



GRUPPO

CREDEM

GREEN, SOCIAL & SUSTAINABILITY BOND REPORTING

2024

In our annual review of **Allocation and Impact Reporting**, we are excited to introduce two new categories reflecting our commitment to green and social responsibility. The first, a green category, aligns with **Italy's renovation bonus tax incentives**, showcasing our dedication to environmentally conscious investments. The second, a social category, addresses housing affordability in Italy mainly through CONSAP guaranteed loans, residential mortgage loans with the Italian state-backed guarantee for the purchase or renovation of primary residences, aimed at supporting first-time homebuyers. This inclusion underscores our commitment to positive social impact.

As we navigate responsible financing, these new categories highlight our ongoing efforts to align our strategies with environmental and social needs. Explore the report to see how we're making a difference in shaping a more sustainable and inclusive future.

Throughout 2023, the Credem Group remained steadfast in its commitment to Green and Social funding, actively participating in the ESG landscape by issuing multiple ESG instruments. In a notable move in May, we launched our second **Green Bond**, a **Senior Non-Preferred** instrument totaling proceeds for EUR 400 million. As the year progressed, our dedication to social responsibility continued with the issuance of **three Senior Preferred Social Bonds**.

Among these, two were specifically earmarked for retail clientele, collectively amounting to approximately **EUR 250 million**, while the third one was tailored for institutional and professional investors, reaching a substantial **EUR 500 million**.

As we entered the new year of **2024**, our focus on sustainability initiatives remained unwavering. To kick off the year, we proudly launched our first Covered Bond in an ESG format, issuing a **Standard Social Covered Bond** with a value of **EUR 500 million**. These strategic moves underscore our ongoing dedication to environmentally and socially conscious financial practices, reinforcing our role as a responsible and impactful player in the financial landscape.

During **2024**, we also joined the **Net Zero Banking Alliance (NZBA)**, an initiative promoted by the United Nations that involves over 40% of global banking activities. This strategic move underscores the Group's commitment to environmental sustainability and adherence to the goals set by the Paris Agreement on climate change.

"Participation in the NZBA represents a thoughtful and consistent choice with the Credem Group's purpose, aiming to ensure sustainable value and well-being over time for customers, employees, shareholders, and the community. The decision is the result of an in-depth process of analysis and discussion involving various functions and colleagues within the bank and its affiliated companies."

Cassinadri Giuliano,
Credem's CFO and Deputy General Manager



The Sustainable Finance market has known significant evolutions over the past few years. In Europe specifically, there have been some milestones reached in 2023: the EU Taxonomy has been strengthened by the adoption of the delegated acts related to its non-climate objectives and the EU GBS has been adopted and will be enforced at the end of 2024.

Moreover, additional regulations such as the Sustainable Finance Disclosure Regulation (SFDR) for investors and CSRD for companies will continue to promote an increasing transparency. For banks, this is even more true in 2024, with the first reporting year of the Green Asset Ratio, quantifying EU Taxonomy-aligned assets as a percentage of total covered assets.

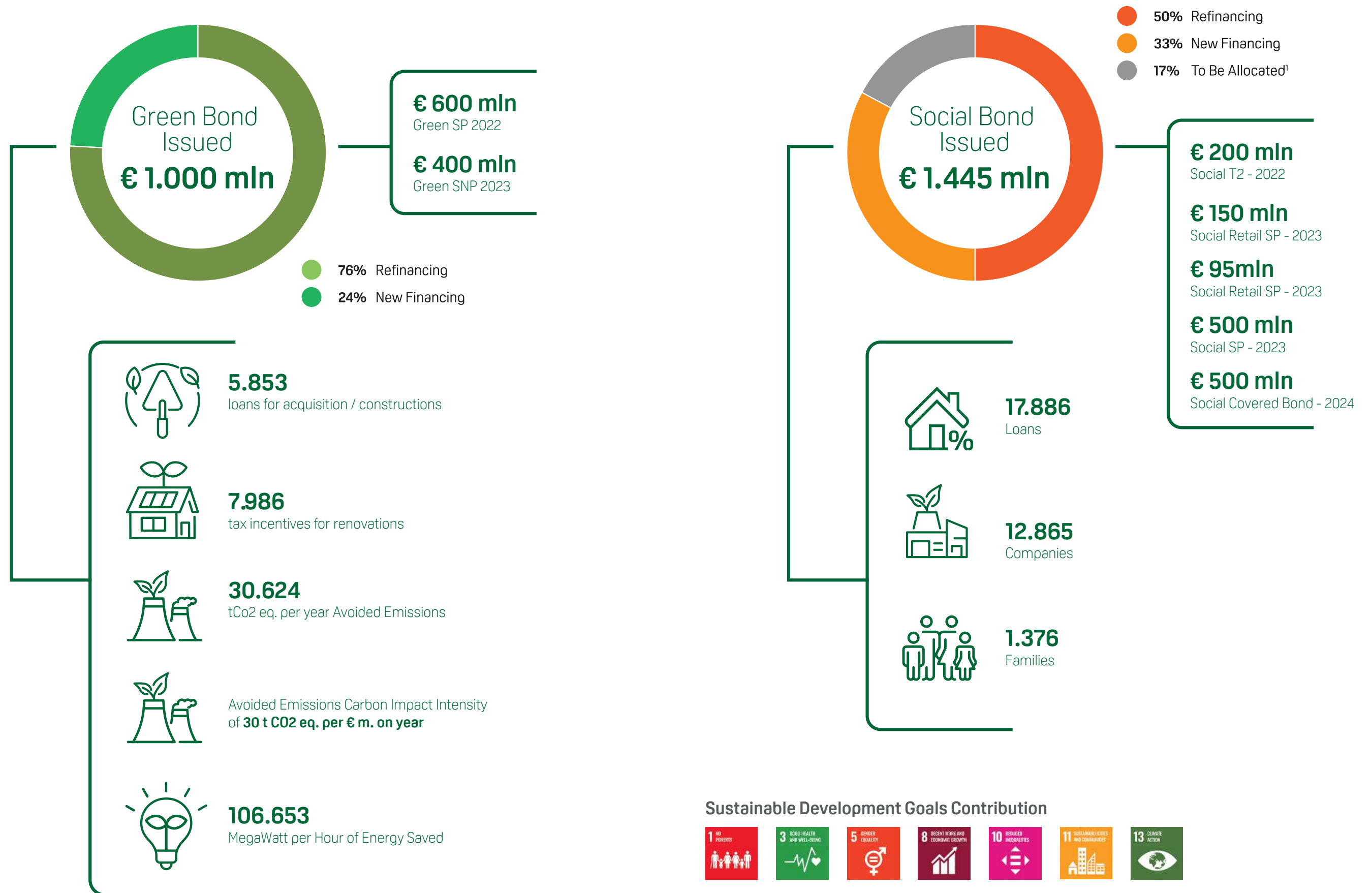
This reporting is in line with the desire to promote further the transparency of assets financed under CREDEM's Framework. It has been developed in order to be aligned with market practices and recent market evolutions and expectations.

Throughout this reporting, CREDEM is willing to present the way the group identifies these assets and its approach to related indicators.



FINANCE – TREASURY TEAM

SUMMARY OF ALLOCATION AND IMPACT REPORTING



¹Pending the full allocation of the proceeds or in the unlikely case of insufficient Eligible Assets, Credem commits to hold the additional funds in the Group's Treasury in the form of cash, cash equivalent investment instruments or other liquid marketable instruments. Green, Social and Sustainability Bond Framework eligibility and exclusion criteria will be adopted consistently at all times. Credem will not invest temporarily unallocated net proceeds in GHG intensive activities or controversial

TABLE OF CONTENTS

	Summary Of Allocation And Impact Reporting	6
1.	Credem Group’s Esg Strategy And Key Esg Commitments	10
2.	Overview Of The Green, Social And Sustainability Framework	16
3.	Total Eligible Portfolios	18
4.	Green Reporting	22
5.	Social Reporting	28
6.	Description Of Eligible Assets (Examples)	34
7.	Contextual Information & Methodological Notes	35
8.	To Learn More About Credem	24
9.	Section Of The Independent Auditor	44
	Disclaimer	45

1. CREDEM GROUP’S ESG STRATEGY AND KEY ESG COMMITMENTS

Credito Emiliano S.p.A. (“**Credem**”) is a modern, private bank founded in 1910 on the initiative of Reggio Emilia’s entrepreneurs under the name Banca Agricola Commerciale di Reggio Emilia (Commercial Agricultural Bank of Reggio Emilia).

As of 31.12.2023, Credito Emiliano Banking Group (the “**CREDEM Group**” or the “**Group**”) is among the top 6 largest Italian listed banking groups, with **€68 billion in total assets, more than 1.5 million customers, 6,628 employees, 820 financial advisors, 701 agents and 479 branches all over the country.**

During 2023, the Board of Directors of Credem approved the adhesion to the Net Zero Banking Alliance (**NZBA**), formalised at the beginning of 2024. By joining it, Credem undertakes to align its loan and investment portfolios to the goal of net-zero emissions by 2050, in line with the targets set by the Paris Agreement.

This membership also entails specific commitments such as setting intermediate goals for 2030 for the sectors identified as priorities and the first goals within 18 months after signing the commitment and publishing updates on its goals, the level of emissions and their intensity on an annual basis.

After carrying out an analysis, Credem decided to focus its strategy on the Oil & Gas and the Power Generation sectors due to the significant impact of the related total emissions compared to the “Net Zero priority” sectors.

Monitoring of the expected results CREDEM Group’s sustainability objectives will be carried out annually and reported in the Non-Financial Statements.

Since 2020, CREDEM Group has carried out a multi-year planning activity which includes ESG objectives. In 2023, the Group defined new strategic objectives for the period 2024 - 2027², with different time horizons.

Short-term objectives



(**horizon 2024**), to consistently articulate the long-term strategy with commercial planning objectives related to the Group's ESG financing/issuance/investments and with Level I RAF indicators:

PROSPERITY

SDGs	MATERIAL TOPICS	GREEN TARGETS ON FINANCING PRODUCTS (PRIVATE AND CORPORATE):	BASELINE 2023	TARGET 2024
	Climate change	COMPANIES		
		• Volumes disbursed (gross) in absolute value	€50 million	€150 million
		• Number of green products in the catalogue	5	>5
	Climate change	PRIVATE CUSTOMERS		
		• Volume disbursed for residential mortgages (gross) with APE in virtuous energy classes out of total volume of residential mortgages disbursed	€1,704 million	+27%
		• Number of green products in the catalogue	0	>=2
	Climate change	CORPORATE AND PRIVATE		
		• Leasing volumes (gross disbursement) in absolute terms (electric cars, photovoltaics, class A property)	€20 million	€50 million
		ESG TARGETS ON PROPERTY FINANCE		
		• Total value of exposures in low/ medium-low environmental risk sectors out of the total of the investment portfolio ³	95.6%	96%
		• Total outstanding ESG issues/ Total outstanding bonds	42.4%	60%
		WEALTH MANAGEMENT AREA ESG TARGETS		
		• Incidence of sustainable wealth (UCITS, GPs and IBIPs art. 8 and 9) out of total Group AUM Wealth (weight %) ⁴	28%	30%

²The results of the previous strategic business plan (2020 - 2023) can be found in the 2023 Non Financial Statement.

³Including government securities, excluding Asset Backed Securities (ABS).
⁴Excluding directly placed third-party products

Medium-term objectives



(**horizon 2027**), attributable to environmental, social and governance factors that directly impact business operations:

PRINCIPLES OF GOVERNANCE

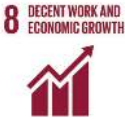
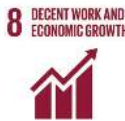
SDGs	OBJECTIVE	BASELINE 2022	TARGET 2027
	Stakeholder engagement on ESG issues	11,350 stakeholders ⁵	14,200⁶ (+25%)
	Strengthen the correlation between ESG issues, MBO system and super-index	ESG super-index with 10% weight for Top Management and Executive Directors	Extension of the ESG super-index to all relevant staff and introduction of specific KPIs on legal entities and commercial networks
 	Share of ESG induction for BoD and Group Top Management	ESG induction cycle for the Parent Company's BoD	Extension of the ESG induction cycle for Group BoD and Top Management
	Improve the CDP Rating	D ⁷	B

⁵ The value refers to the number of questionnaires sent out and covering only sustainability issues, whereas the NFS22 reported the number covering all surveys (e.g., also Customer Satisfaction). 1,316 responses were received.
⁶ By means of surveys, focus groups and/or direct dialogue.
⁷ Credem was rated D (A-D scale) in 2022 and C in 2023.

PLANET

SDGs	MATERIAL TOPICS	OBJECTIVE	BASELINE 2022	TARGET 2027
		• Reduction of internal energy consumption	143,493 Gj	- 10%
		• Scope 1 Emissions: reduce direct GHG emissions from internal company activities (heating and company cars)	2,831 tCO ₂ eq	- 3%
	Climate change	• Scope 2 emissions: reduce indirect GHG emissions resulting from the generation of purchased electricity, office heating, district heating	7,407 tCO ₂ eq	-18%
		• Scope 3 emissions: reduce indirect emissions related to the company's activity (business travel, paper consumption)	1,925 tCO ₂ eq	- 6%
		• Offset Scope 1 and Scope 2 emissions through certified carbon credits	-	100% in 2025

PEOPLE

SDGs	MATERIAL TOPICS	OBJECTIVE	BASELINE 2022	TARGET 2027
	Diversity, equity and inclusion	• Leave: ensure keeping a voluntary company number above the regulatory obligations (six types in addition to the eight already called for by the CCNL)⁸	14 types, six of which expire in 2024	• Keep six types of leave and non-CCNL leave
		• Strengthen diversity and inclusion policies, including through dedicated certifications	Equal Salary certification	• Keep Equal Salary certification¹⁰ • Gender Equality certification (NEW)⁹
	Corporate welfare	• Health prevention: ensure periodic controls for the entire corporate population	Prevention packages included in health insurance (expiring in 2022)	Two-year health prevention packages paid for by the company
		• Incentive for agile working across the entire company population	86%⁹	86%
	Training and growth paths	• Share of e-learning training on the total training provided	81%	80%¹¹
		• Number of employees taking at least one voluntary ESG course per year	14%	30%¹⁰

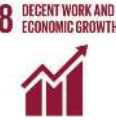
⁸ The additional types of leave are Caregiver, Accompanying family members to medical appointments, Child vaccination, Paternity, Pre-natal courses, Death of in-laws. The types envisaged by the CCNL are Blood donation, Specialist appointments, Marital leave, Child birth, Study leave, Serious illness death of spouse, Italian Law 104/92, Children with special needs.

⁹ 86% was achieved due to the boost of the particular post-pandemic situation. It is a challenging target in the new normal.

¹⁰ Target related to ESG Super-index.

¹¹ 80% was achieved due to the boost of the particular post-pandemic situation. It is a challenging target in the new normal.

PROSPERITY

SDGs	MATERIAL TOPICS	OBJECTIVE	BASELINE 2022	TARGET 2027
	Shared value	• Increased recruitment, favouring younger generations	1,344	500
	Service quality	• Customer satisfaction with the service provided	82/100 ¹²	83/100
	Training and growth paths	• Increase the number of students involved in financial education activities in partnership with FEduF	443	5,000

Climate change is the most relevant environmental issue and characterises the Group’s short, medium and long-term strategy. As regards direct and indirect emissions, joining the Net Zero Banking Alliance implies a clear commitment to contribute to transitioning the real economy to net-zero greenhouse gas emissions by 2050. Thus, this can be achieved through the identification of sectors with high carbon intensity and the development of related reduction targets.

CREDEM Group has planned to reduce to zero its carbon footprint with respect to the residual Scope 1 and 2 CO2 emissions by 2025. After the quantification of the emissions produced, a multi-

year roadmap, characterised by diversified actions through objectives established internally, has been developed. First targets, achieved in 2023, were integrated by objectives planned with a time horizon of 2027. Moreover, from 2025 the Scope 1 and 2 of residual CO2 will be compensated by an equivalent number of carbon credits, through a forestation project.

Starting from 2023, financial institutions are required to disclose the Green Asset Ratio (GAR) together with further indicators and information on exposures to economic activities involved in the fossil and nuclear sectors. The following charts represent a summary of this information¹¹:

KPI AT 31.12.2023	KPI TURNOVER-BASED	KPI CAPEX BASED
Green Asset Ratio (stock)	1,07%	1,14%
Green Asset Ratio (flusso)	0,20%	0,27%

More information of Credito Emiliano’s sustainability strategy here:
<https://www.credem.it/content/credem/en/credem-group/sostenibilita.html>

¹² Additional information can be found in the 2023 Non Financial Statement.

2. OVERVIEW OF THE GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK

OVERVIEW THE GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK

Launched in December 2021, the Green, Social & Sustainability Bond Framework completed by the Green Real Estate Technical Analysis serves as the reference document for the Green, Social & Sustainability Bond issuances of all CREDEM Group entities and CredemHolding. The Framework has been updated in May 2023 to include two additional categories (green guarantee & social housing) and be aligned with new market practices.

Green, Social or Sustainability Bonds can be issued as different instruments, including public or private placements, commercial papers, senior preferred, non-preferred bonds and subordinated, as well as secured bonds (such as Covered Bonds) and other securities (such as ABS and RMBS) in various formats and currencies.

The Framework is aligned and compliant with the 2021 edition of the Green Bond Principles, the **2021 Social Bond Principles and the 2021 Sustainability Bond Guidelines published by the ICMA**, and consisting of the four following core components:

MAIN COMPONENTS OF THE FRAMEWORK

1. USE OF PROCEEDS:

Green Eligible Categories

- POLLUTION PREVENTION AND CONTROL
- RENEWABLE ENERGY
- CLEAN TRANSPORTATION
- GREEN BUILDINGS
- SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE
- GREEN ASSETS BACKED BY STATE MECHANISMS

Social Eligible Categories include

- SMALL MEDIUM ENTERPRISES FINANCING
- HEALTHCARE SYSTEM
- NON-PROFIT ORGANIZATIONS
- SOCIAL HOUSING

2. ASSET EVALUATION AND SELECTION

The Group Sustainability Committee is established to support the Framework and development of the ESG strategy. Such committee meets at least every four months and has also the responsibility to exclude financing of a range of businesses, as well as projects with relevant negative impact on communities.

The Group Sustainability Committee is chaired by the General Manager, and it is made up by two members of the Board of Directors (BoD), as well as Group's Top Managers (i.e. CRO, CFO, CLO,...).

The Treasury department of Credem carries out a pre-selection of potential Eligible Assets.

The potential Eligible Assets are submitted by the Treasury department to the Group Sustainability Committee. The Group Sustainability Committee verifies the alignment of the pre-selected assets to the Eligible Asset criteria confirming the correctness and compliance of the portfolio of Loans with the Framework. The Eligible Assets are clearly identified within CREDEM Group's internal information system.

Furthermore, since 2021 the Group's Risk Committee has an ad-hoc Sustainability mandate for supporting the BoD in the definition of the Sustainability strategy, the supervision of environmental, climate & social related risks and last but not least the analysis of the Sustainability Report.

3. MANAGEMENT OF PROCEEDS

- The Group Sustainability Committee is in charge of monitoring the allocation of proceeds to the Eligible Assets
- The Group Sustainability Committee, so appropriately addressed by the Treasury department, will try to ensure that the net proceeds raised by Green, Social and Sustainability Bonds is lower than the total amount of the Eligible Assets
- The allocation process is monitored through an internal information system until the relevant bonds maturity

4. REPORTING

Annual report published on Credem's website detailing:

- The allocation of the Green, Social and Sustainability Bond proceeds
- The environmental impact of the Eligible Assets by eligibility criteria

CREDEM has obtained from ISS Corporate Solutions a positive second opinion available at:

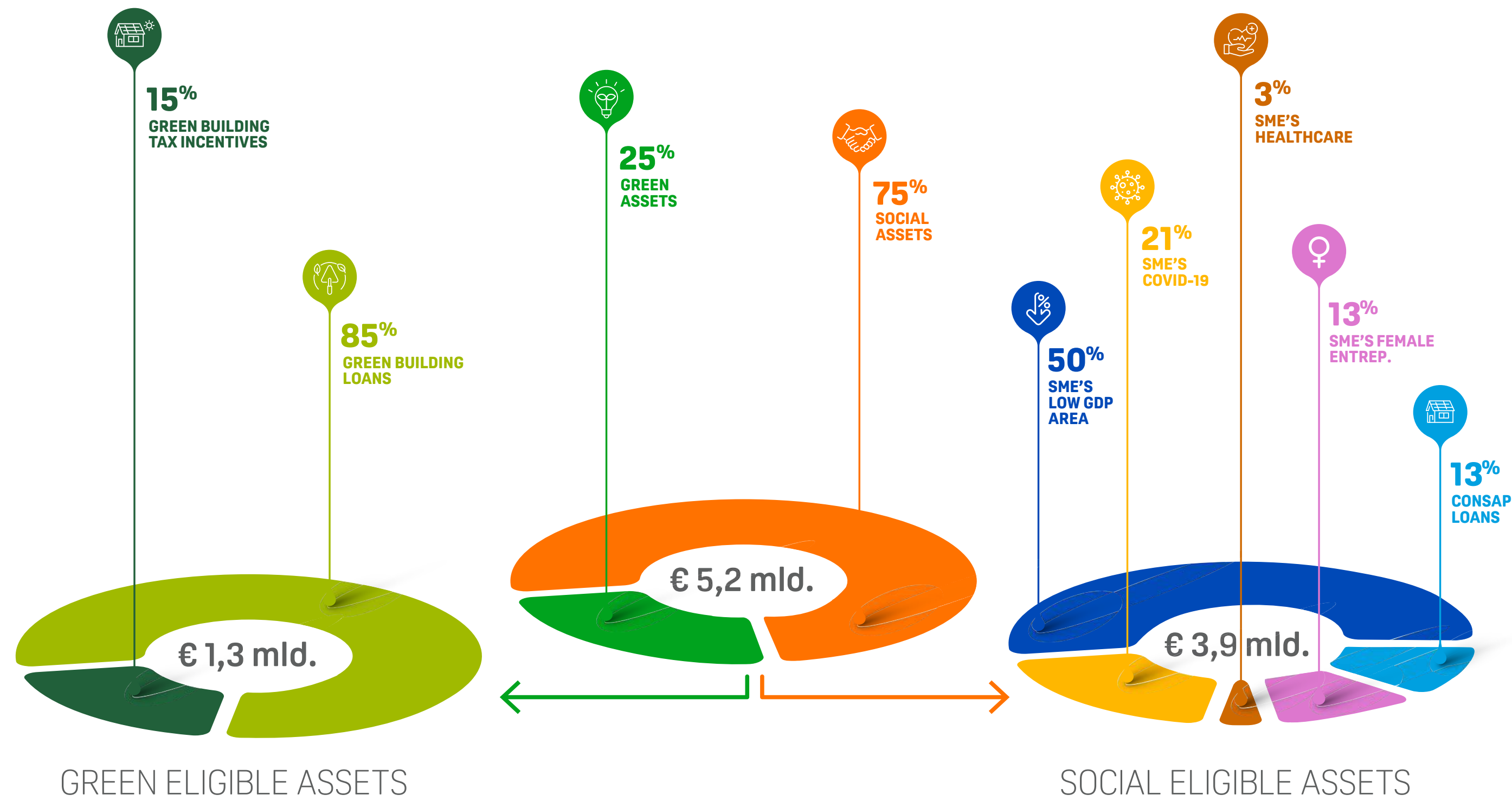
<https://www.credem.it/content/credem/en/credem-group/sostenibilita.html>

The update of the Framework may result in the modification and evolution of the pool of eligible assets either in terms of volume of eligible assets or of additional categories and associated eligibility criteria.

3. TOTAL ELIGIBLE PORTFOLIOS

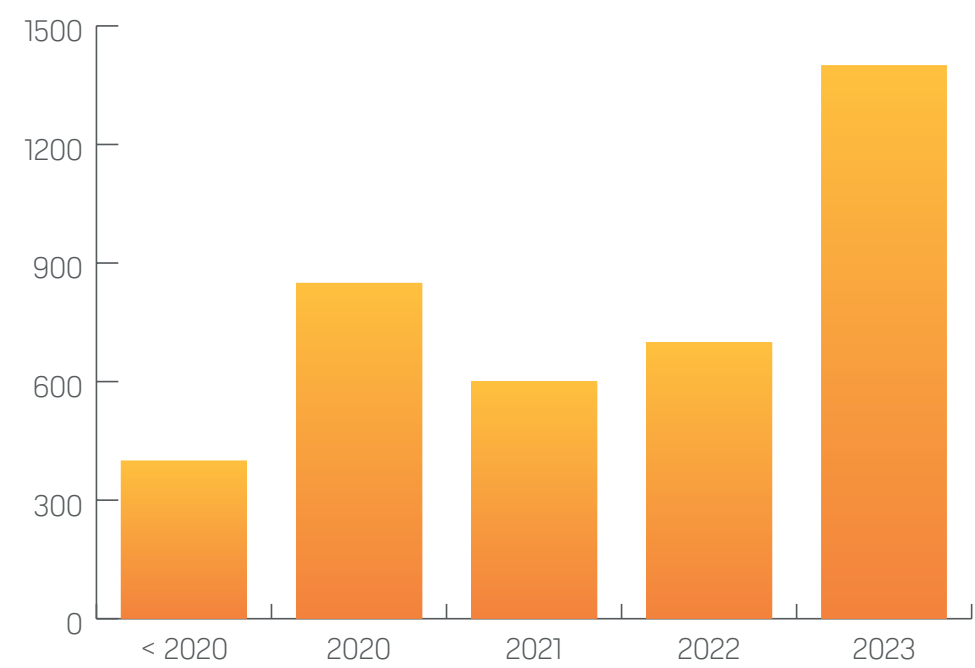
This report follows to the greatest extent possible to date, the recommendations of the ICMA Harmonised Framework for Impact Reporting¹³.

Below, the total eligible portfolios of CREDEM Group as of 31.12.2023 are represented:



¹³ Handbook Harmonised Framework for Impact Reporting June 2023: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

Below, it is shown the break-down of the total **social eligible portfolio** by year of origination:



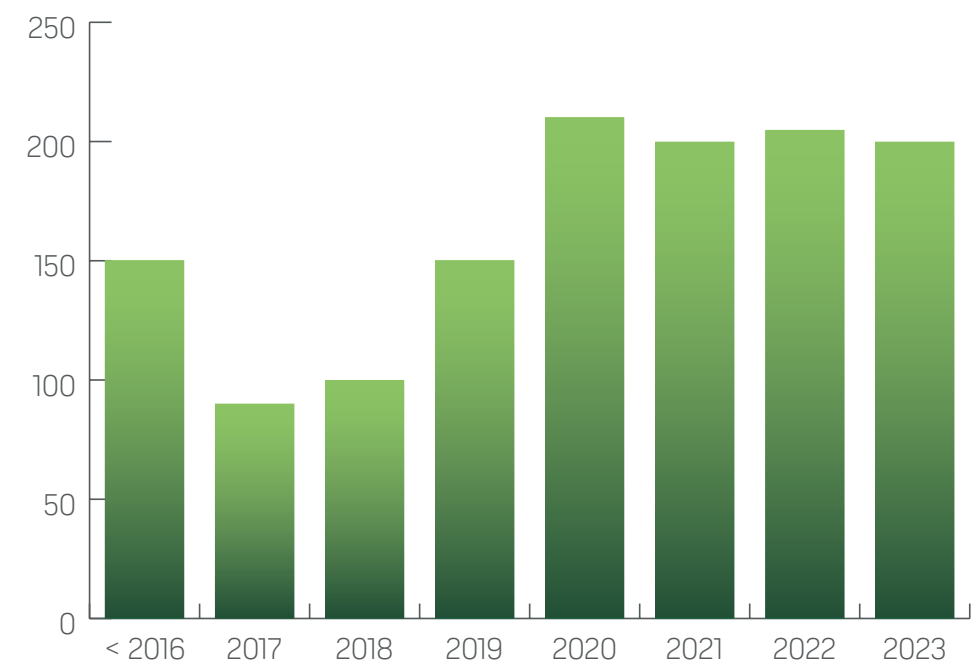
CREDEM Group has defined a Social Portfolio (here below as of 31.12.2023 dedicated to its social bonds. The Bank worked in order to identify different social categories, such as:

Social Portfolio categories Loans to:	Outstanding amount / EUR MM (as of end of December 2023)	Average ticket size on residual debt / K EUR	Number of loans
SME's in healthcare sector	128	44	2.918
SME's with female entrepreneurship	523	66	7.886
SME's in low GDP area	1.938	47	41.432
SME's to face COVID-19 emergency	799	48	16.742
Consap Loans (social housing) ¹⁴	509	131	3.879
TOTAL SOCIAL ASSETS	3.895	67	72.857



¹⁴Consap Loans: residential mortgage loans with a state-backed guarantee for the purchase or renovation of primary residences, aimed at supporting first-time homebuyers

Below, it is shown the break-down of the total **green eligible portfolio** by year of origination:



Here below the total CREDEM Group’s Green Portfolio as of 31.12.2023 dedicated to its green bonds¹⁵.

Green Buildings	Outstanding amount / EUR MM	Average ticket size on residual debt/ EUR K	Number of loans / tranches
Under Criteria 1.1 Residential buildings with EPC labels: A, B or C	431	128	3.357
Under Criteria 1.2 Commercial buildings with EPC labels: A, B	170	561	303
Under Criteria 2 New residential constructions built since 2016 and until 2020	413	124	3.323
Under Criteria 3 NZEB – 10 % (construction after 2020)	92	228	404
Tax Incentives	201	22	9.267
TOTAL GREEN ASSETS	1.307	174	16.654



¹⁵Please find more information on the eligibility criteria at Chapter 7. Contextual information & Methodological Notes

4. GREEN REPORTING

AMOUNT AND CHARACTERISTICS OF THE OUTSTANDING GREEN BONDS

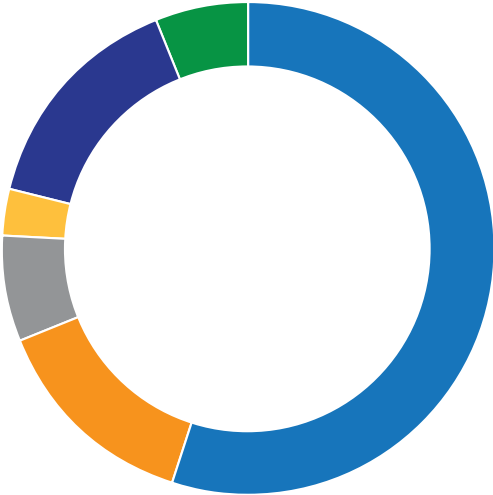




**SENIOR
NON PREFERRED
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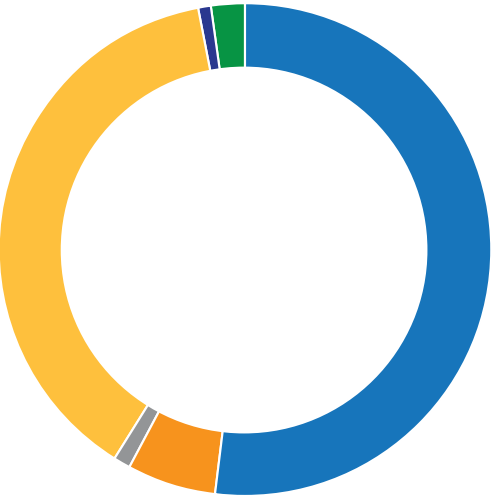
Year of Issuance:	2023
Issuer:	Credito Emiliano S.p.A.
Issue Size (EUR mm):	400
Call Date / Maturity Date:	30 May 28 / 30 May 29
Order Book:	>€2bn

DISTRIBUTION BY GEOGRAPHY



- 55% Italy
- 14% UK / Ireland
- 7% France
- 3% Iberia
- 15% Ger. / Aus. / Switz.
- 6% Others

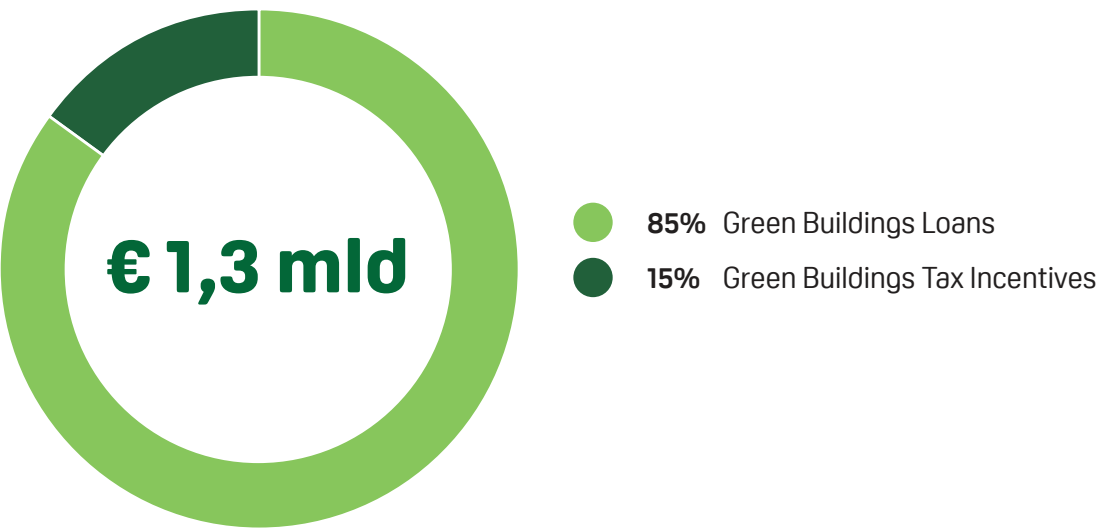
DISTRIBUTION BY INVESTOR TYPE



- 52% FM / AM
- 6% Insurance & PF
- 1% CB / Ois
- 38% Bank & PB
- 1% HF
- 2% Others

GREEN ALLOCATION REPORTING – NET PROCEEDS

As shown in chapter 3, below it is represented the total eligible green portfolio:



Starting from the total eligible portfolio above, this section describes the net proceeds of Credem’s Green Bond that have been selected: 5853 loans and 7.986 tranches of tax incentives, for around 1.000 million euros. The weighted average residual life for Green Buildings Loans is 14 years, while for the Green Building tax incentives is 3 years.

Green Buildings	Allocation (€ m.)	Number of Loans / Tranches of tax incentives
Green Buildings Loans	840	5.853
Green Building Tax Incentives	160	7.986
TOTAL	1.000	13.839

Overview of eligible allocated green building loans per property type

Type of loan	Number of loans	Current financing amount (EUR MM)
Residential	5.524	648
Non-Residential	329	193
TOTAL	5.853	840

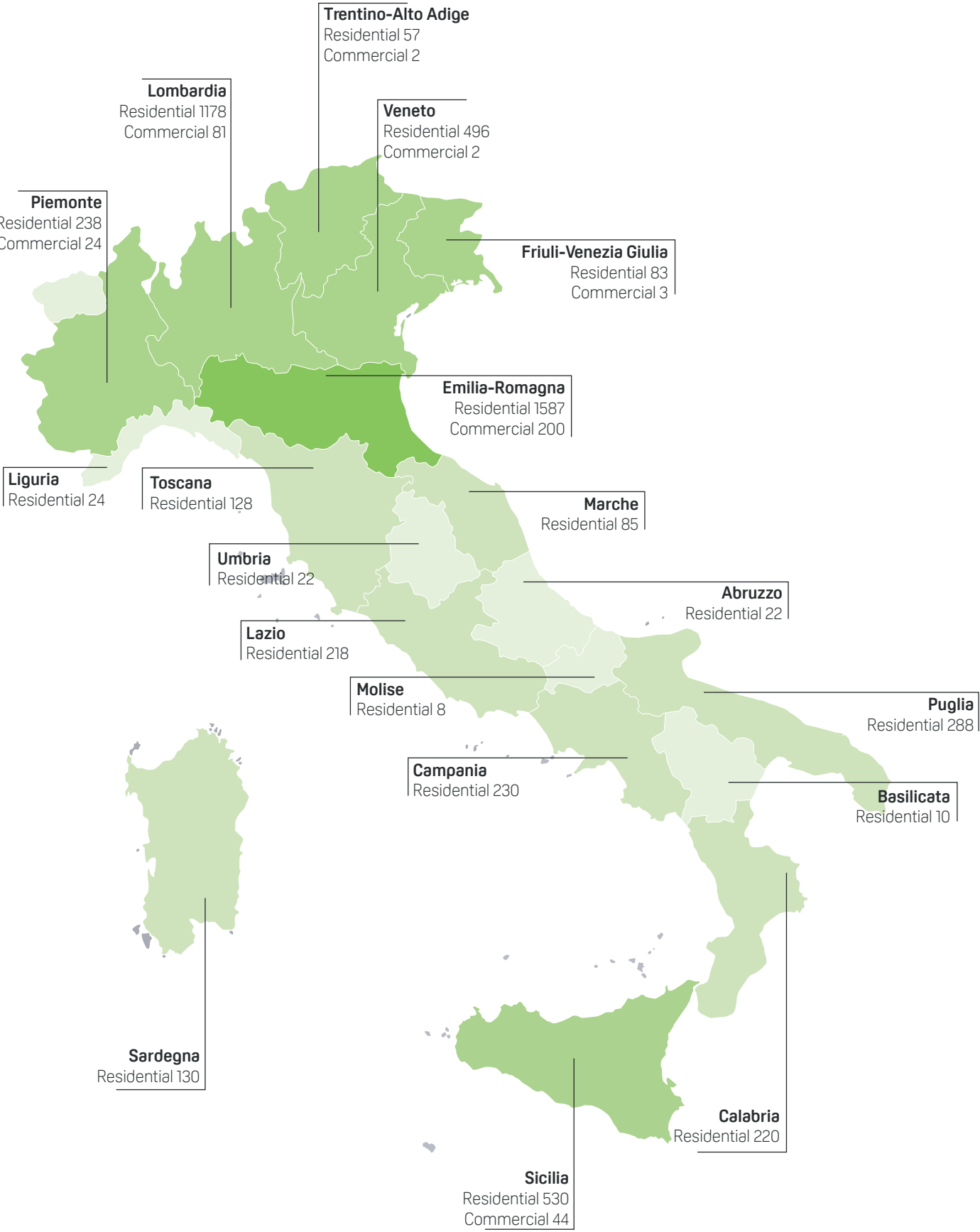
Overview of eligible allocated green buildings tax incentives tranche per type of tax incentives

Type of tax incentives	Number of tranches	Current financing amount (EUR MM)
SuperBonus 110% ¹⁶	7.986	160
TOTAL	7.986	160

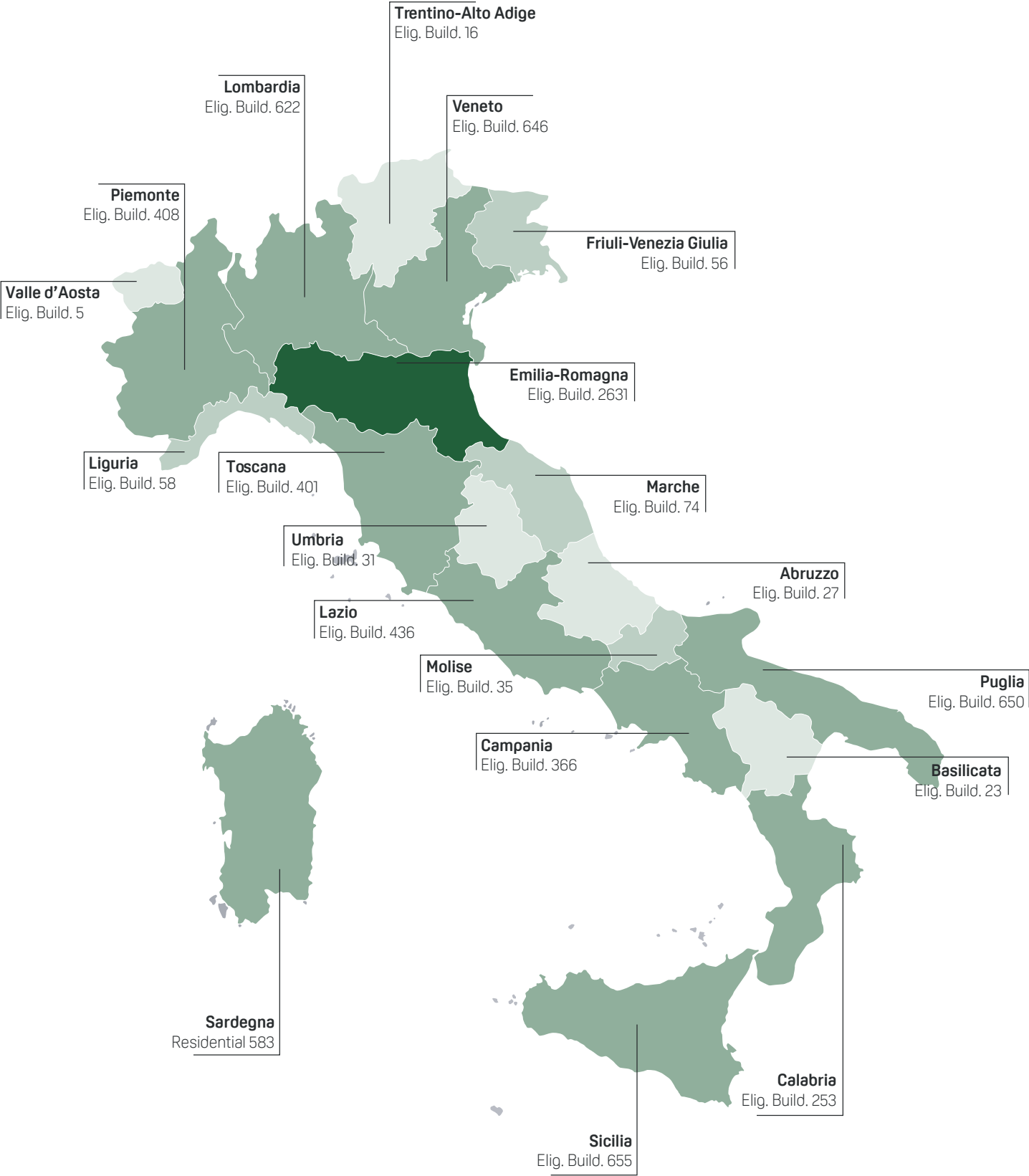
Source: CRIF elaboration on CREDEM Portfolio

¹⁶For further details see: Chapter 7. Contextual information & Methodological Notes

Below, it is shown the distribution of **residential and commercial** green properties related to loans between Italian regions:



Below, it is shown the distribution of **tax incentives** tranches between Italian regions:



GREEN IMPACT REPORTING – NET PROCEEDS

Below, are shown the main environmental impact metrics for the CREDEM Group’s Portfolio for both loans to finance the acquisition and constructions of green buildings and tranches of tax incentives. The metrics that will be represented are: Avoided Co2 Emissions, Positive Carbon Impact and Energy Savings¹⁷.

Overview of positive emission impact:

Green Buildings	Allocation (€ m.)	Avoided emissions (t CO2 eq. per year)	Carbon impact (t CO2 eq. per € m. / year)	Energy Savings (Mwh)
Green Buildings Loans	840	10.901	13	51.786
Green Building tax Incentives	160	19.724	123	54.868
TOTAL	1.000	30.624	30	106.653

For the category Green Buildings Loans, below it is shown the impact divided between residential and commercial buildings, distributed across the different type of buildings.

RESIDENTIAL GREEN BUILDINGS LOANS

Residential properties have a positive impact of **6,798 tons of CO2 per year**. It corresponds to **10 tons** of equivalent carbon dioxide **every financed million euro**. Residential buildings have a total energy savings of 32.039 MegaWatt Hours.

Overview of positive emission impact - residential:

Criterion		Allocation (€ m.)	Avoided emissions (t CO2 eq. per year)	Carbon impact (t CO2 eq. per € m. / year)	Energy Savings (Mwh)
1. EPC	1.1 Residential (A, B, C)	308	3.981	13	18.928
2. Construction year (Residential, since 2016)		312	2.576	8	11.836
3. NZEB – 10%		27	242	9	1.231
TOTAL		648	6.798	10	32.039

COMMERCIAL GREEN BUILDINGS LOANS

Below the positive impact of non-residential eligible buildings (4.102 tons of CO2 eq. per year).

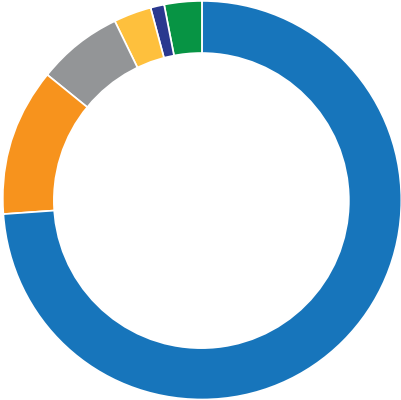
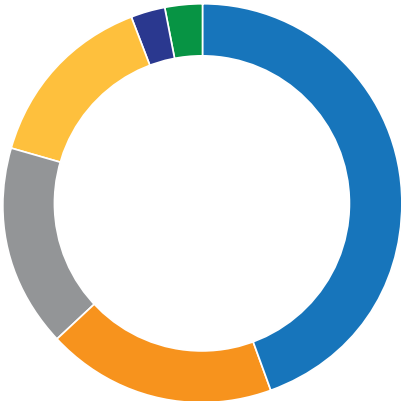
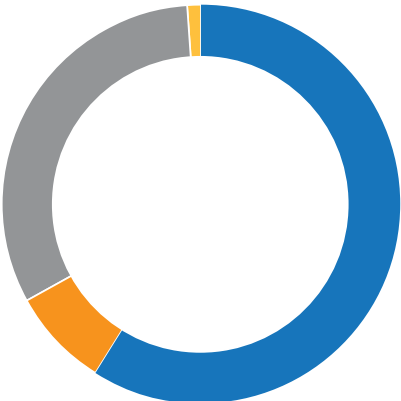
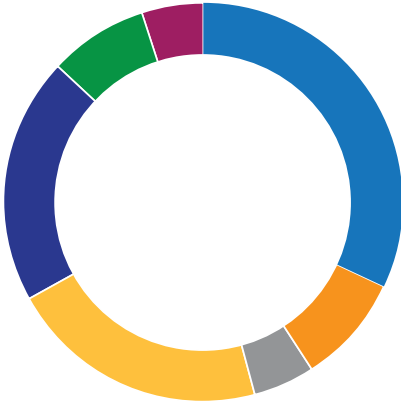
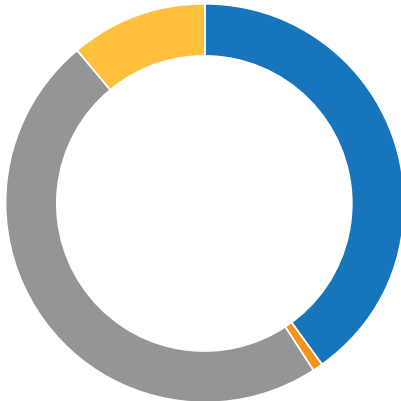
Overview of positive emission impact - non residential

Criterion		Allocation (€ m.)	Avoided emissions (t CO2 eq. per year)	Carbon impact (t CO2 eq. per € m. / year)	Energy Savings (Mwh)
1. EPC	1.2 Non-Residential (A, B)	170	3.470	20	16.727
3. NZEB – 10% (Post 2020)		23	633	28	3.09
TOTAL		193	4.102	21	19.746

¹⁷ For further details see: Chapter 7. Contextual information & Methodological Notes

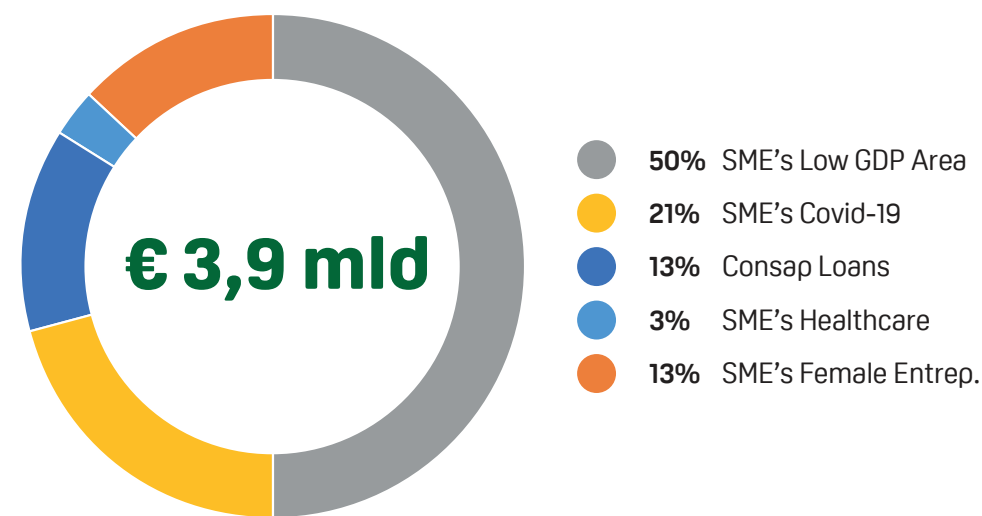
5. SOCIAL REPORTING

AMOUNT AND CHARACTERISTICS OF THE OUTSTANDING SOCIAL BONDS

 T2 XS2488465423 Year of Issuance:2022 Issuer:Credito Emiliano S.p.A. Issue Size (EUR mm):200 Call Date / Maturity Date:5 Jul. 27 / 5 Jul. 32 Order Book:>€ 0,4 bn	DISTRIBUTION BY GEOGRAPHY  74% Italy 12% UK / Ireland 7% France 3% Iberia 1% Ger. / Aus. / Switz. 3% Others DISTRIBUTION BY INVESTOR TYPE  40% FM / AM 11% Insurance & PF 17% Bank & PB 20% Corp. 12% HFs	
 SENIOR PREFERRED XS2684860203 Year of Issuance:2023 Issuer:Credito Emiliano S.p.A. Issue Size (EUR mm):500 Call Date / Maturity Date:18 Jan. 29 Order Book:>€ 2 bn	DISTRIBUTION BY GEOGRAPHY  46% Italy 19% UK / Ireland 17% France 15% Ger. / Aus. / Switz. 3% Others DISTRIBUTION BY INVESTOR TYPE  59% FM / AM 8% Insurance & PF 32% Bank & PB 1% Others <td> SENIOR PREFERRED XS2640881608 Issuer:Credito Emiliano S.p.A. Issue Size (EUR mm):150 Call Date/Maturity Date:25 Jul. 28 Investor Type:100% Retail Investors SENIOR PREFERRED XS2640884701 Issuer:Credito Emiliano S.p.A. Issue Size (EUR mm):95 Call Date/Maturity Date:31 Jul. 27 Investor Type:100% Retail Investors </td>	SENIOR PREFERRED XS2640881608 Issuer:Credito Emiliano S.p.A. Issue Size (EUR mm):150 Call Date/Maturity Date:25 Jul. 28 Investor Type:100% Retail Investors SENIOR PREFERRED XS2640884701 Issuer:Credito Emiliano S.p.A. Issue Size (EUR mm):95 Call Date/Maturity Date:31 Jul. 27 Investor Type:100% Retail Investors
 COVERED BOND IT0005579294 Year of Issuance:2024 Issuer:Credito Emiliano S.p.A. Issue Size (EUR mm):500 Call Date / Maturity Date:18 Jan. 29 Order Book:>€ 2 bn	DISTRIBUTION BY GEOGRAPHY  32% Italy 9% UK / Ireland 5% France 21% Ger. / Aus. / Switz. 20% Nordics 8% Spain 5% BeNeLux DISTRIBUTION BY INVESTOR TYPE  40% FM / AM 1% Insurance & PF 48% Bank & PB 11% CB & Ois	

SOCIAL ALLOCATION REPORTING– NET PROCEEDS

As shown in chapter 3, below it is represented the total eligible social portfolio:



Starting from the total eligible portfolio above, this section describes the **net proceeds of Credem's Social Bond that have been selected: 17.866 loans, for around 1.195 million euros.**

The categories shown below represent the following categories as stated in the social eligible categories of the Framework:

A) Loans to SME's:

- Low GDP Area: Loans to SMEs located in areas with a GDP per capita below National average¹⁸
- Female entrepreneur: Loans granted to SMEs run by women
- Healthcare: SMEs operating in the healthcare sector

B) Social Housing Loans:

- Consap Loans: residential mortgage loans with a state-backed guarantee for the purchase or renovation of primary residences, aimed at supporting first-time homebuyers.

The weighted average residual life for SMEs Loans is 4 years, while for Consap Loans is 27 years.

Overview of eligible assets per eligible social categories

Social Portfolio categories Loans to:	Allocation (€/mln)	Num. Loans
SME's Healthcare	50	942
SME's Female Entrep.	205	2.561
SME's Low GDP Area	760	12.987
Consap Loans	180	1.376
TOTAL	1.195	17.866

The following charts show the regional distribution of companies (for loans to SME's) and families (for loans to Social Housing) to whom has been granted the loans and the relative current financing

Distribution of companies for **Loans to SME's**

Region	Allocation (€/mln)	N. Companies
ABRUZZO	24	236
BASILICATA	11	85
CALABRIA	67	1.541
CAMPANIA	267	2.586
EMILIA-ROMAGNA	38	439
FRIULI-VENEZIA GIULIA	3	25
LAZIO	16	192
LIGURIA	6	42
LOMBARDIA	46	326
MARCHE	72	450
MOLISE	6	62
PIEMONTE	9	103
PUGLIA	160	2.381
SARDEGNA	43	458
SICILIA	168	3.426
TOSCANA	17	158
TRENTINO-ALTO ADIGE	2	20
UMBRIA	42	198
VENETO	19	137
TOTAL	1.015	12.865

Distribution of families for **Loans to Social Housing**

Region	Allocation (€/mln)	N. Families
ABRUZZO	3	24
BASILICATA	0,1	1
CALABRIA	4	38
CAMPANIA	17	117
EMILIA-ROMAGNA	26	191
FRIULI-VENEZIA GIULIA	3	25
LAZIO	14	98
LIGURIA	1	9
LOMBARDIA	27	186
MARCHE	3	23
MOLISE	0,3	4
PIEMONTE	3	28
PUGLIA	16	130
SARDEGNA	22	193
SICILIA	19	160
TOSCANA	6	41
TRENTINO-ALTO ADIGE	0,3	2
UMBRIA	1	6
VENETO	14	100
TOTAL	180	1.376

¹⁸ Data on GDP per capita are from ISTAT at the following link: http://dati.istat.it/Index.aspx?DataSetCode=DCCN_PILT#

SOCIAL IMPACT REPORTING¹⁹ – NET PROCEEDS

In the table below, it is shown the number of employees²⁰ for each company in case of loans to SMEs, giving also a metric of the average number of employees for each. For Social Housing loans (consap loans) it is shown the number of family members and it is represented also the metric of the average number of family members:

Distribution of number of employees for loans to SMEs

Social Portfolio categories Loans to:	Allocation (€/mln)	Num. Companies	Num. Employees	N. Employees on Num. Companies
SME's Healthcare	50	764	2.433	3,2
SME's Female Entrep.	205	1.958	5.448	2,8
SME's Low GDP Area	760	10.143	24.225	2,4
TOTAL	1.015	12.865	32.106	2,8

Distribution of number of family members for Social Housing loans:

Social Portfolio categories Loans to:	Allocation (€/mln)	Num. Families	Num. Family Members	N. Family Members on Num. Families
Consap Loans	180	1.376	2.316	1,7
TOTAL	180	1.376	2.316	1,7

For each social eligible category related to SMEs loans, below is shown the distribution of the residual debt by number of employees, according with 4 different clusters, based on residual debt:

- Companies with employees between “0-24”
- Companies with employees between “25-49”
- Companies with employees between “50-99”
- Companies with employees between “100-249”

Distribution of number of employees:

Social Portfolio categories Loans to:	SME’s Healthcare	SME’s Female Entrep.	SME’s Low GDP Area
0-24	91%	96%	94%
25-49	1%	3%	2%
49-99	7%	1%	3%
100-249	0%	0%	1%
TOTAL	100%	100%	100%

In relation to the Consap Loans, below it is shown the numeric composition of the families, based on residual debt:

N. Family Members	Consap Loans
1	49%
2	32%
3	12%
4 >	8%
TOTAL	100%

For loans to SMEs, below it is shown also the distribution of employees for each economic sector included in the net proceeds.

Economic Sector	N. Employees
Manufacturing Activities	33%
Wholesale and Retail Commerce	24%
Agriculture, Forestry and Fishing	7%
Constructions	5%
Healthcare and Social Assitence	5%
Other	25%
TOTAL	100%

Credito Emiliano recognises that the indicators presented here can be more considered as *output indicators*. The lack of sufficient and credible data does not allow the measurement of *impact indicators*.

¹⁹ For futher details see: Chapter 7. Contextual information & Methodological Notes
²⁰ Where not available, the number of employees for a company has been estimated as 1

6. DESCRIPTION OF ELIGIBLE ASSETS (EXAMPLES)



COMMERCIAL GREEN ASSET:

This concerns a new development located in Lombardy, consisting of a large production complex that includes a mechanical workshop with an adjoining external office building constructed in adherence to the industrial edifice.

The mechanical workshop occupies a covered area of approximately 16,770 square meters while the land area, upon which the building stands is approximately 31,500 square meters. The surrounding area is designated for vehicular traffic. Within the relevant area, there are also zones designated for parking (179 car spaces), as well as 10 charging stations for electric vehicles.

The structure of the entire building is prefabricated with adequate anti-seismic precautions. On part of the roof (approximately 7,200 square meters), there is a photovoltaic system with a power output of 495 kW.

From an energy perspective, thanks to the above measures, the property achieved the “A4” energy class with an energy consumption (EP_{gl, nren}) of ca. 21 kWh/m² year and Co₂ emissions of ca. 4,7 kg/m² year.

The EPC Level (A4) enhance this building to be included in the top 15 % of the most carbon efficient buildings and to be part of the eligible assets with the Credem Group’s ESG Framework.



RESIDENTIAL GREEN MORTGAGES:

In May 2023, the client applied for a mortgage of €150,000 for the purchase of a property located in Emilia-Romagna.

The property is a semi-detached house with an approximate area of 140 square meters, featuring excellent energy characteristics, including photovoltaic panels that enable the building to have an EPC level of A4²¹ with an energy consumption (EP_{gl, nren}) 6 kWh/m² per year and a CO₂ consumption of approximately 1.5 kg/m² per year.

These outstanding energy characteristics allows the building to be considered almost at zero-emissions and to be included into the Credem’s eligible portfolio within those buildings with a Primary Energy Demand that are at least 10% lower than the threshold set for nearly zero-energy building (NZEB).

²¹ EPC Label A in Italy is divided between A1, A2, A3 and A4, where A4 represents the highest and the most efficient class

7. CONTEXTUAL INFORMATION & METHODOLOGICAL NOTES



GREEN PORTFOLIO:

Credem has mandated CRIF Real Estate Services to provide a technical analysis on the Italian residential market, with the aim to position CREDEM Group’s eligible portfolio at the very best market practices.

The methodology focuses on the identification of the eligible buildings based on Climate Bonds Initiative Taxonomy, or EU taxonomy for new buildings.

The methodological note aims at describing the eligibility criteria and the impact metrics, firstly for the mortgages related to energy efficient buildings and then for the tax incentives related to energy efficiency renovation for existing buildings.



GREEN BUILDINGS LOANS:

The Green, Social & Sustainability Bond Framework adopted defines the green real estate assets as loans to finance construction and/or the acquisition of commercial and residential buildings belonging to:

- the top 15% of the most carbon efficient buildings (kgCO₂e/sqm) (Criterion 1.1, 1.2 and 2) and CRIF has applied the three criteria indicated in the table below to identify the eligible residential and commercial stock complying with the top 15% approach within CREDEM Group’s portfolio;
- the NZEB – 10 % (Criterion 3), where Crif and CTI have defined thresholds for newly built properties based on the climate zone and an aggregated data for nZEBs building within the Italian territory.

Criterion 1.1

Residential buildings with EPC labels: A, B or C

Criterion 1.2

Non residential buildings with EPC labels: A or B

Criterion 2

New residential constructions built from 2016 until end 2020*

Criterion 3

NZEB – 10 %
Constructions built after 2020

Approach based on EPC (Attestato Prestazione Energetica - APE)

- The Italian most important database on buildings’ energy performance (SIAPE) confirms that EPC labels A, B and C represents 19.3% of the existing residential stock. In order to comply with the top 15% best-in class approach, since the C label straddles the top 15% of the national distribution, the thresholds on Primary Energy Demand (PED) are used to assess the eligibility of the building for green financing.
- SIAPE also confirms that EPC labels A and B represents 13.7% of the existing Non residential stock, complying with the top 15% best-in class approach. However, some buildings may have an EPC label that straddles the top 15% of the national distribution of EPC labels. In this case, the thresholds on Primary Energy Demand (PED) are used to assess the eligibility of the building for green financing. These thresholds have been defined by CRIF-CTI following the EU taxonomy, which sets technical criteria for sustainable activities.

Approach based on the year of construction

- According to SIAPE database, 98.4% of residential properties built after 1st of January 2016 have an EPC A, B and C
- The energy performance of the Italian new buildings increases over time, in line with national regulations (e.g. the Ministerial Decree 26/06/2015) and European energy efficiency targets

* a 2% haircut over the portfolio identified under this criterion is applied

Approach based on the Primary Energy Demand

- The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council
- The EU taxonomy has criteria based on an index of energy demand deriving from the EPC. The primary energy demand (PED) is defined as “The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m2 per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC)”.

Criterion 1.1 PED Thresholds (expressed in kWh/m2 per year)

YEAR OF CONSTRUCTION ≤ 2020	CLIMATE ZONE					
	A	B	C	D	E	F
Residential Properties	65	65	70	75	100	105

Criterion 1.2 PED Thresholds (expressed in kWh/m2 per year)

YEAR OF CONSTRUCTION ≤ 2020	CLIMATE ZONE					
	A	B	C	D	E	F
Commercial Properties	250	250	260	260	270	270
Properties Used As Offices	160	160	170	180	180	180
Properties For Tourist-Hotel Use	270	270	280	280	290	290
Buildings For Workshop-Industrial Agricultural Use	170	170	170	180	180	180
Other Commercial Properties	250	250	270	275	280	300

Criterion 3 PED Thresholds (expressed in kWh/m2 per year). The thresholds indicated below already account for a primary energy demand lowered for the 10% requirement.

YEAR OF CONSTRUCTION ≤ 2020	CLIMATE ZONE					
	A	B	C	D	E	F
Residential properties	45	45	50	55	70	70
Commercial properties	150	150	160	160	180	180
Properties used as offices	105	105	110	115	120	120
Properties for tourist-hotel use	180	180	190	190	200	210
Buildings for Workshop-Industrial Agricultural use	110	110	115	115	120	125
Other commercial properties	150	150	160	165	170	175



GREEN BUILDINGS TAX INCENTIVES

As stated in the bank's Green, Social & Sustainability Bond Framework, eligible green buildings category includes also the tax incentives, put in place by Italian or other UE mechanism, dedicated to the improvement of buildings' energy efficiency. Two relevant tax incentives in Italy, as an example, are the Ecobonus and Superbonus.

ECOBONUS

Ecobonus is the tax incentives to support the increase of buildings' energy efficiency, introduced by the 2007 financial law (article 1, paragraphs 344 to 349, of law 296/2006), it is currently governed by the article 14 of Legislative Decree 63/2013.

The benefit consists of a deduction from the IRPEF or IRES, to be divided into 10 annual installments of the same amount, depending on whether the intervention concerns the single real estate unit or a condominium and the year in which it is carried out. The relief can be requested for expenses incurred within 31 December 2024.

For most interventions the deduction is equal to 65%, for others it is 50%. They fall into the second category:

- the purchase and installation of windows including frames;
- the purchase and installation of solar shading;
- the purchase and installation of winter air conditioning systems equipped with heat generators powered by combustible biomass;
- the replacement of winter air conditioning systems with systems equipped with condensing boilers with efficiency at least equal to class A or with systems equipped with heat generators powered by combustible biomass (however, the greater deduction of 65% is due if the boilers, in addition to be at least in class A, are also equipped with advanced thermoregulation systems);

For refurbishments carried out on common parts of a condominium or on the whole condominium, different rules and measures are envisaged. When certain energy performance indices are achieved, higher deductions can be made (70% or 75%).

For refurbishments on the common parts of a condominium buildings located in seismic zones 1, 2 and 3, aimed jointly at reducing seismic risk and energy requalification, an even higher deduction is envisaged, equal to 80% if the works determine the passage to a lower risk class, or 85%, if the interventions determine the passage to two lower risk classes.

In some cases the law actually in force allows (article 121, Legislative Decree 34/2020; Legislative Decree 11/2023) to directly use the deduction:

- for a contribution in the form of a discount on the fee due, up to a maximum amount equal to the fee itself, advanced by the supplier who carried out the interventions (so-called "invoice discount") and recovered by the latter in the form of a tax credit
- for the transfer of a tax credit, corresponding to the deduction due to other subjects.

Further credit transfers are possible, but only if carried out in favor of:

- registered banks and financial intermediaries
- companies belonging to a registered banking group
- insurance companies authorized to operate in Italy.



SUPERBONUS

The Superbonus is the tax benefit regulated by article 119 of legislative decree no. 34/2020 ("relaunch decree"), which consists of a 110% deduction of expenses incurred starting from 1 July 2020 for the implementation of specific actions aimed at improving energy efficiency and static consolidation or reducing the seismic risk of buildings. The subsidized interventions also include the installation of photovoltaic systems and infrastructure for charging electric vehicles in buildings.

The benefit comes alongside the deductions, already in force for many years, due for energy requalification interventions of buildings (ecobonus) and for those for the recovery of the building heritage, including anti-seismic ones (sismabonus), currently regulated, respectively, by the articles 14 and 16 of the legislative decree n. 63/2013.

The Superbonus is due in case of the following "main" or "relevant" interventions:

- thermal insulation interventions on the casings
- replacement of winter air conditioning systems in common areas replacement of winter air
- replacement of winter air conditioning systems on single-family buildings or on the real estate units of functionally independent multi-family buildings
- anti-seismic interventions.

In addition to the key interventions listed above, the Superbonus also includes expenses for interventions carried out together with at least one of the following "relevant" interventions. These are:

- energy efficiency interventions
- installation of photovoltaic solar systems and storage systems infrastructure for charging electric vehicles
- interventions to eliminate architectural barriers (16-bis, letter e of the TUIR).

The deduction is recognized as described above and must be divided, for expenses incurred starting from 1 January 2022, in annual installments of the same amount, within the capacity limits of the annual tax deriving from the tax return of the entitled entity.

As an alternative to directly using the deduction, it is possible to opt for an advance contribution in the form of a discount applied by the suppliers of the goods or services (discount on the invoice) or for the transfer of the credit corresponding to the deduction due.

The transfer can be arranged in favor of:

- of the suppliers of the goods and services necessary for the implementation of the interventions
- of other subjects (natural persons, including those carrying out self-employed or business activities, companies and organisations)
- of credit institutions and financial intermediaries.

As part of the CREDEM ECOBON project, the bank offered its customers the possibility of transferring tax credits linked to Superbonus, Ecobonus and Sismabonus.

The bank was thus able to collect, for each tax incentive related to one or more building refurbishment, the pre- and post-renovation energy performance certificates of the buildings, when they were required by law. For the purposes of the portfolio analysis, for each transfer, only the tax incentives related to energy efficiency interventions identified by the following tax codes were taken into consideration:

6921	SUPERBONUS ART. 119 DL N. 34/2020 - UTILIZZO IN COMPENSAZIONE CREDITO PER CESSIONE O SCONTO ART. 121 DL N. 34/2020
6922	ECOBONUS ART. 14 DL N. 63/2013 E IMPIANTI FOTOVOLTAICI ART. 16-BIS, COMMA 1, LETT. H), DEL TUIR UTILIZZO IN COMPENSAZIONE CREDITO PER CESSIONE O SCONTO ART. 121 DL N. 34/2020
6924	COLONNINE RICARICA ART. 16-TER DL N. 63/2013 - UTILIZZO IN COMPENSAZIONE CREDITO PER CESSIONE O SCONTO - ART. 121 DL N. 34/2020
7701	CESSIONE CREDITO - SUPERBONUS ART. 119 E 121 DL N. 34/2020 - ART. 121 DL N. 34/2020
7702	CESSIONE CREDITO - ECOBONUS ART. 14 DL N. 63/2013 E IMPIANTI FOTOVOLTAICI ART. 16-BIS, COMMA 1, LETT. H), DEL TUIR - ART. 121 DL N. 34/2020
7704	CESSIONE CREDITO - COLONNINE RICARICA ART. 16-TER DL N. 63/2013 - ART. 121 DL N. 34/2020
7708	CESSIONE CREDITO - SUPERBONUS ART. 119 DL N. 34/2020 ART. 121 DL N. 34/2020 OPZIONI DAL 01/11/2022
7709	CESSIONE CREDITO - SUPERBONUS ART. 119 DL N. 34/2020 ART. 121 DL N. 34/2020 OPZIONI DAL 01/04/2023
7711	SCONTO - SUPERBONUS ART. 119 DL N. 34/2020 - ART. 121 DL N. 34/2020
7712	SCONTO - ECOBONUS ART. 14 DL N. 63/2013 E IMPIANTI FOTOVOLTAICI ART. 16-BIS, COMMA 1, LETT. H), DEL TUIR - ART. 121 DL N. 34/2020
7718	SCONTO - SUPERBONUS ART. 119 DL N. 34/2020 ART. 121 DL N. 34/2020 - OPZIONI DAL 01/11/2022
7719	SCONTO - SUPERBONUS ART. 119 DL N. 34/2020 ART. 121 DL N. 34/2020 - OPZIONI DAL 01/04/2023

The tax codes relating to the SUPERBONUS (6921, 7701, 7708, 7709, 7711, 7718, 7719) can however refer to both energy efficiency intervention and seismic risk reduction. In this case, three situations can occur, based on the type of underlying interventions:

1. If the building interventions that benefit from the SUPERBONUS are exclusively energy efficiency interventions, the amount transferred relating to SUPERBONUS tax codes is considered in full.
2. If the construction interventions benefiting from the SUPERBONUS are exclusively seismic risk reduction interventions, the amount transferred relating to SUPERBONUS tax codes is not considered.
3. If among the construction interventions benefiting from the SUPERBONUS there is at least one seismic risk reduction intervention, the amount transferred relating to SUPERBONUS tax codes is considered only for the part relating to the energy efficiency interventions.

Decarbonising the buildings and construction sector is critical to achieve the **Paris Agreement commitment and the United Nations (UN) Sustainable Developments Goals (SDGs)**: according to the **2024 Global Status Report for Buildings and Construction** of the UNEP, **at world level**, this sector is responsible for 21% of global greenhouse gas emissions. Moreover, in 2022, buildings were responsible for 34% of global energy demand. CO2 emissions from building operations and construction reached new highs in 2022, making up **37 per cent of total global CO2 emissions**, due to emissions from buildings operations and material production²².

The **European Commission** also declared that the building sector is crucial for achieving the EU’s energy and environmental goals. One of the first European steps to integrate national energy policies is represented by the **2020 Climate and Energy Package** drafted by the European Council in 2007.

The **2018 Energy Performance of Buildings Directive** of the EU outlines specific measures for the building sector to tackle challenges, updating and amending the 2010 Directive, which already introduced the necessity of a minimum set of requirements regarding both new and existing buildings. Decarbonising the buildings and construction sector is also part of a broader context related to the Net Zero transition of the EU: in 2019, the European Commission launched the **European Green Deal**: a plan to comply with the United Nations’ sustainable goals and the Paris Agreement (2015), reducing the net greenhouse emissions to zero by 2050.

In light of Russia’s invasion of Ukraine, the European Commission presented the **REPowerEU Plan** in 2022 to make Europe independent from Russian fossil fuels well before 2030, focusing on saving energy, producing clean energy, and diversifying the energy supplies. The **EU external energy engagement in a changing world**, presented as part of the REPowerEU Plan, explains how the EU supports a global, fair energy transition to ensure sustainable, secure and affordable energy.

In the same year, the **World Green Building Council** launched the **EU Policy Whole Life Carbon Roadmap for buildings**²³ which aims to catalyze transformation in the buildings sector in the EU in three areas: well-being and health, climate change, and resources and circularity. It lays out a timeline of recommendations, with the greatest number of actions to occur before 2030 it focuses on four key thematic areas: building regulations, waste and circularity, sustainable procurement, and sustainable finance. Below is described CRIF’s methodology to estimate avoided CO2 emissions of CREDEM Group’s green buildings portfolio both for mortgages related to energy efficient buildings as well as for the renovations of existing buildings related to tax incentives:²⁴. Starting from the energy efficient mortgages (criterion 1.1, 1.2, 2 and 3) the assessment relies on the following steps:

A. Calculation of buildings’ greenhouse gas emissions

The calculation of GHG emissions of CREDEM Group’s Green Buildings consists of three approaches:

1. The CO2 emissions are available through a valid Energy Performance Certificate (following ‘EPC’). Estimated CO2 emissions are the result of an automatic computation by a professional software in line with national existing legislation on energy efficiency and the characteristics of the assets as provided by the real estate valuer.
2. The CO2 emissions are available as a result of an automatic estimation implementing the Primary Energy Demand.
3. The CO2 emissions are valued through the attribution of a benchmark value based on EPC’s data when the PED is missing. This approach is executed for a small portion of the Portfolio for which the EPC label and Primary Energy Demand are available but not CO2 emissions due to lack of data provided by regional energy cadastres.
4. The CO2 emissions are available as a result of an automatic estimation performed by CRIF implementing the physical characteristics of the property.

²² United Nations Environment Programme (2024). 2024 Global Status Report for Buildings and Construction: Towards a Zero-emission, Efficient and Resilient Buildings and Construction Sector. More information can be found at: <https://www.unep.org/resources/report/global-status-report-buildings-and-construction>
²³ More information can be found in the official document at: <https://viewer.ipaper.io/worldgbc/eu-roadmap/?page=2>
²⁴ More information can be found in the CRIF’s Technical Report at: <https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>

B. Identification of a National benchmark

To identify a National benchmark, the Ministerial Decree on 26/06/2015 introduced a national database, SIAPE, managed by ENEA. The SIAPE database represents the most important available data pool on the energy efficiency of Italian real estate stock and it has been identified by CRIF as the data source for the construction of national benchmarks.

C. Emission conversion factors

With the aim of estimating CO2 emissions when the information cannot be retrieved through the EPC nor accessing regional energy cadasters, Italian market standard conversion factors are implemented²⁵:

- 1. CO2-emissions’ estimation using properties’ available Primary Energy Demand (electricity residual mix): 0.4332 t CO2/MWh.
- 2. CO2-emissions’ estimation implementing available information related to properties’ physical characteristics:
 - a. The CO2-emission conversion factor for natural gas is 0.1998 kg/m3
 - b. The CO2-emission conversion factor for electricity consumption is 0.4332 tCO2/MWh.

D. Identification of a proper attribution factor:

Loan-to-value (LTV).

$$Attribution\ factor_t = \frac{Outstanding\ amount_t}{Property\ Value_{t0}}$$

A cap of 1 is applied to the attribution factor²⁶.

E. Financed Emissions:

The emissions of buildings are calculated as the product of a building’s energy consumption and the identified attribution factor (step D).

$$Attribution\ factor = \sum_i^t Attribution\ Factor_{i,t} \times Estimated\ Emissions_{i,t}$$

E. Financed Emissions:

Starting from SIAPE’s data, the portfolio’s avoided emission in terms of emission is calculated.

$$Avoided\ Emissions = [(\sum_i^t Attribution\ Factor_{i,t} \times Benchmark\ Emissions_{i,t}) - Financed\ Emissions_i] \times Building\ Surface_i$$

The formula expresses the total amount of savings in kg of CO2 for the guarantees under investigation, considering the attribution factor and a market benchmark.

G. Calculation of the positive Carbon Impact

The Positive Carbon Impact (PCI) is calculated as the ratio between tonnes of CO2 emissions avoided and the total outstanding amount expressed in millions of euros, the PCI therefore measures the positive impact in tonnes per million euros:

$$PCI = \sum_i^n Avoided\ Emissions_i / \sum_i^n Outstanding\ Amount_i$$

H. Energy Savings

Energy saving is determined as the difference between the benchmark and the non-renewable energy performance index (EPgInren) of the building multiplied by the building surface and the attribution factor

$$Energy\ Savings = \sum_i^t [(EPgInren)_{benchmark} - (EPgInren)_i] \times Building\ surface_i \times Attribution\ factor_i$$

Where the EPgInren is expressed in kWh/m2 per year and the heated surface in m2, the formula therefore expresses the annual saving of kWh.

In relation to the **Tax Incentives**, the assessment relies on the following steps:

A. Collection of buildings’ greenhouse gas emissions before and after renovation

The CO2 emissions were obtained through digitalization of the pre- and post-renovation Energy Performance Certificates (Ape) obtained from the documentary platforms managed by the bank.

B. Calculation of avoided emission from renovation

The avoided emissions are calculated as the difference between the pre- and post-renovation CO2 emissions multiplied by the heated surface area of the property indicated on the EPC:

$$Building's\ renovation\ avoided\ emission = \sum_i^t (CO_2\ emission)_{i,pre} - (CO_2\ emission)_{i,post}] \times heated\ surface$$

Where CO2 emissions are expressed in kg/m2 per year and the heated surface in m2. The formula therefore expresses the annual saving of kg of CO2.

C. Attribution of the avoided emissions to the tax incentives

The avoided emissions are then allocated in proportion to the value of the single tranche of the related tax incentive linked to the building renovation’s practice, the attribution factor is therefore calculated as follows.

$$Attribution\ factor_t = \frac{Tax\ Incentive's\ tranche\ value_t}{\sum Tax\ Incentive's\ tranche\ value_t}$$

Avoided emission of the single tax incentive’s tranche are thus calculated:

$$Tax\ incentive's\ tranche\ avoided\ emissions_i = Attribution\ factor_i \times Building's\ renovation\ avoided\ emissions_i$$

D. Calculation of the positive carbon impact

The Positive Carbon Impact (PCI) is calculated as the ratio between tonnes of CO2 emissions avoided and the total amount of tax incentives expressed in millions of euros, the PCI therefore measures the positive impact in tonnes per million euros:

$$PCI = \sum_i^n Tax\ incentive's\ tranche\ avoided\ emissions_i / \sum_i^n Tax\ incentive's\ tranche\ avoided\ emissions_i$$

E. Energy Saving

The reduction in primary energy demand is determined as the difference between the pre- and post-renovation non-renewable energy performance index (EPgInren) multiplied by the heated surface area of the property indicated on the certificate and the attribution factor

$$Building's\ renovation\ energy\ savings = [\sum_i^t (EPgInren)_{i,pre} - (EPgInren)_{i,post}] \times heated\ surface_i \times attribution\ factor_i$$

Where the EPgInren is expressed in kWh/m2 per year and the heated surface in m2, the formula therefore expresses the annual saving of kWh.

²⁵ https://energia.regione.emilia-romagna.it/certificazione-energetica/guidacompilazione-ape_rev20.pdf/@download/file/GuidaCompilazione-APE_Rev20.pdf
²⁶ The bank emission saving cannot be greater than the real one.



SOCIAL PORTFOLIO:

The following metrics have been used to report the impact of the Social Portfolio:

Loans to SMEs:

- Number of Companies supported = Number of Borrowers ID²⁷
- Number of Employees supported = Number of Employees Registered²⁸
- Number of Employees supported per Company = Number of Employees Censused / Number of Borrowers ID

Consap Loans:

- Number of Families supported = Number of Borrowers ID²⁷
- Number of Family Members = Number of Family member registered²⁹
- Number of Family Members supported per Family = Number of Family Members / Number of Borrowers ID

All loans are not pool financed. The estimated impact generated by each loan is assumed to be 100% attributed to Credem.

²⁷ Source: Credem's Database
²⁸ Source: Credem's Database collected during the loans' origination and borrower's credit review, National registry of Chamber of Commerce and other external providers (es. CRIF, Bureau van Dijk)
²⁹ Source: information registered in Credem's Database during origination through the acquisition of certification released by National Registry

8. TO LEARN MORE ABOUT CREDEM

Credem Sustainability:

<https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>

Credem Investor Relations:

<https://www.credem.it/content/credem/it/gruppo-credem/investor-relations.html>

Credem Press Releases:

<https://www.credem.it/content/credem/it/gruppo-credem/press-media.html>

9. SECTION OF THE INDEPENDENT AUDITOR

Below it is represented a summary of the external review³⁰:

ASSESSMENT SUMMARY REVIEW SECTION	SUMMARY	EVALUATION
Part 1. Alignment with the Issuer's commitments set forth in the Framework	Credem's Green, Social & Sustainability Bond Reporting meets the Issuer's commitments set forth in the Green, Social & Sustainability Bond Framework. The proceeds have been used to (re)finance Green and Social categories in accordance with the eligibility criteria defined in the Framework.	ALIGNED
Part 2.a Alignment with the Harmonized Framework for Impact Reporting (HFIR)	The Green, Social & Sustainability Bond Reporting is in line with ICMA's Harmonized Framework for Impact Reporting (HFIR). The Issuer follows core principles and where applicable key recommendations. Credem reports on the Green Bond allocation of proceeds and associated impact indicators within one year of the issuance. Allocated proceeds are reported on project category level, by property type and tax incentive program. The Issuer provides transparency on the calculation methodology, in line with best practices.	ALIGNED
Part 2.b Alignment with the Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB)	The Green, Social & Sustainability Bond Reporting is in line with ICMA's Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB). The Issuer follows core principles and where applicable key recommendations. CREDEM reports on the Social Bond allocation of proceeds within one year of the issuance and measures impact using output indicators. Allocated proceeds are reported on project category level.	ALIGNED
Part 3 Disclosure of proceeds allocation and soundness of reporting indicators	The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework ³⁰ . Credem's Green, Social & Sustainability Bond Reporting has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices.	POSITIVE

³⁰ The complete version of the external review can be found in: <https://www.credem.it/content/credem/en/credem-group/sostenibilita/esg-bond-documents.html>

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