

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 15 July 2022 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 2020 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 23.86% of TREA (excluding CBR) and 5.83% 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)
- 21.43% of TREA from 01.01.2023 (non-binding)
- 23.86% 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 2020 (as applied by SRB for the MREL calibration) amounted to EUR 5 636 million and LRE to EUR 10 280 million.

The table below summarises the current MREL and subordination requirements:

Requirements for Hungarian Resolution Group based on December 2020 data	binding from 1 January 2022			binding from 1 January 2024		
	in % of TREA (excl. CBR)	in % of LRE	in % of TLOF	in % of TREA (excl. CBR)	in % of LRE	in % of TLOF
Total MREL	19.00%	5.82%	-	23.86%	5.83%	-
Subordinated MREL	13.50%	5.00%	8.00%	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) which is part of the Hungarian Resolution Group is subject to an internal MREL requirement and has been notified accordingly.

EIH must comply with binding interim MREL requirements equivalent to 24.42% (excluding the Combined Buffer Requirement (CBR)) of the Total Risk Exposure Amount (TREA) and 5.82% of the Leverage Ratio Exposure (LRE) starting from 1 January 2022, furthermore it has to comply with interim MREL requirements equivalent to 23.86% (excluding the Combined Buffer Requirement (CBR)) of the Total Risk Exposure Amount (TREA) and 5.83% of the Leverage Ratio Exposure (LRE) starting from 1 January 2023.

In case of Erste Lakástakarékpénztár Zrt. (ELTP) and Erste Jelzálogbank Zrt. (EJZB) the NBH waived the application of the individual MREL requirement.

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