

ALTUM Green Bonds

INVESTOR REPORT as at 30 June 2021

ALTUM Green Bond Framework 2017

In October 2017, ALTUM became the first development bank in Eastern Europe to issue Green Bonds. 20 mEUR Green Bond was issued under Green Bond Framework 2017 which received Medium Green shading from CICERO. The 20 mEUR Green Bond (ISIN LV0000802353) with tenor of 7 years constitute Senior Unsecured debt obligation of ALTUM. As at 30 June 2021 Altum has committed a total of 18.1 mEUR and disbursed a total of 15.7 mEUR for green projects that are estimated in total to generate an annual reduction in GHG emissions corresponding to 7 945 tonnes CO₂e. That in turn corresponds to an estimated reduction of 439 tonnes CO₂e p.a. on total project impact basis per 1 mEUR committed Facility amount, boosted mainly by Energy Efficiency projects. Green Bond proceeds are allocated to individual projects. The share of new projects out of total committed Facility amount stands for 90%.

18.1 mEUR
Facility amount

15.7 mEUR
Disbursed amount

40
Number of green projects

7 945
Reduced GHG, tCO₂e p.a.
Total projects impact 30 June 2021 (estimated)

75%

Energy efficiency

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
13.5	11.2	33
Reduced GHG, tCO ₂ e p.a.	Energy reduced, MWh p.a.	Reduction of energy use, %
7 224	41 237	21

Energy infrastructure



Production equipment

Project implementation period is relatively long effecting the pace of disbursement of the loan. High volume of deals on automatization of district heating systems (12 green projects) – specific trend for Latvia, leading to considerable GHG reduction at total project level of 5 338 tCO₂e p.a. boosted by change of resources from fossil fuel to non-fossil fuel. GB proceeds has triggered activities of 2 ESCO Heating in Latvia.

Work in progress

Green buildings

Green Buildings segment is relatively new in Latvia with considerable potential for its financing. During the period ALTUM experts have extensively advised the companies on funding solutions, building the companies' awareness on Green Buildings concept. We expect new financing deals to come in this project category in the nearest future.

23%



Sustainable transportation

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
4.2	4.2	3
Reduced GHG, tCO ₂ e p.a.	Clean transportation, Mkm p.a.	Reduction of energy use, %
669	4.7	100

Car sharing



Electric buses
Micro electric mobility

10% of Latvian electric car park – car sharing fleet of 100 vehicles – has been financed during the Covid-19 period. Although the business model is new in the market, the project has proved to be financially viable.

18.1 mEUR

2%



Renewables

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
0.4	0.3	4
Reduced GHG, tCO ₂ e p.a.	Energy reduced, MWh p.a.	Reduction of energy use, %
52	512	47



Solar panels

Boosted ESCO Solar panel concept in the Baltics.



altum

Success stories



Thanks to the availability of ALTUM green bond financing, the ESCO concept, a combination of know-how and financing that is widely used across Europe, is becoming increasingly more popular in Latvia. The portfolio of **RCG Lighthouse**, one of the Altum-funded ESCO companies, includes more than 120 companies in the Baltics (in Latvia only: in 53 towns and small municipalities) where lighting has been modernized, achieving electricity savings mostly in the range of 60%-75%. Green Bond financing serves as a driving force that gives impetus to increasingly more energy efficiency projects in Latvia.



Almost 30% of the projects financed by Green Bonds deal with modernization of district heating systems. It is noteworthy that these projects are mostly implemented in small villages, ensuring environmentally friendly heating in large part of public and residential buildings in these villages. Projects implemented by companies **Vangažu Sildspēks** and **Balteneko** are particularly remarkable: these companies not only replaced boilers, but also changed the resources used, from natural gas to biomass, achieving significant CO₂e savings. The CO₂e savings achieved in both projects exceeded 5 180 tonnes per annum.



With the help of Green Bonds, vehicle conversion company **Electrify** is converting 14 diesel-powered minibuses to run on electricity, and the entire project is being implemented in Latvia. There will also be 4 charging stations for electric buses. ALTUM loan to the company was an important turning point for increasing production capacity and finding new customers for future contracts. The number of electric buses registered in Latvia is still small, which means that there is great potential for electric public transport in Latvia.

Green Projects



ESCO Lightening treated as 1 green project although contains number of underlying objects over the country.



Methodology

- 🔍 KPI's: reported estimated total project impact.
- 🔍 Green Bonds Project-by-project report as at 30 June 2021 available on www.altum.lv Investors section under GB.
- 🔍 The expected reduction of GHG emissions for Energy Efficiency and Renewables project categories has been calculated based on respective conversion rates applied to estimated energy savings according to local methodology – Republic of Latvia Cabinet Regulation No. 42 "Methodology for Calculating Greenhouse Gas Emissions" dtd 23 January 2018. Conversion rates for Latvia are based on the particular country's energy balance (LV energy consumption balance includes considerable portion of renewable energy) thus leading to lower reduction of GHG emissions as might be in other countries with different structure of the country's energy balance for projects with similar energy saving.
- 🔍 Energy Efficiency projects using biomass are treated as CO₂e neutral.
- 🔍 ESCO company's deals reported as 1 green project although there is considerable amount of underlying small green objects.



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