



**The International Bank for Economic Co-Operation's  
2016-2020 Resumption and Development Strategy**

**(Brief Version)**

**Moscow, 2016**

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## 1. Background of the Strategy

The International Bank for Economic Co-Operation's 2016-2020 Resumption and Development Strategy (the "Strategy") was approved at the 126th meeting of the IBEC's Council on 9 December 2015.

The need to develop the Strategy is attributable to the following factors:

- changes in foreign economic environment, in which the International Bank for Economic Co-Operation (*the "IBEC" or the "Bank"*) operates;
- enhancement of integration processes, against which backgrounds it becomes necessary to establish both new and develop existing international institutions, including the financial ones.

**Under prevailing conditions, the IBEC's potential predetermined by its international status, can and must be utilized, in combination with financial stability and experience in cooperation with IBEC's member countries, for pursuing of interests of economic entities of Bank's member countries.**

**The restrictive measures imposed by the Council of the European Union on financial institutions of the Bank's country of residence - the Russian Federation - do not extend on IBEC's operations.**

Bank's vision of its long-term perspectives is primarily based on the understanding of *objective economic needs of IBEC's member countries in:*

- financing of trade operations between economic entities of IBEC's member countries;
- arrangement and servicing of settlements in national currencies between IBEC's member countries, both under foreign exchange transactions and in other fields;
- clearing operations;
- supporting of financing small and medium enterprises ("SME") at their start-up.

## 2. Mission, Strategic Objectives and Priorities

*The IBEC's mission* is to promote economic cooperation and development of economies of Bank's member countries and forms the basis of IBEC's strategic objectives.

The IBEC *strategic objectives* have been determined as follows:

- to promote strengthening and development of foreign economic and trade links between enterprises and organizations of Bank's member countries, and between them and enterprises and organizations of other countries;
- to promote establishment and development of SME from IBEC's member countries, organizations and enterprises from Bank's member countries involved in joint projects, and joint ventures from IBEC's member countries.

*Being governed by its strategic objectives, the Bank decided to occupy the following niche:*

- arrangement and servicing of foreign trade operations between enterprises and organizations of IBEC's member countries and between organizations and enterprises of Bank's member countries and of other countries;
- financial aid to SME, enterprises and organizations from Bank's member countries involved in joint projects, and joint ventures from Bank's member countries.

Bank's functioning in the said operating niche will enable, by the most effective way, to utilize the IBEC's potential for the benefit of Bank's member countries and increase Bank's performance results.

The IBEC's focus on banking business with its operating niche does not prevent the Bank from offering other services to its clients, which exist in the world banking practice.

The Strategy will be implemented according to two main and closely related directions: ***"Business Development"*** and ***"Business Support Development"***.

### **3. Directions of Business Development and Business Support Development**

#### **Business Development**

*The key operating segments* of the "Business Development" unit on a five-year horizon are:

- **trade financing;**
- **settlement transactions;**
- **lending business.**

Through **trade financing**, the Bank will strive to help reducing commercial and political risks faced by the parties to foreign trade transactions from IBEC's member countries, and to contribute to optimization of the export commodity structure in IBEC's member countries.

Within the framework of trade financing, the Bank will act directly as an exporter's or importer's bank and attract partners from IBEC's member countries and other countries, including export credit agencies (ECA) and other dedicated organizations.

The main objectives in the "Trade Financing" segment are:

- to introduce an updated trade financing product line;
- to ensure timely and proper performance of trade financing transactions both between economic entities of Bank's member countries and between them and economic entities of other countries;
- to build the service system for customers from IBEC's member countries based on a client manager institution using the "country" principle;
- to introduce a diversified approach to management of customers from different IBEC's member countries.

Through **settlement transactions**, the IBEC will strive to ensure stable and high-speed settlements between enterprises and organizations from Bank's member countries.

The key objectives in the "Settlement Transactions" segment are:

- to build a comprehensive service package subject to country and sector identity of Bank's customers;
- to build the system of settlements between economic entities of Bank's member countries in national currencies;
- to introduce clearing transactions for settlements between economic entities of Bank's member countries.

As for **lending business**, the Bank sees its role as an intermediary between international and regional capital markets and borrowers from IBEC's member countries, while promoting the development of businesses of economic entities from IBEC's member countries.

*The priorities in lending business are:*

- financing of joint ventures of IBEC's member countries;
- financial support to SME at start-up, including small innovative enterprises (start-ups and spin-offs);
- financing of projects, which members are organizations and enterprises from several IBEC's member countries;
- financial support to renewable "green" energy projects of entities from Bank's member countries.

The priority objectives in the "Lending Business" segment are:

- qualitative refinement of the lending business process;
- improvement of conventional lending forms, such as syndicated and commercial lending;
- expansion of the loan product range diversified by needs of economic entities from different Bank's member countries.

The *Business Development Concept* includes, *inter alia*, the following two aspects:

- expansion of the Bank's footprint into Eastern part of the Asian region covered by the territories of the IBEC's member countries. As for unveiling the opportunities of economic entities from IBEC's member countries, the Bank sees its linking role in combining of such opportunities with needs of their Asian partners and, primarily, in promotion of export of capital-intensive products of its member countries to the East Asian market;
- attention to renewable "green" energy projects and customers. While fulfilling its potential for the benefit of Bank's member countries, the IBEC will strive to contribute to energy efficiency and energy conservation.

**Risk Management System.** Considering that the Bank intends to carry on new businesses, the priority directions in risk management system within the strategic outlook will be:

- revision of the risk management policy, including in respect of the forex market;
- development and optimization of methodological approaches, tools and technologies in risk management;
- development of the limit policy.

**Obtaining of international credit rating.** One of the essential objectives aimed at development of Bank's business is obtaining of an international credit rating.

In the mid-term run, the IBEC with account to results of implementation of the Strategy intends to complete obtaining of international credit ratings from at least two rating agencies.

The credit rating will give additional opportunities to the Bank to borrow in the international capital market.

## **Business Support Development**

The Business Support Development will include comprehensive perfection of the Bank in terms of its corporate structure, regulatory, innovative, technological, HR and marketing matters.

The Business Support Development will be targeted at enhancement of timely and proper delivery of services to Bank's clients through bringing IBEC's operations in line with the best banking practices and up-to-date banking standards.

## **4. Clients**

**The IBEC's target client group includes:**

1. Joint ventures of economic entities from IBEC's member countries.
2. Small and medium enterprises from Bank's member countries.
3. Enterprises from IBEC's member countries dealing with foreign trade.
4. Enterprises operating in economic sectors having priority for development of Bank's member countries.

The client management strategy in respect of clients from IBEC's member countries is aimed at promotion of:

- optimization of export and import commodity and country structure of Bank's member countries;
- saturation of markets of Bank's member countries with new products and services;
- attraction of new technologies and knowledge to IBEC's member countries;
- creation of jobs;
- reduction of trans-boundary risks faced by economic entities from IBEC's member countries.

The key objectives of customer management are:

- to enhance reliability and quality of Bank's customer service processes;

- to build a modern communication platform for mutual relations with customers.

The Bank sees the development of customer management in expansion of its footprint in the Bank's member countries, including through arrangement of work of its representatives in Bank's member countries and opening of IBEC's representative offices. The pilot project will be explored in terms of enquiry into the possibility of opening a representative office in the Far East (Vladivostok).

## **5. Partners**

The strategic objectives in business cooperation development are:

1. Expansion of the network of principal partner banks, including national banking institutions intended to promote the growth of export and import transactions of IBEC's member countries.
2. Establishment and development of relations with ECA from IBEC's member countries and other institutions that exercise ECA functions.
3. Entering into liaison with national banking regulators from IBEC's member countries.
4. Establishment of liaison and development of cooperation with other international financial institutions, including the New Development Bank and the Asian Infrastructure Investment Bank.
5. Deepening of cooperation with banking associations, in which the IBEC is a member, intergovernmental committees, chambers of commerce and industry and other organizations from IBEC's member countries.
6. Establishment and development of relations with new financial and non-financial institutions, cooperation with which will promote interests of IBEC's member countries.

The Bank sees the involvement of new countries in its membership as expansion of its operating capabilities for the benefit of IBEC's member countries. In this regard, the Bank is focused on the countries that have close economic relations with Bank's member countries or are their most important trade partners.

## **6. Resource Portfolio**

The resource portfolio in strategic outlook will be built both of equity capital and borrowed funds.

The key objectives in resource portfolio building are:

- implementation of the program of issue of IBEC's securities;
- funding in the interbank market;
- fundraising from non-profit companies, which are economic entities of Bank's member countries;
- improvement of efficient utilization of equity.

Terms of fundraising from IBEC's customers and partners will be clearly linked to the Bank's pricing policy.