

Erste Group Sustainable Finance Criteria for Hungary, applied by Erste Jelzálogbank Ltd, Budapest (December 13th, 2024)

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 (hereinafter: the Consultant) 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.

The Consultant reviewed the threshold values in July 2024, as a result, the Issuer's green criteria system for real estates is as follows:

1. In the case of home purchase (new, used) and construction loans:

- 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, and the date of completion of the Energy Certificate is on or before October 31, 2023, its primary specific energy consumption may not exceed 90 kWh/m² per year (previous NZEB-10% criterion),
- if the property was built on or after January 1, 2021, and the date of completion of the Energy Certificate is after October 31, 2023, then either its primary specific energy consumption cannot exceed 68 kWh/m² per year (new NZEB-10 % criterion), or its specific carbon dioxide emission cannot exceed 18 kgCO₂/m² per year.

2. In the case of loans for renovation, modernization and expansion

- 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, and the date of completion of the Energy Certificate is on or before October 31, 2023, its primary specific energy consumption may not exceed 90 kWh/m² per year (previous NZEB-10% criterion),

- if the property was built on or after January 1, 2021, and the date of completion of the Energy Certificate is after October 31, 2023, then either its primary specific energy consumption cannot exceed 68 kWh/m² per year (new NZEB-10 % criterion), or its specific carbon dioxide emission cannot exceed 18 kgCO₂/m² per year.

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.