Raiffeisen Bank

Sustainability Bond Report Raiffeisen Bank Romania

April 2023

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Introduction

Introduction

I am pleased to present our second annual Sustainability Bond Report, providing a comprehensive overview of the allocation and impact of the proceeds from our green and sustainability bonds.

Our Sustainability Bond Framework remains a vital part of our broader sustainability strategy, focusing on assets with positive environmental and social impact to support the necessary transition of the Romanian economy to an environmentally sustainable future.

Our sustainability commitment is anchored in three pillars:

› being a responsible banker,
› fair partner, and
› active corporate citizen.

The recent developments over the past years, marked by the military conflict in Ukraine, escalating geopolitical tensions, energy crises, reshoring investment trends, and the ongoing COVID-19 pandemic, have underscored the importance of building a resilient and sustainable economy.

At Raiffeisen Bank, we are committed to supporting the creation of a stronger, more competitive, inclusive, and sustainable Romanian economy.

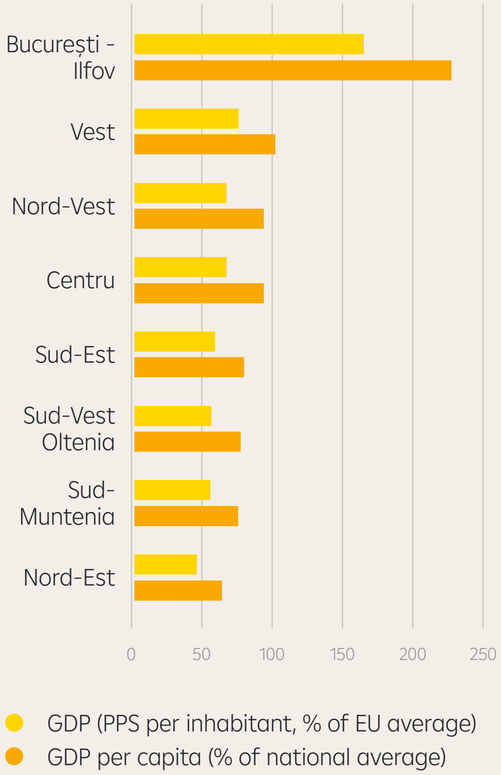
Romania's social and economic cohesion is challenged by significant regional economic disparities. Economic growth has been concentrated in the capital city macro-region, with Bucharest-Ilfov boasting a GDP per capita of 228% of the national average as of 2020. In contrast, four out of seven macro-regions (NUTS2 classification) in Romania have a GDP per capita below 80% of the national average. With the exception of Bucharest-Ilfov, all remaining macro-regions fall below 75% of the EU's GDP per capita threshold, indicating underdevelopment.

Low economic development in most of Romania's regions is exacerbated by adverse demographic trends, limited access to essential infrastructure and services, and a lack of business opportunities.

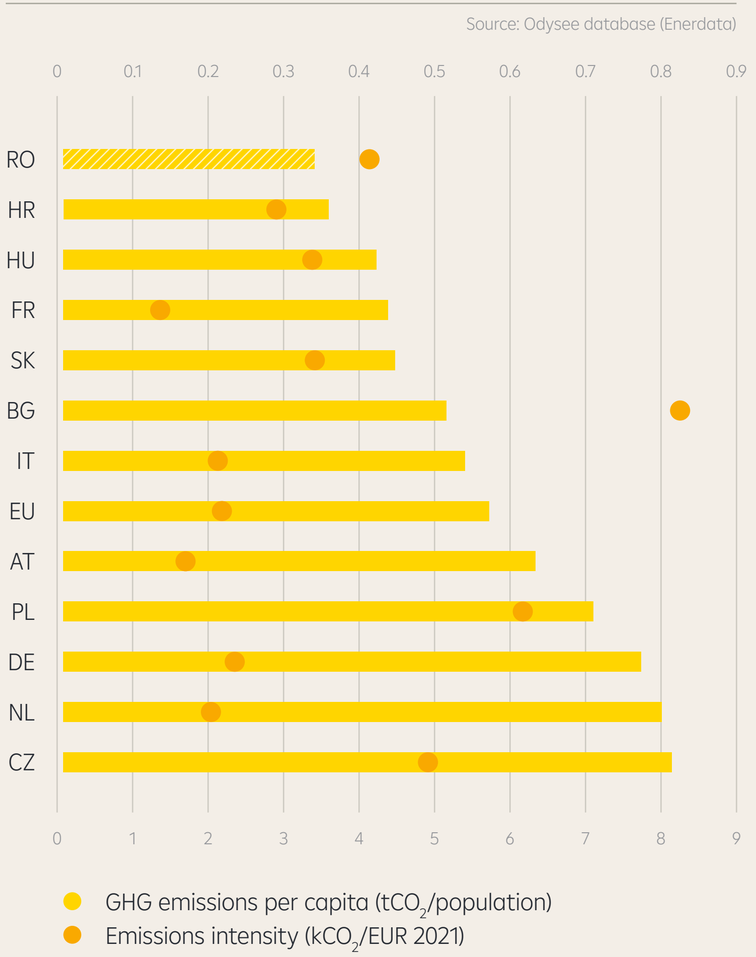
Recognizing these challenges, Raiffeisen Bank has transformed in 2022 its Green Bond Framework into a Sustainability Bond Framework, expanding our commitment from financing green investment projects to include also social financing. Our emphasis in this area will be on fostering the growth of SMEs in less developed regions and enhancing access to vital infrastructure and services throughout the country.

Regional disparities in Romania are high (2020 data)

Source: Eurostat, NIS



Romania has one of the highest emission's intensity from EU, despite low nominal GHG emissions (2019)



Despite Romania having one of the lowest greenhouse gas emissions per capita within the EU, its emission intensity is among the highest. This critical issue must be addressed through increased investments in energy efficiency and renewable energy infrastructure.

Our commitment to green investments remains a central tenet of our Sustainability Bond Framework.

In the context of ESG, both Romania's sovereign rating and our bank's rating reflect certain challenges and opportunities.

Moody's latest assessment indicates a moderately negative (CIS-3) ESG Credit Impact Score for Romania, considering low environmental risk exposure, moderate social risks, and relatively weak institutions. Social risks include adverse demographics, access to services below EU standards, and moderate education performance.

Raiffeisen Bank's rating, on the other hand, showcases a more favorable ESG Credit Impact Score (CIS-2 neutral-to-low), highlighting the limited credit impact from environmental and social risk factors to date and neutral to low governance risks. These assessments underscore the importance of our ongoing sustainability efforts and the role we play in addressing the country's environmental and social challenges.

In conclusion, our second annual Sustainability Bond Report demonstrates our unwavering commitment to Romania's transition to a sustainable and low-carbon emissions economy. By implementing our three-pillar sustainability strategy and expanding our Sustainability Bond Framework, we strive to address the challenges faced by our country and drive meaningful change for a greener, more inclusive, and prosperous future.

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Summary

Green & Sustainability Bonds issued

ISIN	Format	Currency	Issue amount RON mn	Issue amount EUR mn equiv.	Issue Date	Maturity Date	Green allocation	Social allocation
XS2339508587	Green	RON	400.575	80.97	14-May-21	14-May-26	80%	...
XS2349343256	Green	RON	1,207.500	244.07	11-Jun-21	11-Jun-28	80%	...
XS2489289053	Green	RON	525.000	106.12	15-Jun-22	15-Jun-27	40%	...
XS2511879160	Sustainability, with min. 50% social projects and the rest green	RON	500.850	101.23	17-Aug-22	17-Aug-27	9%	73%
XS2539944012	Sustainability, with min. 50% social projects and the rest green	RON	325.500	65.79	18-Oct-22	18-Oct-27	9%	73%
XS2556373046	Sustainability, with min. 50% social projects and the rest green	RON	369.075	74.60	07-Dec-22	07-Dec-27	9%	73%
Total			**3,328.50**	**672.78**				

All the ISINs above are listed on Bucharest Stock Exchange (BSE) and on Luxembourg Stock Exchange (LuxSE).

Allocation summary

as of Dec 2022

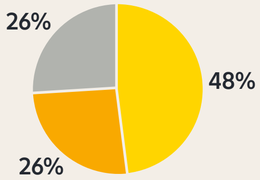
→ Total amount of allocated sustainable loans:

EUR 500.5 mn

→ Number of allocated loans

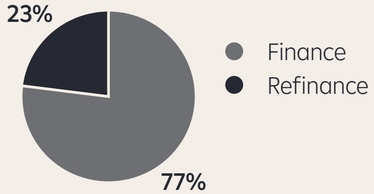
6,223

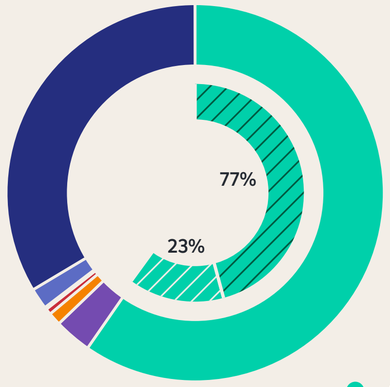
Structure of green & sustainability bonds use of proceeds



- Allocated green loans
  48%
  EUR 323 mn
- Allocated social loans
  26%
  EUR 177 mn
- High quality liquid assets
  26%
  EUR 172 mn

Share of finance and refinance loans





- Green Buildings
  59.8%
  EUR 299.5 mn
  - Commercial
    23%
  - Residential
    77%
- Clean Transportation
  3%
  EUR 14.9 mn
- Renewable Energy
  1.1%
  EUR 5.3 mn
- Circular economy
  0.6%
  EUR 2.9 mn
- Sustainable Agriculture
  0.2%
  EUR 0.9 mn
- Social - Access to essential services
  1.7%
  EUR 8.6 mn
- Social SME financing
  33.6%
  EUR 168.5 mn

Asset category		Category type	Allocated eligible loans at 31 Dec. 2022	Number of loans as of 31 Dec. 2022	Allocated amount at 31st of Dec. 2022
			EUR mn		%
Green	Green Buildings	Apartment	116.9	2,267	23.3%
		House	113.9	1,642	23.8%
		Warehouse	38.2	2	7.6%
		Office	6.7	3	1.3%
		Production facility	0.8	1	0.2%
		Retail Real Estate	23.0	1	4.6%
	Clean Transportation	Electric car	9.1	353	1.8%
		Hybrid car	2.0	64	0.4%
		Electric Locomotive	1.1	1	0.2%
		Forklift	2.2	94	0.4%
		Electric charging stations for cars	0.5	1	0.1%
	Renewable energy	Solar energy	5.3	83	1.1%
	Circular economy	Production projects	2.9	2	1%
	Sustainable Agriculture	Organic farming	0.9	6	0.6%
Social	SME financing	Underdeveloped regions	168.5	1,700	33.7%
	Access to essential services	Healthcare, Education and Essential Infrastructure	8.7	3	1.7%
Total			**500.5**	**6,223**	**100%**

Impact summary for the allocated green and social loan portfolio

as of December 2022

GREEN FINANCING

★ **17,635 tCO_2**
annually saved through
EUR 319 mn
green loan portfolio*

★ Annual CO_2 reduction per EUR 1 mn invested:
55 t

* CO_2 emissions saved calculated for green buildings, clean transportation and renewable energy

★ Annual electricity production from solar photovoltaic technology:
18,000 MWh

★ Recycling:
- → **1,474 t WEEE**
- → **4,370 t plastic PET**
- → **1,410 t textiles**

→ Equivalent to green-house gas emissions from:
9,115 passenger cars driven for 1 year

→ Equivalent to green-house gas emissions avoided from:
264,532 tree seedlings grown for 10 years

SOCIAL FINANCING

SME Financing in underdeveloped regions:

★ **1,700 SME**
employing
28,489 individuals

Access to essential services:

★ **Education & Research**
construction and rehabilitation of two school campuses featuring 10 buildings (38,360 m^2), Scientific and Technological Park (6,000 m^2), renovation of 2 Kindergartens

★ **Cultural & Recreational**
rehabilitation and endowment of a municipal library (577 m^2) and modernization of adjacent park (9,629 m^2), one multifunctional recreational center

★ **Healthcare**
one multifunctional medical center and equipment, one educational center

★ **Access to essential infrastructure**
modernization of public lighting system, replacing 1,446 low energy efficiency lighting system with LED lighting fixtures

CO_2 emissions and energy savings by asset category

Asset category	Category type	tCO_2 savings per year	CO_2 savings in %	Primary energy savings per year	Primary energy savings in %	Area	Capacity/ Production	Recycled materials
				MWh		ha	MW / MWh per year	t
Green Buildings	Residential	2,732	15%	42,430	55%	...	...	...
	Non-residential	3,867	22%	34,856	45%	...	...	...
Clean Transportation	Passenger cars	355	2%	...	...	...	...	...
	Electric Locomotive	64	0%	...	...	...	...	...
	Forklifts	958	5%	...	...	...	...	...
	Charging stations	1,872	11%	...	...	...	...	...
Sustainable Agriculture	Organic farming	...	...	...	...	984	...	...
Renewable energy	Solar panels	7,787	44%	...	...	...	17 MW/ 18,000 MWh	...
Circular economy	Production projects	...	...	...	...	...	...	1,474 t WEEE 4,370 t PET 1,410 t textiles
Total		**17,635**	**100%**	**77,286**	**100%**	...	**17 MW/ 18,000 MWh**	**1,474 t WEEE 4,370 t PET 1,410 t textiles**

Sustainability Bond Framework

Sustainability Bond Framework

As an integral part of Raiffeisen Bank's overall sustainability strategy, green and sustainability bonds play a crucial role in promoting and financing projects that generate positive environmental and social impacts.

Over the past two years, the bank has issued a total of 6 bonds, comprising 3 green and 3 sustainability bonds, with a combined nominal amount of EUR 673 mn.

For the sustainability bonds, at least 50% of the proceeds will be allocated to social categories, with the remaining balance allocated to green eligible projects as defined in the bank's Sustainability Bond Framework.

The bank's trailblazing role in the sustainable finance market has been underscored in 2021 by becoming the first issuer of green bonds on the Romanian capital market.

In 2022, the bank continued to innovate by issuing the first sustainability bonds in the Romanian market. This reaffirms our commitment to supporting the development of a sustainable and inclusive economy, while contributing to the resilience and competitiveness of Romanian SMEs.

The use of proceeds from each bond issuance will be fully allocated to eligible loans within 36 months, following the criteria set out in the bank's two frameworks:

- the Green Bond Framework from 2021 (GBF 2021) and
- the Sustainability Bond Framework from 2022 (SBF 2022).

The first two green bonds from 2021 were issued under GBF 2021, while the four bonds from 2022 were issued under SBF 2022.

Consistent with the approach outlined in last year's report, the bank intends to limit the share of internally refinanced eligible loans to a maximum of 30%. We will also apply a lookback period of up to 3 years when selecting eligible assets and consider the age of the asset and the performing status of the loan as additional selection criteria.

The eligible loan categories under SBF 2022 are divided into two groups:

A. Green loans, which include green buildings, renewable energy, energy efficiency, clean transportation, sustainable agriculture and forestry, circular economy, pollution prevention and control, and sustainable water and wastewater management, and

B. Social loans, which comprise employment generation through SME financing in underdeveloped regions, increased access to essential infrastructure and services, and affordable housing.

Sustainalytics issued a Second Party Opinion on the Sustainability Bond Framework in April 2022. The assessment concluded that the framework is credible, impactful, and aligned with the ICMA's Sustainability Bond Principles 2021, Green Bond Principles 2021, and Social Bond Principles 2021.

Furthermore, Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact, contributing to the advancement of the UN Sustainable Development Goals (SDGs) 2, 3, 4, 6, 7, 8, 9, 11, 12, 15.

Allocation Report

Green Financing

- Green Buildings
- Clean Transportation
- Renewable Energy
- Circular Economy
- Sustainable Agriculture

Social Financing

- SME Financing in Underdeveloped Regions
- Access to Essential Services

Allocation Report

GREEN FINANCING

Green Buildings

RBRO supports the increase in energy efficiency and reduction of the carbon footprint of the Romanian buildings via two types of dedicated lending products:

1. Retail

green mortgages aimed at acquisition of energy efficient homes, having either level A energy performance certificate (EPC) or ROGBC (Romanian Green Building Council) standard*

2. Corporate/ Project Finance

loans for development, acquisition and/or ownership of new or existing buildings in commercial and retail real estate sector meeting at least one eligibility criteria from the Green Bond Framework (internationally recognized green building certification or EPC level A)

* Romania Green Building Council - What is the RoGBC

Summary statistics of the allocated green building loan portfolio

as of 31st December 2022

→ Outstanding volume

EUR 299.4 mn

→ Number of loans

3,916

→ Floor area

632,316 m²

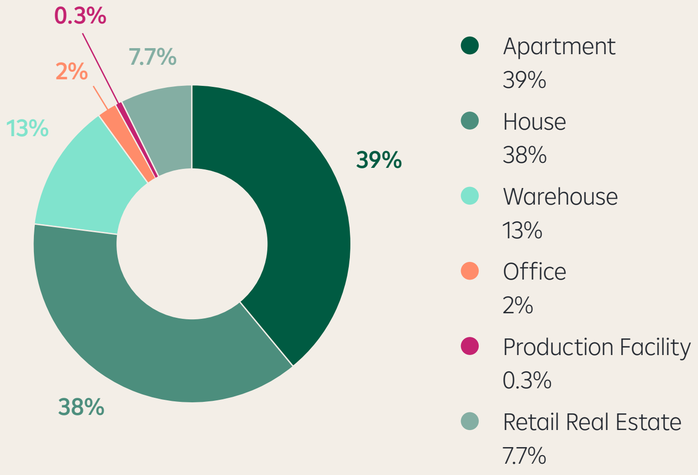
The outstanding amount of allocated green building loans as of 31st Dec 2022 stood at EUR 299.4 mn, representing approximately 60% of the total volume of allocated loans.

Green mortgages represent 77% of the total portfolio of green buildings, while 23% of the loan portfolio went towards financing of warehousing, office and retail (malls) buildings.

Most of the financed buildings have **EPC level A certificate** (78% of the allocated amount) and the rest **BREEAM in use Excellent** (14%) – out of which one building is undergoing the certification process – and **EDGE Advanced** (8%).

Asset category	Lending product	Category type	Allocated green loans	Number of loans	Floor area
			EUR mn		m²
Green Buildings	Mortgage	Apartment	117	2,267	126,212
		House	114	1,642	131,540
	Corporate/ Project Finance	Warehouse	38	2	247,633
		Office	7	3	12,994
		Production facility	1	1	5,675
		Retail Real Estate	23	7	108,262

Outstanding amount by category type



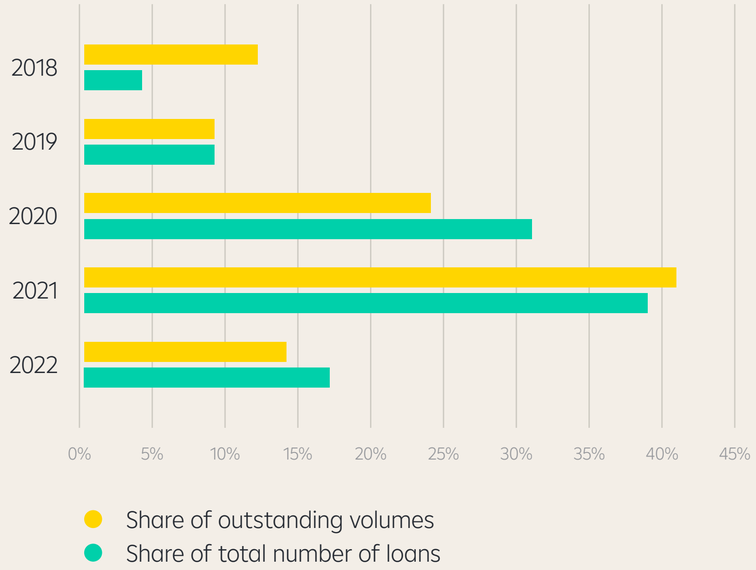
Certification	Allocated amount	Number of certified buildings	Number of buildings undergoing certification
	EUR mn		
BREEAM in use Excellent	42	3	1
EDGE Advanced	23	7	-
EPC level A	234	3,911	-
Total	**299**	**3,921**	**1**

In terms of age of the buildings, we have allocated only eligible loans with construction year 2018 or later. For eligible loans originated in 2020, construction year has been estimated based on the assumptions described in the Methodology section. Most of the buildings (41%) financed by the allocated loans have been built in 2021, followed by the ones build in 2020 (24%) and in 2022 (14%) (see the following chart).

The total amount allocated to green mortgages stands at EUR 231 mn, out of which EUR 56 mn represents the refinancing share, EUR 83 mn represents the allocated amount in 2021 and the rest of EUR 92 mn are the ones allocated in 2022.

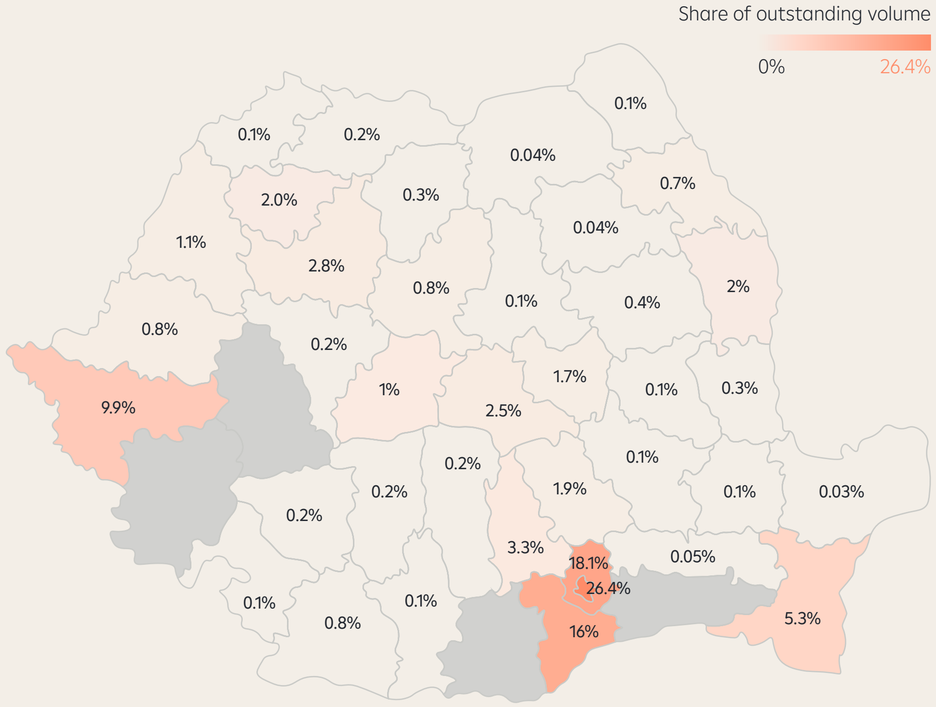
The total outstanding volume of eligible green mortgages (EPC level A) originated in year 2022 (in the February – November period) stood at approximately EUR 131 mn, out of which we have allocated only EUR 92 mn to the green bond register, as the rest of the financed buildings had been built before 2018.

Construction year of green buildings

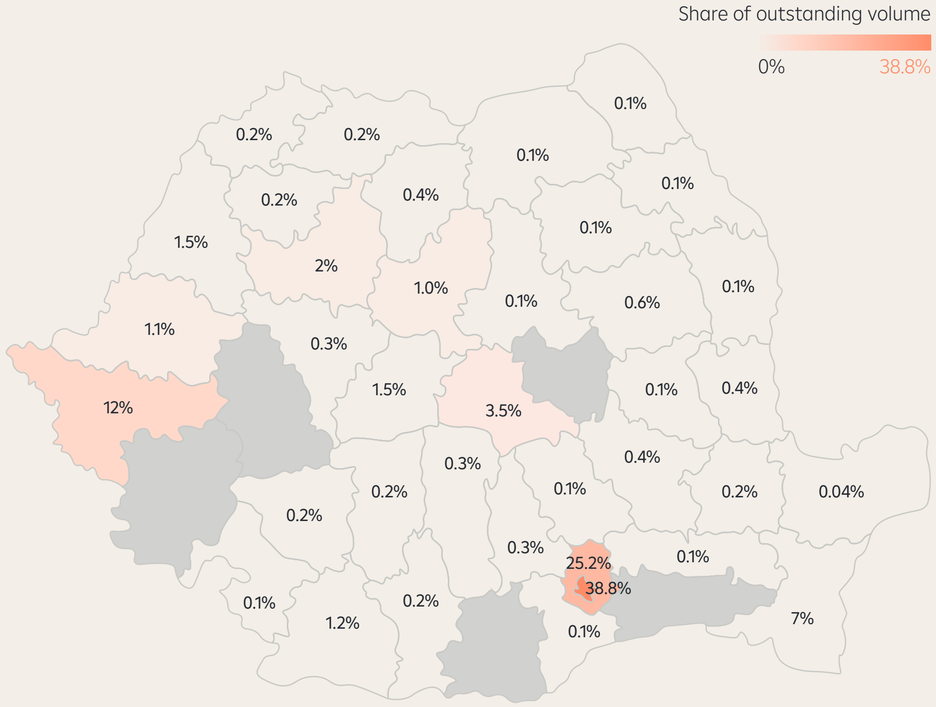


With regards to geographical distribution, 76% of the allocated loans finance buildings in 5 counties: Bucharest, Ilfov, Giurgiu, Timis, Constanta. The allocated corporate/ project finance loans are financing warehousing and office buildings mostly in Giurgiu county, followed by Cluj and Timis counties.

Geographical distribution of total allocated amount of green buildings



Geographical distribution of allocated amount of green mortgages



Clean Transportation

In line with GBF 2021 and SBF 2022, eligible loans can be originated also by Raiffeisen Leasing IFN (RLRO), a wholly owned subsidiary (99.99%) of RBRO. In 2021, RBRO granted a credit facility to RLRO, with outstanding amount of EUR 28.9 mn as of 31st December 2022, out of which RLRO financed through financial leasing the acquisition of EV, hybrid cars, forklifts and an electric locomotive with total outstanding amount of EUR 14.5 mn.

Electric cars accounted for the largest share (63%) of vehicles financed by the allocated loans by volume, with Tesla EVs making up the biggest share of electric car sales (up to 58.5%). The electric locomotive financed under this category will be used for freight transport with an estimated utilization between 8,000 and 10,000 km per month.

RLRO also financed 94 electric forklifts, which are one of the most important assets to any cargo handling operation. The financed forklifts will have a total estimated utilisation of 141,000 to 282,000 hours per year.

In addition to the loans originated by RLRO, RBRO financed 25 electric charging stations for cars, which will help develop the infrastructure of low-carbon road transport and public transport, thus contributing to climate mitigation.

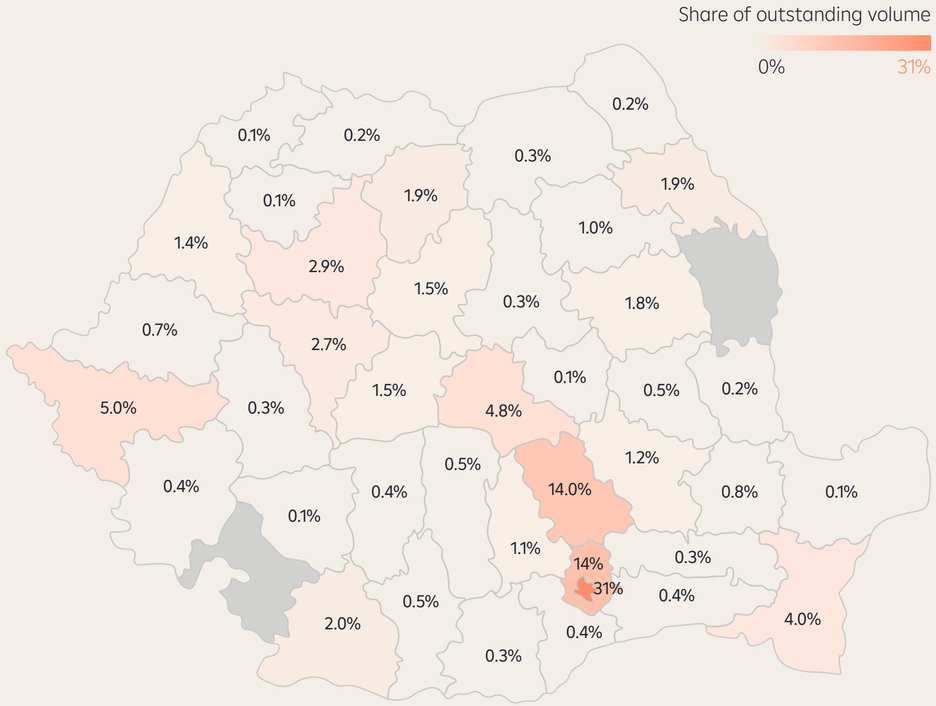
Summary statistics of the allocated loans financing clean transportation

as of 31st December 2022

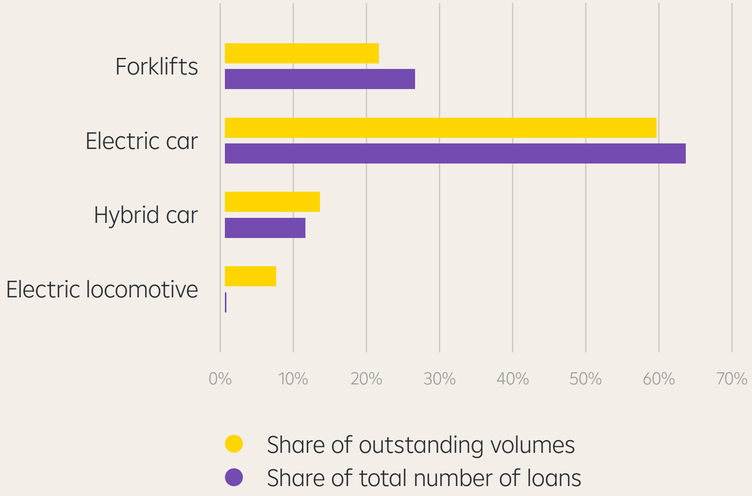
- Outstanding volume
  EUR 15 mn
- Number of vehicles
  513
- Type of vehicles
  passenger cars:
  417
  forklifts:
  94
  electric locomotive:
  1
- Infrastructure
  electric charging stations for cars:
  25

In terms of geographical distribution, 3 counties make up 59% of the total loans granted for clean transportation. Bucharest is the leading county – with 53% share – mainly due to the loans granted for electric cars (46%), the rest representing financing of the electric locomotive (23%), hybrid cars (17%), electric charging stations for cars (10%) and forklifts (4%).

Geographical distribution for allocated loans by outstanding amount



Allocated loans by type of vehicle



Renewable Energy

Raiffeisen Bank has developed a comprehensive lending offer to support the adoption of renewable energy, with a particular focus on financing the acquisition of solar panels for small and medium-sized enterprises (SMEs). By investing in solar panels, SMEs can reduce their energy costs and contribute to the transition towards renewable energy sources, aligning their business operations with sustainable practices.

To ensure the success of these renewable energy projects, the bank has partnered with specialized consultants who assist the beneficiaries of the solar panels throughout the entire process. These experts provide valuable guidance and support the beneficiaries with the acquisition and installation of the solar panels , as well as with the project management from a technical perspective. Furthermore, the bank has created a dedicated website to promote investments in renewable energy. This online platform offers insights into the benefits, costs, and required steps for investing in solar panel infrastructure, serving as a valuable resource for interested parties.

Since the launch of this renewable energy lending offer at the end of 2021, Raiffeisen Bank has granted 83 loans, amounting to EUR 5.3 mn, for the acquisition and installation of solar panels. A majority of these loans, 72%, were granted through the bank, while the remaining 28% were facilitated through its leasing subsidiary. This demonstrates the bank's commitment to providing accessible and effective financial solutions to support the growth of renewable energy initiatives and contribute to a sustainable future.

The bank anticipates that the number of such loans will continue to increase in the future, driven by several factors that foster a favorable environment for renewable energy investments.

Firstly, heightened awareness among SMEs regarding the benefits of investing in solar panels, such as reduced energy costs and a smaller carbon footprint, including is expected to boost demand. We aim to contribute to this increased awareness trough initiatives such as the advisory platform mentioned above or direct customer dialogue.

Secondly, the attractive financing offers provided by the bank make these investments more accessible to a wider range of businesses.

In addition to these factors, government incentives and EU funds directed towards renewable energy projects further contribute to the growing interest in this area. These financial support mechanisms aim to accelerate the transition to clean energy and promote sustainable development across the region.
By capitalizing on these opportunities and leveraging the bank's expertise in renewable energy financing, SMEs can embrace the shift towards a greener economy while reaping the long-term benefits of sustainable business practices.

- Outstanding volume
  EUR 5.3 mn
- Number of loans
  83
- Type of energy
  solar

Circular Economy

The circular economy is a crucial driver in the transition to a sustainable economy. The European Union Taxonomy and the EU Green Deal recognize the importance of the circular economy in reducing resource consumption, waste generation, and greenhouse gas emissions, and promoting the efficient use of resources.

By investing in circular economy initiatives, businesses can create value, generate economic growth, and contribute to environmental sustainability.

At Raiffeisen Bank, we acknowledge the importance of the circular economy as a key pillar of sustainability, which aims to shift from the prevalent linear models to circular systems that minimize waste and maximize the reuse and recycling of materials. This approach reintegrates materials into new products that re-enter the economic cycle, helping to create impact and knowledge around the market segment.

We are thus committed to supporting circular economy initiatives in the Romanian market and partnering with local recyclers to promote a sustainable and inclusive economy.

To date, the bank has financed two corporate clients operating in the circular economy sector, with a total approved eligible limit of EUR 14.7 mn and an outstanding amount of EUR 2.9 mn as of the end of last year.

→ Outstanding volume

EUR 2.9 mn

→ Number of loans

2

Green Group

The largest loan, with an approved multi-purpose eligible amount of EUR 12.9 mn and an outstanding (drawn) eligible amount of EUR 2.7 mn as of the end of 2022, was granted to Green Group, a company offering comprehensive waste management solutions, including collection, logistics, recycling, and recovery for various waste types, such as plastic, glass, electronic equipment, light bulbs, neon lights, and batteries. The investment loan aims to support the expansion of the recycling capacity of the group.

According to the CEO of Green Group, Constantin Damov, "Recycling and reducing CO_2 emissions are the main factors that contribute to a successful circular business model. At Green Group, our commitment to *closing the loop* of product life cycles through recycling and reuse brings benefits to both the environment and the economy while creating a global regenerative effect. With a recycling capacity of 360,000 tonnes of recyclable waste per year, we recover over 98% of it and transform it into new products, reducing annual CO_2 emissions by 45,380 tonnes. We are both a recycler and a producer, which brings us immense satisfaction. As a recycler, we receive waste and turn it into secondary raw materials; as a producer, we give waste a new life. After products reach the end of their life, we receive them back as a recycler, creating a circular story."

Part of the investment loan outstanding at the end of 2022 (54%) financed the development of a new production facility for GrennWeee International S.A., part of Green Group. Its activity is represented by the electronic recycling of all types of WEEE waste (Waste from Electrical and Electronic Equipment). The Group managed to obtain the WEEELABEX Certification, one of the few in Europe to achieve a set of standards with respect to the collection, sorting, storage, transportation, preparation for re-use, treatment, processing, and disposal of all kinds of WEEE.

The other part of the investment loan outstanding at the end of 2022 (46%) financed the capacity expansion of Green Tech division, also part of Green Group, which assures processing of pet waste into PET flakes.

When plastic bottles complete their life cycle, they are collected, sorted, then treated and processed, resulting in PET flakes that can be reintroduced into the economy. The combination of the integrated waste recycling process and the production of polyester synthetic fibers results in both functionality and sustainability. This contributes to the availability of high-quality polyester synthetic fibers, which in turn positively influences the production chain with a reduced carbon footprint.

Today, Green Fiber produces over 80,000 t of polyester fibers annually in its factories. By supporting businesses like Green Group, the bank plays a critical role in promoting the circular economy, driving sustainable growth, and fostering a more environmentally responsible society.

Sustainable Agriculture

RBRO supports its SME customers with activity in sustainable agriculture through dedicated working capital facilities, launched in the second half of 2021, aimed at developing or operating organic farms, certified or under certification by an authorized body, in line with Reg 834/2007*.

- Outstanding volume
  EUR 0.92 mn
- Cultivated area
  983.7 ha
- Certification
  Organic farms “Ecocert”
  (RO-ECO-007)

* www.madr.ro/agricultura-ecologica/organisme-de-control-aprobate=

SOCIAL FINANCING

SME Financing in Underdeveloped Regions

As highlighted in the Introduction by our CFO, regional economic disparities in Romania are a pressing concern that demands attention, as bridging these gaps is essential for promoting overall economic development and enhancing social welfare. Uneven development across regions can lead to imbalanced growth, social inequality, and hindered economic opportunities for individuals residing in underprivileged areas. Addressing these disparities is crucial to ensuring inclusive and sustainable growth for the entire country.

Recognizing the importance of fostering inclusive economic growth, we allocated a portion of the proceeds from the sustainability bonds issued last year to finance and refinance a portfolio of EUR 168.4 mn in eligible loans extended to approximately 1,700 SMEs, according to EU definition. The majority of these loans accounted for new financing (82%), while the remaining portion constituted refinancings (loans originated in 2021).

Geographically, the top five counties by share of outstanding loans were Argeș, Teleorman, Brașov, Iași, and Cluj. Excluding the West (RO42) and Bucharest-Ilfov (RO32) macro-regions—which are not eligible due to their developed status—the portfolio of allocated loans is distributed across all other regions. The ranking by macro-regions is as follows: South-Muntenia (RO31), South-West (RO22), North-West (RO11), North-East (RO21), Center (RO12) and South-West Oltenia (RO41).

In terms of the sectoral distribution of the financed SMEs in eligible regions, the bank has prioritized allocations towards the agricultural sector, which constitutes 29% of the total allocated SME financing portfolio.

Agriculture is a vital contributor to national economic security, an issue of particular relevance in light of the ongoing military conflict in Ukraine, escalating geopolitical tensions, supply chain disruptions, and energy crises.

The remainder of the loans is allocated across various sectors, including wholesale and retail trade (19% and 12%), construction (11%), manufacturing and transportation (11% and 8%), and other services (10%).

By focusing on financing SMEs in underdeveloped regions and directing resources towards critical sectors such as agriculture, Raiffeisen Bank Romania is playing a pivotal role in addressing regional economic disparities and fostering inclusive growth. This approach not only contributes to the overall economic development of the country but also bolsters social welfare by providing vital financial support to businesses that drive local economies and create employment opportunities in underserved areas.

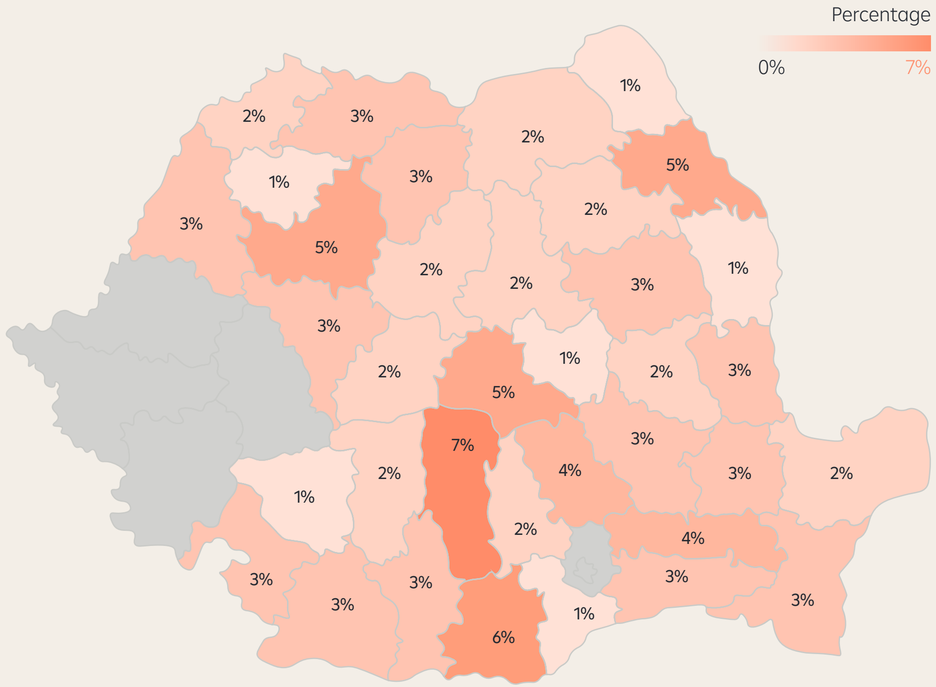
→ Outstanding volume

EUR 168.4 mn

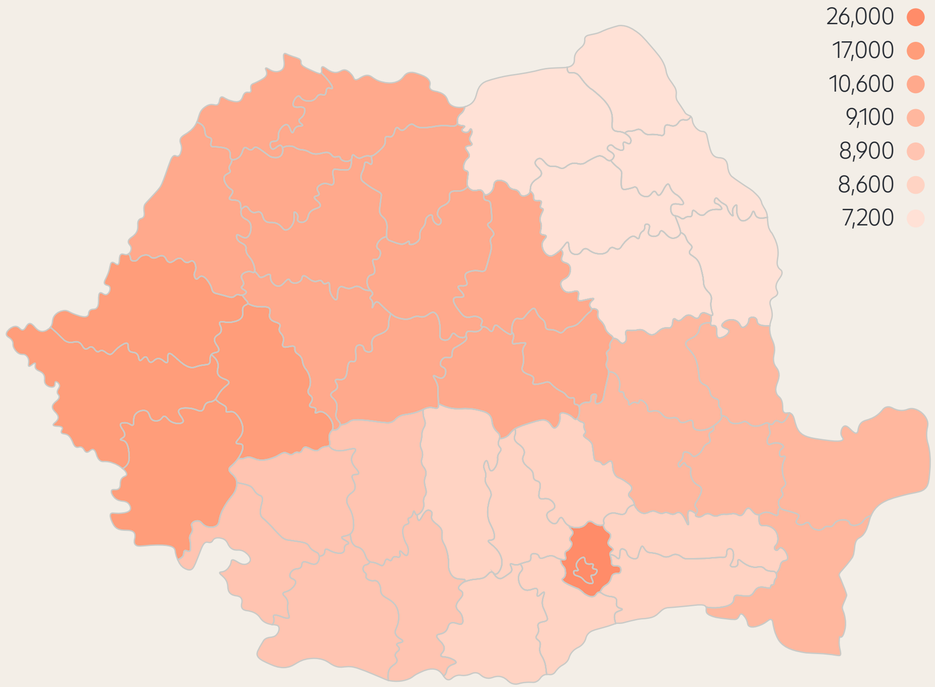
→ Number of SMEs financed

1,700

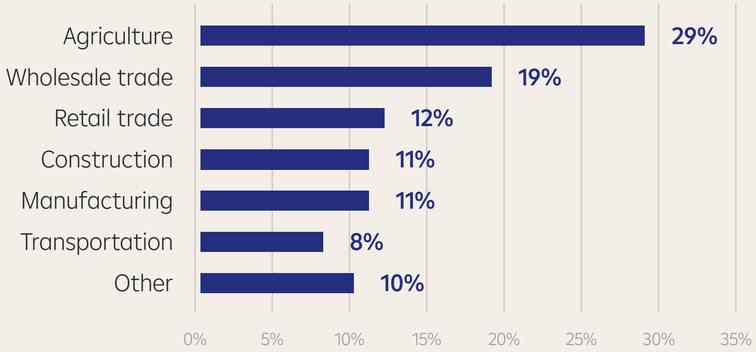
Distribution of eligible SME financing loans (outstanding volumes) by county



GDP per capita by NUTS2 regions (2020 data)



Distribution of eligible SME financing loans (outstanding volumes) by NACE code



Access to Essential Services

Access to essential services plays a crucial role in the development and growth of the Romanian economy.

Ensuring that citizens have adequate access to healthcare, education, and affordable basic infrastructure not only improves their quality of life but also contributes to a sustainable and inclusive society.

In line with the categories defined in the Sustainability Bond Framework, the eligible loans were allocated to all three categories:

1. **healthcare,**
2. **education and**
3. **development of affordable infrastructure.**

The bank has financed three local governments, granting a total approved amount of approximately EUR 24 mn.

As of the end of 2022, the outstanding amount stood at EUR 8.66 mn, reflecting the ongoing commitment to these essential projects.

→ Outstanding volume

EUR 8.7 mn

→ Number of loans

3

showcase 1

Bihor County Council

The largest facility, accounting for 85% of the granted amount, was provided to Bihor County Council (located in North-West macro-region) in the Education category.

The Council was granted EUR 17 mn, with EUR 5.2 mn drawn at the end of 2022. This funding supports two significant projects: building a school campus for special education in Oradea and developing a scientific and technological park.

The school campus spans a land area of 28,389 m^2 and includes six new buildings, along with the rehabilitation of two existing buildings. The campus will provide essential facilities for preschool, primary, and secondary education, as well as a boarding house, medical offices, dining room, and hydrotherapy pool. External improvements, such as sports fields, playgrounds, and green spaces, will also be made.

The scientific and technological park, valued at approximately EUR 7 mn, will feature an office building, laboratories, and event spaces to facilitate research activities and technological transfer.

The park's multifunctional, modular building will include Class A office spaces, conference halls, and laboratories equipped with state-of-the-art technology for testing, measuring, and prototyping.

showcase 2

Local Council of Sector 4 Bucharest

The Local Council of Sector 4 Bucharest was granted a total investment loan of RON 50 mn, with approximately 28% deemed eligible for the Access to Essential Services (Healthcare and Education) category.

The outstanding amount of the eligible loan at the end of 2022 was EUR 2.85 mn.

The funding will support various projects, including the construction and equipping of the Multifunctional Medical Center, reconversion of a sports hall into an amphitheater and educational center, and modernization and reconstruction of two kindergartens.

The loan will finance approximately 23% of the total cost of these projects.

showcase 3

Municipality of Marghita

The third facility, granted to the Municipality of Marghita (Bihor county, North West macro region), is entirely eligible for the Access to Essential Services category. The total approved amount of RON 15 mn had an outstanding equivalent of EUR 0.62 mn at the end of 2022.

This funding supports various projects aimed at improving educational infrastructure, constructing a multifunctional recreational sports space, modernizing the municipal library, and developing a recreational center with various amenities.

In addition, the Municipality of Marghita has also invested in the modernization of public lighting, resulting in energy savings and a reduction in greenhouse gas emissions.

The loan will finance approximately 22% of the total cost of these projects.

Impact Report

Green Financing

- Green Buildings
- Clean Transportation
- Renewable Energy
- Circular Economy

Social Financing

- SME Financing

Impact Report

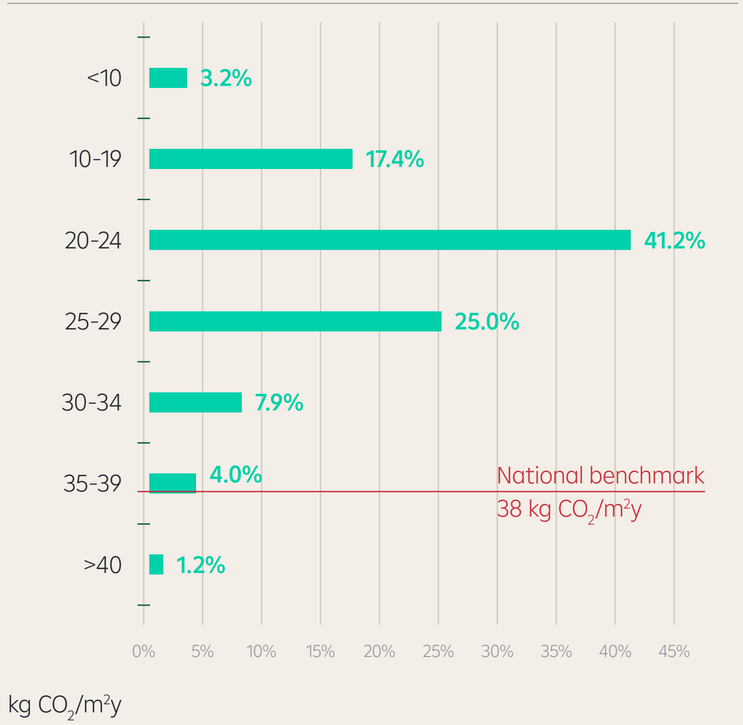
GREEN FINANCING

Green Buildings

The total annual avoided emissions related to RBRO's allocated green buildings loan portfolio (residential and non-residential) totaled 6,599 tCO_2/year, representing approx. 22 tCO_2 per EUR 1 mn invested.

In terms of the distribution of CO_2 emissions across the allocated green mortgage portfolio, approx. 62% of the financed residential buildings generate yearly emissions below 24 $kgCO_2/m^2$ more than 37% below the national emission benchmark (2019) for residential buildings (38 $kgCO_2/m^2$) (more details in the Methodology section).

Distribution of CO_2 emissions for EPC A residential green building



Greenhouse gas emissions savings for the allocated green building loans

as of 31st December 2022

- Total Greenhouse gas emissions savings
  6,599 tCO_2/year
- Average GHG savings per residential building
  0.91 tCO_2/year
- Average GHG savings per non-residential building
  322.25 tCO_2/year

The total final energy savings of the allocated green building portfolio amounted to approx. 57,000 MWH/year, equivalent to an average final saving per residential building of 10.4 MWh/year and an average final saving per non-residential building of 2,144 MWh/year.

In order to derive the primary energy saving a conversion factor of 1.35, derived from ratio final to primary energy intensity of Romanian economy in 2019, was applied to the final energy saving figures.

Regarding the energy consumption distribution for the designated residential green building portfolio, nearly all financed buildings (98.2%) demonstrate a reduction in final energy consumption of over 50% when compared to the 2019 national benchmark (265 kWh/m^2).

Energy savings of green buildings loan portfolio

as of 31st December 2022

- Total final energy savings

57,048 MWh/year

- Avg. final energy saving per residential building

10.4 MWh/year

- Avg. final energy saving per non-residential building

2,144 MWh/year

- Total primary energy savings

77,285 MWh/year

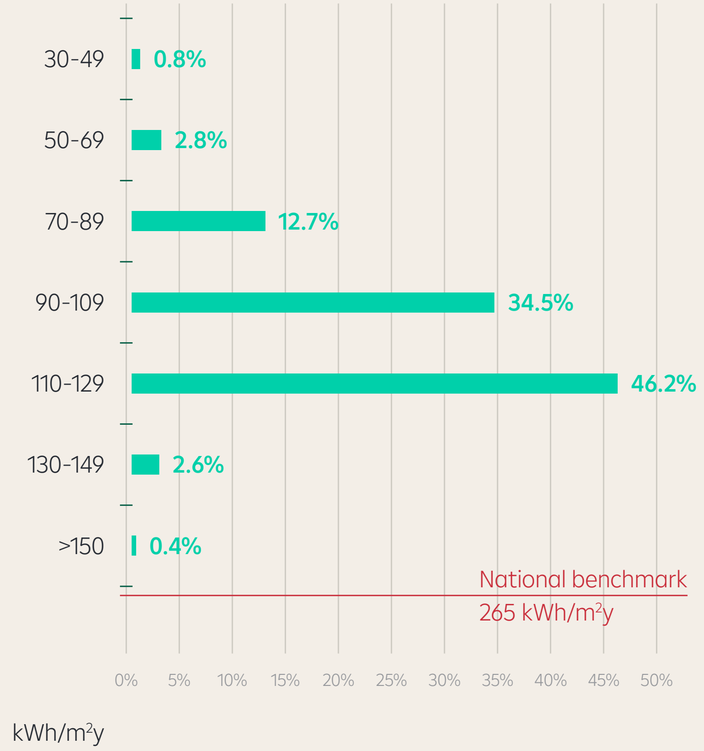
- Avg. primary energy saving per residential building

14.1 MWh/year

- Avg. primary energy saving per non- residential building

2,905 MWh/year

Distribution of Final Energy Consumption for EPC A residential green buildings



Furthermore, we have assessed the compliance of the allocated residential green building portfolio with the substantial contribution criteria from the EU Taxonomy for acquisition and ownership of buildings (buildings built before 31st December 2020 must have EPC level A or be in top 15% at national level in terms of primary energy demand, while for buildings built after this date the primary energy consumption must be 10% lower than the national NZEB threshold).

Approximately 59% of the allocated green mortgage portfolio meets the substantial contribution criteria for the acquisition and ownership of buildings from the EU Taxonomy.

Compliance of Residential Green Buildings with EU Taxonomy's substantial contribution criteria

Outstanding amount	% of total allocated green mortgages
EUR mn	
136	59%

Clean Transportation

The total annual avoided emissions related to RBRO's allocated clean transportation loan portfolio stood at 3,249 tCO_2, equivalent to approximately 217 tCO_2 per EUR 1 mn invested. The emissions savings are generated by charging stations (58% of total savings), followed by forklifts (29% of total savings), EVs and eligible hybrid vehicles (11%), while the difference (2%) is coming from the financed electric locomotive.

Investing in electric charging stations and electrical forklifts offers a higher environmental impact per unit of investment when compared to electric vehicles (EVs). Electric charging stations not only support a large number of EVs, but they also incentivize the adoption of cleaner transportation options, leading to a decrease in CO_2 emissions.

By providing the necessary infrastructure for EVs, charging stations accelerate the transition to a low-carbon transportation system, contributing to a substantial reduction in emissions at a broader scale.

The financed electric charging station project comprises 25 charging stations, each with a capacity of 50 kW. Operating at an assumed rate of 4 hours per day and taking into account an average energy consumption rate of 15 kWh per 100 km for each EV, the charging stations enable approximately 12 mn kilometers to be driven annually.

By applying the estimation method described in the Methodology section we derive a GHG saving of 1,872 tCO_2/year that can be attributed to the bank's financing of the charging station project.

Electrical forklifts, on the other hand, are an essential component of the logistics and warehousing industry, where the replacement of traditional internal combustion engine (ICE) forklifts with electric alternatives has a considerable positive environmental impact.

The shift from ICE forklifts to electric forklifts results in a direct reduction of CO_2 emissions and contributes to improved air quality in indoor environments where forklifts are commonly used. By investing in electric forklifts, businesses can significantly reduce their carbon footprint and enhance their sustainability profile, all while benefiting from lower operating costs and increased efficiency.

In order to estimate the GHG saving from the financed electric forklifts we use certain assumptions described in the Methodology section, such as usage rate and benchmark emissions for an equivalent ICE forklift. Total annual GHG savings from the portfolio of electric forklifts stands at 958 tCO_2.

Greenhouse gas emissions savings for the allocated clean transportation loans

as of 31st December 2022*

- Total GHG savings
  3,249 tCO_2/year
- Total GHG savings cars
  355 tCO_2/year
- Total GHG savings locomotive
  64 tCO_2/year
- Total GHG savings forklifts
  958 tCO_2/year
- Total GHG savings charging stations
  1,872 tCO_2/year

*Estimated savings relate to Scope 1 emissions only

Renewable Energy

Romania exceeded its 2020 target for renewable energy generation sources, largely due to the expansion of private wind and solar generation capacity over the past decade, supported by the Green Certificate subsidy scheme .

Under the National Energy and Climate Plan (NECP), the Romanian government aims to further increase the renewable energy target to 34% by 2030, up from 24% in 2020, which implies a significant scale up in renewable production capacity and transport infrastructure.

By providing accessible and effective financial solutions for the acquisition and installation of solar panels, Raiffeisen Bank aims to play vital role in supporting the growth of renewable energy initiatives in Romania.

The 83 loans granted by the bank for the acquisition and installation of solar panels, amounting to EUR 5.3 mn, generate an estimated annual saving of 7,787 tCO_2. The estimation is based on a total financed production capacity of 16.67 MW and assumptions described in the Methodology section.

17 MW
financed capacity

7,787 tCO_2
annually avoided

Circular Economy

To estimate the environmental impact of bank's circular economy loans, we adjust the reported environmental outputs of the two beneficiaries (based on their most recent non-financial disclosures) with the share of the bank's loans in the companies' total funding base.

For the first tranche of the loan granted to **Green Group** (GreenWeee International), based on the outstanding amount of the loan at the end of 2022 we estimate an overall impact of 1,474 tonnes of recycled WEEE per year from the total annual recycling production of the company of 48,223 tonnes (based on 2022 data provided by the company).

When taking into account the full amount of the approved loan, the estimated impact is 3,258 tonnes of recycled WEEE.

For the second tranche of the loan granted to Green Group (Green Tech), based on the outstanding amount of the loan at the end of 2022 we estimate an overall impact of 4,370 tonnes of recycled plastic bottles (PET) per year from the total recycled PET volume of 63,894 tonnes (based on 2022 data provided by the company). When taking into account the full amount of the approved loan, the estimated impact is 12,759 tonnes of recycled PET. The conversion rate of PET to flakes for 2022 was estimated by the company to 78%.

For the second loan granted towards a **textile recycling company**, by applying a similar approach to the first loan, we estimate a contribution (based on the outstanding amount of the loan at the end of 2022) of 1,410 tonnes of annually recycled textiles out of a total of 7,665 tonnes annually recycled textiles. When taking into account the full amount of the approved loan, the estimated impact is 2,825 tonnes of recycled textiles.

→ **1,474 t**
of recycled WEEE

→ **4,370 t**
of recycled plastic PET into flakes with a conversion rate of 78%

→ **1,410 t**
of textile recycling

SOCIAL FINANCING

SME Financing

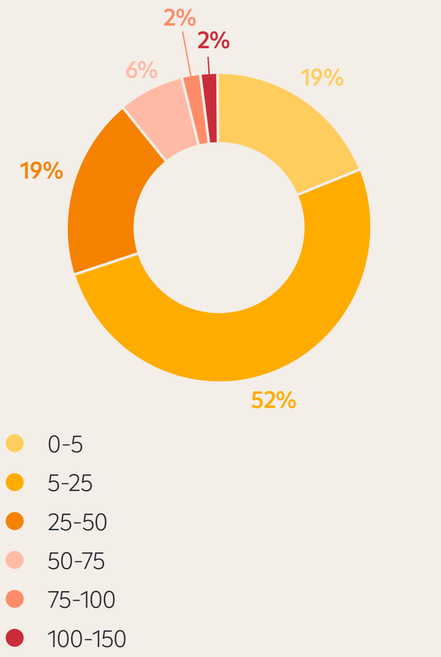
Social financing is playing a vital role in creating and sustaining employment opportunities, particularly in regions where economic opportunities may be otherwise limited. Such financing is instrumental in enabling SMEs to grow, innovate and adapt to changing market conditions, thus ensuring their continued viability and positive impact on the local economy.

Through the loans granted to SMEs in underdeveloped regions, the bank is supporting 1,700 SMEs, effectively facilitating the employment of 28,489 individuals, thereby contributing to the reduction of regional disparities and fostering a more inclusive, resilient, and competitive local economy.

A significant portion of the employees, over 50%, of the financed SMEs work in micro and small companies with between 5 and 25 employees, while 19% are based in companies with less than 5 employees.

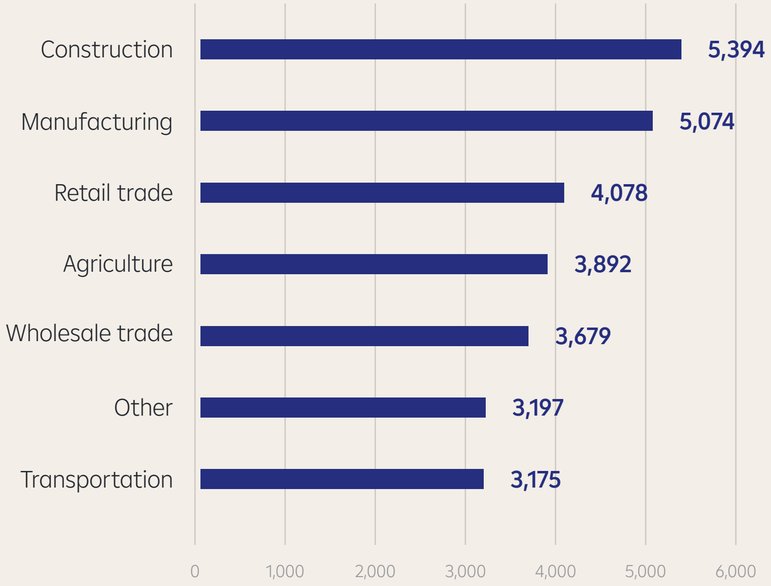
More than 50% of the financed companies and their employees are located in macro-regions with the lowest GDP per capita (at or below 50% of the EU average as of 2020): North East, South Muntenia, and South-West Oltenia macro region. This targeted support serves to mitigate the adverse effects of regional economic disparities, empowering local businesses to thrive and create job opportunities in areas that have been historically underserved.

Distribution of the employees by category of eligible SME financed

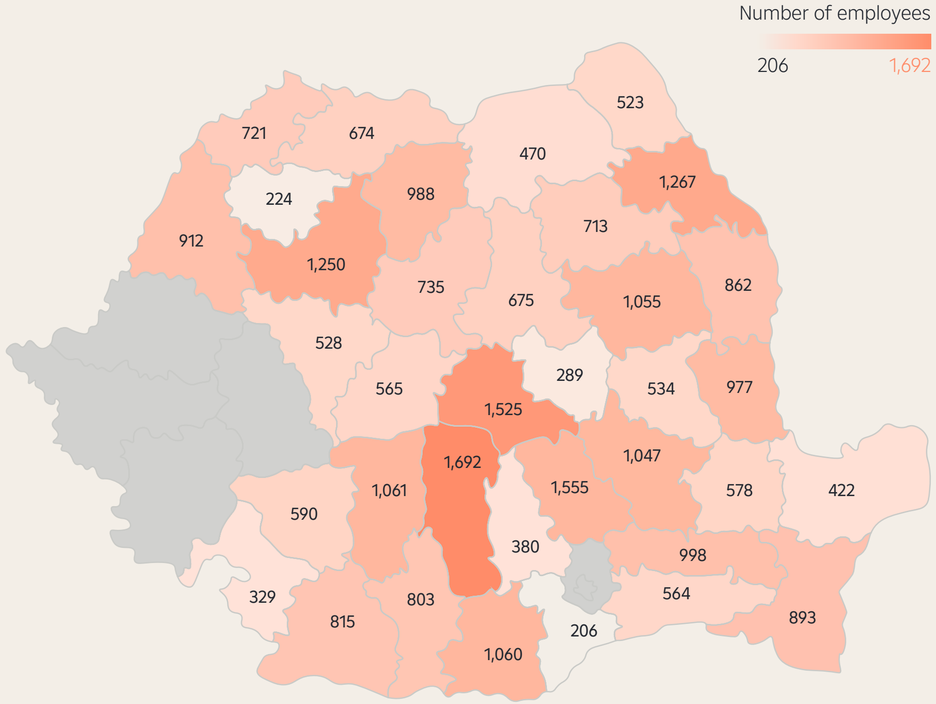


→ **28,489 employees in 1,700 SMEs**

Sectoral distribution of employees in eligible SMEs financed



Teritorial distribution of employees in eligible SMEs financed



Methodology

- Methodology for Selecting and Allocating Green Eligible Loans
- Methodology for Calculating the Environmental Impact (CO_2 and energy savings)

Methodology

Methodology for Selecting and Allocating Green Eligible Loans

The methodology described below has been developed based on the Green Bond Framework (GBF) dated March 2021 and Sustainability Bond Framework (SBF) dated April 2022 and should be read in conjunction with these.

General criteria:

- Eligible loans meeting the criteria laid out in GBF/ SBF, as approved by the Green Bond Committee/ Sustainability Bond Committee;
- Outstanding amount is calculated based on gross exposure in accordance with IFRS as adopted by EU, as of 31st December 2022;
- Only performing exposures (as of 31st December 2022) were included in the allocated portfolio of green loans.

Specific criteria:

1 Green mortgages - residential

- EPC level A collateral
- Construction year 2018 or later, subject to the assumptions detailed below
- Origination date: 2020 – November 2022

Starting with 2020, RBRO is flagging in its core systems, during the underwriting process, mortgages with EPC level A collateral rating. The information is extracted either from the property acquisition contract or from the EPC provided by the customer. The selection of loans granted in 2020 was performed based on the information captured in the core system, based on the documentation presented by the customer at the signing date.

Additionally, starting with 2021, EPCs are collected during the underwriting process and stored in the customer's credit file. Relevant information from the EPCs for the allocation and impact analysis (energy performance rating, construction year, CO_2 emissions, energy consumption etc.) are extracted by RBRO's document processing/ archiving supplier, using a double indexing method, to ensure high accuracy rate (>97%).

For eligible mortgage loans (EPC level A) originated in 2020, the construction year is not available as the EPCs were collected only starting with year 2021. An assumption was made that the 2020 mortgages follow approximately the same distribution across a number of characteristics (year of construction, geographic distribution, floor area) to the one of the 2021 mortgages.

Thus, in order to identify eligible loans originated in 2020 with construction year of the collateral 2018 or later, we have used as a proxy the share of green mortgages originated in 2021 with construction year of the collateral 2019 or later (61%) (based on information extracted from the EPCs).

2 Corporate loans - Green buildings

- EPC level A or international certificates such as BREEAM or EDGE Advanced; certified or pre-certified (including buildings under construction where the borrower has committed contractually to obtain an eligible certification)
- Construction year 2018 or later
- Origination year 2018-2022

Eligible loans are identified and flagged in the core system during the underwriting process and/ or periodic review based on EPC or other eligible international certifications in line with the GBF/ SBF criteria. The energy performance certificates are collected and stored in the system.

3 SME loans – Organic Agriculture

- National certification in line with EU standards (link here)
- Origination year 2021-2022

Eligible loans are identified based on a distinct product code for financing sustainable agriculture. Relevant certifications are collected and stored during the underwriting process.

4 Clean Transportation

- Part of the loan granted by RBRO to its leasing subsidiary (RLRO) that is used to finance (through financial leasing) eligible clean transportation in line with GBF/ SBF criteria:
  - Zero tailpipe emission vehicles (incl. hydrogen, fuel cell, electric) – e.g. passenger cars, electric forklifts, electric locomotive etc.
  - Vehicles with tailpipe emission intensity of max 50 g CO_2/km (WLTP) up to year 2025
- Origination year of the funding line granted by RBRO to RLRO – 2021
- Origination year of the financial leasings by RLRO – 2021-2022, except for Electric locomotive granted in 2020
- Loans granted by the bank for acquisition and installation of electric charging stations, qualifying as infrastructure for low carbon transport, such as: electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric highways, rail networks, pavements, bike lanes and pedestrian zones

RBRO flags in its core system the share of the loan granted to RLRO for eligible green financing based on the periodic reports received from RLRO on the use of proceeds.

5 Renewable Energy

- Finance or refinance Eligible Green Loans and/ or investments for equipment, development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy projects, including solar power
- Dedicated lending product for SME, corporate loans, identification based on use of proceeds of the loan

5 Circular Economy

- Eligible Green Loans to finance or refinance:
  1. **Circular Design and Production Projects** - Solutions that extend the product life cycle, such as applying modular design or design for disassembly, takeback schemes and redeploying products (reverse logistic), reuse, repair and/ or products regeneration and refurbishment; or Production technologies that use recycled resources such as bio-based materials
  2. **Circular Support and Products** - Circular support through tools and services (e.g. sharing platforms and digital infrastructure/ software) that enable circular economy strategies and business models
- Both projects financed in this category are aimed at recycling of WEEE, plastic PET and textiles

7 Social SME Financing

- Financing of SMEs identified as per European Union's definition of Micro, Small and Medium sized enterprises and located in underdeveloped areas in Romania – regions (NUTS2) meeting the following two criteria: GDP per capita of
  - less than 75% of EU – 27 average and
  - below Romania's average

8 Access to Essential Services

- Eligible Social Loans to finance or refinance:
  1. **Healthcare**: Construction, acquisition, renovation, expansion or maintenance of health care facilities for provision of free or subsidized health care services (e.g. hospitals, pharmacies, diagnostic and other laboratory services, rehabilitation centres, assisted living, homes for the elderly)
  2. **Education**: Access to public and publicly subsidized educational services (e.g. for the youth, unemployed and elderly), as well as investments that support childhood development (e.g. Kindergartens) through the provision of loans for construction/ upgrading of facilities and/ or equipment
  3. **Affordable basic infrastructure**: Regional development and/ or infrastructure in underserved, underdeveloped regions in Romania (as defined below) (e.g. public transport and related infrastructure, sanitation infrastructure, high speed internet, telecommunications and electricity related infrastructure, fire-fighting and rescue equipment, access to clean drinking water); such infrastructure projects will be eligible only in underdeveloped regions where it is currently not present or is inadequate
- Eligible loans volumes are identified based on the use of proceeds from the loan application

Methodology for Calculating the Environmental Impact (CO_2 and energy savings)

Estimations of the CO_2 and energy savings are calculated for each of the allocated loans, based on the methodology described next.

Residential Green Buildings

1 $$CO_2 \text{ savings}\left(\frac{tCO_2}{year}\right) = \frac{1}{1{,}000}\sum\left[CO_2 \text{ emmisions per building}\left(\frac{kgCO_2}{m^2 \cdot year}\right) - \text{Emission benchmark}\left(\frac{kgCO_2}{m^2 \cdot year}\right)\right] \cdot \text{Floor area } (m^2) \cdot \text{RBRO Share}$$

2 $$\text{Final energy savings}\left(\frac{MWh}{year}\right) = \frac{1}{1{,}000}\sum\left[\text{Final energy per building}\left(\frac{kWh}{m^2 \cdot year}\right) - \text{Energy benchmark}\left(\frac{kWh}{m^2 \cdot year}\right)\right] \cdot \text{Floor area } (m^2) \cdot \text{RBRO Share}$$

3 $$\text{Primary energy savings} = \text{Final energy saving} \cdot \frac{1}{\text{Ratio of final to primary energy intensity}}$$

CO_2 emissions, final energy consumption and floor area of residential building (apartment/ house) – extracted from the energy performance certificate (EPC). For green mortgages originated in 2020 the average CO_2 emissions, average final energy consumption and average floor area of the mortgages originated in 2021-2022 were used as input in the above formulas.

RBRO Share - represents the share of RBRO loan in total acquisition value of the apartment/ house.

Emission benchmark - calculated, based on 2019 data for Romania from Odysee database*, by dividing the CO_2 emissions for residential buildings with the average floor area at national level.

Energy benchmark - Residential Unit consumption per m^2 with climatic corrections, based on 2019 data for Romania from Odysee database.

Ratio of final to primary energy intensity – data for 2019 Romania, Odysee database

* Odyssee, the European energy efficiency project | Enerdata

Acquisition and ownership of buildings are compliant with EU Taxonomy's substantial contribution criteria to the extent that they meet the following conditions:

i. Buildings built before 31st December 2020, shall have at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock.

ii. Buildings built after 31st December 2020, shall have primary energy use in kWh/m^2 per year at least 10% lower than the threshold set for the national nearly zero-energy building (NZEB) standards.

For the allocated green mortgages originated starting 2021 both criteria from above were checked in order to determine the compliance with the substantial contribution criteria. The climatic area of each building was determined based on its geographic positioning in order to identify the applicable nZEB benchmark. For the allocated green mortgages originated in 2020, all the loans were considered to meet the substantial contribution criteria as the construction year was 2020 or earlier.

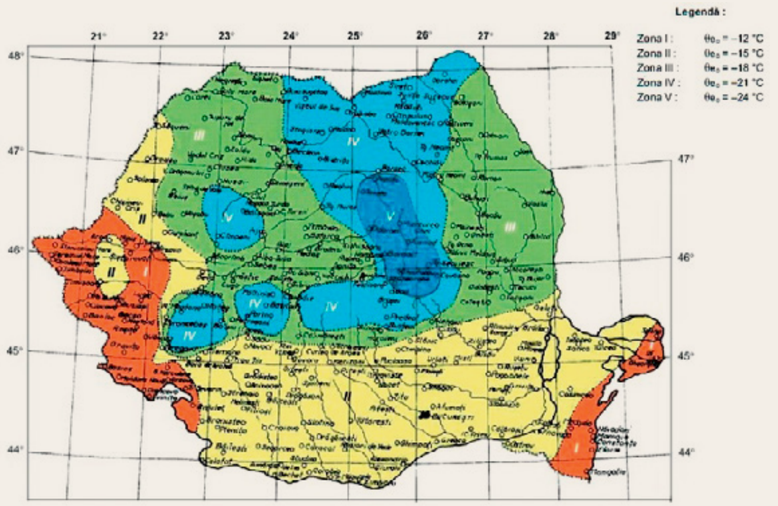
EU enforced via EU Directive 2010/31/EU (EU Energy Performance of Buildings Directive) the nZEB standard for all newly constructed buildings starting with 2021.

In Romania this requirement has been transposed through Law 101/2020 amending Law 372/2005 on energy performance of buildings. The amended law allows however new buildings not to comply with this standard if the construction of a nZEB is not viable from a technical – economical point.

At national level, the nZEB standards (Primary energy consumption and CO_2 emissions) have been initially defined through Order 368/2016 of Ministry of Regional Development and Public Administration, based on the climatic region and type of building. A phase-in of the standards ensured a gradual transition towards more strict thresholds.

In January 2023, the "Mc 001 - Methodology for calulating the energy performance of buildings" was published in the Official Monitor, significantly tightening the emissions standards for NZEB buildings built starting with 2022 – for example CO_2 emissions standards for residential buildings have decreased on average by 50% across all climate areas in the new methodology. Additional benchmarks were defined for new types of non-residential buildings.

Climate areas in Romania for NZEB thresholds



ORDER approving the technical regulation "Calculation methodology of the energy performance of buildings, indicative Mc 001-2022", OFFICIAL MONITOR OF ROMANIA, PART I, No 46 bis/17.I.2023

Maximum allowable limit values for total primary energy consumption (renewable and non-renewable) and CO_2 equivalent emissions for nZEB buuildings

Climate area	Starting with	Primary energy	CO_2 emissions	Primary energy	CO_2 emissions	Primary energy	CO_2 emissions	Primary energy	CO_2 emissions
		kWh/m², year	kWh/m², year	kWh/m², year	kWh/m², year	kWh/m², year	kWh/m², year	kWh/m², year	kWh/m², year
			Office buildings		Education buildings		Collective residential buildings		Individual residential buildings
1	2022	94,7	10,1	61,6	7,3	99,1	12,0	120,1	14,7
2	2022	98,4	10,9	66,8	8,1	103,7	12,8	127,9	16,0
3	2022	98,9	11,5	71,0	8,8	105,9	13,5	133,3	17,1
4	2022	100,6	12,2	76,5	9,7	109,5	14,3	140,6	18,5
5	2022	102,6	13,0	82	10,6	113,1	15,1	147,9	19,9
			Buildings for health system		Buildings for tourism		Commercial Spaces		Buildings for sports activities
1	2022	162,5	19,0	96,5	11,7	95,5	11,0	93,4	10,4
2	2022	168,8	20,2	101,0	12,5	102,9	12,2	98,2	11,3
3	2022	170,9	21,1	103,7	13,1	107,7	13,3	100,3	12,0
4	2022	174,8	22,3	107,4	13,9	114,5	14,6	103,8	12,9
5	2022	179,3	23,5	111,6	14,7	121,4	16,0	107,5	13,7

Non-residential Buildings

For the non-residential buildings, the CO_2 and energy savings impact were calculated for each loan using the same formulas as the ones applicable for residential buildings. Relevant data for the financed projects was extracted from the EPCs and/ or international certifications.

Specific national benchmarks for non-residential buildings were used, as described next:

- **Emissions benchmark for buildings in the services sector** - estimated based on CO_2 emissions per employee with climatic corrections in the services sector (Romania 2019 data, Odysee database), rescaled to CO_2 emissions per m^2 based on estimation of floor area (m^2/employee) in the services sector (Entranze, Odysee, Eurostat).

- **Final energy consumption benchmark for buildings in the services sector** - Unit consumption per employee in services (with climatic corrections) (Romania 2019 data, Odysee database), rescaled to unit consumption per m^2 based on the same factor as the one mentioned above.

For the allocated green buildings operating in Retail Commercial Real Estate (Malls), the operational CO_2 savings and final energy consumption savings were sourced from the international certifications based on which the loans were allocated.

Clean Transportation

For **passenger cars** we derive the CO_2 savings based on the following formula:

4 $$CO_2\ \text{savings}\left(\frac{tCO_2}{year}\right) = \frac{1}{10^6}\sum\left[CO_2\ \text{emmisions by car}\left(\frac{gCO_2}{km}\right) - \text{Emission benchmark}\left(\frac{gCO_2}{km}\right)\right] \cdot \text{Avg distance by car (km)} \cdot \text{No. cars} \cdot \text{RBRO Share}$$

- **CO_2 emissions by car** – based on data extracted from the technical specifications of each car. Data is provided by RLRO.

- **Emissions benchmark** – average CO_2 emissions for the stock of cars (Odysee database). As the latest available data for Romania is 2010, we have extrapolated the 2010 datapoint based on the EU development of the benchmark between 2010 and 2019.

- **Annual average distance travelled by a car** – based on Odysee database. As the available timeseries for Romania is 2010 – 2015, we have extrapolated the trend until 2019.

For the **electric locomotive** we derive the CO_2 savings based on the following formula:

5 $$CO_2 \text{ savings}\left(\frac{tCO_2}{year}\right) = \frac{1}{10^6}\sum\left[CO_2 \text{ emmisions of the locomotive}\left(\frac{tCO_2}{year}\right) - \text{Emission benchmark}\left(\frac{tCO_2}{year}\right)\right]$$

CO_2 emissions for the financed locomotive is 0.

Emissions benchmark – calculated based on CO_2 emissions of all rail freight transport in Romania (2019 data, Odysee) divided by the stock of locomotives (National Institute of Statistics, 2019 data). The stock of locomotives represents the number of locomotives registered in the National Register of Vehicles (R.N.V.) administered by the Romanian Railway Authority, at the end of the year.

For the **charging stations** we derive the CO_2 savings based on the following formula:

6 $$CO_2 \text{ savings}\left(\frac{tCO_2}{year}\right) = \frac{\frac{1}{10^6} \cdot \text{No. of Charging stations} \cdot \text{Avg. Capacity per Charging station (kW)} \cdot \text{Utilisation rate}\left(\frac{hours}{year}\right)}{\text{Avg. Energy consumption per EV}\left(\frac{kWh}{100\ km}\right)} \cdot 100 \cdot \text{EV emission benchmark}\left(\frac{gCO_2}{km}\right) \cdot \text{RBRO Share}$$

Utilisation rate – given the scarcity of charging stations in Romania and considering that the number of EVs in Romania is low but gradually increasing and that the location of the charging stations is petrol stations, we have assumed a conservative average utilization rate of 4 hours/ day for 365 days.

Average energy consumption per EV – 15 kWh/100 km *

* source: How much power does an electric car use? - Energuide

For **electric forklifts**, we derive the CO_2 savings by calculating the equivalent emissions for a benchmark ICE forklift:

7 $$CO_2 \text{ savings}\left(\frac{tCO_2}{year}\right) = \frac{1}{10^3} \cdot \text{No. of Electric forklifts} \cdot \text{Benchmark emission of diesel engine}\left(\frac{kgCO_2}{liter\ diesel}\right) \cdot \text{Benchmark consumption of diesel ICE forklift}\left(\frac{liter\ diesel}{hour}\right) \cdot \text{Usage rate}\left(\frac{hours}{year}\right) \cdot \text{RBRO Share}$$

Benchmark emission of diesel engine – 2.7 $kgCO_2$/liter source – Emission Factors for Greenhouse Gas Inventories (epa.gov)

Benchmark consumption of diesel ICE forklift – 2.7 liter/hour based on equivalent ICE forklift consumption data

Usage rate – 1,500 hours/year

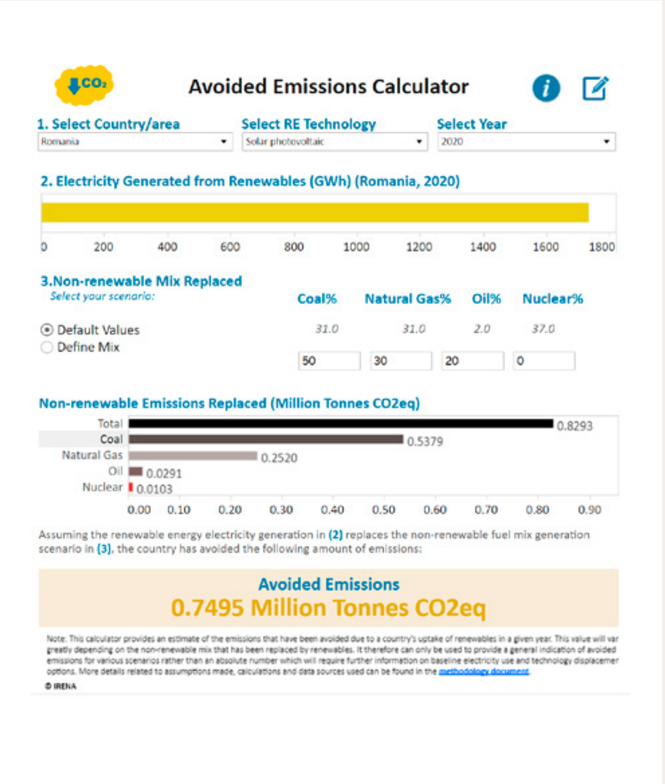
Renewable Energy

We use the avoided emissions calculator (Avoided Emissions Calculator irena.org) from International Renewable Energy Agency (IRENA) in order to estimate the GHG emissions avoided due to renewable electricity generation using solar photovoltaic technology compared to baseline fossil fuel generated electricity in Romania (benchmark values for 2020).

Based on IRENA data, in Romania in 2020, total electricity generated using solar photovoltaic energy amounted to 1,733 GWh. Assuming, that this energy replaces fossil fuel generated electricity produced using the default mix for Romania provided by IRENA, total avoided emissions benchmark stands at 0.7495 mn tonnes CO_2 eq.

In order to derive the avoided CO_2 emissions for the financed solar photovoltaic projects we scale down the emission benchmark from above using the estimated energy annual energy production of the financed capacity, based on the following formula:

$$7 \quad CO_2 \text{ savings} \left(\frac{tCO_2}{year} \right) = 1{,}000 \cdot \text{Annual energy production of financed solar projects } (MWh) \cdot \frac{\text{Avoided Emissions benchmark } (Mn\ tCO_2)}{\text{Annual solar energy production in Romania } (GWh)} \cdot \text{RBRO Share}$$



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Independent Limited Assurance Report to the Supervisory Board of Raiffeisen Bank S.A. on Green and Sustainability Bonds use of proceeds

Introduction

We were engaged by the management of Raiffeisen Bank S.A. ("the Bank") to report on the *Green and Sustainability Bonds use of proceeds information* as at 31 December 2022 included at line "Total" in section "Summary, Structure of green & sustainability bonds use of proceeds" on page 8 of the Bank's Sustainability Bond Report dated April 2023, marked with the symbol Ⓐ within the Bank's Sustainability Bond Report (referred to as "Green and Sustainability Bonds use of proceeds information"), in the form of an independent limited assurance conclusion whether based on our work performed and evidence obtained nothing has come to our attention that causes us to believe that the Green and Sustainability Bonds use of proceeds information is not prepared, in all material respects, in accordance with the criteria described in the Bank's internal methodology developed based on the Green Bond Framework dated March 2021 and the Sustainability Bond Framework dated April 2022 and disclosed in the Sustainability Bond Report on pages 38-40.

We have not performed any work, and do not express any conclusion, over any other information than the Green and Sustainability Bonds use of proceeds information, including allocation by asset category, that is contained in the Bank's Sustainability Bond Report and we do not express a conclusion on the Bank's Sustainability Bond Report as a whole.

Management's responsibilities

Management is responsible for:

- the preparation of the Sustainability Bond Report, including the Green and Sustainability Bond use of proceeds information in accordance with the criteria described in the Bank's internal methodology developed based on the Green Bond Framework dated March 2021 and the Sustainability Bond Framework dated April 2022 and disclosed in the Sustainability Bond Report on pages 38-40, and for the information and assertions contained within it, including the design, implementation and maintenance of such internal control as the management determines is necessary to enable the preparation of the Sustainability Bond Report that is free from material misstatement, whether due to fraud or error;
- loan eligibility criteria defined in the Bank's internal methodology developed based on the Green Bond Framework dated March 2021 and the Sustainability Bond Framework dated April 2022, both validated through the Second Party Opinions provided by Sustainalytics prior to issuance of the Green and Sustainability Bonds;
- compliance of eligible loans mentioned in the Sustainability Bond Report with the Green and Sustainability Bond eligibility criteria defined in the Bank's internal methodology developed based on the Green Bond Framework dated March 2021 and the Sustainability Bond Framework dated April 2022, validated by the Second Party Opinions delivered by Sustainalytics;
- the accurate breakdown of amounts allocated to the eligible loans, by asset category;
- management of net Green and Sustainability Bonds proceeds pending allocation;
- the use of proceeds by final beneficiaries of eligible loans subsequent to allocation;
- process to ensure that management and personnel involved with the preparation and presentation of the Green and Sustainability Bonds use of proceeds is properly trained, systems are properly updated and that any changes in reporting relevant to the Green and Sustainability Bonds use of proceeds encompass all significant business units;
- preventing and detecting fraud and for identifying and ensuring that the Bank complies with laws and regulations applicable to its activities.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information (Revised), issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Green and Sustainability Bonds use of proceeds information is free from material misstatement.

The firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (*including International Independence Standards*), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Fiscal registration code
RO12997279
Trade Registry
no.J40/4439/2000
Share Capital 2,000 RON

Procedures performed

The procedures selected depend on our understanding of the Green and Sustainability bonds use of proceeds information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

A limited assurance engagement on the Green and Sustainability Bonds use of proceeds information consists of making inquiries, primarily of persons responsible for the preparation of the Green and Sustainability Bonds use of proceeds information and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- inquiries of the persons responsible for the Green and Sustainability Bonds use of proceeds information;
- obtaining an understanding of the process for measuring and reporting the Green and Sustainability Bonds use of proceeds information;
- assessing compliance, on a sample basis, of eligible loans included in the calculation of the Green and Sustainability Bonds use of proceeds information with the Green and Sustainability Bonds eligibility criteria defined in the Bank's internal methodology developed based on the Green Bond Framework dated March 2021 and the Sustainability Bond Framework dated April 2022 and disclosed in the Sustainability Bond Report on pages 38-40;
- reconciliation of the inputs into the determination of Green and Sustainability Bonds use of proceeds information to the underlying data sources;
- verifying the arithmetic accuracy of calculations for totaling the amount of eligible loans gross exposure.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the sources from which the information contained within the Green and Sustainability Bonds use of proceeds information was extracted.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Green and Sustainability Bonds use of proceeds information of the Bank as at 31 December 2022 included at line "Total" in section "Summary, Structure of green & sustainability bonds use of proceeds" on page 8 of the Bank's Sustainability Bond Report dated April 2023 and marked with the symbol Ⓐ within the Bank's Sustainability Bond Report is not prepared, in all material respects, in accordance with the criteria described in the Bank's internal methodology developed based on the Green Bond Framework dated March 2021 and the Sustainability Bond Framework dated April 2022 and disclosed in the Sustainability Bond Report on pages 38-40.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Bank, for any purpose or in any other context. Any party other than the Bank who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Bank for our work, for this independent limited assurance report, or for the conclusions we have reached.

For and on behalf of KPMG Audit SRL:

Drăgoi Monica-Iuliana

registered in the electronic public register of financial auditors and audit firms under no AF4375

registered in the electronic public register of financial auditors and audit firms under no FA9

18 April 2023
Bucharest

Disclaimer

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Raiffeisen Bank

Sustainability Bond Report Raiffeisen Bank Romania

April 2023