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## **"IIB is increasing the volume of credit support to its member states, we finance more and more large-scale projects." - IIB Chairperson Nikolay Kosov shared the highlights of the Bank's strategy and operations with the Hungarian Kossuth Radio**

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Share capital of EUR 2 billion and allocated resources exceeding HUF 150 billion for Hungarian companies. The International Investment Bank's relocation to Budapest is a success story, says **the Chairperson of the financial institution's Management Board**. The Bank chose the Hungarian capital as its centre two years ago. A few months ago, the new headquarters building was inaugurated rendering Hungary the regional financial centre of the area.

**Balázs Náray** is talking to **Mr Nikolay Kosov, Chairperson of the International Investment Bank's Management Board**.

*"You have two years of experience as a Budapest-based bank. What are the most important values and benefits of moving your headquarters to Budapest, and what were the greatest challenges?"*

"Yes, we live in extremely interesting times indeed. Actually, Budapest has been our headquarters for a bit over two years. The benefits of the headquarters' relocation from Moscow to Budapest were foreseen. Our shareholders and myself counted on them. One of the benefits is that the Bank moved closer to EU actors, to businesses, to its financial markets, to its clients and to international investors. Our relocation resulted in upgrades by all major credit rating agencies. When the process was completed, we attained A rating, and this was confirmed both in 2020 and this year. By credit rating agencies, I mean Moody's, Standard & Poor's, Fitch and the Russian ACRA. They acknowledged the headquarters' smooth relocation, our commitment to the objectives set, the growth in terms of all indicators, and the transparent management system. One more aspect: Our investment activity is becoming more intense. Meanwhile, our loan book has increased by more than 30% over these two years. This is particularly important, considering that 2020 was not an easy year. There was the pandemic and the lockdown in various economic sectors. Regarding the loan book, we have also achieved a quality change. We are executing larger infrastructure investments, they are appearing in our books. Moving to an EU Member State meant a geographical shift towards the European Union."

*"Does this mean that more attention is focused on the Bank's EU Member States? Or you still devoting attention to the Asian member states as well?"*

"When we relaunched this bank almost exactly 9 years ago, the Russian contribution

accounted for 60% of paid-in capital. Now it is around 43%. This shows the cornerstones of our strategy. Yes, we would like to become a European bank. At the same time, we work together with all our member states regardless of their geographical location. It is also a fact that before the relocation to the European Union, the European member states obtained a majority in terms of paid-in capital. Now it is around 52%. One of the reasons for the relocation was to lay the foundations for our continued growth. I must say, and I don't hide the fact, that some of our EU member states find it quite hard to achieve our objectives. The first reason for this is the coronavirus pandemic, and the need to tighten finances. The secondary reason is the complexity of the domestic political situation in several European member states."

*"You mentioned that there are issues or debates regarding some EU Member States. Do you think that the main conclusion from this may be that political and economic aspects should be managed separately?"*

"You are absolutely right. This is the focus of our strategy. We are an apolitical bank, so we don't interfere at all in the politics of our member states. You can easily understand why. We have a wide range of member states. Besides Russia, there is the socialist Cuba, the socialist Vietnam and Mongolia, and five EU and NATO member states, so it could not work otherwise. Therefore we are completely tolerant. We know what we are doing, we keep broadening our activities in every member state."

*"What is the main focus of your activity? We know that it is about investments and developments. But within that, what is more important: infrastructure or rather the environment, which I know you personally consider an important field? Or are you trying to turn towards sectors such as smaller economic operators, small and medium-sized enterprises?"*

"In general, I can say that currently you may find in our books investments in the energy sector, also related to renewable energy. Besides that, we have investments in the fields of infrastructure, IT, pharmaceutical industry, agriculture, food processing, and tourism. So our activity is resting on multiple pillars. And yes, we relaunched our activity focusing on small and medium-sized businesses. By now, we have expanded our possibilities. We are able to involve financial sources from the world's financial markets under favourable conditions. We have resources, therefore we have started to finance the first large projects. For example, in Hungary we provided support in such important sectors of the national economy as tourism, agriculture, food processing and automotive industry, energy and health infrastructure. Our other important role is integration, thus launching programmes that include two or more of our shareholders, promoting economic cooperation among the countries this way. I am pleased to say that we are developing in this regard. Currently, the proportion of developments built on such cooperation is almost 35% in our loan books. Regarding environmental protection, we pay attention to topics such as protecting water resources on Earth. Since last year we have been cooperating with the Plastic Cup initiative in Hungary, which is making great efforts to clean the Tisza River from plastic waste. We are continuing this effort and preparing to participate in the large water and environment conference in Budapest in December. I think that we will be able to find more interesting projects related to this topic."

*"Do you also keep track of the economic infrastructure of your member states? Or what the nature, the structure of the economy is like in these countries? For instance, Cuba probably needs developments other than the Czech Republic, Hungary, or Bulgaria. Are you able to map in some way the operation of a country, what are the priorities for one or another economy?"*

"There is a wide variety in terms of the countries' level of economic development. For example, the Czech Republic is rated AA, while Slovakia is rated A in terms of credit rating. Cuba has no credit rating at all. If you ask me about Cuba, the only loan we provide there is for purchasing small factories, production units such as a bakery or a sausage factory. So these are really small enterprises. But this is what really helps the Cuban population. The same way, this can help Hungarian, Czech, Bulgarian or Russian corporations operating in the same field that are the major processors, to get more orders due to the Cubans even throughout the years of the epidemic. But obviously, we have larger investments as well. For instance, in Slovakia we are providing financing for an investment of EUR 100 million. And that is just a single development. In Hungary we have allocated more than EUR 100 million to develop the electrical network system. In Hungary we also have greenfield investments. I would mention the Hunent poultry processing plant in the southern part of the country, which is in the second phase of development and created 300 working places in the region by itself."

The full text of the Interview can be found via the link below starting from 08:06:30.

<https://mediaklikk.hu/radio-lejatszo-kossuth/?date...>