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Fitch Ratings has upgraded IIB's long-term credit rating to BBB+ with a stable outlook

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On November 22, 2018, the international rating agency **Fitch Ratings** upgraded the International Investment Bank's long-term credit rating to BBB+ with a stable outlook. This rating upgrade is already the fourth positive rating action taken in relation to the Bank by international rating agencies this year.

As the main factors that contributed to the upgrade, Fitch lists a significant improvement in the quality and geographical diversification of the Bank's loan portfolio, a stronger internal risk management framework as well as a significantly higher quality of the Bank's treasury assets.

Regarding the loan portfolio, Fitch positively views the lower credit risk of the Bank's borrowers and a rise in the share of loans issued to clients in the Bank's European Union member states. The rating agency also notes the stable low percentage of non-performing loans in the Bank's loan book.

In its report, Fitch emphasizes a much higher credit quality of the Bank's treasury portfolio thanks to the increased share of AAA and AA-rated bonds in its treasury holdings as well as a successful effort to diversify of the Bank's own funding sources.

The rating agency points out that future rating upgrades may be driven by further dynamic growth of the Bank's operations coupled with preserving stable capital adequacy indicators, capitalization of the Bank as well as a planned relocation of its headquarters to Budapest, Hungary.

"The IIB received its first credit rating from Fitch back in 2013 and since then the rating agency has upgraded it by two notches," said **Chairperson of the Management Board Nikolay Kosov**, adding that "this last positive rating action is a direct result of the successful efforts of the Bank's team aimed at implementing our Strategy of Growth for 2018-2022. Today, we face very ambitious goals such as doubling the size of our loan portfolio and assets in the next five years, expanding the Bank's European operations in all lines of business, and ultimately developing and strengthening the economic ties between our member states. I am convinced that active support of member states, especially in such strategic matters as the Bank's further capitalization, approval of the headquarters relocation to Budapest and possible expansion of a shareholder base will help us achieve these targets and count on future rating upgrades."

Earlier this year, on April 30, Moody's Investors Service took a positive rating action when it upgraded the Bank's long-term credit rating to A3 with a stable outlook. The main drivers of the rating upgrade were its higher asset quality, strengthened risk management system, high level of diversification of the credit portfolio and funding strategy, as well as a tangible

improvement in its treasury asset quality.

On April 12 this year, S&P Global upgraded the Bank's long-term rating to BBB+ with a stable outlook thanks to a significant improvement of its financial profile, which was reclassified from "strong" to "very strong".

On February 7, 2018, Dagong Global Rating Co. changed the Bank's rating outlook to positive, referring to significant strengthening in the Bank's risk management framework and improved asset diversification.