

Hungary is one of the biggest shareholders of the financial institution headquartered in Moscow

The IIB would like to lend more

In order to involve more resources, the International Investment Bank, which is headquartered in Moscow, is planning to issue bonds on the Budapest Stock Exchange. Nikolay Kosov, the Chairman of the IIB Board says that next year the bank would like to lend much more to Hungarian companies, who, at the same time, can enter new markets with the help of the bank.

Gergő Rácz

'The International Investment Bank (IIB) has 10 per cent of its total outstanding loans in Hungary, and in the coming years the institution would like to increase this ratio significantly', Nikolay Kosov, the Chairman of IIB said to Magyar Idők. Although the bank has decades of history, as the institution was relaunched in 2012, for the time being it has to face exactly the same challenges as a completely new bank, Mr Kosov says. At the same time in the past couple of years the bank multiplied its loans and assets. The bank has issued bonds on three markets so far: in Russia, Slovakia and Romania, and is planning to issue the next set of bonds on the Budapest Stock Exchange – after recently concluding a loan agreement with the Hungarian Takarékbank (Savings Bank). According to Mr Kosov, the IIB is currently working on establishing its operational infrastructure, and in this respect the co-operation between the bank and the Hungarian economic governance is excellent.

Mr Kosov says that it is not the IIB's goal to compete with commercial banks or investment banks which are much older and therefore have a better credit rating (banks which he calls "grandfather banks"). Instead, the

IIB intends to concentrate on areas, which are less attractive for some of the bigger investors, for example alternative energy sources, traffic development and the SME sector, among others. According to Mr Kosov it is likely that more and more large financial institutions will withdraw from the SME sector, for the increasingly stringent regulations at the banking market will make lending to SME-s very risky, so this might become a strategic priority area for the IIB. Thanks to the IIB's specific ownership set-up, non-conventional deal structures which otherwise would not be possible, might also be created. For example, this way Hungarian SME-s can access Cuba, too.

Kosov says that despite the fact that the Member States of the IIB are mainly post-communist countries, today the bank has overcome this legacy: it has grown to a well-known and internationally recognized brand, and its developments are used in several fields.

Currently Hungary has a nearly 13 per cent



Nikolay Kosov is not planning to compete with big banks Photograph: István Mirko

share in the Bank, and with this it is one of the biggest shareholders of the IIB. The Central European Member States of the bank hold roughly half of the bank's assets, and Mr Kosov says that this is necessary, as previously the ratio of Russian shares was too high. He says that currently the bank is not planning to extend membership to other, e.g. Western European countries, but of course, if for example Germany or Italy would be willing to join, they could do it without any problem. Mr Kosov pointed out that at the IIB it is a basic principle that the bank operates on a purely pragmatic basis, without involving politics, and recently the bank has introduced two new types of partnerships, through which those who wish to join can enjoy an alternative membership.