SUSTAINALYTICS
a Morningstar company

Ameriabank CJSC

Type of Engagement: Annual Review
Date: March 25, 2022
Engagement Team:
John-Paul Iamonaco, john-paul.iamonaco@sustainalytics.com, (+1) 416 861 0403
Yun Chun Liu, yunchun.liu@sustainalytics.com, (+31) 20 888 7295

Introduction

In 2020, Ameriabank CJSC ("Ameriabank" or the "Bank") issued a green bond ("2020 Green Bond") aimed at financing environmental impactful projects that contribute to a low-carbon economy. In November 2020, Sustainalytics provided a Second-Party Opinion[1] on the 2020 Ameriabank Green Bond Framework (the "Framework").[2] In March 2022, Ameriabank engaged Sustainalytics to review the projects funded through the 2020 Green Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2020 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	KPIs
Renewable Energy	• 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 100gCO2/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 100g CO2/kWh Small Hydropower Installations • 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	• Installed capacity, kW or MW • Annual electricity or thermal energy production, kWh or MWh and/or MJ • Solar PV installation performance Ratio (PR), % (only medium and large size commercial PV equipped with meteorological station) • Fossil fuel consumption substitution (only for Solar thermal Installations), e.g. m^3 of natural gas • Small Hydropower station Capacity Factor (CF), % • GHG emissions avoided, ton CO_2-eq

[1] Ameriabank, "Green Bond Framework", at: https://ir.ameriabank.am/docs/default-source/default-document-library/gbf_ameriabank.pdf
[2] Ameriabank, "Second-Party Opinion Ameriabank CJSC Green Bond Framework", at: https://ir.ameriabank.am/docs/default-source/default-document-library/second-party-framework.pdf

	renewables or proceeds should be allocated on a pro-rata basis–% of annual turnover shall be generated from renewable energy related components. • Hydropower facility products should be applicable for the small-scale hydropower plants with a capacity less than 20 MW	
Sustainable Transportation	All types of Electric Vehicles Passenger Hybrid Vehicles with CO_2 emission threshold of < 75gCO_2/p-km: • HEV (Hybrid Electric Vehicles) • PHEV (Plug-in Hybrid Electric Vehicles) New passenger buses that will cause substitution of the old fleet: • From Euro I, II, III, IV to Euro V, VI or higher • From Euro V to Euro VI and higher Transport infrastructure solution will cause 20% efficiency gain (fuel consumption and/or relevant GHG or particulate matter emissions reduction)	• Number and type of vehicles, motor's power, kW • Combined (motorway and city) energy consumption, kWh/100 km • Fossil fuel consumption substitution, liters of diesel fuel or gasoline • Vehicle emissions data: NOx, g/km; PM, g/km (Public Passenger transport only) • GHG emissions avoided, ton CO_2-eq • Other air emissions avoided (NOx, PM), Ton (Public Passenger transport only) • Key solution efficiency index, e.g. gCO_2/p-km (passenger-kilometer) • Fossil fuel consumption substitution/ savings, liters of diesel fuel, gasoline or CNG

Issuing Entity's Responsibility

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Ameriabank's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Ameriabank employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Ameriabank with respect to the financed projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct 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 over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,[3] nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Ameriabank's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework. Ameriabank has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of December 31, 2021.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the 2020 Green Bond 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 by the 2020 Green Bond to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per the Use of Proceeds criteria.	None

[3] Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Impact Reporting by Eligibility Criteria[4]

Use of Proceeds Category	Project Description[5]	Impact Reported: tCO$_2$e emissions avoided	Bond Allocation per each eligible category (%)[6]	Total Allocated Amount (EUR – Mn)
Renewable Energy	Solar Stations	85,689.80	31.13%	14.17
	SME Solar and Solar Leasing[7]	18,255.54	18.95%	8.63
	Small hydropower plant projects[8]	24,917.00	49.92%	22.72
Total Allocated Proportion			100%	45.52
Net proceeds raised from the issuance (EUR – Mn)				42
Total Allocated Amount (EUR – Mn)				42[9]
Total Unallocated Amount (EUR – Mn)				0
Total percentage of bond allocation (%)				100%

[4] As of December 31, 2021.
[5] The financed projects are primarily based in Armenia; specific regions include Yerevan, Gegharkunik, Armavir, Syunik, Vayots Dzor, Tavush, Aragatsotn, Kotayk, Ararat, and Lori.
[6] Ameriabank has communicated that the total allocated amount comprises 70% of refinanced assets.
[7] These projects include SME Solar and Solar Leasing projects. The Bank has confirmed that none of the solar energy projects financed in the portfolio use thermal energy or fossil fuel-based backup.
[8] The Bank has confirmed that all financed small hydropower plants have capacity <10 MW and not based on reservoirs.
[9] Pro-rata computation on proceeds to EUR 42 Mn given that a total of EUR 45.52 Mn was allocated by Ameriabank to assets (re)financed.

Disclaimer

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit http://www.sustainalytics.com/legal-disclaimers.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2021, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the fourth consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2021 for the third consecutive year. For more information, visit www.sustainalytics.com.