



## **Fitch Ratings has improved the outlook for IIB long-term BBB+ rating from “stable” to “positive”**

September 13, 2019

On September 11, 2019 Fitch Ratings improved the outlook for IIB long-term rating BBB + from “stable” to “positive”. This is a second in 2019 and already a sixth positive rating action on the Bank from leading international rating agencies since the beginning of 2018.

Fitch calls the ongoing comprehensive improvement of the institute's business profile the main factor that contributed to this decision.

The Agency's report points out that as a result of successful relocation to Budapest (Hungary) in the first half of 2019, IIB became the first multilateral development bank with headquarters in Central and Eastern Europe (CEE) region, while member states' approval of a EUR 200 mln paid-in capital increase will support the Bank's ambitious lending growth targets.

Fitch Ratings makes a special emphasis on the fact that comprehensive support provided to the Bank by its shareholders will continue to be an important key factor for the growing importance of IIB operations for its member states economies. The agency also gave a positive assessment to the fact that EU shareholders now account for over 50% of the Bank's paid - in capital, i.e. the majority voting rights for all key decisions.

In Fitch Ratings' view, IIB has been successful in the relaunch strategy implementation, including growing quality of the loan portfolio with 53% allocated to the European projects' support, and enhancement of risk management system that has allowed to reduce the non-performing loans ratio from 4% to 1,8% in the last year. The Agency also draws attention to the Bank's high level of liquidity, steadily improving quality of treasury assets and ongoing diversification of funding sources.

“It is rather symbolic that Fitch announced yet another positive rating action towards the Bank prior to historic meetings of IIB Board of Governors and Board of Directors, which for the first time after the relocation will be held in the capital of IIB new host country - in Budapest on September 16-17,” said Nikolay Kosov, Chairperson of the IIB Management Board, - “today, we can confidently say that this is another vivid testimony of success of chosen growth strategy supported by our member states. IIB is constantly proving its effectiveness and continues to develop at a rapidly growing pace, today already ahead of our strategic targets in some key performance indicators.»