



## **The IIB releases audited IFRS financial statements for H1 2018: financial stability, strong asset growth, expansion and diversification of the loan and trade finance portfolio, quality improvements in treasury assets, and net profit growth**

August 6, 2018

The International Investment Bank (IIB) has published its audited IFRS financial statements. During the first half of 2018, the Bank made significant progress in meeting the targets set out in its mid-term business plan. The IIB's H1 2018 financials confirm positive dynamics across all key performance indicators, including expansion of the loan and trade finance portfolio, quality improvements in treasury assets as well as diversification of borrowings in terms of type, maturity, geography and currencies. The financial statements were prepared in accordance with the new IFRS 9 requirements, including changes in the way financial instruments are recorded.

The Bank showed significant achievements in the following areas:

### **Assets**

In the first half of 2018, the IIB's total assets reached EUR 1.13 billion supported by the expansion of core activities. Progressive asset and loan portfolio growth in key geographical areas is in line with the Bank's Development Strategy 2018-2022.

**The share of development projects<sup>[1]</sup> in the Bank's total assets increased to 72.5% from 69% at end 2017.**

### **Lending activity**

During the reporting period, the IIB increased loan and guarantees volumes and significantly diversified its loan and documentary portfolio by country as it carried out lending and investment activities for the benefit of all nine member states. European member states currently account for a 51% share in the Bank's loan portfolio compared to 43% at end 2017, while the total net loan portfolio reached EUR 709.7 million vs. EUR 664.1 million.

As part of its Trade Finance Support Programme (TFSP), the IIB continued to diversify and gradually increase the volume of trade finance transactions for the benefit of all member states. At the end of 2017 trade finance share in Bank's assets reached 7% and has been stabilised at that level. In the first half of 2018 24 trade finance deals were issued in the total amount of EUR 53.76 million. The total volume of operations under TFSP for the period 2014-2018 has reached 117 in the total amount of EUR 150 million.

### **Treasury assets**

The IIB is committed to improving the quality of its treasury assets on a constant basis. During the reporting period, the share of AAA-A-rated assets in the Banks' treasury portfolio reached a record high of 57% compared to 43% at end 2017.

## Liabilities

During the first half of 2018, the Bank used various funding instruments, enhancing their diversification in terms of currencies and geographical footprints. So in April 2018 IIB for the first time has issued its bonds, denominated in Czech korunas in the amount of CZK 750 million (about EUR 30 million). The listing was arranged simultaneously on two major European trading floors - in Vienna and Prague.

## Financial Result

1H 2018 net profit more than doubled year-on-year to EUR 5.09 million, mainly on the back of higher net interest income and net fee income.

## Paid-in capital

During the reporting period, paid-in capital remained unchanged, but on 12 July 2018, the Romanian Government contributed EUR 4 million to the Bank's authorised capital. As a result, the IIB's paid-in capital amounted to EUR 318.9 million, while Romania's share increased to 7.04%.

## Key rating events

On 12 April, S&P Global raised its long-term credit rating on the IIB to BBB+ with a stable outlook, citing improvement in the Bank's financial profile to "very strong" from "strong".

**On 30 April**, Moody's Investors Service **raised its** long-term credit rating on the IIB to A3 with a stable **outlook, citing improved asset quality, enhanced risk management system, diversified loan portfolio and funding sources as well as quality improvements in the treasury portfolio.**

*"In 2018, the Bank continues to grow as an efficient and advanced international financial institution," IIB Chairman Nikolay Kosov said. "The H1 2018 financial statements and the Bank's performance across key activities confirm that we remain committed to our strategy, expanding the scope and footprint in the interest of each member state."*

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**[1] The key criterion for performing assets to be included in the development portfolio is that investments are committed to the IIB's mission and mandate.**