



Banco Promerica de Costa Rica: first sustainable bond issuer

With the aim of promoting sustainable investments and driving our market towards a more sustainable one, the Panama Stock Exchange (BVP) held the webinar "Banco Promerica de Costa Rica: first sustainable bond issuer," Banco Promerica de Costa Rica, along with IDB Invest and MMG Bank, shared the impact of this responsible investment for our region.

Olga Cantillo, CEO of the Panama Stock Exchange thanked Banco Promerica de Costa Rica for the trust in the Panamanian capital market with the listing of the first sustainable bond in Central America, motivating the BVP to continue with its commitment in the development of sustainable finance for Panamanian capital markets and its financial center.

As detailed in a press release from IDB Invest, a member of the IDB Group, they granted Banco Promerica de Costa Rica, a Partial Credit Guarantee Facility (PCG) of up to USD 20 MM. This facility will guarantee one or more green, social and/or sustainable bond issuances in the BVP under this bond program, which will help improve access to financing for small and medium-sized enterprises (SMEs) and expand their portfolio of green credit in Costa Rica.

On this subject, Gema Sacristán, Chief Investment Officer at IDB Invest, explained during the webinar organized by the BVP, the panorama of sustainable investment and the role of thematic bonds at a global and regional level and how, despite 2020 being a difficult year, it has allowed and marked a turning point for sustainable investment globally, evidenced by the resilience of this type of investments, in addition to investor's interest.

The first issuance under the USD 50 MM bond program, authorized by the local regulator (Superintendencia del Mercado de Valores), will be a sustainable bond for USD 10 MM that will have a PCG from IDB Invest of 30% of the principal amount issued and in circulation. This issuance will be placed in the BVP through MMG Bank, co-structuring agent and brokerage firm for the bond program.

Roger Kinhead, Director of Investment Banking at MMG Bank stated that it is important to note that this issuance will have a first series of USD 10 MM. He also spoke about the interest of international issuers in sustainable issuances in the Panamanian market and invited them to comply with requirements and have internal processes established that allow them to guarantee and measure that they are complying with the investment they want to propose and thus to be able to publish accordingly the impact they are achieving through these issuances and investments on a recurring basis.

Michelle Espinach, Sustainable Banking Manager at Banco Promerica, highlighted that it is a great honor for them to be the first Central American bank to issue sustainable bonds. She also shared that doing so through the Panama Stock Exchange allowed them to open the window and have access to a diversified base of investors, as well as reaching other markets, providing them with a competitive advantage.

Banco Promerica as a group has been working with a sustainable approach for over 28 years, seeking to have an impact in the communities where they are present, this being a pillar in its DNA. They are pioneers in this area and were the first Costa Rican bank to sign the United Nations Principles for Responsible Banking, which is an immense commitment to continue growing in their history of sustainability and to continue contributing from what they do, to reach the Sustainable Development Goals.

IDB Invest advised Banco Promerica de Costa Rica in the design of the methodological framework for the use of funds, which contains the criteria for selection, monitoring and evaluation of projects, aligned with the principles of green and social bonds of the International Association of Capital Markets (ICMA). Additionally, IDB Invest supported Banco Promerica de Costa Rica in obtaining an independent verification of the methodological framework, known as a second-party opinion, issued by Vigeo Eiris, an external consultancy specialized in this type of project.

This operation can potentially contribute to nine of the United Nations' Sustainable Development Goals (SDGs): Gender equality (SDG 5), Affordable and clean energy (SDG 7), Decent work and economic growth (SDG 8), Industry, innovation and infrastructure (SDG 9), Reduction of inequalities (SDG 10), Sustainable cities and communities (SDG 11), Responsible consumption and production (SDG 12), Climate action (SDG 13) and Life of terrestrial ecosystems (SDG 15).

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