Early Warning System

IFC-41084

BT B3T2 Bond

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Quick Facts

Countries	Romania
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	U
Voting Date	2018-05-22
Borrower	BANCA TRANSILVANIA SA
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 146.16 million
Project Cost (USD)	$ 146.16 million

Project Description

The proposed project involves an IFC investment of up to EUR120 million (approximately US$146 million) in a Basel III compliant subordinated bond issued by Banca Transilvania S.A. (“BT” or the “Bank”) as Tier 2 capital. The project aims to strengthen and diversify BT’s capital base (the “Project”). The project objectives are followed:

(i) Increasing competitiveness by support regional SME with active consolidation strategy;

(ii) Significant market creation effect through the issuance of the first bond of this type in Romania, helping set the standards for future issuances;

(iii) Increased access to finance for local SMEs, especially operating in less developed regions of the country.

Investment Description

- International Finance Corporation (IFC)

BT is a Romanian bank with a market share of 13.9% in terms of assets as of December 31, 2017. BT was established in Cluj in 1994 at the initiative of local businessmen as a regional bank.

Currently, the bank operates through 550 offices with over 6,000 employees. BT entitles itself 'the Bank for Entrepreneurial People in Romania', and its mission is to support the development of the business environment, with a focus on MSMEs.

With its headquarter in Cluj. BT is listed on the Bucharest Stock Exchange since 1997 and has a diversified shareholding structure with 49% foreign and 51% Romanian shareholders.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- BANCA TRANSILVANIA S.A. (Financial Intermediary) **is owned by** Banca Transilvania (Parent Company)
- BANCA TRANSILVANIA SA (Financial Intermediary) **is owned by** Banca Transilvania (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Banca Transilvania	Investor	Finance	invests in	ALRO SA	Client	Mining
Banca Transilvania	Investor	Finance	invests in	Globalworth Re Invests Ltd	Parent Company	Infrastructure
Banca Transilvania	Investor	Finance	invests in	Maxon Ltd	Parent Company	Mining
Maxon Ltd	Parent Company	Mining	owns	ALRO SA	Client	Mining

Contact Information

1/ The Project Contact

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2/ The IFC Contact

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/