

Statement on the integration of investments' sustainability risks

OTP Bank Nyrt.'s Sustainability Risk Management Policy was drafted in accordance with the Sustainable Finance Disclosures Regulation (REGULATION (EU) 2019/2088). We define sustainability risk as an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment and assets, financial and earnings situation, or reputation of a supervised entity.

The policy generally describes the principles applied by OTP Bank Nyrt. in handling and monitoring of sustainability risks which may arise during the investment decision process of discretionally managed portfolios and the provision of investment advice.

Management of sustainability risks constitutes an integral part of our overall risk management framework. It is essential for us to develop a comprehensive risk management system that effectively identifies, measures, monitors and controls sustainability risks under the supervision and control of the bank's responsible management bodies.

In order to assess sustainability risk, we use ESG ratings and scores provided by an external data provider or publicly available information. Based on these data, we classify instruments into three internal sustainability risk categories:

1. Low
2. Medium
3. High

In respect of insurance advice OTP Bank Nyrt. as insurance broker cannot deem sustainability risks relevant as insurance advice is not provided by OTP Bank Nyrt. on an independent basis and as the issuer of the available unit-linked funds does not deem sustainability risks relevant during its investment decision-making process, therefore no data is available for OTP Bank Nyrt. in this respect.

We are committed to improving our ESG performance, doing business responsibly, and thinking for the long term. Therefore, we promote a balanced development aimed at redirecting capital flows towards sustainable investments. If the sustainability risk becomes higher than our sustainability risk appetite, we are required to take relevant actions.