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kutxabank
Green Bond report 2022

December 2022

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 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



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 decarbonising the economy. In 2021, Kutxabank provided more than EUR1.1 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 centres 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 realised the need to make progress on other environmental fronts, such as the analysis of the financial risks of climate change and the 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





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 issue for EUR 500 million. This issue had a demand of close to EUR 1,250 million, i.e. more than 2.5 times the volume of the issue. The bonds have a maturity of between 5 and 6 years. 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 No Significant Harm has 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 2022 annual monitoring report for the green bond issued by Kutxabank in 2021 for the period from 14 October 2021 to 30 June 2022. 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).





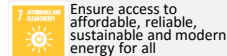
Kb's Green Bond Framework Summary

Kutxabank's Green Bond Framework adheres to the latest edition of the Green Bond Principles (June, 2021)

1

Use of proceeds

- ✓ Renewable Energy
- ✓ Clean Transportation
- ✓ 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/atellite/kutxabank/en/investor_relations/financial_income/sustainable-financing

Green eligibility criteria aligned to the EU 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 harm principles 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"



Renewable Energy



ELIGIBILITY CRITERIA

Eligible green projects that support electricity generation from the following technologies: solar, wind, hydro, geothermal, hydrogen and bioenergy. This includes the acquisition, construction, operation, maintenance or repowering of facilities.

The technical selection criteria for all types of renewable energy technology are defined in the Kutxabank Green Bond Framework.

Also included are projects for the development, construction, equipment, operation and maintenance of new or additional transmission and distribution networks for energy (electricity only) from renewable sources.

EU ENVIRONMENTAL OBJECTIVES

Climate change mitigation	Pollution prevention and control	Adaptation to climate change
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Clean Transportation



Eligible green projects include those aimed at promoting low-carbon vehicles and rail infrastructure: electric transport such as trains, metros and trams.

The development of a vehicle fleet emitting less than 50gCO2eq/pkm by 2025 and 0gCO2eq/pkm from 2026 onwards will be promoted.

It also includes the construction and operation of electronic vehicle charging stations and supporting electricity infrastructure for the electrification of transport.



Green Buildings



This includes loans or mortgages to finance the purchase of homes built before 31 December 2020 with an EEC (Energy Efficiency Certificate) equal to label A and/or belonging to the 15% of the most efficient buildings.

Loans or mortgages for the construction of dwellings after 31 December 2020 with a primary energy demand at least 10% below the threshold set for near-zero energy buildings requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council shall also be financed.

Finally, loans or investments for refurbished (residential) buildings with an energy efficiency improvement of at least 30%.

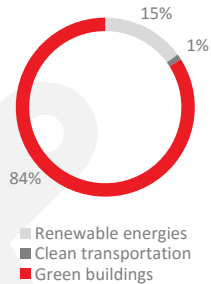




Allocation of Proceeds related to the Green Bonds

Distribution of selected assets

The EUR500 million of the Kutxabank Green Bond Oct-2021 is distributed among the three investment categories as follows: 15% of the capital (EUR75.0 million) has been allocated to renewable energy investments, 84% (EUR422.1 million) to green building projects and 1% (EUR2.9 million) to clean transport projects. These values include both refinancing of projects prior to the bond issuance date and new projects after the bond issuance date.



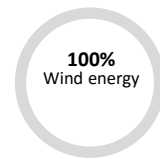
Green Bonds issued by Kutxabank

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

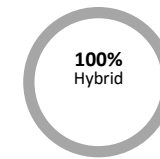
Breakdown of allocated assets within each project category

For the categories Renewable Energies and Clean Transportation the Green Bond allocations are directed to finance a single project. With regard to Renewable Energies, all of the funding has been earmarked for the promotion of wind energy. Meanwhile, 100% of the Clean Transport funds will be used to promote the development of hybrid transport. In green building, more than half of the funding went to residential mortgages (72%). The rest (28%) have been loans to developers.

Renewable energy



Clean transportation

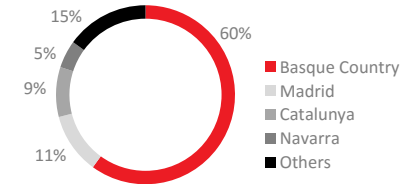


Green buildings



Distribution of proceeds by region

The Basque Country stands out as the main recipient (EUR300 million, i.e. 60% of the total Green Bond), mainly due to the allocation to Renewable Energies (€75 million), as the headquarters of the beneficiary company, located in Bizkaia, has been taken into account. In terms of communities receiving funding, Madrid (EUR55 million; 11%) and Catalonia (EUR44 million; 9%) follow, although at a great distance. Asturias, Cantabria and Murcia are the regions that have benefited the least from Green Bond proceeds.



Year of origin of the projects financed with the Green Bond





Most of the allocated assets are projects starting in 2022 (37%; EUR186 million), followed by 34% (EUR170 million) in 2020 and the remaining 29% (EUR145 million) throughout the year of the bond issuance.





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	Total (EUR million)	SDG
Renewable energies	Wind	2020	-	Corporate	1	75.0	 Target 7.2: Increase renewable energy  Target 7.3: Double energy efficiency rate  Target 11.6: Reduce environmental impact of cities  Target 13.1: Strengthen resilience and adaptation
Clean transportation	Hybrid	2021	-	Corporate	12	2.9	 Target 7.3: Double energy efficiency rate  Target 11.2: Provide access to public transport  Target 11.6: Reduce environmental impact of cities  Target 13.1: Strengthen resilience and adaptation  Target 13.2: Integrate climate change into national policies, strategies and plans  Target 13.3: Improve environmental education and awareness raising
Green Building	Residential mortgages	2020-22	Completed	Households	1,525	304.7	 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	663	117.4	 Target 13.2: Integrate climate change into national policies, strategies and plans  Target 13.3: Improve environmental education and awareness raising





Environmental impacts of allocated assets

This section shows the impact of the Kutxabank Green Bond 2021 on each of the investment categories during the reporting period, from 14 October 2021 (date of issue of the bond) to 30 June 2022. 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/).



Renewable energies

Green financing aimed at promoting renewable energies has focused on promoting wind energy. The total amount allocated was EUR75 million, for a period of 2 years.

Renewable energy installed capacity (MW)



Kb's Green Bond has contributed approximately **66.95 MW** of wind power to the system



Clean transportation

The savings in CO2eq emissions and some air pollutants associated with a renewal of the bus fleet, consisting of the replacement of 12 internal combustion buses by hybrid buses, have been estimated. The total funding for this project was EUR2.9 million.

The environmental impact is expressed in terms of savings in CO2eq emissions and other pollutants. In order to estimate the annual CO2eq emissions savings, the emissions of a gasoline internal combustion bus, per passenger and per kilometre travelled, have been compared with the emissions of a hybrid bus. A total saving for the reporting period of 19.1 tonnes of CO2eq has been estimated.

CO2eq emissions savings

12 hybrid buses



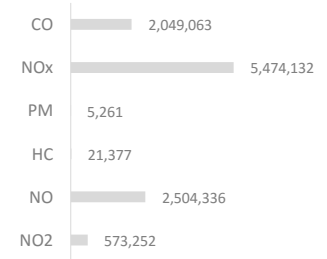
19.1 tCO2eq

Savings in the emission of particulate matter (PM) and other polluting gases have also been estimated. The term PM refers to a mixture of solid particles and liquid droplets in the air that can cause public health problems.

It has been estimated that the fleet renewal has saved a total of 5.3 kg of PM in the reporting period. Much of the PM emissions derive from the frictional movement of tyres and brakes on the road, which is directly related to the weight of the vehicles. Hybrid solutions have increased the weight of new vehicles compared to conventional models due to the weight of the batteries, hence the reduction of these particles is less significant than the reduction of CO2eq emissions.

On the other hand, the incorporation of hybrid buses can report a large reduction of other pollutants such as CO (carbon monoxide), NOx (nitrogen oxides), HC (hydrocarbons), NO (nitrogen monoxide) and NO2 (carbon dioxide).

Emission savings (g) of PM and other air pollutants



Environmental impacts of allocated assets

This section shows the impact of the Kutxabank Green Bond 2021 on each of the investment categories during the reporting period, from 14 October 2021 (date of issue of the bond) to 30 June 2022. 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/).



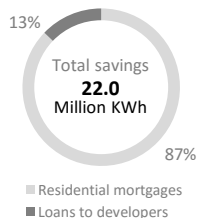
Green buildings

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).

In terms of GHG emissions, the 2,187 homes (663 associated with loans to developers and 1,524 linked to residential mortgages) financed by the Kutxabank Green Bond belong to category A. In terms of energy consumption, the vast majority of cases have the maximum level of A.

On this basis, it has been estimated the energy savings achieved with the promotion of A and B dwellings compared to a scenario in which we would have the same number of dwellings, but with a lower energy rating⁽¹⁾.

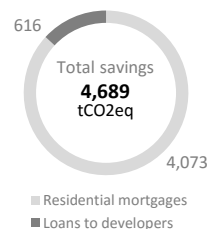
Energy savings (million KWh)



Proceeds allocated to residential mortgages for 1,524 dwellings will allow energy savings for the reporting period of 19.2 million KWh. Additionally, loans to developers will allow the construction of 663 homes and an energy saving for the period of calculation of the indicator of 2.8 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 rating, was again compared with a hypothetical situation characterised 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 4,073 tCO₂eq for the reporting period, while the savings from developer loans will be 616 tCO₂eq.

GHG emissions savings (tCO₂eq)



The estimated values for Residential mortgages are real impacts associated with the period, since the (re)financing has been granted for houses already built and, therefore, in use.

In the case of Loans to developers, these are projected impacts for the period, as the (re)financing has been granted for buildings that were still under construction or whose construction work had not yet begun.

⁽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 Bond 2021 on each of the investment categories during the reporting period, from 14 October 2021 (date of issue of the bond) to 30 June 2022. 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	Installed capacity (MW)
Wind	66.95



Subcategory	CO2 emissions savings (tCO2eq)	Savings in emission of other air pollutants (t)					
		PM	CO	NOx	HC	NO	NO2
Hybrids	19.1	0.005	2.0	5.5	0.021	2.5	0.573



Subcategory	Reduced/avoided energy use (MWh)	Reduced/avoided GHG emissions (tCO2eq)
Residential mortgages	19,151	4,073
Loans to developers	2,823	616
Total	21,974	4,689

Recap

More than three quarters of Kb Green Bond Oct-2021 proceeds went to Green Building projects (84%). This was followed by Renewable Energies (15%) and Clean Transportation (1%).

The main environmental impacts associated with the reporting period have been calculated in terms of GHG emission savings, in units of CO2eq. The highest level of savings achieved is associated with the Green Building category, with total savings of 4,689 tCO2eq. Of these savings, 4,073 tCO2eq (87%) are achieved through Residential Mortgages, with the estimated savings of the remaining 616 tCO2eq (13%) linked to Loans to Developers. For Clean Transportation, savings in terms of CO2 emissions and savings in PM and other pollutant gases have been estimated separately. With regard to CO2 emissions, the hybrid bus project will result in savings of 19.1 tCO2eq. The value corresponding to the PM emission savings is 0.005 tPM2,5 and the aggregate of the other calculated pollutants (CO, NOx, HC, NOx and NO2) is 10.6t.

The report also provides information on energy indicators. The Renewable Energies project, linked to the promotion of wind energy, will help contribute approximately the total installed renewable capacity by 66.95 MW. These sources of energy generation are associated with zero GHG emissions, so considering the existing energy mix, it will allow emission savings. For the Green Building category, the energy savings associated with new buildings have been estimated at a total of 21,974 MWh for the reporting period, as well as the promotion of 2,187 category A certificates for emissions, and 2,181 linked to energy consumption.

The environmental impacts derived from the projects financed under the Green Bond Framework enable Kutxabank to contribute to the objectives related mainly to three SDGs and their targets: Affordable and Clean Energy (SDG 7), Sustainable Cities and Communities (SDG 11) and Climate Action (SDG 13).



Independent limited assurance report





Independent limited assurance report



Free translation from the original in Spanish.
In the event of a discrepancy, the Spanish language version prevails

Independent limited assurance report

To the management of Kutxabank, S.A.

We have undertaken a limited assurance engagement in respect of the information related to (re)financed assets of the Green Bonds of 2021 (ISIN ES0243307016) issued by Kutxabank, S.A. (hereinafter, the Bond), contained in the "Green Bond report 2022" of Kutxabank, S.A. (the Parent company) and its subsidiaries (hereinafter, Kutxabank) for the period between 14 October 2021 and 30 June 2022, and prepared in accordance with the "Green Bond Framework" document dated on August 2021, (hereinafter, "the Framework"), available in the web page: https://www.kutxabank.com/cs/Satellite?k=kutxabank/les/informacion_para_borrversores/renta_fija/financiacion-sostenible

The aspects of the information subject of our engagement are the following:

- Green bond allocation indicators (total amount allocated per eligibility criteria and SDG, amount and percentage of new financing and refinancing).
- The application of the eligibility criteria to the portfolio selected for the green bond.
- Checking that the impact indicators included in the table "Environmental impacts of allocated assets" are prepared in accordance with their calculation methodology, defined in the mentioned "Green Bond report 2022".

Responsibility of the Directors of Kutxabank, S.A.

The directors of Kutxabank are responsible for the preparation, content, and presentation of the "Green Bond report 2022", in accordance with the criteria included in the Framework in which the allocation of funds and the impact indicators are described. This responsibility includes the design, implementation, and maintenance of the internal control necessary to allow the information included in the "Green Bond report 2022" to be free from any material misstatement due to fraud or error.

The directors of Kutxabank are also responsible for defining, implementing, adapting, and maintaining the management systems from which the information required to prepare the "Green Bond report 2022", is obtained.

Our independence and quality control

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 Standard 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 the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "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).

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Independent limited assurance report



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 sampling tests. The general procedures employed are described below.

- Meetings with Kutxabank's personnel from various departments who have been involved in the preparation of the "Green Bond report 2022" to understand the characteristics of the projects (re)financed by the Bond, the internal management procedures and systems in place, the data collection process, and the environment control.
- Analysis of the procedures used for gathering and validating the information and data presented in the impact indicators included in the "Green Bond report 2022".
- Verified that the investments undertaken by Kutxabank in the assets (re)financed have been made in accordance with the Framework criteria.
- Checking through sampling tests and substantive tests of the information related to impact indicators included in the table "Environmental impacts of allocated assets". We have also verified whether the impact indicators have been appropriately compiled from the data provided by Kutxabank's sources of information.
- Obtainment of a management representation letter from the directors of Kutxabank.

Limited assurance conclusion

As a result of the procedures carried out and the evidence obtained, nothing has come to our attention that causes us to believe that:

- The funds obtained through the green Bond have not been assigned to the assets or projects (re)financed by them, and that the capital invested in the (re)financed assets or projects is not attributable to the green Bond.
- The assets or projects (re)financed by the Bond included in the "Green Bond report 2022" do not meet, in all significant aspects, the eligibility criteria described in the Framework.
- The impact indicators included in the table "Environmental impacts of allocated assets" contains significant errors or have not been prepared, in all their significant matters, in accordance with the Framework and, in the "Green Bond report 2022" in relation to its calculation methodology.

Use and distribution

Our report is only issued to the directors of Kutxabank, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Kutxabank's directors.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Pablo Bascones Ilundain

22 December 2022





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 (2021/10/14-2022/6/30), 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) Total days, iii) Days included in the reporting period and iv) Total amount.

Methodology developed by:



Renewable energies

Installed capacity

The estimated indicator is the volume of wind energy (in MW) that Kb's Green Bonds contribute to the wind power market by financing the cost of manufacturing wind turbines. For this purpose, the amount granted (EUR75 million) and, on the other hand, the average cost per megawatt installed have been taken.

In this case, the total amount of financing has been taken and not the prorated amount, since the installed energy capacity will remain constant, and no specific value is associated with the period under consideration.

The average manufacturing cost is EUR1,120,318⁽¹⁾ for each megawatt of capacity associated with the installation of a wind turbine. Establishing an equivalence between this cost and the financing granted, an installed capacity of 66.95 MW has been estimated.

Total amount financed (EUR)	Cost of manufacturing 1Mw of wind energy (EUR/Mw)	Installed wind capacity (Mw)
75,000,000	1,120,318	66.95



Clean transportation

Savings in CO2eq emissions and other pollutants

1) The level of emissions (gCO2eq) released by an internal combustion bus and a hybrid bus per passenger kilometre travelled has been identified. The emissions value of a traditional bus is 49 gCO2eq/km/passenger, while that of a hybrid bus is 9 gCO2eq/km/passenger⁽²⁾.

2) The second step was to calculate the amount of emissions associated with the period for both scenarios. For this purpose, the following assumptions were made: (i) average occupancy of each bus = 22.3 passengers, (ii) average daily distance per passenger = 6.9 kilometres⁽³⁾, (iii) days included in the reporting period: 259⁽⁴⁾. Multiplying these values by the emissions per

km/passenger identified in step 1, the total amount of emissions for the period under each scenario has been obtained: 1.95 tCO2eq for an internal combustion bus and 0.36 tCO2eq for a hybrid bus.

3) the CO2eq emission savings (g) linked to the period have been calculated, comparing the emissions of a hybrid and electric bus with an internal combustion bus. The total number of hybrid buses (12 units) to be financed by the Green Bonds is applied.

Type of vehicle	CO2eq emissions (gCO2eq /km/passenger) (City bus)	Total CO2eq emissions (gCO2eq /bus) associated with the period	CO2eq emission savings (gCO2eq) over the period associated with the new fleet
Internal combustion	49	1,952,764	
Hybrid	9	358,671	19,129,118

⁽¹⁾ IRENA (2022) Renewable Power Generation Costs in 2021 (<https://www.irena.org/publications/2022/Jul/Renewable-Power-Generation-Costs-in-2021>). The exchange rate used is the average of 2022: 1.0497 EUR/USD. | ⁽²⁾ Data provided by the customer. | ⁽³⁾ For the assumption of average occupancy and average distance travelled per passenger, the values associated with an urban bus in the capital of Gipuzkoa –where the buses operate- have been taken into account, according to the values included in the OMM Report 2020-Avancece 2021 (Metropolitan Mobility Observatory, 2022). | ⁽⁴⁾ The value of the reporting period is the number of days between 10/14/2021 and 6/30/2022.





Annex I

Impacts calculation methodology



Clean transportation (cont.)

For the estimation of savings in emissions of PM and other pollutants:

1) The emission values (g/km) of different types of polluting gases and PM have been identified for each of the bus categories: internal combustion engine (diesel) and hybrid.

2) Once the emission values were known, the figure associated with the period (259 days) was calculated for each bus category. For this purpose, the same assumption was used as for the calculation of CO₂eq savings, i.e.: (i) each bus has an average occupancy of 22.3 passengers, and (ii) each passenger travels a daily distance of 6.9 km by bus.

3) The last step is to compare the emission of pollutants from hybrid buses compared to a conventional bus, assuming the number of buses that will make up the new fleet financed by the Green Bonds (12).

As a prior step to calculating the different indicators and to refer to the impacts linked exclusively to the reporting period (2021/10/14-2022/6/30), 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:



Bus category ⁽¹⁾	CO (g/Km)	NOx (g/Km)	PM (g/Km)	HC (g/Km)	NO (g/Km)	NO ₂ (g/Km)
Diesel	6.1317	12.535	0.0215	0.063	5.585	1.937
Hybrid	1.847	1.0883	0.0105	0.0183	0.3483	0.7383

		Emissions (g/bus) associated to the period	Emission savings (g) associated to the period
CO (g/Km)	Diesel	244,363	
	Hybrid	73,607	2,049,063
NOx (g/Km)	Diesel	499,549	
	Hybrid	43,371	5,474,132
PM (g/Km)	Diesel	857	
	Hybrid	418	5,261
HC (g/Km)	Diesel	2,511	
	Hybrid	729	21,377
NO (g/Km)	Diesel	222,575	
	Hybrid	13,881	2,504,336
NO ₂ (g/Km)	Diesel	77,194	
	Hybrid	29,423	573,252

⁽¹⁾ Source: own elaboration based on Xu et al. (2017) and Keramydas et al. (2018).





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 (2021/10/14-2022/6/30), 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	<10 KgCO2eq/m2/year
B	<16.3 KgCO2eq/m2/year
C	<25.3 KgCO2eq/m2/year
D	<38.9 KgCO2eq/m2/year
E	<66.0 KgCO2eq/m2/year
F	<79.2 KgCO2eq/m2/year
G	>79.2 KgCO2eq/m2/year

The next step is to determine what is the situation of the current housing market in Spain in terms of the CEE 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 CEE 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: IDAE (2011). | ⁽²⁾ Not all emission and area values were available. For these cases, the average calculated with the residential mortgage housing portfolio for which there were values has been applied. Average floor area (m2) = 92.05; Average CO2eq emissions (kgCO2eq/m2/year) = 6.08





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 (2021/10/14-2022/6/30), 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 (cont.)

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	40,798	78,228	134,789	1,718,917	2,100,194	4,072,926
Loan to developers	10,615	18,530	30,491	251,528	305,278	616,442

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	<44.6 KWh/m ² /year	E	<303.7 KWh/m ² /year
B	<72.3 KWh/m ² /year	F	<382.6 KWh/m ² /year
F	<112.1 KWh/m ² /year	G	>382.6 KWh/m ² /year
G	<172.3 KWh/m ² /year		

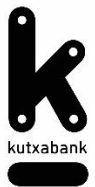
In order to estimate the impacts linked to residential mortgages, the energy

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/m ²)					Total energy savings
	B-A	C-A	D-A	E-A	F-A	
Residential mortgages	172,521	338,589	588,956	7,885,878	10,164,878	19,150,822
Loan to developers	43,394	78,396	131,339	1,143,180	1,426,374	2,822,683

⁽¹⁾ Not all values for energy consumption and floor area were available. For these cases, the average calculated with the portfolio for which there were values has been applied. Residential mortgages: Average floor area (m²) = 92.05; Average energy consumption (kWh/m²/year) = 29.49. Loans to developers: Average floor area (m²) = 95.4; Average energy consumption (Kwh/m²/year) = 23.6. | ⁽²⁾ Source: IDAE (2011).



Contacts

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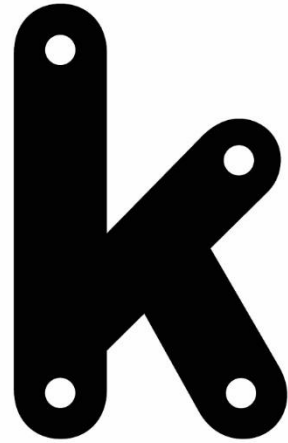
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