



KPMG

Second Party

Opinion

OTP Mortgage Bank Ltd.

Green Mortgage Bond Framework 2026

KPMG Advisory Ltd.

March 2, 2026

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1 Summary

OTP Mortgage Bank Ltd. (“OTP Mortgage Bank”, the “Company”) has engaged KPMG Advisory Ltd. (“KPMG”) to inspect and assess the Bank’s updated Green Mortgage Bond Framework (the “Framework”). The Company first developed its Green Strategy and Green Mortgage Bond Framework in 2021, and in 2026 decided to update them to align with current international standards, supervisory guidelines and best practices, ensuring successful and proactive action to preserve ecological values.

As part of the Second Party Opinion (“SPO”), KPMG assessed whether the Company’s Framework is aligned with the guidance set out in the following publications of the International Capital Market Association (“ICMA”):

- ICMA Green Bond Principles, June 2025 edition1 (“The Green Bond Principles (2025)”, “ICMA GBP”)
- ICMA Guidance Handbook, June 2025 edition2 (“Guidance Handbook (2025)” or „ICMA Handbook”)

Based on our assessment, we consider the Company’s Green Mortgage Bond Framework, updated in 2026, to be aligned with the principles and recommendations set out in the ICMA Green Bond Principles – June 2025 and the ICMA Guidance Handbook – June 2025 publications.

¹ [The Green Bond Principles, June 2025 edition](#)

² [Guidance Handbook, June 2025 edition](#)


2 The scope of the SPO analysis and the applied methodology


OTP Mortgage Bank has updated its Green Mortgage Bond Framework to act effectively and proactively in protecting the environment, in line with current international standards, supervisory guidelines and best practices. The objective of the Framework is to define which instruments are considered green mortgage bonds by the Company.

The aim of the assessment process is to examine the Framework's alignment with the ICMA Handbook – June 2025 and the ICMA GBP – June 2025 publications, and to determine whether the core indicators are presented within the Framework.

In conducting the assessment, KPMG followed the guidance set out in the ICMA External Review Guidelines published by ICMA when evaluating the documentation, information and explanations provided by the Company. The procedures carried out included data requests addressed to the Company, interviews with the Company, and the inspecting the documentation submitted.

During the assessment:

-  KPMG conducted interviews with the executives and experts involved in the preparation of the Framework to understand the underlying processes and controls. These processes covered the determination of the purpose of the Company's use of the funds generated by the issuance of green mortgage bonds, the evaluation and selection of green loans, the management of the proceeds from green mortgage bond issuances, and the application of the fulfilment of reporting and data provisioning; furthermore

-  inspected the background documentation provided by the Company, which formed the basis for defining the criteria presented in the Framework.

3 Limitations of Liability

This assessment comprises a high-level assessment of the documentation and processes provided by the Company, namely an evaluation of the Framework's alignment with the guidance described in the chapter "The scope of the SPO analysis and the applied methodology." The SPO process did not follow audit or assurance procedures or standards.

The assessment did not cover:

- ✘ auditing the Company's financial statements;
- ✘ checking the adequacy of the basic data and documentation provided by the Company.

The validity of the SPO does not extend to the compliance with any future or updated standards (as defined in 1-2. chapter of the SPO) in relation to the ICMA Guidelines and the Framework of the Company.

4 A brief overview of OTP Mortgage Bank, its sustainability strategy and objectives³

OTP Bank Plc. (“OTP Bank”) established OTP Mortgage Bank in 2001 with the intention of enabling the OTP Group to participate effectively in the dynamically developing mortgage lending market in Hungary and to become an active player in the emerging mortgage bond market. The Company’s main activities include financing the development and purchase of residential real estate, as well as providing of general-purpose mortgage loans. OTP Mortgage Bank is 100% owned by OTP Bank Plc.

OTP Mortgage Bank is a key player in the Hungarian mortgage lending market: it holds a market-leading position both in terms of outstanding mortgage bonds and in the size of the mortgage loan portfolio. The product portfolio of the Company features housing loans and construction loans as well as loans for property refurbishing purposes, including market and state-subsidised versions. In 2025, nearly third of the retail mortgage loans disbursed in Hungary were granted by OTP Mortgage Bank.

Sustainability efforts and ESG Policy⁴

The ESG Strategy of OTP Mortgage Bank is aligned with the corresponding initiatives of OTP Group, the foundations of which were set out in OTP Bank’s environmental policy. OTP Bank’s Green Programme Directorate responsibility is to contribute to the implementation of OTP Group’s environmental, social and governance vision, and to support all members of the Group in taking maximum advantage of the opportunities in green financing. OTP Group’s commitment to sustainable development is reflected in all markets served by the Banking Group, for example, through the introduction of green products and its corporate social responsibility.

³ Based on the Introduction chapter of the ‘Green Mortgage Bond Framework 2026’ document of OTP Mortgage Bank Ltd.

⁴ Based on the chapter of the Corporate social responsibility and Sustainability Efforts and ESG Policy of the ‘Green Mortgage Bond Framework 2026’ document of OTP Mortgage Bank Ltd.

Although OTP Mortgage Bank is a small organisation in terms of headcount (the Company's average number of employees has not exceeded 50 in recent years), it strives – within its own means and in line with the OTP Group's related initiatives – to organise its internal operation in the most sustainable manner possible.

The Group's environmental activities in relation to operations cover, among other areas, the efficient use of resources, as well as waste management and responsible procurement.

Beyond its direct business activities, OTP Mortgage Bank also integrates sustainability considerations into its corporate social responsibility efforts. As part of this commitment, the Company participates in professional and policy-level consultations aimed at combating climate change and promoting energy efficiency.

In its corporate responsibility strategy, OTP Group declares its commitment to the environment and integrates environmental considerations into its business operations to minimise the negative environmental impacts arising from its activities and maintenance. The Group's goal is to protect environmental and natural resources, to improve the efficiency of energy consumption and to reduce paper use; these goals are also supported by the effective and measurable results of digitalisation.

5 Assessment

5.1. Green Mortgage Bond Framework

In developing the updated Green Mortgage Bond Framework, OTP Mortgage Bank has considered all recommendations defined in the Green Bond Principles issued by ICMA, specifically the updated version published in June 2025.

The Company aims to fully comply with the expectations specified under the four core components outlined in the document.

- 1.** Use of Proceeds
- 2.** Process for Project Evaluation and Selection
- 3.** Management of Proceeds
- 4.** Reporting

5.1.1. Use of Proceeds

According to KPMG's understanding,⁵ due to the regulatory framework set by the Hungarian Mortgage Act, the asset-side business activity of OTP Mortgage Bank is strictly limited to retail lending secured by real estate collateral, the refinancing of retail mortgage loan portfolio of commercial banks and other related supplementary activities.

Loans in the OTP Mortgage Bank portfolio can be classified as green if the properties serving as collateral for the mortgage loans meet the following energy efficiency requirements defined under the "substantial contribution" criteria of the EU Taxonomy activities applicable to lending:

For construction (EU Taxonomy Annex I, 7.1) and purchase (EU Taxonomy Annex I, 7.7) purposes – highly energy-efficient properties:

- For properties built before 31 December 2020, only those within the top 15% of the national building stock in terms of operational primary energy demand are considered eligible.
- For properties constructed after 31 December 2020, the primary energy demand of the resulting building must be at least 10% lower than the threshold set for nearly zero-energy buildings (NZEB) in the national measures implementing Directive 2010/31/EU of the European Parliament and of the Council.

For renovation purposes (EU Taxonomy Annex I, 7.2) – significantly improving properties:

- The building renovation must comply with the requirements for major renovations or result in at least a 30% reduction in primary energy demand

Any tightening or relaxation of conditions for highly energy-efficient or significantly improved properties will only apply to bonds issued following the publication of the new version of the Green Mortgage Bond Framework.

⁵ Based on the Use of Proceeds chapter of the 'Green Mortgage Bond Framework 2026' document of OTP Mortgage Bank Ltd.

5.1.2. Process for Project Evaluation and Selection

According to KPMG's understanding,⁶ in the course of selecting green loans, OTP Mortgage Bank determines the properties built before 31 December 2020 that fall within the top 15% of the national residential building stock based on energy performance certificates, the threshold values published by the Hungarian Central Bank and regularly updated by the Hungarian Central Statistical Office (KSH), as well as the energy-performance data available in the publicly accessible database of Lechner Knowledge Center Nonprofit Ltd.. In assessing the energy efficiency of properties, the Company relies mainly on the letter-grade rating of the property's energy performance and on the calculated value of its aggregate energy performance indicator.

For loans where the collateral consists of mortgage liens registered on multiple properties rather than a single one, OTP Mortgage Bank considers only the property corresponding to the loan purpose. This property is required to meet the criteria applied to green properties.

In the Framework, the Company has defined the calculation applicable to the top 15% indicated among the criteria, as follows: At the time of the Framework's publication, according to KSH's calculations, the threshold for the top 15% was on average 194.8 kWh/m²/year for single-family houses and 123.2 kWh/m²/year for apartments in multi-unit buildings, while more detailed regional breakdowns show even higher threshold values.

Taking into account the recommendations of science-based international climate models for PED thresholds required to achieve the 1.5°C scenario of the Paris Climate Agreement, the Company decided to apply a stricter threshold: residential properties built before 31 December 2020, are accepted as green collateral only if they meet the thresholds defined in the EU Taxonomy criteria for new buildings ("NZEB-10%").

This means a minimum of 90 kWh/m²/year or a BB rating according to the energy performance certificates issued under the TNM Decree (7/2006 (V.24.)), and a minimum of 68 kWh/m²/year or an A+ rating according to the certificates issued under the ÉKM Decree (9/2023 (V.25.)).

⁶ Based on the Process for Project Evaluation and Selection chapter of the 'Green Mortgage Bond Framework 2026' document of OTP Mortgage Bank Ltd.

The body responsible at OTP Mortgage Bank for the valuation and selection of green loans and for the periodical review of the Framework is the management meeting acting as the Green Mortgage Bond Committee. Preparations for the Committee's decisions are supported by the ESG department, the departments in charge of collateral registration, securities issuance and property appraisal, as well as the legal and compliance departments. The Chairman of the management meeting is the Company's CEO.

5.1.3. Management of Proceeds

According to KPMG's understanding,⁷ OTP Mortgage Bank manages green bond funds on a portfolio basis. Under the Company's Green Bond Framework, it will use these funds to refinance green loans or combining the issuance with a pledge declaring that after the issuance, the proceeds will be disbursed as green loans. As defined in the Framework, the Company shall allocate the proceeds raised from the issuance of green bonds to the financing or refinancing of green loans as early as possible, but no later than within 24 months. Assets designated as green must meet the conditions listed under the 'Use of Proceeds' section and comply with the selection process described under 'Process for Project Evaluation and Selection'. The Company does not use the proceeds from green covered bond issuance for purposes that contribute to an increase in greenhouse gas emissions, for the financing of activities that are inconsistent with its Green Strategy, or for the disbursement of loans that do not meet the criteria described in the Framework.

According to the Framework, the Company uses temporarily available liquidity arising from commitment-based green mortgage bonds issuances or from principal repayments of green loans to finance Hungarian government securities, Hungarian green government securities, green bonds, or other instruments defined by the relevant international and domestic sustainability standards and regulations.

As set out in the Framework, OTP Mortgage Bank strives to ensure that the size of the green portfolio consistently exceeds the outstanding volume of issued green mortgage bonds. As a result of the continuous review process, repaid loans or loans that no longer meet the eligibility criteria for green finance are promptly removed from the green portfolio.

⁷ Based on the Management of Proceeds chapter of the 'Green Mortgage Bond Framework 2026' document of OTP Mortgage Bank Ltd.

5.1.4. Reporting

According to KPMG's understanding,⁸ OTP Mortgage Bank publishes the Green Mortgage Bond Integrated Report annually, covering green mortgage bonds, green loans and their environmental impacts, and thereafter repeats the publication at least on an annual basis for as long as any green mortgage bond issued by the Company remains outstanding. In the event of changes to the Green Bond Principles, evolving investor expectations or other external circumstances, the Company strives to prepare and publish the report as soon as possible, in addition to the regular annual frequency.

The report prepared by the ESG function is approved prior to the meeting of the management body acting as the Green Mortgage Bond Committee⁹.

The report will include at least the following:

- the key information on the issued and outstanding green covered bonds (primarily, the number and identification details of the outstanding bond series, their outstanding nominal value, maturity, and currency);
- the key information on the portfolio of green loans that meet the criteria of the Green Mortgage Bond Framework (primarily, the number and principal amount of the loans identified as green and included in the portfolio, as well as the volume of other assets as defined under the 'Management of Proceeds' section); and
- the main indicators presenting the expected environmental impact of the green lending activity.

In line with the Green Bond Principles, OTP Mortgage Bank has determined the following indicators for measuring environmental impacts:

- annual avoided/reduced energy use, expressed in MWh or GWh;
- annual avoided/reduced GHG emissions, expressed in tonnes of CO₂e.

⁸ Based on the Reporting chapter of the 'Green Mortgage Bond Framework 2026' document of OTP Mortgage Bank Ltd.

⁹ Based on the Process for Project Evaluation and Selection chapter of the 'Green Mortgage Bond Framework 2026' document of OTP Mortgage Bank Ltd.

6 Assessment of the Framework's Alignment with the ICMA GBP

Green Mortgage Bond Framework category	Criteria description	Considerations
<p>Use of Proceeds</p>	<p>The proceeds generated by the issuance of green mortgage bonds can be used for the following categories:</p> <ul style="list-style-type: none"> • Energy Efficiency: New and refurbished buildings, energy storage, central heating, smart grids, appliances and products • Green Buildings: Buildings that meet regional, national or internationally recognised standards or certifications 	<p>The information presented in the Framework, as well as the Company's processes determined for the use of proceeds from the issuance of green mortgage bonds, are in line with the project categories which support the environmental objectives defined in the ICMA GBP – June 2025 publication.</p>

Green Mortgage Bond Framework category	Criteria description	Considerations
<p>Process for Project Evaluation and Selection</p>	<p>The evaluation and selection of green loans is determined on the basis of the energy performance of the properties serving as collateral for the mortgage loans, provided that they meet the energy-related requirements set out in the Significant Contribution criteria of the EU Taxonomy activity applicable to the loan origination.</p> <p>For construction purposes – highly energy-efficient properties:</p> <ul style="list-style-type: none"> • For properties built before 31 December 2020, only those within the top 15% of the national building stock in terms of operational primary energy demand are considered eligible; • For properties constructed after 31 December 2020, the primary energy demand of the resulting building must be at least 10% lower than the threshold set for nearly zero-energy buildings (NZEB) in the national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. <p>For renovation purposes – significantly improving properties:</p> <ul style="list-style-type: none"> • The building renovation must comply with the requirements for major renovations or result in at least a 30% reduction in primary energy demand. 	<p>The information presented in the Framework and the Company's processes for the evaluation and selection of green loans are in line with the guidelines set out in the ICMA GBP – June 2025 publication.</p>

Green Mortgage Bond Framework category	Criteria description	Considerations
Management of Proceeds	<p>The Company’s undertakings in managing the proceeds from the issuances of green bonds:</p> <ul style="list-style-type: none"> • The proceeds will be used to finance existing green loans (which may be mortgages in the Company's own portfolio and refinanced mortgages in the portfolios of its commercial banking partners), or • In the case of a so-called pledge issuance, the Company shall use the proceeds from the issuance of green mortgage bonds to disburse green loans in accordance with the applicable international and domestic standards and legislation, if possible, as soon as possible, • The Company manages the revenues of green mortgage bonds at portfolio level • The Company allocates funds from green mortgage bonds to green loans within the portfolio as soon as possible, preferably within 24 months of issuance • The temporarily available liquidity will be used to finance Hungarian government securities, green Hungarian government securities, green bonds or other instruments determined by the relevant international and domestic standards and legislation. 	<p>The information presented in the Framework, as well as the Company’s process for managing the proceeds from the issuance of green mortgage bonds, are in line with the guidelines set out in the ICMA GBP – June 2025 publication.</p>

Green Mortgage Bond Framework category	Criteria description	Considerations
<p>Reporting</p>	<p>The Green Mortgage Bond Integrated Report presents the green collateral and environmental impacts associated with the green mortgage bonds in accordance with the Company's green bond frameworks.</p> <p>The report will include at least the following:</p> <ul style="list-style-type: none"> • The key information on the issued and outstanding green covered bonds (primarily, the number and identification details of the outstanding bond series, their outstanding nominal value, maturity, and currency); • The key information on the portfolio of green loans that meet the criteria of the Green Mortgage Bond Framework (primarily, the number and principal amount of the loans identified as green and included in the portfolio, as well as the volume of other assets as defined under the 'Management of Proceeds' section) • The main indicators presenting the expected environmental impact of the green lending activity. <p>In line with the Green Bond Principles, OTP Mortgage Bank has determined the following indicators for measuring environmental impacts:</p> <ul style="list-style-type: none"> • annual avoided/reduced energy use, expressed in MWh or GWh; • annual avoided/reduced GHG emissions, expressed in tonnes of CO₂e 	<p>The information presented in the Framework, as well as the process applied by the Company for managing the proceeds from the issuance of green mortgage bonds, are in line with the guidance set out in the ICMA GBP – June 2025 publication.</p>

7 Appendix – Inspected documentation

During the preparation of the Second Party Opinion, OTP Mortgage Bank was solely responsible for providing accurate information regarding the following documentation:

- OTP Jelzálogbank Zrt. - Green Bond Framework 2026_FIN
- OTP Jelzálogbank Zrt. - Green Strategy 2026_FIN
- OTP_JZB_zöld portfólió_2024_új
keretrendszer_20251211OTP_JZB_PED_küszöbérték_20251006_munkanyag

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The purpose of this document is to provide an external review of OTP Mortgage Bank Ltd.'s Green Mortgage Bond Framework updated in 2026 with regard to the relevant regulatory requirements and guidelines.

Our expert opinion is based on the facts provided to us and on the currently available regulatory requirements, guidelines and knowledge. Regulatory requirements and their interpretation are subject to constant change, in some cases retrospectively.

We will not revise our expert opinion in the event of the above changes from this date, except when specifically requested. KPMG accepts no responsibility for the consequences of future changes in the legislative or directive regulations or interpretations.

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