

MBH Mortgage Bank Co. Plc.

Type of Engagement: Annual Review

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Introduction

MBH Mortgage Bank Co. Plc. (“MBH MB”) issued three green covered bonds between October 2021 and September 2024 (the “Green Covered Bonds”) and raised HUF 48,600.48 million to finance and refinance mortgage loans for green residential and commercial buildings in Hungary. In January 2025, MBH MB engaged Sustainalytics to review the projects financed with proceeds from the Green Covered Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether MBH MB complied with the reporting commitments in the MBH MB Green Covered Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in February 2024.² This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in February 2024.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and MBH MB’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories and Eligibility Criteria

Use of Proceeds Category	Type of Buildings	Eligibility Criteria		
		Built after 01 November 2023	Built after 30 June 2022	Built before 30 June 2022
Green Buildings	New or existing residential buildings	<ul style="list-style-type: none"> Complying with 10% reduction of Primary Energy Demand (PED) to the requirements of Nearly-Zero-Energy-Building (NZEB) Standard in Hungary, where PED ≤ 68 kWh/m²a. CO₂ emission ≤ 18 kgCO₂/m²a. 	<ul style="list-style-type: none"> Complying with 10% reduction of Primary Energy Demand (PED) to the requirements of Nearly-Zero-Energy-Building (NZEB) Standard in Hungary, where PED ≤ 90 kWh/m²a. 	<ul style="list-style-type: none"> Complying with the requirements in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard in Hungary with PED ≤ 100 kWh/m²a. Energy Performance Certificate with a rating of A or better (rating since November 1, 2023) or AA or better (rating since 2016) or with a rating of A or better (rating before 2016).

¹ MBH MB, “MBH MB Green Covered Bond Framework 2024”, (2024), at:

<https://www.mbhmortgagebank.hu/sw/static/file/MBHMortgageBankGreenCoveredBondFramework2024.pdf>

² Sustainalytics, “Second-Party Opinion, MBH Mortgage Bank Green Covered Bond Framework”, (2024), at:

https://www.mbhmortgagebank.hu/sw/static/file/MBHMortgageBankGreenCoveredBondFramework_SPO2024.pdf

³ MBH MB, “Annual Review”, (2024), at: https://www.mbhmortgagebank.hu/sw/static/file/MBHMortgageBank_AnnualReviewLetter2023.pdf

			<ul style="list-style-type: none"> Complying with the requirements in Primary Energy Demand (PED) from building energy code 7/2006 including amendments of 8/2012 with year of construction of 2013 or newer as belonging to top 15% low carbon residential buildings in Hungary.
	Refurbished existing residential buildings	<ul style="list-style-type: none"> Refurbished existing residential buildings or renovations designed to fulfil the cost-optimal minimum energy performance requirements of national requirements for 'major renovation'- in line with the effective domestic regulation- in Hungary as defined in the Energy Performance Buildings Directive. Refurbished existing residential buildings with primary energy savings of at least 30% against the building performance before the renovation. 	<ul style="list-style-type: none"> Refurbished existing residential buildings or renovations designed to fulfil the cost-optimal minimum energy performance requirements of national requirements for 'major renovation' in Hungary as defined in the Energy Performance Buildings Directive. Refurbished existing residential buildings with primary energy savings of at least 30% against the building performance before the renovation. <p>Threshold is subject to change based on EU Taxonomy delegated act (June 2021)</p>
		Built after 30th of June, 2022	Built before 30th June, 2022
	New or existing commercial buildings	Complying with 10% reduction of Primary Energy Demand (PED) to the requirements of Nearly-ZeroEnergy-Building (NZEB) Standard in Hungary, where PED ≤ 90 kWh/m ² a.	<ul style="list-style-type: none"> Complying with the requirements in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard in Hungary with PED ≤ 100 kWh/m²a. Energy Performance Certificate with a rating of AA or better (rating since 2016) or with a rating of A or better (rating before 2016). Complying with the requirements in Primary Energy Demand (PED) from building energy code 7/2006 including amendments of 8/2012

			with year of construction of 2013 or newer as belonging to top 15% low carbon commercial buildings in Hungary.
	Refurbished existing commercial buildings	<ul style="list-style-type: none"> Refurbished existing commercial buildings or renovations designed to fulfil the cost-optimal minimum energy performance requirements of national requirements for 'major renovation' in Hungary as defined in the Energy Performance Buildings Directive. Refurbished existing commercial buildings with primary energy savings of at least 30% against the building performance before the renovation. <p>Threshold is subject to change based on EU Taxonomy delegated act (June 2021)</p>	
	Green building certifications	International green building certification systems with a high ranking in energy and sustainability e.g. BREEAM very good or better, LEED Gold or better with energy savings at least 30% or more against ASHRAE 90.1.	

Table 2: Key Performance Indicators

Use of Proceeds	Key Performance Indicators
Green Buildings	<ul style="list-style-type: none"> A brief description of the Eligible Green Mortgage Loans; The breakdown of Eligible Green Mortgage Loan portfolio by nature of what is being financed, by the type of loans and properties and regions; Metrics regarding Eligible Green Mortgage Loans' environmental impact including the annual site energy savings (MW/year) and annual CO₂ emissions avoidance (tCO₂/year) of the Eligible Green Mortgage Loans.

Issuer's Responsibility

MBH MB is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the Green Covered Bonds. The work undertaken as part of this engagement included collection of documentation from MBH MB and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by MBH MB. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by MBH MB.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. MBH MB has disclosed to Sustainalytics that the proceeds from the Covered Green Bonds were fully allocated as of 31 December 2024.

⁴ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	MBH MB reported on at least one KPI per use of proceeds category.	None

Appendices

Appendix 1: Allocation of Proceeds

Table 4: Allocation of proceeds from the Green Covered Bonds⁵

Use of Proceeds Category	Sub-Category	Unit Type	Allocated Amount (HUF million)
Green Buildings	Green Residential Buildings	Single-Family House	22,356.22
		Multi-Family House	26,244.26
Total Allocated Proceeds			48,600.48
Total Unallocated Proceeds			0.00
Total Proceeds Raised			48,600.48

Appendix 2: Reported Impact

Table 5: Reported impact from the Green Covered Bonds⁶

Use of Proceeds Category	Sub-Category	Unit Type	Annual Site Energy Savings ⁷	Annual CO ₂ Emissions Avoidance ⁸
Green Buildings	Green Residential Buildings	Single-Family House	17,331	4,315
		Multi-Family House	12,532	3,120

⁵ MBH MB has prorated the allocation amounts based on the share of total portfolio financing according to the unit type.

⁶ MBH MB has pro-rated the impact data based on the share of total portfolio financing according to the unit type.

⁷ Site energy savings calculated using the difference between the top 15% and the national building stock benchmarks.

⁸ GHG emissions avoidance determined by multiplying the site's energy savings with the carbon emissions intensity.

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