




Sustainable Finance

From the Periphery Right into the Centre of Global Finance

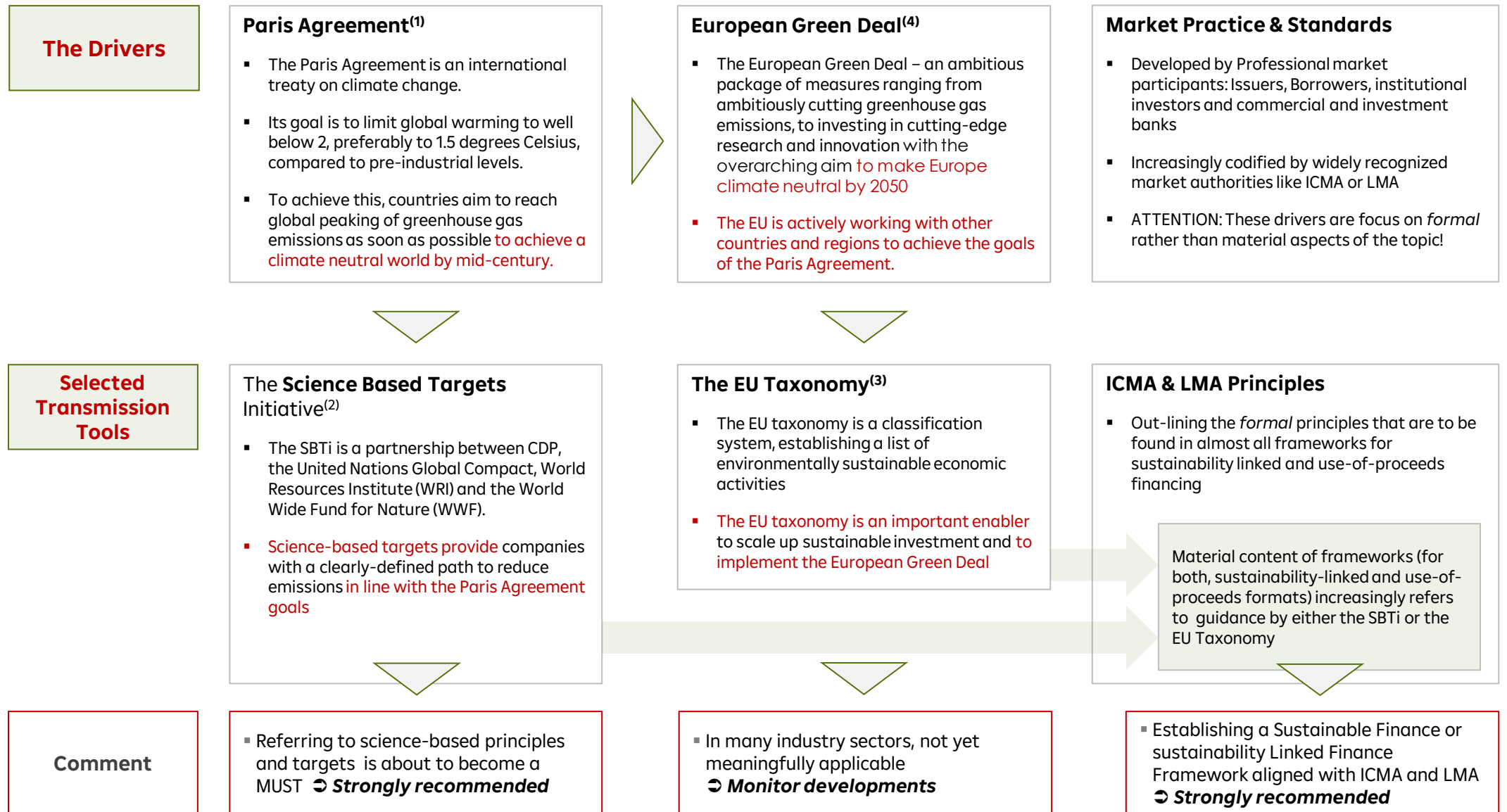
1 June 2021

- In the past few years, the topics of global warming, environmental pollution, inequality, and poverty have become substantially more visible as global issues and have eventually transpired into the world of business
- The topic of **sustainability is not a fashion. It will not go away**, but will gain momentum and importance
- The **pressure on businesses will continue to grow** from all sides:
 - Wider Public Opinion,
 - Legislators & Regulators,
 - Investors, and
 - Business Partners
- Not only individuals, but also **companies** will be increasingly **called upon their contribution to achieve more sustainable, fairer and more transparent ways of doing business** over the next decades!

 **We at RBI offer our clients a comprehensive dialogue, with the aim to develop a thorough understanding on how RBI, as banking partner, can support clients on the path to deliver on their sustainability strategy!**

Sustainable Finance – Finding Your Way Through the Jungle

Some Patterns and Guidelines that Provide for a Viable Framework



(1) <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

(2) <https://sciencebasedtargets.org/how-it-works>

(3) https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

(4) https://ec.europa.eu/clima/policies/eu-climate-action_en

1) Because it is the right thing to do

- Acting sustainably is more important than ever, and finance is a mighty lever in this respect
- Connecting sustainable *activities* with Sustainable *Finance* complements a company's corporate sustainability strategy!

2) Because it broadens the range of financing sources accessible for a company

- More and more debt lenders/investors earmark ever larger funds for Sustainable Finance
- Due to the enlarged lender/investor pool, any financing activity meets higher demand when raised in a sustainable format

3) Because it *already* leads to lower cost of funds

- Currently, the monetary advantages are tangible, but vary across instruments (from a few basis points in credit markets to double-digit figures in the Eurobond markets). We expect that pricing advantages (the 'greenium') will increase substantially across instruments classes in the foreseeable future

4) Because Sustainable Finance will evolve from a 'nice-to-have' to a 'must-have'

- It becomes apparent that politics (on EU- and national level) as well as regulators (ECB, EBA, etc.) will *oblige* lenders/investors to lend/invest bigger parts of their portfolios in sustainable formats

5) Last, but not least, sustainability fits very well to most companies' desired image & reputation!

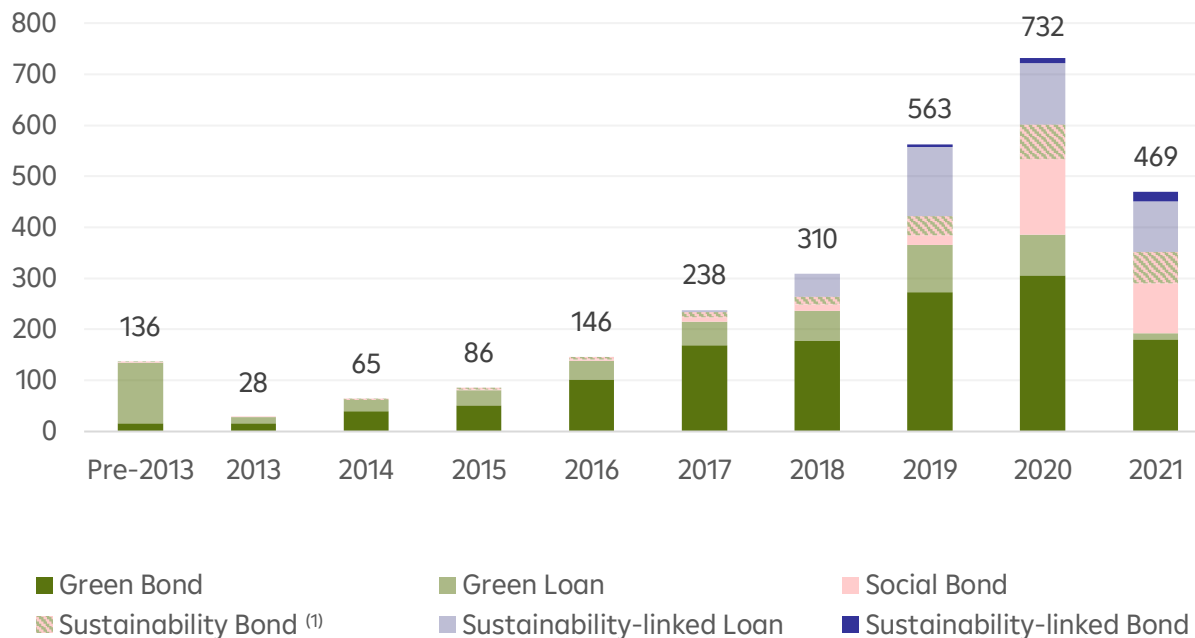
- We think that the active pursuit of Sustainable Finance will underpin most companies' general sustainability communication!

Sustainable Finance Markets

Soaring Issuance Volumes, Increased Variety of Formats/Instruments

- Market demand for fixed income assets in sustainable formats is the main driver for strong volume expansion
- Currently, demand outstrips supply quite significantly (on the bond side support by central bank purchase programmes), which, in turn, leads to tightening spreads for sustainable formats
- Covid-19 related market disruptions had no negative impact on sustainable finance trajectory whatsoever!

Sustainable Finance Instruments (USD bn)





















Market Developments

- **August 2019: First sustainability-linked bond** issued by ENEL (Italy)
- **Social bonds on the rise** as a result of the Covid-19 crisis
- **Sept 2020:** the ECB has extended its eligibility criteria to investment grade **Sustainability-linked Bonds (SLBs)**.
- **Full year 2020:** Another record year with total volume of USD 732bn, % of 'classical' green bonds shrinks to c. 40%
- **Start of 2021:** Very strong start of the year with USD 379bn issuance in Q1!
- **April 2021:** Strong trend of **Sustainability-linked Bond (SLB) issuance**. SLBs are now an **integral part of the bond market worldwide**
- SLB market is likely to gain even more momentum in the near future

Sustainable Finance for Our Clients

Different Formats with Different Requirements

	SUSTAINABILITY LINKED FORMATS			USE-OF-PROCEEDS FORMATS					
	Focus on specific behaviour of the Borrower, irrespective of financing purpose								
	1 External ESG-Rating		2 Sustainability KPIs		3 Ear-marked Eligible Investments				
	Loans Guarantees Derivatives Working Capital ⁽⁵⁾	Schuld-schein	Bonds ⁽¹⁾	Loans Guarantees Derivatives Working Capital ⁽⁵⁾	Schuld-schein	Bonds ^(3,4)	Term Loans ⁽²⁾	Schuld-schein	Bonds
Sustainable Impact	General impact of the Borrower			General impact of the Borrower			Direct impact of proceeds		
ESG Rating	Yes			Not required		Recom-mended	Not required ⁽²⁾		Recom-mended ⁽³⁾
Sust. Finance Framework of the Borrower / Issuer	No	Recom-mended		No			Recom-mended	Yes	
2 nd -Party Opinion (SPO)	No	Recom-mended		No, but external party (e.g. auditor) to review target and data	Yes		Recommended		Yes
Specific Reporting	Only information requirements of ESG Rating Agency			Annual Impact Reporting: obligatory	Allocation reporting: not applicable		Allocation Reporting: obligatory	Annual Impact Reporting: recommended	
Examples	 	 	 	 	 	 	 	 	 

(1) Local ESG Rating-linked bonds have been issued.

(2) The 'use-of-proceeds' concept works very well for term loans but is not applicable to RCFs.

(3) No ESG Rating required, but a prior ESG Rating speeds up the process of conducting the 2nd-Party opinion since both cover partly similar areas of information.

(4) See also ICMA Sustainability-Linked Bond Principles from June 2020

(5) Working Capital comprising Payables and Receivables Financing schemes.

Sustainability ratings are evaluations of companies based on quantitative and qualitative assessments of their quality, standard or performance on environmental, social and governance issues.

Three focus areas:

- **Corporate policies** (governance, human resources, environmental policies, etc.)
- **Management** (issues/problems raised by stakeholders and dealing with it by management)
- **Reporting and transparency** (Quality and degree of reporting and accessible documentation of pursued strategy)

Sustainability ratings are

- **either commissioned by the company** subject to the rating (*similar to the process with credit ratings by S&P and Moody's*); **or**
- prepared by rating providers on an unsolicited basis, **without having obtained a mandate of the company itself** (*similar to the process of sell-side broker research*)

On the side of rating providers, there are different approaches:

- those that solely serve investors
- those that also serve both, investors and corporates/issuers
- those that focus on corporates / issuers



Appendix

Key Financial Indicators

	FY 2020	Q1 2021	
Total Assets	EUR 166b	EUR 176b	1 Supporting our clients with liquidity in challenging times
Cons. Net Profit	EUR 804m	EUR 216m	
CET 1 Ratio (fully loaded)	13.6%	13.6%	2 Very strong capital position to withstand market volatility
Moody's LT Rating		A3 (STBL)	3 Excellent credit ratings through repeated upgrades
S&P LT Rating		A- (STBL)	

Corporate & Investment Banking @ RBI

Lending	Capital Markets	Transaction Banking	Advisory
<ul style="list-style-type: none"> Bilateral Loans Investment Finance Project Finance Real Estate Finance Etc. 	Debt Capital Markets <ul style="list-style-type: none"> Eurobonds Local bonds Schuldschein Loan syndication Asset-based finance Equity Capital Markets <ul style="list-style-type: none"> IPOs / SPOs Rights Issues ABBs 	Trade Finance <ul style="list-style-type: none"> Guarantees Letters of Credit Etc. Export Finance Cash Management	M&A and Corporate Finance Advisory <ul style="list-style-type: none"> Specific industry sector teams Buy-side / sell-side advisory Strong on-the-ground presence in CEE

RBI's Profile

- Leading regional player with CEE presence of over 30 years servicing approx. 17.4 million customers
- A pioneer in **Sustainable Banking** in Austria, Germany, CEE and beyond!
- Covering 14 markets (incl. Austria), thereof eight are EU members and Serbia and Albania have candidate status
- Top 5 market position in 12 countries
- Strong market position with Western European corporates focusing on Central & Eastern Europe

Recent Awards



Bank of the Year 2020
(5 times in a row) | CEE



Best Bank in CEE 2021
Best Trade Finance Provider 2021
Best Treasury & Cash Management Award 2021



Euromoney Best Bank 2020 in Slovakia, Russia & Ukraine




Best Bank 2020 in CEE & CIS
(6 times in a row, awarded in 2021)
Best Foreign Bank in Russia
Best Bank in AT, all of our network banks are "Best Banks" in their markets




Best Bond House in CEE
Best Schuldschein Darlehen
Best Structured Finance Deal in Europe

The Leading Sustainable Financial Institution in Austria & CEE!



March 2021

RBI is committed to promoting environmentally friendly technologies and will focus even more on renewable energy. At the same time, it has imposed strict restrictions on itself in connection with the "exit from coal"




February 2021


RBI is the first Austrian banking group committing to the UN Principles for Responsible Banking

Ratings, Rankings and Indices


- **"Prime Status"** and Level "C+" by ISS-ESG (June 2020)
- Sustainability: "Low risk"; Ranked 80th of 947 reviewed diversified banks (July 2020)
- RBI is included in the STOXX® ESG Leaders Indices, the FTSE4Good Index Series, as well as the Austrian vönix Index
- **In 2020, RBI was again in CDP's climate leadership list**; it is recognised as one of Austria's top five companies included in the ranking and, for the 6th time in a row, the highest-ranking domestic company in the financial sector




RATED BY ISS ESG




CDP A LIST 2020 CLIMATE




SUSTAINALYTICS



VONIX 2021 INDEX MEMBER



Member 2020/2021 ESG Leaders Indices



FTSE4Good




Leading Sustainable Bond House

in our Home Markets 2020⁽¹⁾

Rank	Bookrunner	Amount (EUR, mn)	Issues	Share (%)
1	JP Morgan	1,066.36	8	17.81%
2	Raiffeisen Bank International	647.49	10	10.82%
3	Credit Agricole CIB	600.00	2	10.02%
4	ING Groep	571.43	2	9.55%
5	UniCredit	363.57	4	6.07%
6	Deutsche Bank	301.43	3	5.04%
7	HSBC	288.10	3	4.81%
8	Credit Suisse	208.75	2	3.49%
9	Nomura	203.05	3	3.39%
10	Société Générale	151.43	2	2.53%
Total Credited		5,986	20	



















Own Green Bonds

Largest Austrian Issuer

 EUR 300,000,000 0.5% Green Bonds due 2028 BOOKRUNNER April 2021 Slovakia	 EUR 750,000,000 0.375% Green Bonds due 2026 BOOKRUNNER Sept. 2019 Austria	 EUR 500,000,000 0.25% Green Bonds due 2021 BOOKRUNNER July 2018 Austria
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Bonds / Schuldscheindarlehen

Loans

 <p>EUR 300,000,000</p> <p>4.25% Senior Unsecured Green Bond due 2026</p> <p>BOOKRUNNER</p> <p>May 2021 Romania</p>	 <p>EUR 150,000,000</p> <p>3.125% Sustainability-Linked Senior Bond due 2026 Exchange Offer & New Money</p> <p>BOOKRUNNER & SUSTAINABILITY STRUCTURING AGENT</p> <p>May 2021 Austria</p>	 <p>EUR 500,000,000</p> <p>1.625% Sustainability-Linked Senior Unsecured Bond due 2028</p> <p>BOOKRUNNER</p> <p>May 2021 France</p>	 <p>EUR 300,000,000</p> <p>3.625% Perpetual NC 5.5yrs Green Hybrid Bonds</p> <p>BOOKRUNNER</p> <p>Apr 2021 CEE Region</p>	<p>CECONOMY <i>Media Markt</i></p> <p>EUR 1,060,000,000</p> <p>Sustainability-linked Revolving Credit Facilities</p> <p>MANDATED LEAD ARRANGER</p> <p>May 2021 Germany</p>	 <p>EUR 750,000,000</p> <p>Sustainability-linked Revolving Credit Facility</p> <p>COORDINATING BMLA & SUSTAINABILITY STRUCTURING AGENT</p> <p>Mar 2021 Germany</p>	 <p>USD 100,000,000</p> <p>Sustainability-linked Revolving Credit Facility</p> <p>MANDATED LEAD ARRANGER</p> <p>Mar 2021 Russia</p>
 <p>EUR 300,000,000</p> <p>0.5% Green Senior Preferred Eurobond due 2028</p> <p>BOOKRUNNER & SUSTAINABILITY STRUCTURING AGENT</p> <p>Apr 2021 Slovakia</p>	 <p>EUR 300,000,000</p> <p>2.625% Senior Unsecured Green Bonds due 2027</p> <p>BOOKRUNNER</p> <p>Jan 2021 CEE Region</p>	 <p>HUF 25,000,000,000</p> <p>3.00% Senior Unsecured Green Bonds due 2030</p> <p>BOOKRUNNER & SUSTAINABILITY STRUCTURING AGENT</p> <p>Dec 2020 Hungary</p>	 <p>EUR 350,000,000</p> <p>1.00% Senior Unsecured Green Bonds due 2025</p> <p>BOOKRUNNER & SUSTAINABILITY STRUCTURING AGENT</p> <p>Oct 2020 Austria</p>	 <p>EUR 3,999,000,000</p> <p>Sustainability-linked Revolving Credit Facility</p> <p>MANDATED LEAD ARRANGER</p> <p>Mar 2021 UK</p>	<p>Huhtamaki</p> <p>EUR 400,000,000</p> <p>Sustainability-linked Revolving Credit Facility</p> <p>MANDATED LEAD ARRANGER</p> <p>Jan 2021 Finland</p>	 <p>EUR 150,000,000</p> <p>ESG-linked Revolving Credit Facility</p> <p>COORDINATING BMLA & SUSTAINABILITY STRUCT. AGENT</p> <p>Dec 2020 Romania</p>
<p>EVN</p> <p>EUR 101,000,000</p> <p>0.85% Green Private Placement 2035</p> <p>SOLE BOOKRUNNER</p> <p>Oct 2020 Austria</p>	 <p>EUR 650,000,000</p> <p>2.125% Senior Unsecured Green Bonds due 2025</p> <p>BOOKRUNNER</p> <p>Sep 2020 CEE Region</p>	 <p>EUR 500,000,000</p> <p>3.375% Senior Unsecured Green Bonds due 2027</p> <p>BOOKRUNNER</p> <p>Jul 2020 Romania</p>	 <p>EUR 200,000,000</p> <p>3.250% Green Tier 2 Bonds due 2035</p> <p>GLOBAL COORDINATOR</p> <p>Jul 2020 Austria</p>	 <p>EUR 250,000,000</p> <p>ESG-linked Revolving Credit Facility</p> <p>COORDINATING BMLA & SUSTAINABILITY STRUCTURING AGENT</p> <p>Dec 2020 Austria</p>	 <p>EUR 3,500,000,000 USD 1,500,000,000</p> <p>ESG-linked Term Loans ESG-linked Revolving Credit Facility</p> <p>MANDATED LEAD ARRANGER</p> <p>Dec 2020 Sweden</p>	 <p>EUR 55,000,000</p> <p>Green Loan</p> <p>BILATERAL LOAN</p> <p>May 2020 Portugal</p>

RBI's Corporate & Investment Banking Divisions have ramped up their sustainable finance practices substantially over the last years and today, RBI is among the leading European banks in **supporting and advising corporates** who seek to raise sustainable financing

Adjacent & Preparatory Advisory Services

In-depth advice on suitability of different sustainability formats

- Tailored to a company's business and sustainability strategy

Sustainability Linked Formats

- Sustainability Linked Finance Framework, incl. definition of sustainability performance targets ("SPTs")
- If no framework is being drafted, case-by-case advice on suitable sustainability format (ESG Rating vs. KPIs)

Use-of-Proceeds Formats

- Sustainable Finance Framework, incl. definition of investment targets
- If no framework is being drafted, case-by-case advice on management and allocation of proceeds and impact reporting

External service providers

- Advising on the selection of the **2nd-Party Opinion (SPO) Providers**
- Advising on the selection of the most renowned **ESG Rating Agencies** (e.g., MSCI, ISS ESG, Sustainalytics, V.E)

Core Financing Transaction Support

In roles most suitable to a company's needs, i.e.

- as arranger
- as bookrunner
- as lender
- as structurer

Across all instrument classes

- Bilateral corporate loans, incl. ECA-covered loans
- Project finance, real estate finance
- Syndicated loans and club loans, incl. ECA-covered loans
- Schuldscheindarlehen,
- Bonds,
- Derivatives,
- Guarantees

Across all categories of sustainable financing, linked to

- sustainable purposes ➔ Sustainability **Impact finance**,
- Sustainability KPIs ➔ Sustainability **KPI-linked finance**, and
- a Sustainability Rating ➔ Sustainability **Rating-linked finance**

Sustainable Finance Solutions

Peter Paul Unger
Head of Corporate Finance Solutions

Mobile: +43 664 8888 8827
peter.unger@rbinternational.com

Birgit Sigl-Worel
Director Corporate Finance Solutions

Mobile: +43 664 8888 5892
birgit.sigl-worel@rbinternational.com

RBI Branch Germany

Stefan Bolz
Head of Frankfurt Branch

Mobile: +49-151-1919 9989
stefan.bolz@de.rbinternational.com

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