

IBEC FINANCIAL STATEMENTS FOR THE 1ST HALF OF 2020

International Bank for Economic Co-operation has disclosed [interim financial results for the 1st half of 2020](#) in accordance with the international reporting standards with an auditor's conclusion based on the results of the review.

The Bank's assets as of June 30, 2020 amounted to EUR 739 million, an increase of 13.5% compared to the beginning of the year. This dynamics is due to the growth of key business areas. The balance sheet loan portfolio increased over the past six months by 12% to EUR 345 million, while the total portfolio of transactions, including off-balance sheet trade finance liabilities, amounted to almost EUR 393 million. Despite the fact that a significant share of corporate loans clients accrue to the three largest borrowers, IBEC corporate portfolio is sufficiently diversified in industry and geographic terms. The maximum share of one industry in the portfolio does not exceed 30%, while the maximum share of one country decreased from 36.8% to 33.5%. Based on the results of the 1st half of 2020, the Bank expanded the geography of corporate borrowers, and now the portfolio includes projects in Bulgaria, Russia, Romania, Poland and Mongolia. These results reflect IBEC's course towards building a sustainably diversified loan portfolio.

Due to the effective risk management policy, the Bank has kept NPL at zero level over the past years after restart of its activity in 2018. The growth in reserves compared to previous periods is caused by the introduction of a new reservation methodology, as well as more conservative policies in connection with the COVID-19 pandemic.

With the systematic growth of the loan portfolio, the Bank maintains a high capital adequacy. This indicator significantly exceeds the threshold set by the IBEC Council - at least 25%. At the end of the first half of 2020, the capital adequacy ratio is 48.9%. For the six months of 2020, the Bank's profit reached the level of EUR 6.6 million. Compared to the same period last year, stable interest and commission income rose from EUR 6.0 million to EUR 9.3 million.

IBEC continues the course to reduce the dependence on short-term funding sources. Over the six months, the volume of long-term borrowings almost doubled and for the first time in the Bank's recent history exceeded the volume of short-term resources, amounting to 50.5% of all the Bank's liabilities. In May, IBEC signed a second loan agreement with Raiffeisen Bank International AG, according to which the Bank received EUR 10 million for 2 years. In June, the Bank placed a new issue of bonds for a period of 4 years in the amount of 5 billion rubles (about 64 million euros in equivalent) on the Moscow Exchange. At the end of June, IBEC attracted tied financing for 11 years from Roseximbank JSC for a total amount of EUR 40 million under the execution of an export contract between UBTZ and Transmashholding JSC. This is a landmark transaction for IBEC – taking into account the loan term, the use of the state program for subsidizing and supporting exports, as well as the participation of several development institutions, including the Russian Agency for Export Credit and Investment Insurance (EXIAR).

The positive dynamics in the Bank's activity is reflected in the assessments of the leading rating agencies. In March 2020, Fitch Ratings revised the Outlook on IBEC's Long-term Issuer Default Rating (IDR) from Stable to Positive and affirmed the IDR at BBB-. IBEC's short-term rating was affirmed at F3. In June 2020, Fitch Ratings confirmed the Positive Outlook on the IBEC rating amid the ongoing global crisis caused by the COVID-19 pandemic.

The financial results of the first half of the year, along with the Bank's investment grade ratings from Fitch (BBB-, positive) and Moody's (Baa3, stable), the highest rating on the national scale from ACRA (AAA (RU), stable) and a rating from the European rating agency ACRA Europe (BBB, stable), confirm the reputation and status of IBEC as a stable and reliable partner.

