

IFC invests in RBRO green bonds to promote climate finance in Romania

The International Finance Corporation (IFC), the private sector arm of the World Bank Group, is investing RON 293.5 million (the equivalent of approximately \$72 million) in RON-denominated senior non-preferred bonds placed by Raiffeisen Bank SA (RBRO), IFC said in a statement on Monday.

"This is IFC's second investment in RBRO green bonds this year, following its first investment - RON 80.3 million (or approximately \$20 million equivalent) on May 14 - in RBRO's first senior preferred bonds, which was also the first green bond issued by a financial institution in Romania. The bonds are expected to qualify for the Minimum Requirement for own funds and Eligible Liabilities (MREL) in line with the European Union's Banking Recovery and Resolution Directive (BRRD)," the release states.

According to the cited source, the largest ever corporate bond issued in RON and the largest ever green bond issued by a financial institution in Romania will help increase access to climate finance while boosting the resilience of the banking sector and supporting the country's climate goals.

"If we are able to deliver sustainable financial solutions, which enable our clients to cope with today's and tomorrow's huge challenges, we have a bigger chance to succeed in achieving our ambition to become the most recommended financial group in the near future. With our second green bond issuance we are continuing the path to mobilize capital for sustainable purposes, to integrate social and environmental considerations in risk management, to ensure progressive decarbonization of portfolios and to include sustainability factors into key business areas," said Steven Van Groningen, RBRO's President and CEO.

The bonds have been issued in compliance with RBRO's Green Bond Framework, and 100 percent of the proceeds will be channeled to eligible climate finance projects in five key areas. These include green buildings, renewable energy, energy efficiency, clean transportation, and sustainable agriculture. Further, the bonds will support RBRO in achieving the targeted cushion for its own funds and eligible liabilities, enhancing the bank's stability as a systemic financial institution in Romania.

"One of IFC's strategic priorities in Romania is to help promote sustainable growth. In alignment, our second investment in RBRO's bonds aims to create a vibrant green bond market by stimulating private sector investment in the country. Moreover, IFC's support will help strengthen the local capital market and increase subscription to MREL-eligible bonds, thereby bolstering Romania's financial infrastructure and accelerating low-carbon growth," said Vittorio Di Bello, IFC's Regional Head of Industry for Financial Institutions in Europe and Central Asia.

RBRO, an IFC client since 2004, is a member of Raiffeisen Group (RBI). The financing builds on IFC's existing relationship with RBRO and RBI and expands IFC's engagement with RBRO in the climate-finance space.

RBRO ranks 4th in Romania by net lending, with a market share of 10 percent (as of December 31, 2020). As of end-2020, RBRO was servicing 2.18 million customers through 333 agencies with over 4,900 employees.