



**INTERNATIONAL
INVESTMENT
BANK**

INVESTOR PRESENTATION

MARCH 2019

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KEY FACTS I.

STATUS - MULTILATERAL DEVELOPMENT BANK (MDB)

- IIB was founded in 1970 as an MDB with special status, based on intergovernmental agreement (registered with the UN).
- According to **the new IIB Development Strategy 2018-2022**, IIB's mission is to facilitate connectivity and integration between the economies of the Bank's Member States, to ensure sustainable and inclusive growth and competitiveness of national economies.
- The Bank finalized a large-scale institutional reform through the adoption of Protocol amending the Agreement Establishing the International Investment Bank and its Charter (Protocol). The Protocol entered into force on 18 August, 2018. The main changes introduced by the Protocol: transition from a two-tier to a three-tier corporate governance system, implementation of a "proportionate" system of voting together with a double majority rule and increase of the authorised capital from EUR 1,3 billion to EUR 2 billion.

MEMBER STATE COMPOSITION

- **Bulgaria, Cuba, Czech Republic, Hungary, Mongolia, Romania, Russian Federation, Slovak Republic and Vietnam.**

SPECIAL STATUS IN MEMBER STATES

- IIB is not subject to national regulation, and does not require a banking license
- For official purposes of IIB, zero VAT rate is applied
- IIB is exempt from customs duties and restrictions on export and import
- IIB's assets and transactions are immune from any national regulation (including but not limited to taxes, fees and charges), with exception for immunities waiver in terms of bond issuance and other debt instruments

KEY FINANCIAL INDICATORS				
	2015	2016	2017	2018
Assets (EUR m)	809,4	881,4	1 096,0	1 194,4
Equity (EUR m)	397,7	390,2	395,7	376,0*
Net Interest Margin**	3,1%	2,5%	2,5%	2,2%
Equity / Assets	49,1%	44,3%	36,1%	31,5%
Total capital adequacy	57,7%	53,5%	37,8%	34,4%
Financial leverage (Liabilities/ Equity)	104,3%	126,0%	177,1%	217,7%
Net Loans (EUR m)	306	363	664	752,8
NPL ratio	4,7%	3,9%	4,5%	1,9%

Source: Y2015- Y2018 Audited Consolidated IFRS Financial Statements

* Decrease in the Bank's equity is linked to the creation of reserves based on IFRS9

** Including cross-currency interest-rate SWAP



KEY FACTS II.

HIGH LEVEL OF SUPPORT FROM MEMBER STATES

- During the process of obtaining its first credit rating, Member States have addressed the Bank with “comfort letters”, endorsing their support for IIB’s initiatives.
- IIB with active support from the Member States constantly works at building a more balanced structure of the Bank’s paid-in capital. The Bank’s paid-in capital amounts to EUR 326 million whereas the combined **share of European countries in the paid-in capital is 50.16%**, Russia’s share is 46.03%, Asian countries’ share (Vietnam and Mongolia) is 2.17% and Cuba’s share is 1.64%.
- **The Bank has a transparent mechanism of callable capital, which amounts to EUR 798,5 m.**
- In 2017 the Bank’s Member States unanimously approved a new IIB Development Strategy for the period of 2018-2022.
- At the 1/110th Board of Governors meeting on December 4, 2018 in Varadero, Cuba, the Member States approved the following strategic issues:
 - A. Relocation of the Bank’s headquarters to Budapest;
 - B. Capitalization Program for the purpose of implementation of IIB Development Strategy 2018-2022. The Program implies the increase of paid-in capital from current shareholders in the amount of EUR 200 million (distributed over the years 2020-2022).

Both decisions combined provide necessary conditions for achievement of ambitious growth indicators, including the possibility of accepting 2-3 new shareholders from European and Asian countries to the Bank.

HIGH LEVEL OF FINANCIAL STABILITY

- Robust capital adequacy (Y2018 capital adequacy ratio at 34,4%)
- Sustainable financial leverage
- Diversification of the loan portfolio by sectors and countries, as well as, diversification of treasury assets and long term funding (by geographies, investors, maturities, currencies, products)
- Conservative risk policy and liquidity management

Special Note

The IIB is excluded from the list of financial institutions, to which restrictive measures of the Council of the European Union are applied:

“It is also appropriate to apply restrictions on access to the capital market for certain financial institutions, excluding Russia-based institutions with international status established by intergovernmental agreements with Russia as one of the shareholders.”

(5) *preamble, Council Regulation (EU)*

No 833/2014 of 31 July 2014

KEY STRENGTHS

- **IIB is an A rated institution** under Basel rules owing to solid investment grade credit ratings from Moody's (A3), S&P (A-), Fitch (BBB+) and Dagong (A). In the past 12 months, S&P has upgraded IIB twice, and Moodys' & Fitch once.
- At the 1/110th IIB Board of Governors Meeting in December 2018, the Issuer's Member States unanimously approved the **relocation of the Bank's Headquarters from Moscow to Budapest** in order to support the active development of IIB on the European territory. An IIB branch will be established in Moscow (servicing Russian, Mongolian and Vietnamese markets).
- The Host country agreement (HCA) was signed on February 5, 2019. HCA sets the status and the conditions of stay of IIB as a supranational, multilateral, international organization with headquarters in Budapest. **The HCA was successfully ratified by the National Assembly of Hungary on March 5, 2019.**
- Clearly defined Strategy 2018-2022 unanimously approved by Member States backed up by relevant Capitalization Program to achieve a two fold growth of assets and loan portfolio.
- IIB is open and planning to expand its shareholder structure to strengthen it's capital base and identify new, sound financing opportunities.
- The Bank implemented the new three-tier corporate governance structure within the Protocol, which complies with the best practices of MDBs. The new system provides transparency and clear delegation of authority with well-defined roles and responsibilities of the governing bodies.
- Broad geographical diversification of investments among IIB's Member States, led by EU countries, achieving its share in the Loan Portfolio around 50% as of 31 December 2018.
- The Bank has conservative risk management policy: NPL ratio stood at 1,9% on Y2018, and since the Bank's relaunch in 2012 the NPL ratio has always remained below 5%.

MEMBER STATES



In May 2015 Hungary rejoined the IIB. The Bank is currently holding negotiations with several potential new members.

Due to the last contributions of Romania and Czech Republic in 2018 in the amount of EUR 4 million and respectively EUR 7 million, share of the Russian Federation in the paid-in capital decreased from 48% to 46%. The contributions are yet another proof of Member States' commitments. During 2019 the Bank expects to receive the contributions to the paid-in capital from Romania (EUR 3,6 million) and Czech Republic (EUR 5,6 million) finishing the relaunch Capitalization Program 2013-2017.





- Diversity of Member States – from G20 and EU members to rapidly growing Asian markets. In accordance with the new IIB Statutory Documents, the Bank uses “double majority” voting system, thus protecting small Member States
- Overall territory of operations – approx. 19,6 million km² with a total population of more than 290 million people

Member States	Share of paid-in capital	
	as of 31.12.2018	
	EUR, thousand	%
EU members	163 513	50.16
Republic of Bulgaria	42 203	12,95
Hungary	40 000	12,27
Czech Republic	37 375	11,47
Romania	22 454	6,89
Slovak Republic	21 481	6,59
Other	162 449	49.84
Russian Federation	150 026	46,03
Republic of Cuba	5 361	1,64
Socialist Republic of Vietnam	3 669	1,13
Mongolia	3 393	1,04
Total	325 962	100,0



IIB RATINGS

IIB BECAME AN “A” RATED INSTITUTION UNDER BASEL RULES

	RATING 	OUTLOOK	RATING DATE
Moody's	A3 	Stable	30 April 2018
S&P	A- 	Stable	07 March 2019
Fitch	BBB+	Stable 	22 Nov 2018
Dagong	A	Positive	07 Feb 2018

KEY FACTORS OF RATING ASSIGNMENT:

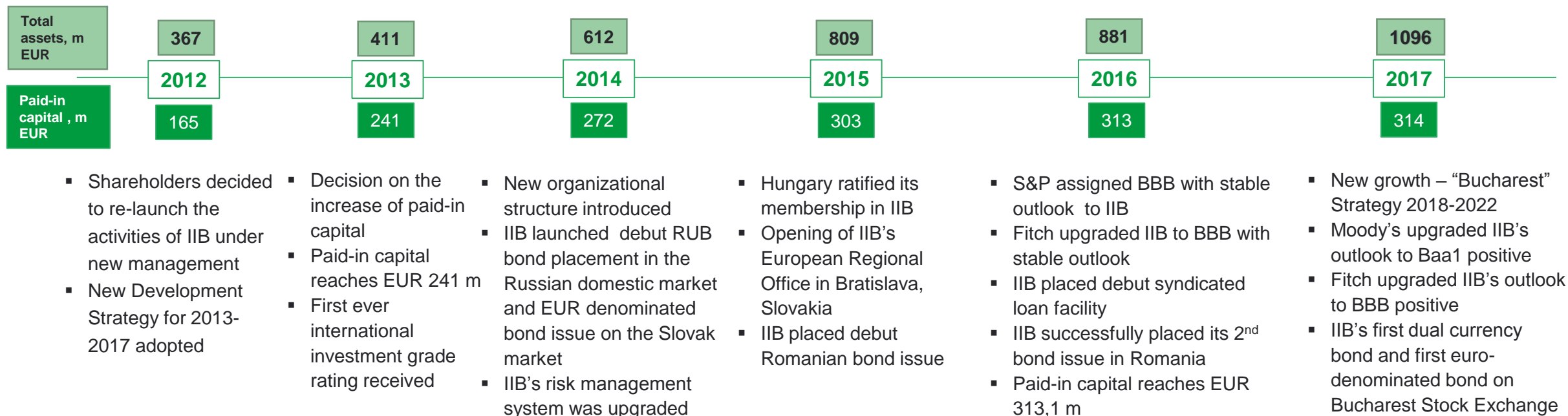
- **Moody's upgraded** IIB's rating to “**A3**” stable in April 2018 due to “improvement in asset quality . . . more robust risk management systems . . . an increasingly diversified loan book and funding strategy . . . the strengthened credit quality of its treasury portfolio”. *30th April 2018*
- **S&P upgraded** IIB's rating to “**A-**” on ‘strengthened governance and management structure, diversifying its shareholders, and clearly articulating an expansion strategy, which includes relocating its head office.’ *7th March 2019*
- **Fitch upgraded** IIB noting “...the improvement in Fitch's assessment of the bank's solvency” *as well as noting that “IIB's overall risk profile has strengthened, and, the credit quality of treasury assets has significantly improved”*. *22nd November 2018*
- **Dagong** moved IIB's rating “**A**” positive owing to the Bank's “very high capital adequacy and liquidity . . . increased operating efficiency namely through diversification and improved risk management”. *7th February 2018*



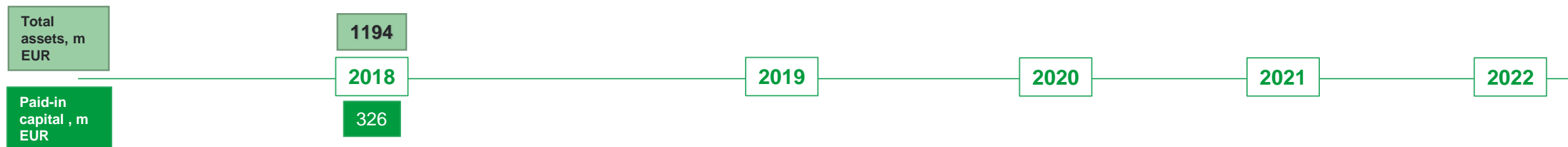
ON IIB'S HEADQUARTER MOVE TO BUDAPEST:

- **Fitch stated** “The Prime Minister of Hungary (BBB-/Positive) has proposed relocating **IIB's headquarters from Moscow to Budapest**. If implemented, the move could contribute to **positive pressure on the assessment of the bank's business environment** by Fitch” *and that “such improvement in the bank's business environment ... could lead to positive rating action.” 22nd November 2018*
- **Moody's** “The relocation decision is credit positive since it is **expected to lower IIB's cost of funding** by reducing the perceived risks associated with having its headquarters in Russia. It will also **increase IIB's investor diversity** and its **visibility and attractiveness to potential new shareholders.**” *12th December 2018*
- **S&P** – “The improvement in the assessment of IIB's enterprise risk profile **reflects the progress that IIB has made in repositioning itself as a diversified European institution**. This includes the relocation of its headquarters to Hungary from Russia and the increase in European member countries' shares in both the loan portfolio and paid-in capital” *March 7th 2019*

IIB HISTORY MILESTONES-FIRST STRATEGIC CYCLE



IIB HISTORY MILESTONES-SECOND STRATEGIC CYCLE



- The Bank has completed the ratification procedure of **the new Statutory Documents**
- Moody's upgraded IIB to **A3** with stable outlook, S&P upgraded IIB to **BBB+** with stable outlook, Fitch upgraded IIB to **BBB+** with stable outlook.
- First **CZK** denominated bond amounting to CZK 750 m.
- At the 1st IIB Board of Governors Meeting in December 2018, the Issuer's Member States unanimously approved the **relocation of the Bank's Headquarters from Moscow to Budapest**. The Member State also approved new **Capitalization Program**.
- During 2018 **Romania** and **Czech Republic** increased their shares in the IIB's paid-in capital.
- **The Host country agreement (HCA)** was signed on February 5, 2019. HCA sets the status and the conditions of stay of IIB as a supranational, multilateral, international organization with headquarters in Budapest. **It was successfully ratified on March 5, 2019 by the National Assembly of Hungary.**
- **S&P upgraded IIB to A- from BBB+** on the back of the Headquarter move and the new capitalization program. As, such **IIB's average rating rose to A- from BBB+** given that two of the big three now rate IIB at A-.

CORPORATE GOVERNANCE STRUCTURE



BOARD OF GOVERNORS

Countries or international financial entities who share the goals and principles that guide the Bank's activities can become members of the Bank, if they are ready to assume the corresponding obligations.

Board of Governors is the supreme governing body of the Bank, and consists of authorized representatives of countries, drawn from the highest-ranking officials of Member States. The Board of Governors identifies the general activities of the Bank and the development strategy, and resolves to accept new members to the Bank, open offices and branches, as well as takes other fundamental decisions, in compliance with the Bank Statutes.

BOARD OF DIRECTORS

The Board of Directors is a governing body that consists of representatives, nominated by the Bank Member States. This body is responsible for the general management and oversight of the Bank's operations and policies. The BoD reports to the Board of Governors.

HR AND COMPENSATIONS COMMITTEE

An advisory body under the Board of Directors, whose main function is to control the observance of staff-related policies, rules and procedures at the Bank considering the issues regarding the Bank employees and their remuneration.

AUDIT COMMITTEE

The Audit Committee (AC) is a governing body composed of Member States' representatives and responsible for auditing of the Bank's activities. AC reports both to the Board of Directors and to the Board of Governors.

MANAGEMENT BOARD

The Management Board is the executive body of the Bank, appointed by the BoG, and is responsible for day-to-day management of the activities of the Bank in compliance with the Statutes, and resolutions of the Board of Directors and the Board of Governors. In accordance with the Key Principles of Management Board Composition approved at the 1/110th meeting of the BoG on December 4, 2018 the members of the Management Board are appointed by the BoG with consideration of the recommendations of the HR and Compensations Committee on a competitive basis through an independent assessment of their qualifications and conformity with the Bank's requirements (merit-based principle). The Management Board shall include citizens of at least four Member States of the Bank.

STRATEGIC OVERVIEW

RELAUNCH STRATEGY 2013-2017

2013-2017 period for IIB can be characterized by:

- Substantial increase of assets (3-fold) reaching EUR 1096 m at end of 2017, and loan and documentary portfolio reaching EUR 712 m
- Obtaining investment grade credit ratings from three leading international rating agencies
- Issuing bonds and other debt instruments in Member States, both in euros and national currencies (RON, RUB, CZK, EUR as national currency of Slovak Republic)
- Building an advanced risk, assets/liabilities management and compliance control systems
- Expanding the Bank's product offering through direct funding, intermediated financing, trade financing products and bank guarantees;
- Phasing in a three-tier corporate management system
- Restoring Hungary's membership with the IIB, and opening a European Regional Office in the Slovak Republic
- Increasing the Bank's recognition on international markets
- Implementing corporate social responsibility principles
- Building a qualitatively new organizational structure



DEVELOPMENT STRATEGY 2018-2022 CURRENT STAGE

MISSION: *facilitating connectivity and integration between the economies of the Bank's Member States in order to ensure sustainable and inclusive growth, competitiveness of national economies, backed by the existing historical ties*

By the end of 2022, IIB aims to:

- Raise total assets to EUR 1.7 bn and expand the loan portfolio to EUR 1.2 bn based on new capital and increase of volume of bond issuances, including denominated in local currencies of the member-states
- Become an acclaimed niche lending institution capable of executing medium-sized projects to promote the development of the Member States' national economies
- Put forward a recognizable value proposition on the markets of Member States, play a prominent role in supporting financial transactions both between them and third countries, which includes funding export/import operations and investment
- Run a partnership network in each Member State on the basis of long-term mutually advantageous relationships
- Achieve and maintain long-term financial sustainability
- Demonstrate sustainable profitability through its core activity

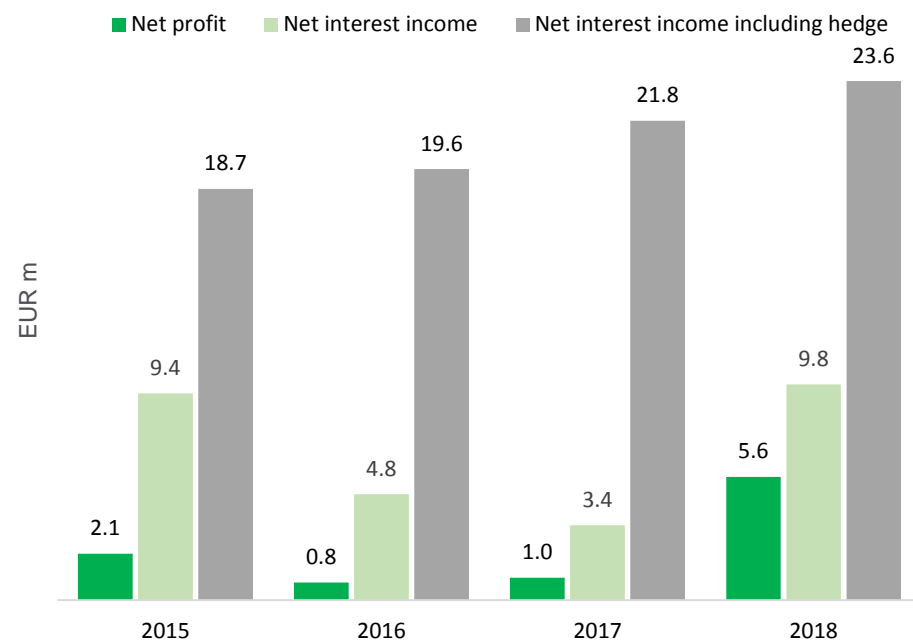
LONG-TERM VISION PERSPECTIVE UNTIL END 2032

By the end of 2032 the Bank should become:

- A medium-sized development bank in its target geographical areas with a broad product and service offering
- A full-fledged player in Member States and in the global community of international development institutions
- A major platform providing financial, foreign trade and investment ties between Member States and their companies
- An attractive strategic investment target
- To deliver measurable development effect for Member States

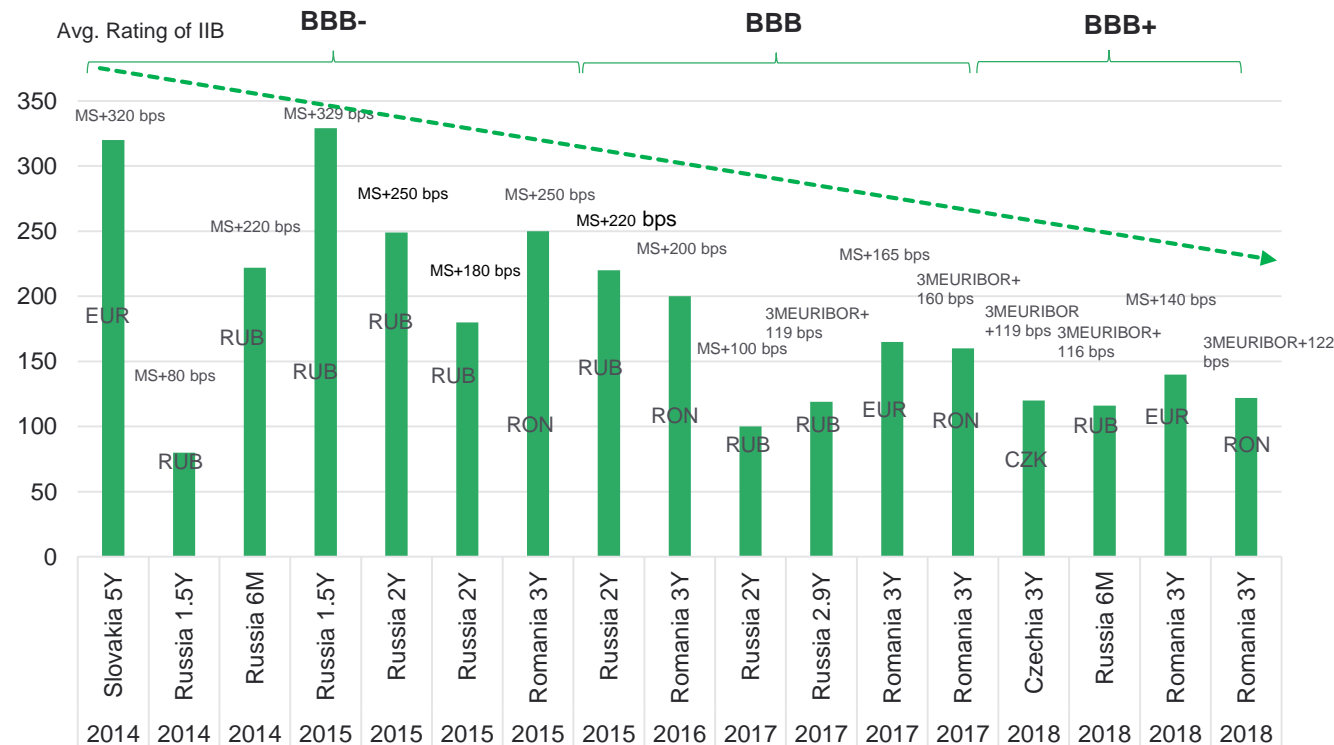
PROFITABILITY METRICS & COST OF BOND ISSUANCE

NET PROFIT AND NET INTEREST INCOME



Source: Audited Consolidated IFRS Financial Statements 2015-2018

IIB'S CREDIT SPREAD DEVELOPMENT VS BENCHMARKS FOR EURO-DENOMINATED BONDS INCLUDING BONDS SWAPPED INTO EURO

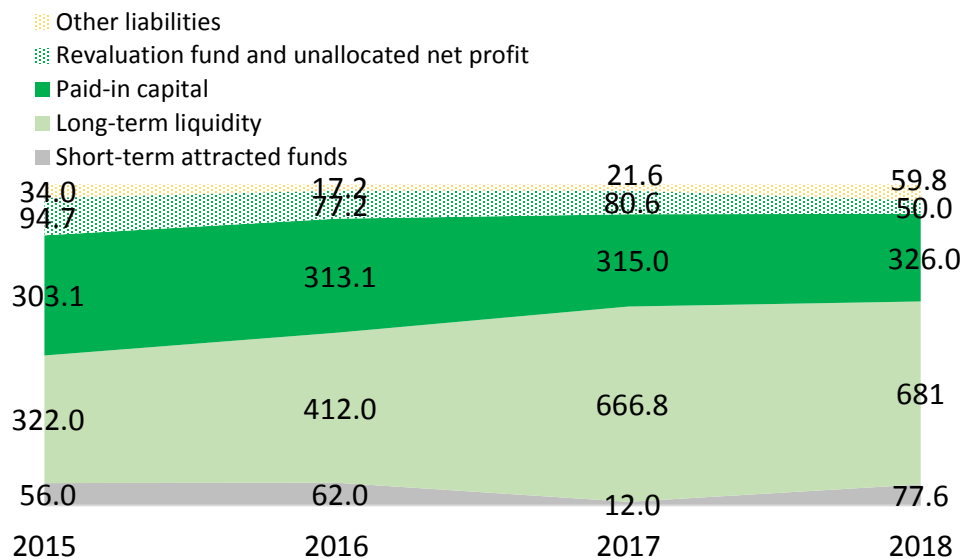


Source: Management reports 2014-2018

- Weighted average interest rate of the Bank's loan portfolio was recorded at 4,7% (incl. CCY IRS, before provisions) as of 31 December 2018
- IIB earns a steady income from the lease of the building, where the Bank's headquarters are located. The building itself is under the management of IIB Capital, IIB's subsidiary
- Progressive decrease in the cost of funds reflects the improvement of the Bank's credit ratings

FUNDING STRUCTURE AND OVERALL CAPITALIZATION LEVEL

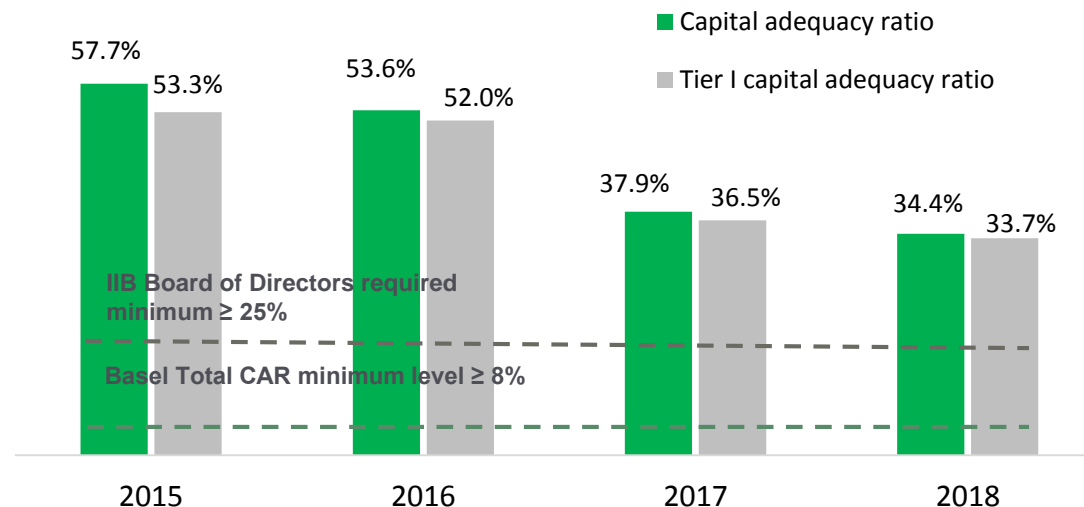
FUNDING STRUCTURE



Source: Audited Consolidated IFRS Financial Statements 2015-2018

- As of 31 December 2018, the authorized capital of the Bank increased to EUR 2 bn - the paid-in capital amounts to EUR 326 m, unpaid capital amounts to EUR 1,674 m and is divided between callable capital amounting to EUR 798,5 m and unallocated portion of the Bank's authorized charter capital totalling EUR 875,5 m.
- Equity amounts to EUR 376 m as of December 31, 2018, and comprises paid-in capital (EUR 326 m), reserves (EUR 10 m), retained earnings and net income (EUR 43,8 m)

CAPITAL ADEQUACY RATIO

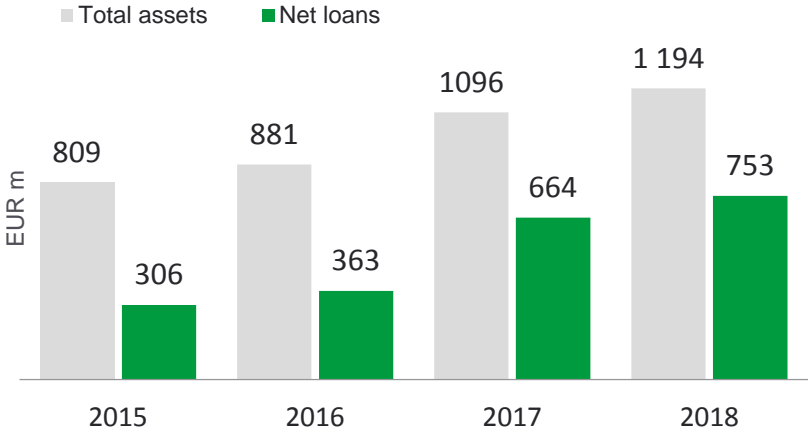


Source: Audited Consolidated IFRS Financial Statements 2015-2018

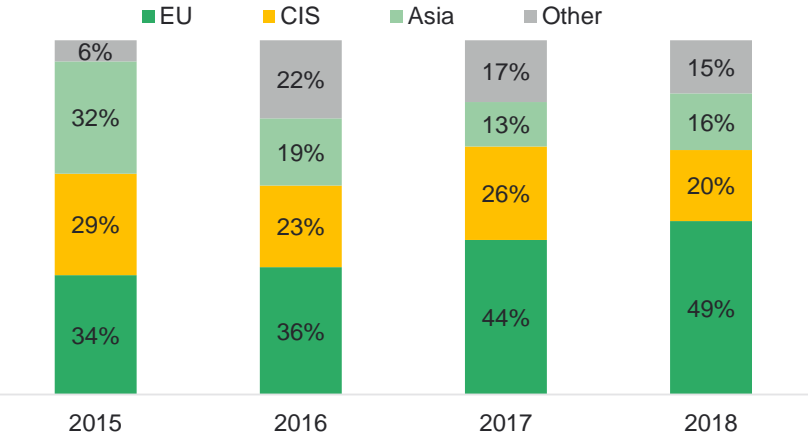
- The new Strategy of the Bank envisages to diversify its capital structure through a mix of debt funding operations in form of Tier II capital
- IIB maintains capital levels well in excess of the minimum requirements recommended by the Basel Committee. As of December 31, 2018, IIB's CAR calculated in line with Basel Capital Accord (Basel II) were:
 - Total CAR: 34,39% and
 - Tier I CAR: 33,73%
- IIB's internal risk policies stipulate maintaining of a conservative total capital adequacy ratio of **not less than 25%**

ASSETS BREAKDOWN

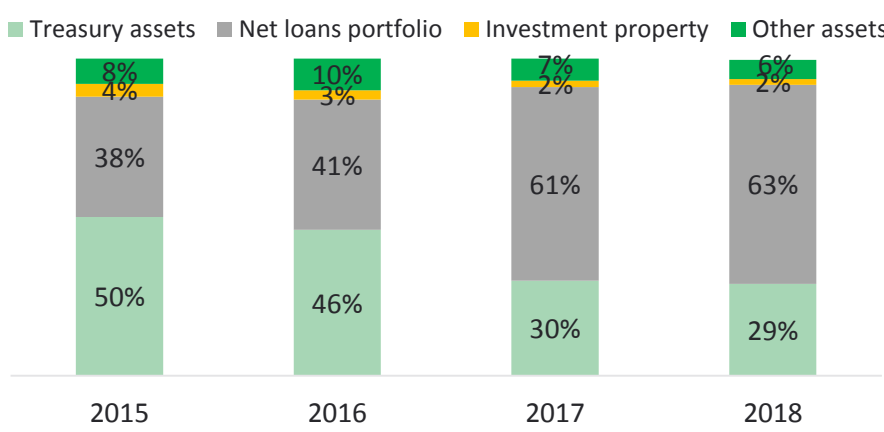
TOTAL ASSETS AND NET LOANS



LOAN PORTFOLIO REGIONAL DIVERSIFICATION



ASSETS BREAKDOWN



IIB has supported the **European Investment Fund (EIF)** in the launch of a regional fund-of-funds initiative focused on boosting equity investments in **Austria, Czech Republic, Hungary, Slovak Republic and Slovenia**. Current size of the Fund is EUR 97 million. The Fund of Funds is expected to mobilize at least around **EUR 200 million** in equity investments into **start-up's and small mid-caps**. The share of IIB amounts to EUR 10 million.

2018-2020 IIB 3-Y BUSINESS PLAN

KEY TARGET INDICATORS

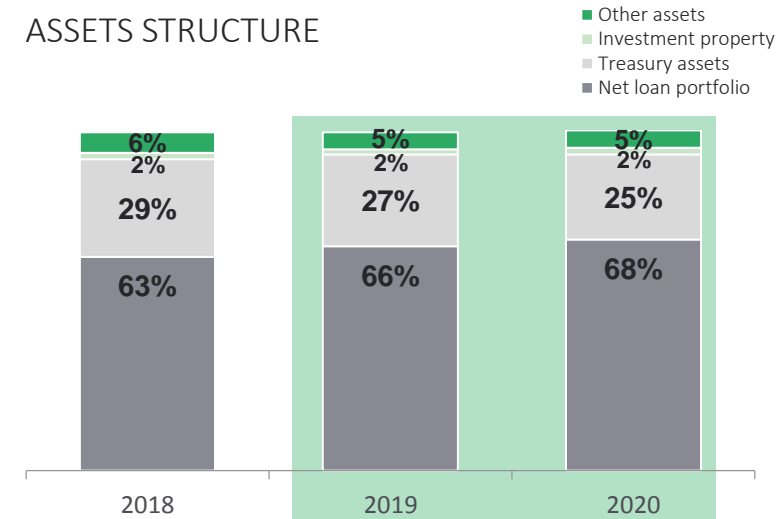
	Y2018 Actual	2019 Budget	2020 Business Plan
Total assets (EUR million)	1 194	1 309	1 437
Net Loan portfolio (EUR million)	753	857	975
Share of net loan portfolio in total assets (%)	63	66	68
Treasury assets (EUR million)	346	356	356
Share of EU in Loan portfolio (%)	49	54	54
Share of Treasury assets in total assets (%)	29	27	25
Share of A-AAA rated Treasury assets* (%)	57	60	65
Basel II CAR (min. 25%) (%)	34,4	31	30,7
NPL to Total Outstanding Loans (%)	1,9	2,7	3,6
NPL Coverage ratio** (%)	128,9	121	98

Source: Audited Consolidated IFRS Financial Statement 2018, 2018-2020 IIB 3-Y Business Plan

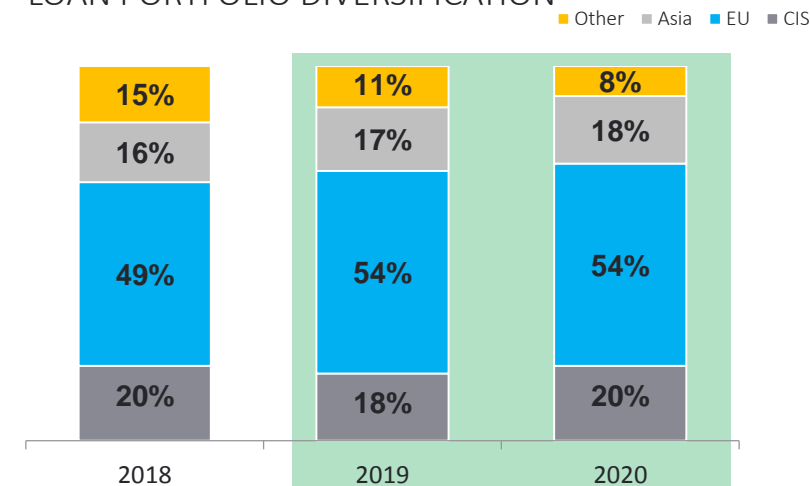
* Treasury assets incl. securities portfolio, cash and cash equivalents, deposits

** Total reserves to total NPLs.

ASSETS STRUCTURE



LOAN PORTFOLIO DIVERSIFICATION



RISK ANALYSIS

CLASSIFICATION

Credit risk

Market risk

Liquidity risk

Operational risk

- IIB has adopted vertically and horizontally integrated risk management eco-system aimed at optimizing the risk-reward profile in line with the Risk Appetite and System of strategic limits (approved on a yearly basis by the Bank's Board of Directors)
- Risk Appetite constrains the level of exposure by the amount of capital the Bank is willing to allocate for the coverage of particular risk type
- Bank considers further development of the risk management infrastructure along the best industry standards one of its main priorities

OVERALL RISK LIMITS

OVERALL MARKET AND BUSINESS RISK LIMITS, %

Indicator	2018	Limit
Capital adequacy ratio	34,4%	not less than 25%
Liquidity coverage ratio (LCR)	172,5%	not less than 100%
Net Stable Funding Ratio (NSFR)	116,7%	not less than 100%
Financial leverage*	221,49%	up to 250%
NPL	1,9%	up to 6%

*Starting from 2019 has been replaced by Basel 3 Leverage set at 25%.

LENDING PORTFOLIO RISK LIMITS

Description	Limit
Sector limits	up to 25% of IIB's loan portfolio
Minimum borrower contribution in new projects funding	not less than 15% of project size
Single exposure limit	up to 25% of IIB's regulatory capital



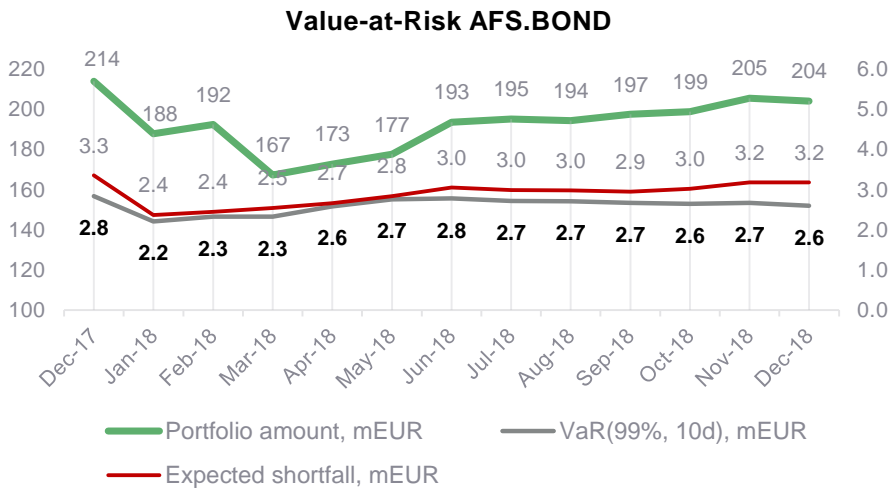
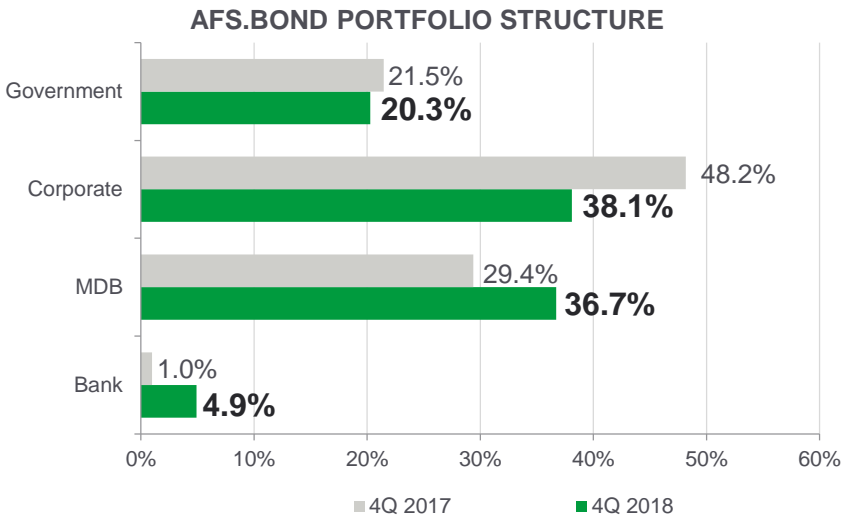
On the invitation of IIB, more than 50 risk management experts from major multilateral development banks, including the World Bank Group, European Bank for Reconstruction and Development, European Investment Bank, African Development Bank, Islamic Development Bank etc., gathered on 20 - 21 September, 2018 at the IIB headquarters, in Moscow, for the 18th annual «ALM and Risk Management Forum for MDBs».

RISK ANALYSIS CONT'D

As a part of the continuous efforts aimed at the alignment of the risk management system and processes with the industry best practices and standards, a set of initiatives was carried out:

- Fine-tuning of IFRS9 (in operational mode) continues: parameters and process calibration, P/L forecast and volatility management, automation, validation methodology project (scope for 2019: development of the validation framework as per the IFRS9 best practices).
- Early Warning System: 2nd phase (interaction procedures, selection and implementation of external data/news searching tool; establishing the prototype of consolidated EWS database), increased operational flexibility and responsiveness.
- Capital Adequacy Measurement/Management: further evolution of Basel CAR calculation methodology (testing elements IRB-F approach for credit risk, implementation of Credit Valuation Adjustment and Counterparty Credit Risk for derivatives),
- improving Project Priority Score technique.

Indicator	2018 Target		2017	2018
Capital adequacy	Maintaining the capital adequacy ratio of at least 25%		37.8%	34.3%
Liquidity adequacy	Maintaining the liquidity coverage ratio (LCR) of at least 100%		381.5%	175.2%
	Maintaining the net stable funding ratio (NSFR) of at least 100%		112.7%	116.7%
IIB's credit rating	The credit rating is not lower than the	Fitch	BBB	BBB+
	investment rating (BBB-	Moody's	Baa1	A3
	according to Fitch and S&P, Baa3 according to	S&P	BBB	BBB+
	Moody's)	Dagong	A	A



Explanatory notes

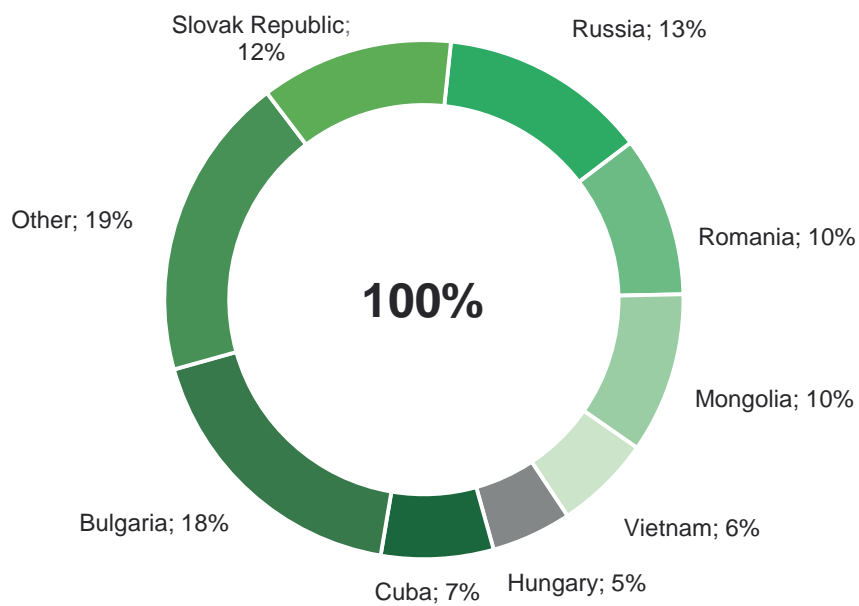
- Significant improvement in the loan portfolio quality, NPL ratio down from 4.5% to 1,9%.
- Loan portfolio concentration gradual reduction (TOP – 5), TOP – 10 % reduction by end of Jan/2019, higher share of the European countries (49% against 44% at the beginning of the year).
- Market risk profile kept within the boundaries set out in Risk Appetite.
- Improved quality of AFS portfolio (increased share of MDB's up to 36,7%).
- Robust liquidity profile, key indicators well above required levels.
- The stress-test results indicate bank's ability to sustain severe external shocks (worst case scenario replicates the 2008-2009 financial crisis).



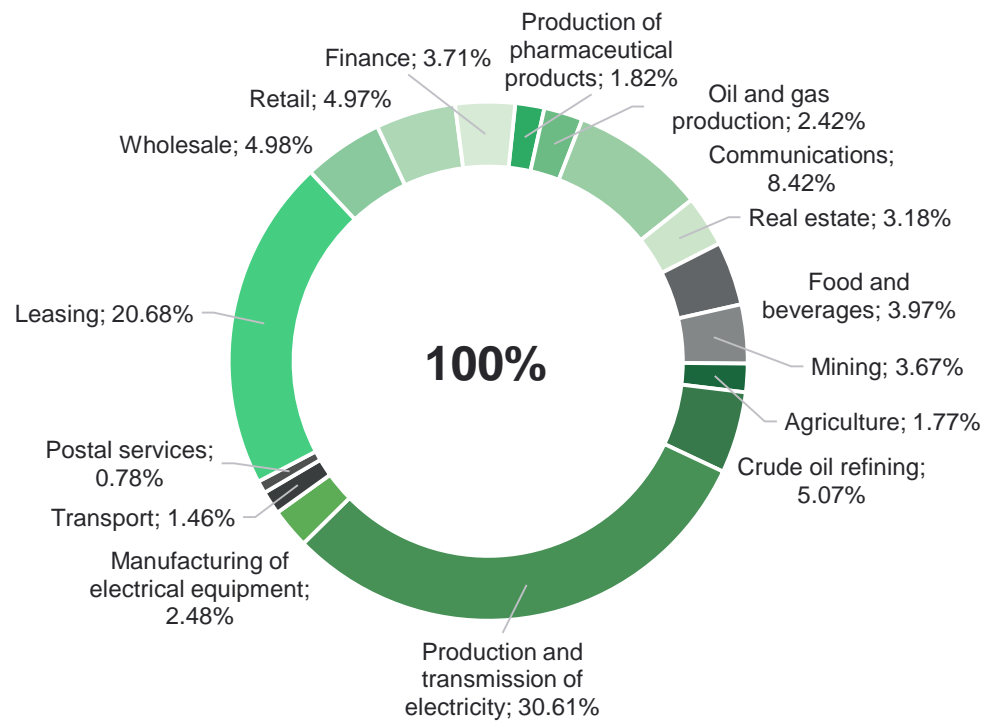
Source: Internal Risk Report as of 2018

LOAN PORTFOLIO STRUCTURE

NET LOAN PORTFOLIO SPLIT BY COUNTRIES



CUSTOMER LOAN PORTFOLIO SPLIT BY INDUSTRIES



Source: Audited Consolidated IFRS Financial Statement 2018



PROJECTS FINANCED

Over the years, IIB took part in financing of more than 200 investment projects, signed and implemented cooperation agreements and provided credit lines to financial institutions of the Member States. Examples of projects in Member States include:

- ✓ URBAN MOBILITY CENTRE (SUMC) (Bulgaria) - EUR 15 m 5Y take in syndicated facility. Partner: Bulgarian Development Bank
- ✓ AGRICOVER CREDIT IFN (Romania) - EUR 10 m 7Y financing for SME support
- ✓ EUROLEASE GROUP (Bulgaria) - EUR 7 m 5Y take in EUR 15 m syndicated facility for SME support. Partner: VTB Capital (Austria) AG
- ✓ TYRBUL EAD (Bulgaria) - EUR 11 m up to 7Y take in syndicated facility. Partner: BSTDB
- ✓ Fabrica de Lapte Brasov S.A. (Romania) - EUR 11 m up to 7Y take in syndicated facility. Partner: BSTDB
- ✓ Huvepharma (Bulgaria) - up to USD 20 m until 2020 take in syndicate facility. Partner: Citibank N.A.
- ✓ Prista Oil (Bulgaria) - EUR 10 m 3Y financing
- ✓ JSC Nord Hydro (Russia) - RUB 4,0 bn 12Y financing. Partner: Eurasian Development Bank
- ✓ Iulius Holding S.R.L. (Romania) - EUR 20 m 10Y participation in the syndicated facility. Partner: Erste Group Bank AG
- ✓ Ilford Holding Kft (Hungary) - HUF 7,8 bn 7Y participation in syndicated facility. Partner – UniCredit Bank
- ✓ MEP Retail Investments SRL (Romania) - RON 137 m 7Y participation in syndicated facility. Partner: Citibank
- ✓ Slovenské elektrárne, a.s. (Slovak Republic) - EUR 90 m 7Y financing
- ✓ Vivacom (Bulgaria) - EUR 50 m 5Y participation in syndicated facility. Partner: Citibank
- ✓ MET Group – HUF 4,8 bn 7Y participation in syndicated facility. Partners: Citibank, UniCredit Bank
- ✓ MOL (Hungary) – EUR 20 m long-term participation in the Schuldscheindarlehen (SSD)
- ✓ Urgent Cargus (Romania) - RON 32,6 m 7Y participation in the syndicated facility. Partner: Erste Group Bank AG, UniCredit Bank



HUNGARIAN DEALS



MET Group

HUF 4800 m 7Y loan as part of syndicated Loan facility.

MET Group is an integrated European energy trading and producing company, with active presence in the European natural gas, power and oil markets.

Syndicated loan arranged by Citi Bank for acquisition purposes.



Pulse

RUB 1500 m Documentary line for counter-guarantees issuance.

Pulse is one of the largest national pharmaceutical distributors in Russia with more than 15k clients.

Counter-guarantee to support export from Hungary.
Cooperation with OTP Bank.



MOL

EUR 20 m long-term participation in the Schuldscheindarlehen (SSD).

MOL is the Hungarian multinational oil, gas and petrochemicals national flagship with regional presence.



Hunent

HUF 4800 m and EUR 22 m Guarantees.

Hunent is the largest waterfowl producers in Hungary, with substantial export focus.

The IIB guarantees are issued in favor of Sberbank HU and Hungarian Investment Promoting Agency (HIPA) to finance the construction of a new waterfowl slaughtering and processing plant.



Invitel

HUF 7150 m 7Y loan as part of syndicated Investment facility.

Syndicated loan arranged by UniCredit to finance the acquisition of Invitel.

Invitel is one of the major players in the Hungarian telecom and data services market.

IIB currently has in its pipeline a number of projects in Hungary in the amount of approx. EUR 49 m.

IIB COUNTRY STRATEGY FOR HUNGARY

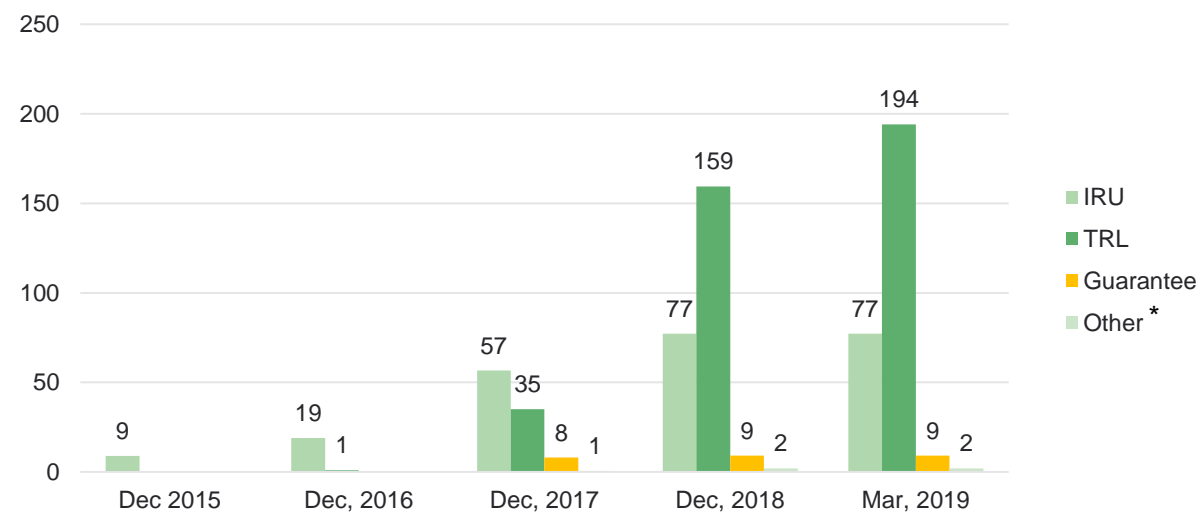
- To invest in integration projects involving IIB's Member States on the territory of Hungary and integration projects with participation of Hungary on the territories of the other Member States.
- To participate in development projects in Hungary under EU programs, covering areas like regional and urban development, research and innovation, in a form of co-financing with local commercial banks for development and other IFIs.



IIB TRADE FINANCE PORTFOLIO

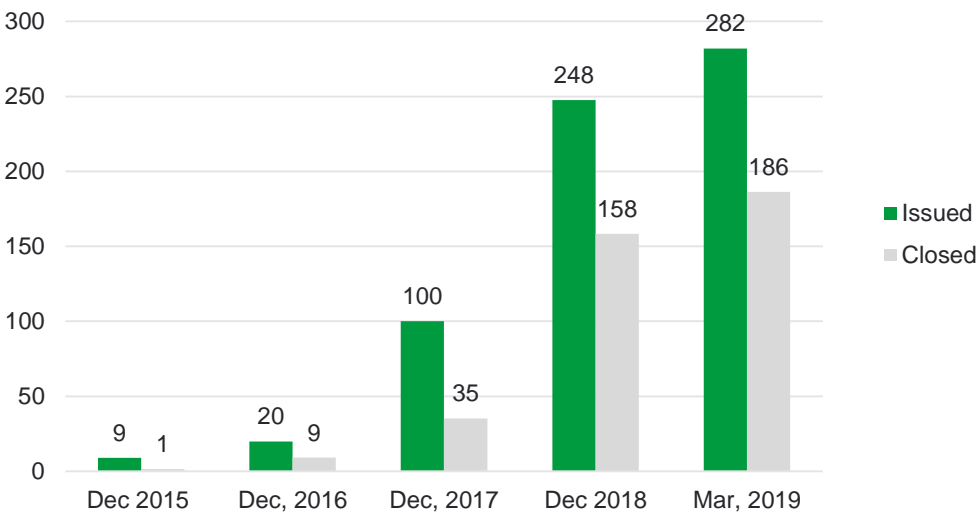
- SINCE APPROVED BY COUNCIL IN 2014 TF HAS BECOME SIGNIFICANT PART OF THE ACTIVITY
- 142 PARTICIPATED DEALS FOR EUR 275M SINCE TF INTRODUCTION

Trade Finance portfolio, m EUR



* Other – SBLC & LCs/guarantees advising

Trade Finance portfolio, m EUR



COMMERZBANK
ČESKÁ SPORITELNA
CSOB
Czech & Slovak Republic
Export of equipment and food products to **Belarus**

GOLOMT BANK
Mongolia
Export of equipment to Mongolia from Czech Republic & Japan & Oman
CSOB

KBC
France & Singapore
Export of Cuban cane raw sugar to **Belarus**

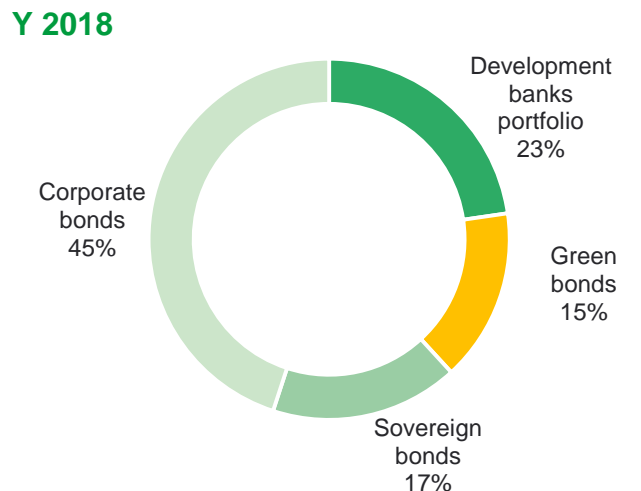
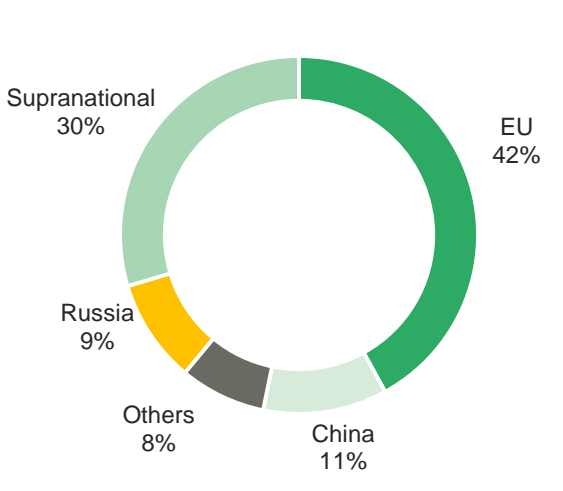
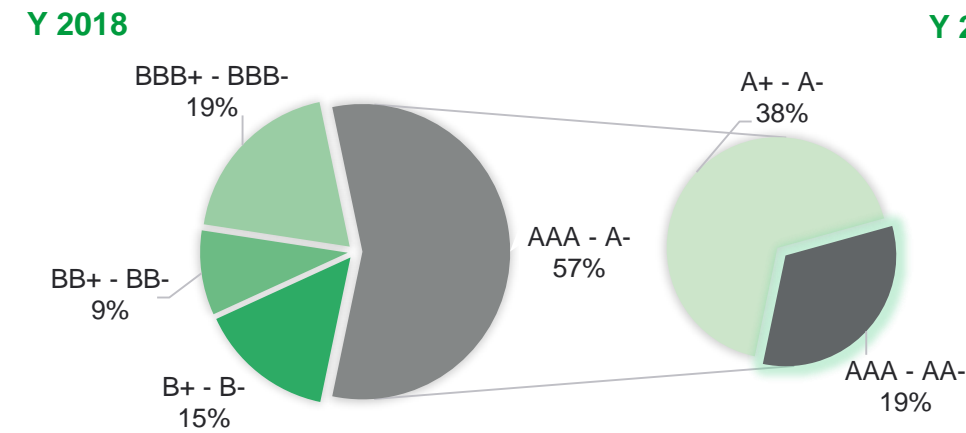
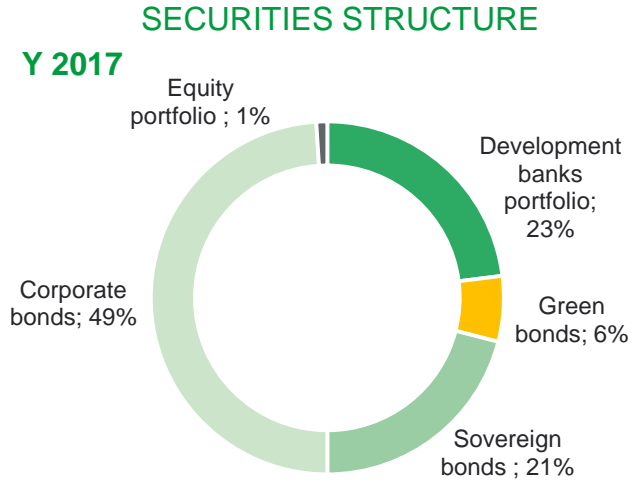
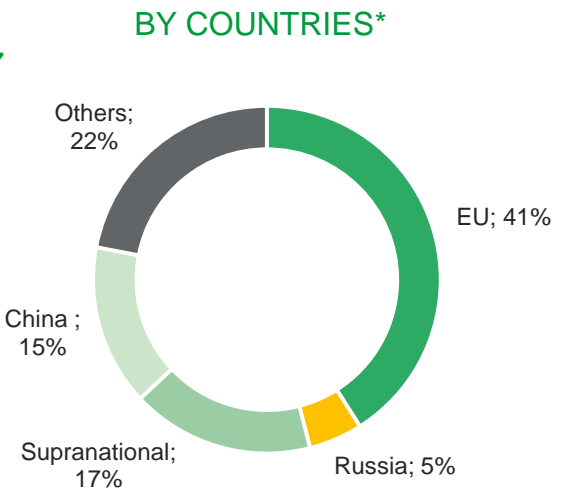
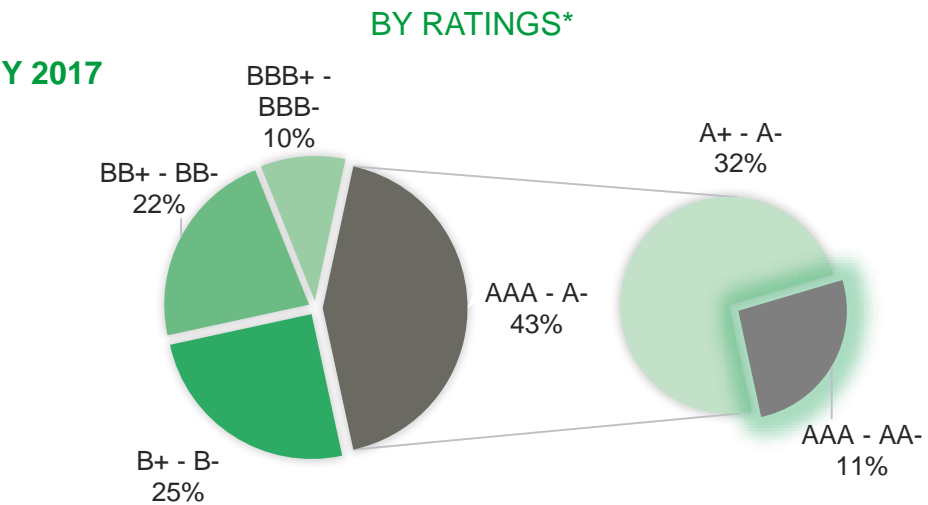
K&H
aktif bank
Hungary, Turkey, Australia
Export to **Russia**
НБД Банк

INTERNATIONAL INVESTMENT BANK
Export from **Czech Republic & Russia** to **Armenia** EUR4,4m
ABB

INTERNATIONAL INVESTMENT BANK
Export from **Bulgaria** to **Armenia** EUR1,45m
Ardshinbank

INTERNATIONAL INVESTMENT BANK
Export from **Czech Republic** to **Armenia** EUR3,5m
Ardshinbank

TREASURY ASSETS DIVERSIFICATION



*Treasury assets incl. securities portfolio, cash and cash equivalents, deposits

Source: Audited Consolidated IFRS Financial Statements 2017, 2018

Source: Management Reports 2017, 2018

OVERVIEW OF DEBT FUNDING



BILATERAL LOANS AND OTHER BORROWINGS



FURTHER FUNDING PLANS:

- The Bank is planning to set up an MTN program in order to increase the flexibility in executing its funding plans, extending further its issuance in local currencies of its Member States while building up gradually its euro-denominated yield curve.
- IIB is also using other long-term funding instruments such as bilateral loans, syndicated loans and loans from other International Financial Institutions.
- IIB is also taking advantage of very low rates for the short-term borrowings and it is opening new lines and continuously reviewing the current lines for money market operations. IIB has credit lines for MM, FX, Repo, TF, DCM, bonds, etc. from approx. 120 financial Institutions amounting to above EUR 2,0 bn. The total volume of limits set by IIB on approx. 113 financial Institutions amounts to above EUR 2,6 bn.

INTERNATIONAL PARTNERSHIP NETWORK

IIB BUSINESS PARTNERS

- International Financial Organizations (The World Bank Group, EBRD, EIB, NDB, IBEC and others)
- Regional development banks (BSTDB, CAF, CABI, NIB, EDB and others)
- National development banks
- National Chambers of Trade and Industry
- Export credit agencies
- State and private financial institutions.
- Platforms and associations of financial institutions (IDFC, ADFIAP, BACEE, D20)
- Commercial banks Commercial and Investment Banks via syndicated loans, funding support and treasury business (Citibank, Societe Generale, UniCredit Bank, ING Bank, Erste Group Bank, JP Morgan, Credit Suisse, RBI, Banca Transilvania, OTP Bank, Nord LB and others)

RECOGNITION

- BNE Intellinews recognition as “The most innovative IFI” (2016)
- Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) award for best trade finance support programme among IFIs (2017)
- International publication “Global Banking and Finance Review” recognition as “The Fastest growing infrastructure bank of CEE region” (2018)
- Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) award for best Corporate Governance Reform (2019)
- “The European” Global Banking Award for “Best Trade and Investment Bank – CEE” (2019)



IIB NON-COMMERCIAL ORGANISATIONS PARTNERS

IIB takes a strong stance on supporting initiatives aimed at environmental protection and sustainable development. The Bank not only extends financial support to such projects (loans and grants), but also actively cooperates with non-profit international organizations to develop new policies and promote responsible development financing.

These esteemed organisations include:

- United Nations (IIB is a member of UN Global Compact) 
- UNEP FI
- WWF 
- Wetlands International 
- ICC Green Finance Working Group



IIB'S ENVIRONMENTAL AND SOCIAL FRAMEWORK

- Since 2012 the IIB's has developed a comprehensive corporate Environmental and Social Framework (ESF) based on IFI best practices, which enables the Bank and its potential borrowers to better manage environmental and social risks of projects and to improve development outcomes.
- Currently the Bank's ESF consists of the following main documents:
 - **Corporate Social Responsibility Policy** (endorsed in 2014)
 - **Environmental and Social (E&S) Impact Assessment Guidelines** (endorsed in 2015).
 - **E&S Impact Assessment Methodology** (endorsed in 2015).
 - **E&S Express Assessment Tool for the Credit Committee's Task Force** in order to identify the E&S risks on the early stage (endorsed in 2018).
- The Bank has developed the **E&S Exclusion List**, which defines the types of projects that IIB does not finance, including production or trade in any product or activity deemed illegal and causing significant harm to environment and human well-being; weapons and munitions; tobacco goods and strong alcoholic beverages, etc.
- The Bank conducts **E&S impact assessment (ESIA)** of all new direct investments that are being considered for IIB support. Each potential project is categorized by the Bank either as **A, B, C** or **FI**. «**A**» and «**B**» category projects undergo a full-scale assessment by default. Where there are significant environmental or social risks, IIB normally relies on the results of the ESIA prepared by **external independent experts** and works with its potential borrowers to determine possible **remediation measures** and **E&S monitoring activities**.
- The Bank collaborates with an extensive network of peer IFIs and international organizations **to promote a dialogue on ESIA methodology and sustainable development**, including the UN Global Compact, MFI Working Group on Environmental and Social Standards, WWF, Wetlands International, etc.

IIB'S GRANT POLICY

The Bank regularly allocates funds for various grants aimed at environmental protection, especially for projects and programs related to water and sanitation. The Bank's strategic partners in these activities are **Wetlands International** and **World Wildlife Fund (WWF)**.

No.	Project Supported	Country	Recipient Organization	Month and Year	Amount (EUR)
1.	Preservation of endangered animal and bird species in Mongolia: The Project is aimed at the supporting the threatened populations of the Przewalski's horse and the Altai snowcock in Mongolia.	Mongolia	Ministry of Environment	June 2015	c. 28,000
2.	Wild Asian Elephants Programme: The Project aims to increase the capacity of relevant Vietnam's authorities to manage human - elephant conflicts, and to increase Vietnamese public and corporate engagement for Asian elephant conservation.	Vietnam	WWF Vietnam	December 2015	45,000
3.	The Hungarian Water Risk Filter: The project is aimed at collection of data on the Hungarian river basins for the Water Risk Filter, a WWF-sponsored practical global online tool that helps to assess and map water risks and to elaborate practical measures to mitigate them.	Hungary	WWF Hungary	June 2016	30,000
4.	Restoring Peatlands in Russia – for fire prevention and climate change mitigation: The project carries out measures to return the degraded peatlands in Russia to their original waterlogged state with sustainable use of these areas in a manner involving peatland cultivation and biodiversity conservation. The Project is supported jointly with the KfW.	Russia	Wetlands International	December 2016	70,000
5.	Environmental education and awareness raising in protected areas: The project aims to raise awareness of local population towards natural values and the environment at the Romanian territory of protected by the EU Natura 2000 sites. The programme facilitates 200 hours of environmental education activities in the elementary schools in Transylvania region. The project also provides an establishment and a training of volunteer ranger network in 7 villages, as well as publishing and distribution of educational toolkits in local schools and organization of the Forest School for 25-30 selected local children.	Romania	Milvus Group Association	June 2017	30,000
6.	Restoration of natural river ecosystems in Northern Slovakia: The project is focused on sustainable management of the Northern Slovakia river basins, preserve key natural river systems, protect and restore critical river habitats and initiate rehabilitation of endangered species populations, especially the Danube salmon.	Slovakia	WWF International Danube-Carpathian Programme	December 2017	30,000
7.	Restoration of wetlands of the upper creek of the Tuula Gol river in central Mongolia: The aim of the project is to study the current state of wetlands in the area, biosystems and ecosystems, identify main causes for degradation of wetlands and to assess the risks of deepening processes, which negatively influence the ecosystem. Afterwards a scientifically based plan is to be developed for restoration of wetlands in order to prevent fires, reduce greenhouse gas emissions, preserve water resources and biological diversity, as well as create conditions for the rational use of these territories.	Mongolia	Mongolian Academy of Sciences	November 2018	c. 34,000

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