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"IIB has boosted its investments in member states, significantly increasing its loan portfolio." - IIB Chairperson Nikolay Kosov shared the highlights of the Bank's operations in 2021 with the Hungarian news agency MTI

December 16, 2021

Current year will go down in IIB history as yet another year of milestones and fulfilled targets. Results of the relocation to Europe, envisaged and hoped for by member states, while taking that decision, did not wait long to appear and they continue to pick momentum. **Two and a half years of what we call the "Hungarian boost" brought:**

an increase in the loan portfolio by 59%, a strategic target of the Bucharest Strategy for the end of 2022 - 1.2 billion euro, was reached in October this year more than one year ahead of plan. The portfolio exceeds 1.3 billion euro and is well diversified by geography, sectors, instruments of support. 58% of the portfolio relates to operations in the European member states of the Bank. The quality of borrowers and projects has had a qualitative positive shift, too. Large European corporate names, infrastructure projects are now also an integral part of our business. **Since the end of 2012, when the relaunch of IIB began, aggregate investments in member states amount to EUR 3,1 bn. The loan and documentary portfolio grew 13 times from EUR 95.6 in 2012 to EUR 1.3 bn currently;**

improved credit ratings, with all major agencies assigning an "A" level to the Bank. Moreover, in 2020 IIB was the only multilateral development bank to receive an upgrade despite extremely challenging environment caused by the pandemic. In 2021, all our ratings were affirmed by agencies on the basis of a prudent risk management system, aforementioned achievements, strong shareholder support and rapidly improving quality of the treasury portfolio, among other factors;

continuously **decreasing cost of funding and diversification of an investor base**. 2021 saw IIB achieve its first negative yield on its bonds issued under our MTN Programme - and this negative interest rate territory was reconfirmed in four consecutive transactions throughout the year. Also, the bond with the longest ever maturity was placed by the Bank in the current year (20 years). And to think that until 2015 the Bank had never worked in capital markets. Today our bonds are traded in Dublin, Vienna, Budapest, Bucharest, Moscow, Prague and the investor base continuously expands demonstrating growing trust and strengthening of market positions. **The total amount of funding attracted by the Bank since 2015 amounts to EUR 2.5 billion.**

Hungary continues to be one of the most active shareholder states in the Bank, as well as one

of the main beneficiaries from IIB investments with the fastest growing share in the loan and documentary portfolio. **Since the relocation of IIB Headquarters to Budapest the Hungarian portfolio of the Bank grew by 217% from EUR 57 million to current EUR 180 million.** Such vital sectors of economy as agriculture, tourism, energy, healthcare are supported by our institution in the host country. The current pipeline of deals in Hungary at various stages of assessment at IIB exceeds EUR 330 million. We expect that in 2022 Hungary will further strengthen its position in the portfolio.

We are moving towards the completion of the Bucharest Strategy with another historic strategic milestone for IIB. For the **first time in 51 years a new shareholder is about to enter the institution**, Republic of Serbia. Accession of Serbia is a **natural continuation of the Bank's European expansion**. It is a country with strong historic trade and economic ties with other member states. We have carefully studied the **capital markets, geographic, social and economic aspects and this new accession is highly logical from all angles**. On December 8, 2021 our member states unanimously voted to grant the Republic of Serbia accession to the membership in IIB during the Board of Governors meeting. So we enter the 10th year since the relaunch of the institution with 10 shareholders on board and looking forward to boosting cooperation between them and contributing to their economies.

We have set ourselves some rather ambitious targets for 2022 with regards to key performance indicators. IIB aims to further increase its presence in shareholder markets and beyond, continue to give priority to projects aimed at sustainable development of our countries, as well as integration deals covering interests of two and more shareholders. We have proved that growth and performance improvement is possible on a constant basis even in the most challenging external environment like the pandemic. We are grateful to all our member states for their comprehensive practical support and strategic vision that gives our activities impetus to look into the future with confidence and optimism.

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