



# UniCredit Jelzálogbank Green Mortgage Bonds

*Product Explanation*

**UniCredit Jelzálogbank Zrt.**

September, 2021

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# Agenda

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- 1 Executive Summary**
- 2 UniCredit Group ESG Strategy & Profile
- 3 UniCredit Sustainability Bond Framework
- 4 UniCredit Bank Hungary and UniCredit Mortgage Bank Overview
- 5 UniCredit Mortgage Bank Inaugural Green Mortgage Bond Transaction
- 6 Green Asset Portfolio Preliminary Estimation for the First Green Covered Bond Issuance of UniCredit Jelzalogbank
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# Executive Summary



## Sustainability Strategy & Bond Framework

- Sustainability Bond Framework ('SBF') as a key milestone of UniCredit's ESG strategy
- SBF is a Group-wide framework for all issuers
- Green, Social and Sustainability bonds will be a recurring part of UniCredit's funding activity



## Transaction Summary

- Inaugural Green Mortgage Bond<sup>1</sup> under the established framework
- To be issued by UniCredit Jelzalogbank Zrt. out of the mortgage cover pool and rated 'A1' (Moody's)
- Green Mortgage Bond proceeds dedicated to green buildings (registered in the cover pool)
- Focus on green residential buildings within the cover pool
- Ongoing identification of further eligible assets in the cover pool and regular origination of new green assets through refinancing activities and data development
- Target to support Sustainable Development Goals ('SDG') n.13 and n.7 (Climate Action and Affordable and Clean Energy)



## Investment Highlights

- UC Jelzalogbank with rock solid balance sheet with strong capital position: 2Q21 CET1 ratio at 207,4%
- Stable underlying net profit generation on all levels

<sup>1</sup>Execution subject to market conditions



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# Who we are

## One Team, One UniCredit

1 2 3 4 5 6 7

UniCredit Group Profile

UniCredit is a simple successful **Pan European Commercial Bank**, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to its extensive and growing client franchise.

We meet real client needs with real solutions that harness synergies between our businesses: **CIB, Commercial Banking** and **Wealth Management**. The way in which these solutions are developed and provided is as important as the solutions themselves, which is why everything we do is based on our two core values: **Ethics and respect**.

By focusing on **banking that matters**, we offer local and international expertise, providing unparalleled access to market leading products and services in 13 core markets through our European banking network.

Leveraging on an international network of representative offices and branches, UniCredit serves clients in another **16** countries worldwide.

One Bank  
One  
 UniCredit



# UniCredit is a Pan European Group thanks to its strong presence in its core markets

1 2 3 4 5 6 7

UniCredit Group Profile

We offer **local expertise** and **international reach**. We accompany our clients around the globe, providing them with seamless access to our leading banks in **13 core markets**.

- Russia
- Czech Republic  
Hungary  
Romania  
Serbia  
Slovakia  
Slovenia
- Germany
- Austria
- Croatia
- Bosnia and Herzegovina
- Italy
- Bulgaria

ЮниКредит Банк

UniCredit Bank

HypoVereinsbank  
Member of UniCredit

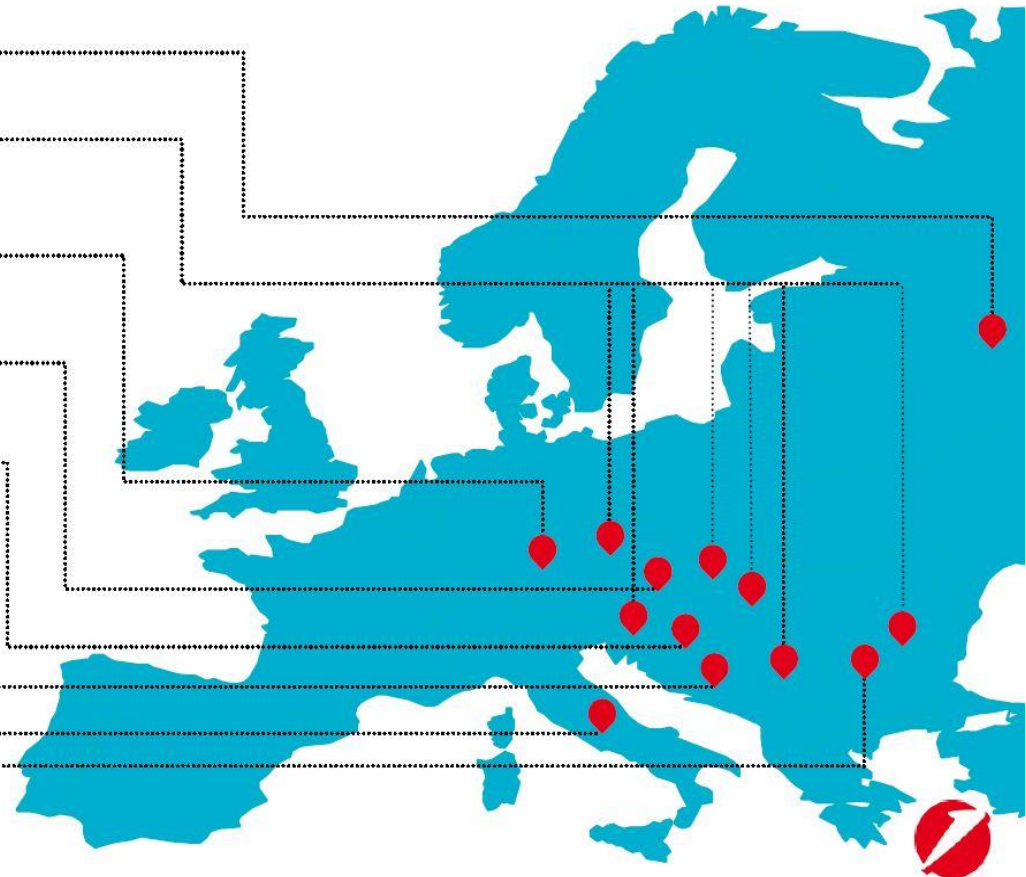
Bank Austria  
Member of UniCredit  
Schoellerbank  
Private Banking

Zagrebačka banka  
UniCredit Group  
Zagrebačka banka  
Private Banking

UniCredit Bank  
UniCredit Bank Banja Luka

UniCredit  
CORDUSIO  
CORPORATE FINANCE MANAGEMENT

UniCredit Bulbank



# Strong Footprint Across Environmental, Social and Governance Areas

1 2 3 4 5 6 7

## E Environmental



77.9bn of green/ESG-linked loans with UniCredit being involved as Bookrunner, MLA, or Lender, 51 deals in 1H21



29bn of green/sustainability and sustainability-linked bonds and Schuldschein led by UniCredit for its customers, 40 deals in 1H21



~6.5bn in renewable projects as of Jun 21




~2.3bn<sup>1</sup> of energy efficiency loans to individuals and SMEs in 1H21 in WEU



Rollout of a dedicated tool supporting WEU Commercial Banking corporate customers in the ESG transition



Dedicated questionnaire launched aimed at assessing customers' climate & environmental vulnerability (primary focus on Large Corporate)

 PACTA exercise run on lending portfolio

## S Social



15.2bn social bonds led by UniCredit for its customers, 10 deals in 1H21



Support to Europe SMEs and Individuals for Covid-19 emergency through 28.5bn of State Guaranteed loans and >34.1bn of moratoria<sup>2</sup>




>295m of loans from Social Impact Banking with >5,200 disbursements through Microcredit and Impact Financing



>77k students trained with Financial Education Programme and >19K beneficiaries across 357 educational events



UniCredit Foundation's strong role:

- >5,800 projects supported with ~120m donations
- >19m for >300 scholarships and fellowships granted to more than 1,000 students and researchers 

## G Governance



Fully dedicated ESG Board Committee, with the addition of ESG strategy council at managerial level



Appointment of >40 ESG key reference points (across geographies and functions) and >300 ESG experts



Overall managerial restructuring, simplification, streamlining and committees reduction



10% of Senior Management LTIP<sup>3</sup> connected to 3 sustainability criteria<sup>4</sup>:

- Sustainalytics rating relative ranking
- People engagement
- Customer experience

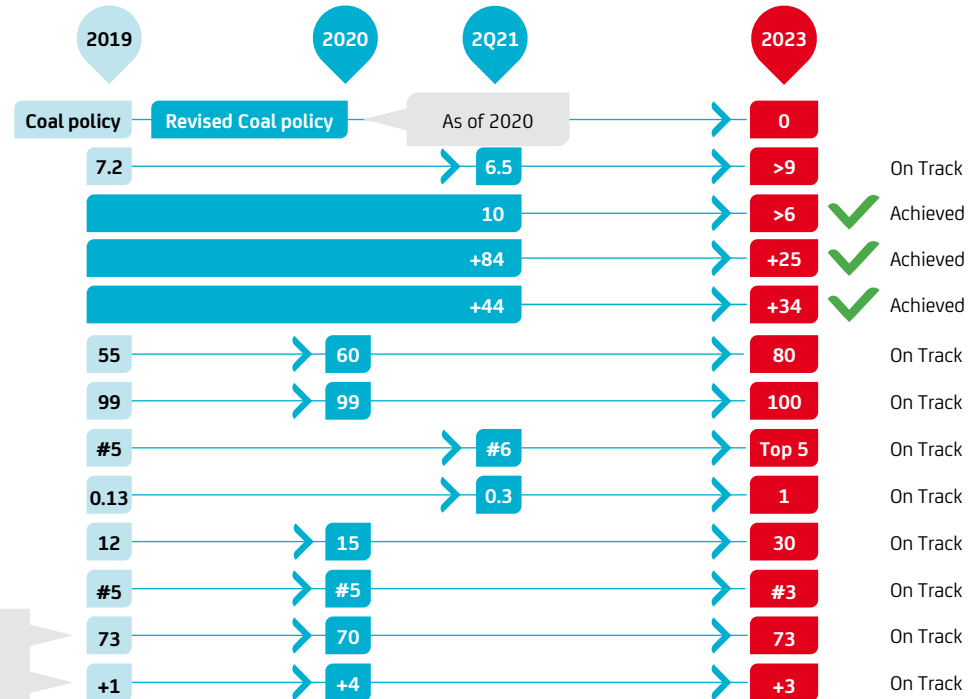
Note: Figures as of 2Q21





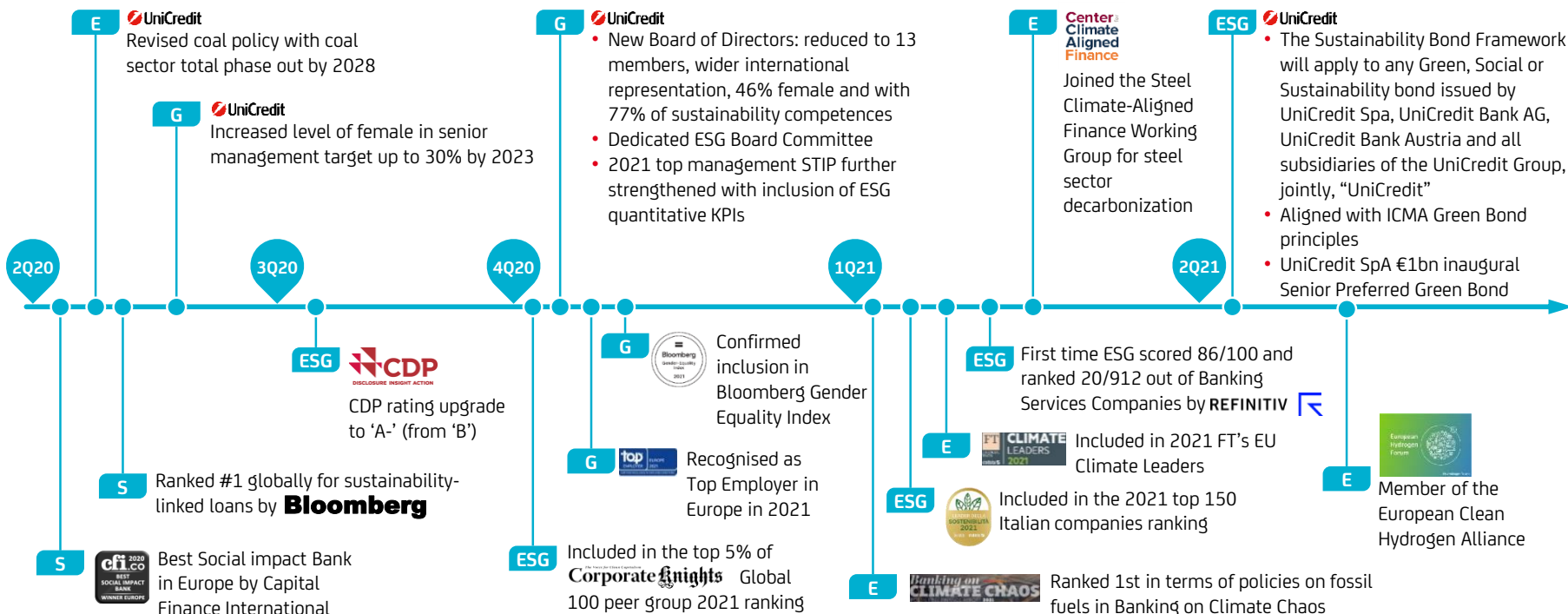
# UniCredit on Track to Achieve 2023 Sustainability Targets

- E**
  - Thermal coal mining and coal fired power plant projects exposure<sup>1</sup>, %
  - Exposure to renewable energy sector<sup>2</sup>, bn
  - New origination of energy efficiency loans in CEE<sup>3</sup>, % total loans
  - Energy efficiency loans to Italy, Germany and Austria segment Individuals, % increase
  - Energy efficiency loans to Italy, Germany and Austria SMEs, % increase
  - Reduction of our Green House Gas emissions by 2030<sup>4</sup>, %
  - Usage of renewable energy in UniCredit buildings in Germany and Austria SMEs<sup>5</sup>, %
  - Position in EMEA combined Green Bonds & ESG-linked loans<sup>6</sup>
- S**
  - Support projects with a positive social impact, bn
- G**
  - Women in senior leadership roles by 2023<sup>7</sup>, %
  - LTIP: improving ESG rating ranking vs. peers<sup>8</sup>
  - LTIP: improving absolute Staff engagement<sup>9</sup>, pts
  - LTIP: improving Customer experience vs. competition<sup>10</sup>, pts



# Delivering on Commitment to Sustainability with Clear ESG Roadmap

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# Strong and Continuous Environmental, Social and Reputational Risk Management and Policies



## Environmental, social and reputational risk management

- Economic, financial and non-financial risks are assessed and managed through a global policy on group credit operations and other specific policies
- These include environmental, social and reputational risk impacts associated with customer activity
- Equator Principles are implemented and integrated whenever applicable
- Detailed sector policies, covering significant environmental impacts, have been adopted. Portfolio exposures are monitored accordingly
- A strong inner culture of risk management prioritising environmental and social issues is disseminated across the company



## Policies

### Equator Principles

Coal sector	Nuclear energy
Defence/Armaments	Water infrastructure
Arctic and non-conventional oil & gas industry	Human rights (commitment)
Mining sector	Deforestation (commitment)

### Other Environmental and Social Impacts (Ad Hoc Assessment)

### Environmental, Social and Reputational Risk Prevention Process

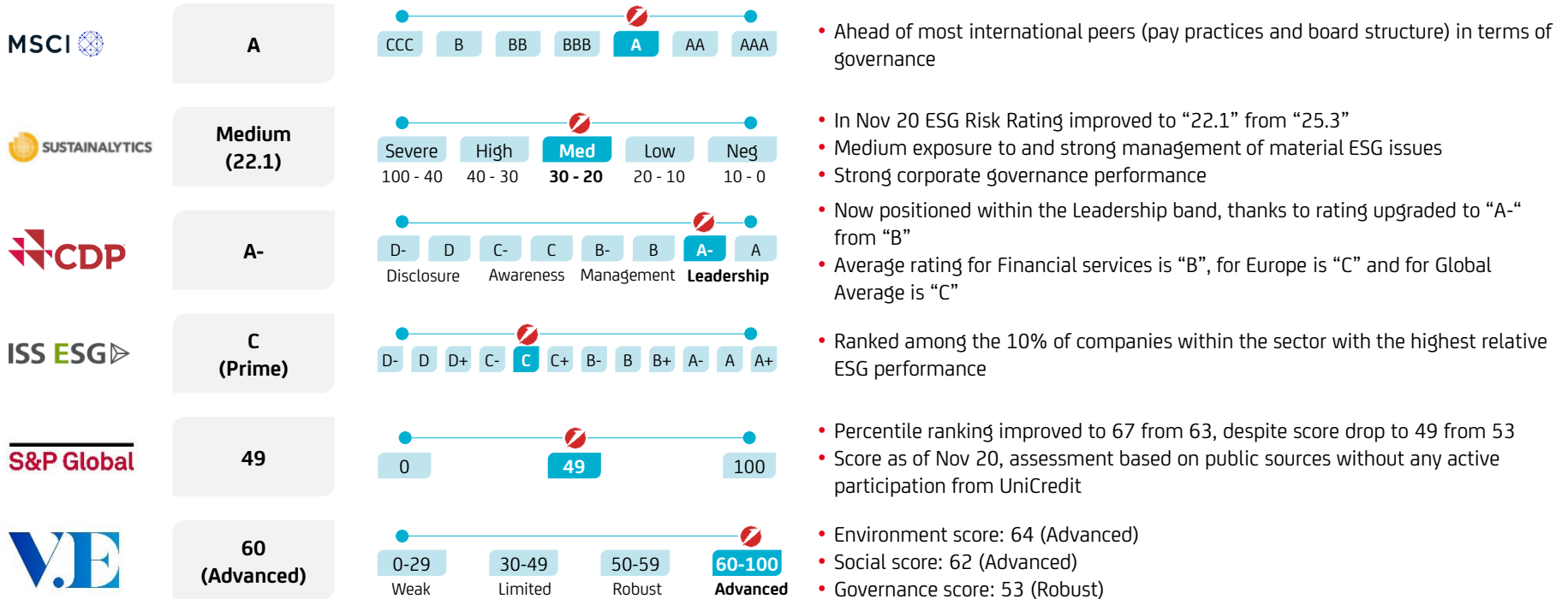
## Scope and objectives

- Framework of standards for determining, assessing and managing environmental and social risk for large projects
- Framework of sector-specific standards to identify, assess and mitigate environmental, social and reputational risks and impacts with customers
- Ad-hoc analysis leveraging on data analytics, key internal functions and external ESG providers
- Group Reputational Risk Committee ('GRRC') assessing business initiatives, transaction banking, projects, customers, etc.
- Awareness and knowledge of potential reputational risks across the Group

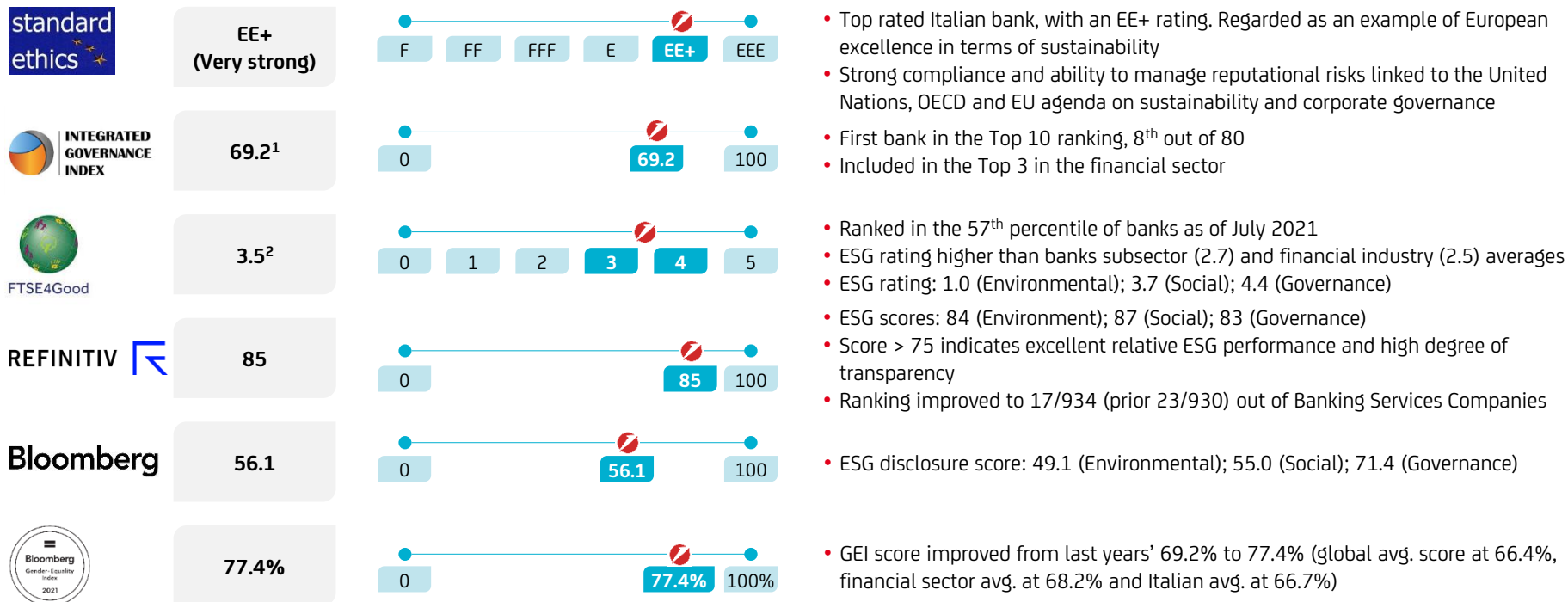




# UniCredit with Strong ESG Ratings and Indices (1/2)



# UniCredit with strong ESG ratings and indices (2/2)



# Agenda

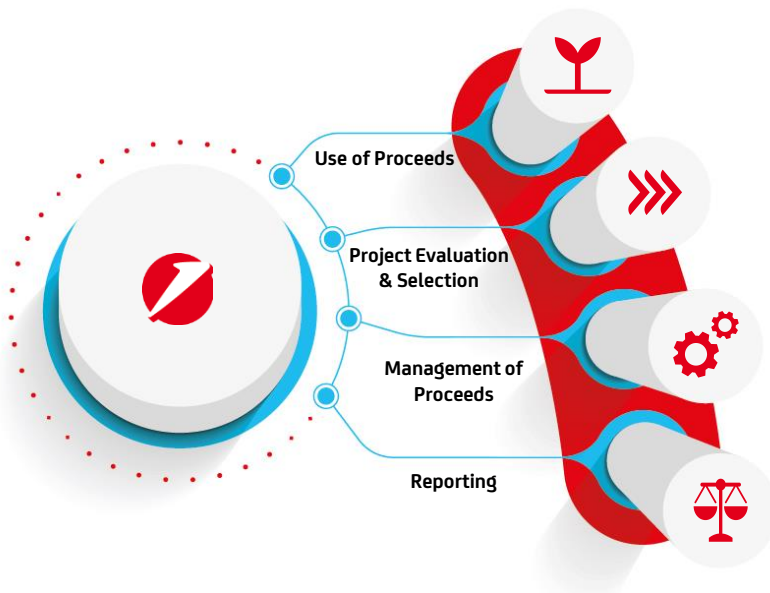
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# UniCredit Believes in the Effectiveness of the Sustainable Finance Market – The Framework Links the Bank’s Business with the UN SDGs

## The four components of the Sustainability Bond Framework<sup>1</sup> for the issuance of Green, Social & Sustainability Bonds



## Key features and rationale

- UniCredit strongly believes in the effectiveness of the sustainable finance market and its ability to channel investments to projects and activities with environmental and social benefits
- The Sustainability Bond Framework aims to support UniCredit’s ambition to align its business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the United Nations Sustainable Development Goals and the Paris Climate Agreement
- The Sustainability Bond Framework will apply to any Green, Social or Sustainability bond issued by UniCredit Spa, UniCredit Bank AG, UniCredit Bank Austria and all subsidiaries of the UniCredit Group, jointly, “UniCredit”
- Under this Framework, UniCredit can issue Green, Social or Sustainability Bonds
- UniCredit Spa has successfully issued its inaugural Green Bond in June ‘21









The framework is aligned with the 2021 versions of the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines respectively as administered by the International Capital Markets Association











# UniCredit has a Strong Portfolio of Green and Social Assets Reflecting its Sustainability Strategy



Green Eligible Categories	Examples of Eligible Projects
<b>Renewable energy</b>	 <ul style="list-style-type: none"> <li>Renewable energy production: i) onshore and offshore wind, ii) Solar, iii) Biogas from biowaste and low carbon gasses (Hydrogen), iv) hydroelectric, v) energy storage (batteries) and vi) products and services related to renewable energy production</li> </ul>
<b>Clean transportation</b>	  <ul style="list-style-type: none"> <li>Low carbon passenger cars and commercial vehicles (electric, hybrid, etc) and relevant infrastructure</li> <li>Enhancement of rail transport and relevant infrastructure</li> <li>Improvement of public electricity-based/sustainable transportation and relevant infrastructure</li> </ul>
<b>Green buildings</b>	 <ul style="list-style-type: none"> <li>Construction/acquisition of green buildings meeting one of the following criteria: i) with LEED gold/higher, or BREEAM very good/higher, ii) with Energy Performance Certificate (EPC) class 'A', iii) the energy performance within the top 15% of the national or regional buildings and iv) with other regional/national standards/certifications related to energy efficiency</li> <li>Implementation of energy efficiency solutions or renovations in building<sup>1</sup>, which lead to a 30% increase in the building energy efficiency or at least two steps improvement in EPC compared to the baseline before the renovation</li> </ul>
<b>Pollution prevention and control</b>	 <ul style="list-style-type: none"> <li>Waste collection, process, disposal and recycling (including related technologies and infrastructure)</li> </ul>
<b>Sustainable water and wastewater management</b>	 <ul style="list-style-type: none"> <li>Water management</li> <li>Waste water treatments</li> </ul>

Social Eligible Categories	Examples of Eligible Projects
<b>Healthcare</b>	 <ul style="list-style-type: none"> <li>Construction of Hospitals and healthcare facilities</li> <li>R&amp;D and construction of medical equipment/healthcare technology</li> </ul>
<b>Social Assistance</b>	 <ul style="list-style-type: none"> <li>Construction of kindergartens, homes for the elderly, for disabled or for vulnerable people</li> </ul>
<b>Affordable Housing</b>	 <ul style="list-style-type: none"> <li>Access to affordable housing</li> </ul>
<b>Support to Disadvantaged areas</b>	 <ul style="list-style-type: none"> <li>Financing small and medium-sized enterprises (SMEs) in deprived areas or affected by natural disasters</li> </ul>
<b>Education</b>	 <ul style="list-style-type: none"> <li>Construction of schools, universities, campuses</li> </ul>
<b>Social Impact Banking products</b>	    <ul style="list-style-type: none"> <li>Impact financing: Projects and initiatives that, in addition to generating economic returns, have objectives of social, positive, tangible, and measurable impacts.</li> <li>Microcredit loans to Individual and small companies with limited or no access to credit</li> </ul>

This includes the acquisition of tax incentives for building-related renovations and improvements under the “Superbonus 110%” introduced by the Italian Government with the relaunch decree (Decreto Rilancio) in July 2020. This also includes similar initiatives from other European countries



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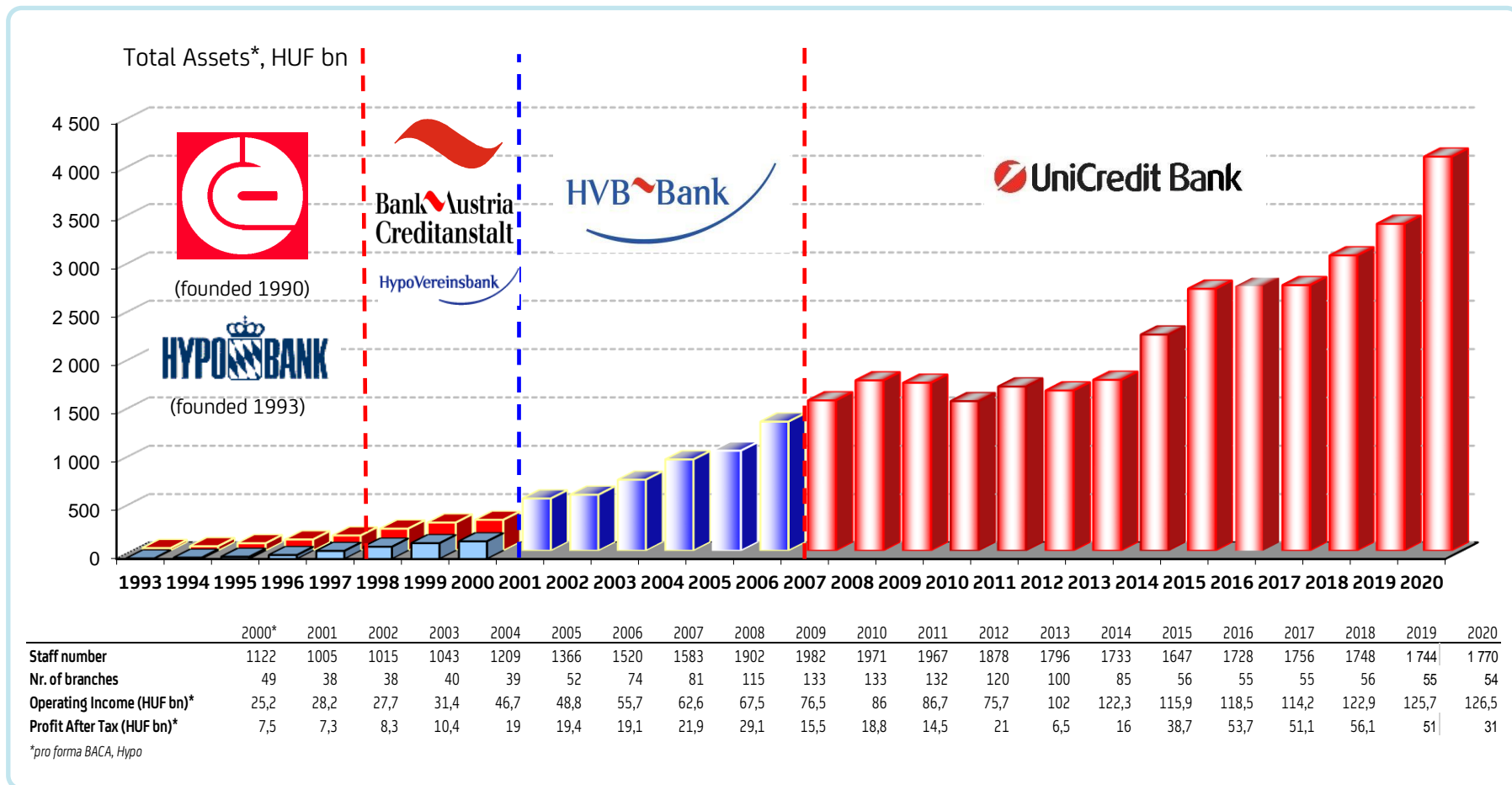


# Greenfield Investments in Hungary

## Series of merger of parent banks

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UniCredit Jelzalogbank Inaugural Green Mortgage Bond Transaction



\* Consolidated IFRS Report

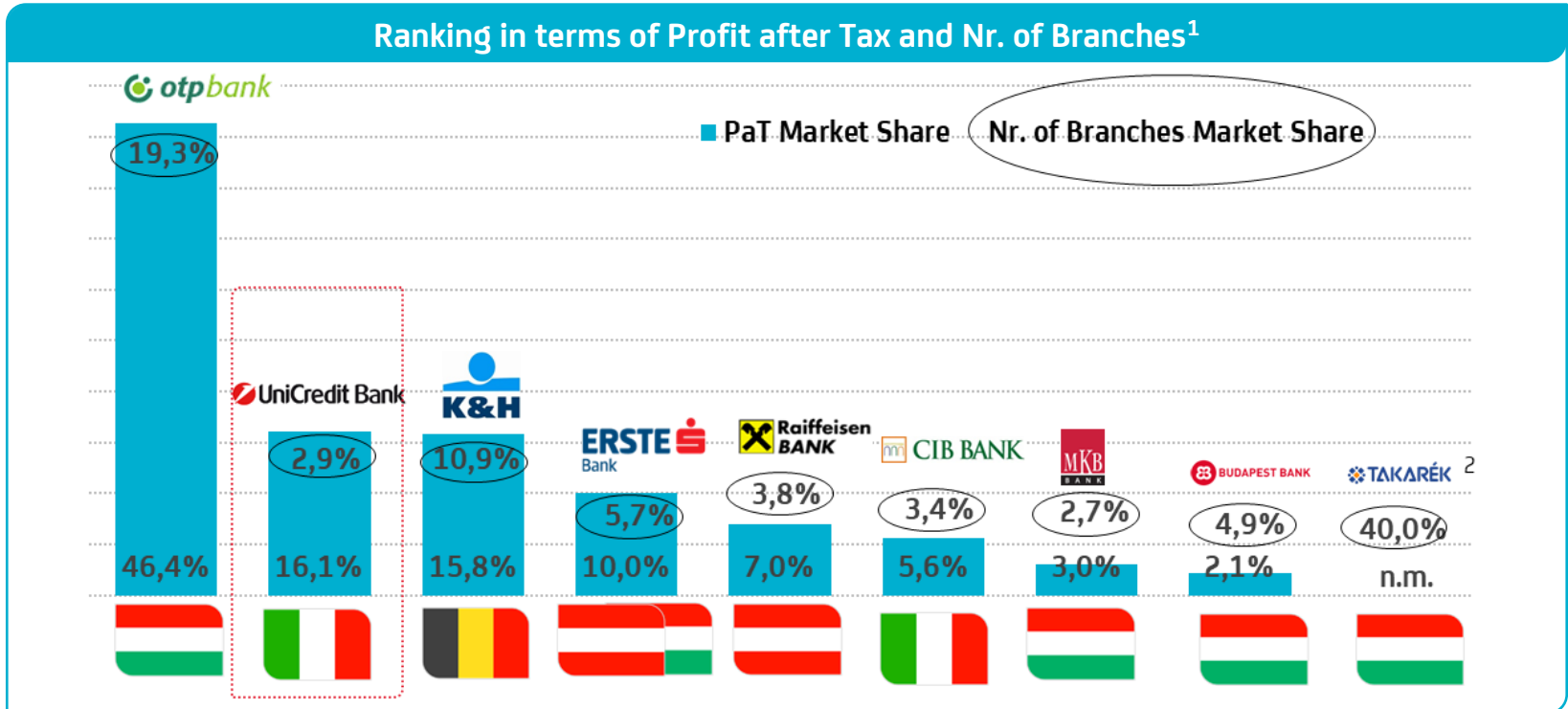


# Main Players of the Hungarian Banking Sector in 2020

UniCredit at 2<sup>nd</sup> position in terms of net profit among top peers



UniCredit Jelzalogbank Inaugural Green Mortgage Bond Transaction



<sup>1</sup> Market share at FY 2020 based on IFRS, non-consolidated data; Banks' data includes all their subsidiaries active within banking sector

<sup>2</sup> PaT market share not measurable due to negative net profit

Sources: Banks' Annual reports, NBH, UniCredit Bank Hungary



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# UniCredit Jelzalogbank in Hungary

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UniCredit Jelzalogbank Inaugural Green Mortgage Bond Transaction

- **UniCredit Jelzalogbank has been operating on the Hungarian market since 1999**
- UniCredit Bank Hungary Zrt is the sole shareholder of UniCredit Jelzalogbank.
- The operational framework (e.g. processes, internal regulations, controls and IT background) of UniCredit Jelzalogbank is strongly integrated into UniCredit Bank Hungary Zrt, furthermore several activities are outsourced to UniCredit Bank Hungary Zrt.
- Members of the Board:
  - Mr. Bálint Farkas (Chairman, CEO of UniCredit Jelzalogbank)
  - Dr. Juhász Viktor (internal member, COO of UniCredit Jelzalogbank, Head of Strategic Funding at UniCredit Bank Hungary)
  - Mr. Csáky Attila (external member, Head of Markets at UniCredit Bank Hungary)
- Asset controller: **PricewaterhouseCoopers Könyvvizsgáló Kft.**
- Auditor: **Deloitte Könyvvizsgáló és Tanácsadó Kft.**



# UniCredit Mortgage Bank in Hungary



## UniCredit Jelzalogbank Inaugural Green Mortgage Bond Transaction

### Group Criteria for Hungary and UniCredit Mortgage Bank Ltd.

Construction or acquisition of commercial or residential green buildings which meet at least one of the following criteria:

- Buildings with Energy Performance Certificate (EPC) class 'A' (before January 1, 2016) or class 'AA' (after January 1, 2016).
- The energy performance of the building is within the top 15% of the Hungarian building stock. From 2020 year the threshold is 118 kWh/sqm (CBI, with work of National Bank of Hungary, Eligible Residential Building – Hungary, 2021).
- Implementation of energy efficiency solutions or renovations in buildings, which lead to a 30% increase in the building energy efficiency or at least two steps improvement in EPC compared to the baseline before the renovation.

### Alignment with EU Taxonomy

In alignment with the new EU Taxonomy, UniCredit Jelzalogbank focuses on climate change mitigation from the environmental objectives identified by the regulation. UniCredit Jelzalogbank defines its eligibility criteria system, that the assets in connection with the green covered bonds issued under this framework should qualify as environmentally sustainable and serve the climate change mitigation.



Climate change mitigation

### UN SDGs

UniCredit Jelzalogbank will seek providing green funding source for UniCredit Bank Hungary and the partners where the lending goals are associated with the establishment of renewable energy capacities

13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



UniCredit Jelzalogbank will seek providing green funding source for UniCredit Bank Hungary and the partners where the lending goals are associated with the construction or purchase of new residential buildings, renovation or refurbishment of existing buildings aligned with the EU Environmental Objectives

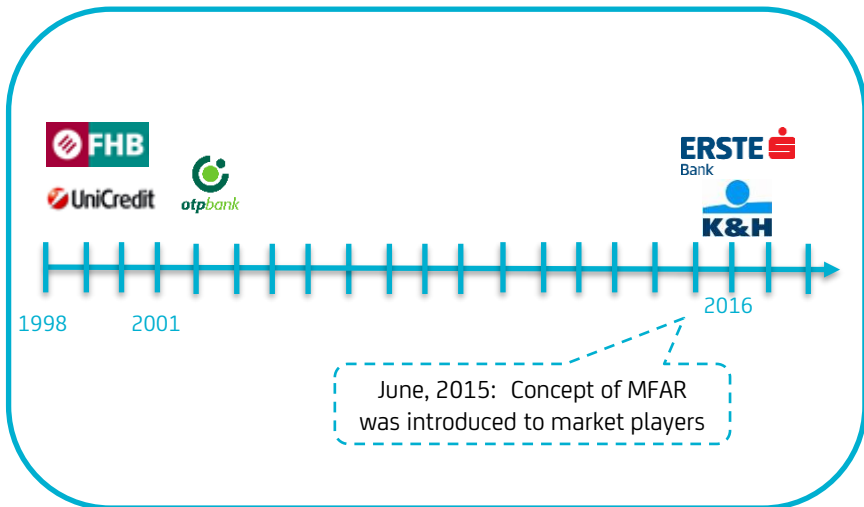


# Hungarian Mortgage Bond Market

Main milestones, market players and regulatory limits

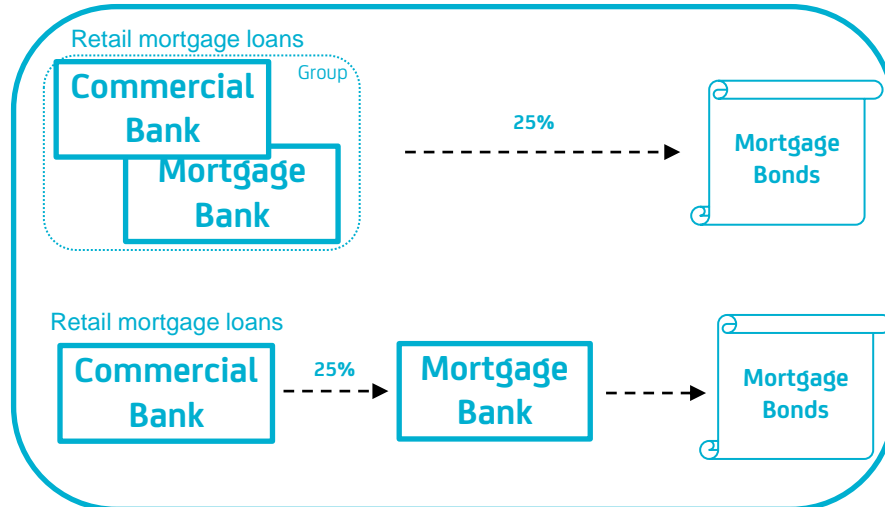
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## Hungarian Mortgage Banks

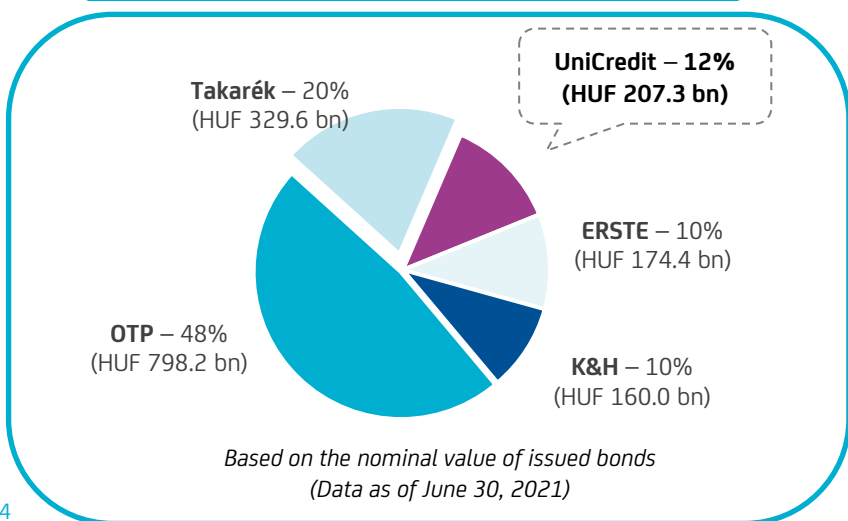


## UniCredit Jelzalogbank Inaugural Green Mortgage Bond Transaction

### MFAR (JMM) - Mortgage Funding Adequacy Ratio



## Hungarian Mortgage Bond Market



- **22 years experience** in the mortgage banking industry: UniCredit Mortgage Bank is the second oldest mortgage bank in Hungary.
- **12% market share** in the covered bond market: the **mortgage bond portfolio** of UniCredit Jelzalogbank is the **third biggest** in the industry.
- Hungarian mortgage banks have to comply with the local regulatory limit called **Mortgage Funding Adequacy Ratio**. Based on the regulation lenders currently have to back at least 25% of their mortgage loans with long-term liabilities. As of October, 2022 the limit will be lifted to **30%**.







# UniCredit Mortgage Bank Covered Bonds Rating

Moody's assigned A1 rating to UniCredit Mortgage Bank's covered bonds



## UniCredit Jelzalogbank Inaugural Green Mortgage Bond Transaction

- Moody's Investor Service has assigned definitive A1 long-term ratings to the mortgage covered bonds issued by UniCredit Jelzalogbank Zrt.
- Main factors:
  - The credit strength of issuer.
  - The cover pool's credit quality, which is reflected in the collateral score of 9.8% and the over-collateralisation of 6.1% (as of 31 June 2021).
  - The support provided by the Hungarian legal framework for covered bonds.
  - The local and foreign currency bond ceiling for Hungary which caps the rating of the covered bonds at A1.
- CR Assessment: unpublished
- CB Anchor: CR assessment +1 notch
- Extended refinance period: No
- Principal payment type: hard bullet
- Timely payment Indicator (TPI): Probable
- TPI Leeway: unpublished

MOODY'S Covered Bond / Bond (govie)	CQS*
Aaa	1
Aa1	
Aa2	
Aa3	
A1 	2
A2	
A3	
Baa1 	3
Baa2	
Baa3	
Ba1	4
Ba2	
Ba3	

\*Credit Quality Steps is defined by CRR, it influences the haircuts in the LCR reporting



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## Underlying Green Assets

- The first green covered bond issuance of UniCredit Jelzálogbank (Issuer) aimed to be covered by the green assets of the existing cover pool.
- As asset selection criteria the Issuer selected green assets from Residential property portfolio of housing loans (Green Bond Framework, selection criteria)

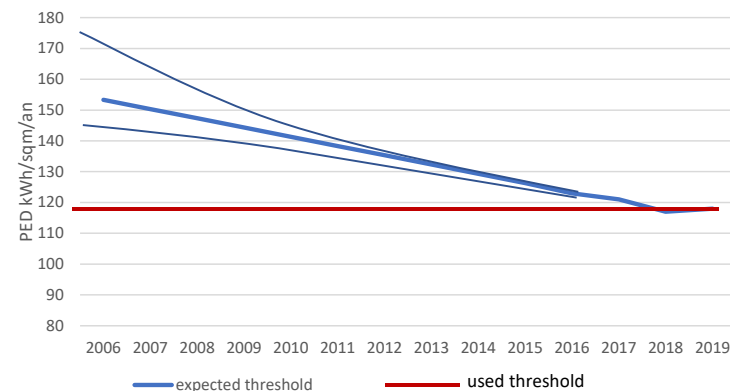
The announced selection criteria chosen by the Issuer: Construction or acquisition of commercial or residential green buildings which meet at least one of the following criteria:

- Buildings with Energy Performance Certificate (EPC) class 'A' (before 1st of January, 2016) or class 'AA' (after 1st of January, 2016).
- The energy performance (PED) of the building is within the top 15% of the Hungarian building stock. From 2020 the threshold is 118 kWh/sqm/an<sup>1</sup>.
- Implementation of energy efficiency solutions or renovations in the buildings, which lead to a 30% increase in the energy efficiency of the building, or results in at least two steps upgrade in EPC compared to the baseline before the renovation.

## UniCredit Jelzálogbank Inaugural Green Mortgage Bond Transaction

### TOP 15%

- The Issuer's framework uses the energy performance of the building within the top 15% of Hungarian property stock.
- In 2021 the TOP15% threshold in Hungary is 118kWh/sqm /an<sup>1</sup>.
- Based on the published paper the top 15% threshold of the Hungarian property market is strictly monotonic decreasing, as in general the energy efficiency of the buildings keeps improving and the newer EPC covers new buildings with better energy performance.
- The Issuer used 118kWh/sqm/an for all Hungarian residential buildings. Since thresholds were higher in earlier years, using the four-year average of 2016-2019 threshold is a conservative approach. As a result the green asset portfolio will be obviously underestimated, representing a prudential view.



1: CBI, with work of National Bank of Hungary, Eligible Residential Building – Hungary, 2021



## External Review

- The Issuer shall publish a final green asset estimation methodology.
- The Issuer entrusts an external reviewer to examine and issue a public assurance letter on green covered bond selection criteria and methodology.
- The issuer shall publish the external reviewer's assurance letter.
- The Issuer uses the statistical methodology described on the following slides to pre-estimate the possible green asset portfolio of outstanding cover pool for the first issuance.

## Green Asset Portfolio – Eligibility criteria - I

- Residential property portfolio of housing loans (Green Bond Framework, selection criteria), the Top15% PED threshold is 118 kWh/sqm/an.
- PED identified by a function of EPC classes.
- Due to the EPC methodological change in Hungary on 1<sup>st</sup> January 2016, the properties are separated into two sub-portfolios. The EPC origination is approached by loan origination.
  - loan start date before 31/12/2015;
  - loan start date after 01/01/2016.

## UniCredit Jelzálogbank Inaugural Green Mortgage Bond Transaction

## Green Asset Portfolio – Eligibility criteria - II

- EPC-PED mapping:
  - **After 01/01/2016**
    - The 176/2008 (VI.30.) Gov. Decree determines a range of benchmark rate (rate to the aggregate energy characteristic requirement value).
    - The 7/2006 (V.24.) TNM Decree determines the PED of benchmark.

The Annex1 shows the EPC- PED mapping table and the used eligibility threshold.

Green asset: PED<118kWh/sqm/an, that is

    - from AA++ to BB
    - 68% of CC, based on Hungarian average property characteristics.
  - **Before 31/12/2015**
    - Since before 2016 the PED of residential buildings is a function of A/V, using the 7/2006 (V.24.) TNM Decree's Annex5 III. section, and using Assessment No1 for property A/V, the used PED threshold is
      - for houses: 140 kWh/sqm/an
      - for flats: 110 kWh/sqm/an

The Annex2 shows the EPC- PED mapping table.

Green assets: PED<118kWh/sqm/an, that is

    - houses with A+ - A EPC
    - flats with A+ - D EPC.

## Used Assessments

### Assessment No1

- Before 2016, the aggregate energy characteristic requirement value (benchmark) is a result of linear function of surface/volume of the building. For houses the highest PED is used because the houses typically have higher A/V, for flats the lowest PED is used, because the flats have lower A/V – referring to more and less external surfaces. (see Fig2)

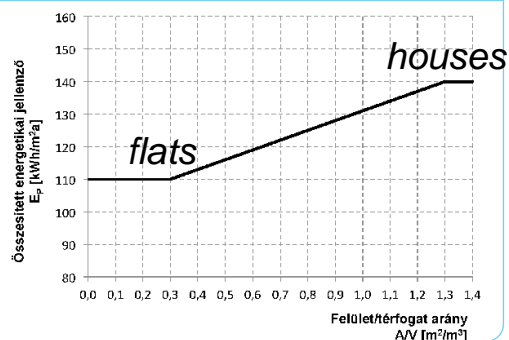
### Assessment No2

- The existing residential portfolio's EPC classification is estimated based on characteristic of random selected samples of the cover pool. See EPC assessment section.

### Assessment No3

- The Hungarian total property market's characteristic is used to identify the TOP15% eligible ratio of the sub-portfolio EPC CC (68%).

Fig2. 7/2006 TNM Decree, Annex 5, Section III, PED-A/V function of the residential buildings



Property type appointment

## EPC assessment

The EPC of the existing property portfolio of the retail housing loans of the cover pool identified, as:

- randomly selected sample on total residential cover pool portfolio originated from parent company UCHU;
- For loans originated before 2015, the 1-digit EPCs are used
- For loans originated after 2016, the 2-digit EPCs are used
- 3 clusters have been analyzed:
  - Flats and houses after 2016
  - Flats before 2015
  - Houses before 2015
- In each cluster a threshold for green assets have been identified based on the distribution
- The threshold of the distribution of the 3 clusters determines the green asset ratio of the total housing portfolio of the parent company UCHU in the cover pool, as estimation based on the samples' characteristic.

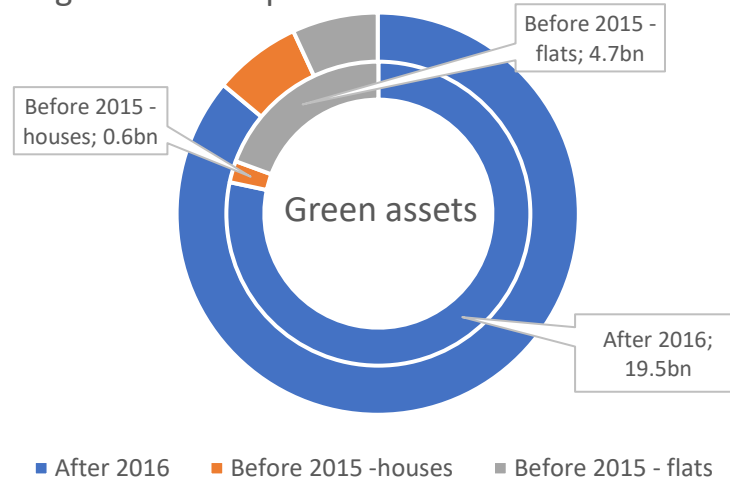
The EPC of properties of the new loan production has been recorded in the property valuation system of the bank. That EPCs are not based on assessment.

## Green Asset Pre-Estimation

Green asset estimation on existing portfolio on inaugural green covered bond issuance.

- HUF 24.7 bn green assets on cover pool.
- Using an approx. 20% haircut for uncertainty of estimation, the HUF 20 bn issuance probably 100% covered by existing green assets.

Housing loans in the pool



*Disclaimer:*

*The Issuer keeps all rights to use other methodology and assessment system for green asset portfolio selection that will be reviewed by the external verifier.*

## Annex1 – EPC - PED mapping after 2016

EPC >2016	Benchmark rate and minimum value (BB), that is the NZEB	PED (kWh/sq m/an)	TOP15% eligibility
AA++	<40	<40	eligible
AA+	40-60	40-60	eligible
AA	61-80	61-80	eligible
BB	81-100	81-100	eligible
CC	101-130	101-130	68% eligible
DD	131-160	131-160	
EE	161-200	161-200	
FF	201-250	201-250	
GG	251-310	251-310	
HH	311-400	311-400	
II	401-500	401-500	
JJ	>500	>500	

Threshold: BB and 70% of CC sub-portfolio

## UniCredit Jelzálogbank Inaugural Green Mortgage Bond Transaction

## Annex2 – EPC - PED mapping before 2015

EPC <2015	Benchmark rate	Flat	TOP15% eligibility	Houses	TOP15% eligibility
A+	<55	<60,5	eligible	<77	eligible
A	56-75	60,5-82,5	eligible	77-105	eligible
B	76-95	82,5-104,5	eligible	105-133	
C	96-100	104,5-110	eligible	133-	
D	101-120	110-112,2	eligible		
E	121-150	112,2-132			
F	151-190				
G	191-250				
H	251-340				
I	341<				

Threshold: Flats: D; Houses: A

# Agenda

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- 1 Executive Summary
- 2 UniCredit Group ESG Strategy & Profile
- 3 UniCredit Sustainability Bond Framework
- 4 UniCredit Mortgage Bank Overview
- 5 UniCredit Mortgage Bank Inaugural Green Mortgage Bond Transaction
- 6 Green Asset Portfolio Preliminary Estimation for the First Green Covered Bond Issuance of UniCredit Jelzalogbank
- 7 Annex**





# Examples of Potential Key Social and Environmental Impact Indicators Include

Eligible Sustainable Categories	Examples of Potential Key Environmental Impact Indicators
<b>Renewable Energy</b>	<ul style="list-style-type: none"><li>• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li><li>• Annual renewable energy generation in MWh/GWh</li><li>• Capacity of renewable energy systems installed in MW</li></ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"><li>• Annual energy savings in MWh/GWh</li><li>• Annual GHG emissions reduced/avoided in tonnes of eq. CO2</li><li>• Gross Building Area</li></ul>



# End Notes (1/2)



Please note that numbers may not add up due to rounding, and some figures are managerial.

These notes refer to the metric and/or defined term presented on [page 7](#) (ESG Achievements):

1. Historical figures have been recast due to new setup of SME in UCB AG for an amount of 0.3bn.
2. Moratoria, as of 30 Jun 21, include both outstanding (9.9bn) and expired (24.2bn) volumes. State Guaranteed loans are as of 30 Jun 21 (CEE figures only as of 31 Mar 21).
3. Long Term Incentive Plan (LTIP) has a 9-year duration, of which 4 performance years (plan horizon), 4 years deferral, 1 additional year of holding of the shares.
4. Targets end of 2023: 3<sup>rd</sup> in Sustainalytics relative rating ranking; 73pts in absolute People engagement; +3pts in relative Customer experience, which is based on Strategic Net Promoter Score (NPS).

These notes refer to the metric and/or defined term presented on [page 8](#) (2023 ESG targets):

1. Based on New Coal Policy issued in 2Q20:
  - Zero general financing in all cases of expansion of coal operations (i.e. Coal Fired Power Plants acquisition or opening) by 2028
  - Zero exposure to thermal coal mining and coal fired power plant projects by 2023
2. Including: biomass, hydro, photovoltaic, wind, CHP (combined heat and power) plants, battery storage, energy from waste and other renewables as well as corporates predominantly operating renewable energy assets.
3. Including Individuals and SME.
4. Vs. base year 2008. Long term target: 80% by 2030.
5. 100% usage of renewable electricity in our buildings in Italy, Germany and Austria.
6. Green/ESG-linked Loans include syndicated loans which are green, KPI-linked or ESG-score-linked and where UniCredit was involved as Bookrunner, MLA, or Lender. Sustainability Bonds are Bonds which are Social and Green at the same time. Sustainability-linked Bonds (not part of Green/Social/Sustainability Bonds) are forward-looking performance-based instruments with financial or structural characteristics being adjusted depending on the achievement of pre-defined sustainability targets.
7. Women in senior leadership roles figure reported on a 6 months basis
8. External rating by the independent provider, Sustainalytics, UniCredit ranks 5th among a peer group (15 banks)
9. People Engagement is calculated as the average of two measurements across the Plan horizon
10. Customer experience tracking is based on Strategic Net Promoter Score (NPS), a metric used across industries to measure customer experience. It is based on the sole question 'How likely are you to recommend our Bank'.



# End Notes (2/2)



Please note that numbers may not add up due to rounding, and some figures are managerial.

This notes refer to the metric and/or defined term presented on [page 13](#) (ESG ratings 2/2):

1. Score downgraded to 69.2 from 71.7 mainly due to changes in the assessment process (UniCredit ranking stable at 8/80 from 8/74) - covering Italian companies only.
2. Rating downgraded to 3.5 from 4.6 only due to changes in FTSE4Good assessment methodology.



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