



INTERNATIONAL  
INVESTMENT  
BANK

Moscow, Mashki Poryvayevoy st. 7  
Phone: : +36 1 727 8888  
Fax: : +7 (499) 975-20-70  
E-mail: mail@iibbank.com

## **Towards convergence: IIB and IBEC shareholders discussed the future of the banks**

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On September 13, 2018 in Varna (Republic of Bulgaria), the "Summit of 10 countries" - shareholders of the International Investment Bank (IIB) and the International Bank for Economic Cooperation (IBEC) took place. The event sort of became symbolic in the newest history of both financial institutions: the shareholder countries had not met in such a format for over 10 years. Deputy Minister of Finance of the Republic of Bulgaria Marinela Petrova presided at the Summit.

The main topic for discussion at the Summit was the issue of establishing a banking Group on the basis of IIB and IBEC. Nikolay Kosov, Chairman of the Board of the International Investment Bank, and Denis Ivanov, Chairman of the Board of the International Bank for Economic Cooperation, presented the Concept on the Group establishment, financial models of both institutions in the context of the Group and a roadmap for joint activities to launch the integration process, to shareholders countries.

"The implementation of the concept of integration of IIB and IBEC into the Group will significantly increase the return of two banks for countries, improve product and geographical diversification of operations and will provide greater financial effect," said Nikolay Kosov, Chairman of the IIB Management Board, addressing the shareholders.

"The idea of connecting IIB and IBEC via IBEC's membership in the IIB is optimal for all the parties concerned - both banks and their member states - mentioned Denis Ivanov, the IBEC Chairman of Board, - The synergic effect is expected to increase both banks' contribution to member states economies, their profits and efficiency, in addition to having positive impact on their credit ratings, market positioning as well as providing our clients with comprehensive customer service».

The shareholders noted with satisfaction the substantial amount of work done by the banks in preparation for the meeting and agreed that the parallel existence of institutions with similar credit and investment activities, overlapping customer bases and operations areas is no longer appropriate. The sides stressed the need to expand and diversify the interaction between IIB and IBEC through integration, with an understanding that both institutions will retain their legal independence, but at the same time complement each other's functions with a clear division of business profiles.

These provisions are reflected in the "Varna Declaration" which was adopted by the shareholder countries at the end of the Summit. The document instructed the Boards of IIB and IBEC to prepare all the necessary documents for discussion and approval of conceptual decisions on the establishment of a banking Group during a joint meeting of the Board of Governors of the International Investment Bank and the Council of the International Bank for

Economic Cooperation to be held on December 4-7, 2018.

The summit in Varna marked a major step forward in the more than 15-year history of discussions on modernization and the need to intensify the interaction of the two international development institutions.