

IFC invests 42M US dollars in first sustainability bond in Romania

Romania's first sustainability bond will help promote both financing in the field of climate change and that in the social field, with IFC investing the equivalent of 42 million US dollars in order to strengthen the financial sector and to promote financial inclusion in the country, informs a press release of the financial institution.

Senior non-guaranteed sustainability bonds, in local currency, issued by Raiffeisen Bank S.A. (RBRO) from Romania, will help the bank to increase its lending to companies that invest in climate-smart initiatives - green buildings, renewable energy, energy efficiency, clean transport, sustainable agriculture and others, in addition to the financial support provided to social sector in areas such as health, education, basic infrastructure and affordable housing.

The bond was issued in accordance with the RBRO Framework on sustainability bonds and will contribute to increasing the bank's stability as a systemic financial institution in Romania.

"Through this new bond issue, we reconfirm our pioneering role and our commitment to support a sustainable development of the Romanian economy, in order to contribute to strengthening the resilience and competitiveness of Romanian companies. We are also pleased by the interest shown by institutional investors for the first issuance of sustainable bonds on the local market, which shows us that social issues, along with environmental ones, are starting to play an important role in the decision-making process regarding the allocation of capital," said Cristian Sporis, Raiffeisen Bank VP.

IFC's current investment follows three other previous investments in the bank's green bond issues. The first investment, worth 20 million US dollars from May 14, 2021, was also the first green bond issued by a financial institution in Romania. It is expected that the bonds will qualify for the minimum requirement of own funds and eligible liabilities (MREL) in accordance with the European Union Directive on the recovery and resolution of banking institutions (BRRD).

"IFC's investment in RBRO bonds will contribute to a robust sustainability bond market and promote private sector investment in the country," said Vittorio Di Bello, IFC's regional director for financial institutions in Europe.

RBRO is a subsidiary of Raiffeisen Bank International (RBI) and one of the systemic banks in Romania. The bank, currently in fourth place in terms of net loans, and having a market share of 10% (as of December 31, 2021), has an extensive history on the local market and offers a wide range of banking services with a national presence.