



**IBEC**

INTERNATIONAL BANK  
FOR ECONOMIC CO-OPERATION

# Annual report **2021**



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IBEC is an international intergovernmental institution whose activities, in accordance with the Agreement on the Establishment and Activities of the IBEC registered with the UN Secretariat, are based on full equality and respect for the sovereignty of all member countries of the Bank, regardless of the country's participation in the IBEC Equity.

**IT IS THE PRINCIPLE OF MUTUAL RESPECT BETWEEN THE MEMBER COUNTRIES AT ALL LEVELS, FULL TRANSPARENCY OF THE BANK'S ACTIVITIES, THE COLLEGIAL NATURE OF MAKING ALL STRATEGIC DECISIONS THAT ALLOW IBEC TO DEVELOP AND FULFILL ITS MISSION IN THE INTERESTS OF ALL MEMBER COUNTRIES.**

We adhere to these rules of partnership also in relation to all our clients and partners, fulfilling all obligations, being guided by the partner ethics in doing business, respecting the values of free trade.

IBEC takes a comprehensive approach to ESG banking. At various events attended by the Bank's representatives, participants share their experience in applying ESG approaches in different countries and certain aspects. It should be noted that IBEC always adheres to the principles of environmental consciousness, high social responsibility, high-quality corporate management and transparency of its reporting and compliance procedures. According to the IBEC Development Strategy 2021-2025, since 2021 the Bank has started to assess the implemented projects for their compliance with ESG principles and the UN Sustainable Development Goals.

For example, the Bank's participation in the Trade and Development Bank of Mongolia (TDBM) Green Loan Program for small and medium-sized enterprises in Mongolia deserves special attention. The result of launching the Program will reduce air pollution rates, reduce heat loss of buildings, increase the share of hybrid and e-vehicles, support Mongolia's traditional cattle breeding in a sustainable format, and create new jobs in the national economy.

The COVID-19 pandemic led to a significant number of problems, among which was the inevitable disruption of supply chains. That is why in 2021 IBEC paid special attention to active support of foreign trade operations both between the Bank's member countries (in 2021 there was an increase of bilateral transactions), and with other countries. In 2021, IBEC continued to finance projects aimed at overcoming and mitigating the negative effects of the pandemic in the member countries, including providing support to important sectors such as pharmaceuticals, medicine and medical technology, insurance, and others.

## DEAR LADIES AND GENTLEMEN,

The past 2021 was the first year of the new strategic cycle for IBEC, the launch of the IBEC Development Strategy 2021-2025, unanimously approved by the delegations of all member countries at the Bank Council meeting.

And what a bright start it was: in 2021, IBEC Loan and Documentary Portfolio (gross) increased by 25% and exceeded half a billion euro.

Although the challenges of the COVID-19 pandemic continued to impact global markets, supply chains, and cross-border trade, IBEC was able to adapt to this turbulent environment and continue the strong business growth and infrastructure development initiated as part of the Bank's reform since mid-2018.

The project with the leading Vietnamese logistics company Hateco Logistics JSC in 2021 can be called a real breakthrough. The EUR 20 million long-term loan was the first transaction in IBEC's recent history to finance a Vietnamese corporate client. IBEC's contribution to the development of logistics infrastructure will support the early adoption of anti-COVID measures through the improvement and optimization of the supply chain of medical drugs, equipment and food for the Vietnamese population.

In June 2021, IBEC successfully placed its bonds on the stock market of the Republic of Bulgaria. IBEC was the first IFI based outside the European Union to issue bonds on the Bulgarian market in the national currency and in accordance with the local legislation.

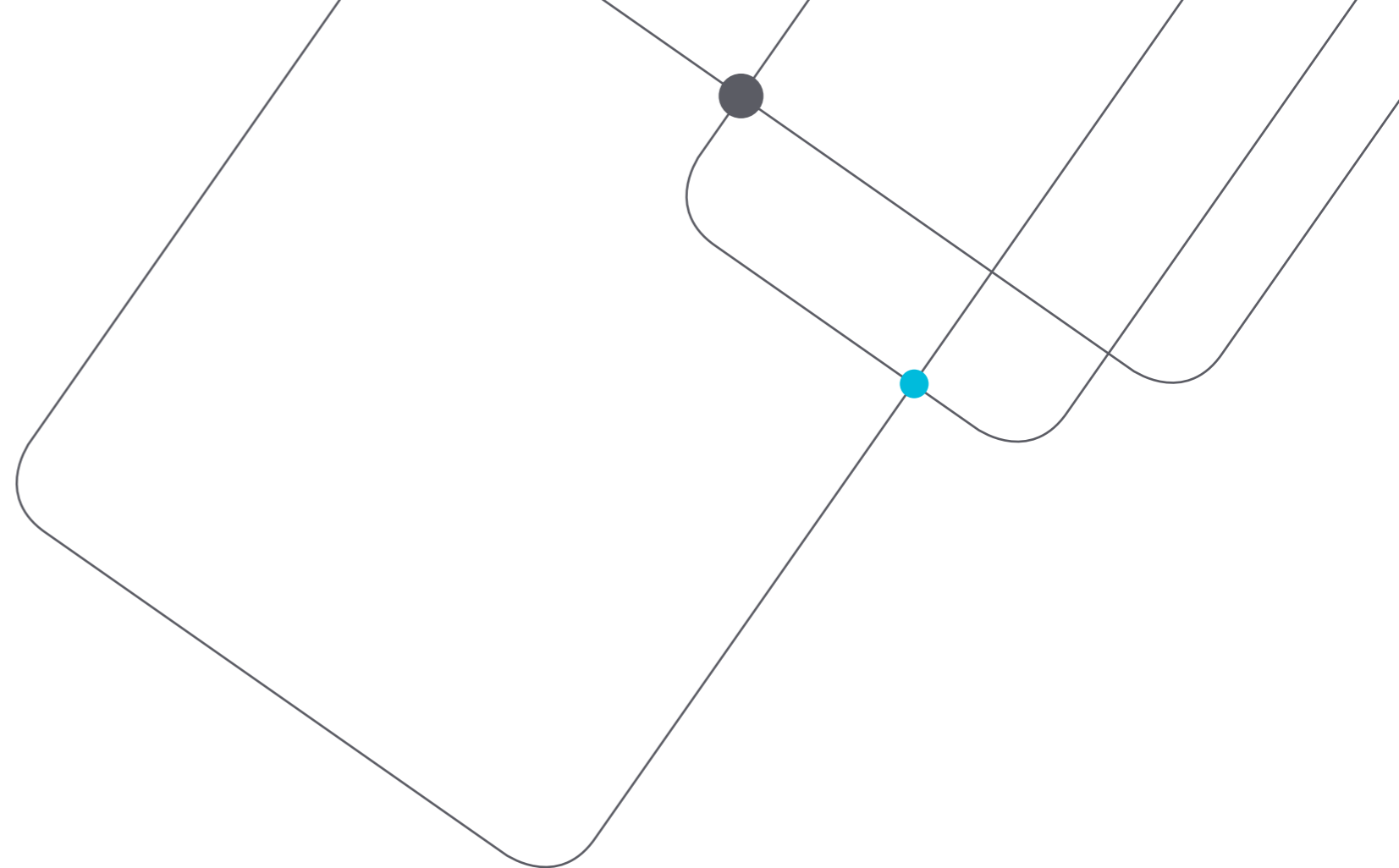
**IBEC'S EFFORTS IN DEVELOPING ITS ACTIVITIES WERE RECOGNIZED WITH AN HONORARY AWARD: IN NOVEMBER 2021, IBEC BECAME THE WINNER IN THE NOMINATION: "BEST TRADE FINANCE BANK EASTERN EUROPE" AND "BANKING CEO OF THE YEAR EASTERN EUROPE" FROM THE BRITISH MEDIA PORTAL GLOBAL BANKING & FINANCE REVIEW.**

The development and improvement of the quality of IBEC's operations was also noted by international rating agencies. In March 2021 Fitch Ratings upgraded IBEC's long-term rating by one notch to BBB, with a Stable outlook. In April and then in October, the ACRA Rating Committee confirmed IBEC's ratings at AAA(RU) on the national scale and at A- on the international scale, with a Stable outlook. In September 2021, Moody's rating agency revised the outlook on IBEC rating from Stable to Positive. The long-term foreign currency issuer rating was affirmed at Baa3.

In order to multiply the positive effect of its activities, IBEC also actively cooperates with other IFIs. Thus, last July IBEC signed a Memorandum of Understanding with the New Development Bank, providing for the joint participation of the banks in the financial support of projects in the field of infrastructure and sustainable development.

As Chairman of the Board, I would like to wish everyone, who cares about IBEC activity, kindness and mutual understanding. It is cooperation and support, engrained in IBEC's name and being the basis for sustainable development, that will allow us to overcome any challenges and provide utmost contribution to the development of the economies of the Bank's member countries.

**Best regards, Denis Ivanov,  
Chairman of the Board**





# ABOUT THE BANK

International Bank for Economic Co-operation (IBEC) is a multilateral financial institution whose purpose is to promote the development of the member economies, foreign economic relations among business entities of the member countries, and the expansion of their foreign trade relations with counterparties from other countries.

IBEC provides targeted support for export–import operations both between the Bank’s member countries and between the member countries and third countries, providing its clients and counterparties with a wide range of financial and non-financial support instruments using trade and syndicated finance products.

IBEC was established in 1963 by virtue of an intergovernmental agreement registered with the UN Secretariat under No. 7388 on August 20, 1964.

The superior governing body of the Bank is the Council consisting of the authorized representatives of all member countries of the Bank. The executive body of the Bank is the Board.

Representatives of Hungary regularly attend the work of the IBEC Council as observers.

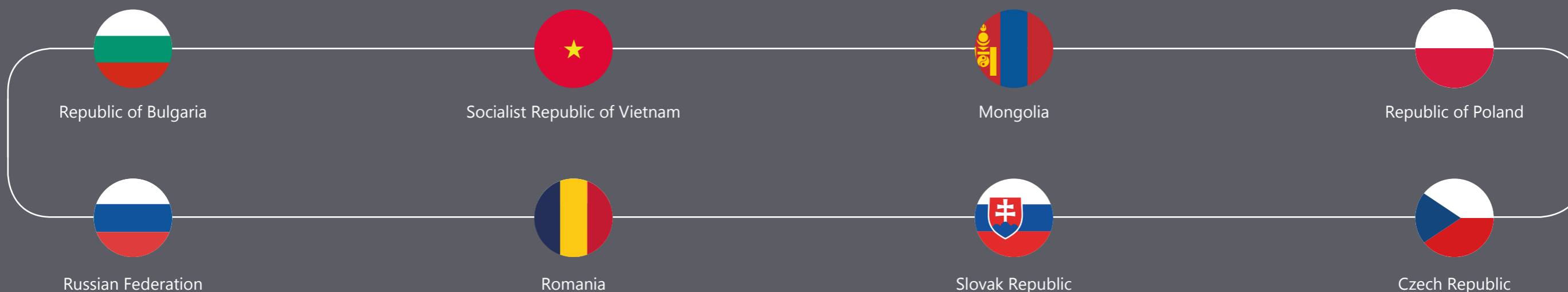
In accordance with the IBEC Statutory Documents, any state may become a member country of the Bank. IBEC is always open to working with new partners in any format.

The Bank is a supranational intergovernmental organization and enjoys a number of preferences in the member countries, including tax immunity.

The unique geographic composition of the Bank’s members opens up new opportunities for interregional cooperation and integration, contributing to the development of a common Eurasian space.

**THE IBEC MISSION IS TO CONTRIBUTE TO ECONOMIC PROSPERITY OF THE MEMBER COUNTRIES BY SUPPORTING INTERCONNECTIONS THROUGH DOMESTIC AND INTERREGIONAL TRADE OPERATIONS, DEVELOPING MEMBER COUNTRIES’ ECONOMIES AND ORGANIZING FINANCING OF PROJECTS THAT CONTRIBUTE TO THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT GOALS, TAKING INTO ACCOUNT THE BANK’S SUPRANATIONAL STATUS AS AN INSTITUTION BEYOND POLITICS AND IN ACCORDANCE WITH INTERNATIONAL RULES AND PRINCIPLES.**

## IBEC MEMBER STATES

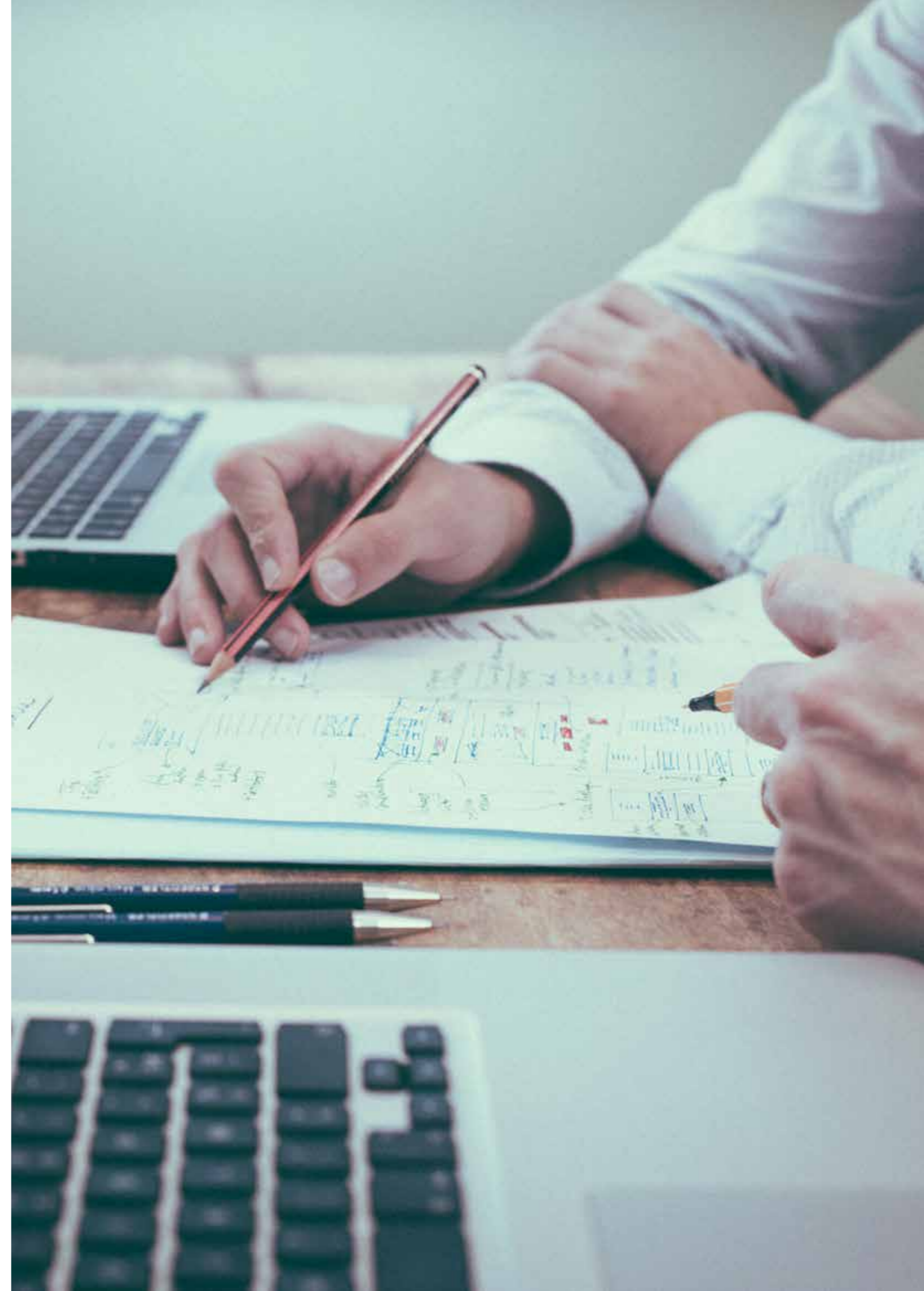


# International partnerships

IBEC works with national (in its member countries) and international organizations, including development banks, government agencies, financial institutions and companies, to implement projects that promote sustainable development, explore new business opportunities, mobilize resources and improve its activities, share best practices, and apply the best international practices and standards in its work.

## OUR PARTNERS:

- Export credit agencies
- National development banks
- Regional development banks
- National Chambers of Commerce and Industry
- International financial institutions
- Public financial institutions
- Commercial banks
- Banking and financial NPOs



# IBEC Governing Bodies

## IBEC Council



REPUBLIC OF BULGARIA

IVAYLO IAYDJIEV

Deputy Minister of Finance of the Republic of Bulgaria,  
Head of the Delegation



SOCIALIST REPUBLIC OF VIETNAM

NGUYEN THI HONG

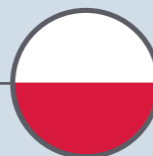
Governor of the State Bank of Vietnam,  
Head of the Delegation



MONGOLIA

BOLDYN JAVKHLAN

Minister of Finance of Mongolia,  
Head of the Delegation



REPUBLIC OF POLAND

ADAM GLAPIŃSKI

President of Narodowy Bank Polski,  
Head of the Delegation



RUSSIAN FEDERATION

TIMUR IGOREVICH  
MAKSIMOV

Deputy Minister of Finance of the Russian Federation,  
Head of the Delegation



ROMANIA

CHITU ALIN

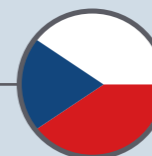
Secretary of State of the Ministry of Public Finance  
of Romania, Head of the Delegation



SLOVAK REPUBLIC

VLADIMIT MARTVON

Chief State Advisor of the Ministry of Finance of the Slovak  
Republic, Member of the IBEC Council



CZECH REPUBLIC

ŠARKA SOVOVA

Acting Director of the International Relations Department,  
Ministry of Finance of the Czech Republic



# IBEC Governing Bodies

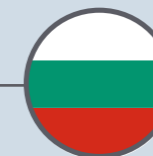
## IBEC Board



RUSSIAN FEDERATION

DENIS YURIEVICH  
IVANOV

Chairman of the Board



REPUBLIC OF BULGARIA

BOYKO VASILEV  
KOTSEV

Board member



SOCIALIST REPUBLIC OF VIETNAM

THINH THI HONG

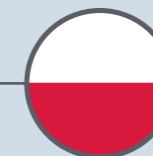
Board member



MONGOLIA

TSERENPUREV GOTOV  
SAMINDII

Board member



REPUBLIC OF POLAND

LIDIA  
ANCZAKOWSKA

Board member



ROMANIA

(appointment pending)

Board member



SLOVAK REPUBLIC

PETER OSWALD

Board member



CZECH REPUBLIC

BOBREK JIŘÍ

Board member

# Key Events in 2021

The international rating agency Fitch Ratings upgraded IBEC's long-term rating by one notch from BBB- to BBB, with a Stable outlook. The short-term rating was also upgraded from F3 to F2.

The Bank successfully placed its debut bond issue in the European market: in the Republic of Bulgaria. The issue was denominated in BGN and amounted to BGN 68 million (equivalent of EUR 35 million) with a maturity of 3 years.

IBEC Chairman of the Board took part in the St. Petersburg International Economic Forum (SPIEF), where he spoke at the roundtable session Multilateral Development Banks in the Post-COVID Period: Old Challenges and New Opportunities.

IBEC delegation headed by the Board Member Boyko Kotsev took part in the international conference on Financial Support for Small and Medium-Sized Enterprises held in Sofia, Bulgaria.

International rating agency Moody's upgraded the outlook on IBEC rating from Stable to Positive. The long-term foreign currency issuer rating was affirmed at Baa3.

IBEC won the 2021 "Best Trade Finance Bank Eastern Europe" and "Banking CEO of the Year Eastern Europe" awards from the British media portal Global Banking & Finance Review.

January

February

March

April

May

June

July

August

September

October

November

December

During the 41st Conference of the Banking Association for Central and Eastern Europe (BACEE): Pandemic Lessons – the Banking Sector in the Post-COVID Era, IBEC presented the blockchain platform project for trade finance.

The Analytical Credit Rating Agency (ACRA) confirmed IBEC's ratings at AAA(RU) on the national scale and at A- on the international scale, with a Stable outlook.

The Bank's Loan and Documentary Portfolio surpassed the figure of EUR 500 million for the first time, reaching EUR 519 million, amid strengthening financial stability.

The New Development Bank (NDB) and IBEC signed a Memorandum of Understanding aimed at establishing a framework for

strategic, technical and operational cooperation and building long-term relationships in areas of interest to both development institutions, including joint participation in the financial support for infrastructure and sustainable development projects.

ACRA confirmed IBEC's ratings at AAA(RU) on the national scale and at A- on the international scale, with a Stable outlook.

IBEC Council approved the bank-wide KPIs and their target values for 2022.

# IBEC Strategy

Despite harsh economic environment and global constraints caused by the COVID-19 pandemic, in the reporting year the Bank successfully launched the IBEC Development Strategy 2021–2025 (hereinafter the Strategy).

**IBEC ACHIEVED A SIGNIFICANT GROWTH OF THE LOAN AND DOCUMENTARY PORTFOLIO (THE GROWTH OF THE GROSS VOLUME AMOUNTED TO 25%). THE VOLUME OF DOCUMENTARY OPERATIONS AND TARGET FINANCING TO SUPPORT EXPORT-IMPORT OPERATIONS GREW ESPECIALLY NOTICEABLY, WHILE THE VOLUME OF TRADE FINANCING INCREASED. AT THE SAME TIME, IBEC PROCEEDED WITH FURTHER GEOGRAPHICAL DIVERSIFICATION OF ITS OPERATIONS.**

	December 31, 2021 Actual	December 31, 2021 Plan <sup>1</sup>
Cost to income ratio (CIR)	80.3%	87%
Return on equity (ROE)	1.2%	0.8%
Return on assets (ROA)	0.5%	0.3%
Capital Adequacy Ratio (CAR)	41%	44%

(«not less than 25%» standard approved by the IBEC Council)

<sup>1</sup> In accordance with the IBEC Development Strategy 2021–2025

In the first year of the new Strategy implementation, the necessary foundation was laid for further stage-by-stage development of IBEC in the strategic period, including the introduction of a KPI-based performance assessment system, the development of a strategic marketing plan, and the continued improvement of IBEC's operating efficiency.

In 2021, modernization and development of the Bank's internal infrastructure continued, including improvements to risk management and compliance control systems. The implementation of modern technological solutions resulted in significant changes in IBEC's IT infrastructure. Re-engineering of the lending process led to a significant increase in its efficiency.

In addition, during the reporting period, the Bank successfully increased its client base and expanded its partner network.

**IN ACCORDANCE WITH THE STRATEGY, IBEC STARTED WORKING ON THE PROJECT ASSESSMENT PROCEDURE IN TERMS OF COMPLIANCE WITH THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND ESG PRACTICES.**

# Financing Sustainable Development

One of the Strategy's priorities is to finance projects that contribute to achieving the 17 UN SDGs, focusing on goals such as food security and sustainable agriculture, healthy lifestyles, sustainable infrastructure and innovation, safe and sustainable urban environments, and combating climate change.

Along with other multilateral development banks, IBEC has set itself the goal of establishing its own approach and methodology for assessing the Bank's performance against the ESG standards and the UN SDGs.

Already after the reporting date, in Q1 2022, the IBEC Board adopted a methodology for the preliminary assessment of projects for compliance with the SDGs. Now the Bank evaluates all its projects in terms of their compliance with both the IBEC Mission and the Sustainable Development Goals.

Among the agreements signed by the Bank in 2021, the special attention in this regard is to be paid to the new Memorandum of Understanding with the New Development Bank (NDB), which formalizes the intentions of the NDB and IBEC to jointly participate in financial support for infrastructure and sustainable development projects.

**IN 2021, IBEC FINANCED PROJECTS IN LINE WITH THE ESG STANDARDS AND THE UN SDGS FOR A TOTAL AMOUNT OF MORE THAN EUR 125 MILLION. AMONG THE SUSTAINABLE DEVELOPMENT PROJECTS BEING DELIVERED BY IBEC, THE FOLLOWING PLAY A SPECIAL PART:**



A forfaiting transaction with Vietnam's Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank) to repurchase USD 4.8 million in letter of credit debt. The financing provided by IBEC provides for the purchase of equipment for the construction of solar power plants in Vietnam. This transaction contributes to the development of sustainable renewable energy.





Support for the Trade and Development Bank of Mongolia (TDBM) Green Loan Program for small and medium-sized enterprises in Mongolia. The results of launching the Program will reduce air pollution rates, reduce heat loss of buildings, increase the share of hybrid and e-vehicles, support Mongolia's traditional cattle breeding in a sustainable format, and create new jobs in the national economy.



Long-term loan to Hateco Logistics JSC (Vietnam) in the amount of EUR 20 million for the construction and expansion of logistics infrastructure in northern Vietnam. The funds provided by IBEC under the loan facility are aimed at creating an infrastructure facility on the territory of Vietnam, which, in turn, will boost export-import relations and make a noticeable contribution to the country's economic development. IBEC's contribution to the development of logistics infrastructure will also support the early adoption of anti-COVID measures through improving and optimizing the supply chain of medical drugs, equipment and food for the Vietnamese population.

In addition, the Bank invested in bonds consistent with the Sustainable Development Goals. Noteworthy, in particular:

- The Bank's participation in a series of initial public offerings of bonds in Central and Eastern Europe, and the acquisition of a package of green bonds of one of the largest banks in Slovakia Tatra banka a.s., a member of the Raiffeisen Bank International AG banking group, for over EUR 37 million. This is the bank's debut green issue, the proceeds of which are to be used to finance projects with positive environmental effects (Eligible Green Loans) in Slovakia and other EU countries.

- Investments in anti-COVID bonds of the Polish national development bank Bank Gospodarstwa Krajowego (BGK). The funds raised in the offering were used to finance programs to combat the COVID-19 pandemic and its consequences, restore the most affected sectors of the economy, and support medical and social infrastructure.

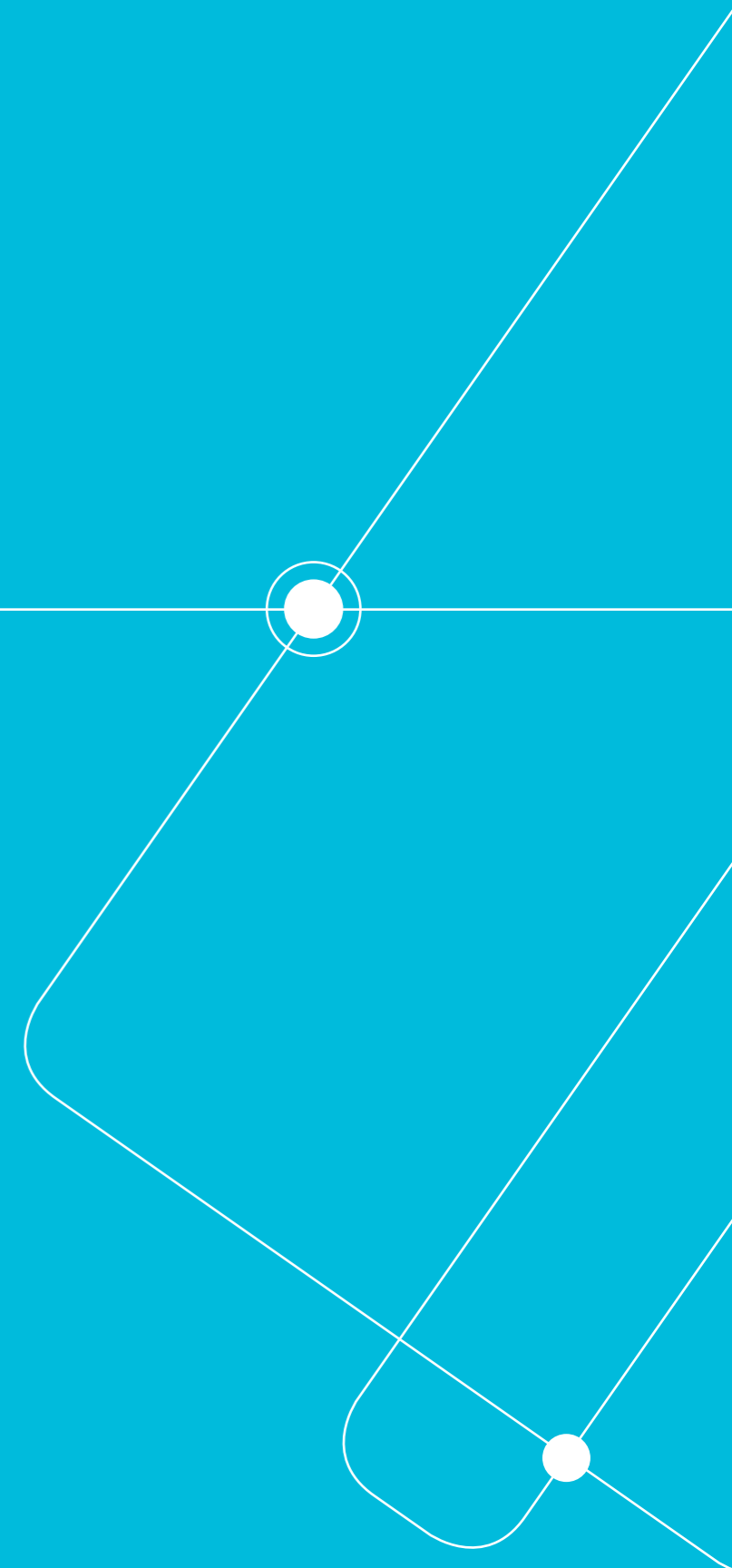
- Participation in a bond offering by the Romanian company Autonom Services S.A. The Bank acquired more than 10% of the issue, becoming one of the key investors. Autonom Services S.A. raised financing to ensure business development in line with European Union decarbonization goals. This is the first issue of sustainability-linked bonds (SLB) in the Romanian market.

- The purchase of green Eurobonds of Česká spořitelna a.s., the largest bank in the Czech Republic. The bond issue is part of an ambitious program to support the Sustainable Development Goals implemented by the main shareholder of Česká spořitelna a.s., Austria's Erste Bank Group.

- Participation in the offering of the debut green bond issue by Polish commercial real estate developer and investor Globe Trade Centre S.A. The funds were used to refinance real estate loans and finance the renovation, construction and acquisition of LEED / BREEAM certified assets (two major international environmental standards for real estate) and will be distributed in accordance with the principles of the Green Bond Framework.

**IBEC HAS BEEN STEADILY INCREASING ITS SUSTAINABILITY INVESTMENT PORTFOLIO. THE EVALUATION OF PROJECTS FOR COMPLIANCE WITH THE SDGS HAS BECOME AN INTEGRAL PART OF THE DECISION-MAKING PROCESSES FOR FINANCING AND INVESTMENTS IN SECURITIES OF CORPORATIONS AND FINANCIAL INSTITUTIONS. THE INTRODUCTION OF THE METHODOLOGY FOR EVALUATING PROJECTS IN TERMS OF THEIR COMPLIANCE WITH THE SDGS WILL ALLOW FOR A COMPREHENSIVE ANALYSIS OF THE BANK'S CONTRIBUTION TO THE DEVELOPMENT OF THE ECONOMIES OF THE IBEC MEMBER COUNTRIES.**

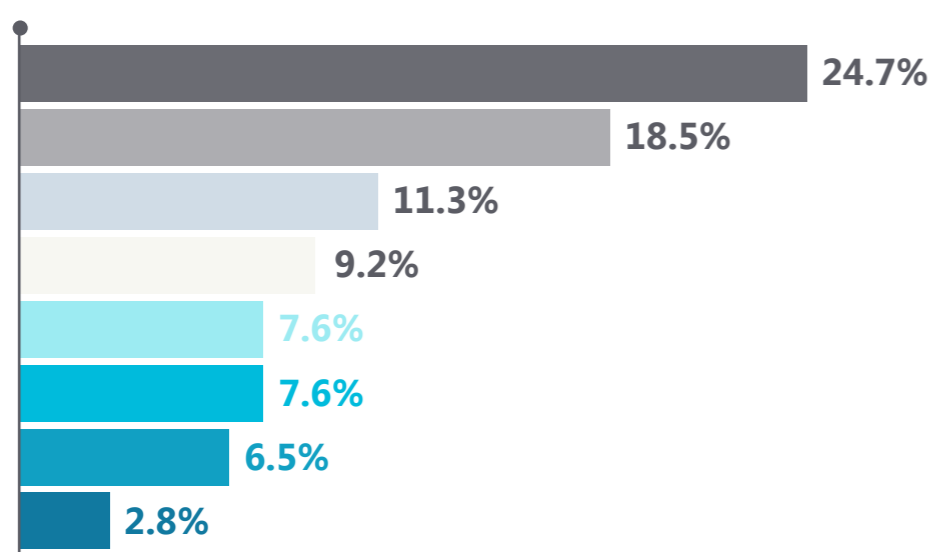
# TACKLING THE IMPLICATIONS OF COVID-19



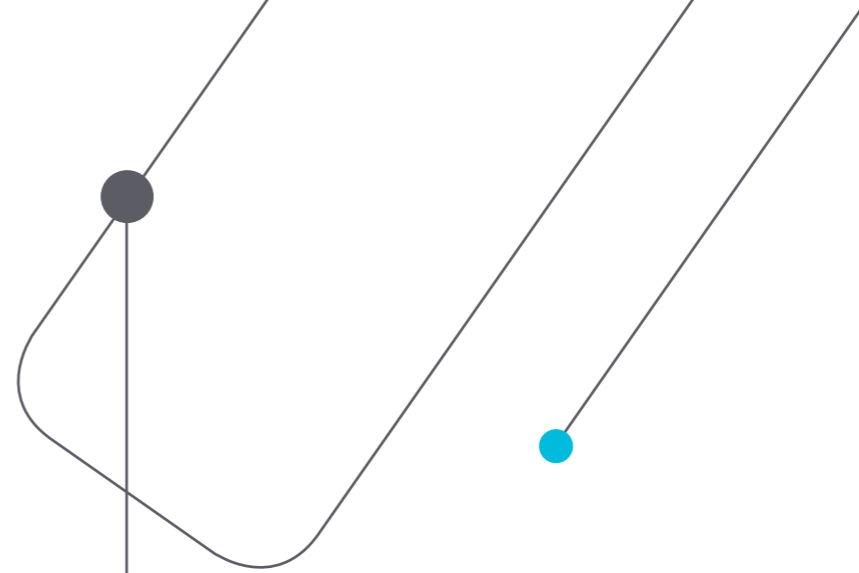
The COVID-19 pandemic has resulted in significant socio-economic changes. The process of normalization of economic life is likely to take quite a long time due to a number of factors. In particular, it will take time to eliminate the resulting gaps in value chains. In addition, geopolitical tensions, trade conflicts and the depressed state of most markets will hamper the recovery of export potential. The pandemic shock has confronted all countries of the world with the need to balance measures to protect public health, cope with recession, and maintain fiscal sustainability in the face of global turbulence.

In IBEC member countries, the amount of fiscal support measures already implemented since 2020, as well as those planned for implementation, has exceeded USD 269 billion<sup>2</sup>.

### FISCAL POLICY MEASURES, % OF GDP<sup>3</sup>



- Czech Republic
- Mongolia
- Republic of Poland
- Republic of Bulgaria
- Slovak Republic
- Romania
- Russian Federation
- Socialist Republic of Vietnam



The implementation by the Bank's member countries of ambitious public support programs for national economies and populations allowed them to avoid a deep GDP contraction in 2020 and move toward a V-shaped recovery in 2021. Nevertheless, further economic growth rates largely depend on the epidemiological situation and the spread of new waves of coronavirus infection, the level of vaccination in countries, the speed of external demand and supply chains recovery, and the dynamics of inflation in 2022.

**IBEC CONFIDENTLY LAUNCHED ITS NEW STRATEGY EVEN IN SUCH A VOLATILE AND UNFAVORABLE EXTERNAL ENVIRONMENT. MOREOVER, THE BANK HAS DELIBERATELY SUPPORTED INITIATIVES THAT ADDRESS THE CONSEQUENCES OF THE PANDEMIC.**

The most important part of these efforts was IBEC's participation as an investor in the anti-COVID bond issue of the Polish national development bank Bank Gospodarstwa Krajowego. The 7-year bond issue was made to finance the state's COVID-19 Response Fund. The funds raised in the offering are being used to finance programs to combat the COVID-19 pandemic and its implications, restore the most affected sectors of the economy, and support medical and social infrastructure.

IBEC has consistently funded projects that support the pharmaceutical field and ensure the supply of medical equipment between member countries, demonstrating its unwavering commitment to its mission in the most extreme situations.

<sup>2</sup> According to IMF  
<sup>3</sup> Share of 2020 GDP. Source: IMF



BUSINESS

COMMUNICATION



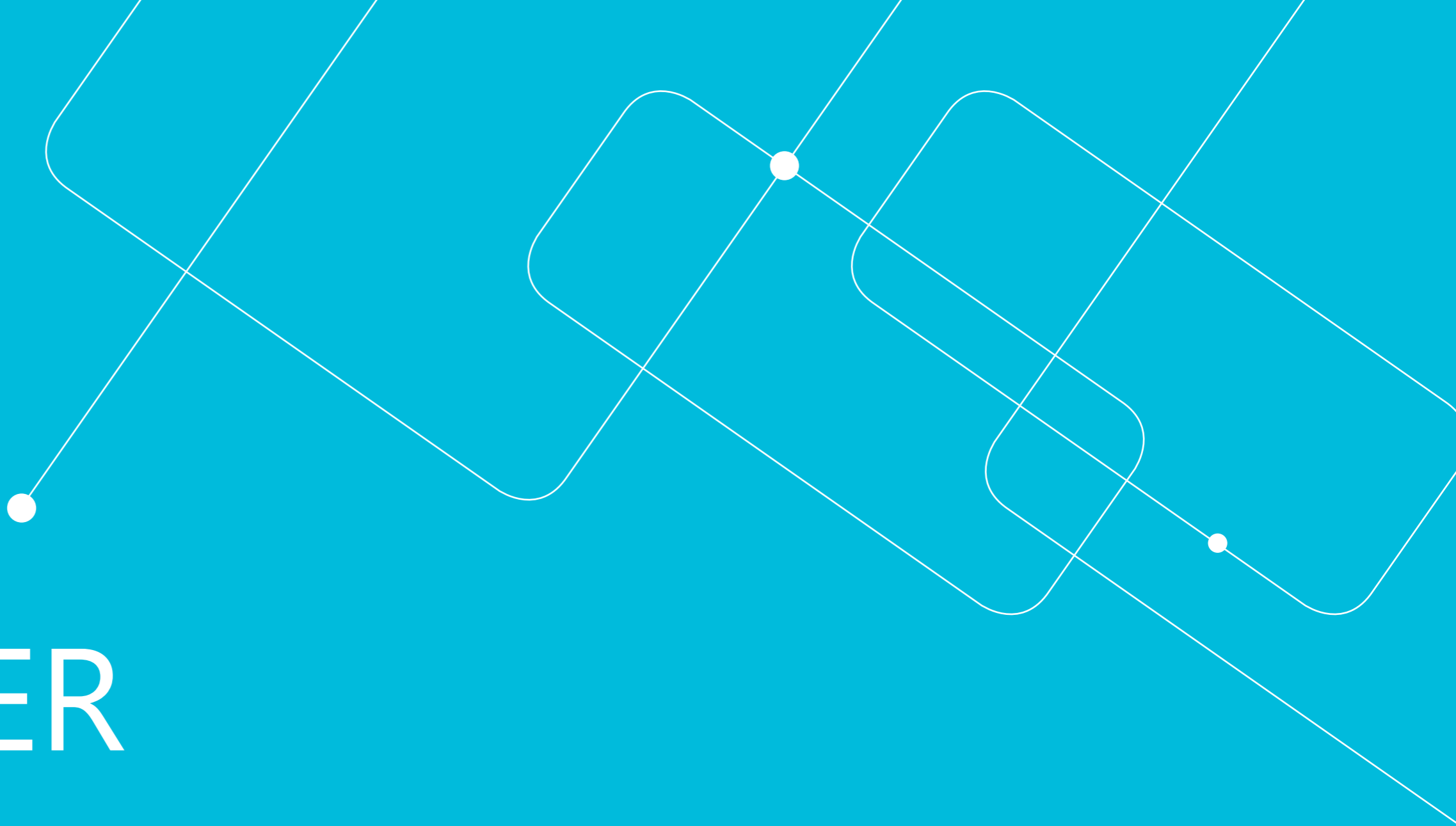


During the reporting period, intensive work was performed to develop the partner network and increase the Bank's recognition in the business community: IBEC representatives took part in 30 events, signed a number of cooperation agreements with financial and non-financial institutions.

**NEW LIMITS ON INTERBANK LOANS FOR THE BANK WERE ESTABLISHED AND A NUMBER OF EXISTING LIMITS WERE INCREASED IN THE CURRENCY AND MONEY MARKET.**

IBEC representatives participated in conferences, forums, business missions and meetings, including:

- 41st Conference of the Banking Association for Central and Eastern Europe (BACEE): Pandemic Lessons – the Banking Sector in the Post-COVID Era;
- Roundtable session Multilateral Development Banks in the Post-COVID Period: Old Challenges and New Opportunities organised by the Russian Ministry of Finance as part of the St. Petersburg International Economic Forum;
- International conference Financial Support for Small and Medium-Sized Enterprises, organized by the Bulgarian Small and Medium Enterprises Promotion Agency and the Bulgarian Chamber of Commerce and Industry with the support of the EU;
- II International Financial and Banking Forum of the CIS member states and a series of business consultations with partners from Uzbekistan;
- Meeting with the Ambassador Extraordinary and Plenipotentiary of Slovakia to the Russian Federation Ľubomír Rehák at the IBEC Headquarters;
- Meeting with the Ambassador Extraordinary and Plenipotentiary of Vietnam to Russia Dang Minh Khoi, Trade Representative of Vietnam in Russia Truong Hoang Minh and representatives of the Embassy of Vietnam in Russia;
- Meeting with the Ambassador Extraordinary and Plenipotentiary of the Slovak Republic to Uzbekistan, Tajikistan and Turkmenistan Jan Bory.



# PARTNER NETWORK

The development of partnerships with banks and companies of member countries and other countries and regions, as well as cooperation with chambers of commerce and industry of the member countries, associations and professional unions allows IBEC to position itself in target markets and effectively inform the target audience about the Bank's services and activities, as well as support local initiatives within the IBEC mandate.

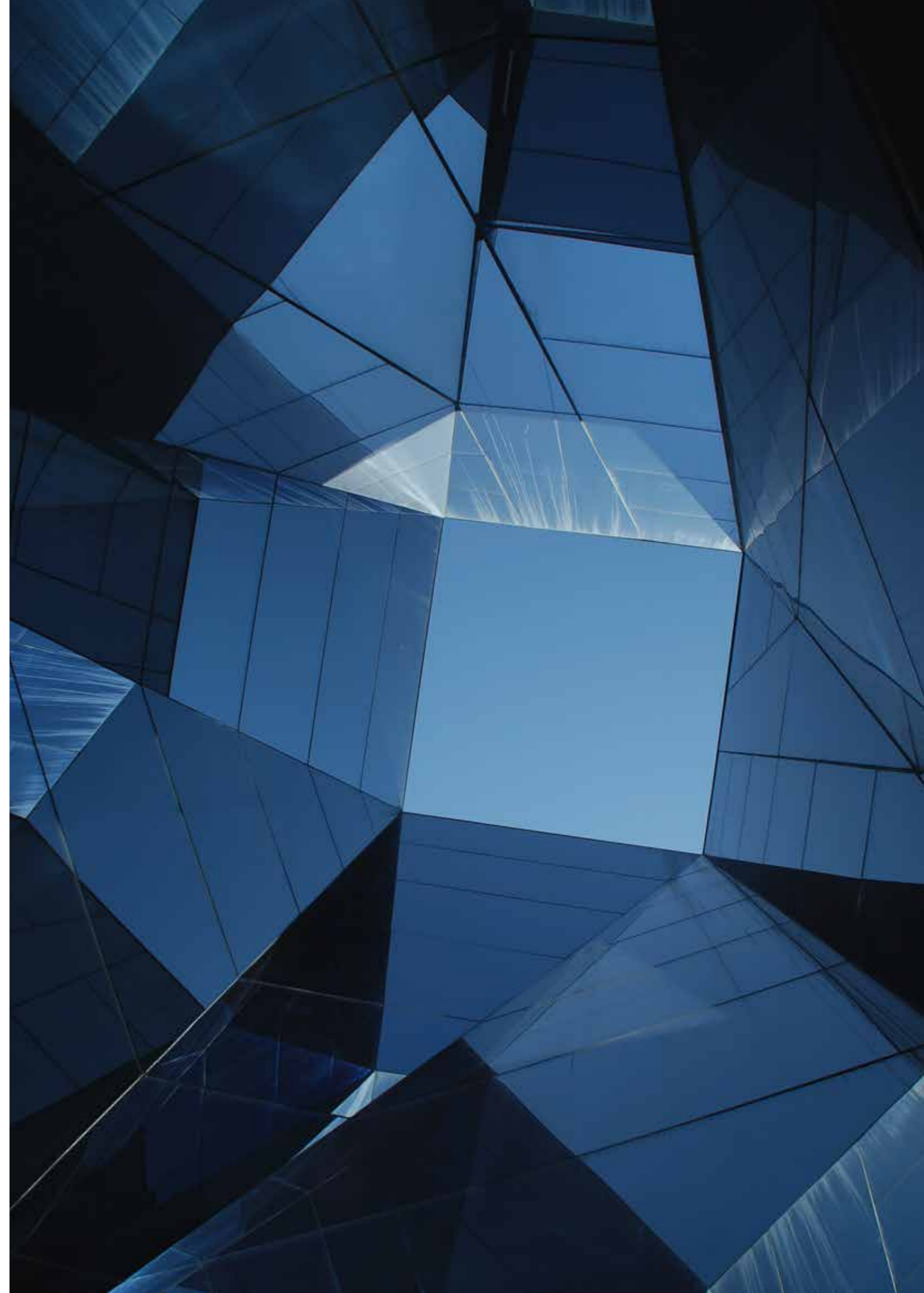
#### Major partnership agreements signed in 2021:

- Memorandum of Understanding with the New Development Bank (NDB) to establish a framework for strategic, technical and operational cooperation and develop long-term relationships in areas of interest to both development institutions;

- Cooperation Agreement with the Mongolian Chamber of Commerce and Industry to support the development of foreign economic activities between Mongolia and other IBEC member countries, development of priority sectors, including but not limited to renewable energy, transport, telecommunications, agribusiness, etc. The agreement provides support for establishing and developing partnerships with companies interested in receiving IBEC banking products and services;

- Cooperation Agreement with the Joint Institute for Nuclear Research (JINR), the subject of which is establishing and developing cooperation between IBEC and JINR in working with the Institute's suppliers in terms of export and trade financing, joining shared efforts for effective implementation of the JINR Member States' industrial refund program, as well as unlocking the potential of long-term financial and economic cooperation between the parties;

- Memorandum of Cooperation with the Council of Slovak Exporters that envisages joint activities to develop trade and economic relations between IBEC member countries, support of Slovak SMEs in their operation in foreign markets, establishment of bilateral and multilateral relations with business associations in IBEC member countries, assistance in promotion of investment projects of Council members and support of their foreign economic activity.



# Key Financial Results in 2021<sup>4</sup>

The Bank's assets decreased by 5% to EUR 776 million at year-end 2021 (primarily due to a scheduled reduction in the Securities Portfolio). A similar trend was observed in the volume of the Bank's liabilities, which stood at EUR 472 million at year-end. The capital position as of December 31, 2021 was EUR 305 million.

**THE BANK'S PROFIT FOR 2021 REACHED THE VALUE OF MORE THAN EUR 3.7 MILLION.**

IBEC Loan and Documentary Portfolio increased by 25% (+EUR 105 million) compared to early 2021. The Development Portfolio, including assets<sup>5</sup> focused on financing foreign trade activities of national companies and priority sectors of the economies of IBEC member countries, increased by 7% up to EUR 625 million.

The following financial indicators and ratios characterize IBEC's activities in 2018-2021 and confirm the stability of the Bank's financial position:

Indicator	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021
Profit for the year, EUR mln	1.6	6.6	6.8	3.7
Retained earnings, EUR mln	69	83	90	93
Balance sheet total, EUR mln	404	651	815	776
Loan Portfolio <sup>6</sup> including provisions, EUR mln	130	308	344	389
Documentary portfolio <sup>7</sup> , EUR mln	14	44	70	128
Authorized capital, EUR mln	200	200	200	200
Equity, EUR mln	298	313	317	305
Liabilities, EUR mln	105	338	498	472
Cost to income ratio (CIR)	89.6%	68.3%	68.4%	80.3%
Return on assets (ROA)	0.4%	1.3%	1.0%	0.5%
Return on equity (ROE)	0.5%	2.2%	2.2%	1.2%
Capital Adequacy Ratio (CAR)	89.6%	57.2%	43.7%	41.1%
Financial leverage ratio	35.3%	107.8%	157.0%	154.8%
NPL ratio	–	–	2.1%	2.1%

<sup>4</sup> Within the scope of the report, absolute financial indicators are rounded to the nearest whole value by mathematical rounding.

<sup>5</sup> Corporate financing (net of impaired credit projects) and interbank financing, as well as investments in debt securities purchased at initial offering by an issuer from a member country.

<sup>6</sup> The Bank's Loan Portfolio includes loans issued to banks for trade finance purposes, syndicated lending to banks, loans to corporate clients (including syndicated loans), the Loan and Investment Securities Portfolio.

<sup>7</sup> The Documentary Portfolio includes letter of credit and guarantee transactions, bank-to-bank reimbursement arrangements.

# ACTIVE OPERATIONS



The first year of the strategic cycle took place against the constraints and changes in the structure of the world economy caused by the COVID-19 pandemic. Against the backdrop of disrupted supply chains, restrictive measures taken at the national and transcontinental levels, IBEC managed to adapt its business model and mostly achieved and in some parameters even exceeded the target indicators of its project financing activity.

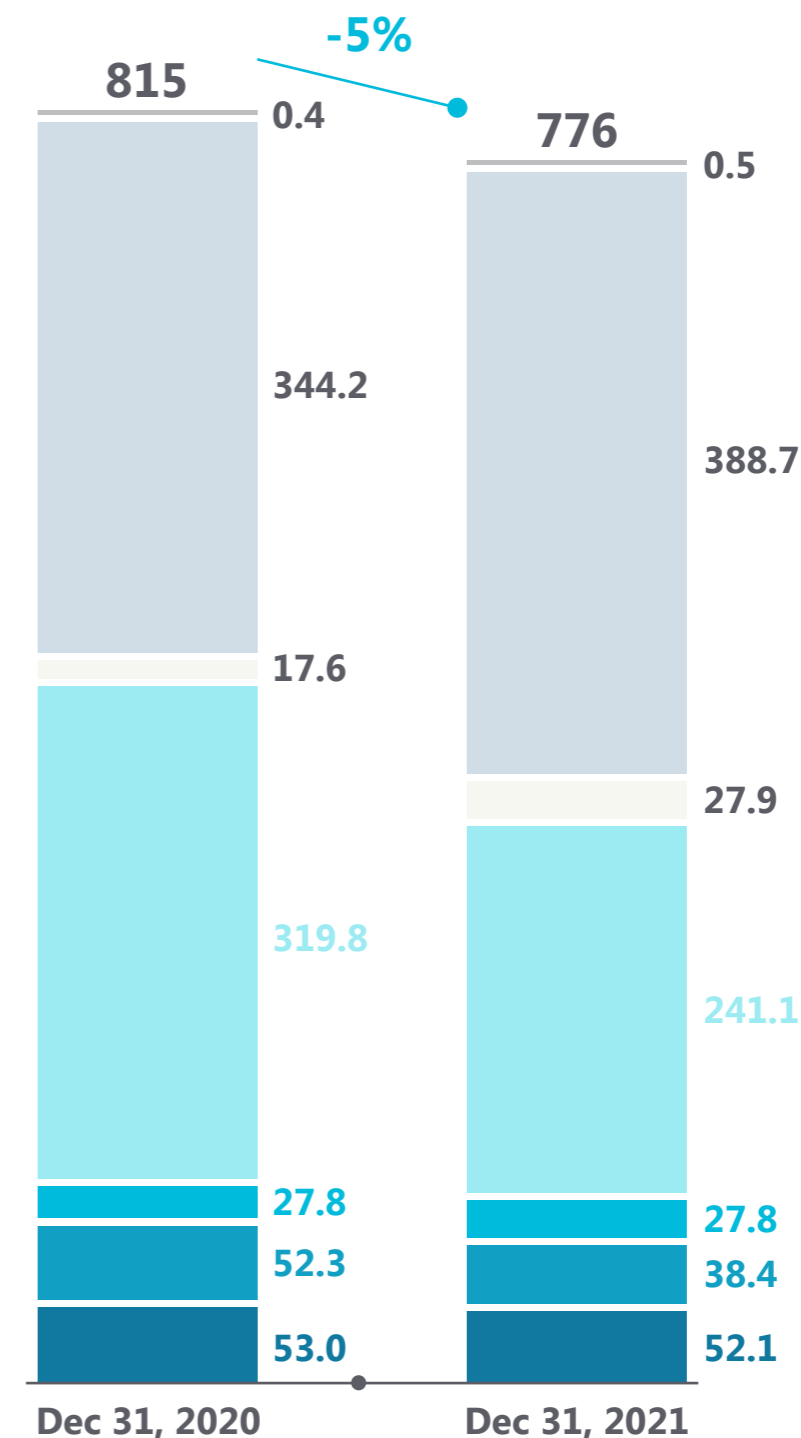
**IN 2021, THE IBEC LOAN AND DOCUMENTARY PORTFOLIO (GROSS) INCREASED BY 25% AND EXCEEDED HALF A BILLION EURO.**

At the end of 2021, the Loan Portfolio (net) grew by 13% to EUR 389 million, with the portfolio's share in total assets increasing from 42% to 50%. The volume of the Documentary Portfolio almost doubled compared to the beginning of the year and amounted to EUR 128 million.

At the same time, as a result of the planned sales of securities in order to reduce risk and take profit, the Securities Portfolio<sup>8</sup> shrank by 25% to EUR 241 million at year-end 2021.

- Derivative Financial Assets
- Loan Portfolio
- Cash and Cash Equivalents
- Securities Portfolio
- Other Assets
- Term Deposits Placed in Banks
- Fixed Assets, Intangible Assets and Right-of-Use Assets

## ASSET STRUCTURE, EUR MLN



<sup>8</sup> Hereinafter, the Securities Portfolio does not include the securities attributed to the IBEC Loan and Investment Portfolio, the notion of which is given in the Lending section.

# Lending Activities

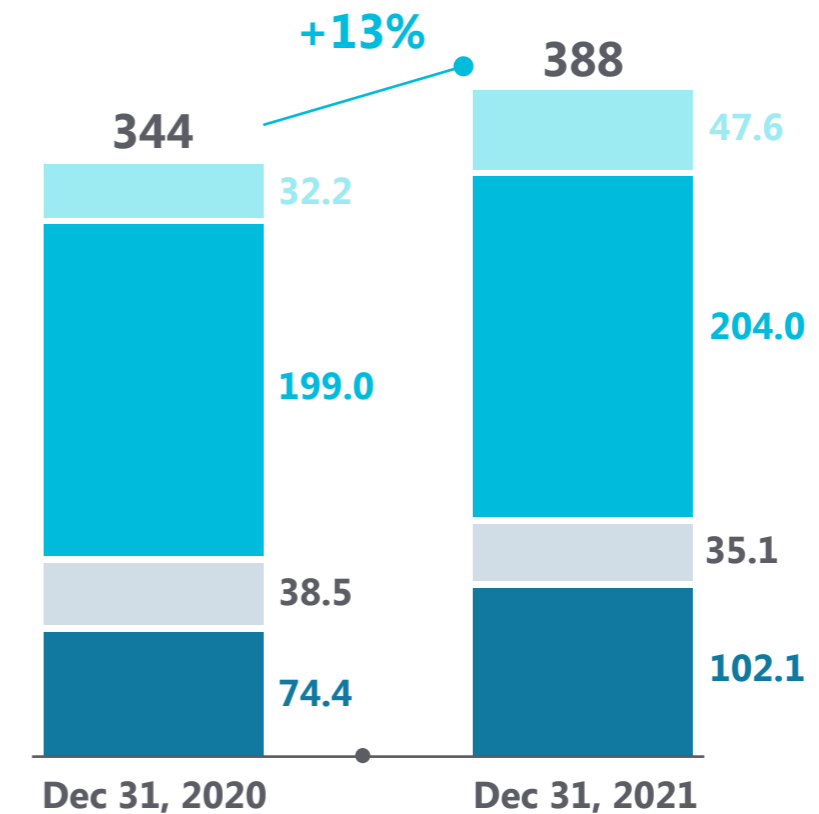
The loan portfolio at the end of 2021 fully corresponds to the Bank's business profile and includes:

- targeted trade-related loans to banks;
- forfeiting transactions;
- syndicated loans to banks to support the economies and foreign trade of IBEC member countries;
- corporate loans (including syndicated loans), including supply chain finance;
- the Loan and Investment Securities Portfolio. This category includes debt securities of companies from the Bank's member states acquired at initial offering for the purpose of participation in financing socially important infrastructure projects in the Bank's member countries, as well as facilitating the development of SMEs. IBEC pays special attention to projects for environmental protection, improvement of urban infrastructure and health care development.

**THE SUSTAINABLE DEVELOPMENT GOALS AND ESG CRITERIA ARE IMPORTANT REFERENCE POINTS FOR IBEC IN BUILDING ITS RELATIONS WITH CLIENTS AND FOR ASSESSING POTENTIAL PROJECTS.**

Since the beginning of the pandemic, IBEC has been actively pursuing opportunities to support anti-COVID programs in its member countries. The Bank has financed a number of important pharmaceutical, medical and insurance projects in Bulgaria, Poland, and Russia.

**LOAN PORTFOLIO STRUCTURE, EUR MLN**

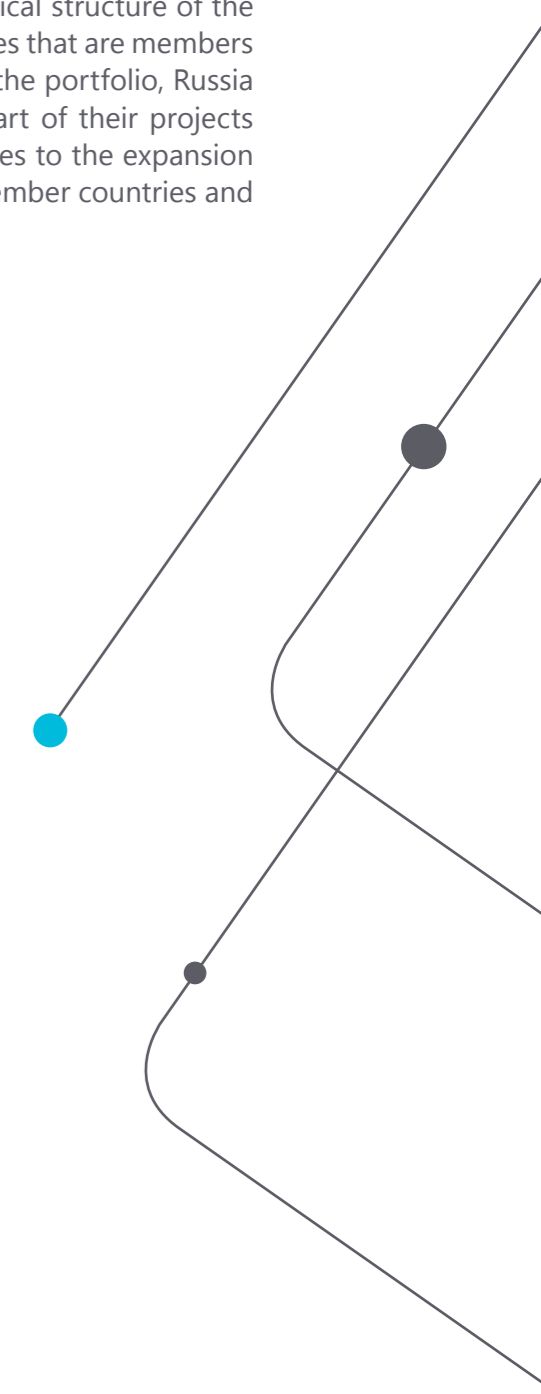


- Loan and Investment Securities Portfolio
- Corporate Loans
- Syndicated Loans to Banks
- Loans to Banks Issued for Trade Financing



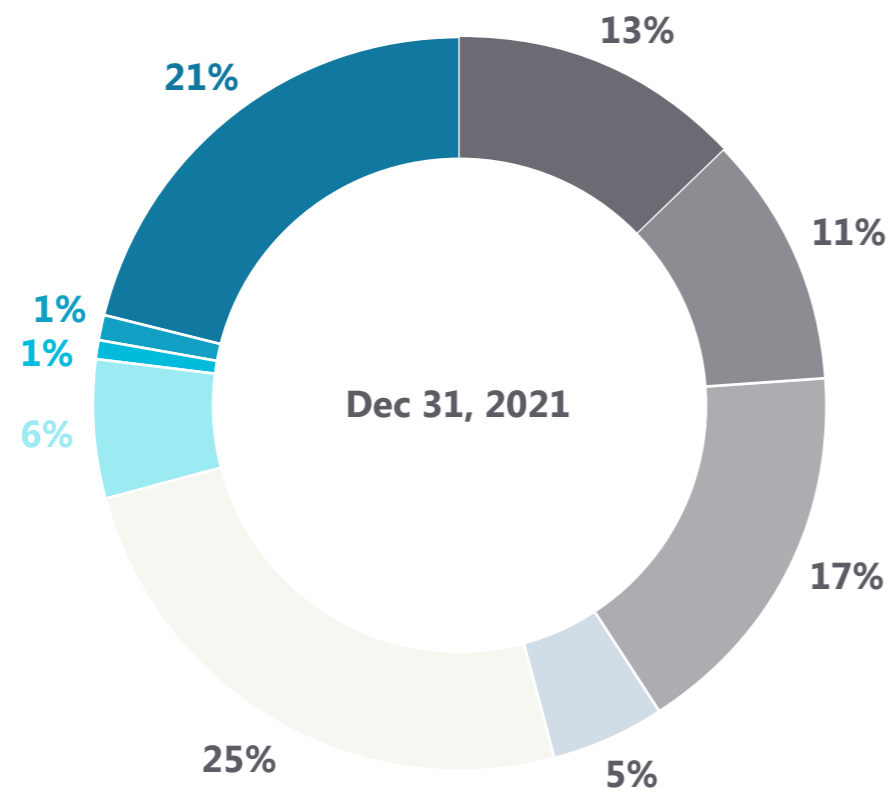
The key drivers of the Loan Portfolio growth in 2021 was an increase in the volume of trade finance loans to banks to EUR 102 million (a 37% increase) to support foreign trade operations of IBEC member countries, with a simultaneous increase in investments in securities of member countries' companies purchased by the Bank on the primary market as part of its Loan and Investment Securities Portfolio, whose volume reached EUR 48 million (a 48% increase) at year-end. At the same time, while increasing the volume of the Loan Portfolio, the Bank continued to pay special attention to maintaining and improving its quality.

In 2021, the share of Vietnam, Poland and Russia in the geographical structure of the Bank's Loan Portfolio increased. The share of IBEC member countries that are members of the EU was 26%, Vietnam and Mongolia accounted for 28% of the portfolio, Russia for 25%. IBEC also finances borrowers from third countries as part of their projects with counterparties from IBEC member countries, which contributes to the expansion of export and import operations of companies from the Bank's member countries and their entry into new markets.





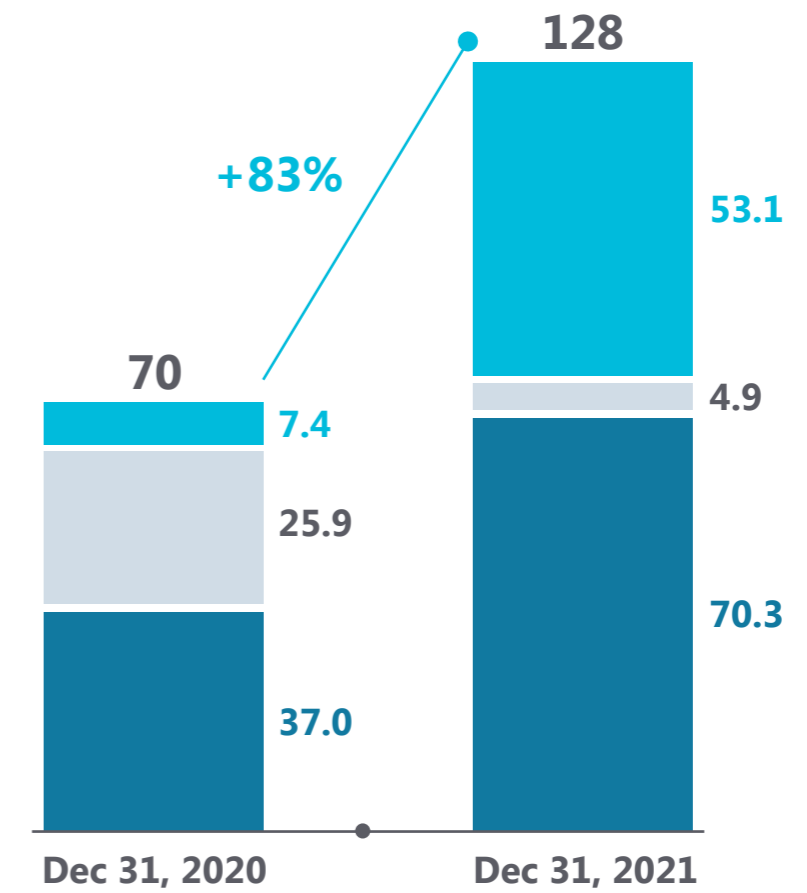
**STRUCTURE OF EARNING LOAN PORTFOLIO BY COUNTRY OF RISK AS OF DECEMBER 31, 2021<sup>9</sup>**



- Republic of Bulgaria
- Socialist Republic of Vietnam
- Mongolia
- Republic of Poland
- Russian Federation
- Romania
- Slovak Republic
- Czech Republic
- Non-member countries

In 2021, IBEC continued to actively increase its Documentary Portfolio to support member countries' foreign trade in under the higher risks environment of the COVID-19 pandemic crisis and the disruption of global supply chains. In the reporting period, the Bank almost doubled its Documentary Portfolio (excluding provisions) by 83% up to EUR 128 million, primarily due to the increase in issued guarantees (increase of EUR 33 million) and letters of credit (increase of EUR 46 million).

**DOCUMENTARY PORTFOLIO, EUR MLN**



- Letters of Credit
- Reimbursement Obligations
- Issued Guarantees

<sup>9</sup> Excluding NPLs. According to the management reports.

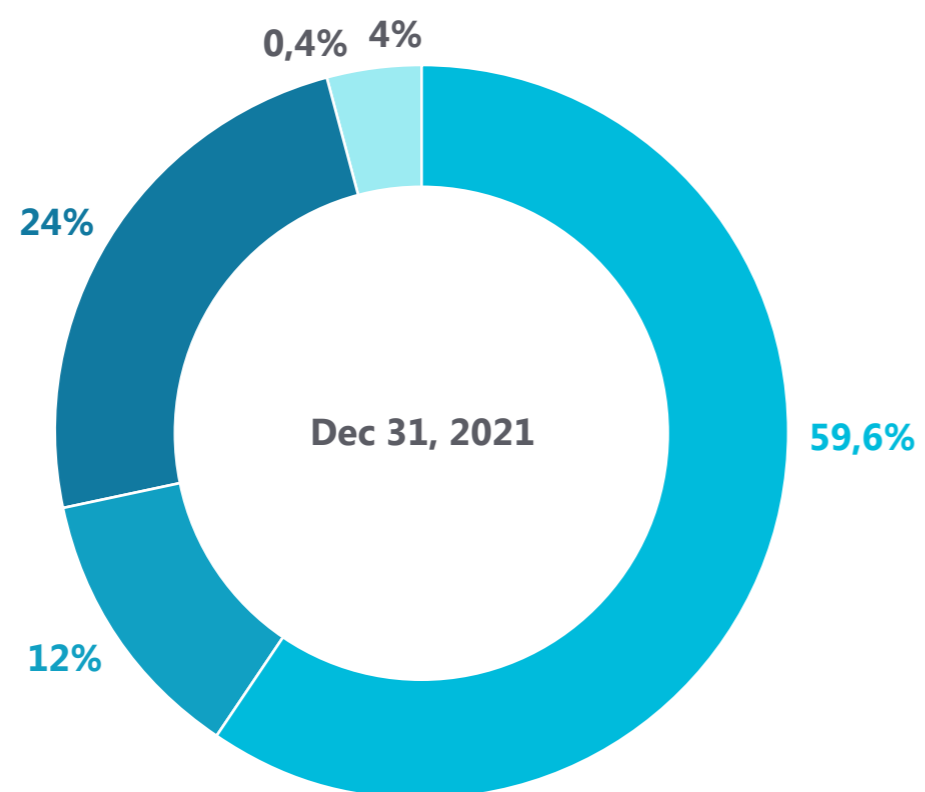


SETTLEMENT SERVICE.  
AMOUNTS DUE  
TO CLIENTS

The settlement function of IBEC, stipulated by its Statutory Documents, is unique for international development banks. In this regard, settlement and cash services to clients, working with their temporarily available funds is an important component of the Bank's value proposition.

In 2021, IBEC continued to actively develop its Cash Management business. The Bank updated its tariff schedule, introducing differentiated tariff offerings depending on the client's country of residence and type of client, specifying qualitative characteristics of the classification.

## STRUCTURE OF CLIENT FUNDS AS OF DECEMBER 31, 2021




- Deposits of the companies from IBEC member countries
- Resources of the Fund<sup>10</sup>
- Current accounts of the companies from IBEC member countries
- Current accounts of organizations from other countries
- Other current accounts

As of the end of the year, the amount of client funds more than doubled reaching EUR 101 million.

During 2021, the Bank was actively expanding its client base and attracting deposits from corporate clients, which resulted in an almost two-fold increase in the volume of deposits attracted from corporate clients from the Bank's member countries (up to EUR 60 million), as well as funds in corporate accounts (a 7-fold increase to EUR 25 million).

<sup>10</sup> Funds of the International Fund of Technological Development which are under trust management as at the end of 2021.

The background is a solid teal color. It features several white geometric elements: a thin line starting from the top left and extending towards the bottom left; a thin line starting from the top center and extending towards the bottom right; a thin line starting from the top right and extending towards the bottom right; and a thin line starting from the top right and extending towards the bottom left. There are four white dots: one at the end of the line from the top left, one on the line from the top center, one on the line from the top right, and one on the line from the top right that is enclosed in a white circle.

# KEY 2021 PROJECTS

# Trade Finance

In 2021, IBEC made trade finance transactions totalling about EUR 287 million (including about EUR 157 million of documentary transactions) with all member countries, including corporate clients from Slovakia, the Czech Republic, Poland, as well as financial institutions from Bulgaria, Vietnam, Mongolia, Russia, and third countries:



## SOCIALIST REPUBLIC OF VIETNAM

In 2021, total transactions with Vietnamese banks reached the equivalent of EUR 38.1 million, including:

- Saigon-Hanoi Commercial Joint Stock Bank (SHB): USD 35.4 million in letter of credit financing to support foreign trade with Asian, African, South American and EU countries (chemical products).
- Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank), a new partner in Vietnam: USD 4.8 million in green finance forfeiting transactions to support the supply of solar power plant construction equipment to Vietnam.



## MONGOLIA

In 2021, total transactions with Mongolian banks reached the equivalent of EUR 76,4 million, including:

- TDBM: participation in Mongolia's USD 10 million Green Loan Program to finance SMEs (the program is in line with a number of UN SDGs), as well as interbank reimbursement to support Russian agribusiness exports.
- Golomt Bank LLC: EUR 53.9 million (Eq.) transactions, including confirmation of a USD 8.3 million SBLC in favor of Credit Bank of Moscow (Russia) on a loan to support trade transactions of Golomt Bank LLC clients (including SMEs), as well as trade related loans, confirmation of SBLCs to support supplies of consumer goods, agribusiness products for SMEs, and metallurgical products to Mongolia.
- Transport and Development Bank LLC, a new partner in Mongolia: USD 3.3 million in trade financing, including the purchase of special vehicles from an Australian exporter.



## REPUBLIC OF BULGARIA

Municipal Bank AD: the first trade finance transaction with Bulgaria's Municipal Bank AD to support foreign trade between Bulgaria and Poland. IBEC issued a guarantee of EUR 1.9 million to secure the payment obligations of a Bulgarian buyer to a Polish supplier under a contract for the supply of railway rails.



## REPUBLIC OF POLAND

Frako-Term Sp. z o.o.: guarantees under contracts for the supply of equipment to Russia as part of the NICA international science project for a total amount of about EUR 0.7 million.



## RUSSIAN FEDERATION

FC Grand Capital LLC: IBEC issues payment guarantees and counter-guarantees on the company's obligations in favor of the largest pharmaceutical manufacturers on a permanent basis. As of December 31, 2021, the portfolio of guarantees/counter-guarantees issued exceeded RUB 2 billion. The Bank's guarantee support of foreign trade contracts of FC Grand Capital contributes to the increase of pharmaceuticals supplies from the world's leading manufacturers (including European ones) to the Russian market.

Issuance of payment guarantees in the reporting period on behalf of Russian companies in the total amount of RUB 0.5 billion to support procurement of pharmaceuticals and medical goods for further supply to pharmacies in Russia.

Expobank JSC: trade related loans totalling EUR 24.8 million to support socially important sectors of the economy with a wide geographical and sectoral diversification of transactions. The financing provided is aimed, among other things, at supporting import and export operations of Russian companies with counterparties from Europe, the CIS, the Middle East and Asia, as well as the USA and South America. The implementation of this project contributes to the timely procurement of medical and industrial equipment (including environmentally friendly and energy efficient), as well as the supply of products of the agricultural sector.

• LLC MetPromStroy: a RUB 3.3 billion advance repayment guarantee to implement a project to build three processing plants at the Elga coal deposit, the largest in Russia. The development of the Elga deposit is an important strategic project with great export potential and is aimed at the energy security of the Russian Federation.

## Projects to expand the geography of international trade of companies from the Bank's member countries

Implemented trade finance transactions with counterparties from the Republic of Uzbekistan (PJSB Trustbank, JSCB Qishloq Qurilish Bank, etc.) to support exports from the Russian Federation and Poland for a total of EUR 56.5 million (Eq.).

### Syndicated Lending

In 2021, IBEC participated in syndicated lending transactions totalling EUR 145.4 million in favor of clients from Bulgaria, Russia, Uzbekistan and Switzerland to support the exports of the member countries:



#### REPUBLIC OF BULGARIA

• JSC Overgas Networks: a EUR 17.7 million loan to finance capital expenses and reimburse earlier investment costs for the construction of new gas infrastructure in Bulgaria.

### Supply Chains

• Major international food producer: short-term tranches up to 3 months, including throughout 2021 in the total amount of PLN 310.9 million (equivalent to EUR 67.9 million) to support Polish suppliers and in the amount of CZK 425.2 million (equivalent to EUR 16.6 million) to support Czech suppliers: participation in supply chain financing carried out by a major international bank to support export of Czech and Polish food products.

### Direct Lending

In 2021, IBEC provided financing through direct lending for a total of EUR 57.3 million to corporate clients in Bulgaria, the Czech Republic, Slovakia, Vietnam and Russia:



#### REPUBLIC OF BULGARIA

Doverie United Holding AD: renewal of the tranche amounting to EUR 5 million in June 2021. Sopharma AD, Bulgaria's largest pharmaceutical holding company, continues to act as a guarantor for the borrower's obligations.



#### SOCIALIST REPUBLIC OF VIETNAM

Hateco Logistics JSC: long-term loan of EUR 20 million. The first transaction in IBEC's recent history to finance a Vietnamese corporate client. The funds provided by IBEC will be used to finance the construction of a logistics complex near Hanoi.



#### RUSSIAN FEDERATION

Europlan LC PJSC: RUB 2 billion financing for Russia's largest car leasing company. The funds are intended for the purchase of vehicles and their subsequent leasing to SMEs.




#### SLOVAK REPUBLIC

Branko Nitra a.s.: a EUR 0.9 million loan to cover capital costs and working capital requirements for the construction and commissioning of a new poultry complex in Tatarstan. The investment project was approved and supported by the Ministry of Agriculture of Tatarstan.

# FINANCIAL MARKET ACTIVITIES





**IBEC IS A PROMINENT INVESTOR IN THE EUROBOND MARKETS OF THE BANK'S MEMBER COUNTRIES. THE BOND PORTFOLIO IS MANAGED ON A MULTI-MODEL BASIS AND INCLUDES BOTH TREASURY ASSETS AS SUCH AND DEVELOPMENT ASSETS. AS OF YEAR-END, DEVELOPMENT ASSETS ARE REPRESENTED BY BONDS OF ISSUERS FROM ALMOST ALL MEMBER COUNTRIES. THE TREASURY PORTION OF THE PORTFOLIO INCLUDES BOTH BUFFER AND STRATEGIC LIQUIDITY RESERVE ASSETS.**

In 2021, the Bank supported the recovery of IBEC member economies through active participation in initial offerings of corporate and sovereign bonds. The cumulative volume of investments in securities meeting the criteria for development assets amounted to EUR 171.4 million by the end of the year<sup>11</sup>. IBEC participated in a series of initial public offerings of sovereign and corporate bonds of issuers from Romania, Poland, the Czech Republic, Slovakia and Russia. In addition, IBEC invested in ten-year bonds of the Council of Europe Development Bank in its initial public offering.

In April 2021, IBEC participated in a series of initial public offerings of bonds in Central and Eastern Europe. The total amount of investments exceeded EUR 31 million. The Bank acquired a package of green bonds of one of the largest banks in Slovakia, Tatra banka a.s., a member of the Raiffeisen Bank International AG banking group. This is the bank's debut green issue, the proceeds of which are to be used to finance projects with positive environmental effects (Eligible Green Loans) in Slovakia and other EU countries. IBEC also participated in issuances of government securities in Slovakia and Romania.

In June 2021 the Bank supplemented its Treasury Development Portfolio with securities of Central and Eastern European issuers in the total amount of EUR 20 million (Eq.).

The Bank participated in the offering of the debut green bond issue by Polish commercial real estate developer and investor Globe Trade Centre S.A. The funds raised in the issue will be distributed in accordance with the Green Bond Framework principles. IBEC also invested available funds in ten-year Eurobonds of the Slovak company SPP-distribúcia a.s., a monopoly gas distributor on the Slovak market.

In September 2021, IBEC acquired green Eurobonds of Česká spořitelna a.s., the largest bank in the Czech Republic. The securities with a maturity of seven years were issued in the amount of EUR 500 million. IBEC participation amounted to EUR 3.5 million. The bond issue is part of an ambitious program to support the Sustainable Development Goals implemented by the main shareholder of Česká spořitelna a.s., Austria's Erste Bank Group.

In October 2021, IBEC acted as an investor in the placement of anti-COVID bonds of the Polish National Development Bank (Bank Gospodarstwa Krajowego). The funds raised in the offering will be used to finance programs to combat the COVID-19 pandemic and its implications, restore the most affected sectors of the economy, and support medical and social infrastructure.

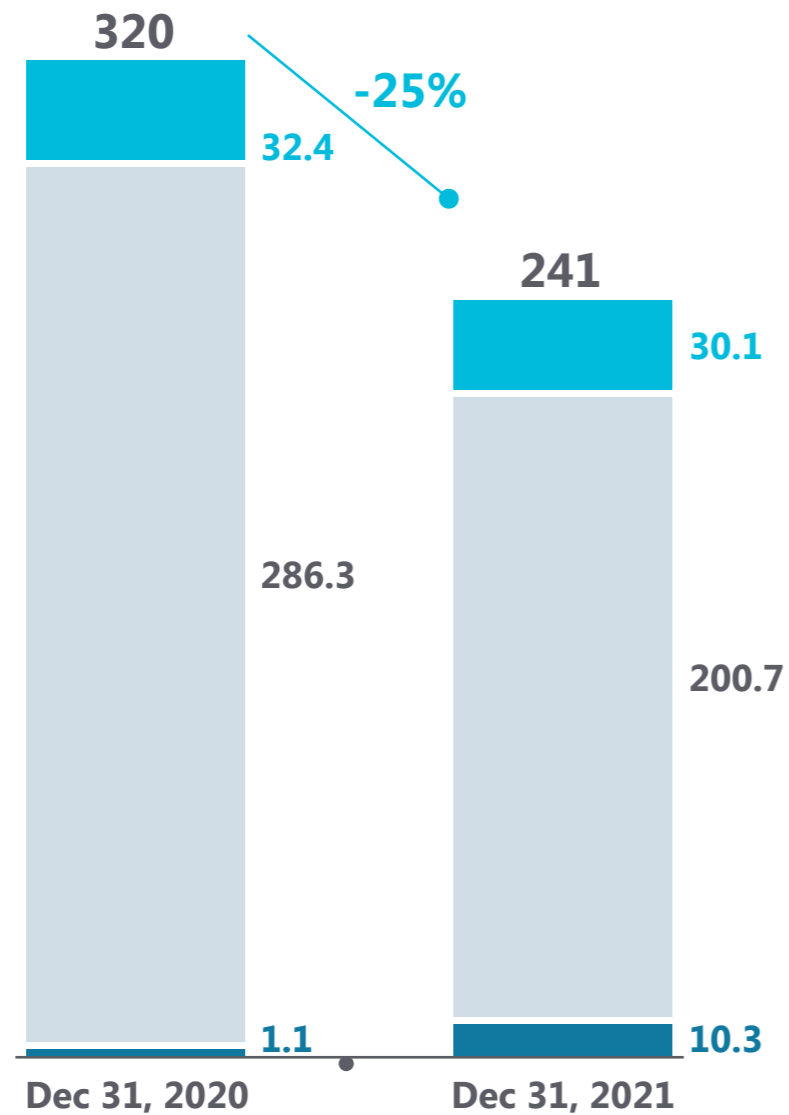
As a result of the planned sales of securities, by the end of 2021 the size of the Treasury Portfolio<sup>12</sup> decreased by 25% and amounted to EUR 241 million.

<sup>11</sup> Taking into account the Loan and Investment Securities Portfolio.

<sup>12</sup> Hereinafter, the Securities Portfolio does not include the volume of securities attributable to the IBEC Loan and Investment Portfolio, the concept of which is given in the Lending section.



SECURITIES PORTFOLIO STRUCTURE, EUR MLN<sup>13</sup>



IN FOREIGN EXCHANGE AND MONEY MARKETS, THE BANK EXECUTES INTERBANK LENDING, REPO, SPOT AND FORWARD CONVERSION TRANSACTIONS, FX, INTEREST RATE AND CROSS-CURRENCY SWAPS WITH A WIDE RANGE OF COUNTERPARTIES. AS OF THE END OF 2021, THE TOTAL NUMBER OF THE BANK'S COUNTERPARTIES REACHED 154 (INCLUDING BANKS OF IBEC MEMBER COUNTRIES AND THIRD COUNTRIES, INTERNATIONAL BANKS AND PARTNER NON-BANKING INSTITUTIONS).

The Bank carries out currency operations upon clients' requests, satisfying their need for settlements in the main world currencies and currencies of IBEC member countries. The Bank's network of correspondent accounts includes the Central Banks of Germany and Russia (for settlements in euro and Russian rubles), as well as major commercial banks in the member countries.

● HTM      ● AFS      ● Trade

<sup>13</sup> AFS: securities measured at fair value through other comprehensive income.  
 HTM: securities measured at amortized cost (excluding the Loan and Investment Securities Portfolio).  
 Trade: securities measured at fair value through profit or loss.

The background is a solid blue color. Overlaid on this are several white geometric elements: a vertical line on the left with a dot at the top and a larger dot at the bottom; a horizontal line extending from the text area to the right with a dot at its end; a diagonal line starting from the top right, curving down and then left, with a dot at its end; and another diagonal line starting from the top right, curving down and then left, with a dot at its end. A larger white circle is positioned at the intersection of the two diagonal lines in the upper right quadrant.

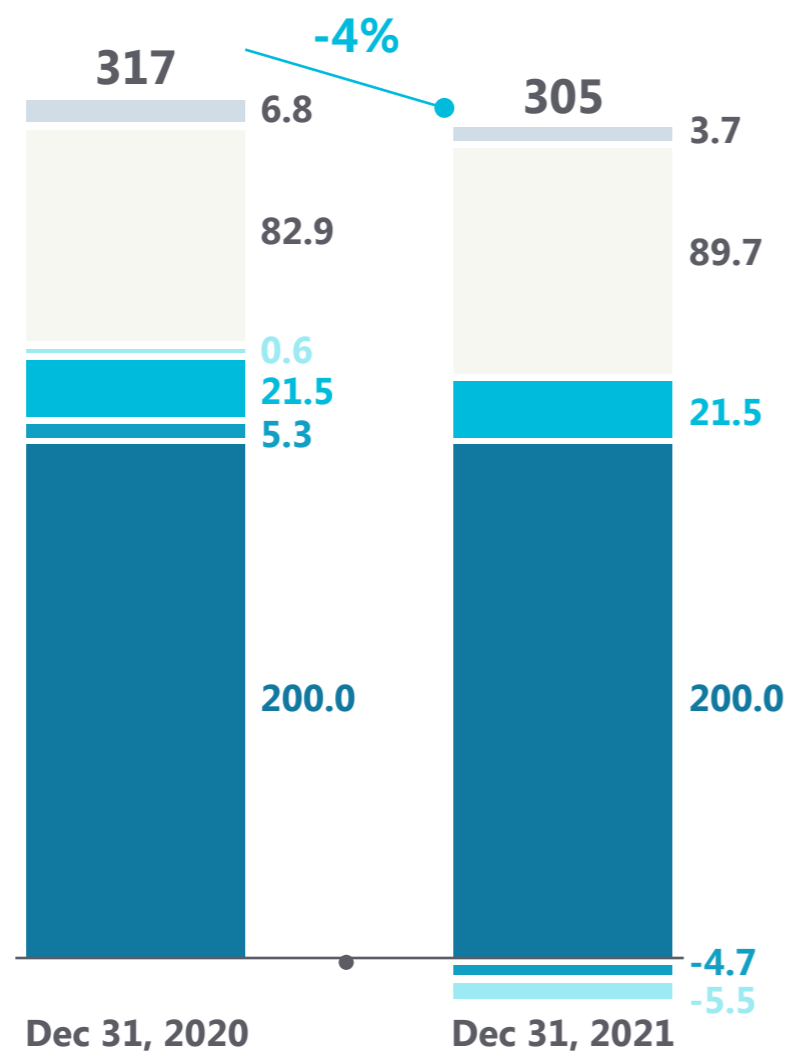
# FUNDING SOURCES

In 2021, funds were raised based on the Bank's actual funding requirements driven by business development, as well as liquidity management considerations and the sustainability of funding sources.

## EQUITY

The equity (capital) constitutes 39% in the total IBEC funding resources. The decrease in capital in 2021 to EUR 305 million is mainly due to a decrease in the provision for cash flow hedging (-EUR 6 million), a decrease in the securities revaluation reserve measured at fair value through other comprehensive income (-EUR 10 million), with an increase in retained earnings including net income for 2021 (+EUR 4 million).

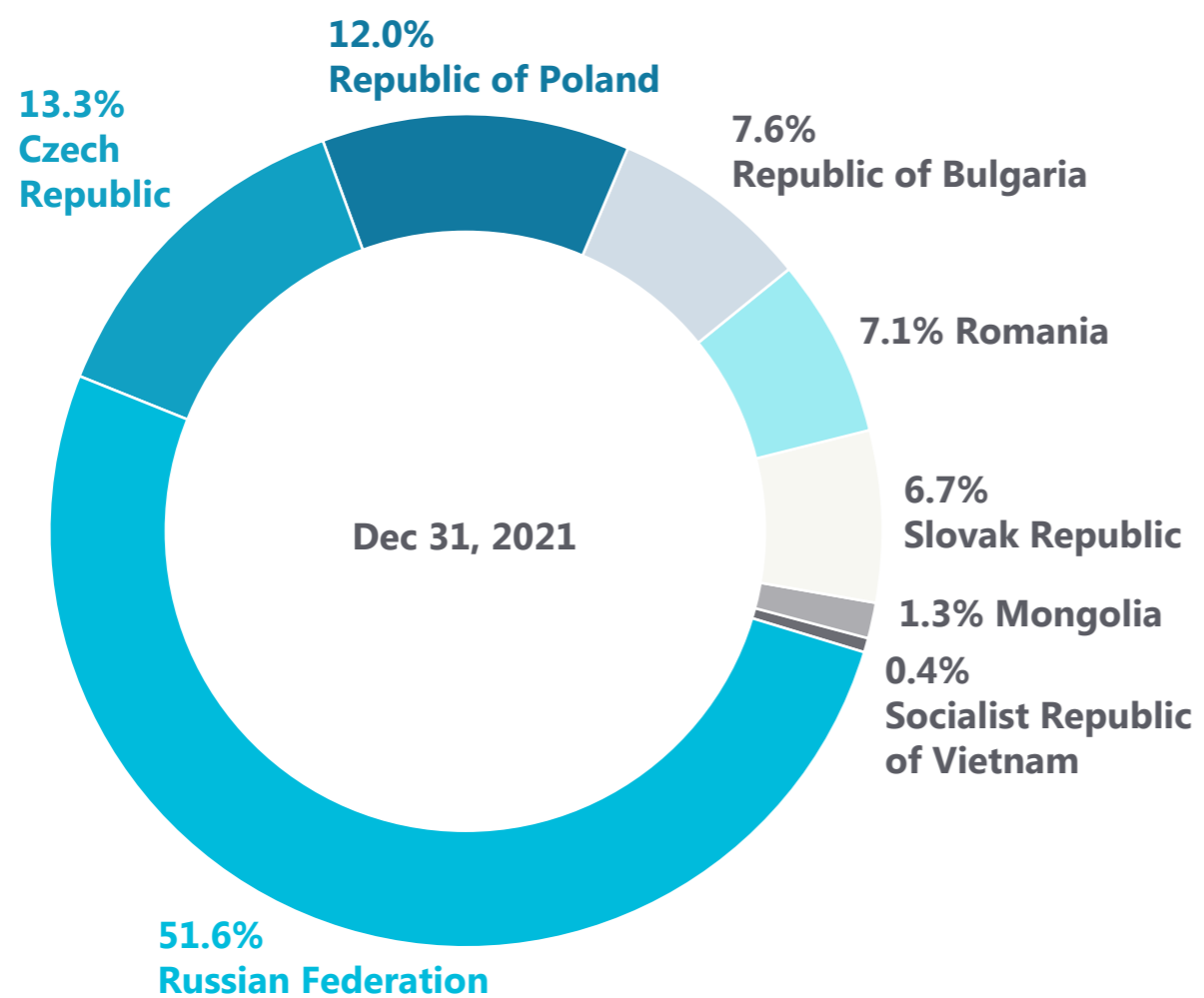
**BANK EQUITY STRUCTURE, EUR MLN**



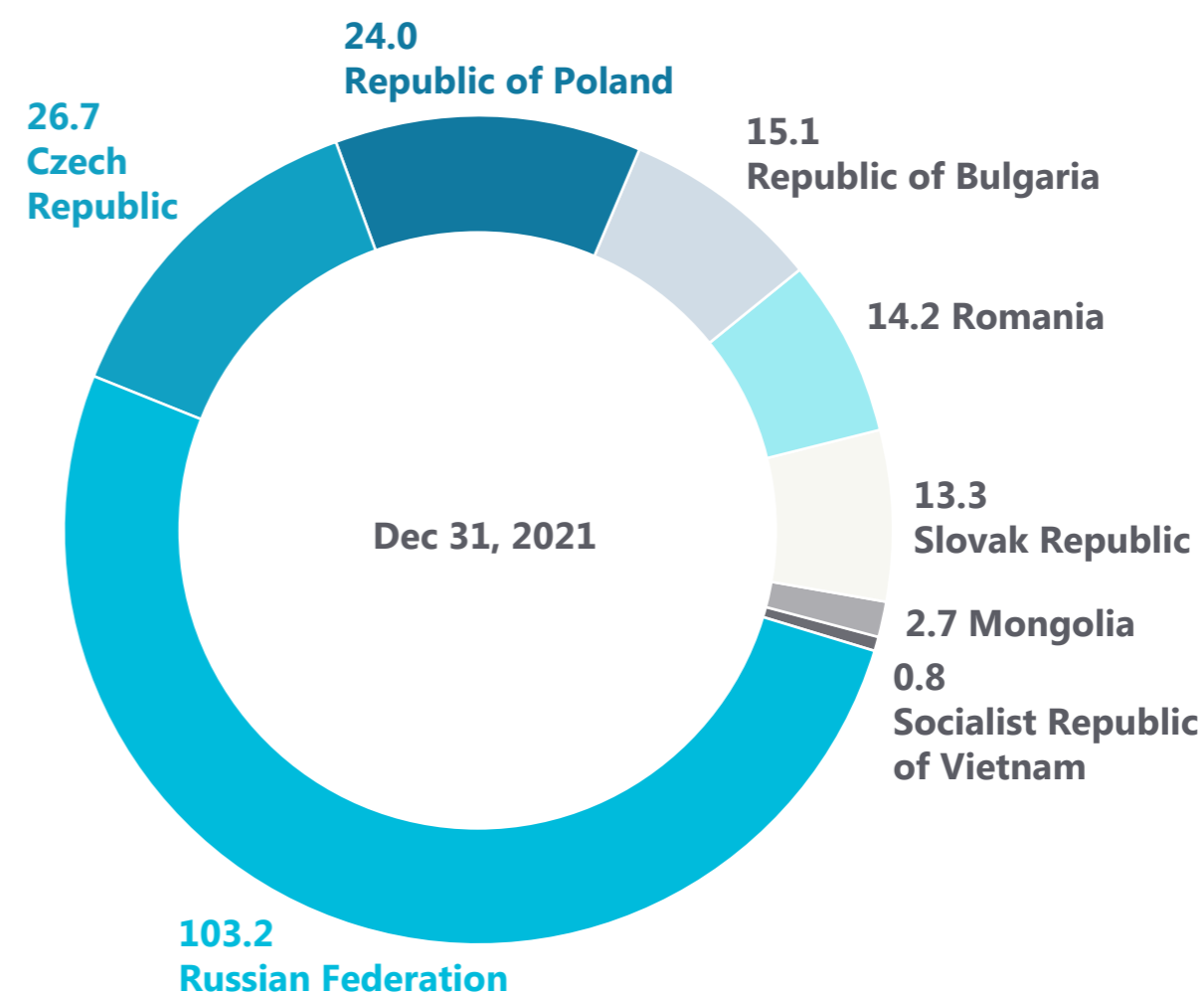
**A SIGNIFICANT SHARE (66%) OF THE BANK'S EQUITY IS THE PAID-IN AUTHORIZED CAPITAL (EUR 200 MILLION).**

- Net Income for the Year
- Retained Earnings Less Net Profit for the Year
- Provision for Cash Flow Hedging
- Fixed Asset Revaluation Reserve
- Revaluation Reserve for Securities Measured at Fair Value through Other Comprehensive Income
- Authorised Capital

**IBEC PAID-IN CAPITAL STRUCTURE  
AS OF DECEMBER 31, 2021, %**



**IBEC PAID-IN CAPITAL STRUCTURE  
AS OF DECEMBER 31, 2021, EUR MLN**



	December 31, 2020			December 31, 2021		
	Fitch	S&P	Moody's	Fitch	S&P	Moody's
Czech Republic	AA-	AA-	Aa3	AA-	AA-	Aa3
Slovak Republic	A	A+	A2	A	A+	A2
Republic of Poland	A-	A-	A2	A-	A-	A2
Republic of Bulgaria	BBB	BBB	Baa1	BBB	BBB	Baa1
Russian Federation	BBB	BBB-	Baa3	BBB	BBB-	Baa3
Romania	BBB-	BBB-	Baa3	BBB-	BBB-	Baa3
Socialist Republic of Vietnam	BB	BB	Ba3	BB	BB	Ba3
Mongolia	B	B	B3	B	B	B3
<b>Weighted average rating of member countries</b>	<b>BBB+</b>	<b>BBB+</b>	<b>Baa1</b>	<b>BBB+</b>	<b>BBB+</b>	<b>Baa1</b>

In 2021, despite the dynamically changing social and economic environment, the average weighted sovereign ratings of IBEC shareholder countries assigned by three international rating agencies remained at 2019-2020 levels.

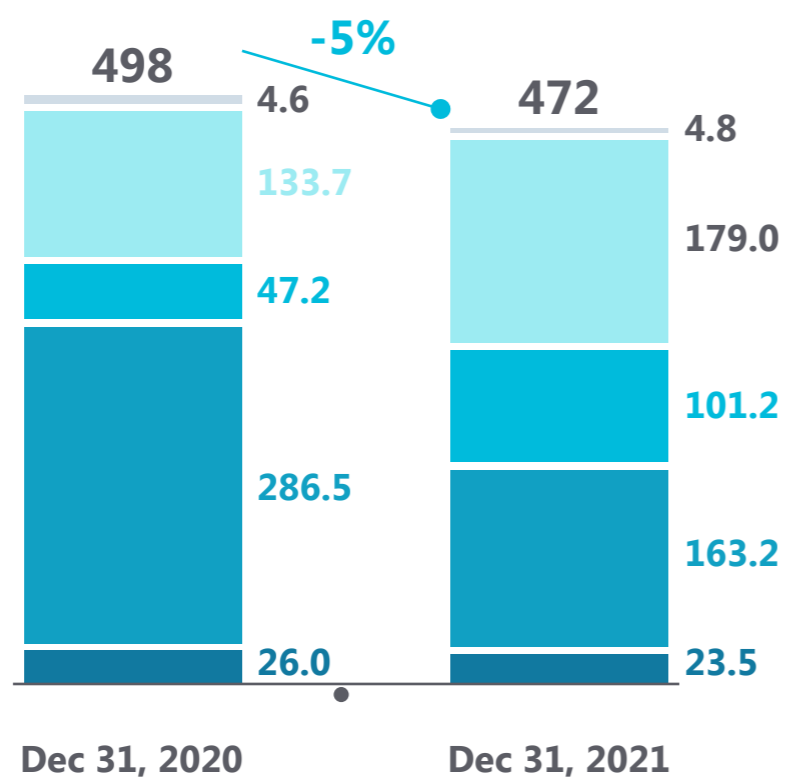
## Borrowed Funds

In the reporting period, the volume of the Bank's liabilities decreased by 5% to EUR 472 million. The volume of loan financing (excluding the funds of the International Fund of Technological Development, held in trust by the Bank at the end of 2021) amounted to EUR 431 million.

Following the placement of its bonds in the Russian Federation in 2019-2020, IBEC entered the Bulgarian borrowing market in June 2021. As of the bid book opening date, the international rating agency Fitch Ratings assigned a BBB rating to the bond issue. The Bank, together with the leading arrangers, determined the total issues amount at BGN 68 mln (equivalent to EUR 35 million) and the coupon rate at 1.15% annually. Bulgarian banks, pension funds and management companies took part in the offering.

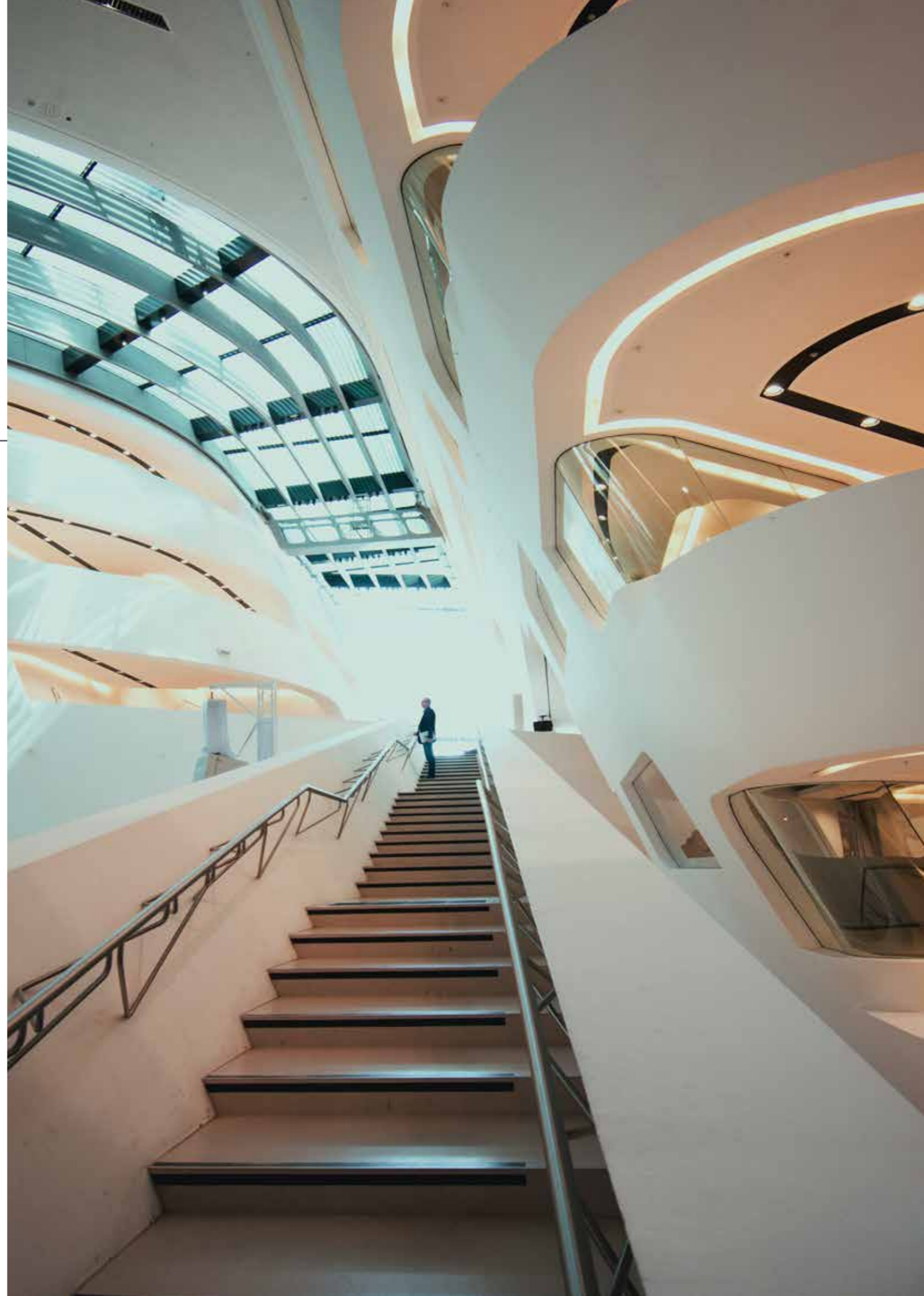
**BY THE END OF 2021, THE SHARE OF AMOUNTS DUE TO CLIENTS<sup>14</sup> IN THE STRUCTURE OF LOAN FINANCING SOURCES INCREASED SIGNIFICANTLY (FROM 9% TO 21%), AS WELL AS THE SHARE OF FUNDS RAISED THROUGH THE ISSUE OF OWN BONDS (FROM 29% TO 41%).**

### BANK LIABILITIES, EUR MLN



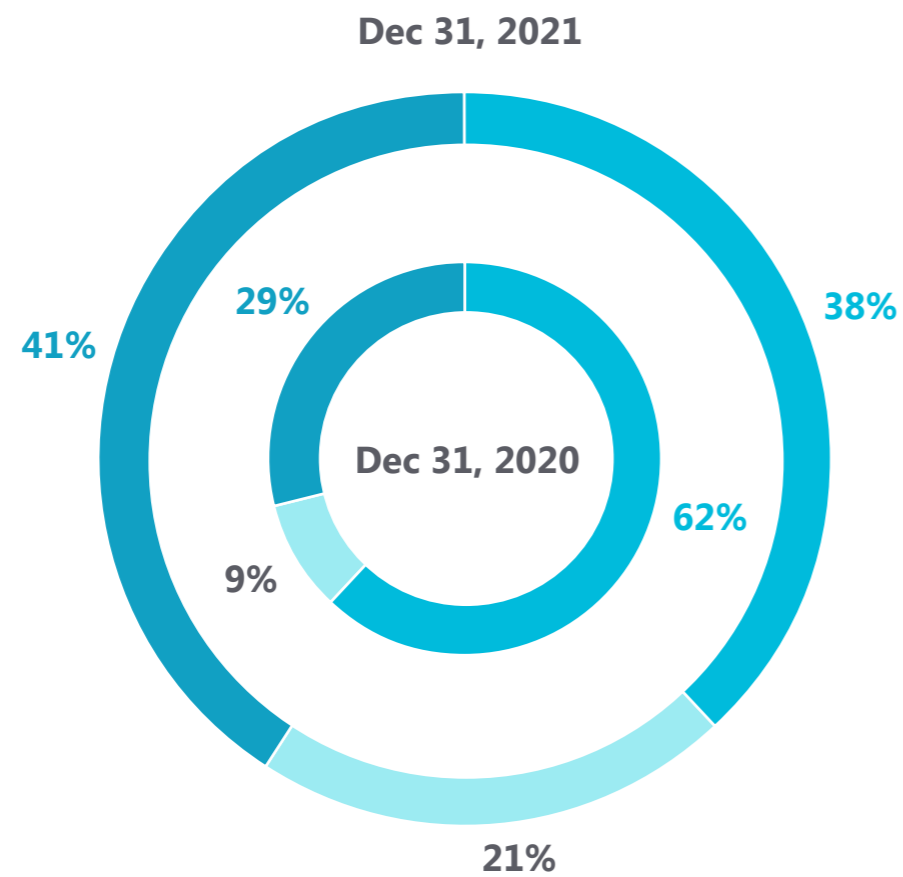
- Other Liabilities
- Issued Debt Securities
- Amounts Due to Clients
- Amounts Due to Credit Institutions
- Derivative Financial Liabilities

<sup>14</sup> See details in the Settlement Service section. Amounts Due to Clients



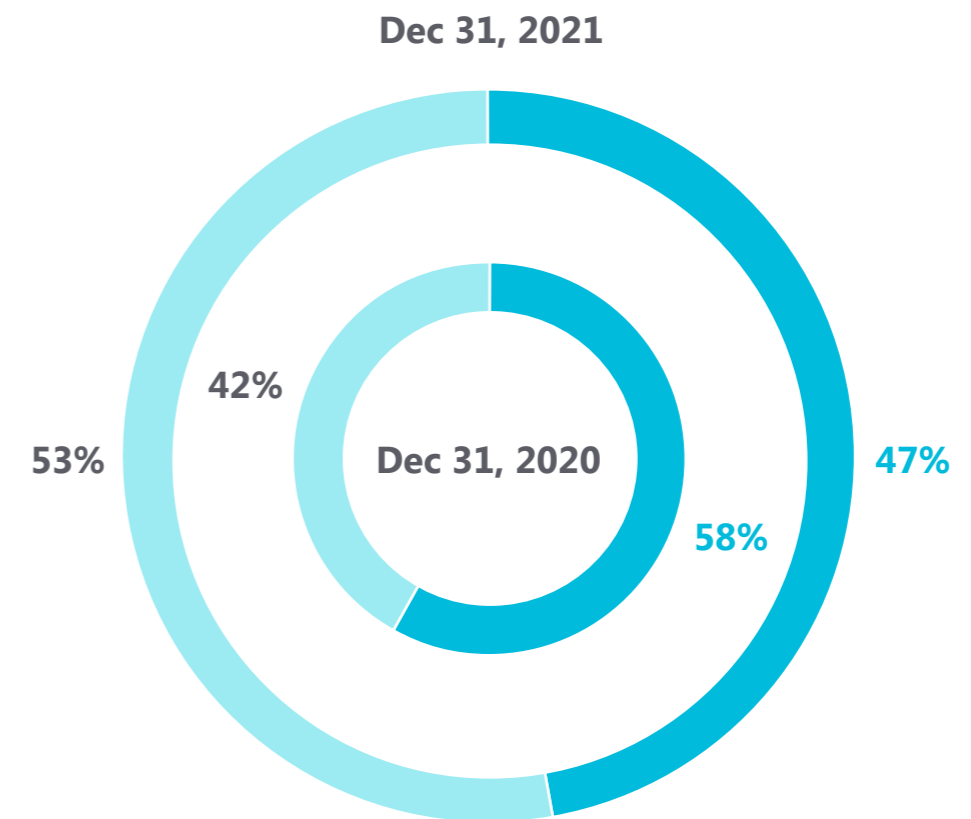
AS OF DECEMBER 31, 2021, THE VOLUME OF LONG-TERM (MATURITY OVER 12 MONTHS) AND SHORT-TERM<sup>16</sup> FINANCING IN THE STRUCTURE OF THE BANK'S BORROWINGS AMOUNTED TO 33% AND 67%, RESPECTIVELY.

### LOAN FINANCING STRUCTURE



- Amounts Due to Credit Institutions
- Amounts due to Clients<sup>15</sup>
- Issued Debt Securities

### LOAN FINANCING STRUCTURE BY TENOR



- Short-Term Borrowing
- Long-Term Borrowing

<sup>15</sup> Exclusive of the funds of the International Fund of Technological Development, which are under trust management as at the end of 2021 and 2020.  
<sup>16</sup> Exclusive of the funds of the International Fund of Technological Development, which are under trust management as at the end of 2021.

# Risk Management

*ACCORDING TO THE IBEC DEVELOPMENT STRATEGY 2021-2025, THE BANK'S MAJOR AREA OF FOCUS IS THE GROWTH FOR STABILITY CONCEPT. IBEC'S RISK MANAGEMENT POLICY IS BASED ON THIS CONCEPT AND ON CURRENT INTERNATIONAL APPROACHES TO MINIMIZING EXTERNAL NEGATIVE IMPACTS ON THE BANK'S ACTIVITIES.*

Measures implemented in 2021 in the field of risk management were aimed at increasing maturity of risk management processes. In addition, effective implementation of risk identification, assessment, monitoring and control in the reporting period made it possible to ensure compliance with the established risk appetite level.

During the year, the work on improving the risk management infrastructure continued: IBEC Main Limits were amended and country limits were put into effect. Validation of the IFRS 9 provisioning model was completed jointly with independent consultants.

## Compliance Control and Internal Audit

In 2021, IBEC continued to strengthen the first line of compliance defence in the following areas:

- Pre-approval of potential clients with the Bank's Compliance Control Division when providing cash and settlement services;
- Preliminary consideration of applications for issue of loans, receipt of trade financing, examination of potential tenants of the Bank's premises;
- Introducing a mechanism for pre-approval of transactions to prevent clients from making suspicious transactions associated with capital outflow and transit operations, including accumulative transit.

**THE BANK IS IMPLEMENTING A SET OF MEASURES IN TERMS OF SANCTIONS COMPLIANCE, INCLUDING THE ENHANCED CUSTOMER DUE DILIGENCE PROCEDURES, INVESTIGATIONS IN RESPECT OF AMOUNTS BLOCKED BY FOREIGN BANKS, AS WELL AS PAYMENT ROUTING, ETC.**



# IT Infrastructure

**IN 2021, IBEC CONTINUED TO UPGRADE THE IT INFRASTRUCTURE:**

- Put into operation 2<sup>nd</sup> stage products of the new ABS;
- Completed the development and transition to the new IBEC website;
- Carried out additional automation of treasury operations;
- Put into operation a new electronic workflow system;
- Updated the network server segment and set up a backup data centre.  
Completed the modernization of the existing data centre;
- Performed transition to a new SWIFT connection;
- Installed a hardware and software suite for virtual desktops.

# HR Management

In 2021, the HR management function developed in accordance with the strategic plan: IBEC began phased implementation and development of the KPI system and personnel training programs.

**IMPLEMENTATION OF A SET OF HR AND COMMUNICATION MEASURES CONTINUED TO ENSURE ONGOING IBEC OPERATIONS AMID THE CONSTRAINTS RELATED TO THE COVID-19 PANDEMIC.**



**IBEC**

INTERNATIONAL BANK  
FOR ECONOMIC CO-OPERATION

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