

RBI Green Bond — 2019

ALLOCATION and IMPACT REPORTING

For more than 130 years, Raiffeisen has combined financial success with socially responsible action. In 2018 Raiffeisen Bank International (RBI) issued its first green bond, focused on green commercial real estate in Central and Eastern Europe. This inaugural green bond has contributed to increase green lending in Austria and the CEE network. The following report provides an overview of the allocation of issuance proceeds, the green loan portfolio and its environmental impact.



**Raiffeisen Bank
International**

INTRODUCTION

RBI's sustainability strategy contributes to the achievement of the UN Sustainable Development Goals (SDGs). In particular, RBI pursues the following eight SDGs:



RBI's contribution to sustainability means undertaking responsible corporate activities for the long term, with the goal of achieving economically positive results alongside consideration of key social and environmental aspects.

RBI is committed to aligning its policies and processes with these goals. Furthermore, RBI strives to take a leading role in the development and growth of the green bond market by promoting the Green Bond Principles.

BACKGROUND TO RBI'S GREEN BOND INITIATIVE

Buildings are responsible for approximately 40 % of energy consumption and 36 % of greenhouse gas emissions in the EU¹. Improvements in the energy efficiency of buildings has the potential to lead to substantial energy savings and a reduction of greenhouse emissions. By issuing a green bond focused on energy efficiency in the real estate sector in Austria and the CEE region, RBI contributes to carbon reduction in alignment with the UN Climate Goals – limiting global warming to below 2°C by 2050.

RBI Inaugural Green Bond

ISIN	XS1852213930
Issue Date	05/07/2018
Maturity Date	05/07/2021
Size	EUR 500 million
Coupon	0.25 %

GREEN PORTFOLIO CRITERIA

RBI follows a portfolio approach in its green bond program: its green loan portfolio (Eligible Green Loan Portfolio) is allocated pro rata to all Green Bonds issued under the green bond framework published in June 2018 (Green Bond Framework). As of end of February 2019 RBI had one Green Bond benchmark outstanding in the amount of EUR 500 mn. This report relates to this Green Bond.

RBI has defined a wide range of eligible green assets in its Green Bond Framework. As of end of February 2019

the Eligible Green Loan Portfolio consisted only of real estate loans to finance green commercial buildings with a recognized certification (applied, pre-certified or certified) with a minimum of LEED Gold, BREEAM very good or DGNB/ÖGNI Gold.

In the event that the certification is not received or that the final certification is insufficient, the loan will be excluded from the Eligible Green Loan Portfolio.

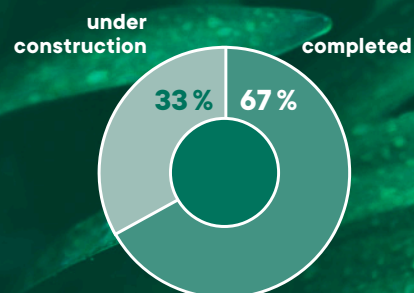
¹) source: European Commission <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings>



ALLOCATION REPORT

as of 28/02/2019

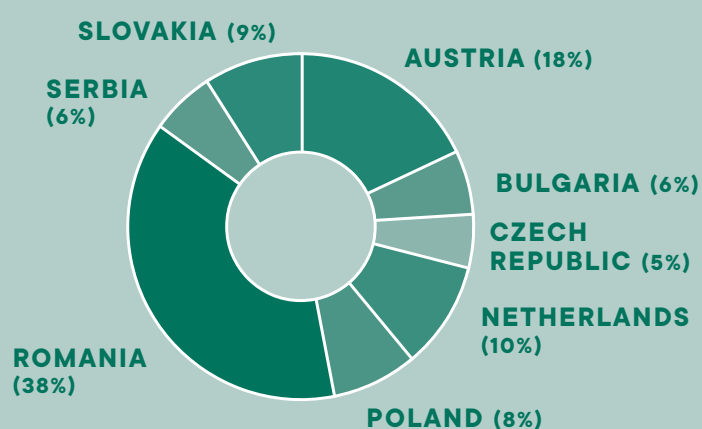
As of end of February 2019 the Eligible Green Loan Portfolio amounted to EUR 630 million, out of which approx. EUR 480 million was already disbursed and EUR 150 million was committed but not disbursed. The average life of the buildings was 2 years¹.



A PORTFOLIO FOCUSING ON COMMERCIAL REAL ESTATE

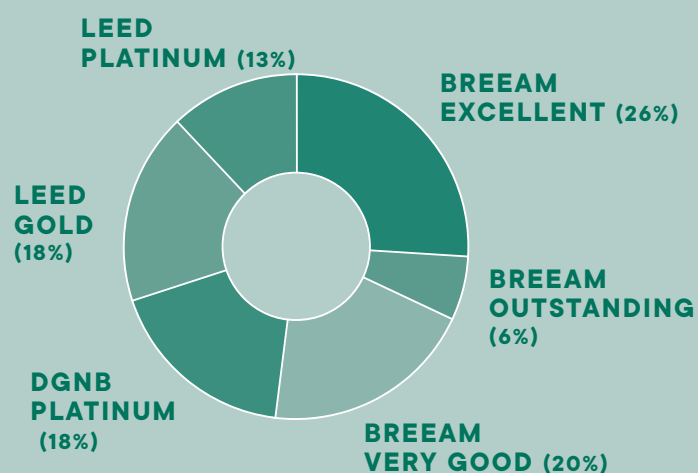
Asset category	Eligible portfolio in € mn	Number of loans	Eligible portfolio in %	Green Bond outstanding in € mn
Hotel	64	1	10 %	
Logistic	67	2	11 %	
Office	417	14	66 %	
Shopping	82	2	13 %	
Total	630	19	100 %	500

DIVERSIFIED ACROSS OUR REGION



¹) Average life of buildings in the portfolio is calculated based on the year of completion of construction with life of buildings under construction being 0 years.

WITH THE HIGHEST CERTIFICATIONS



IMPACT REPORT

as of 28/02/2019

The commercial real estate included in the green portfolio has considerably lower energy consumption than the average level for real estate in the respective country.¹

Weighted average energy consumption of baseline portfolio	179 kWh/m ² per year
Weighted average energy consumption of RBI portfolio	78 kWh/m ² per year
Weighted average energy saving per m ² per year	57 %
Total reduction in final energy use	42 mn kWh per year

Greenhouse gas emissions saved amount to 12,992 tons per year and 38,976 tons over 3 years for the entire Eligible Green Loan Portfolio.

CO₂ SAVINGS BY ASSET CATEGORY

Asset category	CO ₂ savings per year in tons	CO ₂ savings in 3 years in tons
Hotel	657	1 971
Logistic	3 974	11 922
Office	7 110	21 330
Shopping	1 251	3 753
Total	12 992	38 976

12,992
CO₂ tons
avoided per annum
for the Eligible Green
Loan Portfolio of
€ 630 mn

EQUIVALENT TO ANNUAL GREENHOUSE GAS EMISSIONS



2,758
passenger vehicle
driven for one year



1,556
homes energy
use for one year



214,792
tree seedlings
grown for 10 years

Annual CO₂ reduction
per € 1 mn invested

21 tons

or

Annual CO₂ reduction
per € 500 mn
bond outstanding

10,300 tons

¹) The calculation method can be found on page 5

²) Source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>



SUSTAINABLE FINANCE DEVELOPMENT

RBI intends to be a regular green bond issuer in the international capital market as well as in the Austrian and Eastern European retail markets. Its comprehensive framework allows for a wide range of green projects, including green buildings, renewable energy, waste water management, energy efficiency and clean transportation.

By issuing green bonds, RBI aims to increase further awareness about sustainability within the whole organi-

zation, leading to new initiatives and strategic synergies between internal and external stakeholders.

In January 2019, RBI introduced an Environmental Social Governance (ESG) incentive scheme to support the long-term development of green and social loan portfolios. The target of the ESG incentive scheme is to grow the sustainable finance portfolio and to back its green and social bond issuance activities.

CARBON IMPACT METHODOLOGY

RBI estimates the carbon impact of the certified commercial real estate in its Eligible Green Loan Portfolio on a line by line basis:

$$\begin{array}{c} \text{Carbon Impact} \\ \text{(Building b, Country c)} \\ \\ = \\ \begin{array}{c} \text{Final Energy} \\ \text{Demand (b)} \end{array} - \text{Baseline (c)} \times \begin{array}{c} \text{Emission} \\ \text{Factor (c)} \end{array} \end{array}$$

RBI business lines collect the real energy consumption data from the tenants where feasible, and the energy demand documented in the Energy Performance Certificates (or equivalent).

Otherwise green building certifications (including the related energy score), the location and the building's use can be used as a proxy to refine the collected data when necessary.

Energy savings are calculated against baselines of national average energy demand for commercial real estate (Table 1, source: EU Entranze project, <https://www.entranze.eu/>).

Energy savings are then converted to carbon savings based on emission factors from the International Energy Agency (IEA, <https://www.iea.org/>) for gas, oil, coal and biomass, and on Residual Electricity Mix from the Association of Issuing Bodies (AIB, https://www.aib-et.org/facts/european_residual_mix) for electricity.

Emission factors for the different energy sources are combined according to the energy mix consumed by buildings locally (Table 2, source: EU Entranze project, <https://www.entranze.eu/>).

TABLE 1

Country	Baseline (kWh final/m ² y)
Austria	213
Bulgaria	166
Czech Republic	207
Netherlands	187
Poland	207
Romania	166
Serbia	166
Slovakia	213
Baseline	179

TABLE 2

Country	Emission factor (gCO ₂ /kWh)
Austria	321
Bulgaria	434
Czech Republic	428
Netherlands	343
Poland	595
Romania	296
Serbia	296
Slovakia	216



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