

Quarterly ESG Bond Report 2022Q4

Empowering
Communities to Progress.



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

Sustainability at UniCredit

In 2020 we embarked on a journey to further integrate all ESG factors in the bank's strategy, core business and processes, looking at both risks and market opportunities and with a clear multi-stakeholder approach.

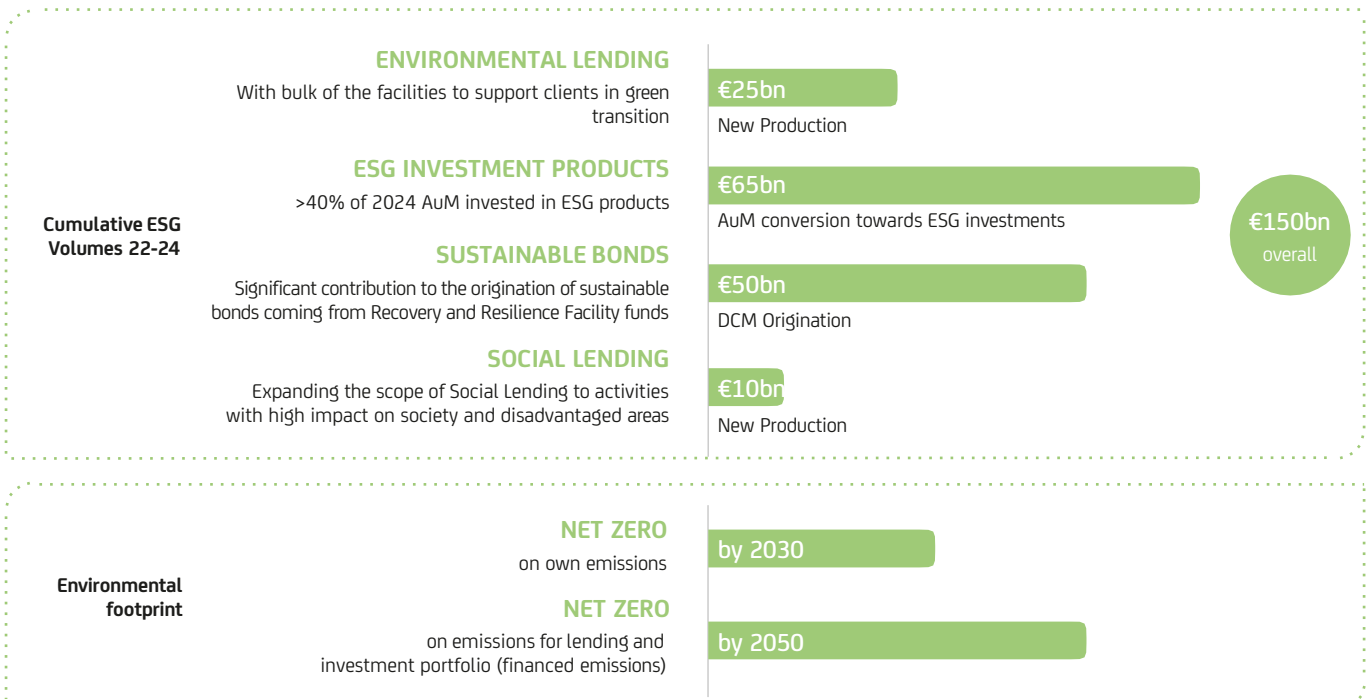
ESG considerations are fundamental to every decision we make and every action we execute. They are a central part of how we do business. Fulfilling our purpose of empowering communities to progress would not be possible without the highest ESG standards across our bank.

Embedding sustainability in all that we do is one of the five strategic imperatives of our 2022-2024 Strategic Plan, **UniCredit Unlocked** approved on 9th Dec 2021, which includes a new financial ambition to deliver sustainable performance and profitable growth over the cycle.

Our ESG strategy is built around four fundamentals:

- **leading by example**, striving for the same high standards that we seek from those we do business with
- setting **ambitious ESG goals** to support our clients' need for change
- equipping ourselves with tools to assist clients and communities in navigating the **environmental and social transition** through strategic actions across our building blocks
- **embracing and investing the resources** needed to deliver and reach medium and long-term commitments (Net Zero, same salary for same role, Financial Health and Inclusion) to enable a more equal and sustainable society.

OUR ESG GOALS AND TARGETS



UniCredit Jelzálogbank Issued Green Covered Bond

ISSUER	UniCredit Jelzálogbank Zrt.
Issue rating	A1 (Moody's)
Status	Green Covered Bond
Legal status	Mortgage Covered Bond
Law	Hungarian Law
ISIN	HU0000653472
Use of proceeds	UniCredit Jelzálogbank will use the amount equal to the bond's net proceeds to finance or refinance specific projects that have been selected in accordance with UniCredit' Sustainability Bond Framework
UniCredit Bank Hungary role	Lead manager, payment agent and market maker
1 st tranche	
Launch date	28 October 2021
Settlement date	2 November 2021 (t+2)
Maturity	22 October 2031
Issue size	HUF 23.2 bn (=EUR 63.8 mn)
Coupon	3.75% fixed, annual, act/ act ICMA
Re-offer Price / Spread	100.7728% / MS -10bps
2 nd tranche	
Launch date	6 October 2022
Settlement date	10 October 2022 (t+2)
Maturity	22 October 2031
Issue size	HUF 5 bn (=EUR 11.8 mn)
Coupon	3.75% fixed, annual, act/ act ICMA
Re-offer Price / Spread	63.1081% / MS + 21.23bps

UniCredit Jelzalogbank Green Allocation Reporting

ALLOCATION

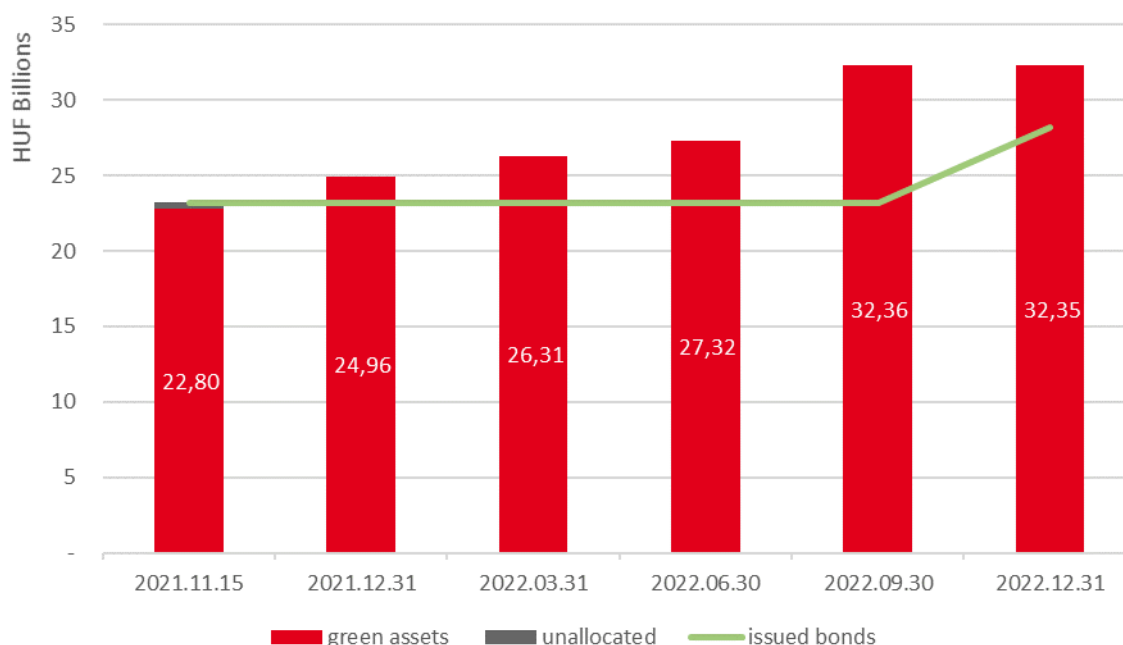
UniCredit Jelzalogbank intends to allocate an amount equal to the net proceeds from any issue of Green Covered Bonds to advance the refinancing of green assets which are in alignment with the energy efficiency criteria of the Bank's Green Bond Framework¹. UniCredit Jelzalogbank has acceded the international UniCredit Group's Sustainability Bond Framework² based on the International Capital Markets Association's (ICMA) Green Bond Principles, validated by the external reviewer ISS ESG's Second Party Opinion (SPO).

In the reporting period, Unicredit Jelzalogbank issued the 2nd tranche of its green mortgage bond series. This transaction decreased the allocation rate of green assets, which was 115% at the end of 4th quarter of 2022. 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%
31 December 2021	24,962,379	23,200,000	108%
31 March 2022	26,305,394	23,200,000	113%
30 June 2022	27,321,809	23,200,000	118%
30 September 2022	32,359,299 ³	23,200,000	139%
31 December 2022	32,347,308	28,200,000	115%

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.



¹ UniCredit Jelzalog Bank | Green Bond Framework (jelzalogbank.hu)

² UniCredit_Sustainability_Bond_Framework_18_6_21 (2).pdf (unicreditgroup.eu)

³ 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 Impact Reporting

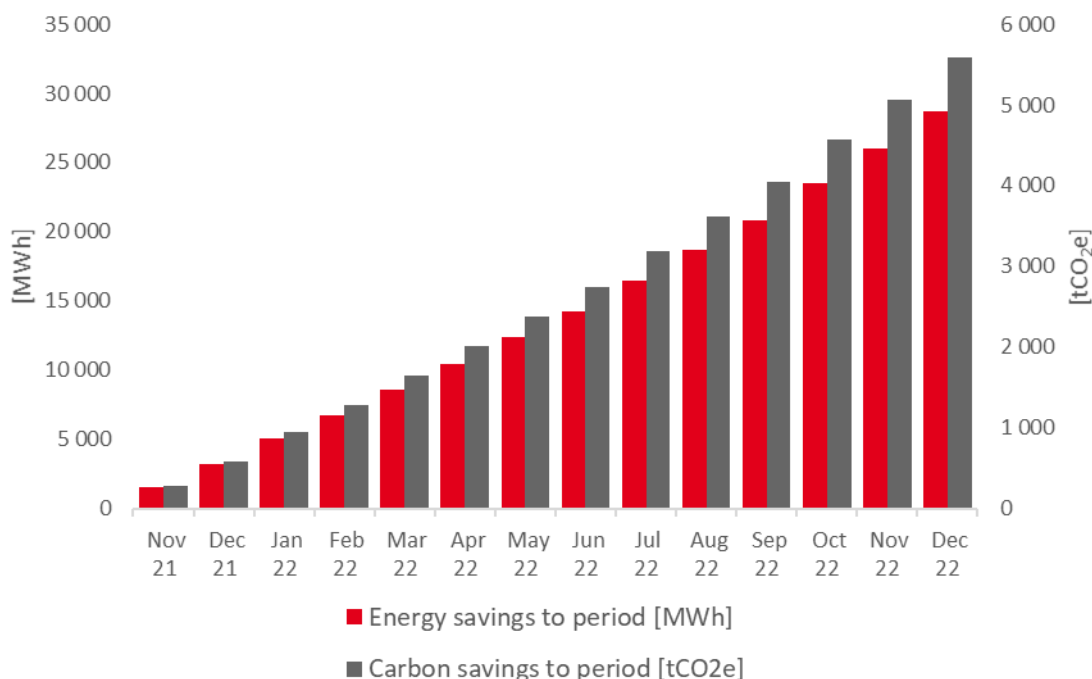
This section summarizes the main key environmental impact indicators associated with the eligible category. The choice of indicators was guided by the Sustainability Bond Framework as well as by the "The Green Bond Principles - ICMA (Handbook Harmonized Framework for Impact reporting)". Furthermore, 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 and methodology 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 savings (tCO ₂ e/year)	Investment intensity (tCO ₂ e/m€/y)
31 March 2022	21,981	4,297	59.4 ⁴
30 June 2022	22,492	4,397	58.52
30 September 2022	26,373	5,156	57.94
31 December 2022 ⁵	31,075	6,092	70.25

AGGREGATED AND STANDARDIZED ENVIRONMENTAL IMPACTS OF GREEN POOL



⁴ Amended UCJelzalogbank Sustainability Bond Report 2022 figure

⁵ Having the data of 2021, the benchmarks were updated in the analysis of 2022Q4

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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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