

Erste Bank Hungary Zrt. has received a new MREL requirement for the Hungarian Resolution Group

The National Bank of Hungary (NBH), in its capacity as a national resolution authority, on 11 October 2021 notified Erste Bank Hungary Zrt. about its MREL requirement (Minimum Requirement for own funds and Eligible Liabilities) set in a joint decision with the Group resolution authority and calibrated on balance sheet data as of 31 December 2019 and the Bank Recovery and Resolution Directive 2 (BRRD2).

Erste Bank Hungary Zrt. as the resolution entity of the Hungarian resolution group, must comply with binding interim MREL requirements equivalent to 19.00% (excluding the Combined Buffer Requirement (CBR)) of the Total Risk Exposure Amount (TREA) and 5.82% of the Leverage Ratio Exposure (LRE) of the Hungarian resolution group starting from 1 January 2022.

The MREL requirements on fully loaded basis, effective from 1 January 2024, are equivalent to 24.42% of TREA (excluding CBR) and 5.82% of LRE of the Hungarian resolution group, respectively.

In summary, the following MREL requirements have been set:

- 19.00% of TREA from 01.01.2022 (binding)
- 21.82% of TREA from 01.01.2023 (non-binding)
- 24.42% of TREA from 01.01.2024 (binding).

In addition, the minimum subordination requirements were set at a level of 13.50% of TREA (excl. CBR), 5.00% of LRE and 8.00% of TLOF, thereby specifying the amount of the total MREL requirements that must be met with subordinated instruments such as regulatory capital, subordinated debt and senior non-preferred debt.

The TREA of the Hungarian resolution group as of 31 December 2019 (as applied by SRB for the MREL calibration) amounted to EUR 5 917 million and LRE to EUR 9 282 million.

The table below summarises the current MREL and subordination requirements:

Requirements for Hungarian Resolution Group based on December 2019 data	from 1 January 2022		
	in % of TREA (excl. CBR)	in % of LRE	in % of TLOF
Total MREL	19.00%	5.82%	-
Subordinated MREL	13.50%	5.00%	8.00%

Erste Bank Hungary Zrt.'s long term capital and funding plan has been adjusted in order to ensure compliance with the aforementioned requirements.

In addition, Erste Befektetési Zrt. (EIH), Erste Lakástakarék Zrt. (ELTP) and Erste Jelzálogbank Zrt. (EJZB) which are part of the Hungarian Resolution Group are subject to an internal MREL requirement and have been notified accordingly. EIH and EJZB received 24.42% internal MREL requirement in % of TREA and 5.82% internal MREL requirement in % of LRE applicable from 01.01.2022, while ELTP received 12.59% internal MREL requirement in % of TREA and 3% internal MREL requirement in % of LRE applicable from 01.01.2022.

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