

Green Bond Report

Financial Year

2019



On 10 April 2019 UBI Banca issued a Green Bond, the proceeds of which have been fully allocated to a portfolio of outstanding loans in the following Renewable Energy sectors:

- Hydro
- Solar
- Biomass
- Wind

Eligibility criteria and the process to select the Eligible Green Project Portfolio are set out in the UBI Banca Green, Social and Sustainable Bonds Framework (<https://www.ubibanca.it/pagine/Framework-EN.aspx>).

Iss-oekom, as Second Opinion Provider has released an opinion on the Framework and on the portfolio (<https://www.ubibanca.it/pagine/Bond-issued-and-Second-Opinion.aspx>).

As provided for by the Framework, UBI Banca created an internal “Sustainable Finance” working group to manage the process for the evaluation and the selection of the projects. The Group met quarterly to monitor the Eligible Projects portfolio and to replace some Eligible Projects where needed.

In accordance with the UBI Banca Green, Social and Sustainable Bonds Framework this document provides the following:

1. The UBI Banca Green Bond Allocation Report at 31.12.2019
2. The UBI Banca Green Bond Impact Report at 31.12.2019
3. Project examples
4. External auditors (Deloitte) - Limited Assurance Report

The Green Bond Report is a portfolio-based report, prepared in accordance with the ICMA 2019 Harmonized Framework for Impact Reporting.

The information reported relates to the Eligible Green Bond Portfolio as at 31/12/2019.

1. UBI Banca Green Bond Allocation Report 2019

ELIGIBLE GREEN BOND PORTFOLIO ALLOCATED - RENEWABLE ENERGY					
RENEWABLE ENERGY COMPONENT	NUMBER OF LOANS	SIGNED AMOUNT ^a (mln €)	SHARE ATTRIBUTABLE TO UBI BANCA		
			ELIGIBILITY FOR GREEN BONDS	SHARE OF REFINANCING	AVG RESIDUAL LIFE (years)
SOLAR (65%)	22	325	100%	85%	9
WIND (21%)	14	107	100%	100%	7
BIOMASS (8%)	6	39	100%	100%	7
HYDRO (6%)	5	29	100%	100%	10
TOTAL	47	500	100%	90%	8

^a Total amount outstanding to loans that UBI Banca has identified as Eligible Green Loans in accordance with the UBI Banca Sustainable Bond Framework. The portfolio reporting contains only UBI Banca's portion of the loans provided in pool. The External auditors (Deloitte) - Limited Assurance Report on the Eligible Green Loan Portfolio and the respective disclosed Amounts, is given on the following pages.

GREEN FUNDING				
INSTRUMENT (ISIN)	ISSUANCE DATE	DUE DATE	AMOUNT (mln €)	PERCENTAGE ALLOCATED TO ELIGIBLE GREEN LOAN PORTFOLIO
XS1979446843 ^b (Senior Preferred)	10/04/2019	10/04/2024	500	100%
TOTAL			500	100%

^b <https://www.ubibanca.it/contenuti/RigAlle/UBI%20Banca%203%20aprile%202019%20def.pdf>

2. UBI Banca Green Bond Impact Report 2019

ELIGIBLE PROJECT CATEGORY	SIGNED AMOUNT ^c (mln €)	FINANCING ATTRIBUTABLE TO UBI BANCA ^d	SHARE ATTRIBUTABLE TO UBI BANCA		
			RENEWABLE ENERGY CAPACITY (MW)	ELECTRICITY ANNUAL GENERATION ^e (MWh)	ANNUAL GHG EMISSIONS AVOIDED ^f (Ton CO ₂ e)
SOLAR	325	34%	206	284.194	136.413
WIND	107	18%	144	290.227	139.309
BIOMASS	39	54%	26	156.872	75.299
HYDRO	29	81%	17	69.010	33.125
TOTAL	500	30%	393	800.303	384.146

^c Amount legally committed by the issuer UBI Banca for the portfolio components eligible for Green Bond financing.

^d Share of the total project investment that is financed by the issuer.

^e If data on the actual electricity production in 2019 is unavailable, it is calculated on the basis of the equivalent hours (Heq) factor for the type of plant (solar, wind, hydro) taken from the following sources: for solar energy the European Commission's Photovoltaic Geographical Information System; for wind and hydro energy the parameters to estimate producibility given for each specific installation in the due diligence phase".

^f Metric tonnes of CO₂ equivalent calculated for each project category in accordance with the Italian Banking Association ABILAB Guidelines 2019, applying the National Residual Mix 2017 coefficient (see the European Residual Mixes 2017 document published by the Association of Issuing Bodies).

3. Project examples

SOLAR PLANT PROJECT

Solar farm built in the Municipality of Ragusa (Sicily):

- Technology: ground-mounted solar photovoltaic
- Commercial Operation Date: December 2012
- Operating status: in regular commercial operation
- Loan tenor: December 2028
- Capacity installed: 8.4 MW
- Total energy produced in 2019: 12,600 MWh¹
- Avoided CO₂e in 2019: 6,048 tons¹



WIND PLANT PROJECT

Wind farm built in the Municipalities of Ascoli Satriano (Puglia), Rotello, Montelongo and Montorio (Molise):

- Technology: onshore wind
- Commercial Operation Date: July 2010
- Operating status: in regular commercial operation
- Loan tenor: June 2025
- Capacity installed: 103.8 MW
- Total energy produced in 2019: 251,618 MWh²
- Avoided CO₂e in 2019: 120,776 tons²



¹ Share attributable to UBI Banca 100%.

² Share attributable to UBI Banca 16.39%.

4. External auditors (Deloitte) - Limited Assurance Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT ON THE GREEN BOND REPORT

**To the Board of Directors of
UNIONE DI BANCHE ITALIANE S.p.A.**

We have been engaged to perform a limited assurance engagement on the Use of Proceeds data and on the compliance with the framework of the selected eligible projects and of the reporting metrics, included in the Green Bond Report Financial Year 2019 (the "Report"). The Report has been prepared by Unione di Banche Italiane S.p.A. (the "Company") on the basis of the Green, Social and Sustainable Bonds Framework (the "Framework") issued on December 2018 and developed by the Company in accordance with the Green Bond Principles 2019 edition issued by ICMA (the "Principles"). The Report is related to the Green Bond issued on April 3, 2019.

Directors' Responsibility for the Report

The Directors are responsible for the preparation of the Report in accordance with the Framework, developed by the Company in accordance to the Principles. In particular, the Directors are responsible for the preparation of the Use of Proceeds data and of the compliance with the Framework of the selected Eligible Projects and of the reporting metrics.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Report with the Framework. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Report is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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The procedures performed on the Report are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate. Specifically, we carried out the following main procedures:

- analysis of the second party opinion which addresses the applicability of the eligible green loans portfolio allocated categories used in the preparation of the Use of Proceeds data and the environmental impacts;
- analysis of the design and the implementation of the reporting processes and controls regarding the Use of Proceeds data and the environmental impacts related to the Green Bond;
- interviews with the Management in order to understand criteria and processes underlying the generation, the detection and the management of relevant qualitative and quantitative information included in the Report;
- reconciliation and verification of quantitative data included in the Report;
- interviews with relevant staff at corporate and business level responsible for the Use of Proceeds and for the environmental impacts data gathering and consolidation;
- sample analysis performed through the internal and external documentation gathering and analysis, in order to verify the coherence of the Use of Proceeds to the Green Bond Principles;
- obtaining of the representation letter which certifies the accuracy and the completeness of the information included in the Report and of those provided to us.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Use of Proceeds data and the compliance with the framework of the selected eligible projects and of the reporting metrics, included in the Report of Unione di Banche Italiane S.p.A. as of December 31, 2019, are not prepared, in all material aspects, in accordance with the Green, Social and Sustainable Bonds Framework.

DELOITTE & TOUCHE S.p.A.



Enrico Gazzaniga
Partner

Milan, Italy
April 7, 2020