

# Disclosure by institutions 30 September 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, 29 November 2019

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# 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 30.09.2019 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 30.09.2019 the capital adequacy ratio of OTP Group - with the profit of the first quarter in 2019 and the deduction of dividend payment - was 17.3%. The Group regulatory capital requirement as of 30th September 2019 was HUF 1,049,909 million and the amount of regulatory capital was HUF 2,272,205 million.

#### OTP Group's capital requirement

<b>Capital requirement of OTP Group</b>	
<b>(million HUF)</b>	<b>30.09.2019</b>
<b>Total capital requirement</b>	<b>1 049 909</b>
Capital requirement of capital and counterparty risk	918 440
Capital requirement of market risk	13 670
Capital requirement of operational risk	117 800

## 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 September 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	2 116 297		
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	-181 748		
<b>29 Common Equity Tier 1 (CET1) capital</b>	<b>1 934 550</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>1 934 550</b>		
51 Tier 2 (T2) capital before regulatory adjustment	337 655		
57 Total regulatory adjustments to Tier 2 (T2) capital	0		
<b>58 Tier 2 (T2) capital</b>	<b>337 655</b>		
<b>59 Total capital (TC = T1 + T2)</b>	<b>2 272 205</b>		
61 Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,74%	92 (2) (a), 465	
62 Tier 1 (as a percentage of total risk exposure amount)	14,74%	92 (2) (b), 465	
63 Total capital (as a percentage of total risk exposure amount)	17,31%	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				
		30.09.2019	30.06.2019	31.03.2019	31.12.2018	30.09.2018
<b>Regulatory capital</b>						
1	Common Equity Tier 1 (CET1) capital	1 934 550	1 771 281	1 629 597	1 581 033	1 316 448
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 843 349	1 687 434	1 558 247	1 506 346	1 268 567
3	Tier 1 capital	1 934 550	1 771 281	1 629 597	1 581 033	1 316 448
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 843 349	1 687 434	1 558 247	1 506 346	1 268 567
5	Total capital	2 272 205	1 938 173	1 795 976	1 747 755	1 488 878
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 181 004	1 854 326	1 724 627	1 673 068	1 440 998
<b>Total risk weighted assets</b>						
7	Total risk weighted assets	13 123 859	10 965 394	10 750 266	9 598 268	9 206 388
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13 037 775	10 894 396	10 687 584	9 508 247	9 155 287
<b>Capital ratios</b>						
9	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,74%	16,15%	15,16%	16,47%	14,30%
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	14,14%	15,49%	14,58%	15,84%	13,86%
11	Tier 1 (as a percentage of total risk exposure amount)	14,74%	16,15%	15,16%	16,47%	14,30%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,14%	15,49%	14,58%	15,84%	13,86%
13	Total capital (as a percentage of total risk exposure amount)	17,31%	17,68%	16,71%	18,21%	16,17%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,73%	17,02%	16,14%	17,60%	15,74%
<b>Leverage ratio</b>						
15	Total exposure	20 162 589	17 580 285	17 079 206	15 696 935	15 363 883
16	Leverage ratio	9,59%	10,08%	9,54%	10,07%	8,57%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,14%	9,60%	9,12%	9,60%	8,26%

Note: If data were corrected in the regulatory reports, this table is corrected as well.

## 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>30.09.2019</b>
Total exposure	20 162 589
Tier 1 capital	1 934 550
<b>Leverage ratio</b>	<b>9,59%</b>