Project Summary Information

	Date of Document Preparation: July 29, 2026
Project Name	OTP Green Energy Capacity Expansion Bond Investment II
Project Number	P001034
AIIB member	Multi-country
Sector/Subsector	Energy / multi-subsector
Alignment with AIIB's thematic priorities	Green infrastructure; Private Capital Mobilization
Status of Financing	Approved
Objective	To increase renewable energy generation capacity and improve energy efficiency through eligible sub-loans in Croatia, Hungary, and Serbia.
Project Description	The proposed Project envisions AIIB financing of energy efficiency and renewable energy sub-loans to be on-lent by OTP Group subsidiaries in Croatia, Serbia and Hungary. This will be achieved via an up to USD125 million AIIB investment into MREL-eligible Tier 2 bonds to be issued by OTP Bank.
Expected Results	Project Objective Indicators: • Greenhouse gas emission avoidance (for renewable energy-eligible sub-loans). • Renewable energy capacity installed. • Greenhouse gas emission reduction (for energy efficiency-eligible sub-loans). Intermediate Result Indicators: • Number of renewable energy-eligible sub-loans financed. • Number of energy efficiency-eligible sub-loans financed. • Volume of eligible sub-loans financed.
Environmental and Social Category	FI

Environmental and Social Information	**Applicable Policy and Categorization.** AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL), and relevant Environmental and Social Standards (ESSs) apply to the Project. The Project is assigned Category FI as the financing structure involves the equivalent on-lending of proceeds from the bonds issued by a Financial Intermediary (FI) whereby AIIB delegates to the FI the decision-making on the use of the Bank's funds following the agreed conditions. This will include the selection, assessment, approval, and monitoring of the eligible renewable energy and energy efficiency subprojects in Hungary, Croatia, and Serbia in accordance with OTP's Sustainable Finance Framework (SFF). AIIB financed the first facility with the OTP in 2024. This is the second facility with OTP, which will involve investments in MREL-eligible publicly placed Tier 2 Bonds. The Bank will require OTP to continue adhering to AIIB ESEL and to exclude higher-risk activities (as defined in the AIIB ESP) and hydropower subprojects from allocation to AIIB's portfolio. Any subprojects involving involuntary resettlement will be excluded from financing through AIIB funding proceeds. **Environmental and Social Instruments.** As an investment in publicly placed bonds, the Environmental and Social Due Diligence has been based on (i) publicly available information including the FI's Annual Sustainability Report, Sustainable Finance Framework, the Second Party Opinion, and the ES Risk Management Framework and (ii) follow-on engagement with OTP through questionnaires related to non-confidential ES-related information. OTP has developed an ES Risk Management Framework (ESRMF), which will function as the Environmental and Social (ES) Instrument for AIIB's investment. The ESRMF provides the principles, scope, and provisions of Environmental and Social Management System (ESMS), supporting OTP and its subsidiaries in implementing their Environmental and Social Risk Management Procedures (ESRMPs). The principles of ESRMF include the evaluation of eligible green subprojects against applicable national laws and regulations on environment, health, safety, and social aspects. The ESRMPs include screening of the proposed financing, ES risk categorization, ES due diligence and risk assessment of subprojects and ES performance monitoring of sub-borrowers. OTP's ESMRF screens out subprojects with high ES risks, including all Category A activities. At the eligible subproject level, OTP's ESMS requires: (i) identification of risks to affected communities, (ii) evaluation of community engagement and grievance mechanisms, (iii) due diligence on human resource policies for compliance with national regulations, and (iv) monitoring of labor-related issues, including sexual harassment complaints, community health and safety concerns, and any related judicial cases. OTP's SFF supports the Issuer in defining the eligibility criteria and issuing green and social finance instruments. OTP may update the SFF to remain aligned with best market practices and the EU sustainable finance policies and legislation. The updated SFF will be disclosed in a timely manner. **Environmental and Social Aspects.** The Project will support the climate ambitions of target countries (Hungary, Croatia, and Serbia) by enhancing renewable energy generation and improving energy efficiency in the target regions. The potential ES risks and impacts anticipated from the Project may be related to the construction, commissioning, operation, and maintenance phases of eligible green sub-projects. These potential ES risks and impacts may be related to: (a) biodiversity

	and habitat disruption; (b) waste management; (c) construction-phase air, noise, water, and sediment pollution, and traffic management for access to sub-project sites; (d) occupational health and safety; (e) labor and working conditions; and (f) potential differences in land acquisition and stakeholder engagement procedures across the target regions, among others. Land acquisition, if needed for eligible green subprojects, will be subject to national laws requiring voluntary transactions with fair compensation, in line with market principles, and due process for non-public entities in the target EU Member States and Candidate States. For the eligible subprojects, OTP's ESMS provides provisions for the assessment, management, and monitoring of ES risks and impacts. In case of any observed non-compliance findings, corrective actions are planned for bringing sub-borrowers in alignment with the ESMS. In addition, OTP is committed to improving the gender ratio within the management bodies. The Code of Ethics of OTP establishes and enforces the prohibition of gender discrimination. **Occupational Health and Safety (OHS), Labor and Employment Conditions.** The Project may pose OHS risks for subproject workers when proceeds from AIIB financing are allocated to greenfield renewable energy and energy efficiency projects. These may include hazards inherent to the nature of sub-projects including those related to works at height, electrical and heavy machinery safety risks, exposure to chemicals, among others. The Project may also pose limited risks associated with labor and working conditions per the nature and scale of some sub-projects. Along with emphasis on compliance with national regulations and extended exclusion of higher-risk sub-projects to AIIB allocation portfolio, OTP's ESMS provides for due diligence and management of OHS, labor, employment, and supply chain aspects associated with sub-projects. **Stakeholder Engagement, Consultation and Information Disclosure.** Along with implementation of national consultation requirements, OTP's ESMS provides for assessment of sub-borrowers' engagement with local communities, addressing community grievances, and reviewing the need for stakeholder engagement plans. In addition to corporate financial reports, OTP discloses its Integrated Annual Report, which presents OTP's sustainability activities, ESG responsibilities, and governance aspects. OTP has disclosed the summary of its ESRMF and latest SFF on its website. **Project Grievance Redress Mechanism (GRM).** OTP's ESRMF supports an External Communication Mechanism (ECM) as project-level GRM for the Project, where OTP's head office and relevant subsidiaries provide multiple channels for the public to submit queries or concerns related to the Issuer's ES Policy and / or subprojects financed by the Issuer. In the case where the complaints are concluded to be relevant to ES non-compliance by sub-borrowers, ESRMF provides for the development of a corrective action plan. **Monitoring and Reporting Arrangements.** OTP has been following the reporting and disclosure requirements as per the Policy Agreement with AIIB. OTP will provide AIIB with (i) an annual portfolio level ES monitoring report of the allocated sub-

	loans in an agreed format, and (ii) an annual green bond allocation report. For annual subproject ES monitoring, OTP monitors: (i) the regulatory compliance and sub-borrower's ESMS, and (ii) significant ES concerns, grievances, or incidents related to the sub-projects.	
Cost and Financing Plan	The total targeted size of the proposed AIIB investments will be up to USD125 million equivalent in EUR, USD or RMB. The currency will be determined by OTP for each individual bond issuance into which AIIB would invest.	
Borrower	OTP Bank Nyrt. (OTP)	
Estimated date of last disbursement	2029	
Contact Points:	**AIIB**	**Borrower**
Name	Yulia Rusanova	Sanja Racic
Title	Senior Investment Officer, Financial Institutions & Funds, Global (FIF)	Senior IFI Relationship Manager, Global Financial Institutions
Email Address	yulia.rusanova@aiib.org	Sanja.Racic@ext.otpbank.hu
Date of Concept Decision	October 23, 2025	
Date of Final Decision	December 11, 2025	
Date of Financing Approval	January 28, 2026	

Independent Accountability Mechanism	AIIB's Project-affected People's Mechanism (PPM) applies to this Project. The PPM has been established by the Bank to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRM or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.