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## **International Investment Bank - new aspects of development**

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*The 102nd meeting of the Council of the International Investment Bank, the highest authority of the Bank's administration, took place in the capital of the Republic of Bulgaria, Sofia.*

*The delegations of the member states approved key future-oriented decisions: on the Hungary's admission to the IIB's membership and the opening of the IIB's European office in Bratislava. Although the Bank was losing its members in previous years, the meeting in Sofia marked a new era of moving on from reformation and modernisation towards operational and geographical expansion, harmonisation of regional priorities.*

*The Council in Sofia documented the Bank's new position as a modern multilateral institution for development. The Council, which became a de facto presentation of the renewed IIB, stated the success of the Bank's comprehensive reform and recognised the first results of its renewed development strategy implementation.*

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The above evaluations and conclusions root in the practical outcomes and performance indicators of the Bank, that is, first of all, the long-term investment grade credit rating of A3 issued by the international rating agency Moody's. This is the highest grade amongst all the financial institutions based in Moscow.

The IIB became a known entity within the international financial community and the business circles of its member states. The Bank obtained access to funding in the interbank market, attracting resources among others from the largest international financial groups. For the first time in its history the Bank entered the debt market. Ruble bonds in the amount of RUB 2 million were placed in April in Moscow. In October the IIB debuted with debt securities nominated in euro by placing a 5-year bond in the amount of EUR 30 million.

A broader resource base allows a successful implementation of the plans to grow a new loan portfolio and develop a product range. As of the beginning of November 2014 the volume of the loan portfolio exceeded EUR 210 million, while more projects in the total amount of EUR 343, 7 million are currently under consideration.

Such results represent a good basis for the IIB's further development and improving the quality of its work in the interest of all the member states. The Council adopted the process of internationalisation of the Bank's operations and capitalising on the supranational nature of its activities as the nearest strategic target. The decisions with a view to achieving this target were made during the meeting. The Council reinstated Hungary, which had previously voiced its intentions to renew its participation in the IIB, to the Bank's membership. Thus the number of the Bank's members has now grown to nine achieving the geographical integrity

of its European territory. The conditions of Hungary's entrance make it the Bank's significant participant facilitating the advances in the solution of one of the key challenges — achieving a more balanced share allocation in Bank's the capital. In the discussions arose during the meeting all the member states recognised the need of further gradual changes in the share structure in favour of the European and Asian member states.

Another important decision made by the Council was the approval of the Board's proposal to open the IIB's regional office in the Slovak Republic, Bratislava. Its inauguration is planned for the first half of 2015. A fully operational office within the eurozone will become a platform to increase financial and credit activities in Europe, allow to attract extra resources through various financial instruments, establish more effective selection mechanisms for projects in the European member states, facilitate cooperation with European government bodies and business communities, increase the awareness of the Bank in the region. A European office will also allow to reduce the pressure of the external environment on the Bank's operations and its dependence on the rating of the country of residence. In total it will allow to balance the country's proportions in the credit policy and to perform in full the Bank's mission in all its member states.

The Council approved the Board's plans to develop its activities. In particular, the Bank has intentions to actively support export operations in the «IIB territory» in cooperation on trade finance with the member states' national export agencies. The plans to grow the loan portfolio foresee the further increase of the resource base. The IIB will take advantage of the new methods of attracting funds including entry into the debt markets of the member states. Successful issuances in Russia and Slovakia will be continued in other countries. High credit rating will become a competitive advantage in attracting resources. While planning to diversify its funding sources the IIB relies on the participation of state funds and the Central Banks of the member states. Here the Bank's policy contemplates the balance between recourses originated from various countries and the ways for their utilisation.

While implementing those tasks the International Investment Bank will continue to follow the key path for its activities, that is to support small and medium enterprises in its member states. The IIB is also ready to continue its participation in infrastructure projects finance in the member states both independently and on a multilateral basis in concert with national and international institutions.

The Council considered and approved the report on the Budget 2014 Management, the Draft Budget 2015 and the Risk-appetite target values for 2015.

Organising business forums under the aegis of the IIB Council meetings has already become a good tradition started in Bratislava in 2013. Open session of the Council, presentation of the IIB for Bulgarian partners and a «round table» dedicated to the role of the international development banks in support and development of foreign trade took place in the framework of the Council in Sofia. The heads of the national export agencies of Bulgaria, Romania, Russia, Slovakia, Czech Republic, the representatives of the World Bank, the European Investment Bank, the European Bank for Reconstruction and Development, the Black Sea Trade and Development Bank, the Eurasian Development Bank, the Bank for Development and Foreign Economic Affairs (Vnesheconombank), VTB Group and other international institutions participated in these events.

There was an informative and substantial discussion focused on the issues comprising the core of the IIB's renewed strategy — SME support and finance, multilateral infrastructure projects,

ecology and energy efficiency.