

Erste Group Sustainable Finance Criteria for Hungary, applied by Erste Jelzálogbank Ltd, Budapest (October 7th, 2022)

Erste Jelzálogbank Zrt. (hereinafter: the Issuer) intends to use the proceeds from the issuance of the green mortgage bond exclusively for the refinancing of new or existing residential mortgage loans denominated in Hungarian forints where the related collateral is an energy-efficient residential property, located in Hungary.

In all cases, mortgage loans to be refinanced, must fully comply with the Act XXX of 1997 on Mortgage Banks and Mortgage Bonds, but the framework refinancing agreements concluded with individual partner banks may establish even stricter criteria. In addition to all of this, green mortgage bonds can only refinance mortgage loans with energy-efficient real estate as collateral located in Hungary, where the assessment was in accordance with the Sustainable Financial Framework methodology, established by Erste Group, Vienna in April 2021.

In November 2021, the Issuer gave a mandate to an external, independent consulting company, Drees & Sommer SE, Stuttgart to analyze the Hungarian real estate market from an energy efficiency perspective and, based on this, to determine the threshold value considered to be the top 15% of the real estate market.

As a result, the Issuer's green criteria system for real estates is as follows:

- if the property was built on or before December 31, 2020, its primary specific energy consumption may not exceed 118 kWh/m² per year (Top-15% criterion),
- if the property was built on or after January 1, 2021, its primary specific energy consumption may not exceed 90 kWh/m² per year (NZEB-10% criterion)

The refinancing loan can only receive a green rating if all real estate collaterals belonging to the mortgage loan are classified as green, based on the above criteria.