





## Interview

# FINANCIAL STABILITY AND CONFIDENCE FROM CUSTOMERS AND CAPITAL MARKETS ARE OUR KEY ASSETS

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**1** • **How do you characterize the banking year 2023 compared to what you expected last year, and what are your expectations for 2024?**

The evolution has been generally in line with expectations, and the banking sector is characterized by accelerated digitalization and technological investments, consolidation activities, maturity and resilience despite rising uncertainties due to the geopolitical context.

As for our recent performance, we ended the first nine months of the year with excellent results, with growing lending activity across all our business segments, and we believe we will maintain our strong position through the end of the year, continuing our strong focus on financing the real economy and ensuring competitive interest rates for our customers' savings. At the same time, we benefit from solid financial stability: this year, Moody's reaffirmed our senior unsecured debt and

deposit ratings at Baa1 with a stable outlook, two notches above Romania's sovereign rating. Moody's also upgraded our senior non-preferred debt rating by one notch from Baa3 to Baa2. Nevertheless, we enjoy the confidence of investors in the international capital market. At the beginning of October, Raiffeisen Bank Romania successfully launched its first Eurobond issue on the international capital market for a total amount of Eur 300 million. The funds raised will be used to strengthen our capacity to finance SMEs in less developed areas of the country, projects supporting the transition to a green economy, and to improve access to health services, education, and infrastructure.

Next year, our focus is on maintaining the strength of our financial performance while pursuing our long-term goal of becoming our customers' most trusted partner on key issues such as financial planning, the transition to sustainable business and the circular economy.

**2. Our readers were able to comprehend the information from the media that Raiffeisen Bank has set three strategic goals bank for 2023: the best financial planning services, complete digital services for clients, and the best work environment for our employees. How will these goals help navigate the current context?**

When it comes to our clients, we have two important strategic directions. On the one hand, we want to make their lives easier with the digital solutions we provide, and on the other hand, we want to do everything we can to improve their financial situation with the advice of our experts.

Specifically, our digital specialists develop and launch new functionalities that make it faster and easier for clients to access the bank's services and products – our easy banking approach.

In parallel, our experts focus on excellence in financial planning, helping clients to define and achieve their personal financial goals and ensuring that their financial needs are covered by the best solutions.

In relation to our colleagues, the quality of the work environment is a core element in achieving any strategic business objective or direction. We strive to improve both the job content of each role so to make it attractive and challenging to stimulate professional development and the tools we provide to colleagues including AI-powered ones.

The fact is that in 2023, as in the past, we continued to invest in attracting and retaining talented people and developing the bank's digital capabilities while promoting innovation and being a frontrunner in AI adoption.

**3. How do you see the ESG topic medium-term? What's the role of banks in the sustainable transition?**

This is going to be a very ample subject. Talking only about the E component, we believe that in the coming period, the challenge is for companies to continue to grow while reducing their environmental impact.

In the transition to a sustainable economy,

progress will be measured not only in terms of value added but also in terms of reducing the negative impact on the planet and communities by reducing resource consumption and various types of emissions throughout the value chain, from the company's own emissions to those of energy suppliers, as well as emissions in the supply or distribution chains.

We believe in the positive domino effect of supporting sustainable business and entrepreneurship. Where a thriving, sustainable business develops, the whole community, the value chain, and the citizens of the community become more prosperous and closer to the principles of a sustainable lifestyle.

The role of banks in this endeavour is to steer their portfolios to support the development of a sustainable economy. Practically, companies will necessarily go through an ESG rating on top of the regular credit rating, and depending on the score received from, credit conditions will be different.

**4. What are the advantages for companies that choose sustainable financing?**

The benefits are many. First, the business becomes less risky from an operational standpoint in terms of securing resources - energy, raw materials and materials. Second, it becomes more attractive to employees - the employer brand is stronger, and you have a competitive advantage with customers and suppliers. Then, there are financial benefits - if you take responsibility for managing natural capital, there are savings to be made.

Last but not least, companies with a clear sustainability plan will also have an advantage in terms of insurance costs and financing.

Specifically, in terms of financing, at Raiffeisen Bank Romania, companies with green projects have lower financing costs.

Year after year, we are making significant progress in financing a sustainable economy. In the last two years, we have issued green bonds, which we will use to provide loans with a green component. We already have a portfolio of more than Eur 500 million in green loans, having added Eur 150-200



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million in the last year alone, and our goal is to have 30% of our portfolio in green loans within the next three years.

**5. Not just in Romania but worldwide, we are looking at a very uncertain future. What does this mean for you as a leader?**

Developments in recent years have shown us that uncertainty is the most important certainty. We have trained our resilience muscle and learned to see every challenge as an opportunity.

**6. Digitalization is the new mantra in retail banking. What makes your strategy unique, and how will Romanian clients benefit from your strategy?**

In recent years, the pace of digitalization in banking has taken important steps, and it is natural, at least for efficiency reasons, to continue automating processes and migrating to the digital environment, especially simple interactions, which customers prefer to do from home on their phone, saving time and effort to go to the bank.

However, human interaction will continue to play an important role in financial services and as a key element of trust when it comes to complex needs such as a mortgage or a more complex financial plan. When faced with an important decision for their future, people still feel the need to talk to a banking professional to make sure they understand the pros and cons of the alternatives available to them, that they are not missing any details, and that their final decision is informed and best suited to their financial profile, needs and goals.

What we have done recently and what makes our offering unique is that we have moved agency activities from the operational/transactional space (which can easily move to digital) to the advisory area, where the added value that a good financial partner can create for the client is maximized. We want our colleagues to be the best financial partner for our clients and to spend more time on value-added interactions with customers, providing them with information on the bank's digital services, as well as lending, savings and all things financial plans.

**7. Looking forward to 2024, what future-ready initiatives is Raiffeisen Bank planning to undertake to stay ahead in the rapidly evolving financial and technological landscape? How do you see the competition in the banking sector, and what does competition bring for the clients?**

We continue our path to innovation and digitalization while being mindful of the new risks associated with it. We want to use data analytics and artificial intelligence to provide personalized services and offer our customers an experience of the highest standards, whether talking about their interaction with the digital environment via mobile or online or their direct interaction with our colleagues supported by technological innovation.

**8. What will the banking of the future look like?**

It is clear that banking in the future will be even more digital than it is today. The contribution of the banking system to the real economy will be higher, and the level of financial intermediation will increase. From a human resources perspective, I think the industry will grow a lot in terms of the level of specialization and productivity.

One aspect that I believe will continue to improve is the customer perception of the banking system. Things are going in a good direction as the level of financial education increases, and the contribution of the banking system to the progress of society will become more and more visible and appreciated. As a bank, we understand the profound impact financial education programs can have on individuals, communities, and the financial environment at large. Thus, through our initiatives, we aim to provide people with the knowledge and skills to make informed financial decisions and equip them with the necessary tools for navigating the complex financial world. To name just two of our financial education initiatives, I would point to Money Chat, our financial education podcast, now streaming its third season, and the partnership we have with Junior Achievement Romania. For 13 years, Raiffeisen Bank, together with Junior Achievement Romania, has been offering financial education courses for primary and high school students, with lessons tailored to the age of the students.