1. *Method of defining the Green Ratio*

The Green Ratio shall be calculated projected on gross exposure, as the quotient of the green exposure and the gross exposure, unless the Annex provides otherwise. Thus, e.g. in the case of point 1) of the Annex if the investment is implemented through the “KÁT/METÁR” scheme (mandatory feed-in tariffs and subsidy scheme for renewables), the Green Ratio in respect of the investment loan amount shall be 100%.

Unless the Annex contains special provisions with regard to the definition of the Green Ratio, it shall be calculated as follows:

**Green Ratio = green exposure /gross exposure**, where

**green exposure** is the “green” part of the gross exposure. The “green” part shall be that part of the gross exposure which

* complies with the conditions specified in the Annex to this Notice[[1]](#footnote-2) (except for point 9), i.e. with the definition of environmentally sustainable loans, and
* it is confirmed by the credit institution in the manner prescribed in subpoint 4.2 of the Notice.

Thus e.g.: the sum of the investment loan drawn down financing the production of renewable energy (where the investment is implemented outside KÁT/METÁR), confirmed by invoices, and the undrawn amount of the credit line. That part of the undrawn credit line may be taken into consideration which has been confirmed in the manner specified in subpoint 4.2 of the Notice and is likely to comply with the conditions specified in point 1) of the Annex.

**gross exposure** sum of the gross carrying amount of the respective loan and the undrawn amount of the credit line / fair market value in the case of bonds.

1. *Method of calculating the discount (in the case of 5% discount) and its impact on the TSCR ratio*

|  |  |  |
| --- | --- | --- |
| **Calculations related to preferential capital requirement** | *HUF (million)* |  |
| Outstanding corporate loan exposure | 200 000  |  |
| of which green (e.g. 10%) | 20 000  | *=200 000 \* 10%* |
| Discount (5%) | 1 000  | *=20 000 \* 5%* |
| Total Risk Exposure Amount (TREA) | 600 000  |  |
| Change in SREP Capital Requirement (TSCR) | 0.17% | *=1 000 / 600 000* |
|   |   |  |
| SREP capital requirement BEFORE discount | 80 000  |  |
| SREP Capital Requirement ratio (TSCR) BEFORE discount | 13.33% | *=80 000 / 600 000* |
|   |   |  |
| SREP capital requirement AFTER discount | 79 000  | *=80 000 - 1 000* |
| SREP Capital Requirement (TSCR) ratio AFTER discount | 13.17% | *=79 000 / 600 000* |
|   |   |  |
| Decline in TSCR due to preferential capital requirement | 0.17% | *=13.33% - 13.17%* |
|  |  |  |
| **Maximum discount** |   |  |
| Capital requirement recognised in respect of green portfolio | Capital recognised for HUF 20 billion with 0% risk weight |
|  |
| 1.5% of TREA | 9 000  | *=600 000 \* 1.5%* |  |

1. *Calculations related to the enforcement of the preferential treatment*

*The example below illustrates the degree of preferential treatment that an investment can benefit from having 60% green investment.*

|  |  |  |
| --- | --- | --- |
| **Lending** | *HUF (million)* |  |
| Loan amount | 500  |  |
| Of which: green | 300  |  |
| Capital requirement (with 100% risk weight) | 24  | *=300 \* 8%* |
| Capital requirement discount | 15  | *=300 \* 5%* |
| Capital requirement after discount | 9  | *=24 - 15* |

*If the financial organisation has the aforementioned single green loan (i.e. only 0.3% of the loan portfolio is green), the preferential capital requirement will be calculated as follows during the ICAAP review.*

|  |  |  |
| --- | --- | --- |
| **ICAAP review** | *HUF (million)* |  |
| Outstanding loans | 100 000  |  |
| Pillar 2 capital requirement recognised for credit risk BEFORE discount (e.g. 10%) | 10 000  | *=100 000 \* 10%* |
|  |
| Pillar 2 capital requirement recognised for credit risk AFTER discount | 9 985  | *=10 000 - 15* |  |
|  |

1. https://mnb.hu/letoltes/zold-vallalati-es-onkormanyzati-tokekovetelmeny-kedvezmeny.pdf [↑](#footnote-ref-2)