

Extraordinary announcement

Determination of OTP Group's MREL requirement

OTP Bank Plc. hereby notifies members of capital markets that, in line with management expectations, the National Bank of Hungary (MNB) acting as resolution authority informed the Bank about the consolidated minimum requirement for own funds and eligible liabilities (MREL requirement) of OTP Group determined according to the provisions of BRRD2. The consolidated MREL requirement shall be met by 1st January 2024, following a 2-year transitional period. The MREL requirement is determined at 17.66% of the Group's total risk exposure amount (TREA or RWA) and 5.89% of the Group's total exposure measure (TEM). Pursuant to CRD V OTP Group has to meet the combined buffer requirement in addition to the MREL TREA requirement on 1st January 2024 as institutions shall not use CET1 capital that is maintained to meet the combined buffer requirement, to meet the risk-based component of the MREL requirement. The MREL requirement is reviewed at least once a year in the future.

MNB informed the Bank that subordination requirements of BRRD2 will also be applicable to OTP Group. The minimum level of subordination for OTP Group will be 13.5% of TREA, 5% of TEM and 8% of TLOF (total liabilities and own funds). Subordination requirements shall be met by using own funds and subordinated eligible liabilities. Pursuant to CRD V OTP Group has to meet the combined buffer requirement in addition to the MREL TREA subordination requirement as institutions shall not use CET1 capital that is maintained to meet the combined buffer requirement to meet the risk-based component of the MREL subordination requirements. The first date of application of subordination requirements will be 16 December 2024.

In line with the BRRD2 regulation MNB determined a mandatory intermediate target for the consolidated MREL requirement that OTP Group has to comply with by 1st January 2022. The intermediate target level for the MREL requirement is determined at 14.45% of the Group's total risk exposure amount (TREA or RWA) and 5.89% of the Group's total exposure measure (TEM). Pursuant to CRD V the Group has to meet the combined buffer requirement in addition to the MREL TREA requirement on 1st January 2022 as institutions shall not use CET1 capital that is maintained to meet the combined buffer requirement, to meet the risk-based component of the MREL requirement.

As an institution subject to the Act XXXVII of 2014 on the further development of the system of institutions strengthening the security of the individual players of the financial intermediary system (Resolution Act), OTP Bank has to meet the MREL requirement pursuant to Section 62 Subsection (1) of the Resolution Act. The MNB established the requirement in accordance with the Joint Decision of the Resolution College, which is operated jointly with the Resolution Authorities of the subsidiaries.

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