

FINANCIAL RESULTS 2018: GROWTH OF KEY INDICATORS AS A RESULT OF FUNDAMENTAL CHANGES IN THE BANK'S ACTIVITIES

On March 27, 2019 International Bank for Economic Co-operation (IBEC) published [audited financial statements in accordance with IFRS](#), which comprise the financial position as at December 31, 2018. Over the last year, the **Bank has achieved significant results in its key activities**. On the basis of a stable and relatively sound platform, the new senior management started a full-scale transformation along with aggressive business development. In 2018 IBEC with strong support from its shareholders made a lot of important steps towards transformation into an efficient modern financial institution.

For the first time in IBEC's history, its assets exceeded EUR 400 mln. Such growth is to a large extent related to a dynamic enlargement of the loan portfolio in line with the Updated Development Strategy of IBEC for the period up to 2020.

Trade loans reached EUR 37 mln, and loans to customers (including trade related loans to customers) **increased over six-fold from EUR 13.1 mln to EUR 83.4 mln.** The Bank began trade finance off-balance operations from scratch, and as of end 2018, provided EUR 13.7 mln as guarantees and LCs. As a result, the **Bank's portfolio topped EUR 134 mln.**

At the end of 2018, the sectoral structure of the loan portfolio was much more diversified than that in 2017, with the share of each industry not exceeding 36%. Geographical diversification also improved vs 2017 (Russian, Romanian, Mongolian and Slovakian assets) as the **Bank added Bulgaria, Vietnam- and Czech-related deals to its portfolio in 2018.**

One of the very important steps towards transformation was taken in December, when the shareholders supported IBEC management's proposal to write off old NPLs. All three non-performing loans had been provided more than five years ago and were fully provisioned. The shareholders' decision renders additional support for the new stage of IBEC development and its updated strategy. As a result, IBEC had a **zero NPL level as of January 1, 2019.**

IBEC's securities portfolio decreased to EUR 177 mln from EUR 201 mln at end 2017, but remained conservative with the average security rating ratio at "BBB-" and the open FX position close to zero. In 2018, the Bank invested in AAA-rated securities, with the **share of A – AAA-rated securities reaching 11%.**

Active operations on the money market included the placement of funds in interbank deposits. In 2018, cash and cash equivalents increased from EUR 7.1 mln to EUR 18.3 mln, of which 81.8 % (EUR 14.98 mln EUR) with central banks.

Maintaining sustainable relations with financial institutions is an important part of the IBEC's development. **The volume of funding from banks was increased from EUR 23 mln in 2017 to EUR 96 mln at end 2018.** For the first time in its new history, IBEC raised funding for more than two years. Establishment of long-term partnerships with financial institutions allows IBEC not only to expand the business, but also to distribute the level of risk.

During 2018 the Bank has reorganized its settlement services. As a result customer accounts decreased from EUR 8.7 mln to EUR 7.1 mln, becoming more diversified in terms of sector and size.

The Bank's capital adequacy ratio based on the results for 2018 and 2017 stands at 89.6%, showing that capital adequacy is maintained at the appropriate level as equity significantly prevails over liabilities.

IBEC Chairman Denis Ivanov commented as follows: "I am proud to be the leader of such a unique institution, and our results have clearly demonstrated that with strong support from our shareholders a great team of professionals have been efficiently implementing the updated strategy and Bank's business plans."

The IBEC is a really unique development bank, which not only provides conventional products and services like other development banks do, but also settlement and payment capabilities. We define the IBEC's key priority as supporting foreign economic activity to the benefit of our shareholders, and we are very proud of our initial results. IBEC intends to sustain the positive trend in Bank's development and will continue to move forward with the Updated Strategy. Bank will focus on geographically diversified portfolio building and ensuring prudent lending growth as well as effective credit risk management of the loan and treasury portfolios."

