

Interim results of IIB operations after its relocation to Europe: the Bank enhances its lending and investment activities in the interest of member states

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The meeting of the Management Board of International Investment Bank (23d since the actual relocation of the Bank's Headquarters to Budapest) took place this week, where among other issues, a number of investment projects were discussed.

In the last six months, the Bank managed to maintain the pace and even increase volumes of its lending and investment activities. A significant decrease in the cost of funding attracted in member states capital markets played an important role in that. In September and October, IIB yet again successfully issued its bonds on the Budapest and Bucharest stock exchanges at record-low pricing.

Taking into account upcoming disbursements the Bank's loan portfolio is targeted to reach end-of-the-year target by the end of November and could exceed 1 bn euros by the end of 2019, off-balance sheet liabilities included.

Since the relocation to Europe governing bodies of IIB considered over 20 investment projects in the total volume exceeding 400 mln euros in such priority sectors for shareholder economies as infrastructure, energy, steel production, automotive industry, pharmaceuticals, agriculture, food processing and tourism. As a result of project assessment 18 deals were approved to receive financing, namely, in Bulgaria, Hungary, Vietnam, Mongolia, Russia, Romania, Slovakia and the Czech Republic. Out of these, a number of projects carries an integration effect, i.e. involves interests of more than one IIB shareholder, and some will include third countries. Another 27 projects are currently under various stages of assessment at the Bank. Their implementation will require around 500 mln euros.

Two projects, aiming to receive IIB financing in Hungary and the Russian Federation received negative opinions from the Bank's governing bodies and were rejected.

Trade finance portfolio has also been showing growth dynamics. If at the end of 2018 the total volume of funds allocated by IIB for support of trade and economic ties of member states amounted to 248 mln euros, from the beginning of this year the Bank has managed to increase it to a record-high 364 mln euros.

Current EU share in the loan and documentary portfolio exceeds 53%, showing a 3% increase compared to last year.

It is important to note that starting from 2019 the decision-making process for the largest and longest maturity projects directly involves representatives of member states delegates in the Board of Directors – a new governing body introduced as a result of last-year's new corporate

governance system.

“We can firmly state that IIB relocation to Europe gave a strong impetus to a comprehensive development of the institution in the interest of shareholder countries in various geographies. International credit rating agencies also emphasise this having raised our rating to an average A level” - Deputy Chairperson of the Management Board in charge of Lending and Investment Georgy Potapov commented” - “The Bank became closer to its key clients and partners, we are expanding investor base, gradually decreasing cost of our funding, which has a direct positive effect on IIB’s ability to increase lending and investment volumes”.

As a result of the Management Board meeting a number of strategic plans for 2020 were discussed taking into account ambitious goals set out by shareholders within the frameworks of country strategies.