

Quarterly Review

April-June 2021



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April
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BACEE 41st CONFERENCE

IBEC presented a project of a blockchain platform for trade finance at the 41st Online Banking Conference of the Banking Association for Central and Eastern Europe (BACEE) "Lessons from the pandemic – how the banking sector prepares for the post-COVID period".

April
27



ACRA RATING

The Analytical Credit Rating Agency (ACRA) has affirmed the credit rating of IBEC on the international scale – A- and on the national scale for the Russian Federation – AAA (RU). The outlook on the affirmed ratings is Stable.

June
1



DEBUT BOND ISSUE IN BULGARIA

IBEC has successfully completed its debut BGN-denominated bond issuance on the Bulgarian capital market, raising a 3-year unsecured funding for BGN 68 million (approx. EUR 35 million). The issue has a coupon of 1.15% per annum and is due 2024; it is rated BBB by Fitch.

IBEC is the first International Financial Institution (IFI), based outside the European Union, to issue local currency bond on the Bulgarian capital market, governed by the Bulgarian law.

IBEC has focused its activity in Bulgaria on sectors of the local economy, with initiatives supporting energy and infrastructure projects, agriculture, telecommunications, the electronics industry, and industrial construction. The funds of the emission will be used for financing projects in Bulgaria and other European member countries of the Bank.

June
4



ROUNDTABLE AT THE SPIEF

The roundtable "Multilateral Development Banks in the Post-COVID Period: Old Challenges and New Opportunities" was held within the framework of the St. Petersburg International Economic Forum. The event was held under the patronage of the Ministry of Finance of the Russian Federation, it was attended by representatives of international financial organizations, where Russia is a member state – the World Bank, the Eurasian Development Bank, the Black Sea Trade and Development Bank, the Asian Infrastructure Investment Bank, VEB.RF, and the largest Russian banks. IBEC was represented by its Chairman of the Management Board, Denis Ivanov, who acted as one of the key speakers.

June
7



COOPERATION AGREEMENT WITH JINR

IBEC and the Joint Institute for Nuclear Research (JINR) have signed a Cooperation Agreement. Two international organizations, financial and scientific, have 8 common members – all the IBEC member countries are also members of JINR. The subject of the agreement is the establishment and development of cooperation between the IBEC and JINR in the field of work with the suppliers of the Institute in terms of export and trade financing, joining efforts for the effective implementation of the Institute's industrial return program and using the potential of long-term financial and economic cooperation.

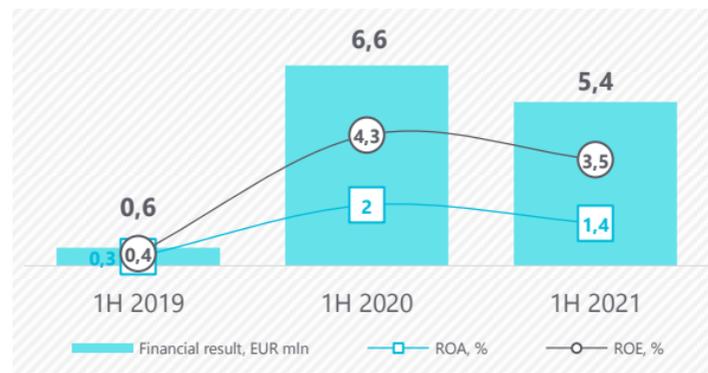
June
28



MOU WITH NDB

On June 28, 2021, the New Development Bank (NDB) and the International Bank for Economic Co-operation (IBEC) signed a Memorandum of Understanding to establish a framework for strategic, technical and operational cooperation in areas of mutual interest and promote the development of long-term relations between the two institutions. The Memorandum formalized the partnership between NDB and IBEC, with a view to jointly participate in financial assistance for infrastructure and sustainable development projects; explore and pursue cooperation in capital markets; establish correspondent relations to support business activities; perform analysis or research on macroeconomics, industries and other topics of mutual interest; promote information exchange and knowledge sharing as well as provide mutual training and development of staff.

	EUR mln		
	30.06.21	31.03.21	31.12.20
1 Assets	762	741	815
2 Share of working assets	92.8	92.6	93.2
3 Loan and documentary portfolio (gross)	487	432	418
4 Treasury assets	294	317	388
5 Short-term funding	193	192	268
6 Long-term funding	223	197	191
7 Net profit	5.4	4.8	6.8
8 ROA (%)	1.4	2.5	1.0
9 ROE (%)	3.5	6.2	2.2
10 CIR (%)	54.9	40.6	68.4



The Bank's **assets** compared to Q1 2021 increased by EUR 21 million.

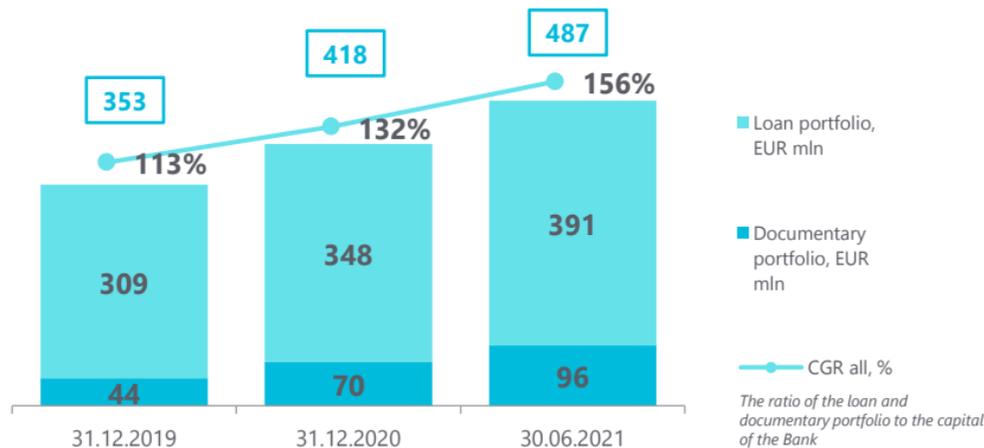
The current value of such a KFI as the **share of working assets** is 92.8%.

The volume of the **loan and documentary portfolio (gross)** continues to grow and amounted to EUR 487 million.

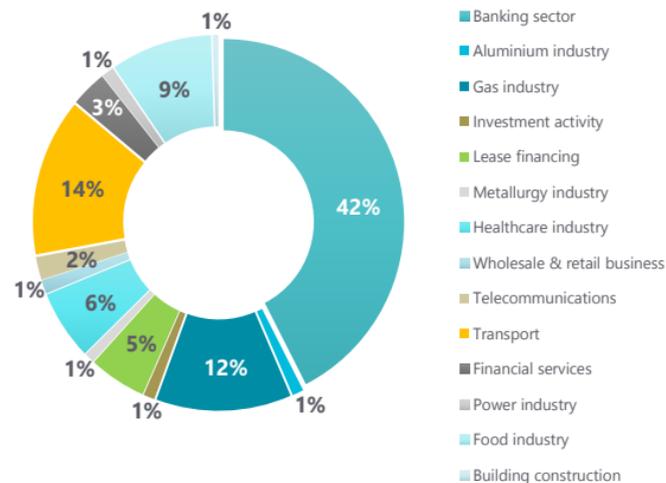
In the reporting period, the volume of debt financing amounted to EUR 416 million, while the volume of **long-term borrowings** continues to grow and amounted to EUR 223 million.

The Bank's **profit** amounted to EUR 5.4 million.

PORTFOLIO DYNAMICS



INDUSTRY STRUCTURE (as of 30.06.2021)



IBEC loan and documentary portfolio continued growing steadily and at the end of the 1st half of 2021 amounted to EUR 487 million (of which IBEC loan portfolio (gross) – EUR 391 million). In the first six months of 2021, the volume of IBEC loan and documentary portfolio, compared to the volume at the beginning of the year, increased by EUR 69 million (or + 16.6%).

The sectoral structure of the portfolio is dominated by the banking sector, as well as transport infrastructure, gas and food industries and healthcare.

Key transactions for the reporting period are: green forfaiting operation to repurchase a letter of credit debt from HDBank in the amount of USD 4.8 million and participation in the Green Loan Program of the Trade and Development Bank of Mongolia (TDBM) for SMEs in the amount of USD 10 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.



GREEN

Green forfaiting

IBEC implements forfaiting operation to repurchase a letter of credit debt from HDBank in the amount of USD 4.8 million for a term of 16 months. IBEC financing ensures the procurement of equipment for the construction of solar power plants in Vietnam. This forfaiting operation not only provides support for international trade and the promotion of high-tech equipment in the member countries of the Bank, but also contributes to the development of sustainable renewable energy, which directly correlates with SDG 7.

Green Loan Program

IBEC has supported the Green Loan Program of the Trade and Development Bank of Mongolia (TDBM) for small and medium-sized enterprises in Mongolia. IBEC has provided loan in the amount of USD 10 million for a period of up to 3 years. The GLP program, developed by one of the country's leading banks, reflects Mongolia's active interest in addressing environmental issues and commitment to the UN's Sustainable Development Goals (SDGs). GLP implementation is in line with the following SDGs: clean water and sanitation, affordable and clean energy, decent work and economic growth, industrialization, innovation and infrastructure, sustainable cities and towns, responsible consumption and production, and combating climate change.



SMEs

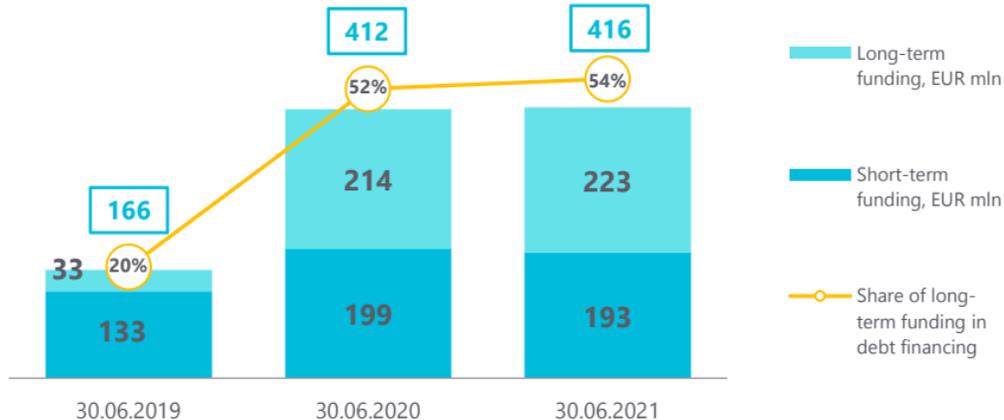
Supporting small businesses in Mongolia

Golomt Bank raised funds from MKB to finance the trade operations of its clients including small and medium-sized enterprises. IBEC confirmed the standby letter of credit (SBLC) of Golomt Bank to guarantee the fulfillment of obligations under the loan by the Mongolian side. The total amount of IBEC's participation exceeded USD 8.3 million with the tenor of up to 13 months. The SBLC confirmed by IBEC provided the most optimal conditions and structure for the transaction between Golomt Bank and MKB, and comfortable conditions for end borrowers.

Supporting SMEs interregional trade

IBEC finances trade operations between Poland and Uzbekistan for the first time. IBEC issued a targeted trade loan to Qishloq Qurilish Bank. The funds provided by IBEC are used to finance purchase of products from Polish companies and entrepreneurs in the small and medium-sized business sector. Among the purchased goods there are specialized vehicles from the world's leading manufacturers for cargo transportation.

DEBT FINANCING DYNAMICS



The actual volume of **debt financing** at the end of the 2nd quarter of 2021 amounted to EUR 416 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

As of the end of the 2nd quarter of 2021, IBEC has 3 international ratings:

FitchRatings

BBB

Stable outlook

March 2021

MOODY'S

Baa3

Stable outlook

January 2020

ACRA

A-/AAA(RU)

Stable outlook

April 2021

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