



INTERNATIONAL  
INVESTMENT  
BANK

# TIME PROVED PARTNERSHIP

April, 2016

# IIB KEY FACTS

IIB is a multilateral development bank with supranational status. Constituent documents of the IIB were signed in 1970 and were registered with the United Nations Secretariat, No 11417



*As of April 2016 the bank has total paid-in capital of EUR 313.1 million of which the share belonging to EU member countries is 48.7%. The Bank has 9 shareholder countries; Bulgaria, Czech Republic, Hungary Slovakia, Romania, Russia, Mongolia, Vietnam and Cuba.*



## Key financial indicators\*

	2013	2014	2015
Assets (€ mln)	411.1	611.5	809.4
Equity (€ mln)	352.4	389.4	397.7
Net Interest Margin**	4.1%	3.7%	3.1%
Equity / Assets	85.7%	63.7%	49.1%
Total capital adequacy	102.3%	78,1%	57.7%
Financial leverage (Liabilities/ Equity)	16.7%	57.0%	103.5%

\* Y2013-2015 Audited Consolidated IFRS

\*\*Including hedged % exchange rates of cross-currency interest-rate SWAP

## Three Investment Grade Credit Ratings

Moody's  
Baa1  
Stable

Dagong  
A  
Stable

Fitch  
BBB-  
Stable

# OVERVIEW OF PUBLIC DEBT FUNDING



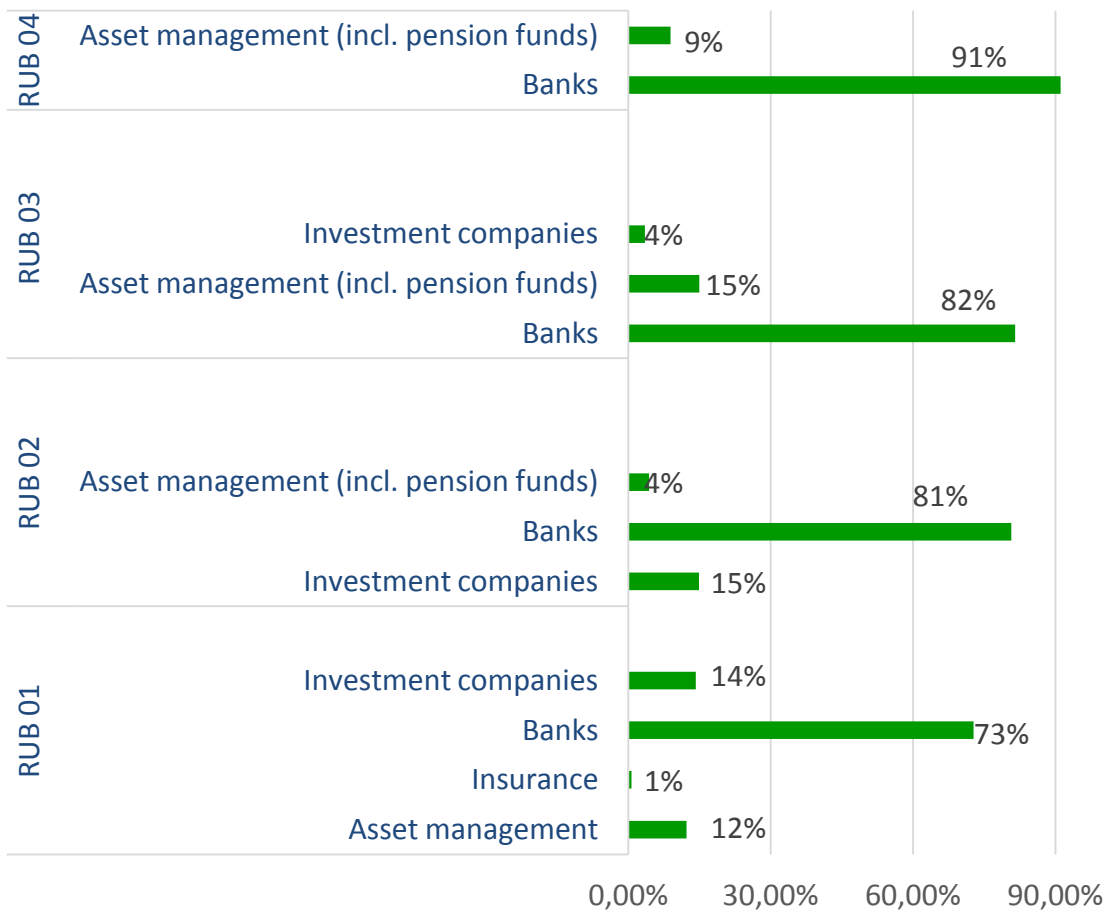
## PLANS FOR DIVERSIFICATION OF RESOURCE BASE

▶ The Bank intends to further extend its presence on domestic capital markets of its Member States.

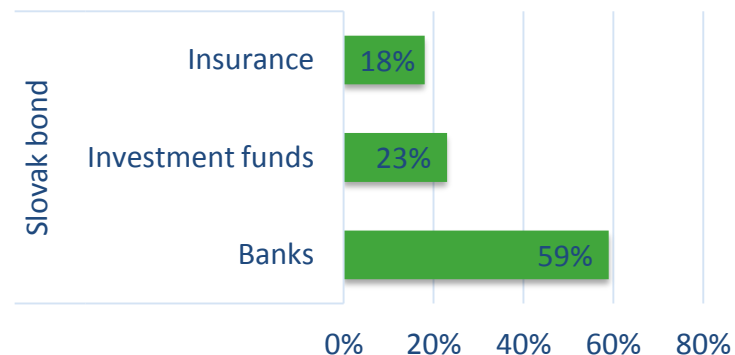
▶ The Bank constantly monitors international debt markets in respect of possible Eurobonds and ECP placements.

▶ Joint efforts of the IIB, the Moscow Exchange, the Central Bank of Russia and National Depository in the second half of 2015 made it possible for the MDBs to register Programme of stock bonds, totally new product on the Russian market. In the beginning of March the MOEX registered a multi-billion programme of exchange-traded bonds in the amount up to RUB 100 bln or the equivalent in another currency.

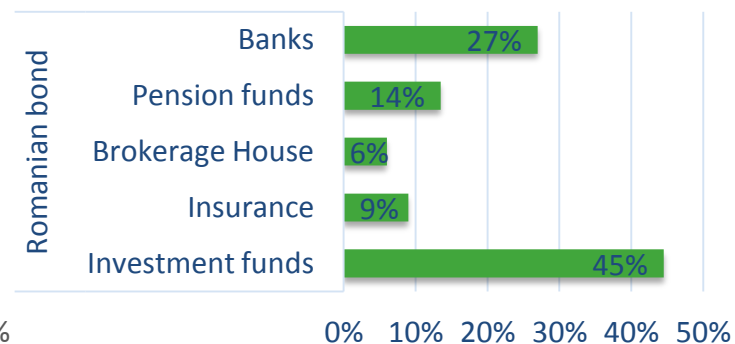
## RUB bonds



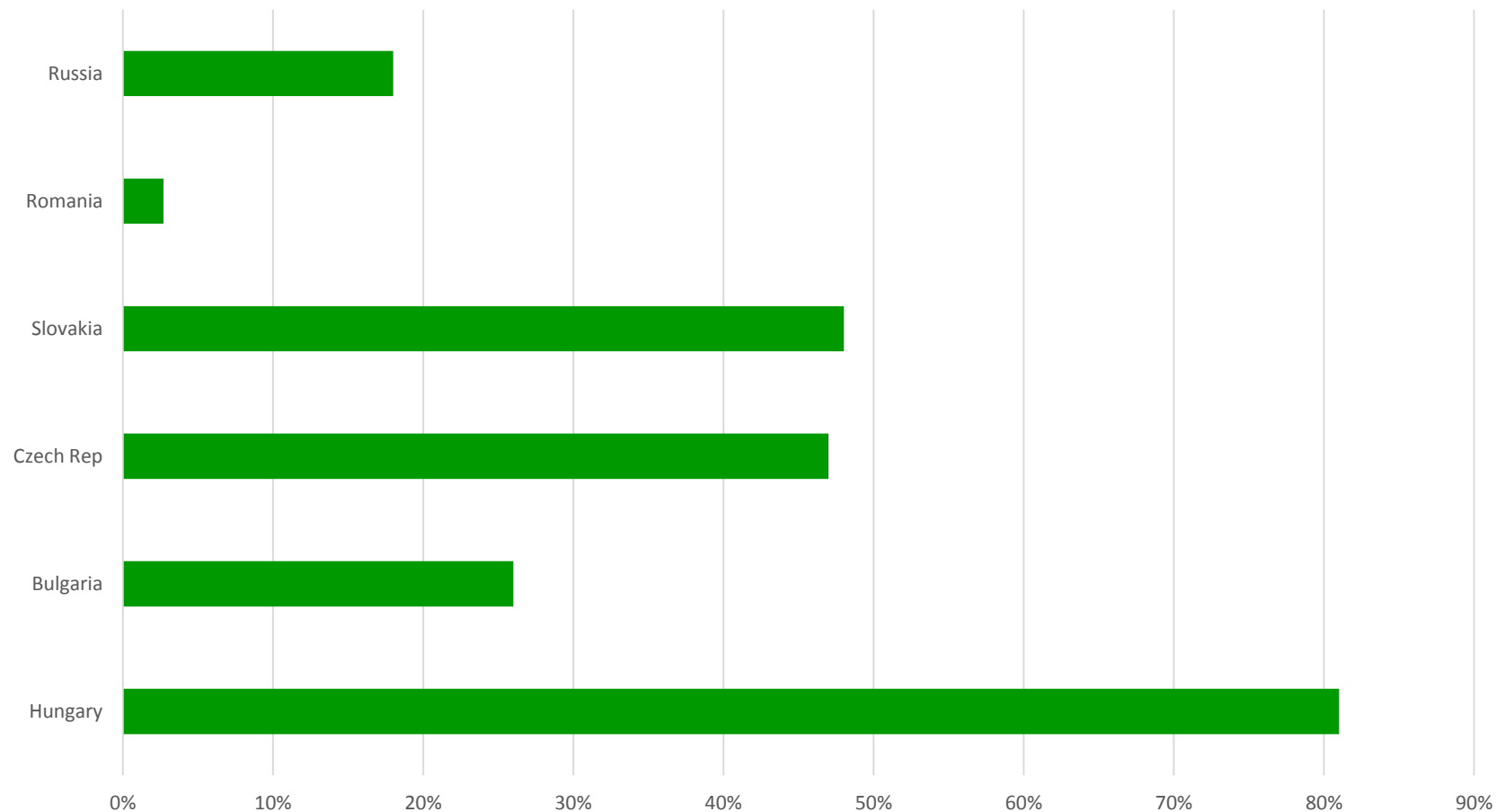
## Slovakian bond



## Romanian bond



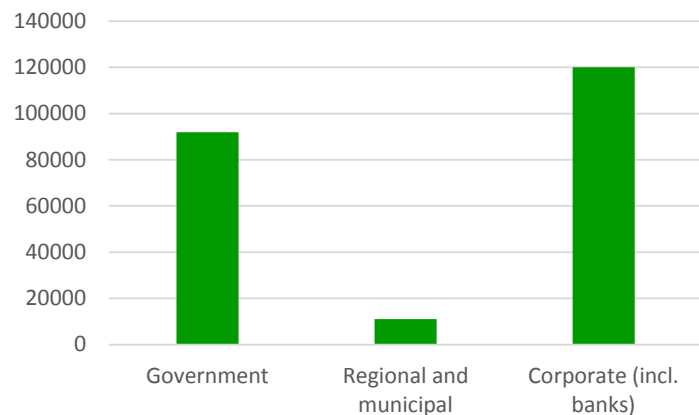
## Face Value of domestic bond issuance to GDP, %\*



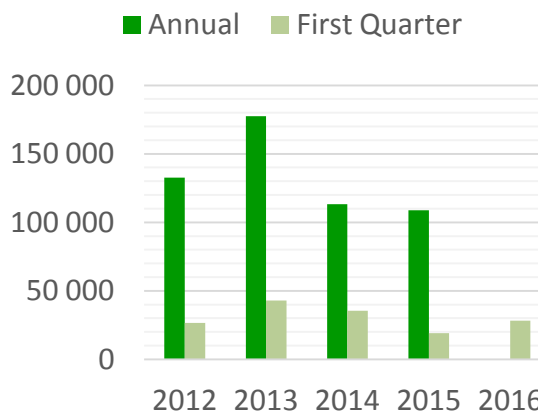
\*As of 05 April, 2016

Sources: worldbank.org; imf.org; moex.com; bvb.ro; bsse.sk; pse.cz; bse.hu; bse-sofia.bg

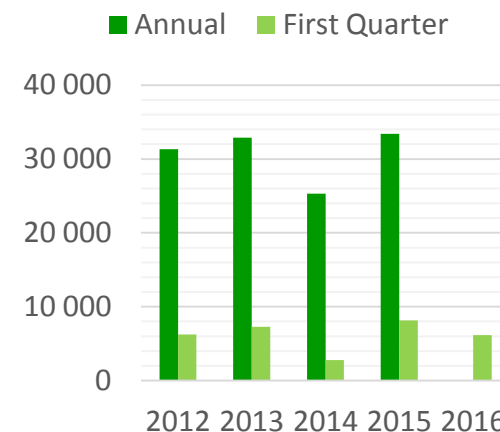
Issuer of bond admitted to trading on Moscow Exchange by type (EUR mln)



Moscow Exchange Bond Trading (EUR mln)



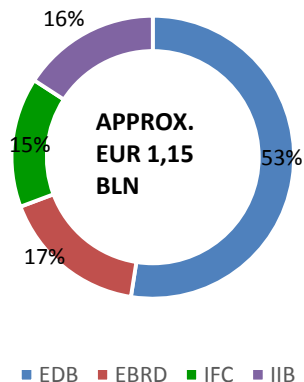
Moscow Exchange Bond Issuance (EUR mln)



Type of investors

- ▶ Banks
- ▶ Asset management
- ▶ Pension funds
- ▶ Investment companies
- ▶ Insurance companies

Current share of supranational borrowers on Russian market



From the point of view of legislation, the Russian market is one of the most regulated markets within member countries of the IIB.

Since the adoption of the Resolution of Council of Ministers of the RSFSR "Regarding the Position statement about joint stock companies" in 1990, the Russian market has undergone a number of significant reforms and to date is the largest among the countries of Eastern Europe.

At the moment, bonds of more than 390 corporate borrower's bonds, OFZs, municipal and regional bonds and bonds of supranational/foreign borrowers are traded.

## Experience of IIB on the placement of bonds in Russia

### Admission to market and bond placement

- ▶ MFIs included in the list approved by the RF Government may be admitted for placement and circulation in the Russian Federation;
- ▶ Registration of the Prospectus of the classic bonds in the Bank of Russia;
- ▶ Requirements for the including MFI's bonds in Lombard list established by the Central Bank of Russia;
- ▶ A comprehensive list of requirements from stock exchange and Depository for the admission of foreign issuers and MFIs to trading.

### Servicing of placements and information disclosure

- ▶ It is most convenient for the Issuer to manage coupon payments directly through the Central Depository;
- ▶ The passage of redemptions and repayment issues with appointed technical agent (Bank);
- ▶ Clear the list and scope of mandatory information disclosure by international financial organizations and foreign issuers (disclosures is substantially less than for issuer-residents of the Russian Federation, including the Prospectus and quarterly report).
- ▶ Information is disseminated through special information resources

**The following IFIs have placed bonds on the MOEX**



### Market Instruments for funding of MFIs:

- ▶ the "classic" bond (tap is not available for IFIs);
- ▶ the program of exchange bonds and the exchange bonds have become available in 2016
- ▶ the possibility of issuing different currencies (rubles, euros, US dollars, Swiss francs, Chinese yuan)

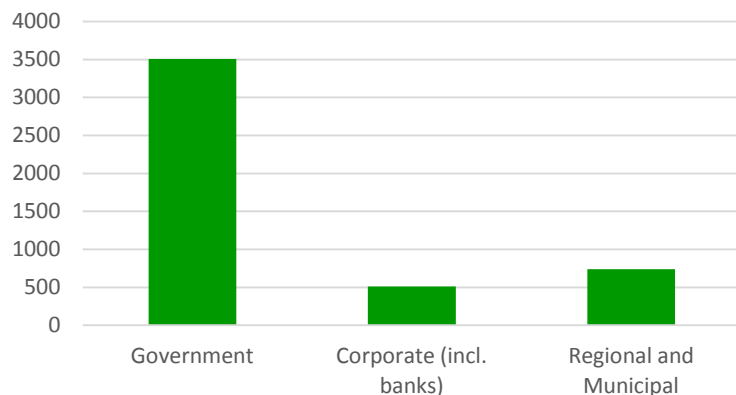
### Investors and Lombard List

- ↓
- ▶ Banks
  - ▶ Asset management Companies (Pension funds, insurance companies)
  - ▶ Brokers
  - ▶ Investment companies

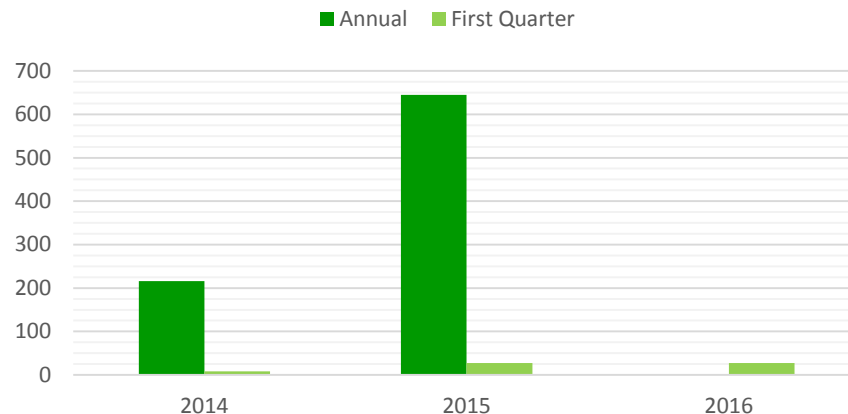
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All bonds of IIB met the requirements for and were included in the CBR's Lombard list

Issuer of bond admitted to trading on Bucharest Exchange by type (EUR mln)



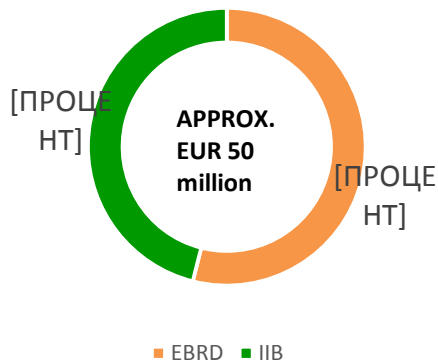
Bucharest Exchange Bond Trading (EUR mln)



Type of investors

Current share of supranational borrowers on Bucharest Market

- Ⓢ Banks
- Ⓢ Asset management
- Ⓢ Pension funds
- Ⓢ Investment companies
- Ⓢ Insurance companies



The Romanian market is one of the most dynamically developing among the countries of Eastern and Southern Europe.

The Bucharest stock exchange was founded in 1994.

Currently the Romanian Government is the Issuer of the largest number of traded bonds.

In addition, the municipalities of Romania also often come to the local debt market to raise financing.

Among corporate clients are mainly represented as local banks and banks which are subsidiaries of large international banking groups.



## Experience of IIB on the placement of bonds in Romania

### Admission to market and bond placement

- ▶ MFIs may be admitted for placement and circulation in Romania.
- ▶ Registration of the prospectus is not required (documentation is prepared by euro standards, applicable to public entities).
- ▶ Individual requirements from the stock exchange and the depository are applied for the admission of securities to trading MFI (IIB bonds are classified as securities of international financial organizations).

### Servicing of placements and information disclosure

- ▶ Coupons are paid earlier through a designated payment agent.
- ▶ No exhaustive list of mandatory disclosure, with the exception of the facts relating to the payment of coupons and redemption of securities and the significant events in the activities of the issuer.
- ▶ The information is submitted through the stock exchange website.

### The following IFIs have placed bonds in RON

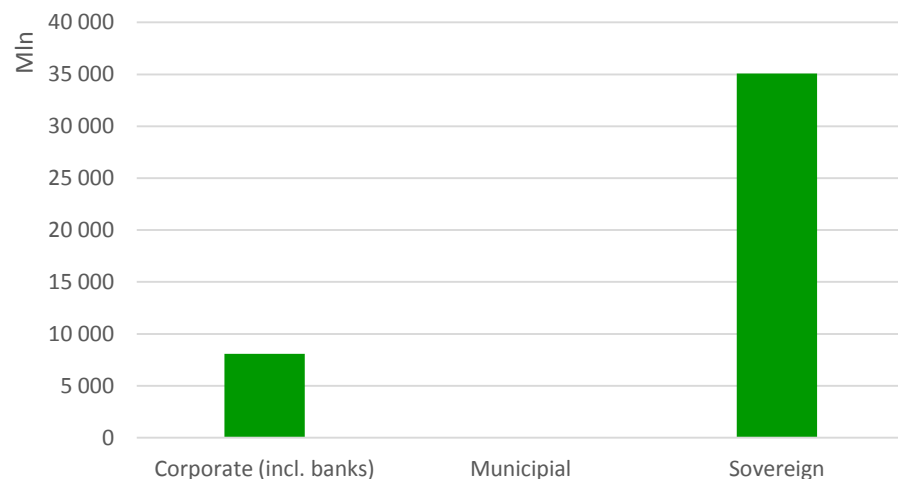
### Market Instruments for funding of IFIs:

- ▶ Bonds (Reg S analog);
- ▶ Bond programme registration is not possible
- ▶ The issue of placement of MFI debt in foreign currency is being developed.

### Investors and Lombard List

- |   |  |
|---|--|
| <p>↓</p> <ul style="list-style-type: none"> <li>▶ Asset management companies (Pension funds, insurance companies)</li> <li>▶ Brokers</li> <li>▶ Investments companies</li> <li>▶ Banks</li> </ul> | <p>↓</p> <p>Only government bonds may be included in the local Lombard list.</p> <p>MFI bonds may be included in the Lombard list for the ECB.</p> |
|---|--|

Outstanding bonds as of 06.04.2016, EUR



Issuance of bonds, EUR



## Type of investors:

- ⌚ Commercial banks
- ⌚ Pension and health funds
- ⌚ Mutual funds
- ⌚ Retail and private banking clients
- ⌚ Insurance companies
- ⌚ Foreign institutional investors

The public bond market in Slovakia includes government securities (government bonds and T-bills), corporate bonds, bank bonds and municipal bonds.

Bonds were first issued in 1990 and issuance has increased steadily ever since. The sovereign issuer is the largest participant in terms of volume on the market.

Due to the entry of the Slovak Republic into Eurozone, the local market practically merged into the euromarket. Legislation is in line with standard European Capital Market Act. Local Clearing House is linked to International Clearing Houses.

Government issues are included into the list of repo eligibility.

## Experience of IIB on the placement of bonds in Slovakia

### Admission to market and bond placement

- ▶ MFIs may be admitted for placement and circulation in Romania.
- ▶ Registration of the prospectus is not required (documentation is prepared by euro standards, applicable to public entities)
- ▶ There are no special requirements on the part of the stock exchange and depository MFIs, because this concept is not defined in the regulations governing their activities (requirements used as a normal corporate issuers).


### Servicing of placements and information disclosure

- ▶ Coupons are paid earlier through a designated payment agent.
- ▶ No exhaustive list of mandatory disclosure, with the exception of the facts relating to the payment of coupons and the redemption of securities.
- ▶ There is a special resource for information disclosure.

### Market Instruments for funding of MFIs:

- ▶ Bonds (Reg S analog);
- ▶ Potential for additional bond placement (tap) if the appropriate documentation has been registered.;
- ▶ Bond programme registration is not possible

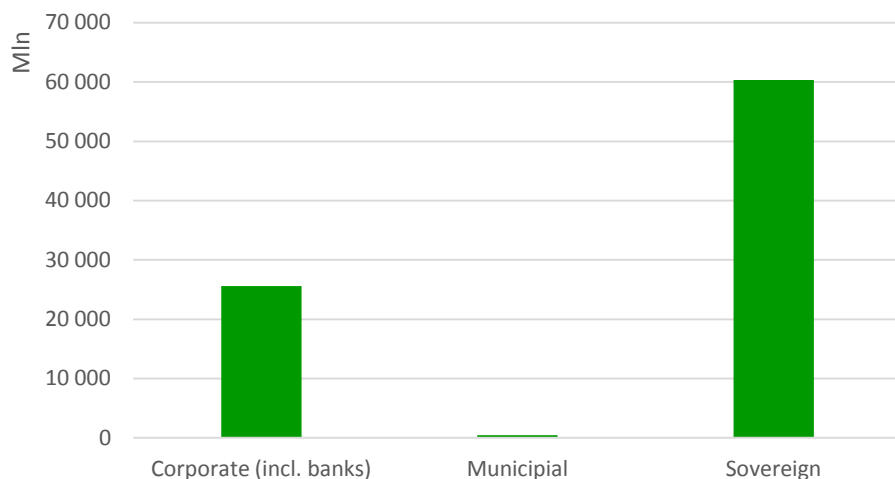
### Investors / Lombard List

- 
- ▶ Asset management companies
  - ▶ Brokers
  - ▶ Investment Companies
  - ▶ Foreign Investors

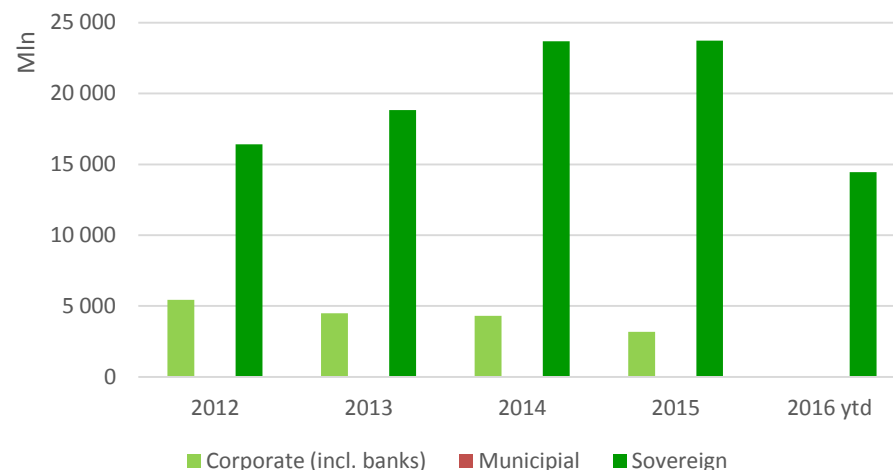
There is no local Lombard list as Slovakia is part of ECB system

MFI bonds may be included in the Lombard list for the ECB.

Outstanding bonds as of 06.04.2016, EUR



Issuance of bonds, EUR



## Type of investors:

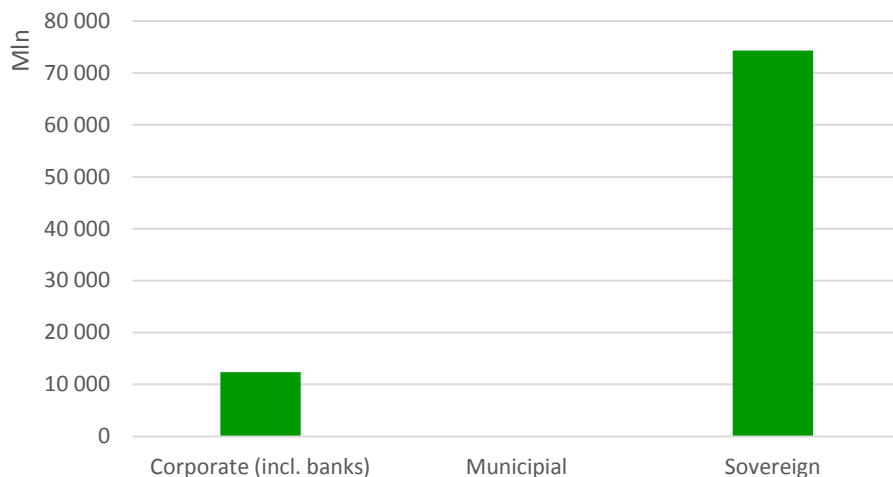
- Ⓢ Commercial banks
- Ⓢ Pension and health funds
- Ⓢ Mutual funds
- Ⓢ Retail and private banking clients
- Ⓢ Insurance companies
- Ⓢ Foreign institutional investors

The Czech Treasury securities market includes T-bills and government bonds.

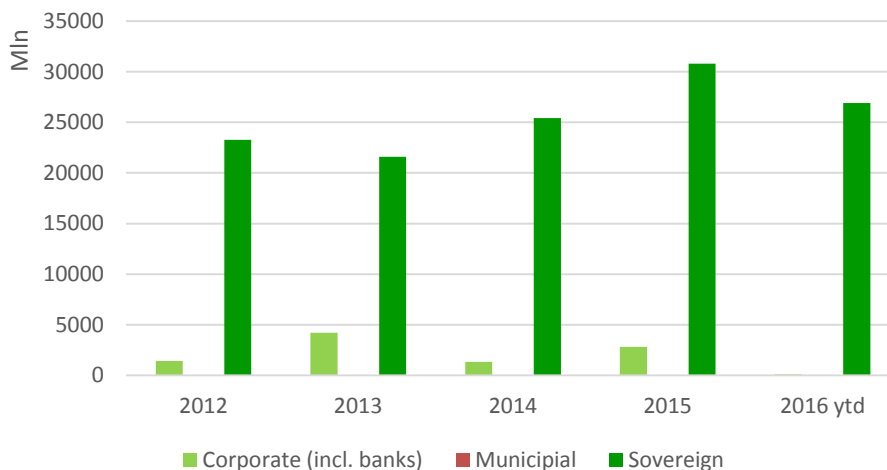
Prague Stock Exchange supports the corporate names with all means to enter the public domestic bond market. The stock exchange attempts to enlarge the number of new primary bond issues in the Czech Republic, which will be an alternative to loans, which is still the major source of funding for Czech companies.

Government securities and mortgage papers can be repurchased with the Czech National Bank. Domestic Clearing House is connected into international clearing houses.

Outstanding bonds as of 06.04.2016, EUR



Issuance of bonds, EUR equivalent



## Type of investors:

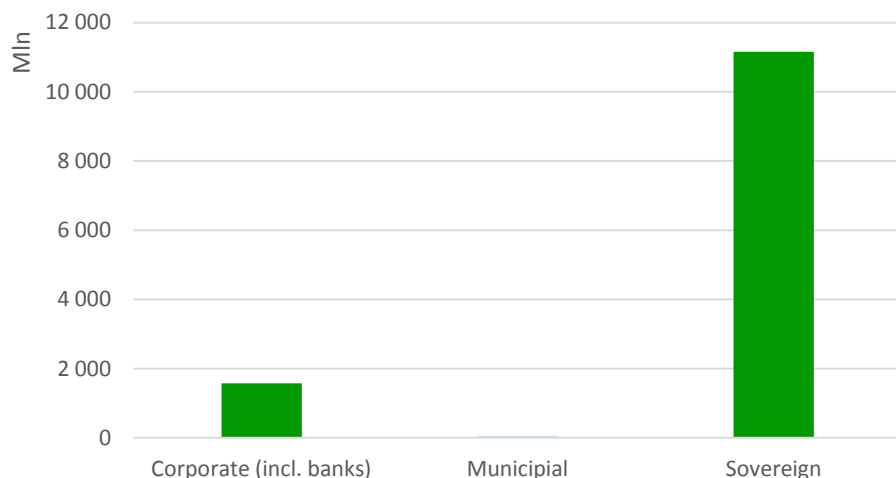
Commercial banks

- ⦿ Pension and health funds
- ⦿ Mutual funds
- ⦿ Retail and private banking clients
- ⦿ Insurance companies
- ⦿ Foreign institutional investors

The Hungarian Debt Management Agency is the largest issuer, financing and refinancing large part of the sovereign debt through HUF issuances. Mortgage banks, like OTP Mortgage Bank, FHB Mortgage Bank, UC Mortgage Bank are the second largest issuers. Most of the public bonds are introduced into the Budapest Stock Exchange, though it is not a must for the issuers.

Supranational issuers – EBRD, EIB – use the eurohuf market to raise funds in HUF, under UK law, their issues are not introduced into Budapest SE. Foreign investors are active in the Hungarian sovereign bond issues.

Outstanding bonds as of 06.04.2016, EUR



Issuance of bonds, EUR equivalent



In Bulgaria, the Ministry of Finance together with the Bulgarian National Bank (BNB) regulates the terms and conditions for government bond issues on the domestic market.

## Type of investors:

- ⦿ Commercial banks
- ⦿ Pension and health funds
- ⦿ Mutual funds
- ⦿ Retail and private banking clients
- ⦿ Insurance companies
- ⦿ Foreign institutional investors

The size of the corporate bond markets is fairly small in Bulgaria.

The following types of corporate bonds are available at the Bulgarian Stock Exchange-Sofia: debentures; convertible bonds; mortgage bonds; floating and fixed rate bonds; callable and puttable bonds.

In order to be admitted to trading on the markets organized by BSE-Sofia the issuers have to comply with all the requirements and conditions of the Public Offering of Securities Act and of the Rules and Regulations of BSE-Sofia. Central Bank of Bulgaria accepts government securities for repo transactions.

Supranational issuers are not active on the domestic Bulgarian marketplace with public issues. Pension funds currently not permitted for the time being to purchase public bonds issues of Supra names.



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