

Ameriabank CJSC

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Introduction

Ameriabank CJSC (“Ameriabank” or the “Bank”) issued three green bonds (the “Green Bonds”) in 2020 and 2022, aimed at financing environmentally impactful projects intended to support Armenia’s transition to a low-carbon economy. Sustainalytics provided a second-party opinion¹ on the Ameriabank Green Bond Framework (the “Framework”) in November 2020.²

In February 2023, Ameriabank engaged Sustainalytics to review the projects funded with proceeds raised from the issuances of the Green Bonds and provide an assessment as to whether the projects met the use of proceeds criteria and reporting commitments outlined in the Framework. This is Sustainalytics’ second annual review of Ameriabank’s green bonds, following an earlier review in 2022.³

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded by proceeds from the Green Bonds on whether the projects:

1. Met the use of proceeds and eligibility criteria outlined in the Framework; and
2. Reported on at least one key performance indicator (KPI) per use of proceeds category outlined in the Framework.

Table 1: Use of Proceeds Category and Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria
Renewable Energy	<ul style="list-style-type: none"> • Stand-alone Solar PV and Solar Water Heating installations • Stand-alone Wind electricity generation installations • Electricity and heat generation geothermal facilities having direct emissions less than equal to 100 gCO₂/kWh • Sustainable biofuel production and biofuel electricity and heat generation facilities causing 80% GHG emissions reduction comparing with fossil fuel baseline meeting an emissions threshold of 100 gCO₂/kWh • Retrofits or capacity increasing of existing Solar PV, Solar Water Heating, Geothermal and Heat Pumps, biofuel installations • Small Hydropower installations with nominal capacity less than 20 MW and in case of reservoirs power density more than 4 W/m² • Manufacturing facilities of renewable energy related components are eligible if facilities and are wholly dedicated to components for renewables or proceeds should be allocated on a pro-rata basis – percentage of annual turnover shall be generated from renewable energy related components.

¹ Ameriabank, “Second-Party Opinion Ameriabank CJSC Green Bond Framework”, at: <https://ir.ameriabank.am/docs/default-source/default-document-library/second-party-framework.pdf>

² Ameriabank, “Green Bond Framework”, (2020), at: https://ir.ameriabank.am/docs/default-source/default-document-library/gbf_ameriabank.pdf

³ Sustainalytics, “Ameriabank CJSC Annual Review”, (2022), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/ameriabank-cjcs/ameriabank-cjsc-annual-review-\(2022\)/ameriabank-cjsc-annual-review-\(2022\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/ameriabank-cjcs/ameriabank-cjsc-annual-review-(2022)/ameriabank-cjsc-annual-review-(2022))

	<ul style="list-style-type: none"> Hydropower facility products should be applicable for the small-scale hydropower plants with a capacity less than 20 MW
Energy Transmission, Distribution and Storage	<ul style="list-style-type: none"> Electricity transmission and distribution infrastructure to connect renewables Electrical infrastructure to support EV charging infrastructure Electrical grid retrofits causing 20% efficiency improvement in terms of electricity losses or GHG footprint reduction. If grid is less than 90% renewable electricity but percentage of renewables is expected to increase, a pro-rata approach will be applied to determine green allocation to grid development/maintenance. Energy storage facilities what will be charged by renewable energy
Sustainable Transport	<ul style="list-style-type: none"> All types of Electric Vehicles; Passenger Hybrid Vehicles with CO₂ emission threshold of <75 gCO₂/pkm: <ul style="list-style-type: none"> HEV (hybrid electric vehicles) PHEV (plug-in hybrid electric vehicles) New passenger buses that will cause substitution of the old fleet: <ul style="list-style-type: none"> From Euro I, II, III, IV to Euro V, VI or higher From Euro V to Euro VI and higher Transport infrastructural solution will cause 20% efficiency gain (fuel consumption and/or relevant GHG or particulate matter emissions reduction).
Water	<ul style="list-style-type: none"> Water distribution infrastructural retrofits causing 20% of efficiency gain in terms of losses reduction, improvement of energy efficiency, decreasing of GHG footprint Construction of gravity-based infrastructural solutions, water recovery, rainwater harvesting, groundwater recharge systems Water treatment facilities construction or retrofits causing 100% recovering of treated water or 20% energy efficiency improvement or GHG footprint decreasing Installation of water efficient or WaterSense certified taps
Sustainable Buildings	<ul style="list-style-type: none"> Existing residential and commercial building retrofits causing 20% energy efficiency and GHG emissions reduction gain (overall energy consumption: heating, lighting, HVAC etc.) New construction of residential and commercial buildings with obtaining of the green building standard (LEED Gold or Platinum level; IFC EDGE) with post completion check Installation of residential and commercial heat pumps Infrastructural solutions causing 20% energy efficiency improvement or GHG footprint decreasing – energy and carbon-efficient solutions for living areas – street lighting, central heat transformation substations (DH system), smart home Energy efficient appliances/equipment: <ul style="list-style-type: none"> Replacing of old appliances (10 years old for refrigerators, coolers and freezers and 7 years old for TVs and Monitors) with new A-efficiency class models (e.g. EU Energy Label) Conversion from traditional cookers and ovens to induction technology
Land Use and Aquatic Resources	<ul style="list-style-type: none"> Financing of sustainable agriculture (excluding livestock), forestry and fishery initiatives. The list of eligible certifications includes: <ul style="list-style-type: none"> Agriculture: <ul style="list-style-type: none"> Bonsucro ISCC PLUS (Food, Feed, Bio-based products, Energy, Biofuels outside EU)

	<ul style="list-style-type: none"> ▪ ISCC EU (Biofuels only within EU) ▪ Rainforest Alliance Standard ▪ Roundtable on Responsible Soy (RTRS) ▪ Roundtable on Sustainable Biomass (RSB) ▪ EU Organic ○ Forestry <ul style="list-style-type: none"> ▪ Forest Stewardship Council (FSC) ▪ Program for the Endorsement of Forest Certification (PEFC) ○ Fisheries <ul style="list-style-type: none"> ▪ Marine Stewardship Council (MSC) ▪ Aquaculture Stewardship Council (ASC) • Land use related projects causing 20% of GHG emissions decreasing (including usage of organic instead of nitrogen fertilizers, no-tillage systems)
Energy and Resource Efficiency in Industry	<ul style="list-style-type: none"> • Implementation of the energy and resource efficiency initiatives causing: <ul style="list-style-type: none"> ○ Installation of industrial heat pumps using absorption technology ○ Using of recycled plastic, switching from virgin to recycled material inputs • Financing technologies that result in at least a 20% improvement in energy efficiency, excluding fossil-fuel powered technology
Waste Management	<ul style="list-style-type: none"> • Waste management projects that will be the core activity of the client and significantly improve municipal/local conditions of waste management and processing • Facilities for collection, sorting, material recovery, re-use or recycling of materials • Waste management projects using best available technologies and techniques • Utilization of solid waste landfill gas (projects to add gas capture to existing, closed landfill facilities, gas capture of at least 75% for the purpose of electricity generation), anaerobic digestion, composting • Waste to energy plants (recyclable components should be separated before burning)
IT Solutions	<ul style="list-style-type: none"> • Projects causing direct or indirect 20% energy efficiency improvement or GHG footprint decreasing • Power usage effectiveness (PUE) of data hubs/centres has to be lower than 1.5

Table 2: Use of Proceeds Category and associated KPIs

Use of Proceeds	KPIs
Renewable Energy	<ul style="list-style-type: none"> • Annual production, MWh • Fossil fuel consumption substitution (only for solar thermal installations), e.g. m³ of natural gas • GHG emissions avoided, tonne CO₂e
Sustainable Transport	<ul style="list-style-type: none"> • Annual fossil fuel consumption substitution/savings, liters of diesel fuel, gasoline or CNG • GHG emissions avoided, tonne CO₂e • Other air emissions avoided (NO_x, PM), tonnes (public passenger transport only)
Sustainable Buildings	<ul style="list-style-type: none"> • Annual energy savings, MWh and/or GJ

	<ul style="list-style-type: none"> • Fossil fuel consumption savings, e.g. m³ of natural gas • Annual consumption of electricity produced from renewables, MWh • GHG emissions avoided, tonne CO₂e
Energy and Resource Efficiency in Industry	<ul style="list-style-type: none"> • Fossil fuel consumption savings, e.g. m³ of natural gas • Annual savings of electricity consumption, MWh • GHG emissions avoided, tonne CO₂e
Other categories	<ul style="list-style-type: none"> • Annual volume of avoided water losses, water savings, m³ • Annual savings of electricity consumption, MWh • Access to clean electricity, MWh • Fossil fuel consumption savings, e.g. m³ of natural gas • Annual savings of electricity consumption, MWh • GHG emissions avoided, tonne CO₂e

Issuer’s Responsibility

Ameriabank is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of use of proceeds from Ameriabank’s Green Bonds. The work undertaken as part of this engagement included collection of documentation from Ameriabank and review of said documentation to assess conformance with the Ameriabank CJCS Green Bond Framework.

Sustainalytics relied on the information and the facts presented by Ameriabank. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Ameriabank.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Ameriabank CJCS Green Bond Framework. Ameriabank has disclosed to Sustainalytics that the proceeds from the Green Bonds were fully allocated as at 30 November 2022.

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by Ameriabank, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the Green Bonds to determine if projects aligned with the use of proceeds criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the Green Bonds to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 2. For a list of KPIs reported, please refer to Appendix 1.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

Appendices

Appendix 1: Impact Reporting

Table 4: Total impact of the Green Bonds Proceeds in CY2022

Use of Proceeds Category	Project Description	Impact Reported		
		Emissions avoided (tCO ₂ e)	Electricity produced (kWh)	Capacity installed (kW)
Renewable Energy	Solar Plants – SME Solar and Solar Leasing	21,535.60	50,676,740.00	34,417.89
	Small Hydropower Plant Projects	58,420.54	149,796,248.79	-
	Solar Station	36,187.44	85,759,470.00	85.76
Total		116,143.58	286,232,458.79	34,503.65

Appendix 2: Allocation Reporting

Ameriabank issued a EUR 42 million euro-denominated green bond in 2020, a USD 8 million dollar-denominated green bond in 2022 and a AMD 3 billion dram-denominated green bond in 2022 to finance environmentally impactful projects intended to support Armenia's transition to a low-carbon economy.

Table 5: Allocation of the Green Bonds' Proceeds per Use of Proceeds category

Use of Proceeds Category	Project Description	Amount in EUR	Allocation Share
Renewable Energy	Solar Plants – SME Solar and Solar Leasing	12,700,684.92	22%
	Small Hydropower Plant Projects	21,768,593.60	38%
	Solar Stations	22,655,649.09	40%
Total		57,124,927.61	100%

Table 6: Share of new financing vs refinancing of the Green Bonds' Proceeds

Type of Financing	Allocation Share
Financing of New Assets	30%
Refinancing of Existing Assets	70%
Total	100%

Table 7: Allocation of the Green Bonds' proceeds by geography

Geographical Region	Allocated Amount in EUR	Allocation Share
Lori	580,203.67	1%
Shirak	902,628.41	2%
Yerevan	6,363,522.70	11%
Gegharkunik	14,029,641.80	25%
Armavir	2,182,069.79	4%
Syunik	11,659,477.99	20%
Vayots Dzor	3,126,928.43	5%
Tavush	4,674,020.26	8%
Aragatsotn	11,489,062.96	20%
Kotayk	1,650,170.79	3%
Ararat	467,200.81	1%
Total	57,124,927.61	100%

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