

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 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 22.7 mEUR and disbursed a total of 22.6 mEUR for green projects included in green projects portfolio as at 30 June 2024. In light of fully repaid green projects of 6.0 mEUR (21% of total Facility amount), and, as such, excluded from green projects portfolio as at 30 June 2024, the total Facility amount would be of 28.7 mEUR with disbursed amount of 28.6 mEUR since Day 1.

Almost all funded projects included in green projects portfolio as at 30 June 2024 have been completed with a few projects still in the pipeline contributing to sustainability by estimated annual reduction in GHG emissions of 15 956 CO<sub>2</sub>e p.a. (out of that new volume in the reporting period of 3 103 tonnes CO<sub>2</sub>e p.a.). That in turn corresponds to the annual reduction of 703 tonnes CO<sub>2</sub>e p.a. on total project impact basis per 1 mEUR committed Facility with steady growth during the reporting period up by 11% YoY (2023: 635 tonnes CO<sub>2</sub>e 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 since Day 1 stands for 94%.

**22.7 mEUR**  
Facility amount

**22.6 mEUR**  
Disbursed amount

**46**  
Number of green projects

**15 956**  
Reduced GHG, tCO<sub>2</sub>e p.a.  
Total projects impact 30 June 2024 (estimated)

**83%**

**11%**

## Energy efficiency

| Facility amount, mEUR                | Disbursed amount, mEUR   | Number of green projects |
|--------------------------------------|--------------------------|--------------------------|
| <b>18.9</b>                          | <b>18.8</b>              | <b>33</b>                |
| Reduced GHG, tCO <sub>2</sub> e p.a. | Energy reduced, MWh p.a. | Reduction of energy use  |
| <b>15 499</b>                        | <b>54 248</b>            | <b>25%</b>               |

Energy infrastructure



Production equipment

All new projects committed (Facility) in the reporting period are energy infrastructure projects with contribution to GHG emissions reduction estimate higher than the average (905 tonnes CO<sub>2</sub>e p.a. on total project basis per 1 mEUR committed Facility). The funding disbursement pace is extra high leading to fast project implementation. Remarkable new trend - development of district heating infrastructure as number of customers increase following the change of district heating system to renewables from fossil resources reported last year.

**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.

## Sustainable transportation

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

Car sharing



Strong key market players with high entry barriers for newcomers and new projects leads to absent new volumes also in the reporting period and keeping car sharing at 100% of the segment.

**6%**



## Renewables

| Facility amount, mEUR                | Disbursed amount, mEUR   | Number of green projects |
|--------------------------------------|--------------------------|--------------------------|
| <b>1.4</b>                           | <b>1.4</b>               | <b>12</b>                |
| Reduced GHG, tCO <sub>2</sub> e p.a. | Energy reduced, MWh p.a. | Reduction of energy use  |
| <b>147</b>                           | <b>1 939</b>             | <b>9%</b>                |

Solar panels 100% share was diluted by bio-energy projects last year. No large new projects since project payback period is over 10 years, not comparable with bond tenor.



# Success stories



RCG Lighthouse

One of the companies financed by ALTUM, **RCG Lighthouse**, continues to implement significant lighting modernization projects in state and municipal buildings. Over the course of reporting period in the city of Liepāja, the third-largest city in Latvia by population, the company carried out an extensive project, replacing more than 13 000 old light fixtures with modern LED lighting in a total of 27 municipal educational institutions. This will reduce electricity consumption by 62%, saving the Liepāja municipality at least 570 MWh of electricity annually. During the reporting period the company has also implemented lighting modernization projects in an educational institution in the capital, Riga, and in the Limbaži municipality.



Keizarsils

By implementing an ambitious project to transition to renewable energy sources, one of Latvia's largest vegetable growing and processing companies, **Keizarsils**, will reduce its greenhouse gas emissions by at least 2 300 tons per year. The company has replaced a cogeneration unit, which will generate both electricity and heat from biogas as an intermediate product, for the company's own use and to feed the surplus into the public grid. In addition, the company has acquired a food waste shredding machine, which will ensure that food unsuitable for human consumption is used for biogas production as feedstock. The project takes advantage of waste that would otherwise generate emissions into the atmosphere as it degrades in landfills, and the amount of energy crops will be reduced. This is an excellent example of how circular economy resources are used to promote green energy production and reduce methane emissions into the atmosphere, creating significant additional CO<sub>2</sub> savings.

## Green Projects

- 10 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 2024 available on [www.altum.lv](http://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 CO<sub>2</sub>e 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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