



Inaugural issuance of debt instruments in euros in Romania - IIB bonds

September 26, 2017

In September 2017, the International Investment Bank (IIB) made a success bond placement on the Romanian stock market. This is the third IIB's issue in Romania. The organizers of the new placement were BT Capital Partners S.A. (Banca Transilvania Group) and Banca Comerciala Romana S.A. (ERSTE Group).

This issue is structured in two tranches, denominated in lei and in euros with a maturity of 3 years. The tranche in the Romanian national currency amounts to RON 300 million (about EUR 65 million), the tranche in euros - to 60 million. The rate in RON is bound to the inter-bank lending rate in Romania and equal to ROBOR 3M + 1.50% per annum, the rate in euros: 1,593% per annum.

The bookbuilding process was significantly oversubscribed wherever the demand more than doubled the supply. For the first time the Bank offered investors bonds under Reg S rules, denominated in euros, placing in fact, quazi-eurobonds using the infrastructure of the Romanian market.

The IIB's offer attracted significant interest from institutional and sectoral investors, from both Romania and other EU countries, including those from the IIB's non-member states. Pension and investment funds, insurance, management and brokerage companies, and other banks actively participated in the placement.

On September 20, 2017, by the close of the book, the RON-denominated bond were purchased by investors from Romania, Czech Republic, Austria and Germany, and the euro-denominated securities - by investors from Romania, Czech Republic, Hungary, Slovakia, Germany and Austria. Thus, the total share of the Romanian non-residents participating in both tranches was equal to 36%.

The high demand for securities was predominantly secured at the roadshow on September 11, 2017. The State Secretary of the Ministry of Public Finance of Romania, head of the Romanian Delegation in the IIB Council, Mr. Attila Gyorgy, and the Chairman of the IIB Board, Mr. Nikolay Kosov, played an active part in the presentation.

"Without any exaggeration, the issue could be described as historical occasion for the both IIB and for Romania. The placement has a record volume for the Bank, for the first time it was structured in two tranches: in Romanian lei and in euros. For the first time, the IIB has issued bonds denominated in euros in a country outside the Eurozone, - stressed Mr. N. Kosov. - The value of the issue for the Romania is related to the fact that the IIB has become the first issuer on the Bucharest Stock Exchange to place bonds denominated in euros. Thus, the Bank is successfully achieving one of its strategic goals - to provide assistance for the development of the national stock markets of its member states in line with its mission."

Deputy Chairman of the IIB Board, Mr. **Jozef Kollár**, who supervises the debt finance activities of the Bank, commented: *“The new bond issue testifies to our confidence in the Romanian market and, vice versa, indicates investment community’s trust and growing interest in the creditworthiness of the Bank. The fund raising through the latest placement in Romania also shows the increase in Romanian activities of the Bank, including the lending increase to Romanian clients. An inaugural placement of securities nominated in euros has become possible thanks to the close cooperation of the IIB with the Romanian Financial Supervisory Authority, the Bucharest Stock Exchange and the Central Depository of Romania.”*

The IIB is regularly raising funds on the local market and systematically growing its investments into the Romanian economy. As of today, the total amount of the funding raised on the Bucharest Stock Exchange is equal to RON 711 million (around EUR 155 million) and EUR 60 million. In addition, since the beginning of IIB’s reform in 2012 the volume of signed agreements with the Romania borrowers is about EUR 90 million, with a promising pipeline.