



Statement of the IIB Management Board

March 20, 2019

International Investment Bank has received a number of inquiries from Hungarian and international news agencies in the last few days related to frequently appearing false information related to the Bank activities, replicated lately in various mass media. The IIB Management Board deems it necessary to clarify a number of key aspects of this reporting. This is an official commentary from the Bank to the following unfounded allegations.

1. «Russia’s International Investment Bank...»

- International Investment Bank is an international development financial organization established by sovereign states, and acting in accordance with an international agreement registered in the Secretariat of the United Nations under number 11417 on July 10, 1970.
- In accordance with their methodology, international rating agencies (Fitch Ratings, Moody’s Investors Service and S&P Global) classify IIB as a “supranational organization”.
- EU countries control more than 50% of the voting shares, and the decision-making process is fully transparent and fair due to the “double majority” principles applied during voting.
- In accordance with Article 25 of the IIB Charter, all international officers of the Bank are fully independent from any authorities or officials of the states, which they are citizens of. At the same time, the citizens of EU countries currently have four out of six positions allocated at the Management Board.
- More than 50% of the loan portfolio is focused on the European Union. More than 60% of long-term funding originated from European investors.
- IIB can never be a “Russian bank” or “Hungarian bank” as it does not comply with national jurisdiction of any country.

2. «IIB might constitute a legal loophole to avoid economic sanctions imposed on Russia».

- The Bank’s shareholders are 9 sovereign states, 5 of which are members of both the European Union and NATO.
- Being an international development financial institution IIB is not subject to any sanctions.
- However, the Bank carries out its activities strictly in accordance with international compliance regulations (FATF, Basel Committee for Banking Supervision, OECD) and

taking into account existing sanction restrictions.

- Being a multilateral development bank IIB is apolitical.

3. “It’s very difficult to say why this bank is coming to Hungary now. It doesn’t appear to be based on economic considerations, rather political.”

- The relocation of the IIB Headquarters to Budapest is a logical continuation of the Strategy of Growth (prepared in collaboration with the World Bank Group) aimed at comprehensive expansion of IIB activities in the European markets in the interest of all its shareholders.
- The relocation of the Bank’s Headquarters to the European Union will enable growth in the Bank’s capital, will provide for a further increase in the Bank’s lending and investment activities, will lead to a decrease in the Bank’s cost for funding, will raise brand awareness of the Bank and create opportunities for attracting new shareholders to Bank.
- All of the above factors played a key role in shareholders taking a unanimous decision on the Headquarters relocation and were numerousy outlined by the rating agencies as a positive factor and foundation for credit rating upgrades, the most recent being this month.

https://www.spglobal.com/marketintelligence/en/news-insights/trending/mxk4v5_7p8rj5puxt-xcq2.

4. “Unprecedented diplomatic exemptions - the bank and its foreign staff will operate in Hungary as a “state within a state...”

- The rights and privileges granted to the Bank fully comply with international public law and are analogous to conditions given to other international organisations in other countries.
- The status of the Bank’s residence in Hungary is identical to that in Moscow as it is regulated by the Agreement on the establishment of IIB.
- Staff recruitment at IIB is carried out based on an international competition in accordance with the criteria developed by Ernst & Young.

5. “IIB is considered to be the Trojan horse of the Russian secret service. IIB considered as the top organ of Russian intelligence”.

- IIB emphatically rejects this statement. For almost 50 years of IIB existence, no cases have been registered when any of the Bank’s employees have been accused in activities incompatible with the status of an international official. There is a high-quality international team currently working at the Bank with specialists from nine different countries.
- Professional background of the IIB Chairperson of the Management Board is public knowledge that can be found on the Bank’s official website and was distributed among all shareholders before his appointment back in 2012.

Finally, the Management Board of the International Investment Bank does not consider worthy of comment false allegations addressed personally at the Chairperson of the Management Board, including those mentioning his late parents' biography.