Eurasian Development Bank

# Annual Report of the Eurasian Development Bank for 2020

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Eurasian Development Bank

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# Letter from the Chairman of the Management Board

**Dear shareholders and partners of the Eurasian Development Bank,**

Last year, 2020, was a time of hardship for all economies around the world. The COVID-19 pandemic forced US to adjust our plans on the fly, solve new problems on short notice and rise to previously unknown challenges.

Amid the general economic downturn, in 2020, the Bank's current investment portfolio (CIP) reached its historic maximum of US $4.4 billion. Its growth was 2.3% compared to 2019. The Bank's balance sheet increased by 4.5%, from US $2.9 billion to US $3 billion. The EDB's net profit for 2020 amounted to US $32.6 million.

The financial stability of the EDB is confirmed by high ratings from rating agencies: Moody's — Baa1 (2 notches higher than the sovereign ratings of Kazakhstan and Russia), Fitch — BBB+ (1 notch higher than Kazakhstan and Russia), Standard & Poor's — BBB (1 notch higher than Kazakhstan and Russia) and ACRA — A– (1 notch higher than Kazakhstan and corresponding to the rating for Russia). National scale ratings are as follows: Fitch — AAA (KAZ), ACRA — AAA (RU). The EDB has made every effort to mitigate the impact of the pandemic on its partners. In particular, for its partners in Belarus, who were in a predicament, the Bank cancelled the increase in interest rates applied for violations of the established financial covenants, provided repayment holidays and also offered debt relief packages to remedy the negative effects of the pandemic. As part of a joint programme with the Russian Export Centre, the Bank provided a loan facility for the supply of ambulance vehicles for the healthcare system of the Republic of Kazakhstan. The EDB announced it was determined to finance projects to establish facilities for vaccine production, including Russia's Sputnik V, in the member states.

In accordance with the Bank's mission, priority was given to the implementation of projects with an integrative effect. As of year-end, the share of such projects in the CIP amounted to 64.3%. The Bank entered into agreements on 18 new projects for US $1.336 billion. We would like to specifically mention the EDB's participation in the implementation of projects that are part of the Europe to Western China transport corridor. This refers to the provision of RUB 6 billion for the construction and operation of individual sections of the Western High-Speed Diameter highway in St. Petersburg, as well as US $135 million for the construction and operation of the Big Almaty Ring Road (BAKAD), for which the EDB was awarded the prestigious PFI Award in the Transport Deal of the Year in Europe category.

In the Russian Federation, the Bank has signed 6 new project agreements for US $282 million, of which 42% of the funds are expected to be funded in Russian rubles. The largest investment project in Russia is the financing of the construction of an industrial gas production plant by Air Liquide Kuzbass LLC on the JSC EVRAZ ZSMK production site in Novokuznetsk.

In the Republic of Kazakhstan, the Bank has signed 8 new project agreements for US $482 million. For most of these contracts, the base currency is the Kazakhstani tenge. The Bank's largest investment was the project for the construction, operation and management of the international airport in the city of Turkestan.

The Bank's investment activity in the Republic of Belarus increased significantly. During 2020, the country's share in the Bank's CIP increased from 10.4% to 21.9%. The Bank signed 4 new project agreements, including the development of the Republic's leading enterprises — JSC Belaruskali and OJSC BELAZ.

The EDB places particular emphasis on supporting green financing. In 2020, the Bank has acquired a share in the authorised capital of the AIFC Green Finance Centre at the Astana International Financial Centre. AIFC acted as the lead manager for the first green bond issue in Kazakhstan and Central Asia, which paved the way for the development of this type of financing in the region. The Bank is also engaged in the green sphere in conjunction with UN organisations. 2020 saw the start of the implementation of new projects funded by the EDB in the field of renewable energy sources (RES): the construction of solar power plants with an installed capacity of 50 MW in the Turkestan Region and 10 MW in the Kyzylorda Region of the Republic of Kazakhstan.

The successful operation of the EDB's clearing and settlement infrastructure (system) in settlements within the Eurasian Economic Union (EAEU) helps to reduce dependence on the currencies and payment systems of third countries. The system mainly focuses on the provision of settlement services for financial institutions, with the EDB acting as a "settlement centre" for second-tier banks in the EAEU states. The EDB's settlement infrastructure allows cross-border payments in national currencies through the Bank's correspondent accounts opened directly with national (central) banks. The system operates successfully given the peculiarities and requirements of the national payment systems of the EAEU countries. As of 1 January 2021, the EDB payment platform had 63 participants from all 6 of the Bank's member states, including commercial banks, exchanges, depositories of the EAEU countries and one international financial institution.

The good timing of, and market demand for, the EDB settlement system is confirmed by the growth in the number of participants and payments in national currencies.

In June 2020, the Fund for Digital Initiatives (FDI) was set up at the Eurasian Development Bank. The purpose of the Fund is to support the establishment of the tools and practices required for the digital transformation of countries, including the integration of information resources and the development of the required digital infrastructure. As of the end of 2020, the FDI already had about 20 projects on its radar. The first one implemented is the mobile app COVID-19 Free Travel, which was successfully tested in early December for use by citizens of Armenia and Belarus crossing the border into the Russian Federation. The app allows visitors' PCR tests to be verified at the interstate level.

Macroeconomic analysis, research and forecasts and analytical support for projects have always been in demand not only by analytical institutions but also by the governments of the member states. In 2020, the Bank began to strengthen its position as a leading analytical centre for Eurasia's economy and economic integration in order to become the go-to authority for the true picture of Eurasian integration, not only in expert communities but also in the public mind within the member states and beyond.

2020 marked the start of a new stage in the Bank's development. We are faced with an ambitious task — to become a driver of Eurasian economic integration through the implementation of end-to-end integration, infrastructure and digitalisation projects. We are working on a new strategy for the EDB, which is to become a verified and reliable benchmark. I am sure that we will share the first successes in this undertaking in the next report.

Nikolai Podguzov
Chairman of the EDB Management Board

# 1

# Investment and Project Activities

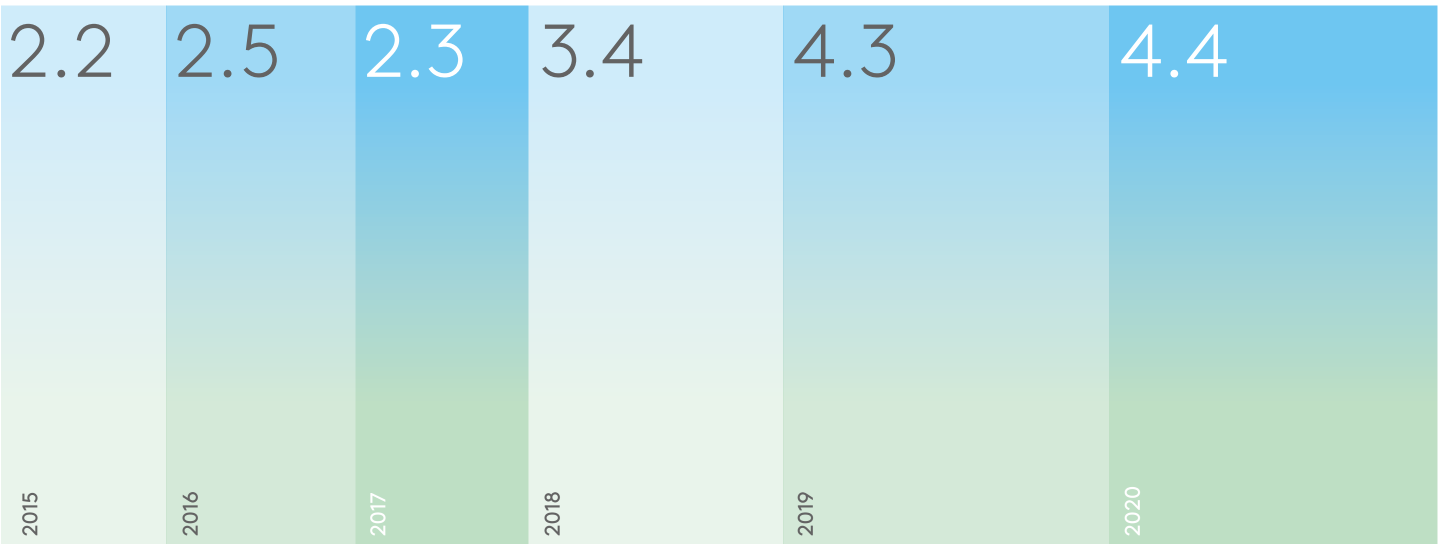
In 2020, the EDB succeeded in meeting the performance benchmarks set by the 2018–2022 Strategy:

| INDICATOR | PLAN 2020 | ACTUAL 2020 |
|---|---|---|
| Current investment portfolio, US $ billions | 3.3 | 4.4 |
| Annual volume of operations, US $ billions | 0.9 | 1.4 |
| Share of projects with an integrative effect,% | At least 50.0 | 64.3 |
| Share of provisions in the balance sheet portfolio,% | 5.0 max | 2.8 |
| Net profit, US $ millions | 31.0 | 32.6 |
| Return on average equity (ROAE),% | 1.80 | 1.74 |
| The Bank's credit rating | 1 rating of the Bank is higher and 1 is the same as the rating for Russia | 2 of the Bank's ratings are higher than the rating for Russia |

The Bank's investment portfolio[1] amounted to US $9,906 million at the end of 2020. In 2020, the increase in the investment portfolio amounted to 11.7% or US $1,041 million.

At the end of 2020, the Bank's CIP[2] amounted to US $4,423 million, while the increase from 2019 was 2.3% (US $101 million).

↓ Current investment portfolio dynamics, US $ billions




[1] Investment portfolio means a set of all financial instruments for projects approved since the Bank's commencement of business, for which financial agreements were entered into and not cancelled before the start of financing.

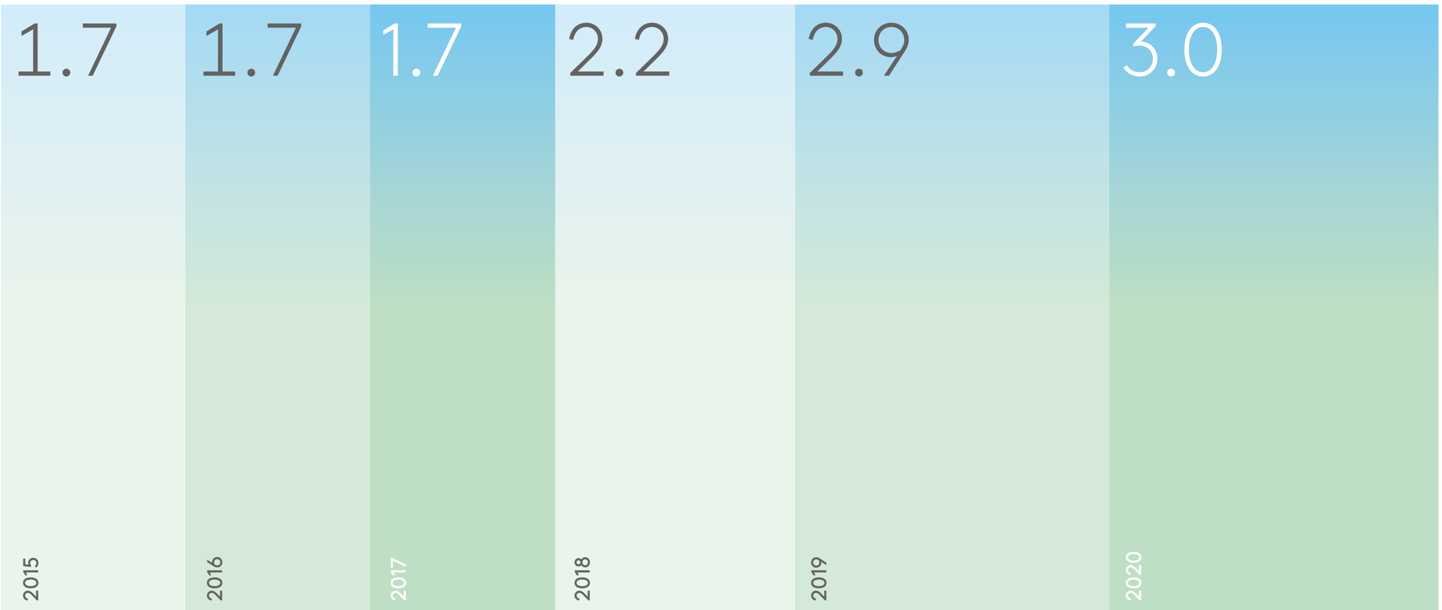
[2] CIP means the amount of disbursed funds that are recognised on the Bank's balance sheet and of the off-balance sheet liabilities for the duly approved projects included in the Bank's investment portfolio, excluding provisions and discounts.

The annual volume of investment operations for 2020 amounted to US $1,416 million.

The actual volume of investment operations for 3 years has exceeded US $4.4 billion, which exceeds the figure envisaged in the Bank's Strategy for the same period by US $1.6 billion. To meet the Bank's Strategy five-year target of US $4.6 billion, only US $0.2 billion of investment operations is required.

↓ Balance sheet portfolio dynamics, US $ billions

The balance sheet portfolio[3] (excluding provisions and discounts) at the end of 2020 amounted to US $2,986 million, while the increase from the results for 2019 was 4.5% (US $129 million).

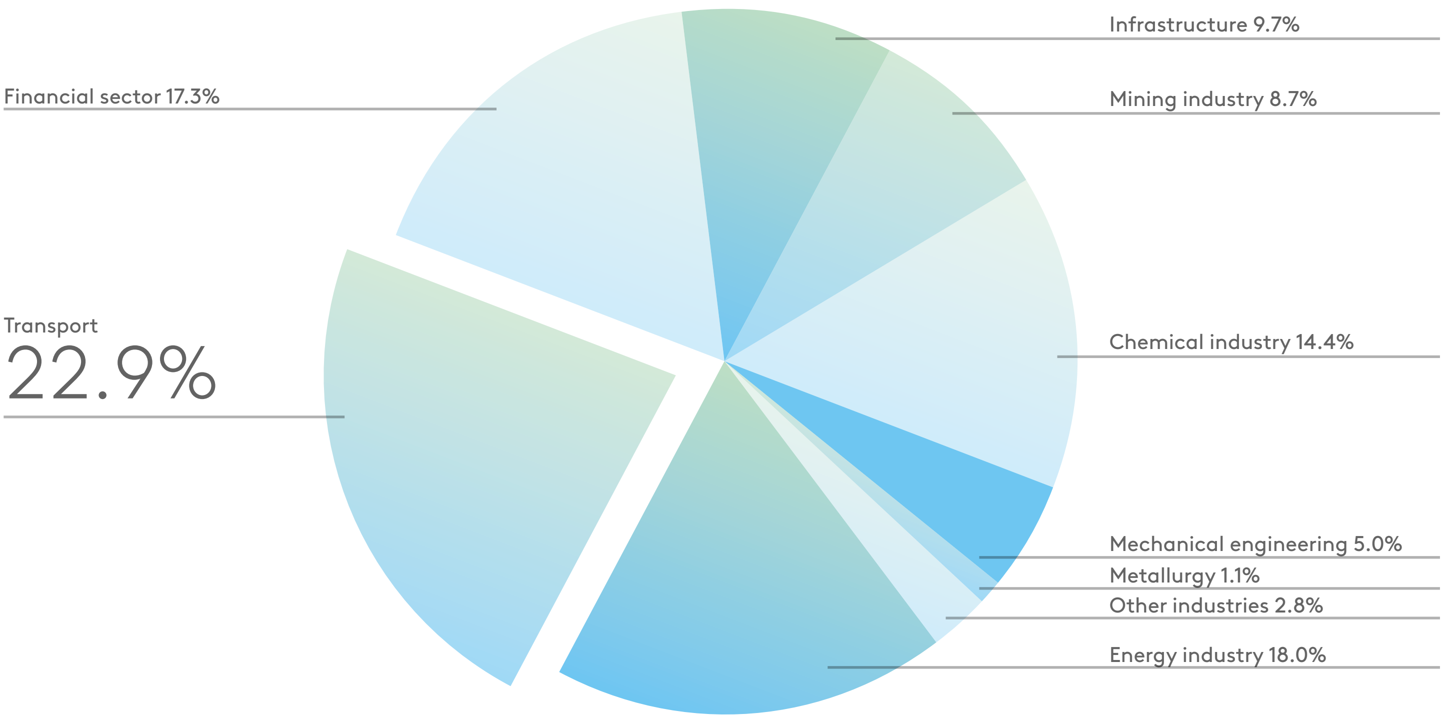



As of the end of 2020, the Bank's CIP included 86 projects in 5 EDB member states. During 2020, the Bank's CIP has increased by 18 new projects, which were included in calculating the figure of the annual volume of investments, including 4 projects implemented through the guarantee instruments.

[3] Balance sheet portfolio means the funds disbursed, outstanding and recognised in the asset accounts of the Bank's balance sheet on loans to customers and banks, as well as investments in debt and equity instruments for projects duly approved by the Bank's boards and included in the investment portfolio.

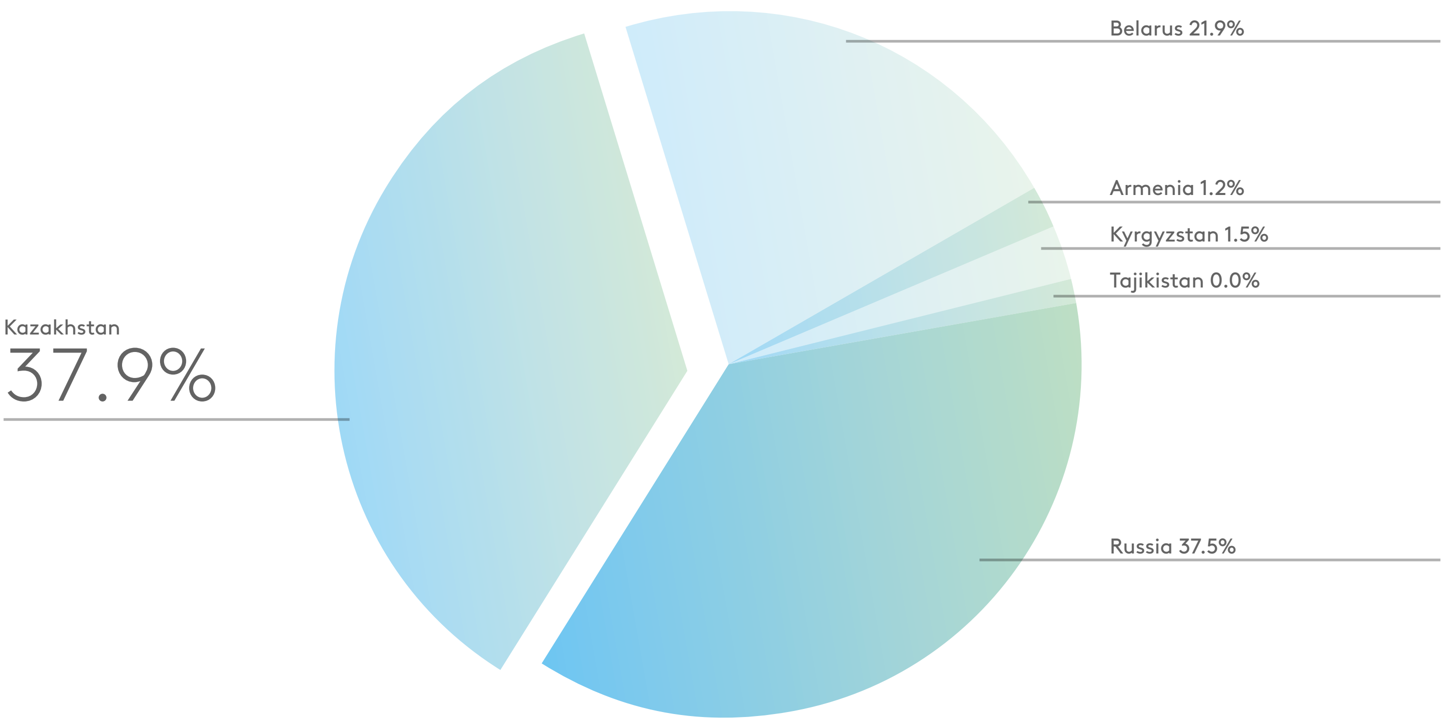
The sectoral composition of the Bank's CIP for 2020 has undergone some changes. The share of projects in the chemical industry has increased from 4.2% to 14.4%, and in transport from 18.9% to 23.0%. The share of projects in infrastructure has decreased from 14.2% to 9.7%, in mining from 12.0% to 8.7%, in the energy sector from 21.1% to 18.0%, in metallurgy from 3.3% to 1.1%, and the financial sector from 18.7% to 17.3%.

↓ Current investment portfolio spread by industry, %




As of the end of 2020, in the country composition of the CIP the largest share was as usual taken by projects in the Russian Federation and the Republic of Kazakhstan.

↓ Current investment portfolio spread by country,%



Projects financed in national currencies accounted for 54.3% of the balance sheet portfolio.

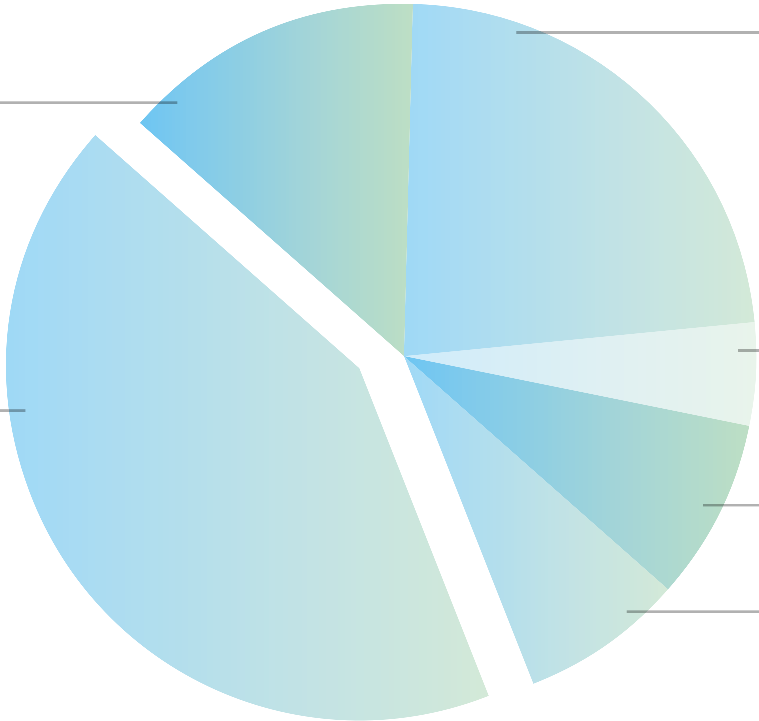
| CURRENCY COMPOSITION OF THE INVESTMENT PORTFOLIO | US $ MILLIONS | % |
|---|---|---|
| RUB | 843 | 28.2% |
| KZT | 778 | 26.0% |
| USD | 324 | 10.9% |
| EUR | 1,042 | 34.9% |
| TOTAL | 2,986 | 100.0% |

As of 31 December 2020, there were 19 projects pending the Bank's approval, with the Bank's participation share amounting to US $1,644 million (pre-approved projects). Upon their implementation, the sectoral composition of the portfolio as a whole will retain its distribution by priority sectors, according to the Bank's Strategy for 2018–2022. The majority of projects in the Bank's portfolio will continue to be in the Russian Federation and the Republic of Kazakhstan.

# Russian Federation

As of 31 December 2020, the Bank's CIP in the Russian Federation amounted to US $1,686 million and included 29 projects in 7 industries. The share of projects financed in the Russian Federation in the Bank's CIP amounted to 37.5%.

↓ Sectoral makeup of the current investment portfolio in the Russian Federation




The currency composition of the investment portfolio is dominated by the national currencies of the member states (the Russian ruble and the Kazakhstani tenge): these currencies account for 70.5% of the portfolio, while the US dollar and Euro account for 29.5%.

| CURRENCY COMPOSITION OF THE INVESTMENT PORTFOLIO | US $ MILLIONS | % |
|---|---|---|
| RUB | 1,145.71 | 69.07% |
| KZT | 23.73 | 1.43% |
| EUR | 384.15 | 23.16% |
| USD | 105.08 | 6.34% |
| TOTAL | 1,658.67 | 100.00% |

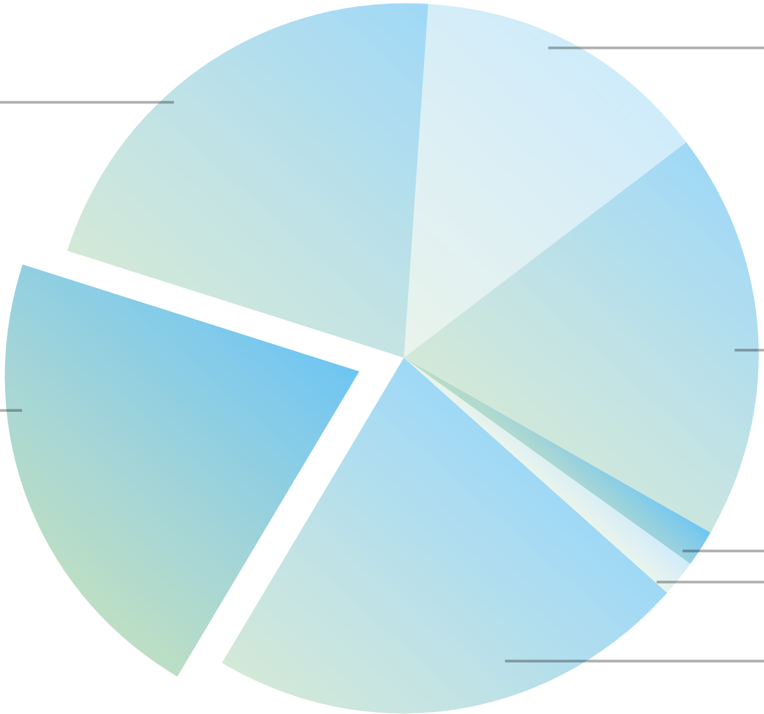
In 2020, the Bank's CIP in the Russian Federation was replenished with the following new projects:

- US $81.1 million financing of OJSC Western High-Speed Diameter for the building and operation of the Western High-Speed Diameter highway as a public-private partnership (PPP);
- US $134.5 million for financing the costs of Air Liquid Kuzbass LLC related to the construction of an industrial gas production plant at the production site of JSC EVRAZ ZSMK in Novokuznetsk, Russian Federation;
- provision of a counter-guarantee for Sibsteklo LLC amounting to US $7.8 million;
- participation in a syndicated loan for PJSC Sovcombank in the amount of US $30.0 million;
- US $14.8 million for financing the costs incurred by PJSC Khimprom in implementing its Renovation and Modernisation investment programme;
- provision of bank guarantees for the companies of the Detsky Mir Group (the Principals) to fulfil the Principals' obligations under real estate lease agreements concluded with lessors in the amount of US $13.5 million.

# Republic of Kazakhstan

As of 31 December 2020, the Bank's CIP in the Republic of Kazakhstan amounted to US $1,675 million and included 34 projects in 8 industries. The share of projects financed in the Republic of Kazakhstan in the composition of the Bank's CIP was 37.9%.

↓ Sectoral makeup of the current investment portfolio in the Republic of Kazakhstan




In the currency composition of the investment portfolio, the national currencies of the member states (the Russian ruble and the Kazakhstani tenge) account for 62.4% of the portfolio, while the US dollar and Euro account for 37.6%.

| CURRENCY COMPOSITION OF THE INVESTMENT PORTFOLIO | US $ MILLIONS | % |
|---|---|---|
| RUB | 212.04 | 12.66% |
| KZT | 833.77 | 49.76% |
| EUR | 276.85 | 16.52% |
| USD | 352.80 | 21.06% |
| TOTAL | 1,675.46 | 100.00% |

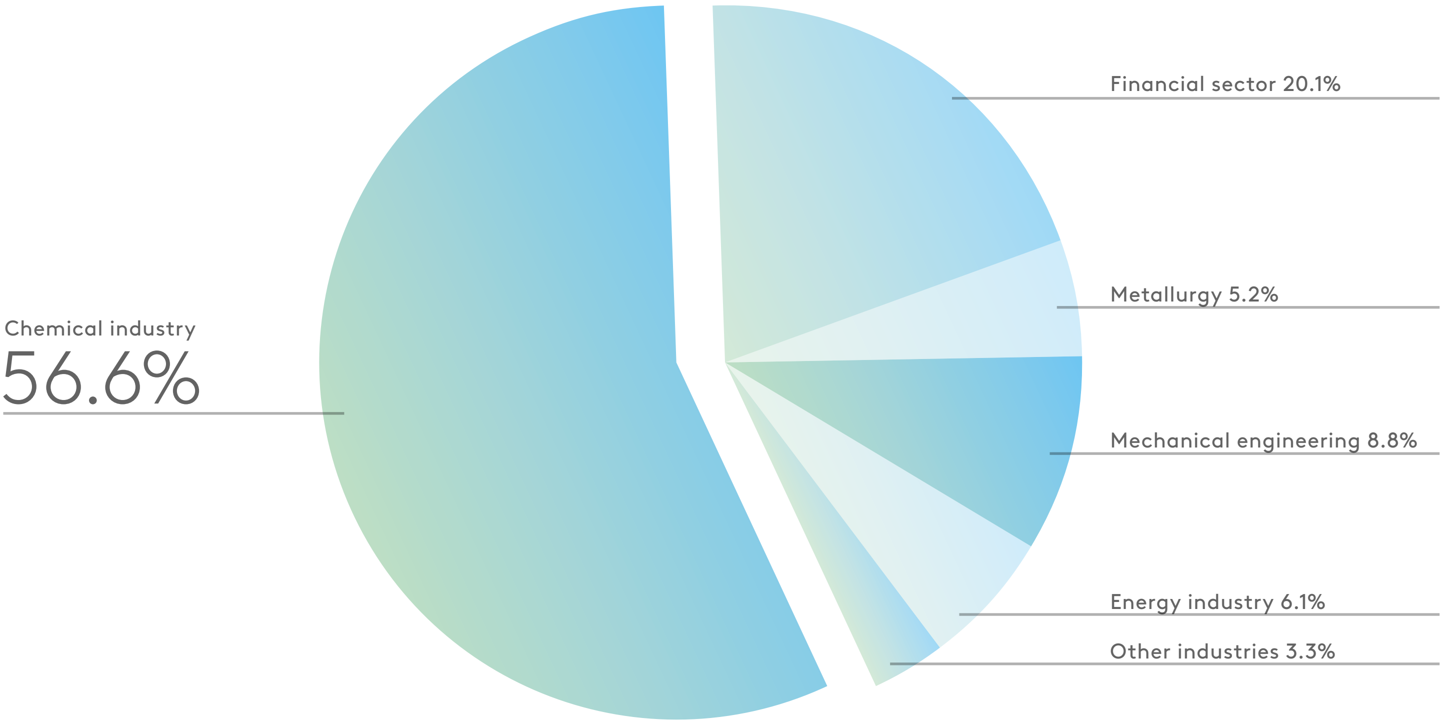
In 2020, the Bank's CIP in the Republic of Kazakhstan was replenished with the following new projects:

- construction and operation of the BAKAD highway in accordance with Law of the Republic of Kazakhstan No. 167-III, dated 7 July 2006, "On Concessions" (BAKAD Investments and Operations LLP) in the amount of US $135.0 million;
- participation in a US $20.6 million bond loan for JSC Kazakhstan Electricity Grid Operating Company;
- construction, operation and management of the Turkestan international airport (TURKISTAN INTERNATIONAL AIRPORT LLP), amounting to US $137.7 million;
- providing US $23.7 million in financing for the acquisition of leased items — ambulance cars under non-revolving loan facilities (JSC Industrial Development Fund);
- participation in the issue of US $40.4 million in government bonds of the Republic of Kazakhstan denominated in Russian rubles and issued in the Russian Federation and the Republic of Kazakhstan;
- construction of a solar power plant with an installed capacity of 50 MW in the Turkestan Region of the Republic of Kazakhstan (KZT Solar LLP) amounting to US $38.6 million;
- provision of US $77.2 million as a non-revolving loan facility to JSC Development Bank of Kazakhstan for financing investment projects;
- construction of a solar power plant with an installed capacity of 10 MW in the Kyzylorda Region of the Republic of Kazakhstan (KHEK-KT LLP) amounting to US $9 million.

# Republic of Belarus

As of 31 December 2020, the Bank's CIP in the Republic of Belarus amounted to US $970.732 million and included 15 projects in 6 industries. The Bank's investment activity in the Republic of Belarus increased significantly. Over 12 months, the country's share in the CIP increased from 10.4% to 21.9%.

↓ Sectoral makeup of the current investment portfolio in the Republic of Belarus




The currency composition of the investment portfolio is as follows:

| CURRENCY COMPOSITION OF THE INVESTMENT PORTFOLIO | US $ MILLIONS | % |
|---|---|---|
| RUB | 31.35 | 3.23% |
| EUR | 783.41 | 80.70% |
| USD | 136.56 | 14.07% |
| TOTAL | 970.73 | 100.00% |

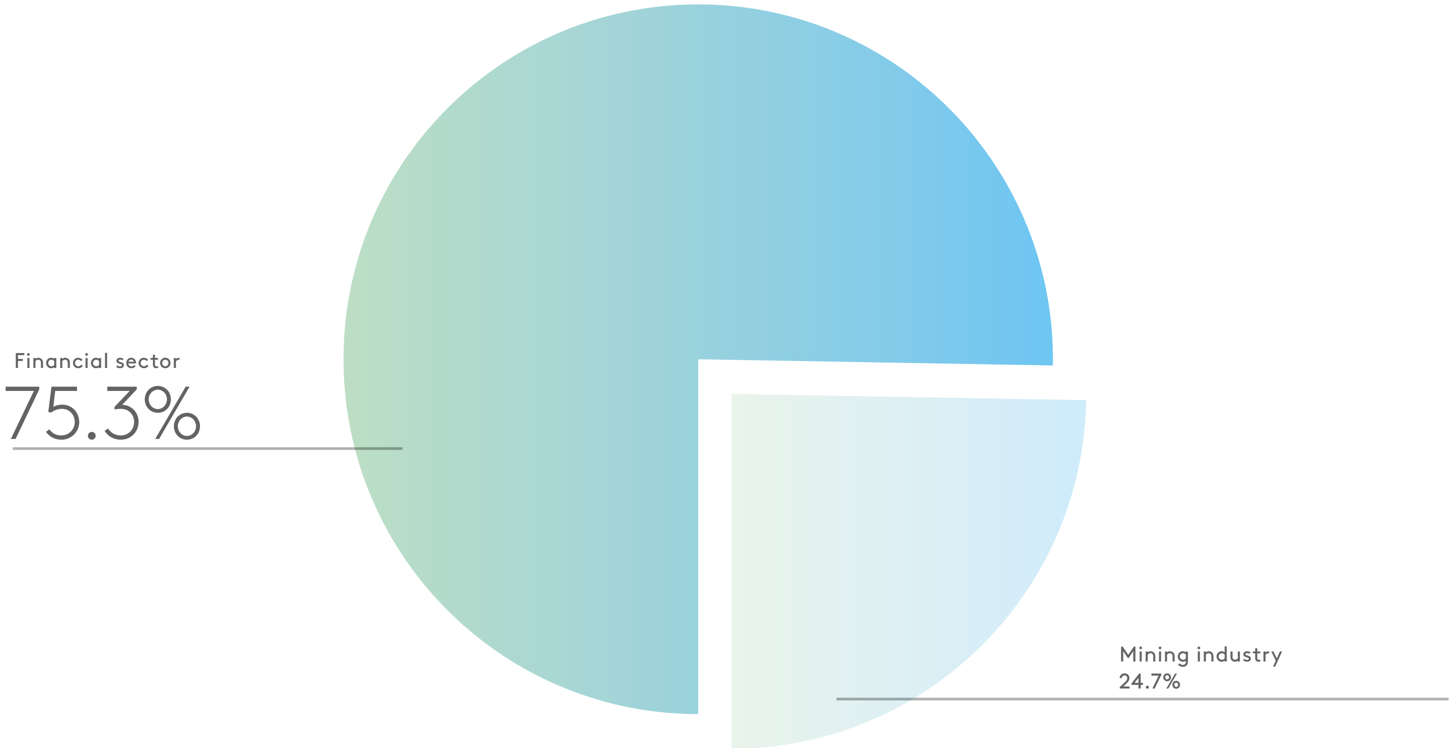
In 2020, the Bank's CIP in the Republic of Belarus was replenished with the following new projects:

- → increasing the EDB's participation in the project Financing the Working Capital and Investment Programme of JSC Belaruskali in the amount of US $440.5 million;
- → setting a revolving limit of US $40 million for the issuance of EDB guarantees issued on behalf of JSC BelVEB Bank;
- → US $49.5 million in financing for the working capital of the Minsk Republican Unitary Electricity Enterprise Minskenergo;
- → provision of a US $42.8 million counter-guarantee for OJSC BELAZ, the management company of BELAZ-HOLDING, to secure the fulfilment of its obligations to Coal India Limited under the contract for the supply, assembly and commissioning of 96 dump trucks.

# Republic of Armenia

As of 31 December 2020, the Bank's CIP in the Republic of Armenia amounted to US $52.96 million and included 4 projects in 2 industries. The share of projects financed in the Republic of Armenia in the composition of the Bank's CIP amounted to 1.2%.

↓ Sectoral makeup of the current investment portfolio in the Republic of Armenia




The currency composition of the investment portfolio is as follows:

| CURRENCY COMPOSITION OF THE INVESTMENT PORTFOLIO | US $ MILLIONS | % |
|---|---|---|
| EUR | 30.56 | 57.71% |
| USD | 22.40 | 42.29% |
| TOTAL | 52.96 | 100.00% |

# Kyrgyz Republic

As of 31 December 2020, the Bank's CIP in the Kyrgyz Republic amounted to US $65 million and included 4 projects in the financial sector. The share of projects financed in the Kyrgyz Republic in the composition of the Bank's CIP amounted to 1.5%. The currency of the financing provided is US dollars.

# 2

# Operations in the Capital Markets

As of 31 December 2020, the Bank's total liabilities amounted to US $3,718 million. Loan from banks amounted to US $784 million (including US $166 million from the New Development Bank and CNY 1.5 billion (US $229 million) from the Export-Import Bank of China (Eximbank). US $763 million are used to fund project and Treasury operations under repo transactions. US $392 million were deposited in customer accounts at the Bank.

In H1, the national capital markets saw high volatility, primarily caused by the foreign policy situation regarding the trade wars between the United States and China, which intensified as a result of the introduction of lockdown measures around the world, as well as after the decline in prices for oil and other global goods. This led to the risk of a liquidity gap in national currencies, the ruble and the tenge. With the introduction of government measures to stabilise the economies, primarily as a result of the timely monetary policy by national regulators, national financial markets maintained balanced dynamics and managed to show resilience to external shocks. In H2 2020, after a decline in the yields on US Treasury notes, there was a rapid return of investor interest in emerging markets, which contributed to a decrease in yields on foreign currency and ruble bonds.

In 2020, the Bank placed 1 issue of bonds in Kazakhstani tenge for KZT 40 billion and 2 issues of exchange-traded bonds in Russian rubles for a total of RUB 15 billion. Also, to maintain current liquidity, the Bank placed 1 issue of short-term bonds denominated in US dollars amounting to US $100 million.

In September 2020, the scheduled redemption of US $500 million in Eurobonds took place.

As of the end of 2020, a total of 10 series of ruble bonds with a total volume of RUB 45 billion were in circulation with listing on PJSC Moscow Exchange; 10 bond issues with a total volume of KZT 200 billion were in circulation on JSC Kazakhstan Stock Exchange; 1 issue of USD-denominated Eurobonds in the amount of US $500 million was listed on the London Stock Exchange; and 1 issue of short-term bonds denominated in US dollars in the volume of US $100 million was listed on the Astana International Exchange.

# 3

# International Operations

In pursuance of its Strategy for 2018–2022, since 2018, the Bank has been providing services to legal entities and banks of the member states to carry out settlements in national currencies using the established clearing and settlement system, which allows payments to be made using national payment systems in domestic formats for transmitting financial messages. In 2020, the EDB became a full participant in the domestic payment system of the Republic of Armenia. Thus, the EDB has the infrastructure for settlement through domestic payment systems using correspondent accounts opened with the central (national) banks of the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation.

In 2020, the Bank was certified under ISO 27001:2013, which covers clearing and settlement services (CSS) for clients using the infrastructure of the central banks of the EDB member states.

As of 31 December 2020, accounts for 63 companies were opened in the area of corporate CSS: 18 companies are residents of the Russian Federation, 44 are residents of the Republic of Kazakhstan, and one is an international financial institution; among the others are 23 organisations that are participants in the Bank's projects. A total of 158 accounts were opened: 107 current (settlement) accounts, 4 collateral accounts and 47 deposits. Account balances are equivalent to US $369 million.

In 2020, the Bank accepted 11 new clients from the Russian Federation and Kazakhstan for settlement services and opened 46 new accounts, including 21 accounts for existing clients. 32 accounts were closed and 7 clients halted settlement services at the Bank.

In 2020, in developing its line of clearing and settlement services for financial institutions and representatives of the stock exchange infrastructure, within which the EDB acts as a "settlement centre" for commercial banks to carry out settlements in national currencies, the Bank entered into agreements for opening loro accounts with 18 commercial banks from all member states. Besides, in 2020, the list of CSS participants for banks was expanded to include two representatives of the stock exchange infrastructure of Belarus and Kazakhstan.

As part of servicing banks and other financial institutions, as of 31 December 2020, 213 loro accounts were opened for 63 participants in all 6 EDB member states: 8 banks in the Republic of Armenia, 8 banks in the Republic of Belarus, 6 banks in the Republic of Kazakhstan, 11 banks in the Kyrgyz Republic, 3 banks of the Republic of Tajikistan, 26 banks of the Russian Federation and 1 IFI. In 2020, two representatives of the stock exchange infrastructure of the EAEU countries became participants in the CSS project: JSC Belarusian Currency and Stock Exchange and JSC Central Securities Depository (Republic of Kazakhstan).

The Bank’s respondents include major financial institutions, such as:

- JSC Belagroprombank, JSC Belinvestbank and JSC Development Bank of the Republic of Belarus (Development Bank) — all partially government-owned banks of the Republic of Belarus;
- OJSC Bank BelVEB and JSC Belgazprombank — subsidiary banks of VEB.RF and PJSC Gazprom, respectively;
- OJSC Aiyl Bank and OJSC RSK Bank, which are controlled by the Kyrgyz Republic;
- CJSC Ardshinbank, CJSC Ameriabank, CJSC Armbusinessbank and CJSC Converse Bank, which are among the top 5 banks in Armenia by loan portfolio volume;
- JSC Gazprombank, JSC Rosbank, PJSC Moscow Credit Bank, JSC All-Russian Bank for Regional Development, JSC Raiffeisenbank, PJSC Bank Saint Petersburg and JSC AKB Novikombank, all of which are among the top 30 Russian banks by assets.

Within the CSS project, the EDB member banks form an increasingly steady stream of payments in national currencies in the EAEU space. During 2020, the bulk of payments made by the EDB respondent banks were made:

- from Armenia to Russia (in Russian rubles);
- from Armenia to Kazakhstan (in Kazakhstani tenge);
- from Belarus to Kazakhstan (in Kazakhstani tenge);
- from Belarus to Russia (in Russian rubles);
- from Kyrgyzstan to Russia (in Russian rubles);
- from Kyrgyzstan to Kazakhstan (in Kazakhstani tenge);
- from Russia to Kazakhstan (in Kazakhstani tenge);
- from Russia to Tajikistan (in Tajikistani somoni);
- from Kazakhstan to Russia (in Russian rubles);
- from Tajikistan to Russia (in Russian rubles).

According to the Bank’s statistics, the Russian ruble and Kazakhstani tenge remain the most popular currencies for settlements.

The geography of payments passing through the EDB infrastructure covers all member states of the Bank.

The good timing of, and market demand for, the EDB settlement platform is confirmed not only by the considerable number of participants but also by the growth rate in the number of payments in the national currencies of the EAEU passing through the EDB settlement system, which has shown a significant increase since the launch of services in Q4 2019.

The EDB continued to be a market maker for national currency pairs on the currency and stock exchanges of the EAEU countries. The bank acts as a provider of liquidity for local currency pairs and an integrator of the stock exchange space.

# 4

# Treasury Operations

The main tasks the EDB set for itself in terms of managing treasury assets in 2020 remain the same:

- → to preserve the fair value of the Bank's equity capital;
- → to maintain the Bank's liquidity at a sufficient level;
- → to diversify investments and ensure a high quality of treasury portfolio management;
- → to mitigate market risks.

As of 31 December 2020, the volume of liquid assets managed by the Bank's Treasury (treasury portfolio) amounted to US $2,634 million. This amount of funds was formed, inter alia, at the expense of funds raised in the capital markets.

| INSTRUMENTS | 31 DEC 2020 | 31 DEC 2019 |
|---|---|---|
| Securities portfolio, including: | 74% | 65% |
| Government securities | 69% | 50% |
| Corporate securities | 21% | 14% |
| Securities of financial institutions and corporate issuers rated A and higher | 8% | 36% |
| Shares | 2% | - |
| Placed deposits | 14% | 21% |
| Reverse REPO | 6% | 13% |
| Correspondent accounts and client money | 5% | 1% |

↑ The asset profile of the Bank's treasury portfolio

In order to increase the portfolio yield, in 2020 the Bank moderately increased the volume of investments in government securities and corporate securities by reducing investments in interbank lending instruments and reverse repo operations. As of the end of the reporting year, the share of corporate securities in the treasury portfolio of securities increased to 21% from 14% at the end of 2019, while the share of government securities increased from 50% at the end of 2019 to 69% at the end of 2020. The share of securities of financial institutions and corporate issuers rated A and higher was 8% at the end of 2020 compared to 36% at the end of 2019, due to active portfolio management.

The currency composition of the treasury portfolio was changed. The share of instruments denominated in Euros was 6% (3% in 2018), of those in Russian rubles and Kazakhstani tenge 10% (22% in 2019) and of those in the Japanese yen 9%. USD-denominated instruments accounted for 74% of the treasury portfolio (76% in 2019).

| CURRENCY | 31 DEC 2020 | 31 DEC 2019 |
|---|---|---|
| US dollar | 74% | 76% |
| Japanese yen | 9% | 0% |
| Euro | 6% | 3% |
| Russian ruble, Kazakhstani tenge | 10% | 22% |
| Other currencies | Less than 1% | Less than 1% |

↑ Currency composition of assets in the treasury portfolio

The share of securities with an investment credit rating of BBB-/Baa3 and above in the securities treasury portfolio was 96%, with a cumulative market value of US $1,868 million. The share of securities with a credit rating of AA- and above was 42% with a cumulative market value of US $810 million.

| RATING LEVEL | 31 DEC 2020 | 31 DEC 2019 |
|---|---|---|
| AA- or higher | 42% | 39% |
| A- to A+ | 10% | 28% |
| BBB- TO BBB+ | 44% | 33% |
| BB- TO BB+ | 4%[4] | 0% |

↑ Securities portfolio composition by issuer rating level

In 2020, the return on the Bank's treasury portfolio was 2.93%.

[4] When compiling the composition of the securities portfolio by issuer rating level, the Bank used the lowest of the available ratings per security from international rating agencies.

# 5

# Research

An important task for the EDB is to perform comprehensive research by studying and forecasting the state of the economies and financial markets of the member states, their investment opportunities, economic sectors, mutual trade and monetary and foreign exchange relations, including the analysis of macroeconomic and financial risks. On this basis, the Bank develops research materials for its stakeholders and other users.

In 2020, expert opinions of specialists from the Research Department (RD), as well as materials published by RD, were cited in the media. During the reporting period, views of the RD materials offered on the Bank's external website exceeded 38,800 (29,600 in 2019).

As part of the First Eurasian Congress, on 4 December 2020, a panel discussion was held at a historically high level, with the participation of chief economists of international financial institutions and development banks, like the European Bank for Reconstruction and Development (EBRD), the European Stability Mechanism (ESM), the Asian Infrastructure Investment Bank (AIIB) and VEB.RF. The topic of the panel session was "What effect will Eurasian economic integration have and what is needed to achieve it?" The results of the discussion were widely covered in the media in the Bank's member states.

The first analytical online video conference between Moscow, Yerevan, Bishkek, Minsk and Nur-Sultan was held by the international news agency Sputnik regarding "The Economics of the EDB Countries in 2021"; it discussed the following issues:

→ what may lie ahead for the EAEU economies in 2021 and when the crisis brought on by the COVID-19 pandemic will end;

→ how business activity and mutual trade will be restored;

→ the situation with household income and unemployment.

It is planned that in 2021 video conferences and webinars will become regular practices in presenting the Bank's public analytics.

# Accumulation and systematisation of information on the EDB member states

To collect, organise and analyse information on the development of the EDB member states, the Bank holds monthly activities based on statistical data and composite leading indicators to prepare macroeconomic assessments, with results available to internal and external users.

On a monthly basis, the Bank issues reviews on deep analysis of economic indicators and short-term forecasts, as well as the measures taken by governments to increase the investment attractiveness and economic growth of the Bank's member states.

Every six months, the Bank draws up mid-term forecasts for the development of the EDB member states. The results are published in the semi-annual EDB Macroeconomic Review. The material is posted on the Bank's website, along with internal sources.

To ensure prompt access of internal users to the accumulated research data on the Bank's member states, the unified database of the EDB, which contains all the research materials released, is systematically updated. The database contains statistics on macroeconomic indicators, economic briefs on member states, industry briefs and reviews, and other materials obtained from external sources.

# Analytical support for the Bank's operations

During 2020, in order to support the Bank's investment activity in improving the adequacy of the industry risk assessment, an independent industry expert evaluation of investment projects and forecasts on the market's development were provided at the request of the Bank's project departments.

Additionally, to provide analytical support for the Bank's operations, the following analytical products were prepared:

- → Macroeconomic Forecasts for 2021: Back to Growth;
- → the special report "Estimation of Non-Observable Economic Variables in EDB Member Countries";
- → the special report "Review of the State of the Coal Industry in the EDB Member States and the Russian Rail Freight Market";
- → the special report "Green Economy: An Analysis of the Best International Practices and Methodologies of MDBs and IFIs in Project Financing;
- → the special report "On the Current Situation in the Oil Market and Its Impact on the Economic Development of the EDB Member States";
- → the special report "Analysis and Forecast of the Impact of COVID-19 on the EDB and the Economies of the Member States";
- → the special report "Direct Investment Fund";
- → the special report "Lending Secured by Intellectual Property";
- → the special report "The Reinsurance Market in the EAEU Countries and International Practices";
- → the special report "The Current State of Public-Private Partnership in the EDB Member States";

- → the special report "Main Trends in the Development of Leasing in the EAEU Space";
- → the special report "Potential Benefits and Costs from the Accession of the Republic of Tajikistan to the EAEU";
- → the EDB programme to provide countercyclical support to the economies of the Bank's member states in the face of the negative impact of external and internal shocks;
- → the informational release "On the Situation in the Financial Market of the Republic of Belarus";
- → the informational release "On the Dynamics of the Main Macroeconomic Indicators of the Republic of Belarus";
- → the informational release "China's Policy to Promote the National Currency";
- → the informational release "On the Response of MDBs and National Banks to COVID-19";
- → the informational release "On the Proposal of the Kyrgyz Republic to Establish a New Development Institution in the EAEU";
- → the informational release "Mutual Trade Between the EAEU Countries in Q1 2020";
- → the informational release "The State of Key Economic Indicators of the Republic of Uzbekistan";
- → the informational release "The State of Key Economic Indicators of St. Petersburg";
- → the informational release "The Analysis of the Dynamics of the Currency Pair Kazakhstani Tenge/Russian Ruble";
- → the informational release "On the Impact on the Republic of Kazakhstan of Uzbekistan's Accession to the WTO if It Joins the EAEU";
- → the informational release "Expert Opinion. The Priorities of Eurasian Economic Integration";
- → informational releases on changes in interest rates in the USA, the eurozone and the Bank's member states;
- → the analytical material "The Impact of Possible US Sanctions on the Economy of the Russian Federation and the EDB";
- → updated country profiles;
- → the analytical material "Lead and Silver: Market Analysis";
- → the UN material "The Vienna Action Programme for Landlocked Developing Countries";
- → materials on the volume and market value of cross-border payment services in the Bank's member states;
- → information to be included in the panda bond prospectus;
- → scenario forecasts of the economic development of the EDB member states;
- → a forecast of commodity market prices;
- → an overview of the legal regulations of the financial market in the Bank's member states;
- → an overview of regulations enacted by the authorities of the Bank's member states;
- → comments on media inquiries about the macroeconomic development of the EDB member states.

# Integration studies

In 2020, the EDB continued to conduct integration research studies with the following reports prepared:

- → Assessment of the Effects of New Members Joining the EDB for the Economies of the Bank's Member States;
- → Key Trends in Armenia's Integration Development;
- → Key Trends in Belarus' Integration Development;
- → Key Trends in Kyrgyzstan's Integration Development;
- → Key Trends in Kazakhstan's Integration Development;
- → Key Trends in Tajikistan's Integration Development;
- → Key Trends in Russia's Integration Development;
- → Eurasian Economic Integration-2020;
- → Economic Effects of Tajikistan's Accession to the Eurasian Economic Union.

# Analytical partnerships

Over the course of the year, the Bank continued to hold regular forecasting rounds together with representatives of central (national) banks, ministries and departments of the Bank's member states, with the EEC's Macroeconomic Policy Department, as well as to interact with government agencies of the EDB member states and research institutes on the conduct of research. The Bank also continued to interact with the media.

# Consulting services

In order to provide technical and consulting support to the Bank's member states, the following technical assistance projects were implemented at the request of the Ministry of Finance of the Kyrgyz Republic:

- → on the topic "International Practices in Assessing Fiscal Risks". The Bank systematised approaches to assessing fiscal risks and built a reliable toolkit for assessing them in the Kyrgyz Republic. Project deliverables were submitted to the Ministry of Finance of the Kyrgyz Republic;
- → the analytical report "International Practices in Assessing Fiscal Risks";
- → a matrix of fiscal risks of the Kyrgyz Republic;
- → a methodology for assessing fiscal risks;
- → recommendations for mitigating the consequences of realised fiscal risks;
- → recording of online seminars held from 16 to 17 December 2020;
- → on the topic "Assessing the Impact of Fiscal Policy on Economic Growth in the EDB Member States".

The Bank developed recommendations for strengthening the capacity of fiscal policy. Project deliverables submitted to the Ministry of Finance of the Kyrgyz Republic included the following:

- → the analytical report "The Impact of Fiscal Policy on Economic Growth in the EDB Member States";
- → the methodology and model for assessing fiscal multipliers based on the example of the Kyrgyz Republic;
- → recording of the online seminar held on 21 December 2020.

The deliverables will be used in the implementation of the Strategy for the Development of the Kyrgyz Republic's Public Finance Management from 2017 to 2025.

# 6

# Risk Management

# Investment portfolio risks

Since 1 January 2018, in order to create provisions for impairment of loans and other financial instruments measured at amortised cost, the Bank has been using the expected credit loss model (ECL model) (IFRS 9, Financial Instruments).

Loans and other financial instruments measured at amortised cost are classified into one of three stages (excluding the collateral factor):

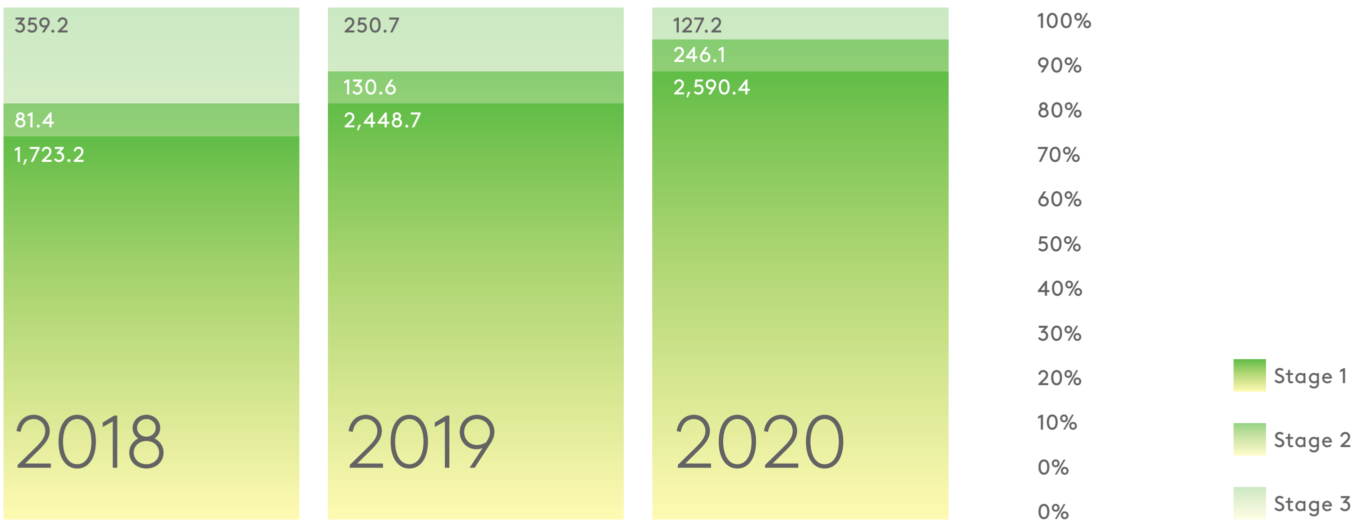
① Stage 1
→ loans and other financial instruments with no signs of a significant increase in credit risk (from the date of their initial recognition), for which the twelve-month expected credit losses are calculated;

② Stage 2
→ loans and other financial instruments which have demonstrated a significant increase in credit risk (since their initial recognition) but which are not credit-impaired, and for which the expected credit losses are calculated for the entire term of loans and other financial instruments;

③ Stage 3
→ loans and other financial instruments for which one or more credit impairment event has occurred (since the initial recognition of such), for which expected credit losses are calculated for the entire term of the loans and other financial instruments.

Loans and other financial instruments are classified by stage once a quarter on an individual basis (changes in credit risk are analysed for each individual loan or other financial instrument).

Information on the dynamics of the Bank's balance sheet portfolio by stages for 2018–2020 is shown in the following chart:




↑ Change in the makeup of the balance sheet by stage, US $ millions

As of the end of 2020, the total amount of loans and other financial instruments in Stage 3 had decreased by US $123.5 million, or almost 50% compared to 2019, which is mainly due to the full, early repayment of the debt of JSC Ekibastuz GRES-2 amounting to US $171.4 million in August 2020. Also, loans provided to OJSC BMZ, the Management Company of BMK Holding (the outstanding debt is US $50.4 million) and SSAP LLP (the outstanding debt is US $7.2 million) were transferred from Stage 2 to Stage 3 in 2020, which is associated with a significant deterioration in the financial condition of the respective borrowers. The share of loans and other financial instruments in Stage 3 at the end of 2020 amounted to 4% (9% at the end of 2019).

As of the end of 2020, there was an increase in the total amount of loans and other financial instruments in Stage 2 by US $115.5 million, or almost 90%, which is associated with an increase in the credit risk of borrowers from the machine-building industry (OJSC KAMAZ and OJSC BELAZ, the Management Company of BELAZ HOLDING), as well as due to a dam break at the construction site of the Beloporozhsky HPPs (Nord Hydro — Bely Porog LLC). The share of loans and other financial instruments in Stage 2 at the end of 2020 amounted to 8% (5% at the end of 2019).

At the end of 2020, the quality of the Bank's investment portfolio remained high: the figure for the indicator "The share of provisions in the balance sheet portfolio" was 2.8% (against the planned figure of 3.2%).

The share of loans and other financial instruments in Stage 1 at the end of 2020 amounted to 87% (86% at the end of 2019).

Other: financial instruments that, in accordance with IFRS 9, are not subject to classification into one of the three stages (they are not financial instruments measured at amortised cost). Their share at the end of 2020 was 1% (1% at the end of 2019).

Additionally, the Bank classifies loans and other financial instruments into one of the five quality categories (taking into account the collateral factor):

① Category 1
→ high-quality projects;
② Category 2
→ good quality projects;
③ Category 3
→ projects of satisfactory quality;
④ Category 4
→ supervised projects;
⑤ Category 5
→ bad projects.

Information on the structure of the Bank's balance sheet by stage and quality category as of 31 December 2020 is shown in the following table:

| US $ MILLIONS | STAGE 1 | STAGE 2 | STAGE 3 | OTHER | TOTAL | SHARE, % |
|---|---|---|---|---|---|---|
| Category 1 | 40.8 | | | | 40.8 | 1% |
| Category 2 | 1,326.1 | | | | 1,326.1 | 45% |
| Category 3 | 1,168.5 | 41.8 | 54.2 | 22.1 | 1,286.6 | 43% |
| Category 4 | 55.0 | 204.3 | 15.9 | | 275.2 | 9% |
| Category 5 | | | 57.1 | | 57.1 | 2% |

Information on the dynamics and distribution of provisions for expected credit losses of the Bank's balance sheet by stage is shown in the following table:

| | BALANCE SHEET PORTFOLIO, US $ MILLIONS | | PROVISIONS, US $ MILLIONS | | SHARE OF PROVISIONS,% | |
|---|---|---|---|---|---|---|
| | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| Stage 1 | 2,590.4 | 2,448.7 | 24.0 | 24.6 | 0.9% | 1.0% |
| Stage 2 | 246.1 | 130.6 | 17.4 | 2.4 | 7.1% | 1.8% |
| Stage 3 | 127.2 | 250.7 | 41.6 | 42.0 | 32.7% | 16.8% |
| Other | 22.1 | 26.7 | Not applicable | Not applicable | Not applicable | Not applicable |
| Total | 2,985.8 | 2,856.7 | 83.1 | 69.0 | 2.8% | 2.4% |

# 7

# Financial Market Operations

In the reporting year, the Bank continued to raise tied financing. It entered into several loan agreements:

- in June 2020, a loan agreement was entered into with a consortium of German banks in the amount of EUR 107.4 million to raise tied financing for the supply of equipment from Germany to Kazakhstan under the insurance of the German export credit agency Euler Hermes;
- in December 2020, the Bank took out a loan from Eximbank amounting to CNY 1.5 billion. The loan funds were used to finance project operations;
- in 2020, the Bank raised RUB 2.1 billion from Eximbank of Russia to finance settlements under export contracts between Russian and Kazakhstani companies.

# 8

# Human Resources

Actual headcount[5] as of 31 December 2020 amounted to 328 persons (the total headcount was[6] 331 persons, of which 34 persons were employed at the EFSD Project Unit).

In total, 57 persons were recruited to the Bank in 2020, including 2 persons to the EFSD Project Unit. Of the total number of hired persons:

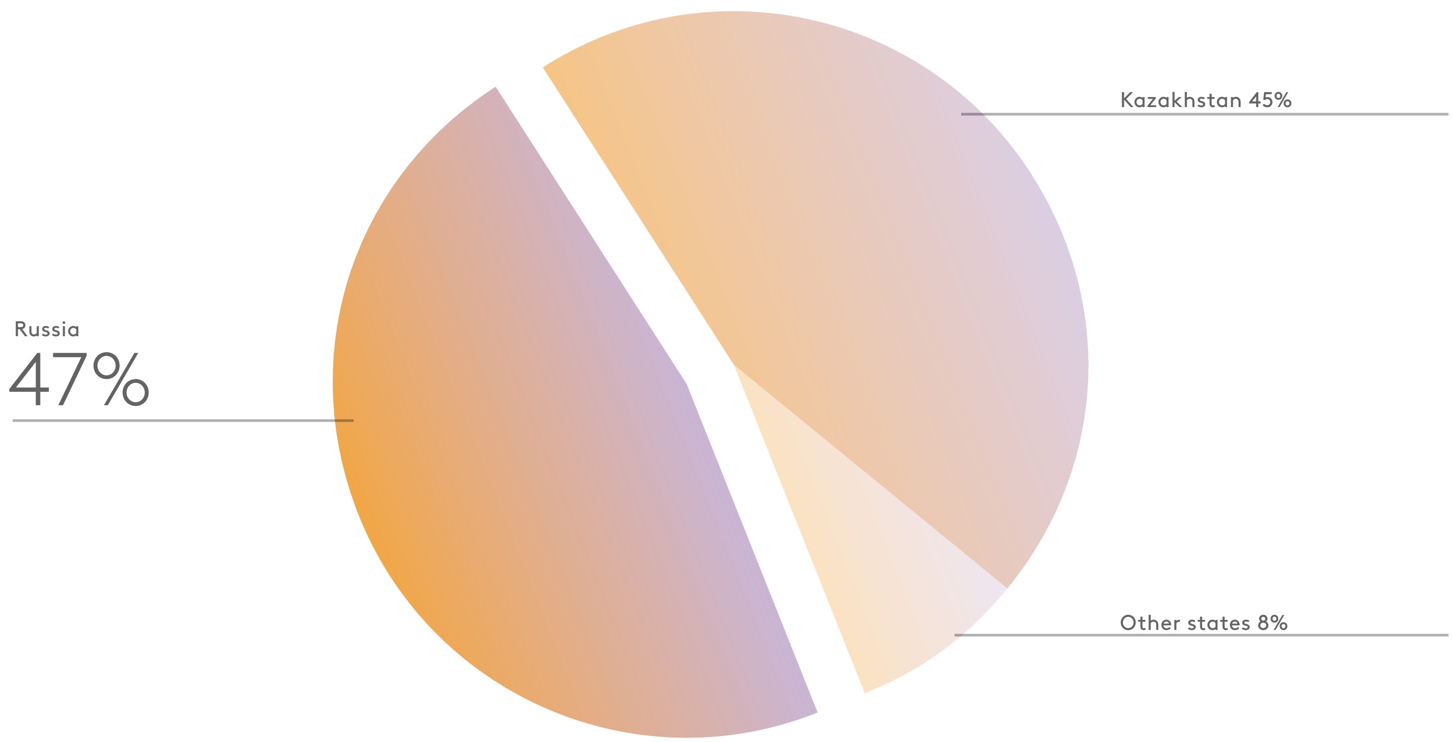
- → 2 studied abroad;
- → 6 have a PhD degree;
- → 8 have professional occupation certificates, of which 5 have international professional certificates;
- → 13 have work experience in international organisations;
- → 3 have worked abroad;
- → 36 speak English.

The employment of 36 employees was terminated (including 2 employees of the EFSD Project Unit). The staff turnover rate[7] was 3%.

The average employee age is 41 years.

The indicators for the nationality and gender of the Bank's staff are presented below.

↓ Nationality of the Bank's employees as of 31 December 2020

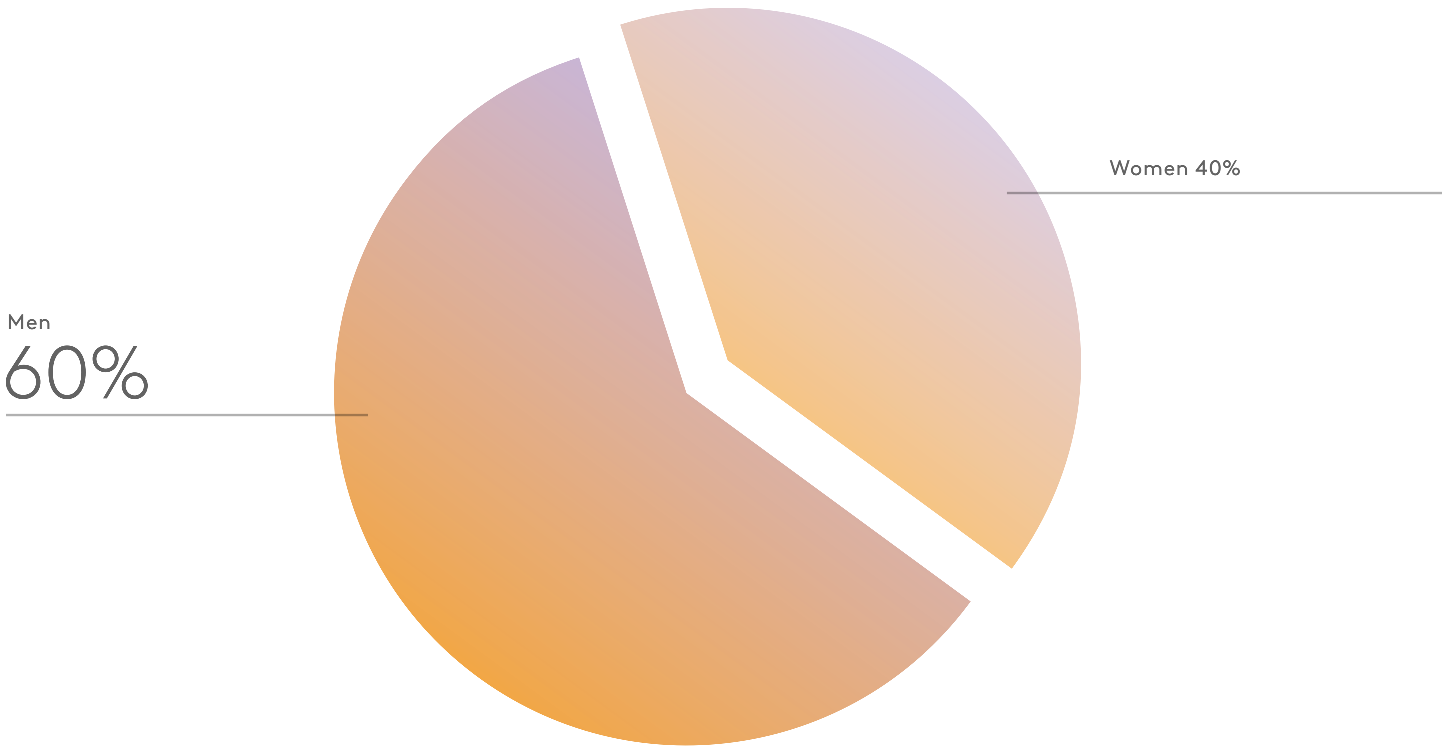



[5] Actual manpower (headcount) means the number of staffed positions at the end of the reporting period. Actual manpower does not include employees working under employment replacement contracts.

[6] The total headcount includes, inter alia, employees dismissed on the last working day of the reporting period.

[7] Job leavers were taken into account.

Over 2020, large-scale work was carried out to update the internal regulations (by-laws) for personnel management; 29 by-laws of the Human Resources Support Service were updated before 31 December 2020.




↑ Gender composition of the Bank's employees as of 31 December 2020

In 2020, as part of the performance management system, the Bank performed 3 standard cycles for setting and assessing the achievement of its goals: an annual assessment of the implementation of key performance indicators (KPIs) for 2019, setting goals for 2020 and an assessment of the achievement of KPIs based on the results of H1 2020. As part of the semi-annual assessment stage, the performance results of 282 employees were approved. According to the assessment results, only 1% of employees had a KPI achievement rate of less than 80%.

At the end of 2020, with the aim of encouraging the best employees and strengthening corporate values, the following corporate awards were granted: 1 manager in the category Manager of the Year (middle managers); 4 employees in the category Manager of the Year (junior managers); 7 employees in the Employee of the Year category. The team of employees who worked at the Headquarters for Emergency Situations and Recovery of the Bank's Operations to ensure the continuity of the Bank's critical business processes during the pandemic was awarded the corporate team award For Effective Cross-Functional Interaction.

As part of the implementation of the Personnel Training Plan and at the request of individual departments, training was arranged on Public-Private Partnerships (PPPs), credit analysis, the presentation of financial information and a new training course titled The Effective Manager was launched to support the managerial competencies of the Bank's managers. To adapt employees to new remote-work regimes, an online workshop titled The Virtual Leader was held. In order to exchange professional expertise, internal sessions were held with the involvement of employees as internal trainers.

In 2020, 6 individuals took part in the internship programme at the Bank. Internships were arranged in different divisions of the Bank, including Project Divisions, the Financial Lending Division, the Analytical Department and the EDB Representative Office in Yerevan.

In Q4, the Human Resources Support Service organised the project December Together to increase employee engagement and team spirit in the context of the pandemic. The project was implemented with almost no financial costs. As part of the project, various team-building activities were arranged on the newly created online platform. The project had a positive impact on the group atmosphere, team cohesion and strengthening of interaction during the pandemic.

# 9

# Establishment of the Bank as a Recognised International Development Institution

In 2020, the Bank continued its cooperation with international financial institutions, international organisations and specialised UN agencies aimed at solving urgent problems in the economic development of the Bank's member states.

The Bank took part in the implementation of 2 UNDP projects: Capacity Building for Sustainable Development of Finance in the CIS Region and Sustainable Cities for Low-Carbon Development.

The Bank participated in the activities of the following working groups and organisations:

→ The Advisory Committee on Financial Markets under the EEC Board;

→ The Subcommittee on Payment and Settlement Systems and Technologies of the Russian Union of Industrialists and Entrepreneurs;

→ The Scientific Council of the Russian Academy of Sciences on Complex Problems of Eurasian Economic Integration, Modernisation, Competitiveness and Sustainable Development;

→ A high-level working group on settlement mechanisms in national currencies and the procedure for transferring import duties to the income of the EAEU member states using the EDB clearing and settlement system;

→ A high-level working group on central and local government procurement in the EAEU member states;

→ An expert group on the development of PPP mechanisms within the EAEU under the Advisory Committee for Entrepreneurship under the EEC Board;

→ The working group on the development of proposals for the establishment of an institution for the development and support of the EAEU;

→ A high-level working group for developing proposals on the de-dollarisation of settlements made in mutual trade within the EAEU;

→ A task meeting of members of the Foreign Investors Council with the President of the Republic of Kazakhstan;

→ A working group of international development institutions on environmental and social standards;

→ A working group for considering significant integration projects in the field of transport and infrastructure;

→ The Financial Market Development Council of the Federation Council of the Federal Assembly of the Russian Federation;

→ The EAEU Industrial Policy Council.

The Bank's management took part in the meetings of the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, the EEC Council, the Council of CIS Heads of Governments and the CIS Economic Council.

The Bank's representatives took part in a number of international forums and conferences held by specialised UN agencies (the WB, UNDP, UNEP, FAO, UNESCAP, UNECE, SPECA), where they spoke on sustainable development, industrialisation, overcoming the consequences of the coronavirus pandemic, regional integration and interaction between international development banks and international organisations.

In December 2020, a Memorandum of Understanding was signed with the United Nations Development Programme.

Cooperation between the EDB and the EEC in the field of research and analytical activities was in active development.

The EDB's cooperation with leading international and national financial institutions developed further:

- → in March 2020, the Chairman of the Management Board spoke at the plenary session of the International Economic Forum of the CIS Member States;
- → in April 2020, representatives of the EDB took part in a meeting of the Supervisory Board of the Financial and Banking Association of Euro-Asian Cooperation;
- → in June 2020, a Memorandum of Cooperation was signed with the International Bank for Economic Cooperation;
- → in October 2020, the Chairman of the Management Board spoke at a meeting of the Shanghai Cooperation Organisation Interbank Consortium;
- → in October 2020, a delegation of the Bank took part in the annual meetings of the IMF and the World Bank;
- → in December 2020, a Memorandum of Cooperation was signed between the EDB, VEB.RF, JSC Development Bank of Kazakhstan and JSC Development Bank of the Republic of Belarus;
- → in December 2020, a letter of intent was signed on cooperation in relation to joint investments in the infrastructure of the EAEU countries between the EDB and VTB Group represented by VTB Infrastructure Holding.

As part of the development of joint project operations with other IFIs, in 2020, the EDB transferred to the International Investment Bank portions of the previously issued mezzanine (subordinated) loan for the project to construct the Central Ring Road of the Moscow Region, start-up facilities (construction stage) No. 3.

In August 2020, a syndicate of lenders comprising the EDB, EBRD and the Islamic Development Bank began financing the construction of the Big Almaty Ring Road (BAKAD).

Over the year, the EFSD implemented joint investment projects with the ADB and WB in Armenia and Kyrgyzstan.

As part of the EDB's monitoring of the investment operations of multilateral development banks in the CIS region in 2020, the Bank prepared 4 quarterly reviews of such IDB operations.

Guided by the main priorities of the EDB on international cooperation and the current Regulations of Accession to EDB, the Bank held consultations with a number of countries that expressed interest in the Bank in terms of establishing cooperation and possible accession, including Hungary, Uzbekistan and Moldova.

In December 2020, the Bank received a letter from the Deputy Prime Minister, Minister of Finance of Hungary with an official expression of Hungary's interest to begin preliminary consultations on its accession to the EDB.

The Bank organised and held the First Eurasian Congress, partly in-person and partly online. In total, 1,831 participants were registered, including heads of ministries and departments, national development institutions, companies, representatives of international organisations, the academic and business communities of the Bank's member states, foreign researchers and experts, of which 631 took part in person.

The Congress comprised a plenary session opened with a speech by Russian Prime Minister Mikhail Mishustin, and panel discussions such as: Panel of the Main Economists and International Financial Institutions; Digital Eurasia: A New Growth Strategy; End-to-end Integration Projects; Towards Greater Eurasia Through the Association of States, Businesses and People; Cross-border Infrastructure and the Formation of End-to-end Value Chains; The Common Financial Market: Opportunities and Risks.

# 10

## Adherence to the Principles of Social and Environmental Responsibility

# Promoting sustainable development

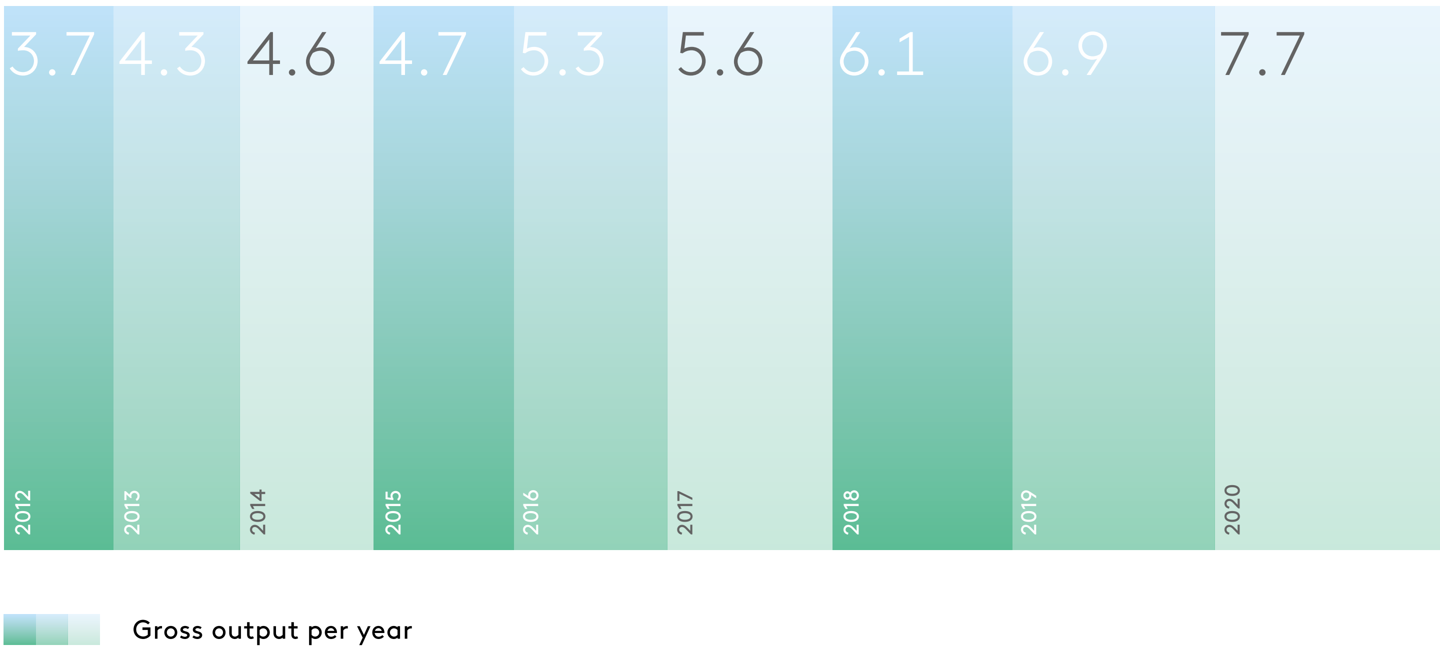
One of the Bank's priority goals is the sustainable economic growth of its member states, which has a positive impact on people's quality of life and the state of the environment and increases the efficiency with which natural resources are used. To achieve this goal, the EDB focuses on financing projects with a strong integrative effect, on national development projects, as well as on green projects.

As part of the achievement of its green financing objectives, over the past year, the Bank has financed projects aimed at improving energy efficiency and developing renewable sources of energy. Also, the Bank is a member of the Working Group of International Development Institutions on Environmental and Social Standards, actively cooperates with the UNDP on the implementation of technical assistance projects — Sustainable Cities for Low-Carbon Development and Reducing the Risks of Investing in Renewable Energy Sources.

The Bank takes special care to build cooperation with anchor clients, that is, large companies, which enables the Bank to fill systemically important niches in priority sectors of the economies of its member states.

The projects implemented with the Bank's participation have a significant socio-economic effect, amounting to about US $7.7 billion per year in the form of gross output in various economic sectors of the Bank's member states.

↓ Track record of the gross output under the projects financed by the EDB, US $ billions




These Bank's activities lead to stable growth in production, increased employment and income levels among the citizenry, increased budget efficiency, improved environmental conditions and the sustainable development of the economies of the member states as a whole.

It is important to note that the implementation of EDB-financed projects in the member states results in the creation of permanent jobs and increased tax and other payments to state and local budgets. According to the Bank's estimates, as a result of the implementation of EDB-financed projects in the member states, about 29,600 permanent jobs have been or will be created in the near future. The average annual volume of tax and other payments to state and local budgets may amount to US $1,192 million.

↓ Socio-economic indicators of the Bank's activity (cumulative since 2007)

| INDICATOR | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|
| New jobs, thousands | 22.9 | 22.6 | 23.4 | 26.6 | 28.0 | 28.3 | 29.6 |
| Budget payments per year, US $ millions | 881 | 884 | 906 | 955 | 978 | 1,057 | 1,192 |

# Infrastructure development projects

The EDB sees its key role as that of a development institution in the implementation of infrastructure investment projects, primarily because of the substantial multiplier effect of such investments. In 2020, the Bank continued to finance projects contributing to the creation of the Western Europe to Western China international transport corridor, which would help to unlock the integration potential in the Eurasian space, improve the transport connectivity of the regions and increase the stability and safety of the transport system. In particular, the EDB participates in the implementation of PPP projects for the construction of the Central Ring Road of the Moscow Region and the Western High-Speed Diameter in St. Petersburg (Russia) (US $81 million). The Bank entered into agreements and started financing the construction and operation of the BAKAD highway (Kazakhstan) (US $135 million).

The project Construction, Operation and Management of the Turkestan International Airport (US $137.7 million), funded by the EDB, contributes to the development of the transport infrastructure of the Republic of Kazakhstan.

# Regional development projects

In January 2020, the Bank provided US $20.6 million in financing to JSC KEGOC (Republic of Kazakhstan) for the implementation of the investment programme projects: Reconstruction of 220–500 kV Overhead Lines of the Subsidiaries of JSC KEGOC; Aktyubinskie MES; Sarbaiskie MES; Zapadnye MES; and Strengthening the Electrical Power System of the Western Zone of the UES of Kazakhstan, the Construction of Power Grid Facilities. The project for the reconstruction of 220–500 kV overhead lines is meant to ensure the reliability of the power lines, the main indicator of which is the uninterrupted supply of power to large industrial facilities, residential areas and other vital facilities. Most of the industrial facilities are significant in their region, serving as town-forming enterprises. The second project will create conditions for the development of the economy of the West Kazakhstan, Atyrau and Mangystau regions of the Republic of Kazakhstan, ensuring the stability of electricity supplies to consumers.

The EDB also started financing (US $49.5 million) the Republican Unitary Enterprise Minskenergo (Republic of Belarus) with the aim of implementing a project to create reserve capacities (300 MW) for the prompt supply of electricity to the grid in the event of emergency situations or peak loads in accordance with the set of measures for integrating the Belarusian NPP into the unified national grid.

# Social impact projects

As part of the fight to overcome the COVID-19 pandemic, the EDB provided financing in the amount of US $23.7 million to JSC Industrial Development Fund (Republic of Kazakhstan) for the purpose of acquiring leased items — ambulances. The project promotes the development of healthcare and social infrastructure and also contributes to the development of communities through the preservation of public health.

Projects for the provision of dedicated credit lines to financial institutions are among those prioritised as per the Bank's Strategy for 2018–2022. The implementation of such projects has a positive social impact through lending to small and medium-sized businesses. The projects can contribute to the development of sectors of the real economy, the creation of jobs and an increase in tax revenues for the treasury as part of the creation of new — and the expansion of existing — production facilities of sub-borrowers.

In 2020, a surety was provided to OJSC Belvnesheconombank (US $40 million) for trade finance purposes, and to JSC Development Bank of Kazakhstan for the implementation of investment projects in the Republic of Kazakhstan. The EDB continued to provide tranches under previously signed agreements with borrowers in the Russian Federation, the Republic of Kazakhstan, the Republic of Belarus, the Republic of Armenia and the Kyrgyz Republic.

The EDB's participation in the issuance of government bonds of the Republic of Kazakhstan provides financing for the state budget, allowing budget financing programmes to be implemented (US $40.4 million), including those related to the fight to overcome the COVID-19 pandemic.

# Green economy projects

In 2020, the Bank focused on projects for the development of renewable energy sources. The EDB is successfully implementing the Renewable Energy Project Financing Programme approved by the Bank's Council, which provides financing for a total capacity of up to 500 MW in the Bank's member states of up to US $600 million. If all projects are implemented, they are expected to reduce $CO_2$ emissions by at least 500 thousand tonnes per year.

In 2020, the Bank financed the construction of solar power plants in the Republic of Kazakhstan, with an installed capacity of 50 MW in the Turkestan Region and 10 MW in the Kyzylorda Region. The total amount of the Bank's financing exceeded US $47 million.

The project for the construction of an industrial gas production plant on the production site of JSC EVRAZ ZSMK in Novokuznetsk, Russian Federation (US $134.8 million) can also be considered green financing). The project will increase the energy efficiency of production by 30%, thus raising the overall level of environmental friendliness of EVRAZ's production process in Novokuznetsk. This will contribute to the achievement of EVRAZ's goal of reducing $CO_2$ emissions into the atmosphere as per the national environmental programme Clean Air implemented at EVRAZ ZSMK (the reduction of harmful emissions into the atmosphere by 20% by 2024 from 2017 levels).

In June 2020, the Bank became a shareholder of AIFC Green Finance Centre, Ltd. established on the site of the Astana International Financial Centre in order to develop green finance in the Republic of Kazakhstan and the other Central Asian countries. Participation in the financing of AIFC Green Finance Centre, Ltd., specialising in green finance projects and verification of green instruments should help the Bank become an active player in the emerging green finance market in Central Asia, offer new financial products and instruments, benefit from green finance research and external green bond reviews, have the proposed investment projects verified and monitored and build its green finance capacity in terms of raising awareness among potential consumers of green finances. The Bank's vigorous activity in the field of green finance and the formation of a pool of green projects will increase the ratings and recognition of the EDB among international financial leaders and will contribute to cooperation with specialised institutions focused on funding green projects, in order to reduce the ultimate rate for the clients.

# Promotion of integration processes

In 2020, the Bank continued to consistently implement the Bank's Strategy, in which one of the most important tasks is to focus on financing projects with a strong integrative effect. The result of this active work was an increase in the share of integration projects in the Bank's CIP to 64%, which exceeded the target result by 14%.

In 2020, the Bank entered into several agreements on projects with an integrative effect. One of the projects is being implemented by JSC Belaruskali in the Republic of Belarus. It involves the import of raw and other materials from the Bank's member states (mainly the Russian Federation) the cost of which amounts to about US $110 million annually.

The projects for the construction of solar power plants in Kazakhstan form another striking example of integrative financing. The projects provide for an increase in mutual investments by the direct participation of Hevel Group enterprises (Russian Federation) in at least 20% of the project budget (about US $12 million). The projects also envisage the supply of Russian equipment (photovoltaic modules, inverter stations, support structures, etc.) and services (construction and installation work, commissioning, etc.) amounting to about US $17 million.

The Bank continued its cooperation with OJSC BELAZ, a major manufacturer of mining vehicles. In the process of implementing a project for the export of 96 dump trucks, the purchase of raw and other materials from Russia is planned. The total volume of mutual trade that the project involves is estimated at US $141 million.

The investment projects are analysed according to a system of indicators of their effect on sustainable development, effect on the development of the market economy and of their integrative effect for the EDB member states. The analysis assesses cross-border effects, volumes of mutual investments and mutual trade. According to the Bank, the EDB's investment portfolio as of 31 December 2020 had the potential to create about US $4.3 billion in mutual trade flows per year. The volume of mutual investments secured by the projects implemented by the Bank amounted to US $1,947 million.

# Environmental and social responsibility

The key principle of the Bank's investment policy is to take responsibility for the impact that EDB-financed projects have on society, the environment, the quality of life of the people and, ultimately, on the sustainable development of the economies of the Bank's member states. The Bank's investments are intended to ensure an increase in the standard of living and employment and an improvement of social conditions.

The implementation of the Bank's investment projects should not lead to a deterioration of the environment (especially in a trans-border context) or of living or working conditions or create threats to public health. When making financing decisions, the Bank takes the potential environmental and social impact of investment projects into account. Taking into consideration the scale and nature of the environmental and social impact of the investment project, the Bank determines the requirements for borrowers to manage such impact and monitors compliance with these requirements, including in the field of labour protection, industrial safety and environmental protection, taking public opinion into account. This assessment is carried out at the pre-project stage of work. As a result, all projects financed by the Bank comply with national environmental laws and international law.

The Bank classifies projects based on the nature of their potential environmental and social impact in order to determine what further procedures are required to take full account of the environmental and social factors. The Bank distinguishes four categories of projects: "A", "B", "C" and "FI".

Category "A". Projects with a potentially significant, multifaceted and irreversible adverse environmental and social impact.

Category "B". Projects with a potentially significant adverse local environmental and social impact, which is usually reversible and/or can be prevented.

Category "C". Projects with minimal or no adverse environmental and social impact.

Category “FI”. Projects involving the allocation of debt and/or equity financing for lending or otherwise financing sub-borrowers, as well as for leasing property to sub-borrowers.

| CATEGORY | A | B | C | FI |
|---|---|---|---|---|
| QUANTITY | 5 | 4 | 3 | 6 |

↑ Structure of the 2020 projects by category

Projects classified as Category A, for example, the construction of the BAKAD and Western High-Speed Diameter highways, will solve the transport problems of the regions through the creation of socially significant highways and considerably improve the environmental situation in Almaty and St. Petersburg by unloading traffic flows.

In increasing its social and environmental responsibility, the Bank is guided by its Environmental and Social Responsibility Policy. The Bank does not finance investment projects that result in a significant deterioration of the environment, social conditions of work or the lives of the people. Nor does the Bank finance socially dangerous activities, including projects involving the distribution of alcohol or tobacco products, forced or child labour, gambling, the production of weapons and ammunition or their trade, or activities prohibited by the laws of the member states or international treaties related to the protection of biological diversity, resources and cultural heritage.

The Bank has continued to participate in the Working Group of International Development Institutions on Environmental and Social Standards, which is a platform for the exchange of experience in the field of environmental and social responsibility meant to develop best practices. Participation in this Group has allowed the Bank to improve its efforts in reducing environmental and social risks, establish cooperation with other development institutions and improve interaction at the working level, including the preparation and implementation of joint projects.

# 11

# Fund Management of the Eurasian Fund for Stabilization and Development

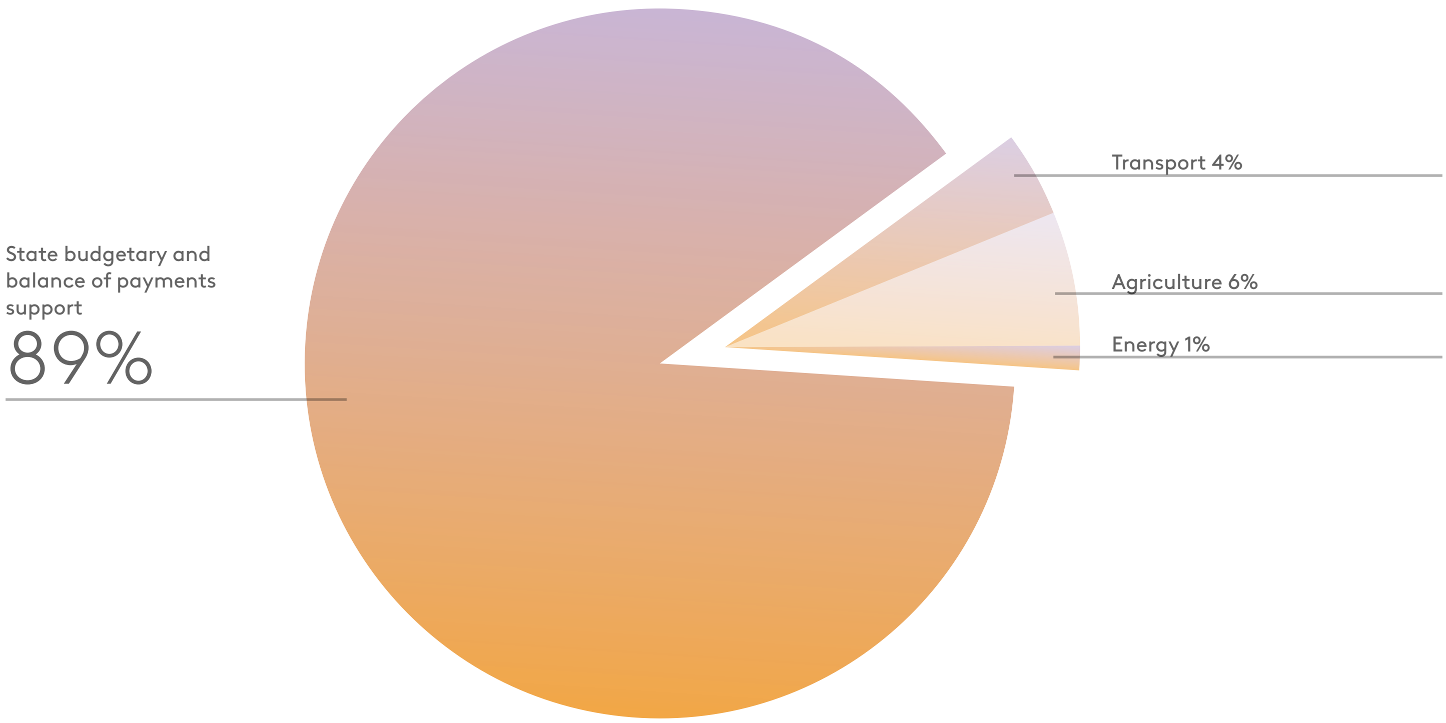
The Eurasian Fund for Stabilization and Development (EFSD, the Fund) is a regional financial arrangement of the global financial security system[8]. In 2020, the volume of the EFSD reached US $9.4 billion. The monetary resources are owned by Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Russia and Tajikistan. The member states administer the Fund through:

- → the EFSD Council, comprised of the finance ministers of the member states;
- → the Expert Council, comprised of departmental heads of the ministries of finance of the member states;
- → the Eurasian Development Bank as the Manager of the Fund;
- → the member states use the Fund's monetary resources and expertise to solve the problems of macro-stabilisation, carry out institutional and structural reforms and finance development projects. The EFSD provides sovereign financing in the form of:
  - ↳ financial loans to support the budget and/or balance of payments;
  - ↳ investment loans for the implementation of state infrastructure projects;
  - ↳ grants to support government projects in socially significant sectors.

The EFSD closely cooperates with international financial institutions in accordance with the principles of interaction between the IMF and the regional financial arrangements of the G20 and UN Sustainable Development Goal 17 — Partnerships for Sustainable Development.

As of 31 December 2020, the accumulated portfolio of EFSD projects amounted to US $5,978.6 million and included 25 programmes and projects. The majority (89% of the portfolio) are programmes supported by financial loans in line with the Fund's role as a regional financial mechanism.

[8] The global financial security net includes 4 levels: The International Monetary Fund, regional financial arrangements (EFSD, European Stability Mechanism, Chiang Mai Multilateral Initiative, Latin American Reserve Fund, BRICS Contingent Reserve Arrangement, Arab Monetary Fund), bilateral swap lines between countries and national reserves.



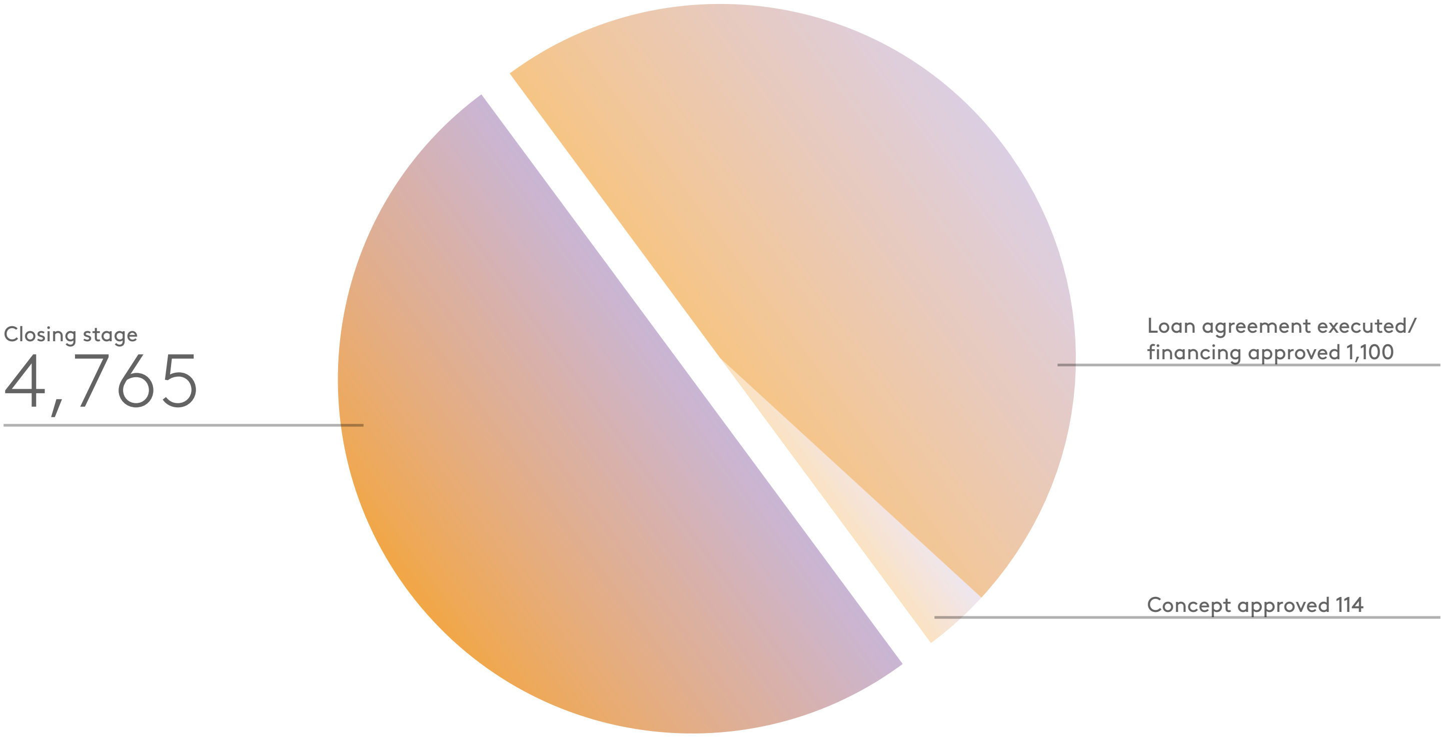

↑ EFSD portfolio makeup by industry, %

In 2020, to support programmes to counter the impact of the COVID-19 pandemic on the economy and the financial and social sectors, the Fund Council approved the extension of financial loans to the Republic of Belarus, the Republic of Tajikistan and the Kyrgyz Republic; however, resources were provided only to the budgets of the first two countries. The monetary funds provided to the Republic of Belarus and the Republic of Tajikistan amounted to US $500 million and US $50 million, respectively. The EFSD Council also announced an extraordinary competitive selection of projects in the health sector to combat and respond to the consequences of COVID-19 for the EFSD member states to provide grant funding. As a result, the Manager, together with the Republic of Armenia and the Republic of Tajikistan, is working out the financing conditions for the project Increasing Preparedness for the COVID-19 Pandemic in the Republic of Armenia: Detecting and Responding to the Threat Posed by the Coronavirus in the amount of US $3 million and the project Mobile Diagnostics of COVID-19 in the Republic of Tajikistan in the amount of US $3 million.

The results of the second competitive selection for the provision of grants to finance projects in social spheres were summed up as usual. The Manager, together with the Republic of Armenia, is working out the conditions for financing 2 projects — Electronic Job Market (US $0.5 million) and Energy Efficient Regions (US $1.7 million).

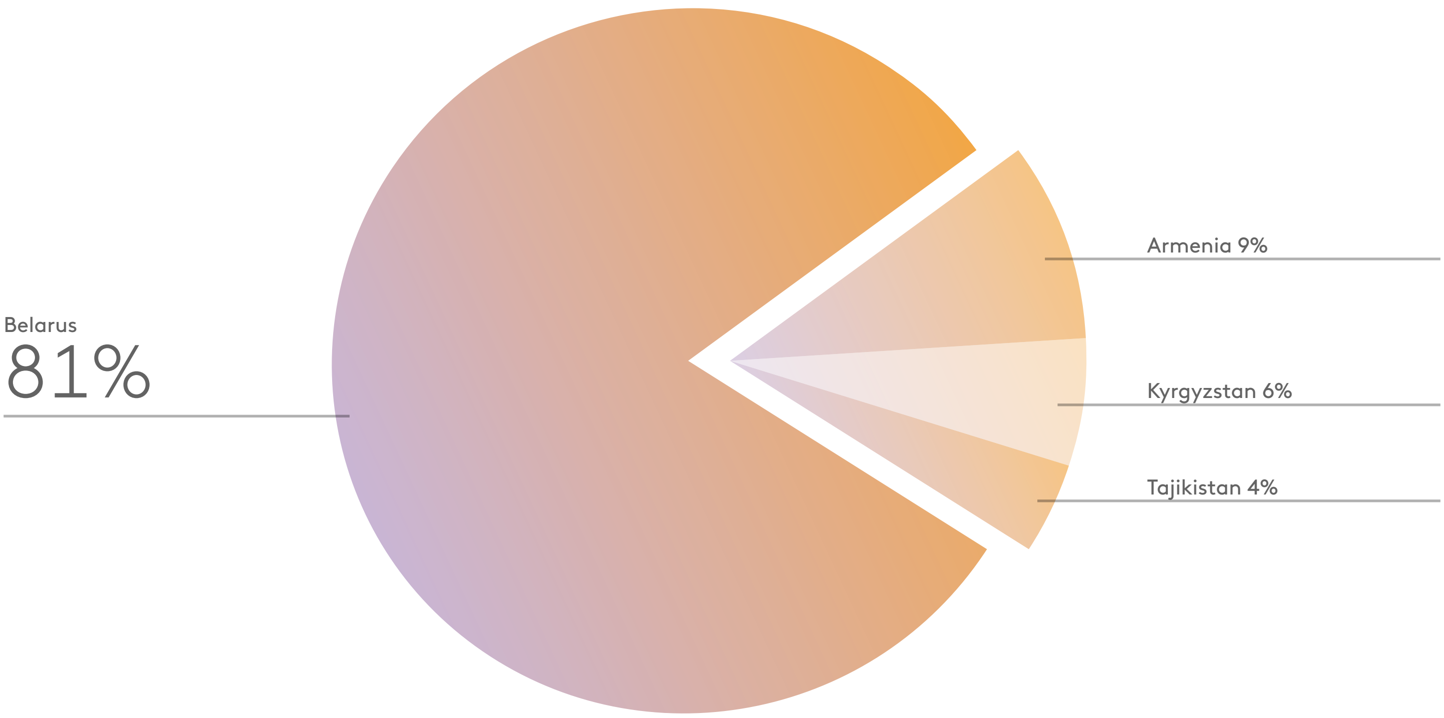
In terms of investment projects, at the end of the year, the EFSD Council approved the concept of the project Supporting the Potential of Irrigated Agriculture in the Republic of Tajikistan, presented by the Republic of Tajikistan, with the proposed financing in the form of a US $30 million EFSD investment loan.

In total, in the course of implementing the EFSD programmes and projects for the reporting year, the issuances reached US $573 million, of which US $550 million took the form of financial loans, and US $23 million was in investment loans.




As a result, the portfolio of projects in Kyrgyzstan reached US $388 million, in Armenia US $516 million, in Tajikistan US $132 million.

↑ Status of EFSD projects as of 31 December 2020, US $ millions




↑ Geographical spread of EFSD projects

# Financial loans

## Republic of Belarus

On 9 October 2020, the EFSD Council approved the provision of US $500 million in budgetary support for the Republic of Belarus. On 16 October, the Manager transferred the monetary funds to the country in full. The financial loan was provided for a period of up to 10 years with a grace period of up to 5 years at a floating interest rate, which is defined as the average yield of Russian Eurobonds in US dollars for a period of 7 years.

The financial loan from the EFSD's funds is aimed at supporting the budget of the Republic of Belarus in the face of the negative consequences of the COVID-19 pandemic. The programme of the Government and the National Bank of the Republic of Belarus to counter the impact of COVID-19 on the economy, financial and social sector, contained in the application of the country's authorities for a financial loan, in addition to measures to support the healthcare system and the people, also provides for the implementation of prudent macroeconomic policies, including the consolidation of non-priority budget expenditures, optimisation of tax benefits, the continuation of the policy to ensure market mechanisms for the formation of the exchange rate and interest rates. Together, all these measures are aimed at strengthening the debt sustainability of Belarus.

On 29 December 2020, the EFSD Council took into consideration the Manager's final report on the implementation of the Reform Programme supported by the EFSD financial loan, which was implemented from 2016 to 2019.

## Republic of Tajikistan

On 6 April 2020, the EFSD Council took into consideration the Manager's Final Report on the results of the implementation of the Reform Programme supported by the EFSD financial loan to the Republic of Tajikistan.

On 31 July 2020, the EFSD Council made a decision to extend a financial loan to the Republic of Tajikistan to support the budget in the amount of US $50 million to support the implementation of the Action Programme by the Government and the National Bank of the country to counter the impact of the COVID-19 pandemic on the economy and the financial and social sectors.

On 2 November 2020, the Manager fully transferred a financial loan of US $50 million of the EFSD's funds to the Republic of Tajikistan. The funds were provided for a period of up to 20 years with a grace period of up to 10 years at a fixed interest rate of 1% per annum. In the first year of credit provision, the rate will be more preferential and will amount to 0.25% per annum. The financial loan is aimed at supporting the budget of the Republic of Tajikistan in the face of the negative consequences of the COVID-19 pandemic. The Programme of the Government and the National Bank of Tajikistan to counter the impact of COVID-19 on the economy and the financial and social sector, contained in the application of the country's authorities for a financial loan, in addition to measures to support the healthcare system and the people, provides for the implementation of prudent macroeconomic policies, including the reduction of non-priority budgetary expenditures in favour of spending on education, healthcare and social protection of people in 2021. It also provides for the pursuit of a balanced monetary policy aimed at stimulating economic growth while limiting price increases to no more than the target and ensuring the stability of the financial sector.

# Kyrgyz Republic

On 7 August 2020, the EFSD Council made a decision to provide the Kyrgyz Republic with a financial loan of US $100 million to support the implementation of the Action Programme of the Government and the National Bank aimed at countering the impact of the COVID-19 pandemic on the economy and the financial and social sectors. On 12 August, the Manager and the Kyrgyz Republic signed an agreement on the extension of a financial loan from the EFSD's funds. The agreement entered into force on 2 October; however, on 15 October, due to the aggravation of the internal political situation in the country, the Manager decided to suspend its right to take out the financial loan.

On 31 December 2020, the Manager cancelled the unspent credit limit due to the end of the availability period of the financial loan to the Kyrgyz Republic in the amount of US $100 million to support the implementation of the Action Programme by the Government and the National Bank of the country to counter the impact of the COVID-19 pandemic on the economy and the financial and social sectors.

# Republic of Armenia

During the reporting period, the Manager continued post-programme monitoring of the economic situation in the Republic of Armenia.

# Investment loans

In 2020, the EFSD continued to actively implement projects financed through sovereign investment loans. At the end of 2020, the EFSD portfolio of projects included 11 investment projects amounting to US $665.4 million aimed at upgrading the basic infrastructure.

The Manager particularly oversees the implementation of the EFSD's transport, hydropower, agricultural and social projects. This year, the first investment project entered its final stage — the financing of the supply of agricultural machinery to the Kyrgyz Republic worth US $14.5 million. The success of this project is already obvious: it has helped the country stimulate the development of the agricultural machinery leasing market for farmers and fix the result with the help of the revolving fund created as part of the project, which will continue to allow agricultural producers to lease agricultural machinery on favourable terms. The EFSD project opened the leasing market to other development partners who have provided funding for similar products.

At the year-end, the EFSD Council approved the concept of the project Supporting the Potential of Irrigated Agriculture in the Republic of Tajikistan presented by the Republic of Tajikistan, with the proposed financing in the form of an EFSD investment loan worth US $30 million.

Thus, as of 31 December 2020, the following projects were at various stages of preparation/implementation:

- → 3 projects in Armenia for a total amount of US $215.2 million of which loan agreements were signed for 2 projects for a total of US $190 million;
- → 6 projects in Kyrgyzstan for a total of US $380.2 million, of which loan agreements were signed for 4 projects for a total of US $284.5 million;
- → 2 projects in Tajikistan for US $70 million, of which a loan agreement for US $40 million was signed.

# Grants for social projects

As of 31 December 2020, there were 3 grants in the active stage of implementation:

- → Improving the Prevention and Control of Noncommunicable Diseases in Armenia, worth US $1 million;
- → The Caravan of Health in Kyrgyzstan, worth US $2 million;
- → The Caravan of Health in Tajikistan worth US $2 million.

The EFSD Council approved 4 projects to work out the conditions for extending grants:

- → Raising the level of preparedness for the COVID-19 pandemic in the Republic of Armenia: detecting and responding to the threat posed by the coronavirus, worth US $3 million;
- → Mobile Diagnostics of COVID-19 in the Republic of Tajikistan, amounting to US $3 million;
- → Electronic Job Market in the Republic of Armenia, for US $0.5 million;
- → Energy-Efficient Regions in the Republic of Armenia, for US $1.7 million.

# 12

# The Technical Assistance Fund

# General information about the EDB's Technical Assistance Fund

In the reporting period, the Bank worked on relaunching operations of the Technical Assistance Fund (TAF, the Fund) after the approval of the amended TAF Regulations in 2019. At the end of 2020, the accumulated total of the Fund's projects amounted to US $9.35 million (71 projects).

In 2020, the Fund worked on 11 projects (compared to two projects in 2019), of which four projects were completed. The TAF's expenditures in 2020 occurred within 4 projects and totalled US $1.614 million.

The projects were implemented under the following Programmes:

# Project Preparatory Technical Assistance Programme

→ Construction of the M-49 Highway in the City of St. Petersburg;

→ Legal Consultancy by JSC Dentons Europe for the project of Air Liquide Kuzbass LLC.

# Technical Assistance Programme for Investment Activity Expansion

→ Consultancy on Assessing the Impact of Fiscal Policy on Economic Growth in the EDB Member States;

→ Consultancy on Global Practices in Assessing Fiscal Risks;

→ The First Eurasian Congress;

→ Modernisation of OJSC Stock Exchange of Armenia;

→ Applied research on the "Development of the EAEU common financial market: challenges, opportunities and innovative solutions in the field of financial services";

→ Developing a System of Indicators of Integration in the EAEU;

→ Applied research on the "Prospects for the use of modern digital financial technologies and mechanisms for their implementation in the banking, insurance and securities markets" Stage 1;

→ Supporting the Analytical Activities of the EDB;

→ 15th International Conference of the EDB — Eurasian Economic Integration.

# TAF Management Committee

During 2020, the TAF Management Committee convened at 18 meetings (versus eight meetings in 2019). The Committee reviewed 26 issues and took decisions on 10 new TAF projects. The resolutions of the TAF Management Committee were approved by the Bank's Management Board.

In the reporting period, the Bank worked on updating the internal regulatory documents of the Fund in accordance with the updated key TAF Regulations approved by the Bank's Council in 2019. In 2020, by resolution of the Bank's Management Board two new internal policy documents were approved: The Regulation on the TAF Management Committee and the Rules for Subsidising Interest Rates for Investment Projects Using the TAF.

# Cooperation in the field of technical assistance

In 2020, two technical assistance projects were implemented by the request of the Ministry of Finance of the Kyrgyz Republic. The EDB engaged consultants in the joint research projects, Global Practices in Assessing Budget Risks and Assessing the Impact of Fiscal Policy on Economic Growth in the EDB Member States. As a result of the two projects, the Ministry of Finance received proposals on methods for assessing fiscal risks, expanding the tax base and improving tax administration and budgetary planning, as well as a list of recommendations for strengthening fiscal policy capacity of the Kyrgyz Republic. The deliverables of the technical assistance projects are to be used by the respective state body in the implementation of the Strategy for the Development of Public Finance Management of the Kyrgyz Republic for 2017–2025.

# 13

## The Fund for Digital Initiatives

The Fund for Digital Initiatives of the Eurasian Development Bank (EDB FDI) was established on 30 June 2020. The administration of the FDI operation is entrusted to the Digital Initiatives Directorate, a newly created business unit of the Bank.

During the six months that the EDB FDI has been in operation, its team has achieved meaningful results.

The FDI initiated the development and launched a pilot version of the COVID-19 Free Travel app, which allows users to quickly and easily receive the results of tests carried out in trusted laboratories before their trips, and provide those results in the form of a green QR code at control points in the countries participating in the project. On 3 December 2020, as part of the experiment, members of the delegation from Armenia and Belarus flew to Moscow for the First Eurasian Congress using the COVID-19 Free Travel mobile app.

Together with the Ministry of Digital Development of Russia, the FDI launched the development of the project Work in the EAEU. The project is designed to ensure the receipt of public and commercial services by migrant workers using a mobile app.

The FDI held a competition for the best digital solutions to combat COVID-19 in the Eurasian space. Applications were accepted from 4 September to 4 October 2020. In total, the Bank received 163 applications from its member states. 16 projects made it into the final of the competition, from which the dedicated expert group selected 4 winners. The awards ceremony took place on 4 December 2020 at the venue of the First Eurasian Congress.

The FDI took an inventory of digital initiatives and projects with an integrative effect implemented in the Bank's member states, as well as of promising new digital projects and initiatives, to assess the potential for their acceleration, scaling and the feasibility of receiving support from the Bank. As a result, the Register of Ongoing Projects and the Register of Promising Projects were compiled, including: a project to create an environmentally friendly smart operator in the city of Almaty; the projects Ecosystem of Digital Transport Corridors of the EAEU; Digital Platform in the International Taxation and Law; Digital Trade: Jewellery; A Reliable Counterparty of the EAEU; Multiroad (multimodal transportation); Promotion of Tourism in the EDB Member States through the E-commerce Channels; International Factoring/Dynamic Discounting; and a project by OmniHUB X.

The FDI, represented by Tigran Sargsyan, Vice Chairman of the EDB Management Board, acted as the organiser and moderator of two sessions of the First Eurasian Congress, which took place on 4 December 2020 in Moscow, namely: "Digital Eurasia: A New Growth Strategy" and "The Common Financial Market: Opportunities and Risks". The key messages of the session's speakers were included in the Resolution of the First Eurasian Congress.

In 2020, together with international and regional organisations and the business communities, the FDI started building a partnership network with national centres responsible for digital transformation. It established partnerships with such key players as PJSC Rostelecom (Russian Federation), ANO Digital Economy (Russian Federation), Zerde National Infocommunication Holding (Republic of Kazakhstan), Astana Hub (Republic of Kazakhstan), Yandex LLC (Russian Federation), Wildberries LLC (Russian Federation), the state institution High-Tech Park Administration (Republic of Belarus), the state unitary enterprise Smart City (Republic of Tajikistan) and the state corporation Rosatom (Tsifrum) (Russian Federation). At the venue of the First Eurasian Congress, the

FDI caused the Memorandum of Cooperation between the EDB and the Interstate Aviation Committee. The FDI signed the Memorandum of Cooperation between the EDB and the Russian Direct Investment Fund at the level of the Vice Chairman of the EDB's Management Board.

Besides, the FDI compiled an analytical review of the digital agendas of the EAEU member states, which details the main regulatory frameworks of national programmes, their similarities, differences and prospects.

The EDB FDI successfully harmonised the regulations necessary for the development of its activities. Draft documents were approved at the meeting of the Bank's Management Board on 21 December 2020 and submitted to the Bank's Council. They are expected to be approved in 2021.

# 14

# Main Corporate Events

On 27 March 2020, Standard & Poor's affirmed the Bank's credit rating at BBB, but downgraded the rating outlook to "negative" due to expectations of negative consequences from the high volatility in the financial markets in H1 2020.

In 2020, the credit rating of the Bank, assigned by Moody's Investors Service, was not revised, remaining at the same level, Baa1, with a "stable" outlook.

On 25 November 2020, Fitch affirmed the Bank's credit rating at BBB +, with a "stable" outlook.

On 8 September 2020, the national rating agency JSC ACRA affirmed the credit rating of the Bank on the international scale at A- and the highest rating on the national scale, AAA (RU). Six issues of the Bank's exchange-traded bonds are also rated by the rating agency ACRA at AAA (RU) on the national scale.

# Ratings of the EDB and member states as of 31 Dec 2020

| COUNTRY | MOODY'S | STANDARD & POOR'S | FITCH |
|---|---|---|---|
| EDB | Baa1/stable/<br>P-2 | BBB/<br>negative/A-2 | BBB+/stable |
| Armenia | Ba3/positive/- | — | B+/stable |
| Belarus | B3/stable/- | B/negative/B | B/negative |
| Kazakhstan | Baa3 positive/- | BBB-/ table/A-3 | BBB/stable |
| Kyrgyzstan | B2/negative/- | — | — |
| Russia | Baa3/positive/P-3 | BBB-/stable/A-3 | BBB/stable |
| Tajikistan | B3/negative | B-/stable/B | — |

Source: Moody's Investors Service, Standard & Poor's Ratings Services, Fitch Ratings

# Changes to the Bank's Council

During 2020, the following changes were made to the Bank's Council:

- Yury Seliverstov, Minister of Finance of the Republic of Belarus, was appointed as the plenipotentiary representative of the Republic of Belarus on the Bank's Council;
- Dmitry Yaroshevich, Deputy Minister of Finance of the Republic of Belarus, was appointed as deputy plenipotentiary representative of the Republic of Belarus on the Bank's Council;
- Kyialbek Mukashev, Minister of Finance of the Kyrgyz Republic, was appointed as the plenipotentiary representative of the Kyrgyz Republic on the Bank's Council.

# Meetings and resolutions of the Bank's Council

One in-person meeting of the Bank's Council was held during 2020.

During the regular in-person meeting held on 30 June 2020 via video conference, the EDB Council elected the Chairman of the Bank's Council, approved the annual report of the Bank's Management Board and the Bank's financial statements for 2019, reviewed the reports of the Bank's Audit Commission and the Bank's Internal Audit Service for 2019, approved the distribution of the Bank's profit, the Regulation on the Human Resources Committee under the Bank's Council and the Regulation on the Bank's Fund for Digital Initiatives and considered personnel issues.

In addition to the in-person meeting, 16 absentee votes of the Bank's Council took place over 2020 through a written absentee poll of the Council's members; in particular, personnel issues were considered; investment projects that had been referred to the Bank's Council were approved; changes were made to the personal composition of the Strategy Committee of the EDB Council; members of the Bank's Audit Commission from Russia and Kazakhstan were approved; the allocation of TAF resources for programmes in 2020 was approved; the personal composition of the Human Resources Committee of the EDB Council was approved; the Bank's external auditor for 2020 was approved; and other issues of the Bank's operations were considered.

# Changes to the Bank's Management Board

During 2020, the following changes were made to the Bank's Management Board:

- → Tigran Sargsyan was appointed as Vice Chairman of the Management Board;
- → Andrey Beliyaninov was dismissed from his position as Chairman of the Management Board;
- → Nikolai Podguzov was appointed as Chairman of the Management Board;
- → Andrey Chernenko was dismissed from his position as Vice Chairman of the Management Board due to the transfer to the position of Advisor to the Chairman of the Management Board while retaining the position of a member of the Bank's Management Board;
- → Sergey Vasiliev was appointed as Vice Chairman of the Management Board;
- → Dmitry Ladikov-Roev, Member of the Management Board, Managing Director for Assets and Liabilities, terminated his employment at the Bank.

In 2020, the Bank complied with established internal financial ratios.

# Compliance with financial ratios established by the Bank's Council

| INDICATOR | 31 DEC 2019 | 31 DEC 2020 |
|---|---|---|
| MINIMUM LIQUIDITY (FINANCIAL RATIO 1) (US $ THOUSANDS): | | |
| minimum required | 893,910 | 729,024 |
| actual | 1,729,498 | 1,292,552 |
| FINANCIAL LEVERAGE RATIO (FINANCIAL RATIO 2) (%) | | |
| maximum allowed | 300.0 | 300.0 |
| actual | 141.4 | 123.3 |

# Compliance with financial ratios established by the Bank's Management Board

| CAPITAL ADEQUACY (H1) (%) | 31 DECEMBER 2019 | 31 DECEMBER 2020 |
|---|---|---|
| minimum required | 16.0% | 16.0% |
| actual | 43.3% | 42.8% |
| TIER 1 CAPITAL ADEQUACY (H1), % | | |
| minimum required | 8.0% | 8.0% |
| actual | 40.6% | 40.5% |
| H4 RISK PER BORROWER | | |
| maximum allowed | 25.0% | 25.0% |
| actual | 22.1% | 23.1% |
| H5 CURRENCY POSITION LIMIT FOR 1 CURRENCY | | |
| maximum allowed | 10.0% | 10.0% |
| actual | 0.78% | 1.16% |
| H5 CURRENCY POSITION LIMIT FOR ALL CURRENCIES | | |
| maximum allowed | 20.0% | 20.0% |
| actual | 0.94% | 1.34% |

# 15

## Financial Statements

The Bank's 2020 annual financial statements were prepared in accordance with the International Financial Reporting Standards.

This report presents:

- → statements of the Bank's profit or loss and other comprehensive income for the years ended 31 December 2020, 2019 and 2018;
- → statements of the Bank's financial position as at 31 December 2020, 2019 and 2018;
- → statements of changes in equity for the years that ended 31 December 2020, 2019 and 2018; and
- → statements of cash flows for the years that ended 31 December 2020, 2019 and 2018.

# 16

## Key Financial Performance Indicators

At the end of 2020, the Bank's total assets amounted to US $5,599.675 million which is up US $438.911 million (8.5%) compared to 2019.

Net income of the Bank for 2020 was US $32.582 million (US $68.977 million in 2019), which corresponds to 99.4% of the planned profit approved by the Bank's Council (the deviation from the planned figure was US $206 thousand).

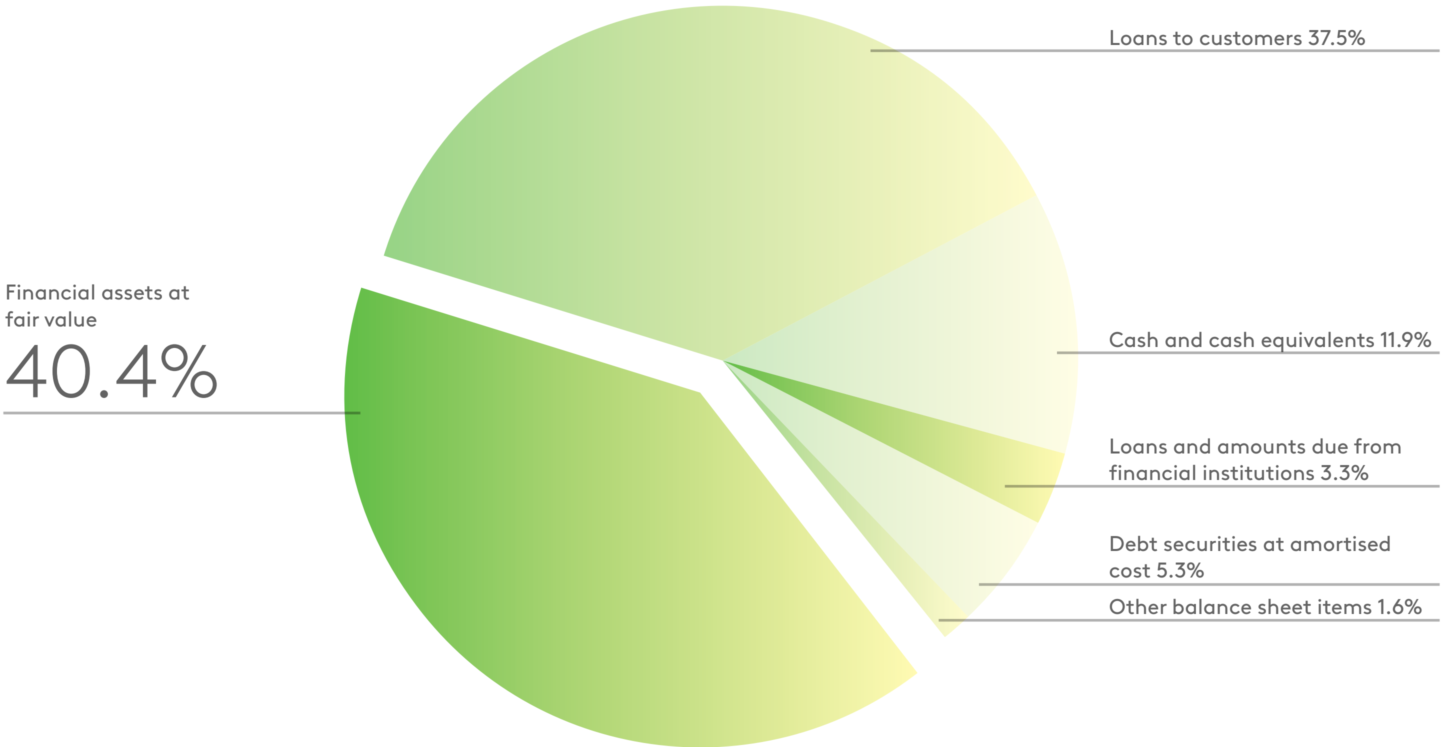
Net interest income before provisions in 2020 was US $70.374 million (US $96.331 million in 2019).

The Bank's operating expenses totalled US $44.342 million (US $43.268 million in 2019), a saving of US $2.7 million (5.7%) compared to the budgeted figure.

The structure of the Bank's assets as of the end of 2020 was as follows:

- → 40.4% (or US $2,261.050 million) — Financial assets at fair value through other comprehensive income;
- → 37.5% (or US $2,098.698 million) — Loans to Customers;
- → 11.9% (or US $663.840 million) — Cash and cash equivalents;
- → 5.3% (or US $294.497 million) — Debt securities at amortised cost;
- → 3.3% (or US $185.475 million) — Loans and advances to financial institutions;
- → 1.6% (or US $96.115 million) — other balance-sheet items.

↓ EDB asset structure as of 31 December 2020



As of 31 December 2020, the Bank's charter capital was structured as follows (in US $ thousands):

| MEMBER STATE | CHARTER CAPITAL | CAPITAL ON CALL | PAID-IN CAPITAL |
|---|---|---|---|
| Russian Federation | 4,617,900 | (3,617,900) | 1,000,000 |
| Republic of Kazakhstan | 2,309,300 | (1,809,300) | 500,000 |
| Republic of Belarus | 69,300 | (54,300) | 15,000 |
| Republic of Tajikistan | 2,100 | (1,600) | 500 |
| Republic of Armenia | 700 | (600) | 100 |
| Kyrgyz Republic | 700 | (600) | 100 |
| Total: | 7,000,000 | (5,484,300) | 1,515,700 |

The full version of the Bank's financial statements for the years that ended 31 December 2020, 2019 and 2018, together with a report by Deloitte LLP, its independent external auditor, is available on the Bank's website at www.eabr.org.

| INDICATOR | PLANNED (BUDGETED) | ACTUAL | % OF TARGET ACHIEVED |
|---|---|---|---|
| CIP, US $ billions | 4,434 | 4,423 | 99.8% |
| Annual volume of new project operations, US $ billions | 1,111 | 1,416 | 127.5% |
| Share of projects with an integrative effect | 50% | 64% | 128.0% |
| Share of provisions in the balance sheet portfolio | 3.7% | 2.8% | 132.1% |
| Net profit, US $ millions | 32.8 | 32.6 | 99.4% |
| The Bank's credit rating | 1 of the Bank's ratings is higher and 1 is the same as the rating for the Russian Federation | 2 of the Bank's ratings are higher than the rating for the Russia Federation | Exceeded |

↑ The Bank's key financial results

# 17

## Statement of Profit or Loss

↓ Statement of profit or loss and other comprehensive income for the year ending 31 December 2020 (US $ thousands)

| | YEAR ENDING 31 DECEMBER 2020 | YEAR ENDING 31 DECEMBER 2019 | YEAR ENDING 31 DECEMBER 2018 |
|---|---|---|---|
| Interest income | 268,569 | 265,028 | 211,038 |
| Interest expenses | (198,195) | (168,697) | (114,879) |
| Net interest income before provision for expected credit losses on interest-bearing assets | 70,374 | 96,331 | 96,159 |
| Provision for expected credit losses on interest-bearing assets | (15,909) | (6,194) | (6,824) |
| NET INTEREST INCOME | 54,465 | 90,137 | 89,335 |
| Losses on investments in associates | (2,908) | — | — |
| Recovery/(creation) of provision for expected credit losses on contingent liabilities and other assets | 156 | (602) | (79) |
| Net profit/(loss) from modification and recognition of new financial instruments | 193 | (3,436) | (479) |
| Net profit/(loss) from transactions with financial assets and liabilities measured at fair value through profit or loss | 1,948 | (35,814) | 28,099 |
| Net realised gain/(loss) on financial assets measured at fair value through other comprehensive income | 4,619 | 546 | (1,916) |
| Net profit/(loss) on transactions in foreign currencies | 8,301 | 53,074 | (20,622) |
| Fee and commission income | 11,359 | 8,725 | 4,350 |
| Fee and commission expense | (1,043) | (455) | (584) |
| Net profit/(loss) on trading with issued debt securities | (295) | 24 | (8) |
| Other net income | 129 | 46 | 531 |
| Net non-interest income | 22,459 | 22,108 | 9,292 |
| Net result from financial operations | 76,924 | 112,245 | 98,627 |
| Operating expenses | (44,335) | (43,023) | (32,026) |
| Technical Assistance Fund expenses, net | (7) | (245) | (156) |
| NET PROFIT | 32,582 | 68,977 | 66,445 |

↓ Statement of profit or loss and other comprehensive income for the year ending 31 December 2020 (continued)
(US $ thousands)

| | YEAR ENDING 31 DECEMBER 2020 | YEAR ENDING 31 DECEMBER 2019 | YEAR ENDING 31 DECEMBER 2018 |
|---|---|---|---|
| OTHER COMPREHENSIVE INCOME:<br>Items that are or may be reclassified subsequent to profit or loss: | | | |
| Net unrealised gain/(loss) on revaluation of financial assets measured at fair value through other comprehensive income | 10,021 | 42,858 | (24,245) |
| Net realised gain/(loss) on financial assets measured at fair value through other comprehensive income transferred to profit or loss | (4,619) | (546) | 1,916 |
| Net unrealised (loss)/gain on revaluation of hedge instruments | (292) | 727 | (435) |
| Total items that are or may be reclassified subsequently to profit or loss | 5,110 | 43,039 | (22,764) |
| OTHER COMPREHENSIVE INCOME/(LOSS) | 5,110 | 43,039 | (22,764) |
| TOTAL COMPREHENSIVE INCOME | 37,692 | 112,016 | 43,681 |

# 18

## Statement of Financial Position

↓ Statement of financial position as of 31 December 2020 (US $ thousands)

| | 31 DECEMBER 2020 | 31 DECEMBER 2019 | 31 DECEMBER 2018 |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | 663,840 | 765,144 | 641,170 |
| Financial assets at fair value through profit or loss | 51,561 | 10,017 | 17,169 |
| Loans and amounts due from financial institutions | 185,475 | 266,298 | 245,510 |
| Loans to customers | 2,098,698 | 1,960,004 | 1,650,290 |
| Financial assets at fair value through other comprehensive income | 2,261,050 | 2,106,299 | 1,139,341 |
| Debt securities measured at amortised cost | 294,497 | — | — |
| Investments in associates | 17,260 | 20,131 | — |
| Hedging instruments | — | — | 86 |
| Property and equipment | 10,492 | 11,046 | 11,156 |
| Intangible assets | 762 | 1,011 | 1,148 |
| Other assets | 16,040 | 20,814 | 4,596 |
| TOTAL ASSETS | 5,599,675 | 5,160,764 | 3,710,466 |

↓ Statement of financial position as of 31 December 2020 (US $ thousands)

| | 31 DECEMBER 2020 | 31 DECEMBER 2019 | 31 DECEMBER 2018 |
|---|---|---|---|
| LIABILITIES AND EQUITY LIABILITIES: | | | |
| Loans and amounts due to banks | 1,560,112 | 740,475 | 242,931 |
| Financial liabilities at fair value through profit or loss | 5,001 | 26,955 | 3,329 |
| Deposits from customers | 391,598 | 297,344 | 177,145 |
| Hedging instruments | — | 1,616 | 521 |
| Debt securities issued | 1,719,552 | 2,209,328 | 1,525,786 |
| Other liabilities | 41,274 | 35,050 | 22,774 |
| Total liabilities | 3,717,537 | 3,310,768 | 1,972,486 |
| EQUITY:<br>Share capital: | | | |
| Authorised share capital | 7,000,000 | 7,000,000 | 7,000,000 |
| Less: Callable share capital | (5,484,300) | (5,484,300) | (5,484,300) |
| Paid-in share capital | 1,515,700 | 1,515,700 | 1,515,700 |
| Reserve fund | 146,220 | 111,732 | 111,732 |
| Technical Assistance Fund reserve | 23,685 | 19,133 | — |
| Fund for Digital Initiatives reserve | 10,000 | — | — |
| Revaluation reserve/(deficit) for financial assets measured at fair value through other comprehensive income | 30,650 | 25,248 | (17,064) |
| Revaluation reserve/(deficit) for hedging instruments | — | 292 | (435) |
| Retained earnings | 155,883 | 177,891 | 128,047 |
| Total equity | 1,882,138 | 1,849,996 | 1,737,980 |
| TOTAL LIABILITIES AND EQUITY | 5,599,675 | 5,160,764 | 3,710,466 |

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# Statement of Changes in Equity

→ Statement of changes in equity for the year ending 31 December 2020 (US $ thousands)

| | SHARE CAPITAL | | | RESERVE FUND | TECHNICAL ASSISTANCE FUND RESERVE | FUND FOR DIGITAL INITIATIVES RESERVE | REVALUATION RESERVE FOR FINANCIAL ASSETS AVAILABLE FOR SALE | REVALUATION RESERVE/(DEFICIT) FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME | REVALUATION RESERVE/ (DEFICIT) FOR HEDGING INSTRUMENTS | RETAINED EARNINGS | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | AUTHORISED SHARE CAPITAL | CALLABLE SHARE CAPITAL | PAID-IN CAPITAL | | | | | | | | |
| 31 December 2017 | 7,000,000 | (5,484,300) | 1,515,700 | 90,872 | – | – | 5,265 | – | – | 97,764 | 1,709,601 |
| Reclassification of opening balance | – | – | – | – | – | – | (5,265) | 5,265 | – | – | – |
| Changes at initial application of IFRS 9 | – | – | – | – | – | – | – | – | – | (15,302) | (15,302) |
| Recalculated balance as of 1 January 2018 | 7,000,000 | (5,484,300) | 1,515,700 | 90,872 | – | – | – | 5,265 | – | 82,462 | 1,694,299 |
| Net profit | – | – | – | – | – | – | – | – | – | 66,445 | 66,445 |
| Other comprehensive loss | – | – | – | – | – | – | – | (22,329) | (435) | – | (22,764) |
| Total comprehensive income/ loss | – | – | – | – | – | – | – | (22,329) | (435) | 66,445 | 43,681 |
| Transfer to the reserve fund | – | – | – | 20,860 | – | – | – | – | – | (20,860) | – |
| 31 December 2018 | 7,000,000 | (5,484,300) | 1,515,700 | 111,732 | – | – | – | (17,064) | (435) | 128,047 | 1,737,980 |
| Net income | – | – | – | – | – | – | – | – | – | 68,977 | 68,977 |
| Other comprehensive income | – | – | – | – | – | – | – | 42,312 | 727 | – | 43,039 |
| Total comprehensive income | – | – | – | – | – | – | – | 42,312 | 727 | 68,977 | 112,016 |
| Transfer to Technical Assistance Fund reserve | – | – | – | – | 19,133 | – | – | – | – | (19,133) | – |
| 31 December 2019 | 7,000,000 | (5,484,300) | 1,515,700 | 111,732 | 19,133 | – | – | 25,248 | 292 | 177,891 | 1,849,996 |
| Net income | – | – | – | – | – | – | – | – | – | 32,582 | 32,582 |
| Other comprehensive income | – | – | – | – | – | – | – | 5,402 | (292) | – | 5,110 |
| Total comprehensive income | – | – | – | – | – | – | – | 5,402 | (292) | 32,582 | 37,692 |
| Transfer to the reserve fund | – | – | – | 34,488 | – | – | – | – | – | (34,488) | – |
| Transfer to Fund for Digital Initiatives reserve | – | – | – | – | – | 10,000 | – | – | – | (10,000) | – |
| Transfer to Technical Assistance Fund reserve | – | – | – | – | 10,102 | – | – | – | – | (10,102) | – |
| Allocation of the Technical Assistance Fund reserve | – | – | – | – | (5,550) | – | – | – | – | – | (5,550) |
| 31 December 2020 | 7,000,000 | (5,484,300) | 1,515,700 | 146,220 | 23,685 | 10,000 | – | 30,650 | – | 155,883 | 1,882,138 |

# 20

## Statement of Cash Flows

↓ Statement of cash flows for the year ending 31 December 2020 (US $ thousands)

| | YEAR END 31 DECEMBER 2020 | YEAR END 31 DECEMBER 2019 | YEAR END 31 DECEMBER 2018 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Interest received on loans to customers | 134,003 | 148,162 | 136,824 |
| Interest income received on loans and amounts due from banks and cash and cash equivalents | 26,365 | 34,589 | 28,999 |
| Interest income received on financial assets at fair value through other comprehensive income | 81,201 | 43,369 | 45,506 |
| Interest income received on debt securities measured at amortised cost | 6,180 | — | — |
| Interest paid on loans and amounts due to banks | (24,834) | (9,296) | (27,020) |
| Interest paid on deposits from customers | (15,454) | (14,889) | (1,276) |
| Interest paid on debt securities issued | (147,111) | (116,647) | (83,071) |
| (Expenses paid)/ gain received from transactions with financial assets at fair value through profit or loss | (51,254) | (5,939) | 23,676 |
| Fees and commissions received | 16,445 | 1,279 | 4,199 |
| Fees and commissions paid | (1,031) | (436) | (581) |
| Other income received | 129 | 46 | 458 |
| Operating expenses paid | (35,988) | (35,129) | (32,737) |
| Cash inflow from operating activities before changes in operating assets and liabilities | (11,349) | 45,109 | 94,977 |

↓ Statement of cash flows for the year ending 31 December 2020 (continued) (US $ thousands)

| | YEAR END 31 DECEMBER 2020 | YEAR END 31 DECEMBER 2019 | YEAR END 31 DECEMBER 2018 |
|---|---|---|---|
| CHANGES IN OPERATING ASSETS: | | | |
| Increase in loans to customers | (190,654) | (263,607) | (453,428) |
| Decrease/(increase) in loans and amounts due from financial institutions | 71,787 | (13,013) | (76,986) |
| Increase in financial assets at fair value through profit or loss | (25,389) | — | — |
| (Increase)/decrease in other assets | (2,260) | (1,475) | 366 |
| CHANGES IN OPERATING LIABILITIES: | | | |
| (Decrease)/increase in amounts due to banks | (110,049) | 154,504 | (89,703) |
| Increase in deposits from customers | 115,727 | 119,864 | 178,736 |
| Increase/(decrease) in other liabilities | (1,275) | 86 | 111 |
| (Use of cash)/cash flows from/(used in) operating activities | (153,462) | 41,468 | (345,927) |
| CASH FLOWS FROM INVESTMENT ACTIVITIES: | | | |
| Acquisition of equity investments | — | (20,131) | — |
| Acquisition of financial assets at fair value through other comprehensive income | (4,493,690) | (7,212,029) | (3,157,307) |
| Proceeds from sale and redemption of financial assets at fair value through other comprehensive income | 4,291,720 | 6,336,649 | 3,548,207 |
| Acquisition of debt securities at amortised cost | (300,396) | — | — |
| Proceeds from redemption of debt securities at amortised cost | 2,155 | — | — |
| Acquisition of property, equipment and intangible assets | (1,132) | (875) | (1,674) |
| Net (use of cash)/cash flow (in)/from investment activities | (501,343) | (896,386) | 389,226 |

↓ Statement of cash flows for the year ending 31 December 2020 (continued) (US $ thousands)

| | YEAR END 31 DECEMBER 2020 | YEAR END 31 DECEMBER 2019 | YEAR END 31 DECEMBER 2018 |
|---|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of debt securities | 403,040 | 775,557 | 587,991 |
| Redemption of debt securities issued | (713,990) | (164,129) | (147,888) |
| Proceeds from loans from banks and under repo agreements | 1,041,900 | 359,879 | 25,125 |
| Repayment of loans from banks | (177,839) | (20,920) | (21,021) |
| Repayment of lease liabilities | (1,850) | (2,215) | — |
| Net cash inflow from financing activities | 551,261 | 948,172 | 444,207 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (103,544) | 93,254 | 487,506 |
| CASH AND CASH EQUIVALENTS at the beginning of the year | 765,144 | 641,170 | 167,370 |
| Effect of changes in foreign exchange rate on cash and cash equivalents | 2,240 | 30,720 | (13,706) |
| CASH AND CASH EQUIVALENTS at the end of the year | 663,840 | 765,144 | 641,170 |

# Abbreviations and Acronyms

| | |
|---|---|
| ACRA | Analytical Credit Rating Agency |
| AD | Analytical Department |
| ADB | Asian Development Bank |
| AIC | agro-industrial complex |
| AIIB | Asian Infrastructure Investment Bank |
| ASEAN | Association of Southeast Asian Nations |
| b.p. | basis point |
| BSTDB | Black Sea Trade and Development Bank |
| By-law | internal regulation |
| CB | commercial bank |
| CEB | Council of Europe Development Bank |
| CIP | current investment portfolio |
| CIS | Commonwealth of Independent States |
| CJSC | closed joint-stock company |
| CSS | clearing and settlement services |
| DIF | direct investment fund |
| EAEU | Eurasian Economic Union |
| EBRD | European Bank for Reconstruction and Development |
| EDB | Eurasian Development Bank |
| EDB FDI | EDB Fund for Digital Initiatives |
| EEC | Eurasian Economic Commission |
| EFSD | Eurasian Fund for Stabilisation and Development |
| ERA | European Rating Agency |
| ESCAP | Economic and Social Commission for Asia and the Pacific |
| ESM | European Stability Mechanism |
| EU | European Union |
| EVE | economic value of equity |
| FAO | Food and Agriculture Organization |
| FDI | Fund for Digital Initiatives |
| FMS | Bank of Russia financial messaging system |
| FS | financial standard |
| FZ | Federal Law |
| GDP | gross domestic product |
| ha | hectare |
| HPP | hydroelectric power plant |
| HSE | National Research University Higher School of Economics |
| IA | intangible assets |
| IBL | interbank loan |
| IFC | International Finance Corporation |
| IFI | international financial institution |
| IFRS | International Financial Reporting Standards |
| IIB | International Investment Bank |
| IMF | International Monetary Fund |
| JSC | joint-stock company |
| KPI | key performance indicator |
| LLC | limited liability company |
| LLP | limited liability partnership |
| MBA | Master of Business Administration |
| MDB | multilateral development bank |
| Media | mass media |
| MW | megawatt |
| NBR | New Development Bank |
| OECD | Organisation for Economic Co-operation and Development |

| | |
|---|---|
| OJSC | open joint-stock company |
| OPEC | Organization of the Petroleum Exporting Countries |
| p.p. | percentage point |
| PJSC | public joint-stock company |
| PPP | public-private partnership |
| RCEP | Regional Comprehensive Economic Partnership |
| Repo | repurchase agreement |
| RES | renewable energy sources |
| RKDF | Russian-Kyrgyz Development Fund |
| ROAE | return on average equity |
| SCO | Shanghai Cooperation Organisation |
| SDG | Sustainable Development Goals |
| SMB | small and medium businesses |
| SME | small and medium-sized enterprises |
| SPIEF | St. Petersburg International Economic Forum |
| SPP | solar power plant |
| SUE | state unitary enterprise |
| SWIFT | Society for Worldwide Interbank Financial Telecommunications |
| TAF | the EDB Technical Assistance Fund |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| UNECE | United Nations Economic Commission for Europe |
| UNEP | United Nations Environment Programme |
| UNIDO | United Nations Industrial Development Organisation |
| university | higher education institution |
| USA | United States of America |
| VaR | Value at Risk |
| VAT | value-added tax |
| WB | World Bank |
| y/y | year-on-year |

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