

# Quarterly Review

July-September 2021



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July



### LOAN AND DOCUMENTARY PORTFOLIO EXCEEDED EUR 500 MILLION

Along with strengthening its financial stability, the Bank's loan and documentary portfolio for the first time has exceeded the amount of EUR 500 million, reaching EUR 519 million.

In accordance with the IBEC development strategy, business activity is focused on sustainable development, social and environmental efficiency, support for international trade, development of innovations and infrastructure, as well as support for SMEs.

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### OFFICIAL CEREMONY "RING-THE-BELL"

An official ceremony "Ring-The-Bell" in the building of the Bulgarian Stock Exchange in Sofia took place on September 1, marking the listing of the Bulgarian bonds issuance of the International Bank for Economic Co-operation (IBEC). Denis Ivanov, Chairman of the IBEC Board, gave the start to the stock exchange session by symbolically ringing the stock exchange bell.

IBEC bonds with a maturity of 3 years were placed at the beginning of June this year. The volume of the issue was BGN 68 million, with a coupon of 1.15% and income payment every six months. IBEC became the first international financial institution (IFI) based outside the European Union to issue bonds on the Bulgarian market in national currency and in accordance with local legislation, and only the second IFI to issue bonds in Bulgarian leva.

The funds raised were mainly used by the Bank to support projects in the Bulgarian and Central European markets in accordance with the IBEC new strategy. Among the priorities of the IBEC are the Sustainable Development Goals, "green" economy, small and medium-sized businesses and socially significant infrastructure.

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### **MOODY'S CHANGED THE OUTLOOK ON THE IBEC RATING FROM STABLE TO POSITIVE**

Moody's Investors Service ("Moody's") has changed the outlook on the rating of the International Bank for Economic Co-operation (IBEC) on September 3, 2021 from Stable to Positive and has affirmed long-term foreign currency issuer rating at 'Baa3'.

In its official press release Moody's outlines that a change of their assessment is driven by strengthening liquid asset buffer as well as ongoing diversification of funding sources and of the loan portfolio. Moody's expects that IBEC leverage will remain favorable relative to peers through its next growth phase.

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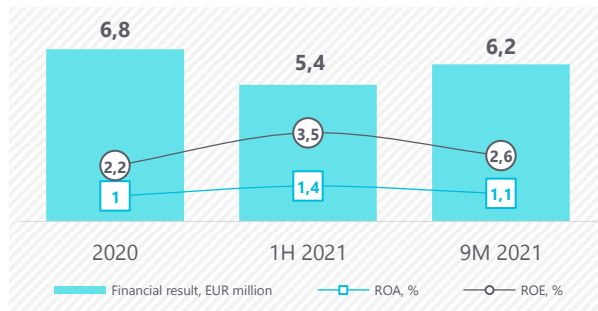


### **INTERNATIONAL CONFERENCE "FINANCIAL SUPPORT FOR SMES – SIMEXPO 2021"**

A delegation of the International Bank for Economic Co-operation headed by the member of the Board Mr. Boyko Kotsev took part in the international conference "Financial support for SMEs – SIMExpo 2021". The event, which took place in the capital of Bulgaria, Sofia, was organized by the Bulgarian Agency for the Support of Small and Medium Enterprises with the Bulgarian Chamber of Commerce and Industry and its Investments Council, supported by the European Fund for the regional development.

At the conference, IBEC representatives presented the Bank's products and projects. Mr. Boyko Kotsev made a general presentation of the IBEC, focusing on the Bank's activity on the Bulgarian market and the positive experience of supporting small and medium-sized businesses in the context of the COVID-19 pandemic. The Director of the Client Relations Department Ms. Alexandra Matveeva spoke about the opportunities and financial instruments that IBEC provided for financing international trade development, and about benefits of cooperation with the national financial institutions within the framework of the implementation of foreign trade contracts.

	EUR million		
	30.09.21	30.06.21	31.12.20
1 Assets	749	762	815
2 Share of working assets (%)	92.7	92.8	93.2
3 Loan and documentary portfolio (gross)	484.6	487	418
4 Treasury assets	325	294	388
5 Short-term funding	173.6	193	268
6 Long-term funding	219.9	223	191
7 Net profit	6.2	5.4	6.8
8 ROA (%)	1.1	1.4	1.0
9 ROE (%)	2.6	3.5	2.2
10 CIR (%)	61.6	54.9	68.4



The Bank's **assets** compared to 1H 2021 has insignificantly decreased due to timely loan repayments.

The current **share of working assets** is stable and amounts to 92.7%.

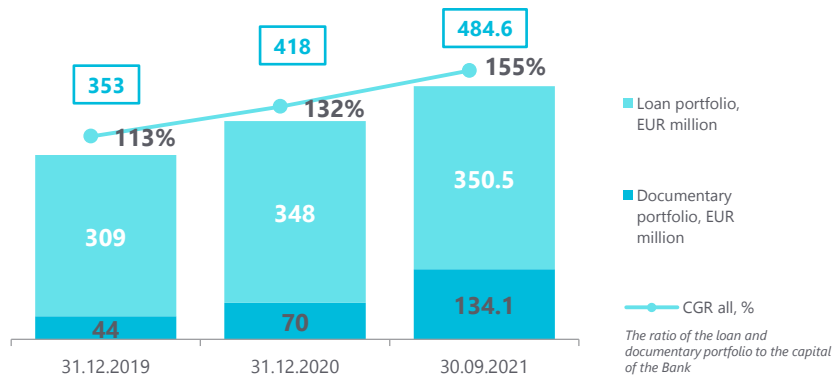
The volume of the **loan and documentary portfolio (gross)** has amounted to EUR 485 million.

**Treasury portfolio** has grown by EUR 31 million and amounted to EUR 325 million.

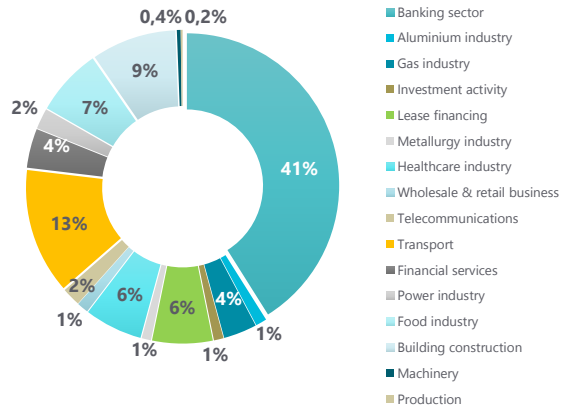
The volume of debt financing amounted to EUR 393.5 million, out of which the volume of **long-term borrowings** totaled EUR 220 million.

The Bank's **net profit** has increased compared to the 1H 2021 and amounted to EUR 6.2 million.

## PORTFOLIO DYNAMICS



## INDUSTRY STRUCTURE (as of 30.09.2021)



IBEC loan and documentary portfolio at the end of 3Q 2021 amounted to EUR 485 million (out of which IBEC loan portfolio (gross) was EUR 350 million). The volume of IBEC loan and documentary portfolio as of 30.09.2021, compared to the volume as of 31.12.2020, increased by EUR 67 million (or +16%).

A significant share of the portfolio is in the banking sector, transport infrastructure, construction and food industries, and healthcare.

Key transactions for the reporting period are the following: issuance of guarantees on behalf of MetPromStroy LLC in the amount of EUR 38.4 million, re-allocating the unused portion of the Eurohold Bulgaria AD limit to a group company, Starcom Holding AD, in the amount of EUR 5 million, and acquisition of the Bulgarian Energy Holding bonds during the initial placement within the framework of lending in the form of securities purchase (EUR 5 million).

# LOAN AND DOCUMENTARY PORTFOLIO



**IBEC continues to pay special attention to projects consistent with the UN Sustainable Development Goals, the implementation of which is an important element of the Bank's strategy. Green financing and SMEs support become an essential part of IBEC activity, especially in trade finance.**



## TRADE

### **Transport and Development Bank**

*In July 2021, IBEC and Mongolian Transport and Development Bank signed a General Agreement on the implementation of trade finance transactions in order to develop partnerships and joint support for export-import operations of Mongolian companies.*

*Within the framework of the agreement with Transport and Development Bank, a number of trade finance transactions totaling USD 3.3 million has already been implemented through the provision of targeted trade loans for up to 1 year. In particular, IBEC provided financing for import contracts for the supply of special trucks from Australia and petrochemical products from Singapore to Mongolia.*



## GREEN

### **Green Eurobonds**

*IBEC has acquired green Eurobonds from Ceska Sporitelna, the largest bank in the Czech Republic. Securities with maturity of 7 years were issued in the amount of EUR 500 million. The coupon is 0.5%, the yield at the offering price is 0.52%. IBEC participation amounted to EUR 3.5 million. The bond issue is part of a large-scale program in support of the Sustainable Development Goals, which is being implemented by the main shareholder of Ceska sporitelna, the Austrian Erste Bank Group.*

*Having a whole portfolio of financial instruments, such as green and social bonds, the group members use resources raised to implement sustainable development projects. Taking part in the debut placement of green bonds of a Czech bank, IBEC supports socially significant projects of Ceska sporitelna, and in accordance with its strategy, replenished the "development portfolio" with green bonds of a reliable issuer.*

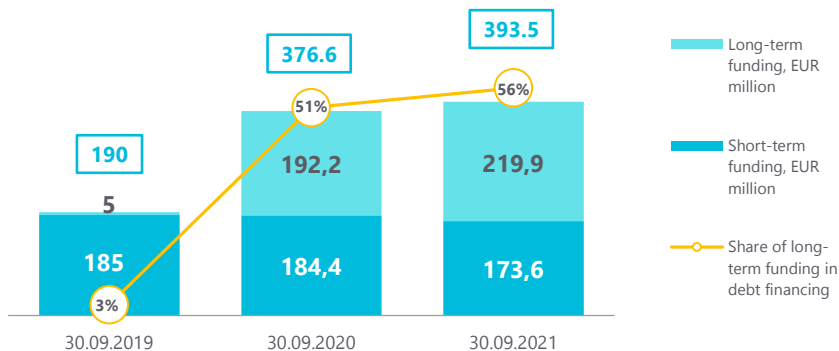
### **Slovak radio electronics**

*IBEC has taken part in the financing of supply of components for satellite antennas by opening a credit line to the Slovak company Incoff Aerospace for a period of up to six months.*

*Slovak Incoff Aerospace specializes in technological equipment for the aerospace, petrochemical, energy sectors, as well as in systems for working with biometric data. The company implements a number of large projects in Russia and has many years of experience in the Russian market.*



## DEBT FINANCING DYNAMICS



The actual volume of **debt financing** at the end of the 3<sup>rd</sup> quarter of 2021 amounted to EUR 393.5 million, while:

- the volume of long-term funding exceeds the volume of short-term funding
- the volume of long-term funding continues to grow steadily in the interests of the stability of the Bank's financial position

## INTERNATIONAL RATINGS

IBEC has 3 credit ratings as of the end of the 3<sup>rd</sup> quarter of 2021 :

**FitchRatings**

**BBB**

Stable outlook

March 2021

**MOODY'S**

**Baa3**

Positive outlook

September 2021

**ACRA**

**A-/AAA(RU)**

Stable outlook

April 2021

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