

Disclosure by institutions 30 September 2020



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, and EBA/GL/2020/07 of exposures subject to measures applied in response to the COVID-19 crisis

(English translation of the original report)

Budapest, 30 November 2020

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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 30.09.2020 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 30.09.2020 the capital adequacy ratio of OTP Group - with the profit of the first three quarter - was 17.03%. The Group regulatory capital requirement as of 30th September 2020 was HUF 1,211,286 million and the amount of regulatory capital was HUF 2,578,450 million.

OTP Group's capital requirement

Capital requirement of OTP Group	
(million HUF)	30.09.2020
Total capital requirement	1 211 286
Capital requirement of capital and counterparty risk	1 077 363
Capital requirement of market risk	17 981
Capital requirement of operational risk	115 942

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 2020	(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	2 415 695		
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	-189 588		
29 Common Equity Tier 1 (CET1) capital	2 226 107		
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)	2 226 107		
51 Tier 2 (T2) capital before regulatory adjustment	352 343		
57 Total regulatory adjustments to Tier 2 (T2) capital	0		
58 Tier 2 (T2) capital	352 343		
59 Total capital (TC = T1 + T2)	2 578 450		
61 Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,70%	92 (2) (a), 465	
62 Tier 1 (as a percentage of total risk exposure amount)	14,70%	92 (2) (b), 465	
63 Total capital (as a percentage of total risk exposure amount)	17,03%	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				
	30.09.2020	30.06.2020	31.03.2020	31.12.2019	
Regulatory capital					
1	Common Equity Tier 1 (CET1) capital	2 226 107	2 092 926	2 139 592	2 074 045
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 024 420	1 926 182	1 998 312	1 974 752
3	Tier 1 capital	2 226 107	2 092 926	2 139 592	2 074 045
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 024 420	1 926 182	1 998 312	1 974 752
5	Total capital	2 578 450	2 443 344	2 496 092	2 409 618
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 376 763	2 276 600	2 354 811	2 310 325
Total risk weighted assets					
7	Total risk weighted assets	15 141 076	15 023 300	15 302 002	14 439 218
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14 939 389	14 856 556	15 168 039	14 349 781
Capital ratios					
9	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,70%	13,93%	13,98%	14,36%
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	13,55%	12,97%	13,17%	13,76%
11	Tier 1 (as a percentage of total risk exposure amount)	14,70%	13,93%	13,98%	14,36%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,55%	12,97%	13,17%	13,76%
13	Total capital (as a percentage of total risk exposure amount)	17,03%	16,26%	16,31%	16,69%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15,91%	15,32%	15,52%	16,10%
Leverage ratio					
15	Total exposure	25 176 713	23 911 920	22 369 159	21 606 453
16	Leverage ratio	8,84%	8,75%	9,56%	9,60%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,04%	8,06%	8,93%	9,14%

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)	30.09.2020
Total exposure	25 176 713
Tier 1 capital	2 226 107
Leverage ratio	8,84%