

# 2023 Sustainability Bond Report

Empowering  
Communities to Progress.





A portrait of Andrea Orcel, Chief Executive Officer of UniCredit S.P.A. He is a middle-aged man with grey hair, wearing a light blue dress shirt and a red patterned tie. He is sitting on a dark surface, possibly a desk or ledge, with his hands resting on it. The background is a large window with a view of a city skyline.

“

As a bank, we are committed to shaping a future for our clients and communities that is fairer, greener and more sustainable. This is by providing them with the tools, support and knowledge they need no matter where they are on their journey.

**ANDREA ORCEL**  
CHIEF EXECUTIVE OFFICER  
UNICREDIT S.P.A.

This document is the annual Sustainability Bond Report on the allocation and impact of UniCredit Bank Czech Republic and Slovakia's Green and Social Bonds issued to date. This report was prepared in line with UniCredit Group's Sustainability Bond Framework published in June 2021 (hereafter: "Framework").

# Index

04

 ESG Strategy

05

 Overview of UniCredit Group's Sustainability Bond Framework

06

 UniCredit Bank CZ/SK Green Bonds

07

 UniCredit Bank CZ/SK Green Allocation

08

 UniCredit Bank CZ/SK Green Impact Reporting

09

 Methodological Notes

11

 Disclaimer

# 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

Embedding sustainability in all that we do is one of the five strategic imperatives of UniCredit Unlocked. This plan builds on our strong foundations to unlock the potential of our Group, paving the way for the future of our Bank and of all our stakeholders, while ensuring that we always lead by example and fulfil our Purpose of empowering communities to progress.

Our ESG Strategy is built on strong fundamentals and interconnected elements to deliver value:

- **ESG principles**, representing our important milestones 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;
- **embracing and investing the resources** needed to deliver and reach our ESG 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



### From ESG volumes ... ... to ESG penetration

Focus on **ESG share over total business for a more transparent view** on UniCredit's ESG performance

3 indicators **netting out overall market effects not related to ESG**: **ESG lending** over MLT loans new production, **ESG investments products** penetration rate over total stock, **Sustainable bonds** over total bonds

**Subject to evolution of ESG regulation**, expected to further mature over 2024

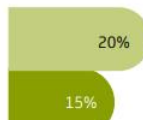
**ESG Lending<sup>1</sup>**  
Slightly below on environmental lending with 22.2bn, while outperforming on social lending with 11.1bn since Jan 2022



**ESG Investment Products<sup>2</sup>**  
Positive year progress with improved ESG penetration rate at 52% (c.102bn stock) at 1H24 vs 48% at Dec 2023



**Sustainable Bonds<sup>3</sup>**  
Good performance with 30.1bn since Jan 2022 with focus on Corporates and Financial Institutions in alignment with Group Strategy



ESG Penetration ● 1H24 Actual ● FY24 Target

1. KPI calculated as ESG new production including Environmental, Social and Sustainability linked lending, divided by MLT loans new production in given year

2. Based on Art. 8 and 9 SFDR regulation

3. LT Credit. KPI calculated as ESG All regions' bonds, including sustainability linked bonds, divided by all regions' bonds for given year

# Overview of UniCredit Group's Sustainability Bond Framework

## Rationale for Sustainable Financing

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.

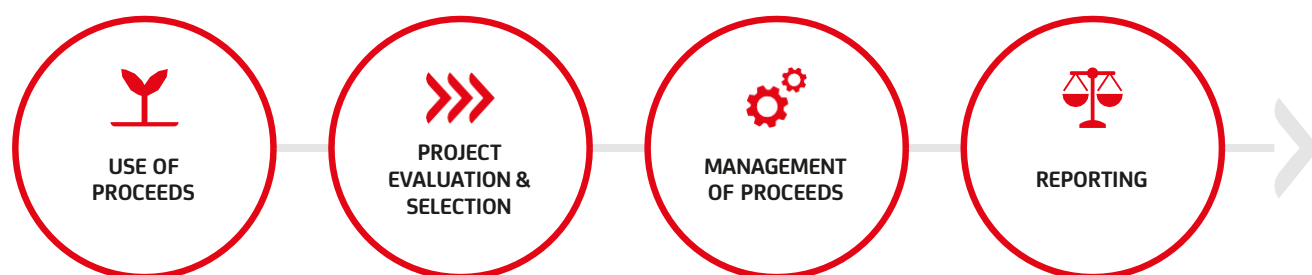
The Sustainability Bond Framework<sup>1</sup> aims to support our ambition to align our business strategy with the needs of individuals and the goals of society as expressed in the

United Nations Sustainable Development Goals and the Paris Climate Agreement.

The framework obtained a Second Party Opinion issued by ISS ESG which is the opinion that UniCredit's framework is aligned with ICMA guidelines and principles, is consistent with UniCredit Sustainability Strategy and the overall sustainability quality of the selection criteria is good.

## UNICREDIT'S SUSTAINABILITY BOND FRAMEWORK: FOUR COMPONENTS

The four components of the Sustainability Bond Framework for the Issuance of Green, Social & Sustainability Bonds



## Alignment with ICMA's Green and Social Bond Principles

UniCredit's bond Issuances under the Sustainability Bond Framework are based on principles and guidelines introduced by the Green Bond Principles (GBP) 2021 version, the Social Bond Principles (SBP) 2021 version and the Sustainability Bond Guidelines (SBG) 2021 version as administered by the International Capital Markets Association (ICMA), collectively the Principles.

The UniCredit Sustainability Bond Framework applies 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) and will remain in force as long as any of those instruments are outstanding.

## GREEN AND SOCIAL ELIGIBLE CATEGORIES



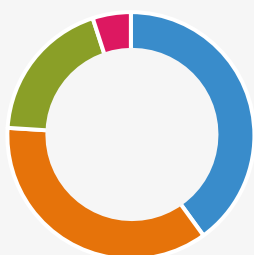
<sup>1</sup> [https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/ESG-investors/Sustainability-Bonds/UniCredit\\_Sustainability\\_Bond\\_Framework\\_18\\_6\\_21.pdf](https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/ESG-investors/Sustainability-Bonds/UniCredit_Sustainability_Bond_Framework_18_6_21.pdf)

# UniCredit Bank CZ/SK Green Bonds

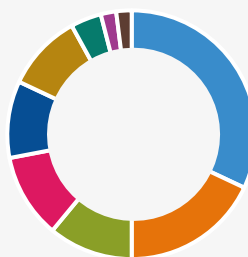
## GREEN MORTGAGE COVERED BOND XS2637445276

Year	2023
Issue size	€500mn
Maturity	20 June 2028
Coupon	3.750% Fixed, Annual
Order Book	More than € 1 billion from more than 70 investors

## INVESTOR AND GEOGRAPHICAL DISTRIBUTION (ALLOCATED)



- 40% Funds / Asset Managers
- 36% Banks & Private Banks
- 19% Official Institutions & Central Banks
- 5% Insurance



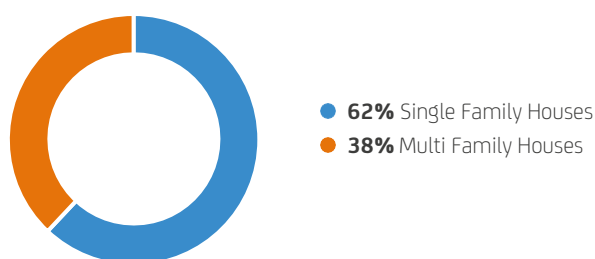
- 32% Germany
- 18% UK
- 11% Austria
- 11% BeNeLux
- 10% CEE
- 10% Nordics
- 4% Italy
- 2% France
- 2% Iberia

# UniCredit Bank CZ/SK Green Allocation

UniCredit Bank Czech Republic and Slovakia has fully allocated 500 million of Euro proceeds collected from the issuance in 2023. The whole amount of proceeds was allocated to the “Green Buildings” eligible category in line with the Sustainability Bond Framework of UniCredit Group. The green portfolio consists of Residential Mortgage portfolio selected by applying methodology described in the section Methodological Notes below. Exclusively mortgage loans granted to finance or refinance mortgaged green buildings are included into portfolio. Amounts of non-purpose parts of mortgage loans are excluded from the pool on a portfolio basis. 100% of the proceeds from the issued bond were used for refinancing purposes of the existing assets.

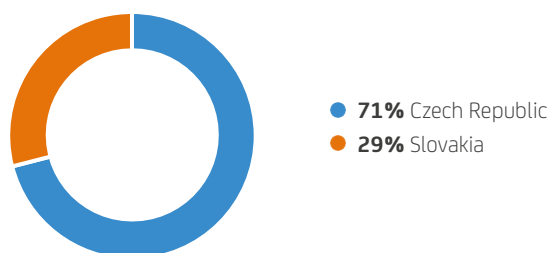
Figures quoted in this paragraph are as of 31 December 2023. The eligible green bond portfolio amounts to EUR 505 million stemming from an evaluation of the mortgage cover pool, of which 79% based on the top 15% method.

## BREAKDOWN BY BUILDING TYPE



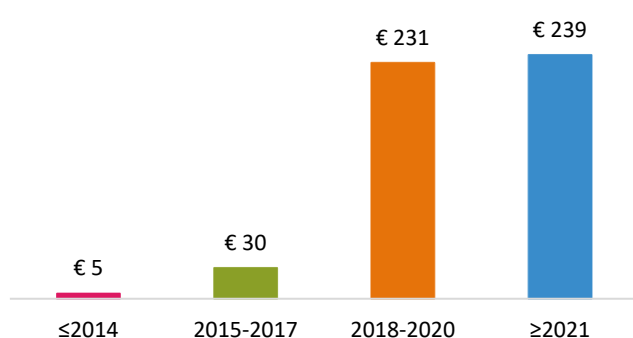
The total amount of 505 million is coming from Residential Mortgages Portfolio represented by Single and Multi-Family Houses.

## BREAKDOWN BY COUNTRY



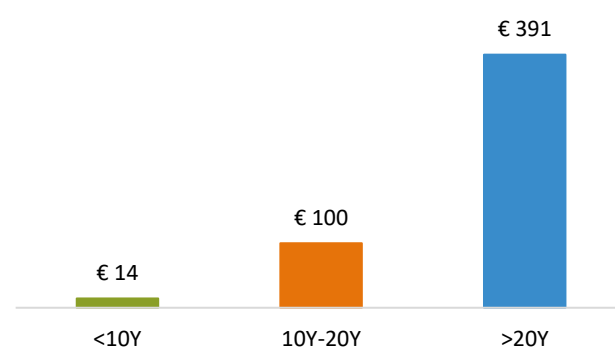
Approximately 71% of the portfolio is based in the Czech Republic, the remaining part belongs to Slovakia.

## BREAKDOWN BY LOAN CONTRACT DATE



The largest portion of the portfolio was granted from 2021 (EUR 239 million) and from 2018 until 2020 (EUR 231 million), whereas the remainder was originated until 2017.

## BREAKDOWN BY TENOR



About EUR 391 million of the portfolio has a remaining tenor greater than 20 years. The rest is split between 10 to 20 years (EUR 100 million) and below 10 years (EUR 14 million).

# UniCredit CZ/SK Green Impact Reporting

This Section summarizes the main key environmental impact indicators associated with the eligible category 'Green Buildings'.

The choice of indicators was guided by the Sustainability Bond Framework as well as the "The Green Bond Principles - ICMA (Handbook\_Harmonized Framework for Impact reporting)".

UniCredit Bank Czech Republic and Slovakia focused this impact reporting on the assessment of Eligible Green Asset contributions to climate change mitigation (expressed in tons of annual avoided eq. CO<sub>2</sub> emissions and Total Energy Saving (MWh) per Year).

The following infographic reports the impact for Green Buildings based on CO<sub>2</sub> saving annually (ton), Total Energy Saving (MWh) per Year and Gross Building Area (m<sup>2</sup>). The calculations were provided by UniCredit Bank Czech Republic and Slovakia in cooperation with mandated consultant Drees & Sommer.



Building Types	Single Family Houses	Multi Family Houses	Overall
CO <sub>2</sub> saving annually (ton)	24,202	10,497	34,699
Outstanding (€ mn)	312	193	505
Carbon Impact Intensity (ton of CO <sub>2</sub> /€ mn)	78	54	69



# Methodological Notes

## Allocation

For the allocation of green building assets, UniCredit Bank Czech Republic and Slovakia shall follow the eligibility criteria specified below, established with regards to the expert opinion of the advisor Drees & Sommer:

### Czech Republic

- Existing buildings:
  - Energy performance certificate (EPC) with energy efficiency rating of A;
  - Top 15% most energy efficient buildings based on EPC and non-renewable primary energy demand (PED):
    - Single Family Houses: A & B and class C with non-renewable PED < 137 kWh/(m<sup>2</sup>a)
    - Multi Family Houses: A & B and class C with non-renewable PED < 104 kWh/(m<sup>2</sup>a)

### Slovakia

- Existing buildings:
  - Energy performance certificate (EPC) with energy efficiency rating of A or better;
  - Top 15% most energy efficient buildings based non-renewable primary energy demand (PED):
    - Single Family Houses: non-renewable PED < 108 kWh/(m<sup>2</sup>a)
    - Multi Family Houses: non-renewable PED < 126 kWh/(m<sup>2</sup>a)

### Methodological Note on Model used for determination of estimated values of EPC, PED and CO<sub>2</sub>

For determination of the values of energy performance indicators (EPC, PED and CO<sub>2</sub>), UniCredit Bank Czech Republic and Slovakia has predominantly used a dedicated statistical model developed by the UniCredit Bank's external advisor ReValuta S.P.A. described below.

In limited number of cases, where EPC, PED was provided by the client, the actual values have been used instead.

This model relies on statistical methods to estimate the expected values and it is primarily based on:

1. The property location; and
2. Additional information provided for the property.

The estimations are based on properties data as of 31 December 2021.

Beginning on 1 January 2024, UniCredit Bank Czech Republic and Slovakia has started collecting actual EPC, PED, and CO<sub>2</sub> data from its clients as part of its underwriting procedures. This practice will precede loan approval and will encompass all newly constructed assets used as collateral for newly provided loans.

## Calculation of Impacts

In order to compute the impact of the eligible financing UniCredit Bank Czech Republic and Slovakia considers Primary Energy Demand (Total) and corresponding CO<sub>2</sub> Emissions. The savings are then calculated as the difference between the building energy consumption and the respective benchmark. The calculations were provided by the consultant Drees & Sommer.

For the Energy Savings calculation, the benchmarks are represented by the average national energy demand, by building type, scaled with the building area (in m<sup>2</sup>). The CO<sub>2</sub> emissions are computed using CO<sub>2</sub> equivalent conversion factors for typical energy sources in Czech Republic and Slovakia.

- Total Energy Saving (MWh) per Year, calculated as difference between the Total Energy consumption per year and the respective national building stock reference benchmark

$$\left[ \left( EP_{total,building} \left( \frac{kWH}{m^2} \right) \times BuildingArea(m^2) \right) - \left( EP_{total,benchmark} \left( \frac{kWH}{m^2} \right) \times BuildingArea(m^2) \right) \right] \div 1000$$

- CO<sub>2</sub>e saving annually (ton), calculated as difference between the Annual Total CO<sub>2</sub>e emissions of the building and the respective national building stock reference benchmark

$$\left[ \left( CO_{2e}Emission_{building} \left( \frac{kgCO_{2e}}{m^2} \right) \times BuildingArea(m^2) \right) - \left( CO_{2e}Emission_{benchmark} \left( \frac{kgCO_{2e}}{m^2} \right) \times BuildingArea(m^2) \right) \right] \div 1000$$

- Gross Building Area (m<sup>2</sup>), meaning the overall building area of the project
- Carbon Impact Intensity, calculated as follows

$$\left( \frac{CO_{2e}Saving}{Outstanding Amount(UCB CZ/SK)} \right)$$

# Disclaimer

This document has been prepared by UniCredit Bank Czech Republic and Slovakia, in particular, on the basis of proprietary and confidential information and is available on its website <https://www.unicreditbank.cz>.

This document may contain, or incorporate by reference, public information not separately verified, reviewed, approved or endorsed by UniCredit Bank Czech Republic and Slovakia and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by UniCredit Bank Czech Republic and Slovakia as to the fairness, accuracy, reasonableness or completeness of such information.

This Document may contain "forward-looking statements", which includes all statements that do not relate solely to historical or current facts, and which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the control of UniCredit Bank Czech Republic and Slovakia and are therefore inherently uncertain. There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance.

UniCredit Bank Czech Republic and Slovakia undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Document are provided as at the date hereof and are subject to change without notice.

Neither this document nor any copy thereof may be reproduced, further distributed to any other person or published, in whole or in part, for any purpose.

The information, statements and opinions contained in this Document are for information purposes only, intended to provide non-exhaustive and general information, and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the "Other Countries"), and there will be no public offer of any such securities in the United States. This Document does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries. Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about and observing any such restrictions.

Neither the UniCredit Czech Republic and Slovakia nor any member of the UniCredit Group nor any of its or their respective representatives, directors or employees accept any liability whatsoever in connection with this Document or any of its contents or in relation to any loss arising from its use or from any reliance placed upon it.

## Independent limited assurance report (ISAE 3000 (Revised))

To the Board of Directors of  
UniCredit Bank Czech Republic and Slovakia, a.s.  
Želetavská 1525/1  
140 92 Prague 4 – Michle

We have been requested to conduct a limited assurance engagement on the UniCredit Bank CZ/SK Green Allocation report (the “Allocation report”) included in the Unicredit Bank 2023 Sustainability Bond Report (the “Sustainability Bond Report”) of the Sustainability Bond ISIN XS2637445276 (the “Sustainability Bond”) issued by UniCredit Bank Czech Republic and Slovakia, a.s. (the “Client” or the “Bank” or the “Company”) for the period ending 31 December 2023 in accordance with provisions of the UniCredit Group’s Sustainability Bond Framework from June 2021 (the “Framework”).

### Responsibilities of the client

The Client is responsible for the preparation of the Sustainability Bond Report in accordance with the Framework.

In preparing the Sustainability Bond Report, the board of directors of the Client used the Framework.

This responsibility of the board of directors of the Client includes the selection and application of appropriate methods for preparing the Sustainability Bond Report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. In addition, the board of directors of the Client is responsible for such internal control they have determined necessary to enable the preparation of the Sustainability Bond Report that is free from material misstatements, whether intentional or unintentional.

### Responsibilities of the practitioner

Our engagement has been conducted in accordance with the International Standard on Assurance Engagements 3000 (Revised) applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) established by the International Auditing and Assurance Standards Board (“IAASB”). In accordance with this standard, we have planned and performed our engagement to obtain a limited assurance regarding the subject matter of the engagement.

We applied International Standard on Quality Management 1, Quality management for firms that perform audits and review of historical financial information, and other assurance and related services engagements (“ISQM1”), and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We complied with the applicable independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the “Code”). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our limited assurance engagement was limited to the allocation of proceeds in accordance with the Framework, and we did not address any other information included in the Sustainability Bond Report of the Bank for the period ending 31 December 2023. Accordingly, our conclusion below applies only to the allocation of proceeds and not all data presented, or any other information included in the Sustainability Bond Report of the Bank.



### The scope of our work

The scope of our work covered, among other, the following:

- Inspection of the respective sections of the Framework and respective Sustainability Bond Prospectus, particularly the sections related to total Sustainability Bond proceeds and its use.
- Conducting interviews with relevant Client's employees that participated in the preparation of the Allocation Report about the process of preparation, the measures on hand and precautionary measures (system) for the preparation of the Allocation Report.
- Understanding of the process for evaluation and selection of the eligible projects, which might be financed by the Sustainability Bond proceeds and verify whether this process includes the eligibility criteria set out in the Framework. The eligible project, which might be financed by the Sustainability Bond proceeds, must be in line with the Framework.
- Inspection of the description of the projects financed and check project-related materials to determine eligibility in comparison with the of Framework to assess whether the Sustainability Bond proceeds have been allocated in accordance with the Framework on sample basis.
- Evaluation, on sample basis, that the Sustainability Bond proceeds have been used in line with the rules to (re)finance relevant project expenditures and are monitored in line with the rules specified in the Framework.
- Verification that the initial balance of Sustainability Bond proceeds corresponds to the proceeds as per the Sustainability Bond Prospectus net of costs for issuance of the Sustainability Bond.
- Reconciliation of the disbursements from the Sustainability Bond proceeds to the reported allocated proceeds.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The procedures performed do not constitute an audit according to the International Standards on Auditing, nor an examination of the effectiveness of the Company's internal control systems, or an examination of compliance with laws, regulations, or other matters. Accordingly, our performance of the procedures does not result in the expression of an opinion, or any other form of assurance on the Company's internal control systems or its compliance with laws, regulations, or other matters.

The assurance provided by our procedures should therefore be considered at the light of these limitations on the nature and extent of evidence-gathering procedures performed.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### Inherent limitations

There are no globally recognized mandatory practices for evaluating and measuring the information disclosed in the Allocation Report. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time. The basis for reported allocation of bond proceeds may differ between different reporting frameworks, including whether proceeds may be allocated to existing projects or only to new projects, and the basis on which eligibility of projects is determined. Moreover, the process which the Company adopts to define, gather, and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, Client's reported allocation of bond proceeds and our assurance thereon must be read and understood in conjunction with the reporting criteria defined in the Framework.

In addition, our limited assurance procedures did not address, among other, the following matters related to Sustainable Bond Report as of 31 December 2023:

- Indicators (i.e. ECP, PED and CO2 values) as described in the section Methodological Notes included in the Sustainability Bond Report
- Assessing the appropriateness of methodology and models used for specification of estimated performance
- Assessing the impact indicators of the green assets:
  - CO2 savings per year in metric tons;
  - Total energy saving in MWh per year; and
  - Carbon Impact Intensity in ton of CO2/€ mn.
- Assessment of underlying assumptions in the models used for calculations by the Bank
- Reconciliation of disclosures within UniCredit CZ/SK Green Impact Reporting section included in the Sustainability bond report to underlying accounting and management data

#### Conclusion

Based on the procedures performed and the evidence obtained, nothing came to our attention that causes us to believe that the Allocation Report for the period ending 31 December 2023, have not been prepared and presented, in all material respects, according to section(s) 3-6 of the Framework.

#### Emphasis of matter

We draw attention to the section Methodological Notes included in the Sustainability Bond Report which describes the methodology and models used by the Bank in determining estimated values for energy performance indicators and consequently the allocation of individual green building assets. Our limited assurance conclusion is not modified in respect of this matter.

#### Purpose of the report and liability

We issue this report on the basis of the engagement agreed with UniCredit Bank Czech Republic and Slovakia, a.s. The limited assurance engagement has been performed for purposes of UniCredit Bank Czech Republic and Slovakia, a.s. and the report is solely intended to inform UniCredit Bank Czech Republic and Slovakia, a.s. on the results of this limited assurance engagement.

This report is therefore not intended to provide third parties with support in making any investment or financial decisions. Our responsibility with respect to our Client, i.e. UniCredit Bank Czech Republic and Slovakia, a.s. is governed by the Engagement Letter dated 25 April 2024. We do not assume any responsibility to any third party.

In Prague on 30 October 2024

Audit firm:

Deloitte Audit s.r.o.



Responsible practitioner:

Petr Pruner  
on the basis of a power of attorney

