



IIB successfully placed its second HUF bond issue

October 17, 2019

Capitalizing on the Headquarters' relocation to Budapest and the strategic plan to enhance its presence in Europe International Investment Bank (IIB or the Bank) has successfully closed the order book for the second HUF bond transaction with a 3-year maturity and a fixed coupon on the Budapest Stock Exchange.

Based on a very strong demand the Bank allocated the amount of HUF 22,5 billion (EUR 67,5 million equivalent). Lead managers of the transaction were OTP Bank and UniCredit Bank Hungary.

The bonds had been acquired by a broad investor base including banks, investment funds and insurance companies.

IIB has continued its trend of lowering cost of funds raised on the markets of its EU member states achieving once again the lowest nominal yield (1,42%) and coupon (1,25%) ever paid for a fixed bond issue. In just 7 months, the Bank reached 56 bps reduction in yield for the same maturity bonds and 75 bps in the coupon to be paid to the investors. Moreover, on an euro after-swap basis IIB achieved the lowest cost ever, fixing its liabilities to 44,7 bps for the 3-year maturity.

The Bank remains the only multilateral development bank to issue local currency bonds under Hungarian law, demonstrating once again the institution's contributing role to the development of the local capital markets in its member states.

The bond transaction followed the deal related road show event organized just before the auction on October 14, 2019 with the support of Mr. Gábor Gion - Minister of State for Financial Policy Affairs of Hungary.

"We are happy to do our first deal after our relocation showing new historical lowest costs while consolidating our presence on the EU markets, with the share of the European Union debt capital markets in the long-term funding portfolio reaching 70%. Our funding operations focus not only on achieving the best terms for the Bank, in order to ensure a strong long-term financial sustainability and to support local currency loan book, but also on boosting the development of the local capital markets -", First Deputy Chairperson of the IIB Management Board Jozef Kollar, responsible for Treasury and Funding, pointed out.

The proceeds from the issuance will be used to extend loans for implementation of investment projects in EU shareholder states, including Hungary, and refinance IIB's debt obligations.

"As it has been previously noted, IIB's relocation to Budapest increases its role as an international financial center. Our second bond placement on the local capital market confirmed high potential, attractiveness of Hungary for investors, as well as sound and sustainable business climate in the country, " - Nikolay Kosov, Chairperson of the IIB

Management Board stated.