by immovable property	0% - 25%	187 635 370 240	187 635 370 240
	25% - 50%	570 553 733 224	570 553 733 224
	50%-75%	153 420 268 730	153 420 174 748
	75%-100%	232 352 880	211 812 885
Total		1 063 014 014 550	1 060 820 539 015

Table 10: Average PD and LGD values according to exposure class – AIRB portfolio (as of 30.09.2014)

HUF			
Methodology - Exposure Class	EAD	AVG PD	AVG LGD
IRB - Other retail	118 050 238 514	8%	67%
IRB - Retail-secured by immovable property	653 400 476 424	8%	34%
Total	771 450 714 938		

Table 11: Average PD values according to exposure class – FIRB portfolio (as of 30.09.2014)

HUF		
Methodology - Exposure Class	EAD	AVG PD
IRB - Institutions	58 814 539 950	0%
IRB - Other corporates	137 197 270 018	4%
Total	196 011 809 968	

Table 12-13: Exposures according to external rating (as of 30.09.2014)

HUF		Consolidated		
Exposure class	**CQS**	**Exposure**	**EAD**	**overed by own fund**
a) Exposures to central governments or central banks	B2MIN_4	472 507 121 468	473 772 113 561	
b) Exposures to regional governments or local authorities	B2MIN_0	31 327 037	31 327 037	
d) Exposures to MDB	B2MIN_0	5 942 253 936	5 942 253 936	
f) Exposures to institutions	B2MIN_0	31 077 843 196	28 521 851 425	
g) Exposures to corporates	B2MIN_0	61 953 677 004	47 317 129 871	
i) Equity	B2MIN_0	4 796 769 304	4 613 635 693	
j) Non performing 1.	B2MIN_0	26 326 995 544	4 928 511 789	
j) Non performing 2.	B2MIN_4	105 727 308		
q) Others	B2MIN_0	88 787 759 144	84 985 947 680	14 649 295 223

HUF		Individual		
Exposure class	**CQS**	**Exposure**	**EAD**	**overed by own fund**
a) Exposures to central governments or central banks	B2MIN_4	461 608 146 102	464 452 546 763	
b) Exposures to regional governments or local authorities	B2MIN_0	33 195 534	33 153 520	
d) Exposures to MDB	B2MIN_0	5 942 253 936	5 942 253 936	
f) Exposures to institutions	B2MIN_0	9 316 968 382	7 363 054 574	
g) Exposures to corporates	B2MIN_0	74 351 784 626	55 181 183 805	
i) Equity	B2MIN_0	5 431 320 789	5 123 295 094	
j) Non performing 1.	B2MIN_0	25 987 401 010	4 820 973 514	
j) Non performing 2.	B2MIN_4	105 727 308		
q) Others	B2MIN_0	54 748 572 792	52 698 955 511	13 080 959 747

Table 14: Market risk summary (as of 30.09.2014)

Risk categories	Solo		Consolidated	
	HUF	distribution (in per cent)	HUF	distribution (in per cent)
Position risk	613 105 882	36.8%	670 149 098	27.4%
Counterparty credit risk	823 166 879	49.3%	1 380 773 031	56.4%
CVA risk	176 835 490	10.6%	240 132 763	9.8%
Large exposure risk	0	0.0%	0	0.0%
Risk of FX effect	55 037 654	3.3%	156 817 952	6.4%
Total	1 668 145 905	100.0%	2 447 872 844	100.0%

Graph 1: Capital requirement in the trading book by risk type (as of 30.09.2014)

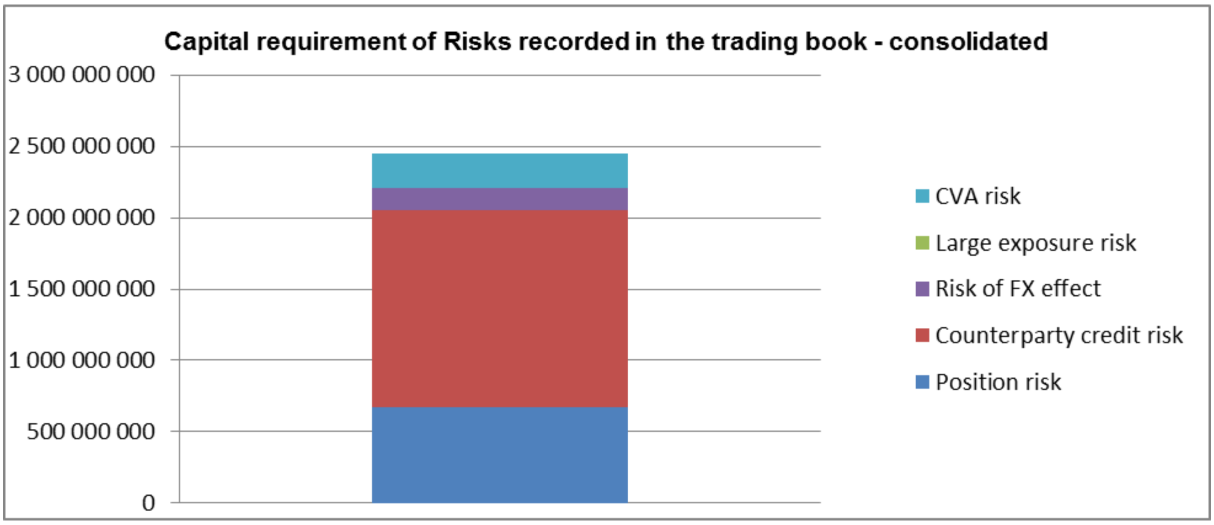


Table 15: Capital requirement in the trading book (as of 30.09.2014)

	Capital requirement		Netting	
	Single (HUF)	Consolidated (HUF)	Single (HUF)	Consolidated (HUF)
Risk recorded in the Trading Book	823 166 879	1 380 773 031	0	0
Total	823 166 879	1 380 773 031	0	0
Eligible value of collateral in case of credit risk (Ft)		17 724 402 969		

Table 16: Market Value of Equity Risk view of IRRBB (as of 30.09.2014)

Market Value of Equity Risk view / HUF					
	-200bp	**-100bp**	**+100bp**	**+200bp**	**Σ for Basel II**
HUF	-8 770 975 985	-4 603 174 548	4 382 399 427	8 415 613 319	0
CHF	-968 699 812	-847 072 375	1 371 221 637	2 594 731 732	0
EUR	-1 082 536 936	-988 245 253	2 563 806 174	4 789 413 865	0
USD	-137 103 602	-121 512 075	136 336 290	263 298 893	0
all CCYs	-10 959 316 336	-6 560 004 251	8 453 763 529	16 063 057 809	10 959 316 336
				Basel II ratio*	4.11%
*Basel Committe guideline: 20%, internal limit: 10%					

Table 17: Net Interest Income sensitivity (as of 30.09.2014)

Net Interest Income Risk for next 12 months/ HUF					
HUF	**CHF**	**EUR**	**USD**	**Total**	**in %****
2 205 217 293	-514 910 559	-146 071 773	33 147 997	1 577 382 958	2.4%
** internal limit: 5%					

Table 18: Banking book relevant counterparty credit risk (as of 30.09.2014)

Banking book relevant counterparty credit risk	Solo	Consolidated
	HUF	HUF
Exposure at default	28 880 552 851	28 880 552 851
Risk weighted assets	6 910 024 559	6 910 024 559
Expected loss	10 065 713	10 065 713
Capital requirement	552 801 965	552 801 965
Total	36 353 445 087	36 353 445 087

Table 19: Capital Requirement (as of 30.09.2014)

Hierarchy	Name	2014.09.30 / HUF	
		Bank only	Consolidated
1.	TOTAL RISK EXPOSURE AMOUNT	108 190 172 531	110 062 480 275
1.*	Of which: Investment firms under Article 90 paragraph 2 and Article 93 of CRR	0	0
1.**	Of which: Investment firms under Article 91 paragraph 1 and 2 and Article 92 of CRR	0	0
1.1.	RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	95 124 404 924	93 831 512 606
1.1.1.	Standardised approach (SA)	11 293 636 027	9 794 366 325
1.1.1.1.	SA exposure classes excluding securitisation positions	11 293 636 027	9 794 366 325
1.1.1.1.01.	Central governments or central banks	0	0
1.1.1.1.02.	Regional governments or local authorities	530 456	501 233
1.1.1.1.03.	Public sector entities	0	0
1.1.1.1.04.	Multilateral Development Banks	0	0
1.1.1.1.05.	International Organisations	0	0
1.1.1.1.06.	Institutions	352 224 681	683 660 500
1.1.1.1.07.	Corporates	3 747 507 152	3 585 866 089
1.1.1.1.08.	Retail	73 466 651	347 692 574
1.1.1.1.09.	Secured by mortgages on immovable property	262 487 863	221 817 231
1.1.1.1.10.	Exposures in default	431 648 574	452 175 705
1.1.1.1.11.	Items associated with particular high risk	0	0
1.1.1.1.12.	Covered bonds	0	0
1.1.1.1.13.	Claims on institutions and corporates with a short-term credit assessment	0	0
1.1.1.1.14.	Collective investments undertakings (CIU)	0	0
1.1.1.1.15.	Equity	4 450 329 044	61 783 890
1.1.1.1.16.	Other items	1 975 441 606	4 440 869 104
1.1.1.2.	Securitisation positions SA	0	0
1.1.1.2.*	of which: resecuritisation	0	0
1.1.2.	Internal ratings based Approach (IRB)	83 830 768 896	84 037 146 281
1.1.2.1.	IRB approaches when neither own estimates of LGD nor Conversion Factors are used	27 415 598 621	26 901 959 031
1.1.2.1.01.	Central governments and central banks	0	0
1.1.2.1.02.	Institutions	1 705 475 723	1 695 515 789
1.1.2.1.03.	Corporates - SME	0	0
1.1.2.1.04.	Corporates - Specialised Lending	14 101 477 132	13 957 418 219
1.1.2.1.05.	Corporates - Other	11 608 645 766	11 249 025 022

Table 19: Capital Requirement (as of 30.09.2014) - continued

Hierarchy	Name	2014.09.30 / HUF	
		Bank only	Consolidated
1.1.2.2.	IRB approaches when own estimates of LGD and/or Conversion Factors are used	56 415 170 276	57 135 187 251
1.1.2.2.01.	Central governments and central banks	0	0
1.1.2.2.02.	Institutions	0	0
1.1.2.2.03.	Corporates - SME	0	0
1.1.2.2.04.	Corporates - Specialised Lending	0	0
1.1.2.2.05.	Corporates - Other	0	0
1.1.2.2.06.	Retail - Secured by real estate SME	0	0
1.1.2.2.07.	Retail - Secured by real estate non-SME	46 464 984 873	47 058 691 373
1.1.2.2.08.	Retail - Qualifying revolving	0	0
1.1.2.2.09.	Retail - Other SME	0	0
1.1.2.2.10.	Retail - Other non-SME	9 950 185 403	10 076 495 878
1.1.2.3.	Equity IRB	0	0
1.1.2.4.	Securitisation positions IRB	0	0
1.1.2.4.*	Of which: resecuritisation	0	0
1.1.2.5.	Other non credit-obligation assets	0	0
1.1.3.	Risk exposure amount for contributions to the default fund of a CCP	0	0
1.2.	TOTAL RISK EXPOSURE AMOUNT FOR SETTLEMENT/DELIVERY	0	0
1.2.1.	Settlement/delivery risk in the non-Trading book	0	0
1.2.2.	Settlement/delivery risk in the Trading book	0	0
1.3.	TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	668 327 414	913 085 202
1.3.1.	Risk exposure amount for position, foreign exchange and commodities risks under standardised approaches (SA)	668 327 414	913 085 202
1.3.1.1.	Traded debt instruments	613 105 883	670 149 099
1.3.1.2.	Equity	0	85 934 274
1.3.1.3.	Foreign Exchange	55 221 531	157 001 829
1.3.1.4.	Commodities	0	0
1.3.2.	Risk exposure amount for Position, foreign exchange and commodities risks under internal models (IM)	0	0
1.4.	TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (OpR)	12 220 604 704	15 077 749 704
1.4.1.	OpR Basic indicator approach (BIA)	0	2 857 145 000
1.4.2.	OpR Standardised (STA) / Alternative Standardised (ASA) approaches	0	0
1.4.3.	OpR Advanced measurement approaches (AMA)	12 220 604 704	12 220 604 704
1.5.	ADDITIONAL RISK EXPOSURE AMOUNT DUE TO FIXED OVERHEADS	0	0
1.6.	TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT	176 835 490	240 132 763
1.6.1.	Advanced method	0	0
1.6.2.	Standardised method	176 835 490	240 132 763
1.6.3.	Based on OEM	0	0
1.7.	TOTAL RISK EXPOSURE AMOUNT RELATED TO LARGE EXPOSURES IN THE TRADING BOOK	0	0
1.8.	OTHER RISK EXPOSURE AMOUNTS	0	0
1.8.2.	Of which: Additional stricter prudential requirements based on Art 458	0	0
1.8.2.*	Of which: requirements for large exposures	0	0
1.8.2.**	Of which: due to modified risk weights for targeting asset bubbles in the residential and commercial property	0	0
1.8.2.***	Of which: due to intra financial sector exposures	0	0
1.8.3.	Of which: Additional stricter prudential requirements based on Art 459	0	0
1.8.4.	Of which: Additional risk exposure amount due to Article 3 CRR	0	0

Table 20: Information on capital adequacy (as of 30.09.2014)

Information on capital adequacy		Bank only	Consolidated
Common Equity Tier 1. (CET1) capital: instruments and reserves		(A) AMOUNT AT DISCLOSURE DATE (HUF)	
1	Capital instruments and the related share premium accounts	385 327 366 187	385 327 366 187
	of which: 1. instrument type	102 000 000 000	102 000 000 000
	of which: 2. instrument type	283 327 366 187	283 327 366 187
	of which: 3. instrument type	0	0
2	Retained earnings	-107 481 207 844	-104 602 696 512
3	Accumulated other comprehensive income (and other reserves)	-1 641 817 008	-1 641 417 000
3a.	Funds for general banking risk	0	0
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1.	0	0
	Public sector capital injections grandfathered until 1 January 2018	0	0
5	Minority interests (amount allowed in consolited CET1)	0	0
5a.	Independently reviewed interim profits net of any foreseeable charge or dividend	0	0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**276 204 341 335**	**279 083 252 675**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-93 443 414	-101 059 224
8	Intangible assets (net of related tax liability) (negative amount)	-13 032 786 601	-14 649 295 223
9	Empty set in the EU	0	0
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	0
11	Fair value reserves related to gains or losses on cash flow hedges	1 671 327 426	1 670 927 418
12	Negative amounts resulting from the calculation of expeceted loss amounts	-18 085 392 978	-12 814 162 169
13	Any increase in equity that results from securitised assets (negative amount)	0	0
14	Gain or losses on liabilities valued at fair value resulting from changes in own credit standing	-141 313 942	-141 313 942
15	Defined-benefit pension fund assets (negative amount)	0	0
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	0
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entites have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short postitions) (negative amount)	0	0
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short postitions) (negative amount)	0	0
20	Empty set in the EU	0	0
20a.	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	0
20b.	of which: qualifying holdings outside the financial sector (negative amount)	0	0
20c.	of which: securitisation positions (negative amount)	0	0
20d.	of which: free deliveries (negative amount)	0	0
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	0
22	Amount exceeding the 15% threshold (negative amount)	0	0
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	0
24	Empty set in the EU	0	0
25	of which: deferred tax assets arising from temporary differences	0	0
25a.	Losses for the current financial year (negative amount)	-101 014 000 000	-113 911 929 289
25b.	Foreseeable tax charges relating to CET1 items (negative amount)		
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts sunject to pre-CRR treatment	105 676 233 245	113 070 798 927
26a.	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	0	0
	of which: ……... Filter for unrealised loss 1	0	0
	of which: ……... Filter for unrealised loss 2	0	0
	of which: ……... Filter for unrealised gain 1	-29 510 418	-29 510 418
	of which: ……... Filter for unrealised gain 2	0	0
26b.	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	105 705 743 663	113 100 309 345
	of which: ...	0	0
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-98 471 586 472	-107 974 644 477
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-123 490 962 736	-134 850 677 979
29	Common Equity Tier 1 (CET1) capital	152 713 378 599	144 232 574 696

Table 20: Information on capital adequacy - continued

	Information on capital adequacy	Bank only	Consolidated
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0	0
31	of which: classified as equity under applicable accounting standards	0	0
32	of which: classified as liabilities under applicable accounting standards	0	0
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	0
	Public sector capital injections grandfathered until 1 January 2018	0	0
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0	0
35	of which: instruments issued by subsidiaries subject to phase out	0	0
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0	0
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0	0
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entites have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0
39	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short postitions) (negative amount)	0	0
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short postitions) (negative amount)	0	0
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0	0
41a.	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	0
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to excepcted losses tec.	0	0
41b.	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	0
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities etc.	0	0
41c.	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deduction required pre-CRR	0	0
	of which: ... Possible filter for unrealised losses	0	0
	of which: ... Possible filter for unrealised gains	0	0
	of which: ...	0	0
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	0	0
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	0
44	Additional Tier 1 (AT1) capital	0	0
45	Tier 1 capital (T1 = CET1 + AT1)	152 713 378 599	144 232 574 696
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	130 076 588 885	130 076 588 885
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	0	0
	Public sector capital injections grandfathered until 1 January 2018	0	0
48	Qualifying own funds instruments included in consolidated T2 capital (including minority, interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	0
49	of which: instruments issued by subsidiaries subject to phase out	0	0
50	Credit risk adjustments	0	0
51	Tier 2 capital capital before regulatory adjustments	130 076 588 885	130 076 588 885

Table 20: Information on capital adequacy - continued

	Information on capital adequacy	Bank only	Consolidated
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	0
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entites have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	0
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short postitions) (negative amount)	0	0
54a.	of which: new holdings not subject to transitional arrangements	0	0
54b.	of which holdings existing before 1 January 2013 and subject to transitional arrangements	0	0
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short postitions) (negative amount)	0	0
56	Regulatory adjustments applied to additional tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-7 234 157 191	-5 125 664 868
56a.	Residual amounts deducted from Additional Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-7 234 157 191	-5 125 664 868
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to excepcted losses tec.	-7 234 157 191	-5 125 664 868
56b.	Residual amounts deducted from Additional Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	0
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in AT1 instruments, direct holdings of non-significant investments in the capital of other financial sector entities etc.	0	0
56c.	Amount to be deducted from or added to Additional Tier 2 capital with regard to additional filters and deduction required pre-CRR	0	0
	of which: ... Possible filter for unrealised losses	0	0
	of which: ... Possible filter for unrealised gains	0	0
	of which: ...	0	0
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-7 234 157 191	-5 125 664 868
58	**Tier 2 (T2) capital**	122 842 431 694	124 950 924 017
59	**Total capital (TC = T1 + T2)**	275 555 810 293	269 183 498 713
59a.	Risk weighted assets in respect of ammounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0	0
	of which... Items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. deferred tax asstes that rely on future profitability net os related tax liability, indirect holdings of own CET1, etc.)	0	0
	of which... Items not deducted from AT1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities etc.)	0	0
	of which... Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. indirect holdings of own T2 instruments, indirect holdings of non-significant investements in tha capital of the other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc.)	0	0
60	**Total risk weighted assets**	1 352 377 156 643	1 375 781 003 433
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage ot total risk exposure amount)	11.29	10.48
62	Tier 1 (as a percentage ot total risk exposure amount)	11.29	10.48
63	Total capital (as a percentage ot total risk exposure amount)	20.38	19.57
64	Instituiton specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important instituiton buffer expressed as a percentage of risk exposure amount)	0	0
65	of which: capital conservation buffer requirement	0	0
66	of which: countercyclical buffer requirement	0	0
67	of which: systemic risk buffer requirement	0	0
67a.	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0	0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk expusure amount)	0	0
69	[non relevans in EU regulation]	0	0
70	[non relevans in EU regulation]	0	0
71	[non relevans in EU regulation]	0	0

Table 20: Information on capital adequacy - continued

	Information on capital adequacy	Bank only	Consolidated
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short postitions)	788 700 000	788 700 000
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short postitions)	0	0
74	Empty set in the EU	0	0
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	0	0
Applicable caps on the inclusion of provison in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised aprroach (prior to the application of the cap)	0	0
77	Cap on inclusion of credit risk adjustments in T2 under standardised aprroach	16 904 714 458	17 197 262 543
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based aprroach (prior to the application of the cap)	0	0
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based aprroach	6 287 307 667	6 302 785 971
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	- Current cap on CET1 instruments subject to phase out arrangements	0	0
81	- Amount excluded from CET1 due to cap (excess over cap after redemtions and maturities)	0	0
82	- Current cap on AT1 instruments subject to phase out arrangements	0	0
83	- Amount excluded from AT1 due to cap (excess over cap after redemtions and maturities)	0	0
84	- Current cap on T2 instruments subject to phase out arrangements	0	0
85	- Amount excluded from T2 due to cap (excess over cap after redemtions and maturities)	0	0

Table 21: Leverage ratio (as of 30.09.2014)

Total assets after adjustments / HUF	2 335 690 624 980
Exposures of securities-financing transaction according to CRR Article 220.	10 562 766 825
Exposures of securities-financing transaction according to CRR Article 222.	-
Derivatives: market value	16 205 579 827
Derivatives: mark-to-market method	28 153 349 027
Derivatives: original exposure method	-
Undrawn credit facilities, which may be cancelled unconditionally at any time without notice	4 610 636 652
Medium/low risk trade finance related off-balance sheet items	8 002 891 763
Medium risk trade finance related off-balance sheet items and medium risk officially supported export credits related off-balance sheet items	9 807 954 152
Other off-balance assets	6 448 821 725
Other Assets	2 251 898 625 009
Tier 1 capital - phase-in	144 232 574 696
Capital ajdustments	- 25 893 589 198
Regulatory adjustments - Tier 1 fully loaded view	- 26 034 903 140
Regulatory adjustments regarding to own credit risk	141 313 942
Leverage ratio - Tier 1 phase-in view	6.244%

Table 22: Portfolio exposures to be managed according to supervisory standards: (as of 30.09.2014)

Maturity	Slotting	Exposure / HUF
x<2,5 years	Category 2	5 185 028 905
	Category 3	1 859 133 441
	Category 4	19 977 205 189
	Category 5 (Default)	6 606 245 342
Sum		33 627 612 877
x>=2,5 years	Category 1	1 412 896 528
	Category 2	41 914 803 470
	Category 3	42 804 693 112
	Category 4	13 658 003 880
	Category 5 (Default)	24 479 596 728
Sum		124 269 993 718
Expired, overdue	Category 5 (Default)	24 303 043 218
Total		182 200 649 814