

# Disclosure by institutions 30. September 2018



## **OTP Bank Plc. consolidated**

In line with Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises, and Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

*(English translation of the original report)*

Budapest, 30 November 2018

I. OTP Group.....	2
I.1. Regulatory capital and capital requirements .....	2
I.1.1. Capital adequacy of the OTP Group.....	2
I.1.2. Information about disclosure requirements related to the regulatory capital in line with Commission Implementing Regulation (EU) No. 1423/2013 .....	3
I.2. Leverage ratio .....	3
I.3. The effect of the IFRS 9 standard .....	4

# I. OTP Group

## I.1. Regulatory capital and capital requirements

### I.1.1. Capital adequacy of the OTP Group

The capital requirement calculation of the Group for 30.09.2018 is based on CRR data. The prudential filters and deductions have been applied in line with the CRR during the calculation of regulatory capital.

The Group applied standardized capital calculation method regarding credit and market risk, advanced measurement approach (AMA) and basic indicator approach (BIA) regarding the operational risk. On 30.09.2018 the capital adequacy ratio of OTP Group - without the profit of financial year 2018 and the deduction of dividend payment of financial year of 2018 - was 16.17%. The Group regulatory capital requirement as of 30th September 2018 was HUF 736,511 million, the amount of regulatory capital was HUF 1,488,878 million.

#### OTP Group's capital requirement

<b>Capital requirement of OTP Group</b>	
<b>(million HUF)</b>	<b>30.09.2018</b>
<b>Total capital requirement</b>	<b>736 511</b>
Capital requirement of capital and counterparty risk	620 118
Capital requirement of market risk	31 981
Capital requirement of operational risk	84 412

## I.1.2. Information about disclosure requirements related to the regulatory capital in line with Commission Implementing Regulation (EU) No. 1423/2013

The following table is represent the breakdown of regulatory capital.

Common Equity Tier 1 capital: instruments and reserves (in HUF million)	(A) 30 Sept 2018	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	1 506 232		
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	-189 785		
<b>29 Common Equity Tier 1 (CET1) capital</b>	<b>1 316 448</b>		
36 Additional Tier 1 (AT1) capital before regulatory adjustments	0		
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	0		
<b>44 Additional Tier 1 (AT1) capital</b>	<b>0</b>		
<b>45 Tier 1 capital (T1 = CET1 + AT1)</b>	<b>1 316 448</b>		
51 Tier 2 (T2) capital before regulatory adjustment	172 431		
57 Total regulatory adjustments to Tier 2 (T2) capital	0		
<b>58 Tier 2 (T2) capital</b>	<b>172 431</b>		
<b>59 Total capital (TC = T1 + T2)</b>	<b>1 488 878</b>		
61 Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,30%	92 (2) (a), 465	
62 Tier 1 (as a percentage of total risk exposure amount)	14,30%	92 (2) (b), 465	
63 Total capital (as a percentage of total risk exposure amount)	16,17%	92 (2) (c)	

## I.2. Leverage ratio

In accordance with the permission of the supervisory authority referring to 575/2013/EU Article 499 (3), the calculation of leverage ratio is based on end-of-quarter data.

<b>Leverage ratio</b>	
<b>(million HUF)</b>	<b>30.09.2018</b>
Total exposure	15 363 883
Tier 1 capital	1 316 448
<b>Leverage ratio</b>	<b>8,57%</b>

### I.3. The effect of the IFRS 9 standard

The transitional adjustment ease the IFRS 9 standard implementations effect (on the regulatory capital). The following table represent this effect to the regularory capital, capital ratio and leverage ratio under regulatory scope of consolidation.

		<b>IFRS 9 effect</b>		
<b>(million HUF)</b>		<b>30.09.2018</b>	<b>30.06.2018</b>	<b>31.03.2018</b>
<b>Regulatory capital</b>				
1	Common Equity Tier 1 (CET1) capital	1 316 448	1 326 906	1 300 081
2	Common Equity Tier 1 (CET1) capital, as the institution had not applied the IFRS 9, or similar transitional rules connection with the expected lending loss-based accounting	1 268 567	1 279 025	1 252 200
3	Tier 1 capital	1 316 448	1 326 906	1 300 081
4	Tier 1 capital, as the institution had not applied the IFRS 9, or similar transitional rules connection with the expected lending loss-based accounting	1 268 567	1 279 025	1 252 200
5	Total capital	1 488 878	1 500 651	1 465 542
6	Total capital, as the institution had not applied the IFRS 9, or similar transitional rules connection with the expected lending loss-based accounting	1 440 998	1 452 771	1 417 661
<b>Total risk weighted assets</b>				
7	Total risk w eighted assets	9 206 388	9 110 340	8 701 131
8	Total risk w eighted assets, as the institution had not applied the IFRS 9, or similar transitional rules connection with the expected lending loss-based accounting	9 155 287	9 064 724	8 656 882
<b>Capital ratios</b>				
9	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,30%	14,56%	14,94%
10	Common Equity Tier 1 (as a percentage of total risk exposure amount), as the institution had not applied the IFRS 9, or similar transitional rules connection with the expected lending loss-based accounting	13,86%	14,11%	14,46%
11	Tier 1 (as a percentage of total risk exposure amount)	14,30%	14,56%	14,94%
12	Tier 1 (as a percentage of total risk exposure amount), as the institution had not applied the IFRS 9, or similar transitional rules connection with the expected lending loss-based accounting	13,86%	14,11%	14,46%
13	Total capital (as a percentage of total risk exposure amount)	16,17%	16,47%	16,84%
14	Total capital (as a percentage of total risk exposure amount), as the institution had not applied the IFRS 9, or similar transitional rules connection with the expected lending loss-based accounting	15,74%	16,03%	16,38%
<b>Leverage ratio</b>				
15	Total exposure	15 363 883	15 155 141	14 321 201
16	Leverage ratio	8,57%	8,76%	9,08%
17	Leverage ratio, as the institution had not applied the IFRS 9, or similar transitional rules connection with the expected lending loss-based accounting	8,26%	8,44%	8,74%