

Disclosure by institutions 30 June 2019



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, 2 September 2019

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	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 30.06.2019 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 30.06.2019 the capital adequacy ratio of OTP Group - with the profit of the first quarter in 2019 and the deduction of dividend payment - was 17.68%. The Group regulatory capital requirement as of 30th June 2019 was HUF 877,232 million and the amount of regulatory capital was HUF 1,938,173 million.

OTP Group's capital requirement

Capital requirement of OTP Group	
(million HUF)	30.06.2019
Total capital requirement	877 232
Capital requirement of capital and counterparty risk	759 450
Capital requirement of market risk	10 592
Capital requirement of operational risk	107 189

The total RWA containing credit and counterparty risk RWA of OTP Group was HUF 9,487,291 million on 30.06.2019 and the total capital requirement containing credit and counterparty risk capital requirement was HUF 758,982 million without the value of Credit Value Adjustment.

RWA and capital requirement of credit and counterparty credit risks and free deliveries on 30.06.2019

(million HUF)	Risk weighted assets	Capital requirement
Total	9 487 291	758 982
Exposures to central governments or central banks	529 498	42 360
Exposures to regional governments or local authorities	26 917	2 153
Exposures to public sector entities	75 353	6 028
Exposures to international organisations	0	0
	1 202	96
Exposures to institutions	200 095	16 008
Exposures to corporates	3 282 280	262 582
Retail exposures	2 250 220	180 018
Exposures secured by mortgages on immovable property	1 946 029	155 682
Exposures in default	342 131	27 370
Exposures associated with particularly high risk	68 385	5 471
Exposures in the form of covered bonds	49 777	3 982
Collective investment undertakings	26 053	2 084
Equity exposures	133 860	10 709
Other items	555 491	44 439

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) 31 March 2019	(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	1 941 863		
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	-170 583		
29 Common Equity Tier 1 (CET1) capital	1 771 281		
36 Additional Tier 1 (AT1) capital before regulatory adjustments	0		
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	0		
44 Additional Tier 1 (AT1) capital	0		
45 Tier 1 capital (T1 = CET1 + AT1)	1 771 281		
51 Tier 2 (T2) capital before regulatory adjustment	166 893		
57 Total regulatory adjustments to Tier 2 (T2) capital	0		
58 Tier 2 (T2) capital	166 893		
59 Total capital (TC = T1 + T2)	1 938 173		
61 Common Equity Tier 1 (as a percentage of total risk exposure amount)	16,15%	92 (2) (a), 465	
62 Tier 1 (as a percentage of total risk exposure amount)	16,15%	92 (2) (b), 465	
63 Total capital (as a percentage of total risk exposure amount)	17,68%	92 (2) (c)	

The effect of the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds in accordance with 2017/2395 EU regulation is represented in the following table:

(million HUF)		IFRS 9 effect				
		30.06.2019	31.03.2019	31.12.2018	30.09.2018	30.06.2018
Regulatory capital						
1	Common Equity Tier 1 (CET1) capital	1 771 281	1 629 597	1 581 033	1 316 448	1 326 906
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 687 434	1 558 247	1 506 346	1 268 567	1 279 025
3	Tier 1 capital	1 771 281	1 629 597	1 581 033	1 316 448	1 326 906
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 687 434	1 558 247	1 506 346	1 268 567	1 279 025
5	Total capital	1 938 173	1 795 976	1 747 755	1 488 878	1 500 651
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 854 326	1 724 627	1 673 068	1 440 998	1 452 771
Total risk weighted assets						
7	Total risk weighted assets	10 965 394	10 875 936	9 598 268	9 206 388	9 110 340
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10 896 013	10 813 254	9 508 247	9 155 287	9 064 724
Capital ratios						
9	Common Equity Tier 1 (as a percentage of total risk exposure amount)	16,15%	14,98%	16,47%	14,30%	14,56%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15,49%	14,41%	15,84%	13,86%	14,11%
11	Tier 1 (as a percentage of total risk exposure amount)	16,15%	14,98%	16,47%	14,30%	14,56%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15,49%	14,41%	15,84%	13,86%	14,11%
13	Total capital (as a percentage of total risk exposure amount)	17,68%	16,51%	18,21%	16,17%	16,47%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17,02%	15,95%	17,60%	15,74%	16,03%
Leverage ratio						
15	Total exposure	17 580 285	17 409 896	15 696 935	15 363 883	15 155 141
16	Leverage ratio	10,08%	9,36%	10,07%	8,57%	8,76%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,60%	8,95%	9,60%	8,26%	8,44%

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.

Leverage ratio	
(million HUF)	30.06.2019
Total exposure	17 580 285
Tier 1 capital	1 771 281
Leverage ratio	10,08%