

In October 2017, ALTUM became the first development bank in Eastern Europe to issue the Green Bonds. 20 mEUR Green Bond was issued under Green Bond Framework 2017 which received a Medium Green shading from CICERO. Revised Green Bond Framework 2021 follows the recommendations outlined in the 2021 edition of the Green Bond Principles by ICMA and received CICERO Medium Green in December 2021. The 20 mEUR Green Bond (ISIN LV0000802353) with tenor of 7 years constitute Senior Unsecured debt obligation of ALTUM.



CICERO
Medium Green

ALTUM has committed a total of 21.7m EUR and disbursed a total of 16.9 mEUR for green projects included in green projects portfolio as at 30 June 2023. In light of fully repaid green projects of 3.6 mEUR (14% of total Facility amount), and, as such, excluded from green projects portfolio as at 30 June 2023, the total Facility amount would be of 25.3 mEUR with disbursed amount of 20.5 mEUR since Day 1. Almost all funded projects included in green projects portfolio as at 30 June 2023 have been completed with a few projects in the pipeline contributing to sustainability by estimated annual reduction in GHG emissions of 13 769 tonnes CO₂e p.a. (out of that 7 510 tonnes already contribute to sustainability in the reporting period). That in turn corresponds to an annual reduction of 635 tonnes CO₂e p.a. on total project impact basis per 1 mEUR committed with strong growth during reporting period up by 48% YoY (2022: 430 tonnes CO₂e p.a.). Results were boosted by new volumes with above average GHG emissions reduction in Energy Efficiency segment.

Green Bond proceeds are allocated to individual projects.

The share of new projects out of total committed Facility amount stands for 93%.

21.7 mEUR
Facility amount

16.9 mEUR
Disbursed amount

44

Number of green projects

13 769

Reduced GHG, tCO₂e p.a.
Total projects impact 30 June 2023 (estimated)

83%

11%



Energy efficiency

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
18.0	13.5	33
Reduced GHG, tCO ₂ e p.a.	Energy reduced, MWh p.a.	Reduction of energy use
13 344	62 554	27%

Energy infrastructure



Production equipment

Pace of new projects has strongly improved in the reporting period. New volumes incorporate central heating infrastructure switch from fossil to renewable resources in 2 Latvian towns contributing to extra high GHG emissions reduction estimate. Even excluding this project, KPI Reduced GHG emissions would increase by 12% YoY. Great to see new ESCO concepts like ESCO HVAC coming into the market.

21.7 mEUR

Sustainable transportation

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
2.4	2.4	1
Reduced GHG, tCO ₂ e p.a.	Clean transportation, Mkm p.a.	Reduction of energy use
311	2.3	100%

Car sharing



Strong key market players with high entry barriers for newcomers and new projects leads to absent new volumes. Thus few projects full repayment in electric buses and micro electric mobiles negatively effect KPI's for this segment - 2.3 million clean km p.a. instead of 3.6 as no new volume that could balance out. Due to full repayment of electric buses and micro electric mobility projects, the segments structure has changed, car sharing now takes up 100%.

6%



Work in progress

Green buildings

Despite huge investment over recent years in raising companies' awareness on Green Building concept, the pace has decreased during the reporting period. The major triggers for slow down pace are increased interest rates and conservative approach towards new building development projects.

Renewables

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
1.3	1.0	10
Reduced GHG, tCO ₂ e p.a.	Energy reduced, MWh p.a.	Reduction of energy use
115	1 905	9%

Biomass Technology



Solar panels

Solar panels 100% share is diluted by bio-energy projects within new volumes. No large new projects since project payback period is over 10 years, not comparable with bonds tenor. New volumes positively balance out decreased KPI's Reduced GHG and Energy reduced on fully re-paid projects. Since the new bio-energy projects incorporate relatively high energy consumption, KPI Reduction of energy use is significantly lower if compared to previous year.

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



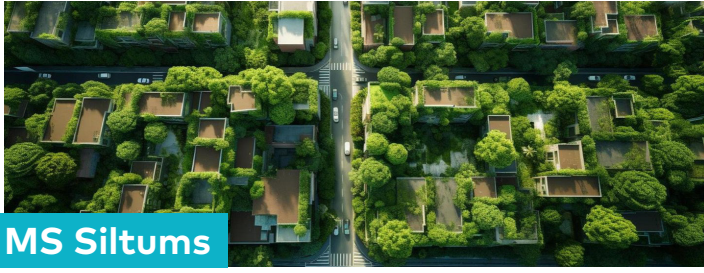
11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



Success stories



MS Siltums

MS Siltums is planning to reduce CO₂ emissions by 4 900 tons per year by implementing an ambitious project to partially switch to renewable energy sources in central heating in two Latvian towns. In total, the four boiler houses in Lielvārde and Ikšķile will produce 22 000 MWh of heat per year from green resources, with a total installed capacity of 8.2 MW. The project will not only contribute significantly to the reduction of greenhouse gas emissions, but also reduce the dependence of the municipal residential segment on imported energy sources and lower the risk of increasing heating tariffs for consumers in most of Lielvārde and half of Ikšķile. The project benefits residents in 54 apartment buildings, 7 municipal and public buildings, 5 commercial buildings and 2 individual buildings.



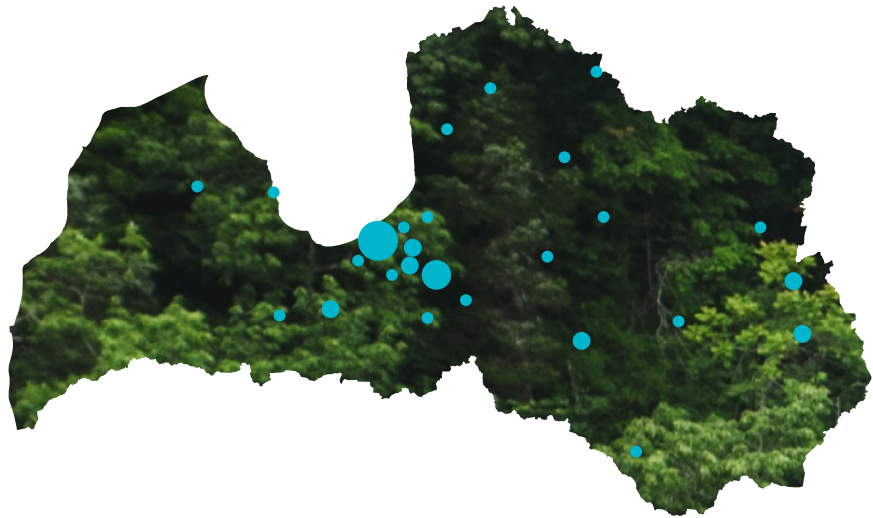
Lielanteni

Using ALTUM Green bond financing, the wood processing company **Lielanteni** in Suntaži, Ogre Region, is implementing a modernization project, replacing production equipment and improving energy efficiency. The project will increase annual output by 60-66%, while reducing electricity consumption per unit of output by around 33%. By replacing outdated sawing and conveyor equipment and installing new packaging lines, the company will both - reduce energy costs and increase competitiveness. Project will also contribute to lower dependence on manual labor, which is vital for growing production volumes.

Green Projects

- 11 objects 2 objects
- 3 objects 1 object

ESCO Lightening treated as 1 green project although contains number of underlying objects in different geographical locations.



Methodology

- ⓘ KPI's: reported actual (where actual data available from clients) or estimated total project impact, excluding any supply/value chain impact. KPI's represent respective projects contribution to sustainability assessed for each project.
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- ⓘ Green Bonds Project-by-project report as at 30 June 2023 available on www.altum.lv Investors section under Green Bonds.
- ⓘ 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 objects.
- ⓘ ESCO company's deals reported as 1 green project although there is considerable amount of underlying small green objects.



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