



Green Mortgage Bond Framework 2026



Overview

OTP Mortgage Bank Ltd. (hereinafter: OTP Mortgage Bank or Company) is committed to achieving environmental and climate goals.

To support this, the Company first developed its Green Strategy and Green Mortgage Bond Framework in 2021 (hereinafter referred to as the Strategy and the Framework), which contained all the principles and objectives that enable the Company to act effectively and proactively for environmental protection. In 2026, the Company decided to update its Green Strategy and Green Mortgage Bond Framework to align with current international standards, supervisory guidelines and best practices, ensuring successful and proactive action to preserve ecological values.

The Company identified four areas through which it can contribute to sustainable development:

- **green lending;**
- **green mortgage bond issuance;**
- **green operations; and**
- **corporate social responsibility.**

OTP Mortgage Bank's goal is to support, within the limits of its own capabilities, the international and domestic efforts aimed at sustainable development. One of its strategic goal is to facilitate energy-efficient retail real estate investment projects by offering appropriate credit instruments and thus, to contribute to the improvement of the energy efficiency of Hungary's buildingstock.

In 2020, OTP Mortgage Bank was the first company in Hungary to join the Energy efficient Mortgages Action Plan (EeMAP)¹ initiative, whereby it pledged to establish a framework for green lending and green mortgage bond issuance. OTP Mortgage Bank issues green covered bonds and allocates the proceeds exclusively to finance green mortgage loans.

The objective of the Framework is to define which instruments are considered green mortgage bonds by the Company. The following section presents all concepts, procedures and commitments that define green mortgage bonds: eligibility criteria for green mortgages during lending activities, the process of selecting green assets, the use of proceeds from the issuance of green mortgage bonds and related reporting commitments.

In developing and updating the Framework, the Company considered all recommendations that are included in the Green Bond Principles² issued by the International Capital Market Association, specifically the updated version published in June 2025. A green mortgage loan is a mortgage used to finance energy efficient, environmentally friendly properties or to upgrade existing buildings so they meet national and international sustainability standards. The Company has defined its criteria for green mortgage loans in alignment with the technical screening criteria of substantial contribution to climate change mitigation, as set out in the EU Taxonomy Regulation³ and its delegated act⁴ on climate-related taxonomy (hereinafter referred to as the EU Taxonomy). These new criteria apply to bonds issued under this Framework and will remain in force throughout the entire maturity of the issued covered bonds. OTP Mortgage Bank continuously monitors – and strives to consider in its operations – the changes in international and Hungarian standards, good practices, and regulatory and investor requirements related to green mortgage bonds for example, to the materials prepared by the Central Bank of Hungary on this topic⁵.

The Green Mortgage Bond Framework is intended to comply with the requirements of the four components set out below – as defined in the Green Bond Principles –, as well as the recommendations on the Green Bond Framework and on External Review.

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

The Company seeks to inform its customers about its initiatives to support environmental objectives and the green aspects of mortgage lending. The purpose of the Framework is to present the applicable sustainability criteria to customers in a clear and transparent manner.

To ensure compliance with investors' requirements and with the recommendation included in the Green Bond Principles, OTP Mortgage Bank publishes an annual report on the allocation of the proceeds from green bond issuance in eligible instruments, as well as their associated environmental impacts. The Company's intention is to provide adequate information to investors to enable them to assess the sustainability impacts of their investments.

The Green Mortgage Bond Framework 2026 of OTP Mortgage Bank was approved by the Company's Board of Directors on 20th March 2026.



² ICMA Green Bond Principles – June 2025

³ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

⁴ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

⁵ Green data of Central Bank of Hungary



Introduction of the Company

OTP Group

Incorporated in Hungary – a member of OTP Group – OTP Mortgage Bank is a specialised credit institution engaged in mortgage lending. The parent company of OTP Group is OTP Bank, a universal commercial bank operating as a public company limited by shares, leading participant in the Hungarian banking market. Owing to its international expansion strategy started in the early 2000s, OTP Group has become a dominant regional player in the Central and Eastern European market, one of the largest financial service providers in the region, with presence in numerous countries in addition to Hungary.

OTP Mortgage Bank

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 dominant 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.

The operation of OTP Mortgage Bank is regulated by Act XXX of 1997 on Mortgage Banks and Mortgage Bonds (hereinafter Mortgage Act)⁶. As a specialised credit institution, the Company's business activities are limited to providing residential mortgage loans – both for housing purposes and for general use – refinancing the mortgage loan portfolios of commercial banks, and determining the market and mortgage lending value of real estate. Considering statutory restrictions and the business model of OTP Group, it does not engage in other commercial banking activities.

Funding

In Hungary, only credit institutions operating in the form of a mortgage bank are authorized to issue mortgage bonds. OTP Mortgage Bank secures most of the funding required for financing its asset portfolio through the issuance of mortgage bonds.

Mortgage bonds are registered, transferable securities issued by the Mortgage Bank, to which the statutory provisions applicable to bonds shall apply with the deviations specified in the Mortgage Act. In the event of the issuer's liquidation or enforcement proceedings initiated against it, mortgage bonds take precedence over all other outstanding obligations of the issuer.

Mortgage banks must at all times maintain collateral of a value exceeding the outstanding principal and interest of the mortgage bonds in circulation. The assets included in the cover pool do not form part of the liquidation estate.



Sustainability efforts and ESG Policy

Corporate social responsibility

ESG stands for Environmental, Social and Governance, representing a framework for assessing a company's sustainability and responsible operations alongside its financial performance.

OTP Group first developed its ESG Strategy⁷ in 2021 and regularly updates it in line with regulatory requirements and investor expectations. The core of this strategy is financing the transition to low-carbon economies, increasing the share of green lending, and achieving carbon-neutral operations, thus progressively building a sustainable future.

As a member of the OTP Group, OTP Mortgage Bank is committed to leveraging its resources to contribute to the achievement of environmental and climate objectives and actively support the energy renewal of Hungary's residential building stock. To achieve this, the Company introduced its Green Strategy in 2021, which – updated in 2026 in alignment with this document – describes the principles and goals that enable OTP Mortgage Bank to act effectively and proactively in protecting the environment.

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.



Each year, OTP Bank publishes its Integrated Report including the Sustainability Report⁸ of OTP Group. The 2024 Sustainability Report has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD)⁹ – a comprehensive EU directive aimed at ensuring transparency and standardization of companies' sustainability (ESG) performance – and in compliance with the European Sustainability Reporting Standards (ESRS).

OTP Mortgage Bank's commitment to green objectives is also reflected in its internal operations. The enforcement of sustainability considerations and the execution of related tasks are coordinated by the ESG department, established in 2024, in line with the guidance of the Green Programme Directorate. Its responsibilities include supporting the development and regular review of the Green Strategy; promoting the implementation of the goals and principles defined in the Strategy across all operational areas of the Company; ensuring the integration of the Company's climate- and environmental-risk-related as well as broader sustainability objectives; providing ESG-focused professional coordination for activities related to green lending and green mortgage bond issuance; preparing the annual Green Bond Report; and producing regular and comprehensive updates for the Board of Directors and Supervisory Board of OTP Mortgage Bank on progress towards green objectives to support their decision-making.

Enforcement of environmental, social and governance criteria

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.

OTP Mortgage Bank participates in professional and policy level consultations aimed at combating climate change and promoting energy efficiency.

The Company'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. Initiatives aimed at raising employee environmental awareness include periodic awareness campaigns, tree-planting projects, and availability of waste recycling. Employees of the Company regularly participate in volunteer activities and charity actions, expressing their commitment to social responsibility. These initiatives are designed to actively contribute to community well-being and strengthen social values.

Further information on OTP Group's environmental, social and governance actions available on the website of OTP Group's ESG Programme¹⁰ and in its Sustainability Report. More detailed information on OTP Mortgage Bank's ESG Strategy, as well as its social and governance framework, is available in the Green Strategy.

7 OTP Group ESG Approach

8 OTP Group Sustainability Reports

9 CSRD (Corporate Sustainability Reporting Directive)

10 OTP Group Sustainability

ESG ratings

OTP Group's environmental, social and governance (ESG) performance¹¹ is rated by several agencies, primarily for providing information to investors.

ESG Ratings of OTP Bank

MSCI ESG Ratings¹²:

A

The MSCI ESG rating indicates how resilient a company is to long-term, industry-specific environmental, social, and governance (ESG) risks. According to MSCI's assessment, OTP Bank holds an "A" rating, which reflects stable ESG risk management and represents a similar or slightly more favourable position compared to competitors (rating scale: CCC to AAA).

Sustainalytics ESG Risk Ratings¹³:

17.4

In the ESG risk assessment system of Sustainalytics, OTP Bank scored 17.4 points on a scale of 0-100, which translates to 'Low ESG Risk', showcasing the Bank's strong ESG performance.

Sustainable Development Goals supported by the financing of green loans

The UN's Declaration on Sustainable Development¹⁴ lies at the core of the organisation's sustainable development agenda until 2030, providing a framework of universal goals, objectives and indicators. The Sustainable Development Goals serve as an important basis for identifying corporate social responsibility focus areas and targets.

The activities supported by The Company through the issuance of green bonds and the provision of green loans contribute to the achievement of the UN Sustainable Development Goals as follows.

Green Bond Principles

Project Categories

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



Affordable and Clean Energy

7.2 To substantially increase the share of renewable energy in the global energy mix.
7.3 To double the global rate of improvement in energy efficiency by 2030.



Sustainable Cities and Communities

11.6. To reduce the adverse per capita environmental impact of cities by 2030, with particular attention to air quality and waste management.



Climate Action

13.2 Integration of climate-related measures into national policies, strategies, and planning.

UN

Sustainable Development Goals

11 OTP Group ESG ratings
12 Sustainalytics ESG ratings
13 MSCI ESG ratings
14 Sustainable Development Goals



Green Mortgage Bond Framework

In developing the Framework, approved by the Company's Board of Directors in 2026, OTP Mortgage Bank has considered all recommendations defined in the Green Bond Principles issued by ICMA, specifically the updated version published in June 2025¹⁵. 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**

For each series of green covered bonds issued, OTP Mortgage Bank declares that it accepts and applies all four pillars mentioned above throughout its refinancing process. The Green Mortgage Bond Framework of OTP Mortgage Bank, as well as any amendments thereto, are approved by the Company's Board of Directors.

Use of Proceeds

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. The services provided by the Company therefore broadly support customers' real estate-related objectives. Consequently, the Company is able to contribute to sustainable development primarily by striving to link its lending activities as much as possible to real estate purposes that promote sustainability. OTP Mortgage Bank considers such loans to be green loans.

In defining property related sustainability objectives, the Company took into account the recommendations of international organisations, primarily the ICMA Green Bond Principles (GBP) and the criteria set out in the EU Taxonomy for sustainable economic activities (including its delegated acts). These guidelines classify financed properties as "green" based principally on their energy performance.

Accordingly, the Company's definition of green loans aligns with the energy efficiency and green buildings project categories under the ICMA GBP, which support environmental objectives.

Through the reduction of greenhouse gas emissions, the Company is able to contribute effectively to the high-level environmental objectives defined in the Green Bond Principles, most notably climate change mitigation, while also supporting pollution prevention and control, natural resource conservation, and climate change adaptation.

OTP Mortgage Bank intends to allocate the proceeds from the issuance of green mortgage bonds, or an equivalent amount thereof, to the financing of loans that qualify as green loans within the scope of its mortgage lending activities. The Company seeks to ensure that its activities obtain green classification in line with the Green Bond Principles by meeting the following conditions:

Products

mortgage loans: mortgage loans held in the Company's own portfolio and refinancing mortgage loans provided to its commercial banking partners

Loan purpose

mortgage loans taken out for the construction or purchase of residential properties – whether newly built or existing – as well as mortgage loans taken out for the renovation or upgrading of real estate

Clientele

retail portfolio: the Company's retail mortgage loan portfolio consists exclusively of assets provided to retail clients, while the purpose of the refinancing mortgage loans granted to its commercial banking partners is likewise the financing of retail mortgage loan portfolios

Energy characteristics

OTP Mortgage Bank classifies as green mortgage loans those loans for which the underlying collateral – the property or properties financed by the loan – meets the applicable EU Taxonomy technical screening criteria for substantial contribution to the relevant objectives (for further details, see: Definition of Eligible Green Mortgage Loans).

Geographical focus

loans secured by mortgage registered on properties located within the territory of Hungary

Review

if the Company amends its Framework as a result of a review triggered by changes in expectations regarding green mortgage bonds or in the regulatory environment, such amendments shall not affect its commitments related to green mortgage bonds already issued. Any tightening or relaxation of the defined conditions will apply exclusively to securities issued after the publication of the new version of the Framework.

Time limitation

properties whose energy performance certificate was issued after 31 December 2015

Definition of Eligible Green Mortgage Loans

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 activities¹⁶ 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.¹⁷
- 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 demand¹⁸.



Implementation of the Updated Framework

Bonds issued under the Company's first framework, established in 2021, remain subject to the conditions set out therein, the Company has designed its procedures for selecting green loans, managing proceeds, and fulfilling reporting obligations accordingly. The criteria defined in this updated Framework apply exclusively to bonds issued after the publication of this new Framework.

If the Company's Framework requires further updates due to changes in regulatory developments, such revisions will not affect the commitments related to green covered bonds issued under the current Framework. 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.

¹⁶ The activities defined in the Delegated Regulation on the climate taxonomy adopted under the EU Taxonomy Regulation

¹⁷ The determination of the applied primary energy demand threshold is specified in the subchapter 'Energy-Efficient Properties' within the chapter 'Process for Project Evaluation and Selection'.

¹⁸ The initial primary energy demand and its estimated improvement are based on a detailed building survey, an energy audit carried out by an accredited independent expert, or any other transparent and proportionate method, and are validated by an energy performance certificate. The 30% improvement results from the actual reduction in primary energy demand (excluding any reduction in net primary energy demand achieved through renewable energy sources) and can be achieved through measures implemented consecutively within a maximum of three years.

Process for Project Evaluation and Selection

In its mortgage lending and mortgage bond issuance activities OTP Mortgage Bank strives to fully comply with Hungarian and international legislative requirements and best practices. In its operations, the Company pays special attention to supporting anti-money laundering and counter-terrorism financing initiatives, recognising and raising awareness about the environmental risks posed by its activities, and promoting the enforcement of environmental considerations. The Company has not identified social and environmental risks related to its green lending and green covered bond issuance activities. The Company intends to fully comply with the Group-level Environmental and Social Risk Management Policies¹⁹, and the related measures are detailed in the Green Strategy.

Green mortgage loans

Within its loan portfolio, the Company classifies as green loans those exposures secured by highly energy efficient properties or by properties whose energy performance has undergone substantial improvement, as defined by the criteria set out below. These loans contribute to the reduction of greenhouse gas emissions, in line with the Company's strategy.

Loans linked to several properties

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.



Data sources

In the view of OTP Mortgage Bank, the regulatory framework governing the preparation and requirements of energy performance certificates provides a sufficiently robust basis for relying primarily on this document when determining the green classification of buildings. 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. When identifying the top 15% of residential properties constructed before 31 December 2020, OTP Mortgage Bank takes into account the publicly available estimate published by the Central Bank of Hungary²⁰, which is based on regularly updated threshold values issued by the Hungarian Central Statistical Office (KSH)²¹ and on publicly accessible energy-performance data maintained by the Lechner Knowledge Center²².

Energy performance certificate

Since 2012, in Hungary it has been mandatory to prepare an energy performance certificate for properties when they are put into use, sold or leased, providing detailed information on the energy consumption of the building. The issuance of the energy performance certificate is essentially the outcome of a building authority procedure; its legal basis is established by Act LXXVIII of 1997 on the Formation and Protection of the Built Environment²³ and by Government Decree No. 176/2008 (VI. 30.) on the certification of the energy performance of buildings²⁴.

The energy performance classification of buildings previously governed by Decree 7/2006 (V.24.) TNM²⁵ was repealed as of 1 November 2023 by Decree 9/2023 (V.25.) ÉKM²⁶ of the Ministry of Construction and Transport. In line with supervisory guidance, the Company has separated the primary specific energy consumption criteria and the letter grade classification criteria set out in the two respective decrees for the purposes of selecting eligible green loans.

¹⁹ Environmental and Social Risk Management Framework OTP Group

²⁰ Központi Statisztikai Hivatal: A magyar lakásállomány primerenergia-igényének becslése

²¹ Magyar Nemzeti Bank: Zöld adatok

²² Lechner Tudásközpont

²³ Act LXXVIII of 1997 on the Formation and Protection of the Built Environment

²⁴ Government Decree No. 176/2008 (VI. 30.) on the certification of the energy characteristics of buildings

²⁵ Decree 7/2006 (V.24.) TNM on the determination of the energy performance of buildings

²⁶ Decree 9/2023. (V. 25.) ÉKM on the determination of the energy performance of buildings



Energy-efficient properties

The Framework uses the regularly updated national threshold values published by the Hungarian Central Statistical Office (KSH) to determine the upper 15% limit for properties. 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.))²⁵, 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.))²⁶.

Buildings with significantly improving energy performance

The Company considers properties to have significantly improving energy efficiency if they meet the technical screening criteria applicable to the "Renovation of Existing Buildings" activity (7.2) under the EU Taxonomy Regulation on climate-related taxonomy²⁷, meaning they comply with the requirements for major renovations or result in at least a 30% reduction in primary energy demand (PED).

To identify properties that have undergone a substantial improvement in energy efficiency, OTP Mortgage Bank may also rely on customer declarations submitted during the loan origination process regarding the energy efficiency renovation measures implemented.

Green Mortgage Bond Committee

OTP Mortgage Bank is responsible for selecting and monitoring the loans that comply with the green criteria and for the regular review of the green portfolio.

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.

The ESG department prepares a quarterly report for the Board of Directors, presenting the volume of green covered bonds issued and the volume of eligible green loans. The Committee is also responsible for approving the annual green mortgage bond reports compiled by the ESG department and provided for investors.

²⁵ Decree 7/2006 (V.24.) TNM on the determination of the energy performance of buildings

²⁶ Decree 9/2023. (V. 25.) ÉKM on the determination of the energy performance of buildings

²⁷ The requirements for major renovations are defined by Decree 9/2023 (V.25.) ÉKM.

Management of Proceeds

OTP Mortgage Bank considers as green those mortgage bonds for which proceeds are allocated to financing green loans defined above. The Company ensures the allocation of funding from green mortgage bonds to eligible green loans through two mechanisms:

- by allocating proceeds to the financing of existing, already disbursed green loans, which may include both mortgage loans held in the Company's own balance sheet and refinanced mortgage loans originated by its commercial banking partners; and
- by issuing green mortgage bonds on a "use-of-proceeds" commitment basis, whereby the funds raised are allocated, following the issue and in accordance with applicable international and domestic standards and regulations – to the disbursement of green loans as soon as reasonably practicable.

The proceeds of the green mortgage bonds are managed at a portfolio level by OTP Mortgage Bank. The Company monitors the management and allocation of green funding within its internal systems, and the ESG department prepares quarterly reports for the Board of Directors on the use of proceeds. The funds raised from green mortgage bonds are allocated to eligible green loans as early as possible and, where feasible, within 24 months of issuance. 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'.

OTP Mortgage Bank reallocates principal amounts received from contractual or extraordinary repayments (prepayments or early repayments) to the disbursement of new green loans, where necessary to ensure continued alignment between the outstanding volume of issued green mortgage bonds and the stock of green loans recorded on the balance sheet.

For green mortgage bonds denominated in currencies other than Hungarian forint, the Company converts the proceeds into forint by applying the cross-currency exchange rates fixed under the related derivative transactions over the life of the bonds. Foreign-currency green covered bonds are managed jointly with forint-denominated green funding, and the applied exchange rates are disclosed in the Company's annual reports.

The Company does not use the proceeds from green covered bond issuance to finance mortgage loans that do not qualify as green, activities that are inconsistent with the OTP Group's Green Strategy, or loans that do not meet the criteria described in the Framework. This is ensured by the organisational unit responsible for fulfilling the Company's commitments related to green mortgage bonds – the ESG department – through its guidance, continuous monitoring of the outstanding volumes of green mortgage bonds and the green loans, and the establishment of an internal limit linked to the volume-related commitments.

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.

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.



Reporting

Within the Green Bond Principles framework, issuers are expected to provide information to investors and other stakeholders regarding the allocation of proceeds and are furthermore encouraged to disclose the expected impacts of the projects financed through the investments.

OTP Mortgage Bank publishes an annual report on the outstanding green covered bonds, the portfolio of eligible green loans and their environmental impacts for as long as any of the green covered bonds it has issued remain outstanding. Should changes to the ICMA GBP, shifts in investor expectations regarding green securities, or any other external circumstances make it necessary, the Company will take all reasonable steps to prepare and disclose the report as soon as possible, in addition to the regular annual publication cycle.

In providing the data, the Company aims to comply with the recommendations set out in the 'Harmonized Framework for Impact Reporting' handbook²⁸ issued by the International Capital Market Association (June 2024 update), as well as the guidance included in the July 2025 publication of the Central Bank of Hungary and the Hungarian Banking Association titled 'Joint Position – Recommendations and Guidelines on Green Covered Bond Impact Reporting'²⁹.

The report presents the green collateral and environmental impacts associated with green covered bonds in accordance with the Company's Green Bond Framework. 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.

Based on the available data related to the relevant properties, the Company decides on the feasibility of analysing and presenting the impact indicators and results through data-based or statistical methods.

If the above data are not available for green loans associated with the green mortgage bonds or if they cannot be determined individually, the Company aims to calculate them using estimation methods. In such cases, the green mortgage bond report briefly describes the calculation methodology, and the estimation approach applied.

OTP Mortgage Bank publishes the report – together with all other documentation related to green bonds, including the Green Mortgage Bond Framework – on its website³⁰.



External review

OTP Mortgage Bank has engaged KPMG Tanácsadó Kft. to prepare an independent external review (second-party opinion) regarding the Green Mortgage Bond Framework to ensure alignment with the Green Bond Principles. Should the Framework be amended, the Company will initiate the preparation of a new independent external review report. The report issued by KPMG Tanácsadó Kft. will be published on the website of OTP Mortgage Bank.

28 ICMA Handbook Harmonised Framework for Impact Reporting – June 2024

29 Magyar Nemzeti Bank - Magyar Bankszövetség: Közös álláspont a zöld jelzaloglevél-piac fejlesztéséért

30 OTP Mortgage Bank

Disclaimer

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