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Moody's publishes positive credit opinion on the IIB

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After meetings with the International Investment Bank's (IIB) management in October, international rating agency Moody's Investors Services published a new credit opinion on the IIB discussing the Bank's positive developments in 2017.

Inside the <u>credit opinion</u>, Moody's noted a number of events that have had a positive impact on the institutional development and the operational activities of the IIB during this year.

The agency stressed the positive effect of the IIB's "policy continuity" in the context of the unanimous approval by the member states of the new development Strategy for the period 2018-2022 in June and the decision to re-elect the IIB's Chairman Nikolay Kosov for another five-year term. The next strategic cycle shall provide for a two-fold growth of assets and of the loan portfolio on a five-year horizon, further qualitative improvement of customer relations, development of flexible product and service offerings in each of its member states.

Moody's reported on further improvement of banking processes related to its risk management and liquidity management framework. This year the Bank created an "Early Warning Mechanism" and extended the period for the liquidity buffer to twelve months from six months, which is intended to strengthen its stability during the stress tests.

Among the positive factors, Moody's also pointed to consistent assets growth, quality of the treasury portfolio, and funding diversification. Thus, the Bank's development assets, which mainly consist of loans, increased by around 38% y-o-y to roughly EUR 501 million in the first half of 2017 from EUR 363 million in 2016. The Treasury continued to implement its strategic line to increase the share of Aaa-to-A3-rated assets in its portfolio (about 41% of the total volume as of June 30, 2017). At the same time, the IIB has expanded its funding to 11 countries as of the first half of 2017.

"The Moody's opinion confirms the financial stability and the operational efficiency of the Bank. I would like to express my gratitude to the Agency for its positive evaluation of our efforts aimed at enhancing the role of the IIB as an effective multilateral financial institution, which operates in the interests of sustainable development of the economies of its shareholders," – commented **N. Kosov**, Chairman of the IIB Board.

In May, 2017, Moody's changed the rating outlook on the IIB to positive from stable and affirmed the IIB's Baa1 issuer and debt ratings. The new opinion confirmed the continued positive trends in the Bank's activity and reaffirmed the Agency's previous positive actions.

In addition to the Moody's Baa1 rating (outlook "positive"), the IIB has been assigned ratings of BBB with a stable outlook from S&P and Fitch, as well as A rating of the Chinese rating agency Dagong (outlook stable).

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