Strategy and Finance Division
Investor Relations & DCM

Reference number: IR-269/2014

11 August 2014

Extraordinary announcement

OTP Bank Plc announces that apart from the original impact of the Act No. XXXVIII of 2014 (Act) on the *"Settlement of certain questions related to the Supreme Court's (Curia) uniformity decision on loans to customers provided by financial institutions"* on OTP Group's earnings published on 4 July 2014, the Guidance of the National Bank of Hungary (NBH) published on 29 July 2014 on the calculation methodology regarding the invalidity of foreign exchange margins charged in case of foreign currency denominated customer loans (Guidance) – if applied – might materially increase the expected and potential loss of the Company.

The Guidance is not to be qualified either as a legal regulation or as an administrative resolution; the NBH was not obliged to publish it by any measure. According to the Act it will be the duty of the banks to elaborate the calculation methodology stemming from the invalidity of the FX margin. The banks should submit those methodologies to NBH's within 60 days following the Act becoming effective (i.e. until 24 September 2014). OTP Bank will meet this commitment in due course.

The Guidance provides methodology for calculating the overpayment as a result of the invalidity of the FX margin. According to the reasoning of the Guidance, those overpayments should be treated in each moment as principal (pre)payments, thus should be considered as payments gradually amortizing the outstanding debt obligation. Based on the legal regulations in force and the practice showed by the decisions of the court so far, OTP Group cannot agree to such interpretation.

Provided that OTP Group would still apply the disputed provisions of the Guidance, its refund obligation for the unvalid use of the FX margin would be a HUF 42 billion negative pre-tax impact versus the originally calculated and announced HUF 27 billion published in its extraordinary announcement of 4 July 2014.

The Guidance does not contain any calculating instruction for the unilateral amendment of the contracts; it will be regulated by another act as stipulated by the original Act. However, in case the negative pre-tax impact of the disputable presumption regarding the unilateral rate increases will be calculated according to the guidance methodology of NBH, its magnitude might reach HUF 177 billion against the originally calculated and announced potential loss of HUF 110-120 billion.

OTP Bank Plc.
Postal address: P.O.B.: 501
Budapest H-1876 Hungary
Phone: +36 1 473 5460
Fax: +36 1 473 5951
E-mail: investor.relations@otpbank.hu
Internet: www.otpbank.hu

Address:Nádor street 16. Budapest H-1051 Hungary

While OTP Group does not agree with the measures of the Act and the calculation methodology of the Guidance either from legal or from banking perspective and will pursue all possible legal remedy provided by the law, it will act according to the principles of a prudent banking operation and will make provisions for the potential negative impact for both the invalidity of the FX margin and the disputable presumption regarding the unilateral rate increases in 2Q 2014.

Under such scenario, OTP Group's consolidated capital adequacy ratio as of 1Q 2014 would be *ceteris paribus* by 2.5 ppts lower. Accordingly, the consolidated Common Equity Tier1 ratio under Basel3 would change from 16.4% to 13.9% and the consolidated capital adequacy ratio would decline from 20.2% to 17.7%, which would be still significantly above the 8% regulatory minimum level. The Group's liquidity and ability to lend will remain intact even in the long term.

As the Bank has already pointed out in its Extraordinary Announcement on 4 July 2014, according to its opinion concerns are arising whether the Act is meeting the relevant constitutional requirements and if it is in compliance with the legal regulations and practice of EU. As a result, the Bank is considering applying for legal remedy. Furthermore, the OTP Bank wishes to turn to the court in order to prove that the general terms of its contracts containing the possibility of unilateral amendments were fair.

OTP Bank Plc.