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## **109 IIB COUNCIL MEETING: a new strategic cycle has been launched.**

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On June 4-5, 2018 an old Russian city of Yaroslavl hosted the 109<sup>th</sup> Meeting of the Council of the International Investment Bank (IIB). The Council is the highest management body of the Bank and includes high-level officials from 9 member countries.

Current meeting became an important milestone in the bank's history. Not only was it the first Council Meeting in the new strategic cycle, but also could be considered as an event that will determine IIB's future successful development in the long-run, considering the importance of topics on the agenda. Moreover, for the first time after a long pause a delegation of the International Bank for Economic Cooperation (IBEC) headed by the Chairman of the Board Denis Ivanov was invited to participate in the IIB Council Meeting. Opening the event the Head of the Russian delegation, Director of Department for International Relations of the Finance Ministry Andrey Bokarev congratulated Mr. Ivanov on his recent appointment as the head of IBEC and expressed his hope that two institutions will develop a fruitful and mutually beneficial partnership in the interests of their shareholders.

Heads of IIB delegations gave high praise to the activity report of the Bank presented by IIB management, noted effectiveness of the Bank's activities and correctness of IIB's strategic direction. Among key factors of IIB success in recent years the following received a special mention: diversification of the loan portfolio, improvement of the quality of treasury assets, geographic and currency diversification of funding operations, Bank's efforts in development of member countries capital markets, high quality of liquidity and risk management as well as consecutive efforts of the Bank to improve business processes and corporate governance system.

IIB significant achievements did not go unnoticed by the international credit rating agencies that took numerous positive rating actions on the Bank within the last year. This allowed International Investment Bank to become the highest rated international development bank headquartered in Russia and rightfully join the elite A rated financial institutions category as was outlined by countries delegations.

Addressing participants of the Council Meeting Chairman of the IIB Board Nikolay Kosov specifically underlined that for successful implementation of a new growth Strategy 2018-2022 the Bank counts on practical support of the shareholders. First and foremost, with regards to adoption of a new flexible capitalisation programme. Mr.Kosov drew special attention to the fact that necessary back-up of member countries, especially on the issue of additional capital injections, is continuously and unanimously brought up by the rating agencies. Delegations expressed approval of the Bank's proposed approach to new capitalisation programme and agreed to begin detailed consultations on its implementation.

A decision on significant expansion of IIB presence in Europe also became an important step towards the implementation of the Bank's new strategy. Member countries unanimously supported the Bank's initiative on establishment of a new multifunctional IIB front office - IIB European Unit. Apart from searching for new investment opportunities the unit is set to perform preliminary project appraisal as well as monitoring, with a view to further expand its operations in the future. IIB European Unit will be located in the capital of Hungary - Budapest.

Presentations by Chairmen of the Board of two banks on the issue of possible integration of IIB and IBEC into a banking group with both remaining legally independent - became one of the key moments of the Council Meeting. Heads of IIB and IBEC underlined the significance of further development and expansion of mutually beneficial cooperation for the good of the shareholder countries taking into account their geographic similarity. Both Chairmen of the Board expressed an opinion that business profiles of each bank should be clearly determined in order to achieve a maximum effect from banks activities. Presented initiative was well-received by Council participants. In accordance with the request of the delegations the IIB Board will continue to work on the details of the proposal in collaboration with IBEC management. Further discussions of the matter will take place during the next IBEC Council Meeting in Bratislava (Slovak Republic) at the end of June.

In conclusion to the Council Meeting an Agreement on the technical cooperation was signed between IIB and IBEC. It is set to open a new chapter in collaboration between the two international development financial institutions.