

YOUR FINANCIAL PARTNER

INTERNATIONAL BANK
FOR ECONOMIC CO-OPERATION

1963 established
over 50 years of experience



Key Information

BRIEF HISTORY AND MISSION

Established in 1963 as an international financial institution of Comecon countries

Bank's mission - to promote economic cooperation and development of the economies of Bank's member countries, as well as support their contacts with third parties.

In 2015, the IBEC adopted its new 2016-2020 Resumption and Development Strategy. The Bank is under comprehensive modernization.

MANAGEMENT BODIES

BANK'S COUNCIL

- supreme management body
- consists of representatives of all member countries;
- 1 country - 1 vote

BOARD

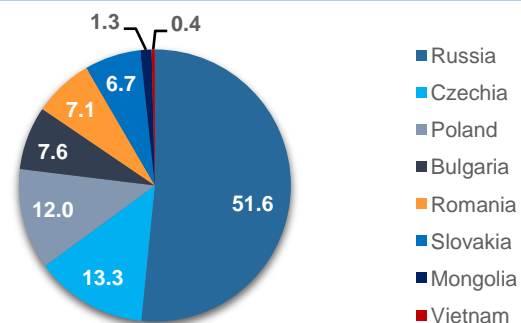
- executive body;
- responsible for direct management of Bank's operating business

EXECUTIVE SUMMARY

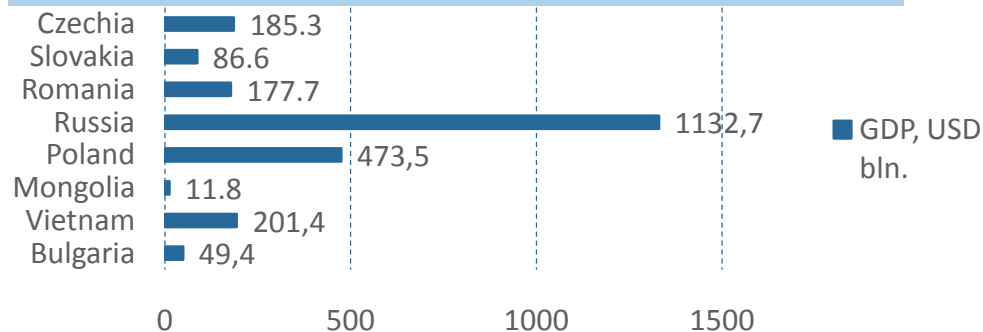
MEMBER COUNTRIES

- Bank's paid-in capital: EUR 200 mln.
- Bank's Member Countries: Russia (51.6%), five EU countries (46.7%) and two Asian countries.
- Bank is headquartered in Moscow.

Shares of Bank's Member Countries in Paid-In Capital, %



GDP of Member Countries in absolute terms (2016)



The Board



JÓZEF BOHDAN



IRINA GOLOVCHENKO
Chairman



JAN JURSA



LIDIA ANCHAKOVSKA



THINH THI HONG



EGIDIU HENTES



GOTOV TSERENPUREV



ROSEN CHOBANOV

Member Countries

The Bank is headquartered in Moscow.

The Bank operates in Russia and all its member countries:

2 Asian countries (Mongolia, Socialist Republic of Vietnam)

5 EU countries (Republic of Bulgaria, Republic of Poland, Romania, Slovak Republic, Czech Republic)

The Bank contemplates extension of its footprint by:

- attracting new member countries;
- establishment of branches or representative offices in Bank's member countries, in particular, looking into the possibility of establishing a branch or a representative office in Vladivostok.



Russian Federation



Czech Republic



Slovak Republic



Romania



Socialist Republic of Vietnam



Republic of Bulgaria



Mongolia



Republic of Poland



IBEC's Positioning in the Member Countries

The IBEC is an intergovernmental institution, which key line of business is:

- Promotion of foreign trade operations among economic entities of the member countries;
- Financial support of SMEs and joint ventures from the Bank's member countries.

With the trade financing and settlement operations being its priority lines of business the IBEC differs from other international banks, which are focused mostly on lending and investment activities.

The IBEC's strengths:

LONG-TERM EXPERIENCE

The IBEC was established in 1963 and has more than 50-years of experience. In this period, the Bank has set up stable links with partners from the Bank's member countries, which enables it to ensure flexible cooperation with them and understand client demands

OPTIMAL TERMS FOR TRANSACTIONING

The constitutional documents authorize the IBEC to conduct all kinds of banking operations, and the Bank will exercise this right for the benefit of its clients and the IBEC's member countries

The key aspects of the Bank's business concept are, inter alia:

- Extension of the Bank's footprint into the Eastern part of the Asian region, where the Bank will unveil opportunities of economic entities from the IBEC member countries in combination with demands of their Asian partners;
- Interest in projects and clients related to renewable "green" energy.

UNIVERSALISM

The Bank has a special tax status enabling it to offer best terms of servicing to its clients. The restrictive measures imposed by the Council of the European Union on financial institutions of the Bank's country of residence - the Russian Federation - do not extend to IBEC's operations

STABLE FINANCIAL POSITION

The Bank's business is profitable, and its financial position is stable. 1998 and 2008 were profitable for the Bank.

INTERNATIONAL INVESTMENT GRADE CREDIT RATING

22 March 2017 Fitch Ratings has assigned the Bank a Long-Term Issuer Default Rating (IDR) of «BBB-» with Stable Outlook and a Short-Term IDR of «F3»

Partners

The IBEC extensively broadens its cooperation with international financial institutions. It develops liaison with the Interstate Bank with which it signed the Cooperation Agreement in respect of cooperation in currency and money markets and has a correspondent account with it.

The IBEC takes an active part in forums, intergovernmental meetings and sessions of working groups of intergovernmental cooperation, such as Russia-Vietnam, Russia-Bulgaria, Russia-Mongolia/

Banking Associations

Participation in banking associations is a method of establishing new relations with prospective partners.

The IBEC is a member of the Association of Russian Banks (ARB), the Banking Association for Central and Eastern Europe (BACEE), the Asian Bankers Association (ABA).

Information about the Bank is published in Bankers Almanac.



Major Lines of Business

Financing and Securing International Trade

- short-term (up to 1 year) and medium-term (up to 3 years) financing
- structured (ECA secured) and long-term (over 3 years) financing
- bilateral and syndicated loans to banks to finance international business of their clients
- guarantee operations

Lending

- syndicated lending
- bank lending programs to support small and medium-sized businesses
- direct lending to end-use borrowers

Transactions

- non-bank and bank customers accounts maintenance
- cross-border payments in freely convertible currencies and currencies of the Bank's member countries
- foreign exchange operations
- time deposits in national currencies of the Bank's member countries
- remote banking services

TAKING INTO ACCOUNT THE INTERESTS OF CLIENTS AND COUNTERPARTIES, THE BANK APPLIES AN INDIVIDUAL APPROACH TO EACH PROJECT.

Trade finance underlying instruments

Short-term (up to 1 year) and medium-term (up to 3 years) financing

1. Pre-export financing
 - the IBEC finances the Exporter. Export earnings shall be covered by ECA and pledged with IBEC;
 - the IBEC finances the Exporter to replenish current assets and bridge cash gaps. Loans shall be secured by ECA;
 - the IBEC confirms red clause L/Cs.
2. Post-export financing
 - the IBEC confirms L/Cs issued by the Importer's bank and provides financing to the Issuing bank;
 - the IBEC provides direct trade related loans to the Importer or to the Importer's bank;
 - the IBEC confirms the L/Cs available by negotiation;
 - the IBEC provides discounting to the Exporter under deferred payment L/Cs;
 - the IBEC provides forfeiting in partnership with forfeiting companies.
3. Post-import financing
 - the IBEC issues/confirmes L/Cs (including deferred payment L/Cs) and provides financing/negotiation.
4. The IBEC issues Independent Reimbursement Undertakings (IRUs) by order of partner banks.
5. The IBEC actively takes part in trade related syndicated loans.

Structured (ECA secured) and long-term (over 3 years) financing

1. The IBEC finances capital intensive projects for business development (contracts for machinery, equipment, manufacturing complexes), investments.

ECA of the Exporter's country provides insurance of the credits against political risks (up to 95 % of losses) and commercial risks (up to 90 % of losses)

ECA's cover helps to attract considerable amounts of long-term funding on favorable terms due to low level of risk for banks. It provides for decreasing of collateral load.

Possible to receive financing for insurance premium.
2. The IBEC finances export of its member countries under state programs of financial and guarantee support for Exporters receiving state guarantees as a collateral.

Guarantee operations

1. The IBEC issues all types of direct guarantees (tender guarantees (bid bonds), performance guarantees, advance payment guarantees, payment guarantees, loan guarantees, bill of exchange guarantees ('aval'), service warranty guarantees, etc.) to counterparties of the clients (including those issued under counter-guarantees of the partner banks).
2. The IBEC issues counter-guarantees.
3. The IBEC issues and confirms Stand-by Letters of Credit as an instrument for receiving the manufacture's (supplier's) credit.
4. The IBEC advises guarantees of the partner banks to the beneficiaries throughout the world.
5. The IBEC confirms authenticity of guarantees issued by its partner banks in favor of the IBEC's clients.
6. The IBEC supplies claims under guarantees to the guarantor banks.

Benefits for customers

Advantages of Trade Financing (TF) and Documentary Operations

1. Favorable rates: interest rates are relatively lower compared with interest rates on traditional direct loans due to low level of risk for banks involved in the transactions. An additional advantage of a bank guarantee is that no funds of the customer or the bank are used. Therefore the interest rates on guarantees are significantly less than interest rates on loans.
2. Increase of liquidity: replenishment of current assets and bridging gaps, excluding or decreasing advance payments to the counterparties, receiving or providing deferred payment conditions. Liquidity risk management.
3. Ability to obtain long-term resources.
4. Compensation for losses.
5. Decrease of collateral load.
6. Possibility to secure the most favorable price for goods and services.
7. Security for contract performance: receiving payment/ goods (services) in accordance with terms and conditions of the contract.
8. Decrease of risks: credit risk, commercial risk, currency exchange risk and country risk.
9. Security for lawful payment, bank control.
10. Expansion of geography of international business. Possibility to implement projects with countries that are characterized by a higher degree of risk and find new market outlets.

Advantages of Cooperation with the IBEC in TF

1. The IBEC supports exporters and importers from the IBEC's member countries and makes it possible to find new market outlets with minimum risk and expenses for clients.
2. The IBEC has established partnerships with major world financial institutions and leading national import-export agencies. Together with extensive experience of the IBEC in syndicated trade related financing it allows clients of the IBEC to attract considerable amounts of funding on most favorable terms and in accordance with the project requirements.
3. The IBEC's substantial equity capital and assets allow it to set high financing terms for borrowers.
4. The IBEC offers its clients and counterparties a wide choice of perfectly structured and timed TF products in EURO, US dollars and local currencies of the IBEC's member countries, competitive interest rates and charges, deferred payments for the IBEC's commissions.
5. Short time decision making is one of the key competitive advantages of the IBEC.
6. The IBEC provides revolving credit lines for clients and counterparties including different types of trade finance and documentary operations into a single agreement with its clients and counterparties. It provides financing for both the pre-shipment and post-shipments periods.
1. Taking into account the interests of clients and counterparties the IBEC applies individual approach to each project, L/C, guarantee, TF transaction structuring: optimizing settlement schemes and minimizing client costs and risks. It provides free of charge consulting to clients, their counterparties and participating banks, assistance in developing contractual terms, presenting professionalism and experience of the IBEC for the benefit of its clients and counterparties.

Realization of the foreign-exchange controlling function

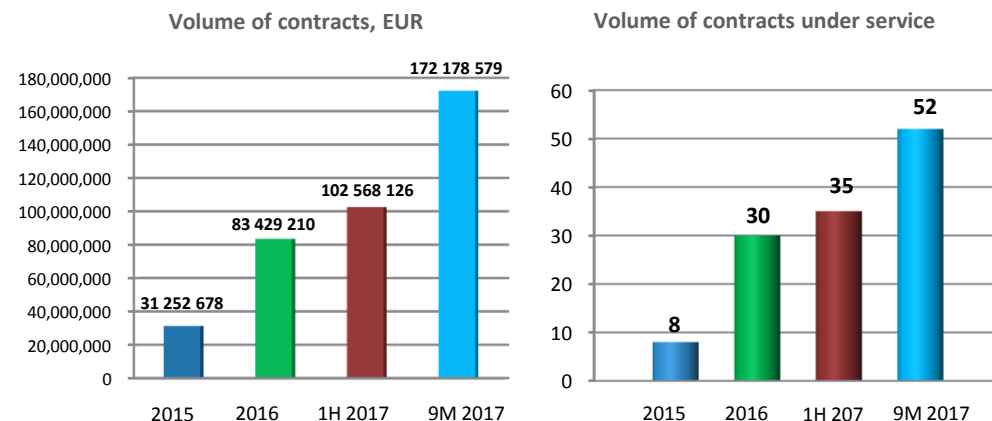
As at the **year-end 2016** the Bank serviced **30 contracts** for a total amount of **EUR 83.43 mln** having in portfolio only **8 contracts** for the total amount of **EUR 31.25 mln** as the year-end 2015.

On **09.03.2017** there has been signed an Agreement with the Central Bank of the Russian Federation for the ensuring of the availability of provision of information within the foreign-exchange control function which was a prerequisite for the provision by the Bank of servicing foreign trade operations of its clients.

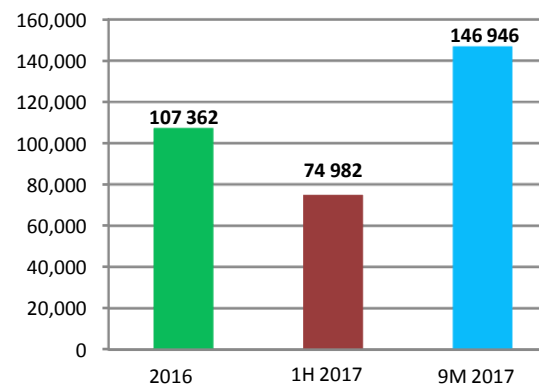
On **28.04.2017** the Customs-Banking foreign-exchange control system complex has been established and successfully tested. It lets the Bank to service the export-import of goods of the residents of the RF, together with accepting contracts from other banks and since **04.05.2017** the service of these transactions is already realized in full.

As at the **June 30, 2017** (end of **1H 2017**) the Bank served 35 contracts for the total amount equal to **EUR 102.6 mln**. As of **9 months 2017** the Bank served **52 contracts** for the total amount equal to **EUR 172.2 mln**.

Servicing of foreign economic contracts allows the Bank to increase fee and commission income for the implementation of the Bank's functions of currency control agent. For 2016, the **commission income** for the implementation of currency controls operations amounted to **EUR 107.4 thousand**, while only as of **9 months 2017** the amount of this commission income reached **EUR 146.9 thousand**.



Commission Income for Currency Control operations, EUR



Lending: Types and conditions

Syndicated loans

The IBEC is interested in close cooperation with leading state and commercial banks to participate in syndicated loans for financial supplying of infrastructure projects for member countries in accordance with the IBEC's Goals.

MAIN CONDITIONS:

1. Maximum amount of credit calculated individually due to the IBEC's limit's for counterparty bank.
2. Short and long-term financing is available.
3. Interest rate is calculated individually.
4. Term of decision making is about two weeks.

PLEDGE REQUIREMENTS:

Direct state guarantee or guarantee of bank with government participation is preferable.

Direct lending

The IBEC can provide an effective financial solutions for credit projects, which grant economic benefits for a member country in accordance with the IBEC's Goals.

Financing of projects, implemented in member countries by residents of those countries is prior for the IBEC.

MAIN CONDITIONS:

1. Maximum amount of credit which may be provided to a single borrower is about EUR 20 million.
2. Short-term (up to 1 year), medium-term (from 1 to 3 years) and long-term (over 3 years) financing is available.
3. Interest rate is calculated individually.
4. Term of decision making is about one month.

PLEDGE REQUIREMENTS:

The whole amount of credit should be fully covered by liquid pledge.

Bank-to-bank lending programs for support of small and medium enterprises

The IBEC is currently developing financial programs, which are targeted to support small and medium sized business for member countries in accordance with the IBEC's Goals.

KEY PRINCIPLES OF THE PROGRAMS:

- Provide the economic subjects with necessary credit funds on terms that suit their needs;
- Close and effective cooperation between the IBEC and local banks of member countries, where support for small and medium businesses is needed.

MAIN CONDITIONS:

Terms and conditions will be various for each member country.

PLEDGE REQUIREMENTS:

Will be developed individually for each program.



Product for support to Joint Ventures, Joint Projects and Contract Manufacturing in the IBEC's member countries «Interaction Synergy: CREATE, INVEST, DEVELOP»

ibec.int

BASIC CONDITIONS

TARGET SEGMENT:

1. **joint ventures** established or operating in one of the IBEC's member countries as foreign-owned organizations involving investments of other IBEC's member country, including small and medium enterprises, which are established in accordance with the laws of the country where they are located, as well as innovative business
2. **joint projects**, the key participants of which are enterprises and/or organizations from the IBEC's member countries, with priority given to the projects implemented as a part of government programs
3. **contract manufacturing**

TYPES AND FORMS OF FINANCIAL SUPPORT:

- Project finance/Investment loans.
- Financing for development of current activity of JV, including for working capital replenishment.
- Bilateral direct lending (incl., loans; non-revolving lines of credit; overdrafts on JV accounts).
- Trade finance (incl., opening of letters of credit (incl. standby letters of credit); provision by the Bank of a loan or deferral of payment/ payment by installments within a transaction on a letter of credit; issue of guarantees or counter-guarantees; issue of sureties by the Bank; finance against insurance or guarantee coverage by ECA; bilateral or syndicated lending to banks, which service a JV.
- Syndicated lending in favor of JV and participants of joint projects.
- Documentary transactions (guarantee transactions beyond trade finance, secured letters of credit, collection) in settlements of JV and participants of joint projects.

FINANCIAL CONDITIONS

- **Currency of financing:** Euro; Russian Ruble; US Dollars; other currencies of the IBEC's member countries.
- **Limit of financing:** up to EUR 20 mln. (inclusive) or an equivalent in other currency of financing.
- **Financing period:** short-term (up to and including 1 year); long-term (up to and including 7 years).
- **Interest rate/other financial conditions:** to be set individually for each particular lending transaction. Fees may be charged in accordance with the Bank's tariff or as set individually.

SETTLEMENT AND CASH SERVICES

- Organization of integrated settlement and cash services using on-line remote banking, involving the opening by the Bank of accounts for JV and JV affiliated enterprises and their principal counterparties, ensuring settlements among them within the Bank during an hour with no additional fees charged by the Bank;
- Effecting of cross-border payments in major world currencies, including in currencies of the Bank's member countries;
- Exchange transactions for JV at the preferential exchange rate;
- Opening of fixed-term deposits for JV in currencies of the Bank's member countries;
- Cancellation of a fee for maintenance of JV accounts opened with the Bank and for opening and maintenance of additional JV accounts after accounts were opened with the Bank by the second affiliated enterprise of JV or by the second counterparty of JV.
- Monthly accrual of interest on the balance of accounts of JV, as well as its affiliated enterprises and their counterparties at the exchange rates set by the Bank.

ADDITIONAL SERVICES

- Assignment of a personal client manager for operating decision on all issues with the Bank.
- Participation of the Bank in search for partners and counterparties for establishment and implementation of day-to-day activities of JV.
- Assistance of the Bank in organization of JV registration procedure.
- Participation of the Bank in the development of the conditions of foreign trade contracts with no additional charge levied when JV makes all settlements under contracts on the accounts opened with the Bank.
- Informing by the Bank all clients with respect to products, works, services of JV, as well as invitation of JV for participation in the events organized by the Bank.
- Provision by the Bank of information and consultancy support in terms of foreign currency control (in accordance with the Russian laws), as well as in selection of counterparties to resolve the issues of patenting, certification, customs and logistic convoy, participation in tendering procedures.
- Provision of assistance by the Bank in selection of independent appraisal companies, independent surveyors, insurance companies, leasing companies, companies dealing with technical audit.
- Participation of the Bank in preparation of business plans under the implemented projects.
- Organization of negotiations with partners in the IBEC's country of residence, including with the participation of the Bank's representatives.
- Provision by the Bank of deferral of payment in payment by JV of services of legal advisers, independent appraisal companies, independent surveyors, insurance companies, companies preparing business plan, companies dealing with technical audit, as part of loan projects implemented with the participation of the Bank or their partial payment by the Bank.
- Possible leasing out of the Bank's premises for placement of JV offices.

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Priorities in lending by sectors of economy

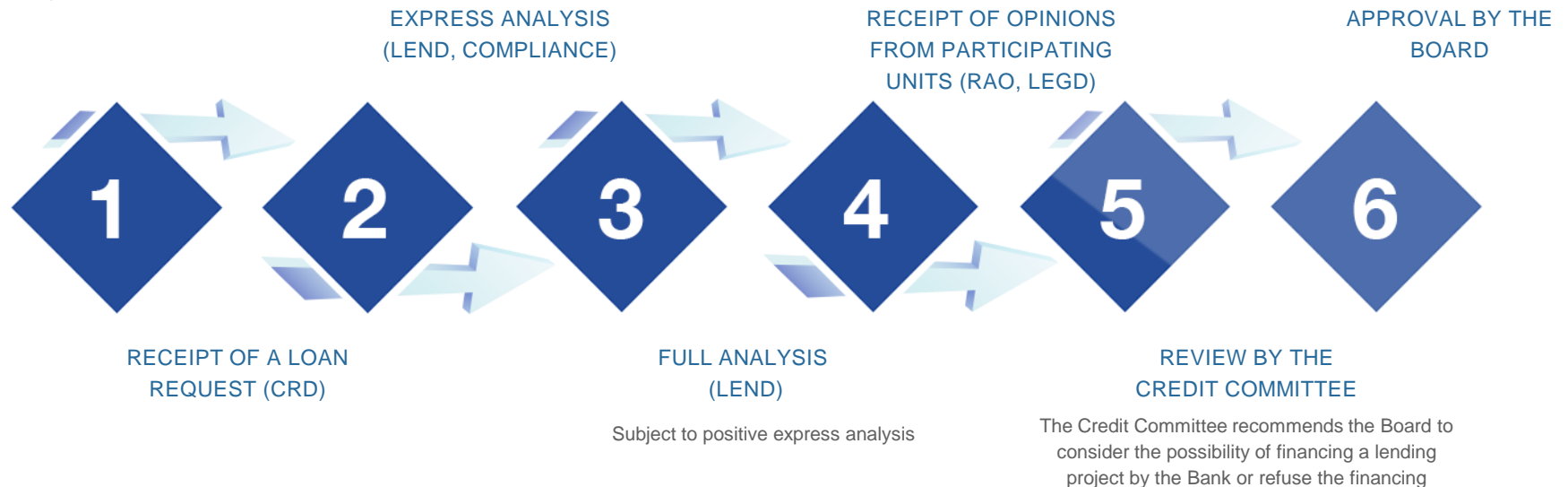
The following are industries of the IBEC's member countries, which are preferred for lending purposes, as based on their development strategies:

- ❑ **Bulgaria:** tourism, agriculture, infrastructure, manufacturing, machine building
- ❑ **Vietnam:** medicine, tourism, manufacturing, transport infrastructure, machine building
- ❑ **Mongolia:** transport infrastructure, agroindustrial complex, health care
- ❑ **Poland:** agriculture, processing industry, tourism, manufacturing
- ❑ **Russia:** manufacturing, agriculture, health care, infrastructure, power industry
- ❑ **Romania:** manufacturing, infrastructure, power industry, health care
- ❑ **Slovakia:** power industry, machine building, transport infrastructure, health care
- ❑ **Czechia:** tourism, power industry, machine building, production infrastructure, pharmaceutical industry

Loan Approval Procedure

PARTICIPATING UNITS:

- Client Relations Department (CRD)
- Lending Department (LenD)
- Risk Analysis Office (RAO)
- Legal Department (LegD)
- Compliance Control



The Bank also conducts the “no objection” procedure, i.e. addressing the head of the delegation of the member country of which the borrower is a resident with a request to confirm that no fundamental objections to the loan extension exist.



Why to choose the IBEC

You are an IBEC peer? Then choose to co-operate with us because:

1. The IBEC is a reliable partner, directly owned by the governments of its member countries;
2. The IBEC is rated BBB- by Fitch, which is an investment grade long-term rating;
3. The IBEC team is professional and quickly responding and open-minded;
4. The IBEC is experienced in its main area of business;

You are a company looking for a quality banking services? Then choose us because:

1. The IBEC applies individual approach to every client;
2. The IBEC could be your advisor in your business initiatives;
3. The IBEC can facilitate your efforts to expand on new markets, using its integration experience, combining the needs of its member-countries;
4. The IBEC can service your needs fully, as its bunch of financial instruments covers the full specter of business needs and as a result lower your expenditures;
5. Short time decision making is one of the key competitive advantages of the IBEC.
6. The well-diversified network of partners, helping the Bank to find the best way for realization of the business operations;



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