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Inaugural Board of Governors Meeting: new milestone in institution’s development

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On December 3-4, 2018 in accordance with the new statutory documents that entered into force in August this year first meetings of the Board of Directors and the Board of Governors of the International Investment Bank (IIB) took place in Varadero (Republic of Cuba).

The scale of decisions taken significantly empowers the Bank and allows for its further intensive growth in the long-term.

The Board of Governors voted for a relocation of IIB Headquarters to Budapest from Moscow. As a result, the institution will receive a European legal and fiscal address, will come closer to its main sources of funding and will receive the ability to diversify them further. This fully corresponds with interests of all shareholders. A European majority of shares in capital structure and loan portfolio, as well as comprehensive growth of financial and economic cooperation of IIB member states from other geographies with Europe were also taken into account.

Hungary addressed the feasibility of possible IIB main seat moving to its territory ever since it rejoined the Bank back in 2015. A positive solution was found in Moscow during the summit talks between the Russian President Vladimir Putin and Hungarian Prime Minister Victor Orban in September this year.

Within the course of the Board of Governors meeting the Hungarian delegation confirmed Budapest’s readiness to comprehensively support the process of headquarters relocation and its deployment in a new location from a diplomatic as well as an administrative and a financial point of view. It is estimated that the Bank will be able to commence its activities from a new location at the end of April 2019. An IIB branch will be established and become operational in Moscow by that time.

If the headquarters relocation decision strengthens IIB’s international financial position, parallel **shareholders’ approval of a new capitalisation programme until 2023** will significantly boost the Bank’s capital base. Both decisions combined provide necessary conditions for achievement of ambitious growth indicators envisaged by the current development strategy that could be corrected for further increase within the course of their implementation.

The Board of Directors and the Board of Governors **discussed and confirmed a possibility of accepting 2-3 new shareholders from European and Asian countries** to International Investment Bank. Not aiming for a large-scale expansion of its member geography the Bank intends to keep and further develop its “investment boutique” characteristics.

Shareholders also continued discussions on a possible establishment of a banking group between IIB and International Bank for Economic Cooperation (IBEC). Countries have noted a significant volume of work carried out by both institutions on the matter and decided to return to its further assessment at a later stage.

A number of key documents related to modernisation of IIB operational principles to new statutory documents was also approved and entered into force. Among others, Management Board formation guidelines give this process transparency, democratic and equal character for all member states on conditions of an open tender controlled by the Board of Directors.

Reflecting on the results of events in Cuba the Chairperson of the Management Board Nikolay Kosov stated that IIB relaunch is now complete. “Decisions taken within the course of the first Board of Governors meeting open up a new era in an almost 50 year history of the Bank. They practically put it on a path of acceleration and full adaptation to modern international financial business environment”.

Shareholder countries agreed to hold the next Board of Governors meeting in Budapest next year and the Board of Directors meeting in Moscow.

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Within the framework of the events in Varadero a meeting took place between the Chairperson of the IIB Management Board Nikolay Kosov, the Bank’s top management and the Vice President of the Council of Ministers of the Republic of Cuba, Minister of Economy and Planning Mr. Ricardo Cabrisas, as well as the representatives of the State Bank of Cuba. Parties discussed in detail the outcomes of both boards’ meetings, their implications on the Bank’s further development overall, and in Cuba, in particular.

At the close of the meeting, an official ceremony was held to present Nikolay Kosov with a high-level state award of the Republic of Cuba – ***Medal of Friendship***. A corresponding decree was signed by the President of State Council of the country **Mr. Miguel Mario Díaz-Canel Bermúdez** and underlines that Mr. Kosov is granted this honour for “a significant personal contribution to strengthening of the country’s economy and development of mutually beneficial relations of member states of the International Investment Bank with Cuba”.

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