



# Sustainability efforts of OTP Group



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# Welcome from the Chairman



**Dr. Sándor Csányi**  
Chairman  
OTP Bank



## Dear Shareholders,

Last year, we celebrated the 75th anniversary of the founding of OTP Bank, and this May marks 30 years since OTP went public. We can be justly proud of our achievements: over the past 30 years we have become a leading financial institution in the Central and Eastern European region, currently providing high quality financial services to more than 17 million customers in 11 countries.

Our financial indicators also reflect a successful strategy. Stability is our top priority, while for more than two decades we have successfully combined faster organic growth than our competitors with value-creating acquisitions and outstanding profitability. At the end of 2023, the Banking Group's balance sheet total was over EUR 100 billion, and in 2024 it grew further, despite the sale of our Romanian subsidiary at the end of July. **Meanwhile, our profit after tax increased to EUR 2.7 billion.**

In recent years, the structure of the Banking Group has changed significantly: 44% of net loans are now directly in the Eurozone or a soon-to-join country, and more than two-thirds of our profit after tax is generated by non-Hungarian group members. We have a dominant position in five countries and we aim to be around the top of the league in our other markets.

Over the past 10 years, OTP Bank has made 14 successful acquisitions, which have resulted in a significant restructuring of the Banking Group. We stepped out of the Central and Eastern European region with our acquisition of a bank in Uzbekistan, but at the same time we further strengthened our position in Slovenia with our largest acquisition to date, which significantly increased our weight in the EU and current and future Eurozone countries. OTP Group's net loans have quadrupled since 2014. This average annual growth rate of 16% significantly exceeded the dynamics of our regional competitors over the same period.

Over the past decades, OTP has gained unique experience in the professional implementation

of bank acquisitions and the successful integration of acquired banks into the Group. This is how we became the leading consolidator in the regional banking sector. We have achieved this by relying on our solid capital base, our excellent liquidity and, of course, the outstanding professional experience of our staff.

Once again, our excellent performance was rewarded with numerous professional accolades, all important and honourable, but I would like to highlight one: Standard & Poor's Global Market Intelligence has ranked OTP Bank as the best of Europe's 50 listed banks in its 2024 efficiency ranking based on objective financial indicators.

While our focus is on efficient operations with sustainable profitability, we do this in a way that is consistent with our ESG ambitions and commitments. **OTP Group aims to be a leading player in the region in financing the transition to low carbon economies, thereby gradually building a sustainable future.** OTP Bank's sustainability strategy focuses on building a green loan portfolio, which exceeded HUF 1,000 billion by the end of 2024. These green investments offer significant opportunities for both our customers and the Bank.

We believe that financial stability cannot exist without environmental and social sustainability. In recognition of OTP's consistent work in this area, our bank has won the Global Sustainability Award from Global Finance magazine for the past two years, ahead of several large multinational banks.

In recent years, despite external challenges, we have delivered excellent financial results, strengthened our market leadership, set a new industry standard in digitalisation and successfully expanded into the non-bank services market, building customer trust and loyalty.

I am confident that management's medium-term strategic objectives will continue to meet your expectations.

## INTRODUCTION

**OTP Group is a significant player in many CEE countries' banking market**



## About OTP Group

OTP Group is one of the **fastest growing, leading independent and universal banking groups**. It provides a full range of banking services and, through its subsidiaries and affiliates, a comprehensive range of other financial services, including fund management, leasing and factoring.

Today the Group is present in **11 countries** in Central and Eastern Europe (CEE), as well as in Uzbekistan, Central Asia. As the most active consolidator in the banking sector of the CEE region, the Group **has successfully acquired and integrated 25 banks since the early 2000s**. The majority of the Group's operations are in European Union member states, and the Group has a **unique knowledge of the CEE region**.

OTP Group has an **outstanding profitability** and a **stable capital and liquidity position**.

It is a **dominant market leader in 5 countries**: Hungary, Bulgaria, Serbia, Montenegro and Slovenia.

OTP Group is **headquartered in Hungary**. OTP Bank has been **listed on the Budapest Stock Exchange** since 1995, and **has very diversified and transparent ownership without strategic investors** and any state ownership. The ownership structure demonstrates that OTP Bank is an independent company.

With integrity and determination, OTP Group is working towards the development of the Central and Eastern European region as the continent's growth engine. With commitment and expertise we use our financial and technological resources to benefit all of our stakeholders.

We have what it takes to get it done.



## Purpose of this document

This document aims to provide a **concise and comprehensible summary** of OTP Group's efforts to contribute to a more sustainable economy. The information presented here is based on the Bank's [Integrated Annual Report 2024](#). In case of discrepancies between the two documents,

information as published in the Integrated Annual Report should be taken as decisive. Please note that any content included in this document but not covered in the Integrated Annual Report has not been audited.

## OTP GROUP'S GREEN STRATEGY

**The most important element of OTP Bank's sustainability strategy is the continuous growth of the green loan portfolio**

OTP Bank's sustainability strategy is built on three pillars: green lending, greening our operations, and transparency.



## Green lending

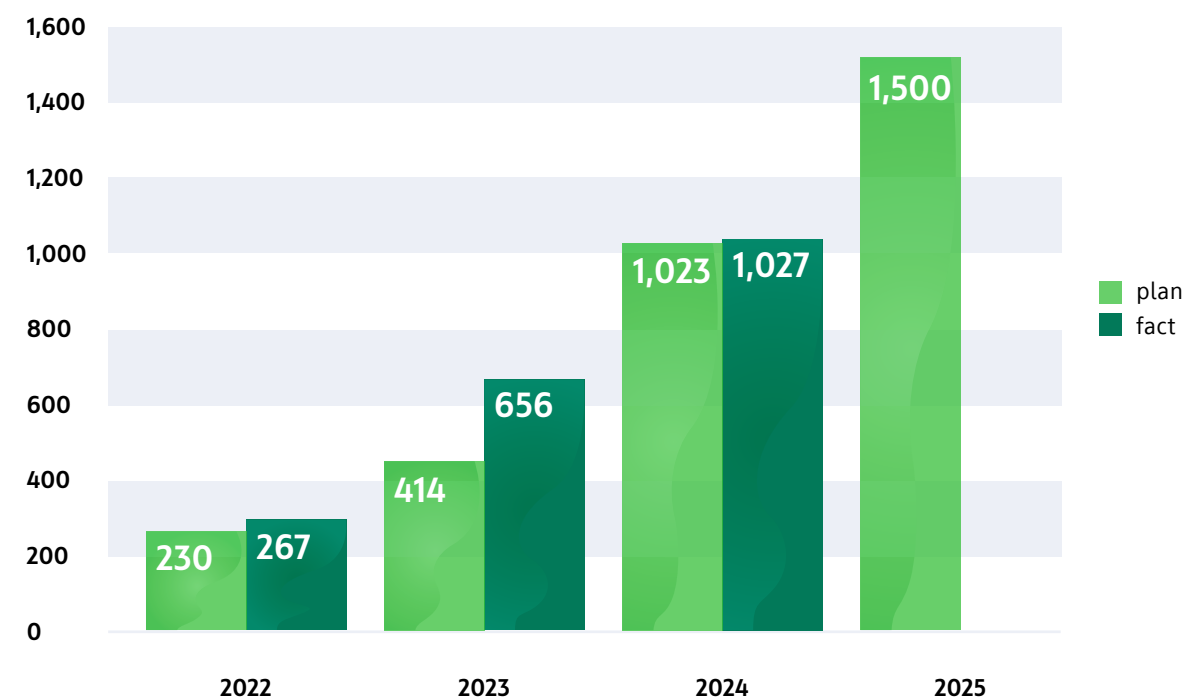
OTP Group is aiming to be the regional leader in financing a just and gradual transition to a low-carbon economy and building a sustainable future offering balanced financing options. The sustainability strategy of the Group has a strong focus of building its green lending book, financing our clients' investments in transitioning to a low emission economy in all industries and segments.

The green exposure definition of OTP Group includes **on-balance sheet loans, advances, leases, and bond exposures** that have undergone an internal green assessment process and meet the technical

screening criteria of any of the following frameworks: OTP Group Green Loan Framework, OTP Group Sustainable Finance Framework, the MNB's (Hungarian National Bank) corporate and municipal capital requirement discount program or green housing capital requirement discount program, as well as the NHP Green Home program.

With these frameworks in place, we have set an ambitious target to achieve **HUF 1,500 billion in green lending by the end of 2025**. As of 31 December 2024 we have HUF 1,027 billion on our books and we are on a stable track to reach our 2025 target.

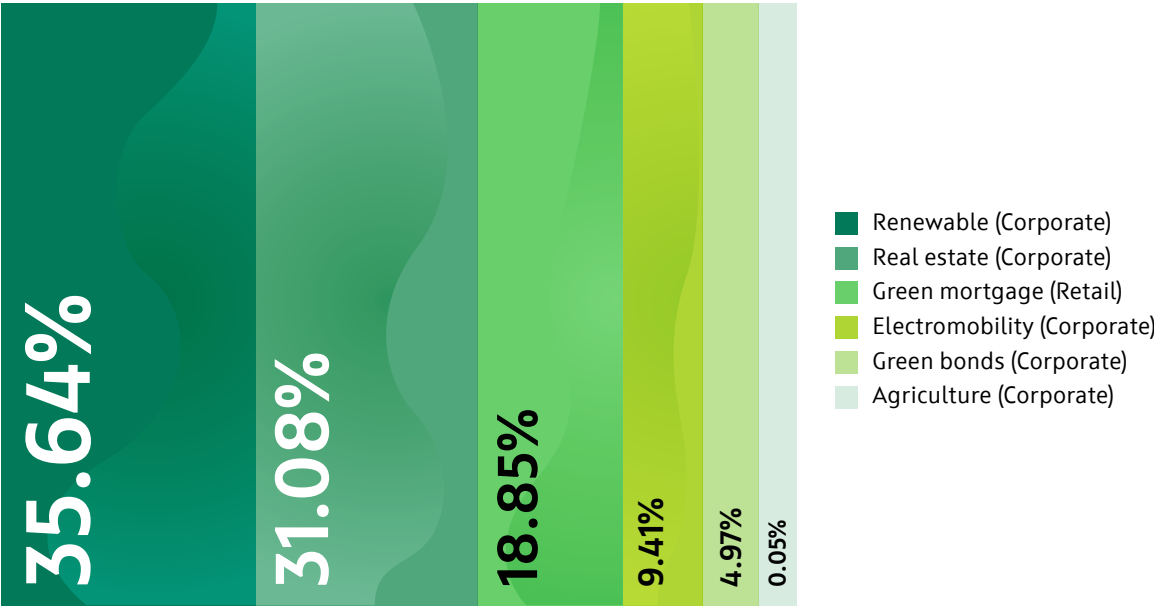
**Chart 1: End-of-year green exposure portfolio at Group-level (HUF billion)**



Source: OTP Bank



Chart 2: Composition of OTP Group's green loan portfolio by loan purpose as end of 2024 (100% = HUF 1,027 billion)



Source: OTP Bank

OTP Group is prioritizing **green and sustainable growth**, particularly in the sectors of renewable energy, real estate, and electromobility.

Loans allocated to the green bonds of OTP Group (which represent only a portion of the total green portfolio) helped to avoid an annual GHG emission of 1,399 tonnes of CO<sub>2</sub>-eq according to the estimates of Sustainalytics (as reported by our latest [Impact Report](#)).

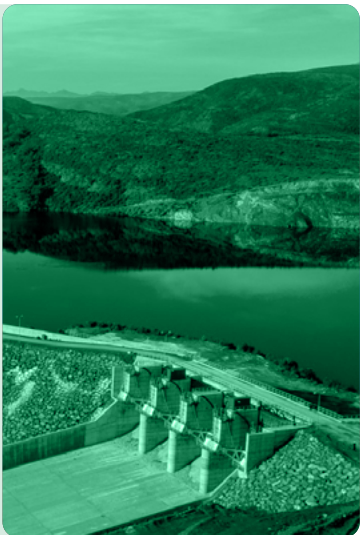
Types and forms of green investments vary country by country in the region. OTP Group incorporates environmentally sustainable lending practices as a fundamental aspect of its business operations, aiming to **provide clients in all sectors with access to loan opportunities that align with their green objectives**.



CONTEXT MATTERS: COUNTRY HIGHLIGHTS

### Hydropower in Albania

In **Albania**, hydropower remains a cornerstone of the country's renewable energy strategy. With its abundant water resources, Albania has been able to generate a significant portion of its electricity from **hydropower**. These investments not only enhance energy security but also position Albania as a key player in the regional renewable energy market. The corporate renewable (hydro) portfolio of OTP Bank Albania (OBA) amounted to EUR 82.9 million.



CONTEXT MATTERS: COUNTRY HIGHLIGHTS

### Electrification in Bulgaria

In **Bulgaria**, we are seeing significant rise in investments in renewable energy and electric energy storage. The country is making strides in **solar and wind energy**, supported by substantial funding from all market players, including OTP Group Member, DSK Bank. The corporate renewable portfolio of DSK amounted to EUR 404.75 million in 2024.

Additionally, Bulgaria is investing heavily in **energy storage solutions** to balance the intermittent nature of renewable energy sources. The government has launched calls for grants to support battery storage systems, aiming to integrate these with renewable electricity plants.

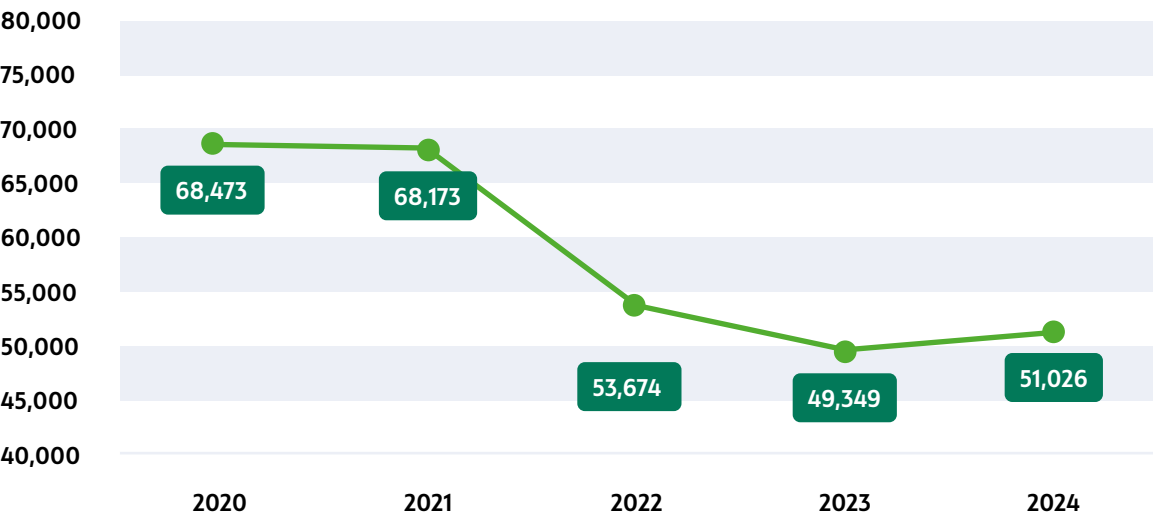


### Greening our operations

OTP Group is **continuously working on reducing its own corporate carbon emissions, primarily through energy efficiency measures**.

The scope 1-2 emissions of the Group have been on a downward trend in recent years.

Chart 3: Market-based Scope 1 and 2 emissions of OTP Group in 2024 (in tons of CO<sub>2</sub>e)


























Source: OTP Bank

In both Hungary and the operations of OTP Group's subsidiary banks, typically use of buildings and car fleet are the two major emitters. Members of the Banking Group are already implementing measures – primarily regarding building stock – to **reduce greenhouse gas emissions**. Among these, the procurement of green electricity has had the most significant impact; in 2024 OTP Bank Hungary, OTP Bank Slovenia, OTP Bank Croatia, and OTP Bank Serbia mainly covered their consumption

with green electricity. These practices are continued in 2025. Additionally, planned measures include replacing lighting and boilers, optimizing heating and cooling systems, improving insulation, and installing solar panels. OTP Bank Serbia and OTP Bank Albania have relocated to more energy efficient central buildings, with the Albanian bank's headquarters being LEED Gold certified. The most important measures are summarized in the table below.

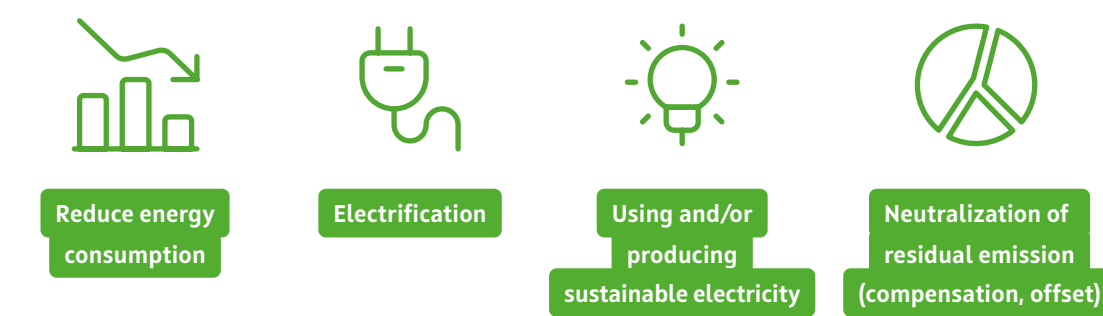
Table 1: Efforts of OTP Group Member to green their own operations

Bank	Measures	
OTP Core	 Purchasing green electricity  Energy saving measures in main buildings (incl. construction works)	 Pilis Park Forest: habitat restoration with the potential to nature-based carbon sequestration  Neutralization of residual emissions through buying carbon credits
DSK	 Purchasing green electricity  Purchasing carbon offsets	 Energy saving measures in main buildings (incl. construction works)  Roof PV systems where possible
OBH	 Responsible procurement  Waste management	 Energy efficiency projects, refurbishments  Neutralization of residual emissions through buying carbon credits
OBS	 GHG emission and resource use reduction program	 Purchasing carbon offsets  Deep renovation of the building stock
OBSr	Steps already taken to reduce GHG emissions:  Agreement on the complete supply of electricity from renewable sources  Introduction of Building Management System	
CKB	 Energy improvement of buildings  Solar project  Replacing old computers	 Installing energy saving devices  Temperature change in server room and use minimal lights
OBA	 Energy reduction measurements	

Regarding emissions arising from operations, **we are currently developing our own comprehensive corporate (scope 1-2) carbon emission reduction strategy** in order to comply with regulatory expectations. In this project, we are going to consolidate the above and further initiatives into a single decarbonization strategy.

Hungarian target setting will be published in 2026, while group-wide extension is expected in the coming years. The current target setting project for the Hungarian operation is focusing on **car fleet and building use**. In the case of car fleet, electrification is the most relevant decarbonization measure.

Concerning the building stock, we plan to follow the preference below:



Based on the outlined approach, residual emissions should be compensated for. This is why OTP Bank (Hungary) continued its practice of **purchasing carbon credits, amounting to 7,000 tCO<sub>2</sub>e in 2024**. This amount covers OTP Bank's (Hungary) total scope 1 and 2 emissions, which remains on top of green electricity purchase. The carbon credits retired during the reporting

period were verified according to the Verified Carbon Standard by Verra. The Bank considers it essential that the project supported through the offsetting is implemented in the country where the Banking Group operates. Therefore, the only project supported by the purchase is the Saint Nikola Wind Farm near Kavarna, Bulgaria, which is the largest wind farm in the country.



CONTEXT MATTERS: LOCAL REALITIES

Pilis Park Forest

In cooperation with Pilisi Parkerdő Zrt., we are developing the **320-hectare Budakeszi Wildlife Garden**, emphasizing the natural and ecological values of the forests. We want to preserve and enhance the values of the forest by developing ecotourism and strengthening public welfare functions, rather than forestry. The cooperation provides an opportunity to build professional collaborations and scientific work, and it is a good way to spread the sustainability approach among our employees. By investing in the restoration of the natural environment, we will now provide a solution for decarbonization.



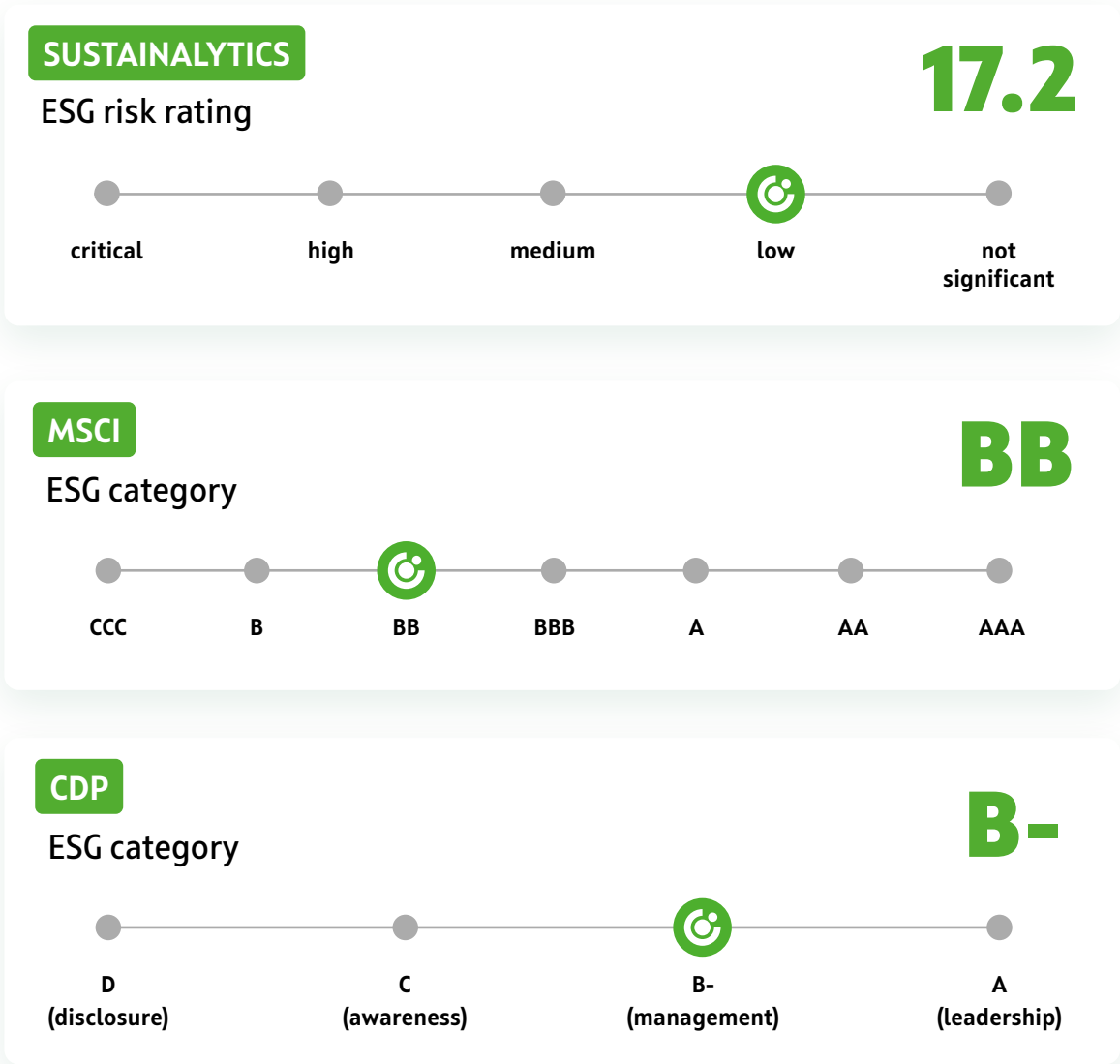


# Transparency

While there is general pressure on banks (from regulatory and supervisory sides and from other stakeholders) to showcase as much commitment to combat climate change as possible, the banking sector has its own limitations in this issue and cannot enforce the transition to a carbon-neutral economy alone. At OTP Group, we are committed to open and

**honest communication about both our ambitions and our limitations in the ESG space.** While we fully comply with legal requirements and strive to meet stakeholder expectations, we also believe in setting realistic goals. We aim to act with integrity by avoiding overpromising and steering clear of greenwashing practices.

OTP Group's sustainability efforts are rated by three independent, third-party agencies:



Our commitment to transparency was acknowledged by the **numerous awards and recognitions** our company has received recently. Below is a list

of the prestigious awards that highlight our achievements and the trust we have earned from our stakeholders.

## OTP Group's list of awards and recognitions from 2024 and 2023:

2024	2023
<div><div>The World's Best Bank for Sustainability Transparency (Global Award) for 2024</div></div>	<div><div>Outstanding Leadership in Sustainable Finance in CEE for 2023</div></div>
<div><div>The Best Bank for Sustainability Transparency in CEE for 2024</div></div>	<div><div>Outstanding Financial Leadership in Sustaining Communities in CEE for 2023</div></div>
<div><div>The Best Bank for Sustainable Financing in Emerging Markets in CEE for 2024</div></div>	<div><div>Best Bank for Sustainable Finance in Hungary for 2023</div></div>
<div><div>The Best Bank for ESG Related Loans in CEE for 2024</div></div>	
<div><div>The Best Bank for Sustainable Finance in Hungary for 2024</div></div>	

To further demonstrate our commitment to transparency, OTP Bank has become an **official Signatory of the UN Principles for Responsible Banking**: a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Program Finance Initiative (UNEP FI) in October 2021. OTP Bank's PRB impact analysis identified climate change mitigation and financial health & inclusion as target setting areas under PRB. In 2024, OTP Group conducted the first

Double Materiality Assessment (DMA) aligned with the requirements in the European Sustainability Reporting Standards (ESRS). This assessment utilized the UNEP FI Portfolio Impact Analysis Tool. The DMA identified climate change (mitigation and adaptation) and access to quality information and access to financial products and services as material. **Therefore, climate change mitigation and financial health & inclusion remain priority areas for target setting under PRB framework.**

## OTP GROUP'S TARGET SETTINGS ON ITS FINANCED EMISSIONS

# The Bank approved its first climate target settings based on its financed carbon footprint of the base year of 2023

The largest part of a bank's total carbon footprint stems from the emissions related to its financed credit portfolio.<sup>1</sup> In this context, OTP Group published its first climate target settings in 2025. This defines the targeted reduction rate of the Group's financed GHG

emissions by 2030 compared to the base year of 2023. As the financed GHG emissions and also emission metrics can have many possible definitions – while this might seem to be very technical – we must clarify ours to put our targets into context.

<sup>1</sup> The Bank's Scope 3 / Category 15 according to the definition of the Greenhouse Gas Protocol.



## Definitions – targets on exactly what?

By financed GHG emissions, we refer to the Bank's "share" of the GHG emissions of our borrowers allocated to us in proportion of the financing ratio

(or so-called: attribution factor) of the given client or asset.

### GHG emissions of the borrowers consist of three composites:

#### Scope 1 emissions

(GHG issued directly by the borrower/asset)

#### Scope 2 emissions

(GHG emission necessary for the electricity and heat consumed by the borrower/asset)

#### Scope 3 emissions

(GHG emissions created in the supply chain of the client)

OTP Group considers only Scope 1 and 2 emissions as relatively reliable indicators of GHG emissions, whereas we assess any estimations of Scope 3 emissions as highly speculative. Although OTP Group is obliged by relevant legislation to define climate targets on all scopes of financed emissions, we consider targets on our financed Scope 1 and 2 emissions as the most meaningful ones. Also, it is possible to define climate targets both on the absolute levels of a bank's financed emissions (expressed in millions of tons of CO<sub>2</sub>-eq) or on relative emissions intensities as a proportion to the outstanding loan volume (expressed in

CO<sub>2</sub>-eq / millions of currencies). OTP Group prefers targets on relative emission intensities, because they do not require any assumptions on the underlying dynamics of balance sheet developments. However, to ensure transparency, we translate relative emission intensities into absolute levels (assuming static balance sheet<sup>2</sup>).

As the methodology for quantifying financed carbon footprint of sovereign exposures is still very unreliable (as admitted also by the standard-setting body, PCAF), OTP Group focuses on targets that cover financed emissions without the sovereign portfolio.



## OTP Group's financed GHG emission for the base year 2023

OTP Group's total financed GHG emission (financed carbon footprint) amounted to 25 million tons of CO<sub>2</sub>-eq in 2023, which serves as the base year of our climate target setting. Under a more reasonable and narrower definition of financed GHG emissions including only financed Scope 1-2 emissions and

without the sovereign portfolio (see: definitions above), our total financed carbon footprint was 9.2 tons of CO<sub>2</sub>-eq. However, when evaluating the Group's financed GHG emissions, it is important to consider the limitations of the data availability and the underlying estimation methodology (see later).

<sup>2</sup> While a static balance sheet assumption is not realistic, it is a widespread technique applied in many supervisory exercises (such as the EBA stress tests), and there is no other assumption that would be more plausible.



Table 2: OTP Group's<sup>1</sup> financed GHG emissions broken down by PCAF asset classes (as of 2023)

PCAF asset class	PCAF average data quality score	Total exposure (million EUR)	Financed Scope 1 emission (tons CO <sub>2</sub> -eq)	Financed Scope 2 emission (tons CO <sub>2</sub> -eq)	Financed Scope 3 emission (tons CO <sub>2</sub> -eq)	Total finance emissions (tons CO <sub>2</sub> -eq)
Listed equity and corporate bonds	4.4	1,275	158,577	31,489	451,391	641,457
Business loans, unlisted equity and project loans	4.2	21,643	5,266,204	1,222,157	10,763,652	17,252,014
Commercial real estate financing	5.0	1,491	44,075		n/a	44,075
Mortgages	4.1	13,414	651,600		n/a	651,600
Vehicle loans	4.8	4,041	1,809,803		n/a	1,809,803
<b>Total without sovereign debt</b>	<b>4.3</b>	<b>41,864</b>	<b>9,183,905</b>		<b>11,215,804</b>	<b>20,398,948</b>
Sovereign debt	1.4	15,763	2,543,807	487,273	1,577,804	4,608,884
<b>Total (all PCAF asset classes)</b>	<b>3.5</b>	<b>57,627</b>	<b>12,214,985</b>		<b>12,792,847</b>	<b>25,007,832</b>

Source: OTP Bank  
<sup>1</sup> Note: without OTP Bank Romania (OBR Group) that was sold in 2024.

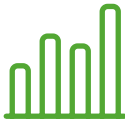
The bulk of these emissions came from the corporate portfolio. The most carbon-intensive industries within the Group's corporate portfolio are mining, energy and agriculture. These industries account for almost half of the Group's financed GHG emissions in terms of financed Scope 1-2, while their share in exposure is less than 20%.

The energy sector's Scope 1-2 emissions have the highest share within the Group's total

financed carbon footprint. Greening the energy mix in electricity generation in the relevant countries could significantly reduce the Group's financed emissions.

A significant part of emissions comes from financing internal combustion engine vehicles. Reducing financing for these and increasing financing for electric cars would significantly reduce emissions.

Residential mortgages have low carbon intensity (low volume emissions, high outstanding amounts). However, greening should start now because the turnover rate is slow (many clients, long terms).



OTP Group's financed GHG emission intensity

The GHG emission intensity of our portfolio – defined as financed GHG emissions per total credit volume – amounted to 487 g CO<sub>2</sub>-eq / EUR for the wider scope of portfolio and emissions, and to 219 g CO<sub>2</sub>-eq / EUR for the narrower scope (only Scope 1-2 emissions and without the sovereign exposures). We define the latter as the basis of our climate target setting for 2030.

Table 3: OTP Group's financed GHG emissions broken down by PCAF asset classes (as of 2023)

PCAF asset class	Financed Scope 1 (g CO <sub>2</sub> -eq / EUR)	Financed Scope 2 (g CO <sub>2</sub> -eq / EUR)	Financed Scope 3 (g CO <sub>2</sub> -eq / EUR)	Total emission (g CO <sub>2</sub> -eq / EUR)
Listed equity and corporate bonds	124	25	354	503
Business loans, unlisted equity and project loans	243	56	497	797
Commercial real estate financing	30		n/a	n/a
Mortgages	49		n/a	49
Vehicle loans	448		n/a	448
<b>Total without sovereign debt</b>	<b>219</b>		<b>268</b>	<b>487</b>
Sovereign debt	161	31	100	292
<b>Total (all PCAF asset classes)</b>	<b>212</b>		<b>222</b>	<b>434</b>

Source: OTP Bank



CONTEXT MATTERS: LOCAL REALITIES

# The impact of price levels in different countries on carbon intensity of banks' portfolios

While stakeholders might compare the carbon intensity of the loan portfolios of different banks in terms of financed GHG emission per 1 euro of loan outstanding to each other, such comparisons are distorted in many ways. When comparing banks operating in different countries, one main source of distortion is the different price levels in different countries. As a general economic law, the more advanced a country's economy is, the more it tends to have higher price levels (due to the Balassa-Samuelson effect), therefore GHG emissions per outstanding loan volumes of banks will be necessarily lower in high-income countries.

To demonstrate this with an example, let's take two mortgage loans financing two very similar buildings: one in Sofia, Bulgaria, the other one in Paris, France. Let's assume that the buildings have the same size and GHG emission volume, and financing ratios (loan / real estate value) are the exact same, too. As real estate prices in Paris

are roughly 2-3-times higher than in Sofia, the outstanding loan volume for the mortgage loan in Paris will be 2-3 times higher. Consequently, the emission intensity of the loan (GHG emissions / loan volume) in Sofia will be 2-3 times higher than that of the loan in Paris even though they finance similar buildings with similar GHG emission profile. The difference in GHG emission intensities results purely from the different price levels of the two cities for which neither the financing bank nor the owner of the building can be made responsible.

As OTP Group operates mostly in emerging countries with price levels lower than in advanced economies, the GHG emission intensities of the Group's portfolio will suffer from this type of distortion when compared to similar indicators of banks operating in high-income countries.



## OTP Group's target for 2030

OTP Group defined its target to reduce its financed GHG emission by 2030 in line with the International Energy Agency's (IEA) Net Zero 2050 (NZE 2050) scenario. Reduction trajectories from the IEA NZE 2050

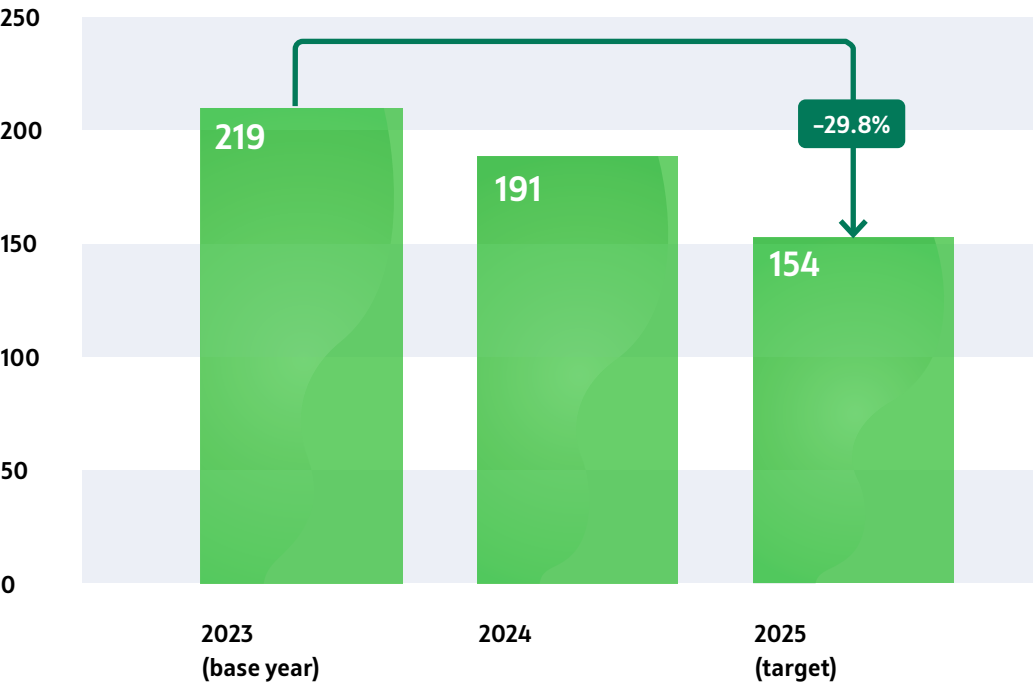
were applied to the different portfolio segments of the Group in terms of country- and industry-breakdown. This exercise resulted in an overall portfolio-level reduction target for financed

emissions of 29.5% compared to the base year of 2030, that is applied to the emission intensity of OTP Group's credit portfolio.

The interpretation of this target is the following: if the economic environment of OTP Group progress alongside the IEA 2050 Net Zero scenario, then OTP Group's financed GHG emissions should reach this target. Thus, this target should be interpreted much

more like a "baseline scenario" on which OTP Group's financed emissions progress if the transition to a carbon-neutral economy will be successful. It is important to emphasize that **OTP Group alone cannot ensure that this target will be met** if our economic environment follows a different trajectory. OTP Group alone cannot enforce the carbon-neutral transition.

Chart 4: OTP Group's target on its key financed GHG emission intensity metric<sup>1</sup> (in g CO<sub>2</sub>-eq / EUR)



Source: OTP Bank  
<sup>1</sup> Note: OTP Group's key metric for the reduction of its financed GHG emission is the sum of all financed Scope 1-2 emission of all PCAF-asset classes except for sovereign. For more details: see explanation in the section "Definitions – targets on exactly what?".

In 2024, OTP Group experienced a decrease of 13% in its key financed GHG emission metric. Although the higher share of green loans contributed to this decrease, the overall decrease reflected mostly the outcomes of unpredictable changes in the portfolio

composition and the quality of data used for the estimation of financed GHG emissions. While the current trend is downward, its continuation—or reversal—remains uncertain.

Measures OTP Group can take to reach its targets

As previously mentioned, OTP Group alone cannot ensure the transition into a carbon-neutral economy. Therefore, its target on the reduction of its financed GHG emissions alongside with the IEA's Net Zero 2050 trajectory cannot be reached if the economies in OTP Group's operating environment follow a different path. However, OTP Group can take – under certain circumstances – some measures to steer towards its target. We have listed such measures in the list below: of which 3 are proactive, and 5 are restrictive in nature.

Table 4: List of potential steering measures and their estimated impacts on OTP Group's financed GHG emission intensity

PCAF asset class	Short name of measure	Impact in g CO <sub>2</sub> emission / HUF of exposures impacted	Description of measure
Proactive measures	More green loans	-2.29	Share of green loans would increase
	Lower financing ratios	-0.76	The loan volume weighted average financing ratio (attribution factor) would be decreased
	More electric cars	-0.38	Reallocation fo finance within the vehicle portfolio from "average vehicles" to financing electric cars
Restrictive measures	Cutting financing to coal-fueled power plants	-2.01	Withdraw from loans where the borrowers' electricity production is fueled by coal in more than 25% and provide the same amount of loans to average corporate borrowers
	Cutting finance to the mining industry	-1.97	Withdraw from loans to the mining industry and provide the same amount of loans
	Less financing to heavy industries	-0.25	Decrease loans to cement, steel, iron, aluminium, chemicals, and replace them by loans to the "rest of the economy" sector
	Less vehicle loans	-0.60	Decrease the amount of vehicle loans and provide the same amount of loans to an "average" borrowers (based on total portfolio average emission intensity)
	Transition finance	hard to quantify	

Some of the measures such as increasing green loans, transition financing, and financing more electric vehicles) assume that the Group would increase the share of the greener, low-emission exposures and thus lower its financed GHG intensity measure. Other measures (cutting financing to coal-fueled power plants, to the mining industries, to pollutive industries and to vehicle finance) assume that the Group would exit from the financing of high GHG-emitter industries and replace them with lower ones. Lowering financing ratios would decrease the Group's share in responsibility for the borrowers' GHG emissions. Nevertheless, green lending has the greatest actual and specific positive environmental impact.

When interpreting the above list of measures, it is important to keep in mind that the Group might decide on the implementation of these measures on a discretionary basis, but it does not commit to taking automatically all or even any of these measures. Also, when considering taking any of these measures, the Group accounts for a series of aspects other than the ones regarding financed GHG emissions to be included in the decision. Such aspects might be the Group's financial interests, the Group's social responsibility and impacts on the viability or energy-security of its environment and stakeholders.



CONTEXT MATTERS: LOCAL REALITIES

OTP Group's coal-related restriction policy

The environmental impact of thermal coal mining and coal-fired power generation is both significant and well-documented, particularly in terms of carbon emissions. Financial institutions play a crucial role in supporting the gradual phase-out of these high-emission technologies by aligning capital allocation with climate goals. **Recognizing this responsibility, OTP Bank Plc is taking concrete steps to contribute to a more sustainable energy future.**

From 1st of July 2025 OTP Bank Plc undertakes to apply restrictions on new loan financing for capital expenditures related to new capacity for thermal coal, i.e., mining and processing of thermal coal as well as coal-based electricity

generation. Final maturity date of any potential new transactions (investment loans, project finance loans) financing new thermal coal capacities, including refinancing, cannot exceed 31st December 2030 while their availability period cannot exceed 31st December 2026. OTP Bank Plc is committed to support the transition to a sustainable, low-carbon economy in line with the Paris Climate Agreement, therefore investments in renewable energy and investments aiming at the reduction of the negative environmental impacts of existing thermal coal assets (green / transition financing, technological improvement etc.) are supported for financing.



## Uncertainties of the financed carbon footprint estimations

OTP Group quantifies its financed GHG emissions – in line with regulatory and industry expectations – based on the PCAF Standard. Nevertheless, it is important to emphasize that **the quantification methodology of banks' – and OTP Group's – financed GHG emissions still contains an exceedingly high degree of uncertainty** with regard to the results (even when compliance with the PCAF Standard is provided). Also, the underlying internal databases **face material data quality challenges**. Therefore, changes in both the methodology and the underlying data, which alter the results of the estimations on the Group's financed GHG emissions even in terms of magnitudes either forward-looking or retrospectively or both, should not be ruled out.

One of the most important source of uncertainty is that banks – and thus, OTP Group – still have to rely on estimations regarding their borrowers' GHG emissions. Especially in the CEE region, where OTP Group is active, most of the companies do not measure and report their carbon footprint. For such borrowers, OTP Group estimates their GHG emissions mostly based on their financial data and / or country-level emission factors. We take the latter from the emission factor databases of PCAF (OTP Bank has been a PCAF signatory since June 2023). The average PCAF data quality score of the borrower- and asset-level emission data behind the estimations on our financed carbon footprint was 4.3 and 4.2 in 2023 and 2024, respectively (without the sovereign portfolio).

It is important to emphasise that **estimation uncertainty of our financed carbon footprint is material** due to the low amount of GHG emissions measured and reported by clients even for financed

Scope 1 and 2 emissions. But this might improve in the upcoming years, as more and more clients will collect, measure and report such data. However, **in case of Scope 3 emissions, the estimation uncertainty will inevitably remain huge in the future**, too, as such emissions cannot be measured directly and therefore will always rely on a highly speculative estimation approach.

The Bank **reserves the right to retroactively correct and modify its estimations on its financed carbon footprint** and/or its climate target settings based on them once better data are available.

Furthermore, the monitoring of the financed emission reduction targets of OTP Group will **inevitably make it necessary that the Group revises either the targets themselves or – more likely – the base year data** compared to which those targets were set. The following events and developments might justify such retroactive revisions and a posteriori adjustments necessary (non-exhaustive list): a) having more reliable (reported and measured) emission data from borrowers; b) changes in price levels (inflation); c) changes in portfolio composition; d) changes in public policies with regard to climate change or any other issues; or any other unforeseeable event that make such adjustments reasonable.

OTP Group **reserves all rights to adjust retroactively** either the base year values of its financed GHG emissions, or any other GHG-related indicators related to its GHG reduction targets or the targets themselves, if this is justified by the circumstances. In the event of such adjustments the Group will provide a clear and satisfactory explanation for them.

**OTP Group is aiming to be the regional leader in financing a just and gradual transition to a low-carbon economy and building a sustainable future offering balanced financing options.**