



GAZDASÁGI
VERSENYHIVATAL

The GVH's position regarding the commitments of OTP Bank on the market of mortgage loans for the purpose of purchasing a house

The GVH learned from several sources recently that OTP Bank provided its clients with dubious information on its commitments accepted by the GVH relating to the housing loan industry. Due to the complaints concerning the information, the questions asked by consumers in connection with the details of the commitments and the content of the information obtained by the GVH it is necessary to make clear the position of the GVH included in the order terminating the case and to answer the most frequent questions.

According to the information provided by the financial institution its clients were notified until 31 January 2008 about the re-establishment of the upper ceiling of handling fees. However, the notification sent to the clients by OTP Bank Nyrt. contains dubious phrases: it suggests that the increase of the upper ceiling of handling fees was required by the GVH. The GVH did not oblige OTP to do this, as this would be beyond the authorities competence. The phrase suggesting that the increase of the upper ceiling of handling fees fits the requirements of the GVH, or that this step was approved in advance by the GVH is misleading.

In December 2007 the GVH decided to terminate the proceeding initiated against OTP Bank because the financial institution undertook commitments that were suitable, according to the authority, for ensuring the protection of public interest effectively. When accepting the commitments the GVH considered as a significant circumstance that in this way a considerable number of clients got compensation simply and within a short time, avoiding the long and expensive litigation.

OTP Bank undertook the following commitments:

- To pay back the amount charged above the original ceiling of handling fees to the clients of OTP Bank and OTP Mortgage Bank With respect to both OTP Bank and OTP Mortgage Bank it undertook the re-establishment of the original handling fees. Furthermore, before the next raise of the fee it would inform all customers directly, ensuring 90 days for them for switching.
- Regarding the repayment fees OTP Bank undertook the repayment only with respect to its own clients; the same applies to the possibility of the repayment of the loan according to the original conditions for a period determined by OTP Bank in the commitments. (Which means that the clients of OTP Mortgage Bank Zrt. will not get their money back in connection with the repayment fees.)

Obviously, the commitments of OTP Bank do not mean that in the future the amount of its handling fees will not be increased at all. However, if the financial institution intends to modify the handling fees, according to the commitments, clients must be directly informed about the decision 90 days before its effectuation. This is necessary, because in this way clients discontented with the new conditions get to know the disadvantageous changes in time, thus they have the chance to refinance their loans with more advantageous loans of other banks.

The background materials of this case are available on the homepage of the GVH and as an appendix to this press release. The full text of the order terminating the case is also available on the homepage of the GVH.

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APPENDIX

CONSUMER INFORMATION – BACKGROUND MATERIAL

Frequently asked questions concerning the commitments and the order terminating the case in the proceeding No Vj-41/2006

Background

In the competition supervision proceeding No Vj-41/2006 the GVH terminated the proceeding with a commitment decision and it obliged OTP Bank to fulfil the commitments undertaken by it.

After the clarification of the facts and taking into account all circumstances, the GVH decided that public interest can be ensured most effectively by the accepting of the commitments undertaken by, and making them binding on, OTP Bank. Due to the commitments a considerable part of the harms caused to consumers and to competition will be corrected. When accepting the commitments the GVH considered as a significant circumstance that in this way a considerable number of clients got compensation simply and within a short time, avoiding the long and expensive litigation.

The commitments were undertaken by OTP Bank. The aim of the commitments was mainly to neutralize the harmful impacts on competition caused by the exploitative abuse in connection with the unilateral modification of handling fees and the partly exploitative, partly restrictive abuse regarding the unilateral modification of repayment fees.

In connection with the increase of handling fees OTP Bank undertook that OTP Mortgage Bank also repays the handling fees charged above the original upper ceiling. Furthermore, regarding both OTP Bank and OTP Mortgage Bank, the re-establishment of the original amount of handling fees and the preliminary notification of clients in case of a future modification was undertaken.

Regarding the repayment fees OTP Bank undertook the repayment only with respect to its own clients; the same applies to the possibility of the repayment of the loan according to the original conditions for a period determined by OTP Bank in the commitments. This commitment was accepted by the Competition Council of the GVH.

I. Frequently asked questions in connection with handling fees

1. Am I concerned by the repayment of handling fees?

The repayment of handling fees does not depend on whether you have a contract with OTP Bank or OTP Mortgage Bank. Clients having a contract with OTP Bank or OTP Mortgage Bank that falls under the conditions determined by the order terminating the case, are entitled to the repayment.

It is also required that the handling fees have been changed in deed in the case of the given contract. According to the information obtained in the course of the investigation, in the case of contracts concluded after 16 June 2003 the extent of handling fees was

already 2%. If there has been no modification of the original conditions of the contract, there will be no repayment.

The repayment concerns only those clients, whose loan exceeded HUF 5,4 million at the time of the increase of the handling fees, as the handling fees were raised only in the case of loans exceeding this amount.

2. How does the order terminating the case affect my repayment instalment?

OTP Bank undertook according to the order in question the re-establishment of the upper ceiling of handling fees. As a result, the part of the repayment instalment concerning the handling fees will be changed until 31 March 2008.

The GVH learned that clients were informed about the re-establishment of the upper ceiling of handling fees until 31 January 2008 and later about the subsequent increase of it.

3. How long will the amount of my repayment instalment (the part of it concerning the handling fees) remain the same?

Future increases of the upper ceiling of handling fees fall under the business decisions of OTP Bank. However, clients must be notified before the first modification, according to the commitment: „clients will be informed via mail about the decision 90 days before its effectuation.”

The GVH established that these terms have been changed and OTP Bank determined the upper ceiling of handling fees in the case of the housing loans of the clients concerned in HUF 15 000 from 1 May 2008.

4. When do I get the handling fees repaid?

OTP Bank undertook according to the said order that „the amount of the handling fees charged above the original ceiling will be paid back until 31 March 2008”. Thus the deadline for the reimbursement is 31 March 2008.

5. What will be the amount repaid of the handling fee?

The prospective amount of handling fees repaid is the difference between the increased handling fee and the original HUF 9000 ceiling, multiplied by the number of months during which the increased fees were charged. (This is expected to be 23-24 months, if the amount of the loan exceeded HUF 5,4 million during the whole term of charging the increased fees.)

6. Do I have to call for the repayment?

There is no need to submit a request for the repayment; OTP Bank contacts (has contacted) the clients.

7. Am I entitled to an interest paid after the handling fees repaid?

OTP Bank undertook the repayment of handling fees in its commitments; on the basis of the commitments no interests will be paid.

8. I have a contract concluded after 16 June 2003, nevertheless, it contained that the upper ceiling of handling fees was HUF 9000. Do I get any repayment in such a case?

According to the information provided by OTP Bank in case Vj-41/2006 „in the case of the credit requests submitted after 16 June 2003 the size of handling fees was 2% annually and this amount has not changed until now.”

II. Frequently asked questions in connection with repayment fees

9. Am I entitled to a repayment?

In the case of having the contract concluded at a time when the sizes of repayment fees were 0% (before 15 June 2005), and 2,6% (between 15 June 2005 and 15 August 2005) respectively, the client has the right to get repayment. Another condition of the repayment is the having of a contract with OTP Bank at the time of the payment of the repayment fees.

10. Am I concerned by the possibility of preferential early repayment of the loan?

The conditions of preferential early repayment are the same as the conditions of the reimbursement.

11. How can I get to know that I am a „Mortgage Bank client”?

If you have no contract with OTP Bank, according to the order terminating the case passed in case Vj-41/2006, you are not concerned by the repayments.

In practice in the case of mortgage debenture loans with interest subsidy, the contracting parties are OTP Bank and OTP Mortgage Bank, and the client concerned is a „Mortgage Bank client”.

12. What am I supposed to do if I am a „Mortgage Bank client”?

According to the order terminating the case, you will get back the handling fee but not the early repayment fee. In principle, such clients have the possibility to make a complaint to the GVH.

13. What will be the amount repaid by OTP Bank?

It will be the whole amount of the repayment fees.

14. Do I get any interests paid after the early repayment fee refunded?

OTP Bank undertook in its commitments to pay back the repayment fees, on the basis of the commitments no interests will be paid.

15. When do I get my money repaid?

According to the commitment of OTP Bank the deadline of the repayment is 28 February 2008. OTP Bank notifies its clients about this in writing.

16. What is the deadline of the early repayment of the loan?

Pursuant to the notification of OTP Bank, OTP Bank provides the clients 90 days for the early repayment until 31 January 2008.

II. Miscellaneous

17. If I am no longer a client of OTP Bank, am I concerned by the repayment of the handling fees and repayment fees?

Yes. See I/1. and II/9. for details.

