Early Warning System

IFC-45268

DCM RBRO GREEN MREL BOND

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Quick Facts

Countries	Romania
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2021-04-30
Borrower	RAIFFEISEN BANK SA
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 160.00 million
Loan Amount (USD)	$ 160.00 million

Project Description

The proposed project is to invest up to US$160 million equivalent (in RON and/or EUR) for IFC’s own account in Minimum Requirement for Own Funds and Eligible Liabilities (MREL) eligible bonds (senior preferred, SP, and senior non-preferred, SNP) with up to 7 years tenor to be issued by Raiffeisen Bank S.A. (RBRO or the Bank), in line with its funding plan. It is expected that these bonds will be issued under RBRO's green bond framework and will be the first green bonds issued by a financial institution in the country, with use of proceeds earmarked for climate finance, including green mortgages and buildings, energy efficiency, renewable energy, sustainable agri-finance, and clean transport.

People Affected By This Project

The project is expected to:

i) Help the country achieve its climate change mitigation targets by supporting the first green bond issuance by a financial institution in the country. The entire proceeds from the bond issuance will be used for financing eligible climate finance projects in Romania.
ii) Support the development of capital markets in the country by deepening and diversifying Romania's corporate bond market. Successful issuance of MREL-eligible bonds is expected to encourage other banks, as well as investors, and help develop the market for MREL instruments.
iii) Increase the resilience of the Romanian banking sector by supporting a systemic bank and helping it achieve its MREL-targets.

Investment Description

- International Finance Corporation (IFC)

Under the proposed project, IFC would invest up to US$160 million equivalent in RON and/or EUR denominated MREL-eligible bonds to be issued by RBRO under its green bonds program. IFC would invest up to 40% of each issuance, including both SP and SNP bonds, with actual allocation depending on market interest and resulting from a book-building process.

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.

- Raiffeisen Bank SA (Financial Intermediary)

Private Actors Description

According to the IFC, RBRO is a subsidiary of Raiffeisen Bank International (RBI) and is one of the systemic banks in Romania. The Bank currently ranks 4th by net loans with a 10% market share (as of December 31st, 2020), has an extended history on the local market and offers a wide range of banking services with a nationwide presence. As of December 31, 2020 RBRO served 2.18 million clients, with over 4,900 employees and 333 outlets. The Bank holds a Long-Term Counterparty Risk Rating and a Long-Term Deposit rating of Baa1/negative outlook from Moody’s.

RBI is Austria's second-largest bank with a balance sheet total of EUR166 billion and equity of EUR14.3 billion as of December 31, 2020. RBI's shares have been listed on the Vienna Stock Exchange since 2005. RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market, operating in 13 countries. RBI has around 45,000 employees which service 17.2 million customers through around 1,800 business outlets. RBI is listed on the Vienna Stock Exchange with a 41.2% free float. RBI holds a Long-Term Counterparty Risk Rating of A3/stable outlook from Moody’s and an Issuer Credit Rating of A-/negative outlook from S&P.

Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

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

Campaign Documents

- Banktrack: Raiffeisen Bank International