



INTERNATIONAL
INVESTMENT
BANK

Budapest, Fő utca 1, H-1011,
Hungary
Phone: : +36 1 727 8888
Fax: : +7 (499) 975-20-70
E-mail: mail@iibbank.com

International Investment Bank obtained international investment credit rating

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International rating agency Fitch Ratings has assigned the International Investment Bank a Long-term Issuer Default Rating (IDR) of «BBB-» with a stable outlook and Short-term IDR of «F3».

International Investment Bank obtained a credit rating for the first time in its history. It became possible due to the realization of the complex reformation of the Bank, during the past year, aimed at the IIB's transformation into an effective multilateral institution for development. From 2013 new principles of credit policy were implemented — the IIB is oriented towards the support of SMEs in member states, working mainly through international institutions for development and banks with a high rate of credibility. A readjustment of the old credit portfolio was carried out — all NPLs are written off the balance sheet, the normative base is renewed and systems of risk management based on Basel II, compliance control and system of personnel motivation were implemented.

In the official report of the agency, https://www.fitchratings.com/creditdesk/press_releases/detail.cfm?pr_id=811410 it is marked, that one of the key factors in making this decision was the high level of support from the Bank's member states, including Russia as the main shareholder of the IIB. The significant factor of such support was the decision (approved by the Council of the IIB in June 2013) of the capital increase via making additional contributions by the member states to the IIB's authorized capital of up to EUR 100 million. After the implementation of this decision the Bank's paid-in capital will be EUR 341 million. Up to date the Government of Bulgaria and Slovakia approved such expenses in their budgets.

Fitch Ratings notes that the credit rating of the Bank could benefit from the further support of the shareholders, modernization of the governance structure and building a track record of effective credit risk management. The IIB intends to sustain the positive trend in the self-imposed creditability. In particular, on the meeting of the Council of the Bank, which was held on December 5–6, activities on the transition to a new organizational structure starting from 2014 and in total a new version of constituent documents, which reflects the experience of multilateral institutions for development were approved. In the congratulatory telegram from the First Deputy Prime Minister of the Russian Federation, Igor Shuvalov to the IIB's Council it was emphasized that «The Government of the Russian Federation pays attention to the process of the discussion of the IIB's renewed constituent documents. We hope that the other members of the Bank can accord them in the nearest future. The Russian Federation expects that the IIB will gain momentum in its activities, increase the financial results and what is essentially important the permanent support by its shareholders. The Russian Government for its part continues its concerned participation in the Bank's activities.»

The Chairman of the Board of the IIB Nikolay Kosov noted that the obtainment of the investment credit rating is one of the best appraised values of the changes which have taken place in the Bank and has opened new prospects to the realization of the mid-term development strategy of the IIB, which presupposes the significant enlargement of the assets and credit portfolio. The credit rating will allow the IIB to realize its objective to attract investments in member states, using a large range of fundings, including interbank and syndicated loans, bond issues and other financial instruments.

International Investment Bank is an international financial organization, founded and functioning on the basis of the appropriate intergovernmental agreement. It was established in 1970 and registered with the UN Secretariat. The members of the Bank are Bulgaria, Vietnam, Cuba, Mongolia, Russia, Romania, Slovakia, and the Czech Republic. The Russian Federation has the largest share in the IIB's capital (58%). The IIB's activities are aimed at assisting in social and economic development and support of economic cooperation of the member states. The Bank's prior credit principle is agent. Cooperation with the national and international financial institutions are of the top-priority for the IIB. The Bank activities are mainly focused on the extension of targeted credit lines to the national banks for development and export-import member state's banks and also at participation in programs of syndicated lending for investment projects. The headquarters is located in Moscow.