

Extraordinary announcement

OTP Bank's consolidated MREL requirement

OTP Bank Plc. hereby notifies members of capital markets that the National Bank of Hungary (MNB) acting as the group-level resolution authority of OTP Group informed the Bank about the consolidated minimum requirement for own funds and eligible liabilities (MREL requirement) of OTP Bank calibrated on the Group's financial information as of 31 December 2020. The consolidated MREL requirement shall be met by 1st January 2024, following a 1-year transitional period. The MREL requirement is determined at 19.12% of the Group's total risk exposure amount (TREA or RWA) and 5.74% of the Group's total exposure measure (TEM).

MNB informed the Bank that subordination requirements will also be applicable to OTP Bank. The minimum level of subordination for OTP Bank will be 13.5% of TREA, 5% of TEM and 8% of TLOF (total liabilities and own funds). Subordination requirements shall be met from 16 December 2024 by using own funds and subordinated eligible liabilities.

The mandatory intermediate target for OTP Bank's consolidated MREL requirement applicable from 1 January 2022 is 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 OTP Bank has to meet the combined buffer requirement in addition to its MREL TREA 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 requirement. This principle is applicable to the MREL TREA subordination requirement and the intermediate target of the MREL TREA requirement, too.

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 on the basis of the Joint Decision of the Resolution College, which is operated jointly with the Resolution Authorities of the subsidiaries.

OTP Bank Plc.