

Reference number: IR-233/2020

19 October 2020

Extraordinary announcement

OTP Bank Plc. hereby informs capital markets members that it has initiated an international arbitration procedure at International Centre for Settlement of Investment Disputes (ICSID) against Croatia. According to the standpoint of OTP Bank Plc., Croatia has infringed the investment protection treaty existing between Hungary and Croatia by prescribing the mandatory exchange of FX loans and FX based consumer loans. The ICSID Secretary has recorded the claim on 16 October 2020.

The aim of the arbitration procedure is to reimburse the loss (the esteemed amount of such loss is at present 224 million HRK) that OTP Bank Plc's Croatian subsidiary bank has suffered. This loss has been caused by a Croatian legal regulation, that prescribed in 2015 in a mandatory manner, that upon request of the debtors of CHF loans or CHF denominated consumer loans, the Croatian banks shall convert the consumer loans to EUR loans or to EUR denominated ones based on the exchange rate and the interests upon disbursement. The caused loss has been already recorded in the books by OTP Group, nevertheless it has not waived its rights to settle its claim primarily by way of negotiation, and by claiming back of the suffered loss by way of legal enforcement in the second place.

For OTP Bank Plc., Croatia is regarded as an important investment target market, OTP Bank Plc. is committed for the efficient operation of its Croatian subsidiary bank. In connection therewith, OTP Bank Plc. – as it has within the last years and in the future – intends to reach a peaceful settlement of the evolved dispute with the Croatian Government. It has to be indicated however, that the protection of the interests of its shareholders, investors and other affected parties (stakeholders) has required the commencement of the arbitration procedure as well. The intention of OTP Bank Plc. is still to settle its claims by way of negotiation.

OTP Bank Plc.