



IIB issues first Hungarian forint bonds under MTN

Programme

September 18, 2020

Since the registration of its MTN Programme in Dublin Stock Exchange in March 2020, IIB has been actively issuing bonds under it. The Programme has once again proved to be one of the main pillars of the Bank's funding strategy, with a newly executed HUF 15 bn deal (approx. EUR 42 mln).

UniCredit AG acted as the lead manager of the issuance.

The operation was IIB's third transaction this year under the MTN Programme and brought further currency diversification, following previous deals in the Romanian lei and Czech koruna. Moreover, the investor interest in the deal was greatly balanced among onshore and offshore participants, thus satisfying domestic Hungarian institutional investors' appetite in IIB bonds as well as international demand in the HUF. There were 11 investors in the deal, out of which 4 offshore (2 from Germany and 2 from Czech Republic) and 7 domestic (banks, corporates and asset managers).

The deal, with an annual coupon rate of 2,25% and a 3-year maturity, representing a premium of 101 bps over Hungarian Government Bonds, provided IIB with an extremely competitive after-swap price of 0,81% EUR fixed rate - the lowest price for the long-term funding attracted so far this year.

"Since our first and second entries on the Hungarian forint market in March and September last year, we have issued altogether over HUF 60 billion of bonds. This is a clear sign that there is a market demand for IIB local currency bonds, both domestically and internationally, as well as a confirmation of strong confidence in the Bank. This last deal is a clear path towards pre-pandemic funding cost levels. Moreover, the recent Fitch upgrade to 'A-' provided additional support for our institution's brand, and immediately reflected in an increased interest in our bonds," noted **Nikolay Kosov, Chairperson of the IIB Management Board.**

"Issuing HUF under MTN Programme creates attractiveness for offshore investors, which was obvious in this deal. They have an opportunity to get exposure in the local currency in a standardized well-known format but with a high-rated name as IIB. On the other hand, we maintain the commitment to be present in the local currency markets of the member states and help investors to further diversify and improve the risks associated to their portfolios.

Moreover, since we are swapping the proceeds into EUR in most of the cases, we are further supporting the development of the swap markets via the issuance of the local currency bonds"

reflected **Jozef Kollar, First Deputy Chairperson of the IIB Management Board in charge of Treasury and DCM.**

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