

Quarterly ESG Bond Report 2024Q1

Empowering
Communities to Progress.



ESG Strategy

UniCredit is a pan-European Commercial Bank with a unique service offering in Italy, Germany, Central and Eastern Europe. Our Purpose is to empower communities to progress, delivering the best-in-class for all stakeholders, unlocking the potential of our clients and our people across Europe.

Sustainability at UniCredit

In line with our ambition to be the bank for Europe's future, **Environmental, Social and Governance (ESG) considerations** are a core part of our culture and mindset, as well as one of the five strategic imperatives of UniCredit Unlocked.

Sustainability guides and informs every decision we make and all actions we take.

We also know that fulfilling **our Purpose of empowering communities to progress** would not be possible without the highest ESG standards across our bank, driving sustainable growth.

Our ESG strategy is built around interrelated elements:

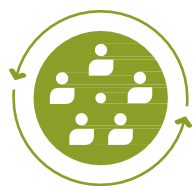
- **ESG principles**, representing our important

woven through UniCredit Unlocked;

- **leading by example**, striving for the same high standards that we seek from those we do business with;
- setting **ambitious ESG goals** to support a just and fair transition for our clients;
- equipping ourselves with tools to assist clients and communities in navigating the **environmental and social transition through strategic sustainable actions** across our building blocks;
- **embracing and investing the resources** needed to deliver and reach our ambitious targets and long-term commitments, through a strong Governance Model, embracing our culture and delivering quality Monitoring, Reporting and Disclosure.

OUR ESG GOALS AND TARGETS

CUMULATIVE ESG VOLUMES 22-24



€61.7bn

FY22+1Q23 Actual
(+4bn in 1Q23 only)

€150bn

2022-24 Target

ENVIRONMENTAL LENDING¹

Despite lending slowdown, good performance on Sustainability linked lending

ESG INVESTMENT PRODUCTS²

Stock reduction due to SFDR Art. 8/9 reclassification, with ESG Penetration rate at c.45%

SUSTAINABLE BONDS³

Slow start to 2023 but prospect for recovery in next quarters

SOCIAL LENDING¹

Lending for High Impact and Disadvantaged Areas main drivers of growth

€12.9bn (+1.5bn)

€25bn New Production

€27.2bn (-1.4bn)

€65bn AuM stock conversion towards ESG investments

€15.7bn (+2.9bn)

€50bn DCM Origination

€5.8bn (+1bn)

€10bn New Production

FY22+1Q23 Actual (1Q23 only)⁴

2022-24 Target

ENVIRONMENTAL FOOTPRINT

OUR TARGETS

NET ZERO
on own emissions **by 2030**

NET ZERO
on emissions for lending and investment portfolio (financed emissions) **by 2050**

OUR ACHIEVEMENTS

14% reduction in 2022 vs. 2021, Scope 1 and 2, market-based emissions

Disclosure of first set of sectoral targets on **Oil & Gas, Power generation and Automotive**

¹ Including ESG-linked lending.

² Based on Art. 8 and 9 SFDR regulation.

³ All regions, including sustainability linked bonds

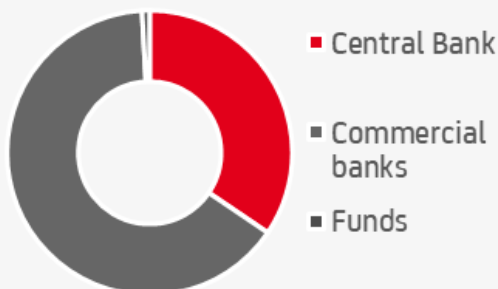
⁴ Calculated as difference between 1Q23 and FY22.

UniCredit Jelzalogbank Green Bonds

**SENIOR
COVERED BOND
HU0000653472**

| | |
|----------------------|---|
| Year | 2021 |
| Issue size | HUF 23.2 bn (=EUR 63.8 mn) |
| Maturity date | 22 October 2031 |
| Coupon | 3.75% fixed, annual, act/act (ÁKK) |
| Order Book | 17 valid offers, HUF 37.05 bn (=EUR 101.8 mn) |

INVESTOR AND GEOGRAPHICAL DISTRIBUTION (ALLOCATED)



35%

of the bonds were placed with **investors with an ESG/Green focus**



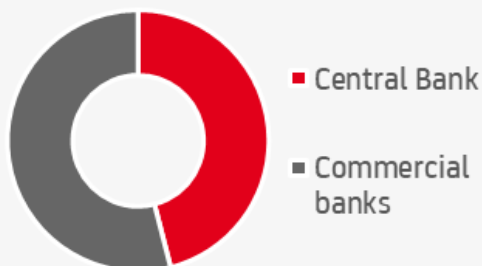
100%

of the bonds were allocated to **Hungarian market**

**SENIOR
COVERED BOND
HU0000653472**

| | |
|----------------------|--|
| Year | 2022 |
| Issue size | HUF 5 bn (=EUR 11.8 mn) |
| Maturity date | 22 October 2031 |
| Coupon | 3.75% fixed, annual, act/act (ÁKK) |
| Order Book | 6 valid offers, HUF 8.85 bn (=EUR 20.9 mn) |

INVESTOR AND GEOGRAPHICAL DISTRIBUTION (ALLOCATED)



46%

of the bonds were placed with **investors with an ESG/Green focus**



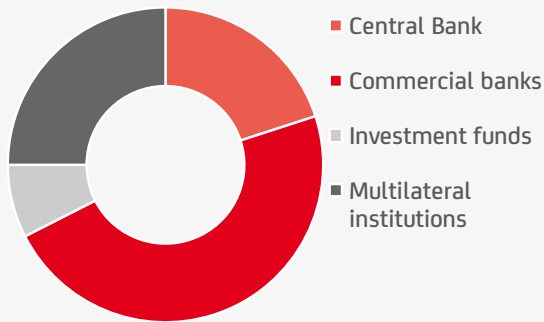
100%

of the bonds were allocated to **Hungarian market**

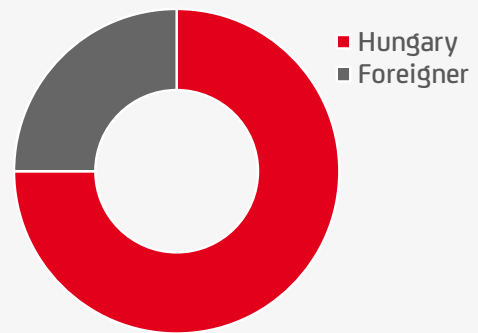
**SENIOR
COVERED BOND
HU0000653639**

| | |
|----------------------|---|
| Year | 2023 |
| Issue size | HUF 20 bn (=EUR 51.9 mn) |
| Maturity date | 23 May 2029 |
| Coupon | 7.5% fixed, annual, act/act (ÁKK) |
| Order Book | 34 valid offers, HUF 27.5 bn (=EUR 71.3 mn) |

INVESTOR AND GEOGRAPHICAL DISTRIBUTION (ALLOCATED)



53%
of the bonds were placed **with investors with an ESG/Green focus**



75%
of the bonds were allocated to **Hungarian market**
25%
of the bonds were allocated to **foreign market**

UniCredit Jelzalogbank Green Allocation

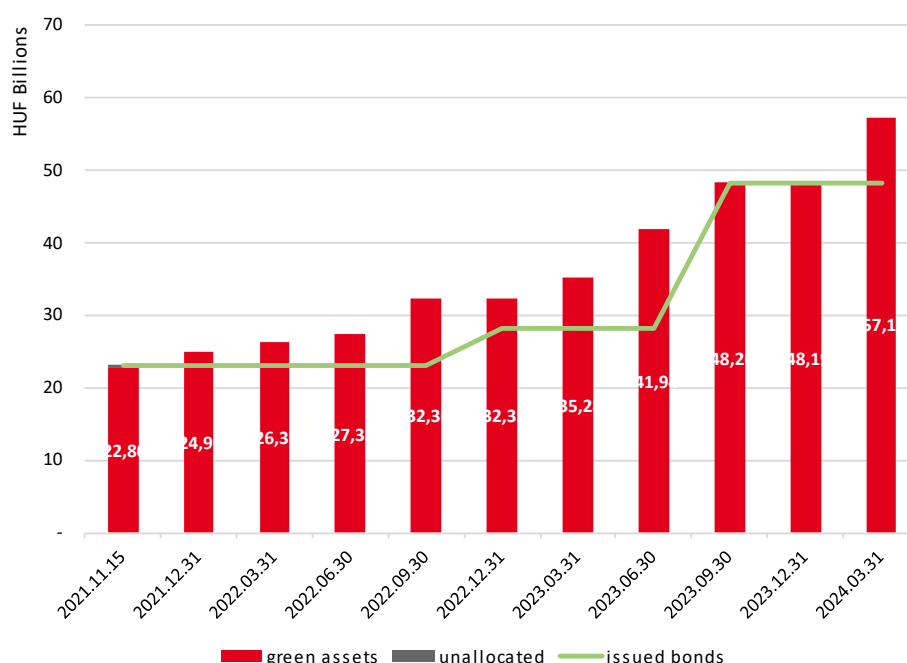
UniCredit Jelzalogbank intends to allocate an amount equal to the net proceeds from any issue of Green Covered Bonds to advance the refinancing of green assets which are in alignment with the energy efficiency criteria of the Bank's Green Bond Framework⁵. UniCredit Jelzalogbank has acceded the international UniCredit Group's Sustainability Bond Framework⁶ based on the International Capital Markets Association's (ICMA) Green Bond Principles, validated by the external reviewer ISS ESG's Second Party Opinion (SPO).

On the report date the total funds from the green covered bond issuances are fully utilized for green asset financing.

| | Green assets (HUF thousand) | Issued bonds (HUF thousand) | Allocation rate |
|-------------------|--------------------------------|--------------------------------|-----------------|
| 15 november 2021 | 22,802,341 | 23,200,000 | 98.29% |
| 31 December 2021 | 24,962,379 | 23,200,000 | 107.60% |
| 31 March 2022 | 26,305,394 | 23,200,000 | 113.39% |
| 30 June 2022 | 27,321,809 | 23,200,000 | 117.77% |
| 30 September 2022 | 32,359,299 ⁷ | 23,200,000 | 139.48% |
| 31 December 2022 | 32,347,308 | 28,200,000 | 114.71% |
| 31 March 2023 | 35,284,619 | 28,200,000 | 125.12% |
| 30 June 2023 | 41,936,099 | 28,200,000 | 148.71% |
| 30 September 2023 | 48,256,113 | 48,200,000 | 100.12% |
| 31 December 2023 | 48,191,866 | 48,200,000 | 99.98% |
| 31 March 2024 | 57,178,665 | 48,200,000 | 118.63% |

The development of fund allocation from green covered bond issuance is shown in the chart.

The shown all amounts are presented in HUF currency, since the issued bonds and allocated green assets are settled in HUF.



⁵https://www.jelzalogbank.hu/investor_information/green%2%A0bond%2%A0framework/green%2%A0bond%2%A0framework.html?defaultLanguage=english

⁶https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/ESG-investors/Sustainability-Bonds/UniCredit_Sustainability_Bond_Framework_18_6_21.pdf

⁷ Considering the fact that the issuer does not have sufficient information to carry out the exact environmental impact calculation, although a green asset can be classified as green according to the criteria system, from September 2022 the issuer will not include those residential properties that would receive a green rating based on the CC classification EPC and built before 1991 in the allocated green asset pool since there is no available information on the date of renovation.

UniCredit Jelzalogbank Green Impact Reporting

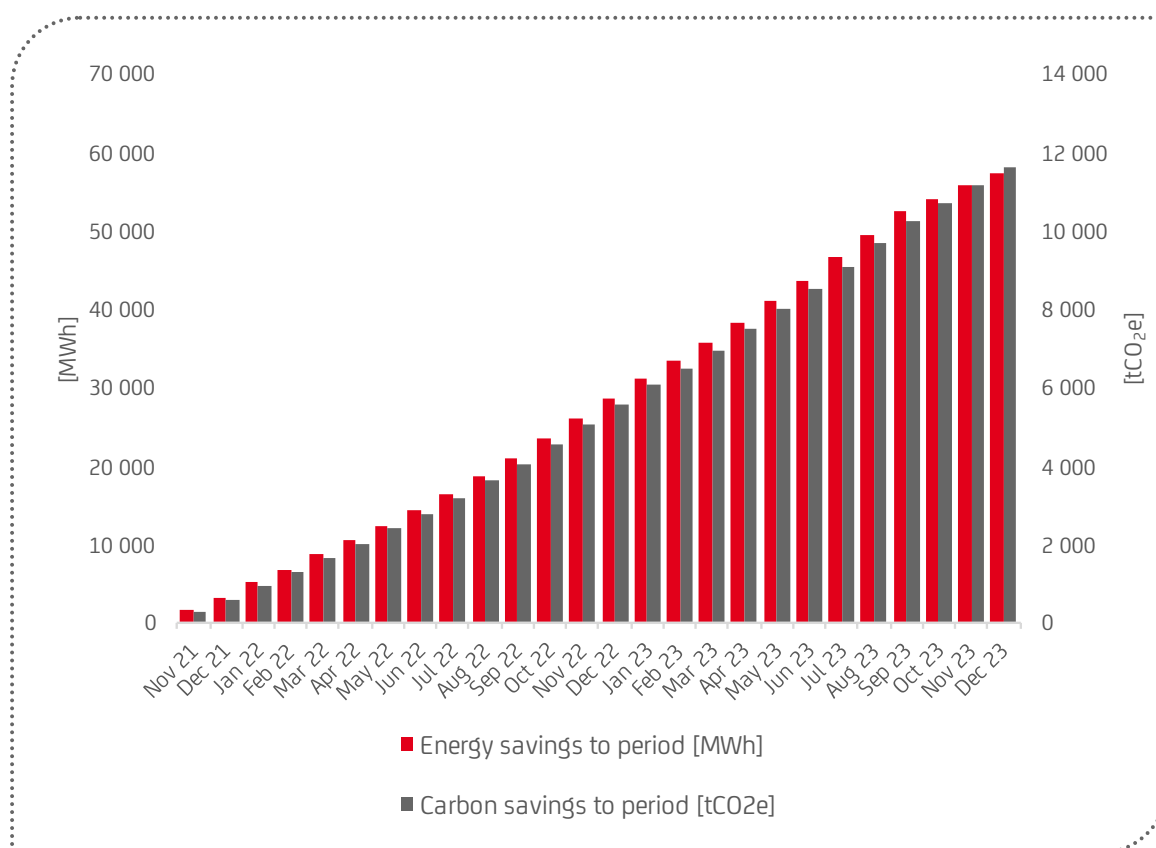
This section summarizes the main key environmental impact indicators associated with the eligible category. The choice of indicators was guided by the Sustainability Bond Framework as well as by the "The Green Bond Principles - ICMA (Handbook Harmonized Framework for Impact reporting)". Furthermore, this impact reporting is in line with the work that UniCredit is carrying out on the European Taxonomy. Indeed, UniCredit focused this impact reporting on the assessment of Eligible Green Asset contributions to climate change mitigation.

Following you will find the results of our assessment of avoided carbon emissions related to UniCredit Jelzalogbank's green buildings portfolio. The calculation of CO₂-equivalent (CO₂e) savings is based on the energy demand for heating and the energy demand for electricity of green buildings. In order to convert heating energy demand savings into avoided carbon emissions, a conversion factor is applied based on the benchmark's specific heating sources.

UC Jelzalogbank has mandated the well-known real estate consulting company Drees & Sommer to analyze its mortgage portfolio and to provide methodology for valid assessment of energy savings and avoided carbon emissions.

| | Annual energy savings (MWh/year) | Annual CO ₂ e savings (tCO ₂ e/year) | Investment intensity (tCO ₂ e/m€/y) | Final energy benchmark (kWh/m ² /year) | CO ₂ e benchmark (kgCO ₂ e/m ² /year) |
|-------------------|----------------------------------|--|--|---|--|
| 31 March 2022 | 19,386 | 3,790 | 59.40 | 214.10 | 41.86 |
| 30 June 2022 | 19,099 | 3,734 | 58.52 | 214.10 | 41.86 |
| 30 September 2022 | 18,908 | 3,696 | 57.94 | 214.10 | 41.86 |
| 31 December 2022 | 27,091 | 5,311 | 70.25 | 231.35 | 45.36 |
| 31 March 2023 | 22,752 | 4,461 | 59.00 | 231.35 | 45.36 |
| 30 June 2023 | 21,400 | 4,195 | 55.50 | 231.35 | 45.36 |
| 30 September 2023 | 34,681 | 6,799 | 53.33 | 231.35 | 45.36 |
| 31 December 2023 | 19,917 | 5,472 | 42.92 | 180.16 | 49.50 |
| 31 March 2024 | 19,764 | 5,430 | 42.59 | 180.16 | 49.50 |

AGGREGATED AND STANDARDIZED ENVIRONMENTAL IMPACTS OF GREEN POOL



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Impact calculation

Quantifying emissions related to the funded portfolio presents a number of difficulties: amongst other reasons, data scarcity is typical where data quality and reliability is low, and in the absence of good practices, there is no consensus on how much of the output of the clients they finance. When evaluating the sustainability metrics, it is advisable to take into account the outdated condition of the Hungarian real estate portfolio, and also the fact that without dedicated energy modernization programs, only moderate successes can be achieved in the field of energy renewal of the used residential real estate portfolio.

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