



kutxabank

Green Bonds Report 2023

May 2024

Table of contents



Introduction



Kutxabank's Green Bond Framework



Allocation of Proceeds related to the Green Bonds



Environmental impacts of allocated assets



Independent limited assurance report



Annex I. Impacts calculation methodology



Introduction

Sustainable financing at Kutxabank

Unique corporate model

After 170 years of history, ESG principles are embedded in the institution's DNA. Kutxabank's⁽¹⁾ corporate model is unique where 100% of the shareholders are banking foundations promoting a firm sustainable approach to banking. Proceeds from Kutxabank's profitability serve the long-term viability of the business by strengthening the bank's solvency and boosting socially cohesive and economically efficient projects.

Kutxabank collaborates with the achievement of the United Nations Sustainable Development Goals established

in the 2030 Agenda and links them to the main strategic and action lines of its CSR Plan.

Kb's alignment with the SDG

Direct management and capacity to influence



And also



In addition to the SDGs, Kutxabank has taken the following recommendations and strategies as a reference when drawing up its Sustainability Policy:

- ✓ The Paris Agreement
- ✓ The EU Green Deal Roadmap
- ✓ The EU's Sustainable Finance Plan
- ✓ The recommendations and best practices of some of the main European financial institutions such as the European Central Bank, the European Banking Authority and the Bank of Spain.

Kutxabank has been aware for years of the importance of financing green projects that contribute to accelerating the process of decarbonizing the economy. In the 2022-2023 period, Kutxabank has provided more than EUR4.3 billion to finance different projects and initiatives committed to the transition to a low-carbon economy. It also has a line of green mortgage and consumer loans that seeks to encourage more efficient energy consumption. In addition, since January 2020 all Kutxabank Group bank branches and work centers have been supplied exclusively with green electricity

from a photovoltaic plant that avoids the emission of more than 6,000 tonnes of carbon dioxide per year.

With the implementation of these initiatives, Kb realized the need to make progress on other environmental fronts, such as the analysis of the financial risks of climate change and the regulatory requirements in this area. This has enabled it to define risk management policies and take advantage of new business opportunities that incorporate an environmental component. All this work has led to the definition of the Entity's new sustainability objectives.

Kb's sustainability objectives

Advancing in a sustainable business model by maximizing the positive economic, social and environmental impact of both corporate and financial activity	To Establish and develop long-term commercial relationships with customers and suppliers, based on proximity, transparency and best practices
Adapting products and services to meet the growing demand for increasingly sustainable business models and lifestyles	To advance in the incorporation of ESG aspects in the Entity's strategic decisions, especially in risks and opportunities arising from climate change

⁽¹⁾ May hereinafter be referred to as Kb ("Kb").



Introduction

Sustainable financing at Kutxabank

As part of the institution's commitment and track record in favour of sustainability, on 19 August 2021 Kb approved its Green Bond Framework. It lays the foundations for the institution's green bonds, defining them as fixed-income instruments in which the proceeds will be applied exclusively to finance and/or refinance, in part or in full, new and/or existing eligible green projects aligned with the four core components of this Framework.

In order to channel liquidity into assets and projects with a positive environmental impact, a few months later, in October 2021, the entity launched its first green bond issuance for EUR 500 million with an amortisation tenor of 6 years, redeemable in the fifth year. In June 2023, further confirming its commitment to such objective, Kutxabank carried out its Green bond transaction in senior non-preferred format for additional EUR 500 million with an amortisation tenor of 4 years and an early redemption option on the third year.

The issuance of these green bonds will align the financing plans with the bank's strategic objectives in terms of sustainability, while also involving investors in Kutxabank's commitment to sustainability.

In addition, the Framework reflects Kutxabank's strategic sustainable development priorities and contributes to its commitments and objectives in terms of climate change mitigation and sustainable development. It establishes that Kb's green bond financing must be used for renewable energy projects, clean transport and energy-efficient buildings. It also establishes that they are based on some technical criteria defined by the EU green taxonomy (e.g. 'Do not significantly harm' principles nor minimum social safeguards have not been taken into account).

The purpose of this report is to address the last of the requirements of the *Kutxabank Green Bond Framework*, i.e. to prepare the 2023 annual monitoring report for the green bonds issued by Kutxabank, 2021 and 2023, for the period from 30 June 2022 to 30 September 2023.

The report includes a brief overview of Kutxabank's green bond framework (Section 2), an explanation of the use of the green bond proceeds, the project selection criteria and the distribution of funding (Section 3), and also an estimate of the environmental impacts linked to green bonds (Section 4), including in a final appendix the methodology used for its calculation.

Finally, the allocation and impact report has been subject to limited verification conducted by an independent third party (Section 5).





Kb's Green Bond Framework Summary

Kutxabank's Green Bond Framework adheres to the latest edition of the Green Bond Principles

1

Use of proceeds

- ✓ Green Building



Ensure access to affordable, reliable, sustainable and modern energy for all



Make cities and human settlements inclusive, safe, resilient and sustainable



Take urgent action to combat climate change and its impacts

2

Process for Project Evaluation and Selection

- The Green Bond Committee (GBC) carries out the evaluation and selection process
- The GBC will consult with other departments and areas of the group to identify eligible green projects
- In the event that a loan does not meet the eligibility criteria, early loan repayments occur, or if the loan matures before the maturity of the bond, the GBC will replace such loans with new loans selected in accordance with the eligibility criteria of the green bond
- The also responsible for overseeing the management of proceeds and the approval of reporting

3

Management of Proceeds

- Kutxabank will monitor the amount allocated to eligible green projects and document it through its internal IT systems
- Total Green Bond proceeds will be allocated to eligible projects within 24 months from the date of issue
- Kutxabank will establish a Green Bond Register to monitor that the funds from Green Bonds will be allocated to green eligible assets
- The Green Bond Register will be reviewed by the GBC on a regular basis and will include relevant information such as details of bonds issued, as well as details of eligible green projects, including the amount of the portfolio and any other necessary information

4

Reporting

- The GBC will review and approve the reports of green bonds issued under the Green Bond Framework
- Kutxabank will publish the reports annually including both an allocation report and an impact report

https://www.kutxabank.com/cs/atlante/kutxabank/en/investor_relations/fixe_income/sustainable-financing

Green eligibility criteria based on some EU Taxonomy technical screening criteria.

- For the establishment of the Green Bond Framework and its current eligibility criteria, Kutxabank has taken into account not only the **Green Bond Principles** but also some **EU Taxonomy Technical Screening Criteria (TSC)** of June 2021⁽¹⁾.
- **Eligibility criteria:** green loans, investments or projects within Kutxabank's balance sheet for which the disbursement has occurred **no more than 2 calendar years prior to the year of issuance** of the green bonds or future disbursements **within the next 3 years since the placement of the green bond**
- **Exclusionary criteria:** Exploration, research and exploitation of fossil fuels, nuclear power generation, alcohol, weapons, tobacco, gambling, or mining industries

⁽¹⁾ 'Do not significantly harm' principles nor minimum social safeguards have not been taken into account.

Allocation of Proceeds related to the Green Bonds

Use of proceeds

Kb's Green Bond Framework establishes that the amount equivalent to the net proceeds of the Green Bond will be used exclusively to finance and/or refinance, either in part or in full, new and/or existing loans, investments or projects that meet the following eligibility criteria

"Loans, investments or projects within Kutxabank's balance sheet whose disbursement has taken place no more than two calendar years before the year of issue of the green bonds or future disbursements within three years after the placement of the green bonds"



Green Buildings



ELIGIBILITY CRITERIA

Green eligible projects to promote the acquisition, development and construction of buildings and renovation projects on existing buildings:

- Residential: loans or mortgages to finance the acquisition of homes built before 31 December 2020 with an EPC (Energy Performance Certificate) equal to label A and/or belonging to the top 15% most efficient buildings in a determined area⁽¹⁾.
- Loans or mortgages to finance the acquisition, developments and/or construction of homes built after 31 December 2020 with the Primary Energy Demand (PED) 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 energy performance is certified using an Energy Performance Certificate (EPC).
- Loans or investments for refurbished (residential) buildings with an energy efficiency improvement of at least 30%.

⁽¹⁾ In the Basque Country and Spain.





Allocation of Proceeds related to the Green Bonds

Distribution of selected assets

The Kutxabank's Green Bond funds are allocated to finance Green Buildings projects, including the refinancing operations associated with the October 2021 bond issue, as well as the new operations associated to the issued bond in June 2023. The total amount related to the Green Building projects is a total of EUR567 million. Whose 88% of the amount corresponds to the bond issued in 2021, and the remaining 12% is associated to the new bond issued in June 2023.

Green Bonds issued by Kutxabank

Debt instrument	Total (EUR)	Issue date	Maturity	ISIN code
Senior Non-pref.	500,000,000	10/14/2021	10/14/27NC26	ES0243307016
Senior Non-pref.	500,000,000	06/15/2023	06/15/27NC26	ES0343307031

Green Bonds loans refinanced

Considering the new and refinanced funds allocated from each bond, overall 28% of the loans are refinanced and 72% new. For the bond issued in Oct-21, only 26% of the loans have been refinanced while 74% are new. Regarding 2023 bond, refinanced loans are 48% versus 52% respectively.

Breakdown of allocated assets within Green Building category⁽²⁾

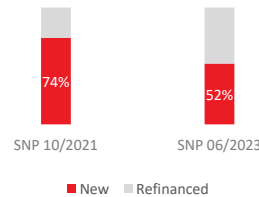
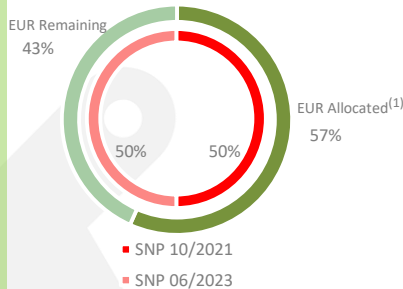
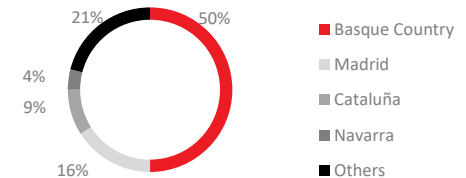
According to the final destination of the funds, we can differentiate them between Residential Mortgages, whose beneficiaries are Individual Households, and Loans to developers, whose beneficiaries are Corporate Companies. Most of the funds (83%) are allocated to the first of these categories.

Green buildings funds allocation



Distribution of proceeds by region⁽³⁾

The Basque Country stands out as the main recipient (EUR286 million, i.e. 50% of the total Green Bond). Followed by Madrid (EUR88 million; 16%) and Catalonia (EUR54 million; 9%) follow, although at a great distance. Asturias, Cantabria and Murcia are the regions that have benefited the least from Green Bond proceeds.



⁽¹⁾ Total amount allocated for both bonds, EUR567 millions. EUR433 millions still remaining.

⁽²⁾ Percentage of disbursed amount allocated to each subcategory. EUR469 million for residential and EUR97 million for developers, with a total amount of EUR567 millions






⁽³⁾ It refers to the main regions that have been benefited from the green bond.





Allocation of Proceeds related to the Green Bonds

Portfolio of projects financed with the Green Bond

Category	Subcategory	Year of origin	Status	Type of debtor	Units ⁽¹⁾	Total (EUR million)	SDG
Green Building	Residential mortgages	2020-23	Completed	Households	2,603	469.3	 Target 7.3: Double energy efficiency rate  Target 11.6: Reduce environmental impact of cities  Target 13.1: Strengthen resilience and adaptation
Green Building	Loans to developers	2021-22	Developing	Corporate	460	97.9	 Target 13.2: Integrate climate change into national policies, strategies and plans  Target 13.3: Improve environmental education and awareness raising

⁽¹⁾ "Units": number of dwellings. In the case of Residential mortgages, it refers to the number of completed properties (which coincides with the number of loans granted). In the case of Loans to developers, it refers to the number of properties under construction.

Environmental impacts of allocated assets

This section shows the impact of the Kutxabank Green Bonds on each of the investment categories during the reporting period, from 30 June 2022 to 30 September 2023. The environmental impact is mainly expressed through the greenhouse gas (GHG) reduction achieved and the energy savings achieved by the projects financed under the green bond during the reporting period. In addition, other indicators have been used such as the volume of clean energy (in Mw) provided by the green finance or the number of beneficiaries. This exercise has been carried out by *Metroeconomica*, an independent third party specialist in economic analysis and public policy (www.metroeconomica.com/en/home/).

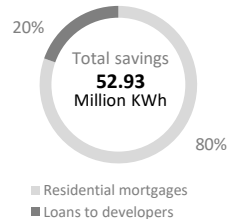


Green buildings

One of the indicators considered to measure the effects of the Green Bond in this category relates to certification standards: the Energy Performance Certificate (EPC). The EPC rates a building by calculating the annual energy consumption necessary to satisfy the energy demand of a building under normal occupancy and operating conditions, including hot water production, heating, lighting, cooling and ventilation. The energy rating scale includes 7 categories from A (most energy efficient building) to G (least energy efficient building).

The portfolio financed with Kutxabank's Green Bonds includes 3,063 homes (460 associated with loans to developers and 2,603 linked to residential mortgages). All of the loans to developers belong to category A, for both, energy consumption and emissions. In the case of residential mortgages, 1,919 dwellings have an EPC label equal to A, 682 dwellings have a label B and 2 dwellings have a label equal to C, within the 15% of most efficient buildings in their respective climatic areas. In terms of emissions, 2,155 dwellings are rating A and 448 rating B.

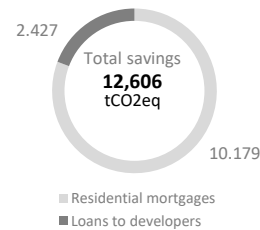
Energy savings (million KWh)



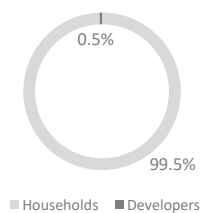
Proceeds allocated to residential mortgages for 2,603 dwellings will allow energy savings for the reporting period of 42.57 million KWh. Additionally, loans to developers will allow the construction of 460 homes and an energy saving for the period of calculation of the indicator of 10.37 million KWh.

The savings in CO₂eq emissions linked to the dwellings financed with the bond have also been calculated. To estimate this, the scenario of financed dwellings, which have an A & B rating, was again compared with a hypothetical situation characterized by the same number of dwellings, but with a worse rating in terms of EPC. In this case, residential mortgages will lead to emissions savings of 10,179 tCO₂eq for the reporting period, while the savings from developer loans will be 2,427 tCO₂eq.

GHG emissions savings (tCO₂eq)



Green Bond Beneficiaries



⁽¹⁾ For the design of this base scenario, we have taken into account the current Spanish real estate market and the number of buildings included in each of the EPC classifications over the total number of buildings.

Environmental impacts of allocated assets

This section shows the impact of the Kutxabank Green Bonds on each of the investment categories during the reporting period, from 30 June 2022 to 30 September 2023. The environmental impact is mainly expressed through the greenhouse gas (GHG) reduction achieved and the energy savings achieved by the projects financed under the green bond during the reporting period. In addition, other indicators have been used such as the volume of clean energy (in Mw) provided by the green finance or the number of beneficiaries. This exercise has been carried out by *Metroeconomica*, an independent third party specialist in economic analysis and public policy (www.metroeconomica.com/en/home/).

Environmental impacts of allocated assets



Subcategory	Reduced/avoided energy use (MWh)	Reduced/avoided GHG emissions (tCO ₂ eq)
Residential mortgages	42,565	10,179
Loans to developers	10,369	2,427
Total	52,934	12,606

Summarize

All of the Kb Green Bond Oct-2021 proceeds went to fully Green Building projects, with a total amount of EUR500 million, as well as the new operations associates to the issued bond in June 2023. The main focus of this report has been the estimation of the environmental impact of Green Building linked to the bonds.

Considering both bonds, 2021 and 2023, the total amount associated to the green buildings is EUR567 million. 83% associated with the residential mortgages. The total portfolio has a majority of rating A certification, both in terms of emissions and primary energy consumption, which refers to the most efficient category. The remaining, have a rating of B and C. All in all, within the 15% of most efficient buildings in their respective climatic areas.

The highest level of savings achieved in the period is associated to residential mortgages, 10,179 tCO₂eq and 42,565 MWh, which represents 80% of the total savings in each category. The remaining 20% is associated to Loans to Developers, specially 2,427 tCO₂eq and 10,369 MWh.

By financing dwellings that generate savings in terms of both energy consumption and emissions, KB's Green Bonds become an instrument for promoting decarbonization and, in general, the fight against climate change. As a result, Kutxabank's actions contribute to the consecution of the Sustainable Development Goals, specifically with: Affordable and Clean Energy (SGD 7), Sustainable Cities and Communities (SGD 11) and Climate Action (13)





Independent limited assurance report



Independent limited assurance report on the 'Green Bonds Report 2023'

To the management of Kutxabank, S.A.

We have undertaken a limited assurance engagement in respect of the accompanying 'Green Bonds Report 2023' of Kutxabank, S.A. (hereinafter, 'Kutxabank' or 'the Company') corresponding to the period from 30 June 2022 to 30 September 2023, in regards with the Senior Non Preferred Green Notes issued in October 2021 (ISIN ES0243307016) and the Senior Non-Preferred Green Notes issued in June 2023 (ISIN ES0343307031) to progress towards SDG 7 (Affordable and Clean Energy), SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action) (hereinafter 'the Green Bonds'), prepared in accordance with the criteria described in sections 'Kb's Green Bond Framework Summary', 'Allocation of Proceeds related to the Green Bonds' and 'Annex I. Impacts calculation methodology' of the 'Green Bonds Report 2023', defined by Kutxabank in accordance with the 'Green Bond Framework' (hereinafter, 'Green Bond Framework' or 'the Framework'), available on its website:

https://www.kutxabank.com/es/Satellite/kutxabank/en/investor_relations/linked_income/sustainable-finance

Specifically, the sections of the 'Green Bonds Report 2023' subject of our engagement have been the following:

- The allocation of the Green Bonds proceeds in accordance with the eligibility criteria, defined by Kutxabank in the 'Green Bond Framework' and detailed in page 6 of the 'Green Bonds Report 2023'.
- Green Bonds funding allocation indicators (amount and number of financial transactions together with their associated breakdowns), included in section 'Allocation of Proceeds related to the Green Bonds' of the 'Green Bonds Report 2023' (pages 7-8).
- Impact indicators associated to the Green Bonds, included in section 'Environmental impacts of allocated assets' of the 'Green Bonds Report 2023' (pages 9-10).

Responsibility of the management

The management of Kutxabank is responsible for the preparation, content and presentation of the 'Green Bonds Report 2023' in accordance with the criteria established by the Company, and the definition of these criteria according to the 'Green Bond Framework'. This responsibility also includes the design, implementation and maintenance of the internal control required to ensure the information included in the 'Green Bonds Report 2023' is free from any material misstatement, whether due to fraud or error.

The management of Kutxabank is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the 'Green Bonds Report 2023', is obtained.





Independent limited assurance report



Kutxabank, S.A.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with Kutxabank's personnel from various units who have been involved in the preparation of the 'Green Bonds Report 2023', to understand the allocation of the Green Bonds proceeds, the existing internal procedures and management systems, the information gathering process and the control environment.
- Analysis of the procedures used for obtaining and validating the information presented in the sections of the 'Green Bonds Report 2023'.
- Verification that the allocation of the Green Bonds proceeds meets the eligibility criteria, defined by Kutxabank in accordance with the 'Green Bond Framework'.
- Verification that Kutxabank's Green Bonds funding allocation indicators (amount and number of financial transactions together with their associated breakdowns) and impact indicators associated to the Green Bonds, included in the 'Green Bonds Report 2023', have been prepared in accordance with the criteria described in sections 'Allocation of Proceeds related to the Green Bonds' and 'Annex I. Impacts calculation methodology' of the 'Green Bonds Report 2023', defined by Kutxabank in accordance with the 'Green Bond Framework'.
- Verification, through random sample testing, internal control tests and substantive tests on the quantitative and qualitative information included in the sections of the 'Green Bonds Report 2023' subject of our engagement. We have also verified whether these quantitative and qualitative information have been appropriately compiled from the data provided by Kutxabank's sources of information.
- Obtainment of a representation letter from the management of Kutxabank.

The procedures performed in a limited assurance engagement 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. Accordingly, we do not express a reasonable assurance opinion about whether Kutxabank's 'Green Bonds Report 2023' has been prepared, in all material respects, in accordance with the 'Green Bond Framework'.





Independent limited assurance report



Kutxabank, S.A.

Our independence and quality management

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

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- the allocation of the Green Bonds proceeds is not in accordance with the eligibility criteria, defined by Kutxabank in the 'Green Bond Framework' and detailed in page 6 of the 'Green Bonds Report 2023',
- the Green Bonds funding allocation indicators (amount and number of financial transactions together with their associated breakdowns) and the impact indicators associated to the Green Bonds, included in the 'Green Bonds Report 2023', have not been prepared, in all their significant matters, in accordance with the criteria described in sections 'Allocation of Proceeds related to the Green Bonds' and 'Annex I. Impacts calculation methodology' of the 'Green Bonds Report 2023', defined by Kutxabank in accordance with the 'Green Bond Framework'.

Restriction on distribution and use

This report, including the conclusion, has been prepared solely for the management of Kutxabank, S.A., to assist them in reporting on the information related to the Green Bonds issued by Kutxabank, S.A. We permit the disclosure of this report within the 'Green Bonds Report 2023', to enable the management to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the information related to the Green Bonds. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than management as a body and Kutxabank, S.A. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PricewaterhouseCoopers Auditores, S.L.

Margalita de Rosselló Carril

14 May 2024





Annex I

Impacts calculation methodology

As a prior step to calculating the different indicators and to refer to the impacts linked exclusively to the reporting period (2022/06/30-2023/09/30), the amount of the total proceeds from the Kutxabank Green Bond has been pro-rated. For this purpose, the following has been taken into account for each project: i) Date of origin, ii) Maturity date, iii) Total days, iv) Days included in the reporting period and v) Total amount.

Methodology developed by:



Green buildings

GHG emission savings

The criteria used to evaluate the improvement in sustainability of the houses has been the Energy Efficiency Certificate (EEC), specifically its value for the level of emissions. Thus, when we speak of a less efficient dwelling, we refer to the one with the worst rating in terms of the EEC letter. In order to make the comparison, it was necessary to have a EEC scale to serve as a reference. This scale has been calculated following the guidelines of the report "Energy Performance Rating of Buildings".

Since the range of emissions (kgCO₂/m²/year) associated with each letter (A-G) varies according to climate zones, a representative average value has been calculated for each of them. This report represents information on the upper limit corresponding to each letter by climate zone, differentiating between peninsular and non-peninsular climates (Canary Islands, Ceuta, Melilla and Balearic Islands) and between single-family residential buildings and apartments.

Subsequently, in order to make the comparative analysis, an average value associated with each letter is needed, not the upper limit. This is what has been calculated by taking as reference the lower limit (equivalent to the upper limit of the previous letter) and the upper limit of each letter. For category G, since we do not have an upper limit to use to calculate the average value, we have left the following as an open interval.

Label ⁽¹⁾	CO ₂ eq Emissions Single-family dwelling	CO ₂ eq Emissions Flat in block
A	4.5 KgCO ₂ eq/m ² /year	3 KgCO ₂ eq/m ² /year
B	11.9 KgCO ₂ eq/m ² /year	8 KgCO ₂ eq/m ² /year
C	19.1 KgCO ₂ eq/m ² /year	12.9 KgCO ₂ eq/m ² /year
D	29.7 KgCO ₂ eq/m ² /year	20.1 KgCO ₂ eq/m ² /year
E	51.6 KgCO ₂ eq/m ² /year	38.3 KgCO ₂ eq/m ² /year
F	74.4 KgCO ₂ eq/m ² /year	56.4 KgCO ₂ eq/m ² /year
G	>81.7 1KgCO ₂ eq/m ² /year	>60.5 KgCO ₂ eq/m ² /year

Methodology for EEC data collection.

- The first step has been to use the information already available internally from the formalisation of the loan or the sale of the foreclosed property.
- In addition, for most of the registers, the data have been completed with information requested from an external provider, which has obtained the information directly from the public registers or has developed various approximation models for its estimation and whose methodology has been audited by an independent external party.
- To complete the information on those guarantees for which the supplier has not been able to provide data, an internal proxy has been developed for the different variables to be calculated. For the development of these approximations at an internal level, key variables of the building have been used, such as the year of construction or its geographical location, which have allowed the calculation of the modes and averages to be applied to complete the information on the guarantees (for both the data related to emissions and energy consumption).

⁽¹⁾ Source: Own elaboration based on MITECO 2015



Annex I

Impacts calculation methodology

As a prior step to calculating the different indicators and to refer to the impacts linked exclusively to the reporting period (2022/06/30-2023/09/30), the amount of the total proceeds from the Kutxabank Green Bond has been pro-rated. For this purpose, the following has been taken into account for each project: i) Date of origin, ii) Maturity date, iii) Total days, iv) Days included in the reporting period and v) Total amount.

Methodology developed by:



Green buildings

GHG emission savings

Criteria used to assess the improvement in sustainability of the dwellings was the Energy Efficiency Certificate. The average (at country level) certification scale was used as a reference.

Label ⁽¹⁾	CO2eq emissions
A	3.7 KgCO2eq/m2/year
B	9.9 KgCO2eq/m2/year
C	16 KgCO2eq/m2/year
D	24.9 KgCO2eq/m2/year
E	45 KgCO2eq/m2/year
F	65.4 KgCO2eq/m2/year
G	>71.1KgCO2eq/m2/year

The next step is to determine what is the situation of the current housing market in Spain in terms of the EEC rating. According to the Institute for Energy Diversification and Saving (IDAE), 8 out of 10 buildings in Spain (82%) have an energy efficiency rating of E, F and G, i.e. they consume more resources than necessary to achieve optimal levels of comfort. On the other hand, only 0.29% of buildings nationwide have an A rating. From these values, it is assumed that the remaining percentage (17.71%) corresponds to buildings rated B, C and D.

Based on this, the Spanish real estate market according to its EPC is as follows:

EPC	% dwellings with this rating (out of total)
A	0.0029
B	0.06
C	0.06
D	0.06
E	0.27
F	0.27
G	0.27

Note: for the subsequent calculations, since category G does not imply a bounded consumption scale, it has not been considered for the calculation of energy savings, and its corresponding % has been divided between E and F

Then, for each home to be financed, knowing its annual GHG emissions level (KgCO2eq /m2/year) and the surface area (m2) of each one of them⁽²⁾, its savings have been calculated by comparing it with different EEC scenarios, and applying the corresponding percentages according to the previous table. Given that the CO2eq emission value is annual, it has been pro-rated according to the days included in the reporting period, particular to each mortgage.

⁽¹⁾ Source: Own elaboration ⁽²⁾ Not all the values were available. For these cases, the average surface area of the property has been calculated and applied according to the Autonomous Community to which it belongs, and on the basis of the values that did appear in the portfolio. Missing values have been substituted, as appropriate. Residential mortg. Average floor area (m2) = 94.7., Loan to dev. Average floor area (m2) = 92.7





Annex I

Impacts calculation methodology

As a prior step to calculating the different indicators and to refer to the impacts linked exclusively to the reporting period (2022/06/30-2023/09/30), the amount of the total proceeds from the Kutxabank Green Bond has been pro-rated. For this purpose, the following has been taken into account for each project: i) Date of origin, ii) Maturity date, iii) Total days, iv) Days included in the reporting period and v) Total amount.

Methodology developed by:



Green buildings

In the case of loans to developers, a similar procedure was followed. In this case, the value of the surface area (m²) was expressed in aggregate terms linked to the total number of dwellings in each of the property developments⁽¹⁾.

	Emissions savings (kgCO ₂ eq)					Total emissions savings
	B-A	C-A	D-A	E-A	F-A	
Residential mortgages	50,299	139,836	267,265	3,847,000	5,874,193	10,178,593
Loan to developers	19,989	39,496	68,182	921,703	1,378,060	2,427,431

Energy savings

For the calculation of energy savings, we have proceeded in a similar way to that of CO₂ emissions savings in the Green Building category. Again, in order to make the comparison, the EEC scale calculated following the MITECO report was used as a reference, this time in relation to primary energy consumption. First, the upper limits for single-family and block-type dwellings were calculated, and then the average value associated with each letter was calculated for both categories of dwellings. In this last table, since the G rating does not have a bounded value, it was left as an open interval.

Label ⁽²⁾	Energy consumption Single-family dwelling	Energy consumption Flat in block
A	19.7 KWh/m ² /year	13.3 KWh/m ² /year
B	52.3 KWh/m ² /year	35.4 KWh/m ² /year
C	84.1 KWh/m ² /year	56.8 KWh/m ² /year
D	131 KWh/m ² /year	88.4 KWh/m ² /year
E	224.9 KWh/m ² /year	167.2 KWh/m ² /year
F	321.7 KWh/m ² /year	229.6 KWh/m ² /year
G	>352.7 KWh/m ² /year	>231,9 KWh/m ² /year

⁽¹⁾ It has been calculated based on the 7 surface values available in Kutxabank's portfolio. | ⁽²⁾ Source: MITECO, 2015





Annex I

Impacts calculation methodology

As a prior step to calculating the different indicators and to refer to the impacts linked exclusively to the reporting period (2022/06/30-2023/09/30), the amount of the total proceeds from the Kutxabank Green Bond has been pro-rated. For this purpose, the following has been taken into account for each project: i) Date of origin, ii) Maturity date, iii) Total days, iv) Days included in the reporting period and v) Total amount.

Methodology developed by:



Green buildings

Energy savings

With the purpose of making the comparison, the current housing market situation in Spain have been used as a reference to determine the percentages represented by each of the categories.

Label ⁽²⁾	Energy consumption	Label	Energy consumption
A	16.5 KWh/m2/year	E	196.1 KWh/m2/year
B	43.8 KWh/m2/year	F	275.6 KWh/m2/year
F	70.4 KWh/m2/year	G	>292.3 KWh/m2/year
G	109.7 KWh/m2/year		

In order to estimate the impacts linked to residential mortgages, the energy consumption values (KWh/m2/year)⁽¹⁾ linked to each of the dwellings to be financed by the Green Bonds in this subcategory are used as a starting point. These values are compared with the different EPC scenarios by applying the corresponding percentages. The surface area (m2) of each dwelling is taken into account and the calculation is adjusted to the number of days included in the reporting period. Thus, the energy savings derived from each dwelling are obtained. For the estimation of energy savings corresponding to Loans to Developers, the only difference, as was already the case for emissions savings, is that the value of the surface area (m2) is expressed in aggregate terms linked to the total number of dwellings in each of the property developments. Otherwise, the calculation procedure is similar to that for Residential Mortgages⁽¹⁾.

The aggregate savings for each subcategory is shown below:

	Energy savings (kWh/m2)					Total energy savings
	B-A	C-A	D-A	E-A	F-A	
Residential mortgages	165,460	565,488	1,126,803	16,402,844	24,303,912	42,564,507
Loan to developers	88,018	173,695	299,994	4,014,351	5,793,022	10,369,079

⁽¹⁾ It has been calculated based on the 7 surface values available in Kutxabank's portfolio. | ⁽²⁾ Own elaboration.





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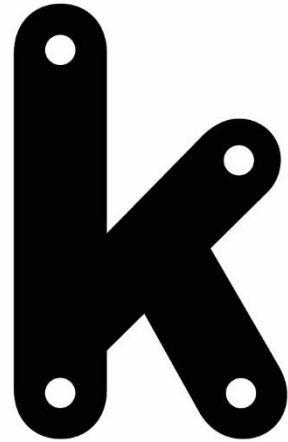
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