

БЕЛЭКСИМГАРАНТ
EXIMGARANT OF BELARUS



БЕЛЭКСИМГАРАНТ
EXIMGARANT OF BELARUS

ANNUAL REPORT
2016

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WELCOME ADDRESS

BY THE MINISTER OF FINANCE OF THE REPUBLIC OF BELARUS



Eximgarant of Belarus possesses sufficient human and financial resources, as well as good experience and authority to provide insurance support to national exporters on foreign markets.

Within the stabilisation of macroeconomic situation and the invocation of trade relations, the main goal of the company is to efficiently use its opportunities for export and investment promotion, as the increase in trade flows plays an important role in enhancing competitive advantages of enterprises and in the economic growth.

The main priority should be given to the provision of export credit insurance services for the projects

I wish the management and staff of Eximgarant a successful performance in the industry, further strengthening of its financial standing, and effective cooperation with foreign partners – ECAs, the International Union of Credit and Investment Insurers.

implemented on traditional foreign markets, increasing the volume of exports of high value-added goods, together with facilitating export diversification.

In addition, a careful attention should be given to the further development of the national system of export support and promotion of investment into the republic. For instance, the company's current challenges mainly lie upon expanding its product portfolio with guarantees, optimising the established insurance procedures according to the international standards and exporters' mounting needs.

VLADIMIR AMARIN
MINISTER OF FINANCE OF THE REPUBLIC OF BELARUS

WELCOME ADDRESS BY THE CHIEF EXECUTIVE OFFICER

Dear colleagues, clients, partners and friends!

Eximgarant presents you the report on its activities for the year 2016. This document might be useful for everyone who is interested in the Belarusian system of export credit insurance: business managers, national and foreign entrepreneurs, our international colleagues, researchers and, perhaps, students and professors of national economic universities.

I hope that this report will initiate the expansion of opportunities and geographical coverage of national exports, as well as give a boost to the inflow of foreign investment into the economy of the Republic of Belarus.

For Eximgarant the past year became both epoch-making and positive in terms of achieving strategic goals. The year was marked with the 15th anniversary since the establishment of the company, the 10th anniversary since Eximgarant has been providing export credit insurance support, a substantial growth in its customer base, an increase in the volume of the received insurance premium and cost effectiveness, as well as the strengthening of company's overall soundness. In the rating of national insurance companies Eximgarant took the first place in terms of the volume of the statutory fund, the second – in terms of the equity volume, and for the first time ever hit the third position in terms of the amount of the insurance premium received.

One more valuable feature of this year is that the state-backed export credit insurance, as one of the key elements of the national system of export support, developed significantly within the quality of insuring against commercial and political risks. We have substantially enriched the existing practices and gained new skills and knowledge in underwriting, legal background of new markets, including that of recovering losses. This year the company insured exports to 39 countries located in five continents.

The detailed information regarding the company's performance, including export credit insurance, can be found in figures, charts and diagrams of the present report.

The record of Eximgarant's interaction with foreign ECAs and the International Union of Credit and Investment Insurers, also known as the Berne Union, where the company enjoys a full-member status, is also noted in the report. In 2016 for the first time ever an international conference "Role of ECA in Belarus economy" was held in Minsk, which became of high significance not only for Eximgarant, but also for the national business in general. The conference brought together the representatives of the leading ECAs and management of the Berne Union, Belarusian public and private exporting firms, commercial banks, financial and industrial state administrative bodies. Such variety provided the opportunity to share experience in the field of export and investment promotion, get a deeper insight into the tools applied by European ECAs, as well as to define the future prospects of the development of both legal and operational backgrounds concerning this matter.

On a final note to my short welcome address, I would like to extend my gratitude to everyone who contributed their effort into the progressive development of Eximgarant during the past year. Needless to say, that the company today is armed with a wide range of up-market insurance products, substantial financial and human resources in order to provide national exports and investment with the effective support.

Eximgarant is currently set for a fruitful cooperation and willing to employ its best efforts to reach further success.



YOURS SINCERELY,
GENNADY MITSKEVICH
CHIEF EXECUTIVE OFFICER

**ECONOMIC
DEVELOPMENT
AND INVESTMENT
POTENTIAL**

REPUBLIC OF BELARUS



MACROECONOMIC SITUATION

FACTS ABOUT BELARUS

Area
207,6 thousand km²

Population
9,504 million people

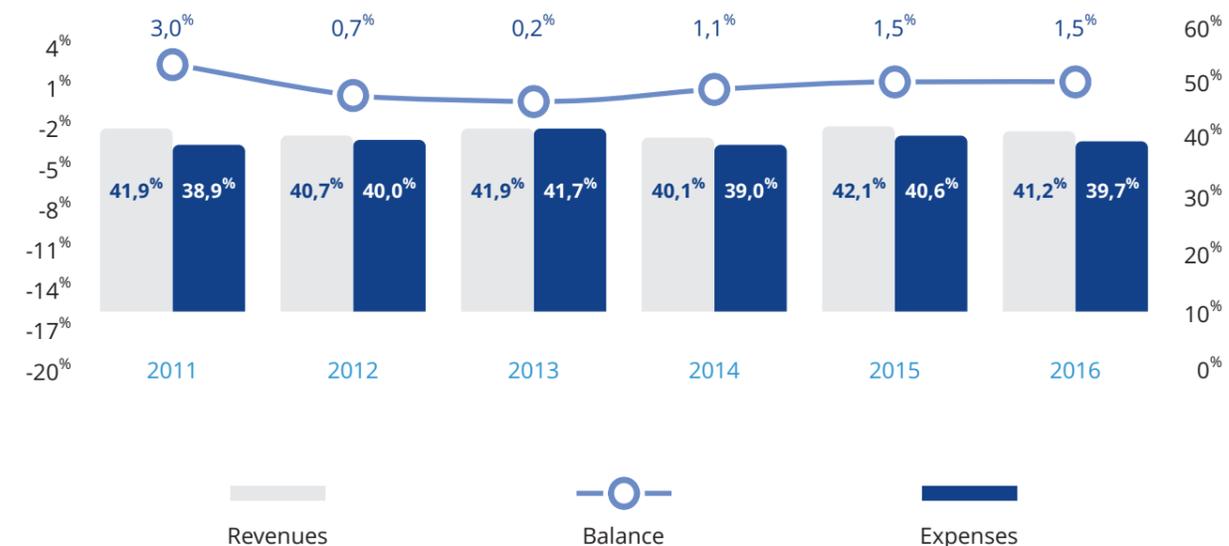
Credit ratings (Fitch/S&P /M)
B- (STABLE) /B- (STABLE) / Caa1 (STABLE)

Currency
BYN



PUBLIC SECTOR BUDGET, % GDP*

source: Ministry of Finance of the Republic of Belarus



*Public sector budget consists of consolidated budget, extra-budgetary funds and extra-budgetary assets of budget organisations

GDP Retail Turnover Capital Investment Industrial Output



source: National Statistical Committee of the Republic of Belarus

CONSUMER PRICES

source: National Bank of the Republic of Belarus



DYNAMICS OF THE AVERAGE REFINANCE RATE OF THE NATIONAL BANK OF THE REPUBLIC OF BELARUS, %

source: National Bank of the Republic of Belarus



PUBLIC DEBT, % GDP

source: Ministry of Finance of the Republic of Belarus

Maastricht criterion: 60%

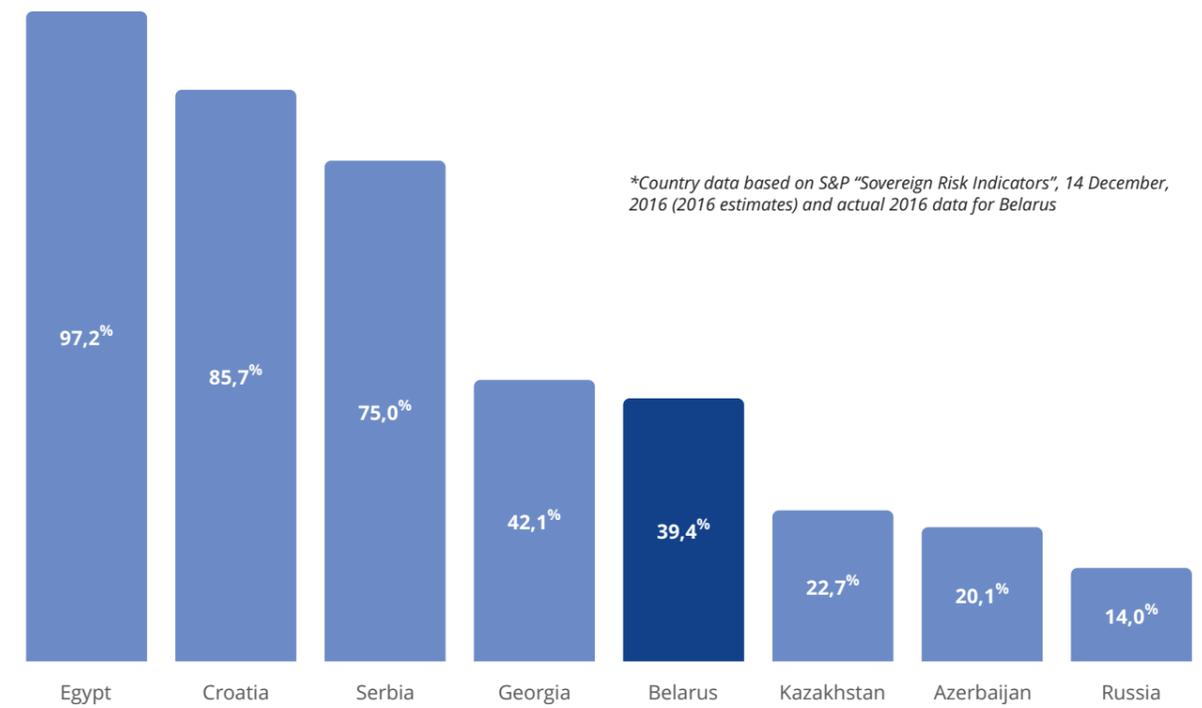
Legislative criterion: 45%

Domestic Public Debt
External Public Debt



COMPARISON OF PUBLIC DEBT LEVELS, % GDP 2016*

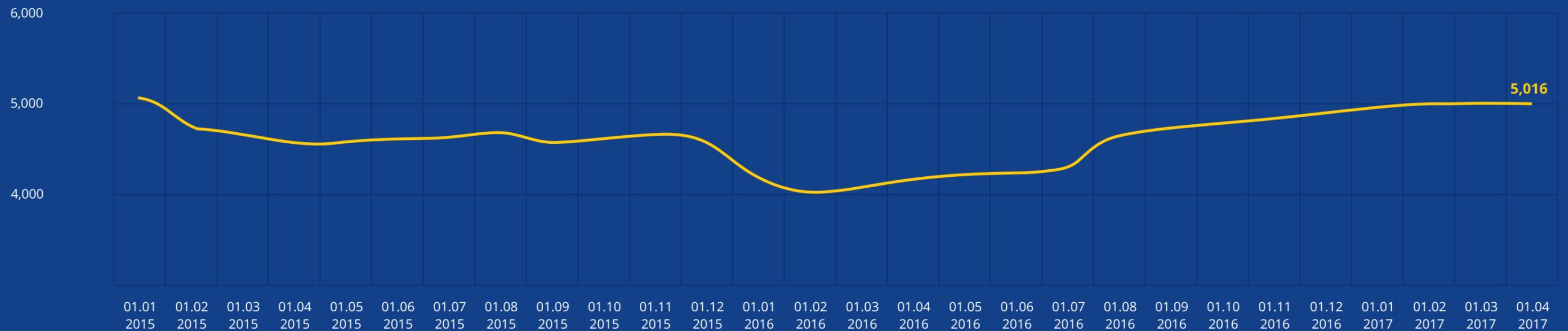
source: Ministry of Finance of the Republic of Belarus



*Country data based on S&P "Sovereign Risk Indicators", 14 December, 2016 (2016 estimates) and actual 2016 data for Belarus

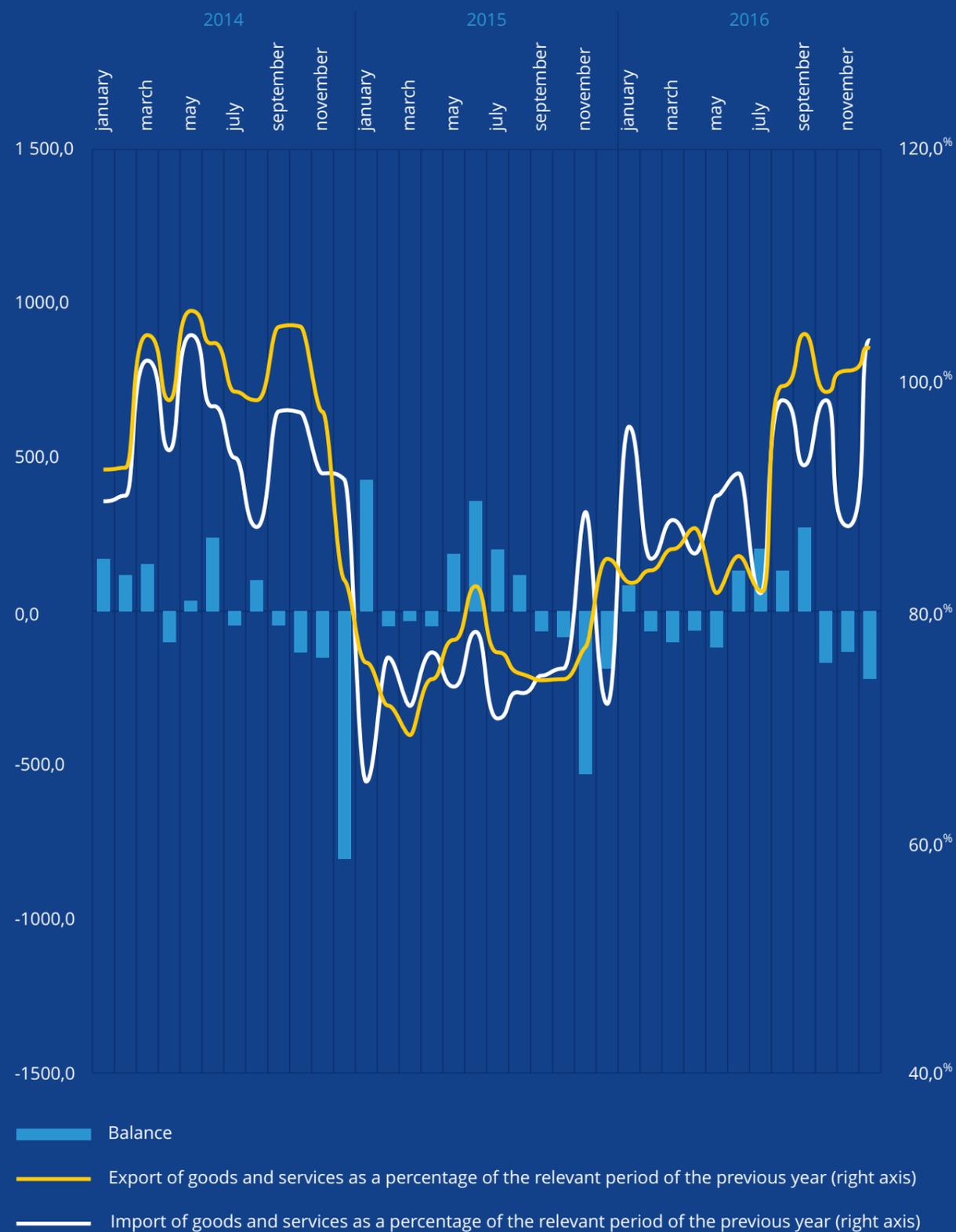
FOREIGN RESERVE ASSETS, BILLION USD

source: National Bank of the Republic of Belarus



FOREIGN TRADE

source: National Bank of the Republic of Belarus



EXPORT AND IMPORT STRUCTURE IN 2016, %

source: National Bank of the Republic of Belarus

21,6% | 27,5%

Mineral products

17,5% | 14,6%

Food commodities and agricultural raw materials

13,6% | 8,0%

Chemical industry production, resin elastic (including chemical fibers)

17,0% | 21,2%

Machinery, technical equipment and vehicles



6,9% | 9,1%

Non-ferrous metals

5,3% | 6,2%

Plastics and plastic products

4,6% | 3,7%

Textiles

13,5% | 9,8%

Other

42,6%
Russia

4,6%
United Kingdom

4,0%
Germany

3,9%
Netherlands

3,5%
Poland

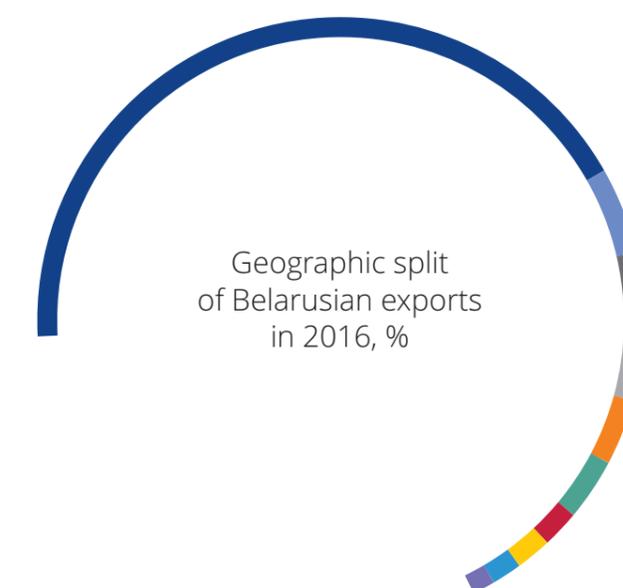
3,3%
Lithuania

2,0%
China

1,9%
Brazil

1,6%
Kazakhstan

1,2%
Latvia



source: National Bank of the Republic of Belarus

BANKING SECTOR

Number of banks

24
banks

5 state-controlled banks, 14 banks with foreign capital

Total assets

32,1
32,1 billion USD
67,2% GDP

Regulatory capital

4,3
4,3 billion USD
8,9% GDP

Requirements for legal capital
(minimal regulatory capital)

51,15
million BYN

Credit risk
(share of problematic assets)

12,79
%



66,7%
State-owned banks

30,8%
Foreign banks

2,5%
Private banks

SHARE OF FOREIGN CAPITAL IN BANKS' STATUTORY FUNDS, %

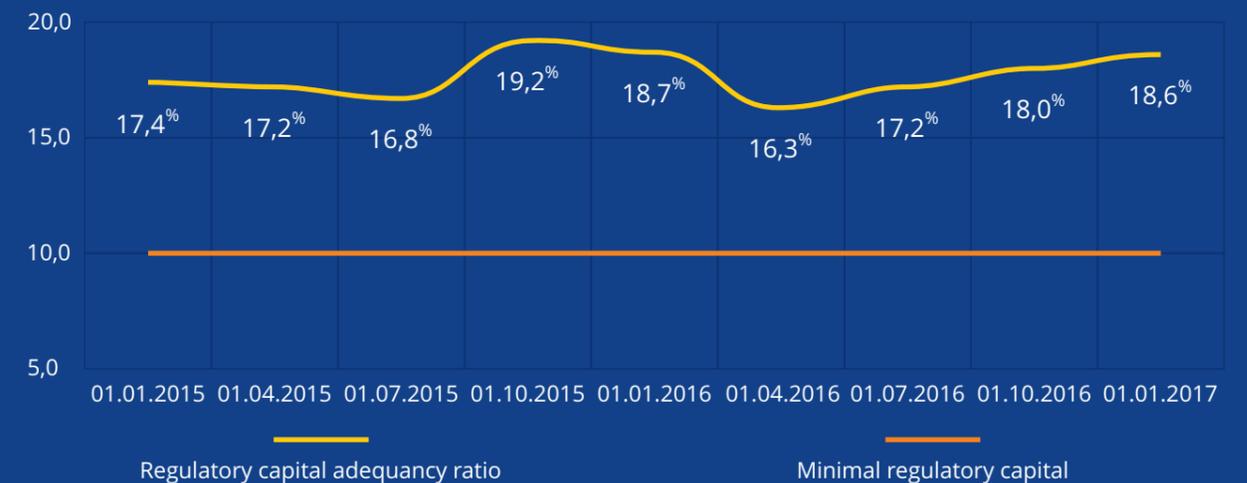
source: National Bank of the Republic of Belarus



BANKING SECTOR FINANCIAL STABILITY

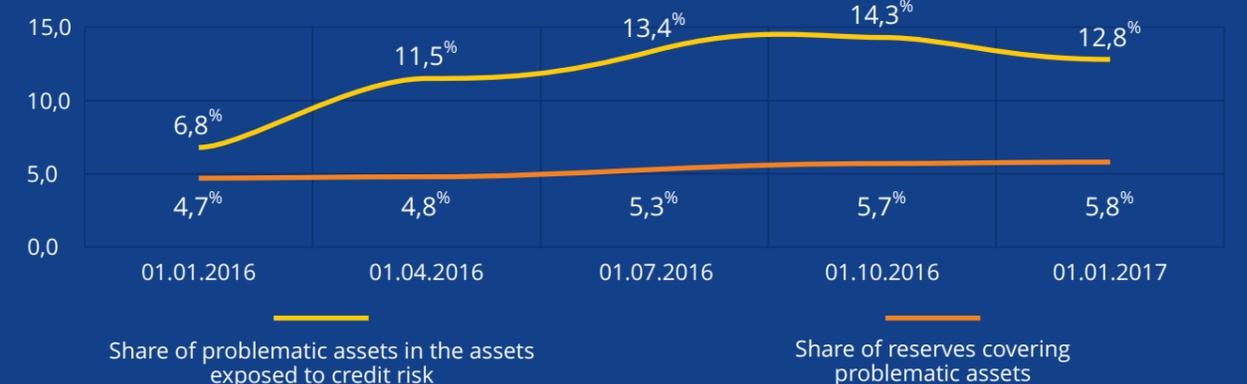
REGULATORY CAPITAL ADEQUACY RATIO, %

source: National Bank of the Republic of Belarus

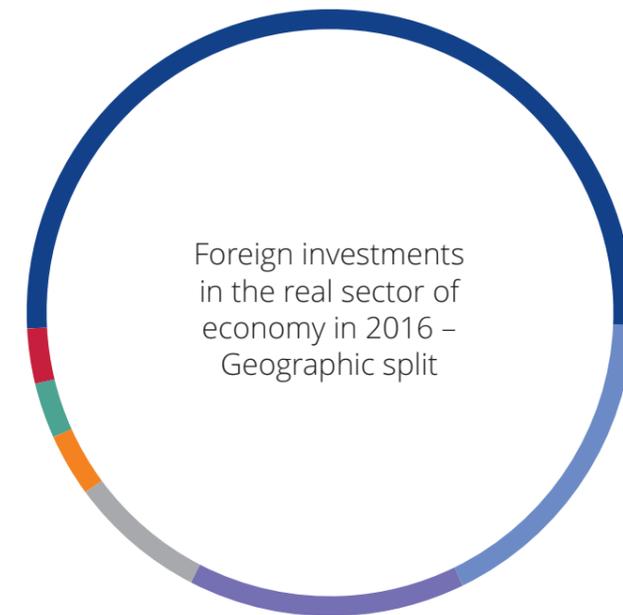
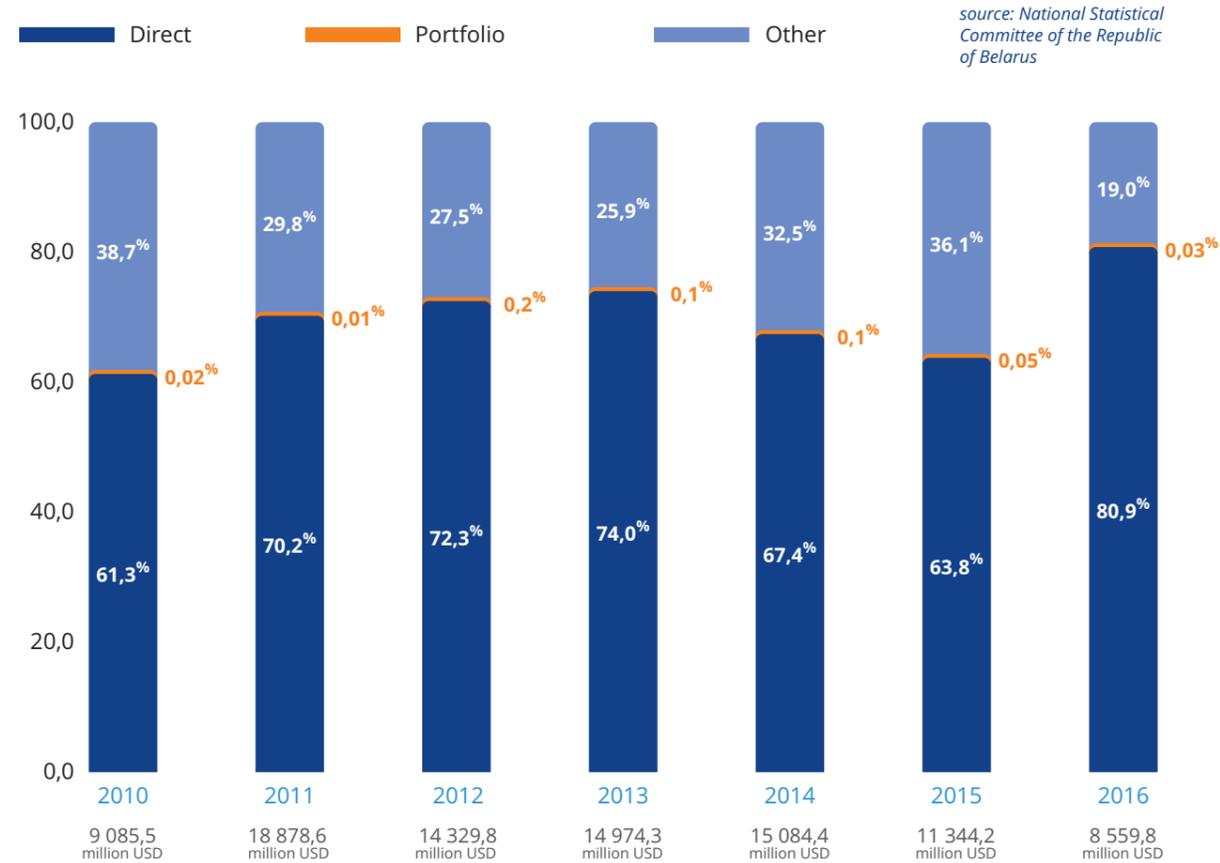


SHARE OF PROBLEMATIC ASSETS, %

source: National Bank of the Republic of Belarus



FOREIGN INVESTMENTS



51,50%
Russia

14,8%
Other

3,36%
Austria

2,93%
China

17,11%
United Kingdom

7,33%
Cyprus

2,96%
Lithuania

source: National Statistical Committee of the Republic of Belarus

THE MAIN PREFERENTIAL LEGAL REGIMES OF INVESTMENT IN THE REPUBLIC OF BELARUS:

source: Ministry of Economy of the Republic of Belarus

- Free Economic Zones (FEZ)
- High-Tech Park (HTP)
- The territory of medium-sized and small towns, rural areas
- SME
- Industrial Park
- Investment Agreement with the Republic of Belarus
- Pripyat Polesie
- The Augustow Canal

BELARUS IN INTERNATIONAL RATINGS

source: Ministry of Finance of the Republic of Belarus

52nd rank out of 188
in **Human Development Index** (2016)

79th rank out of 128
in **Global Innovation Index** (2016)

46th rank out of 67
in **Quality of Life Index** (2017)

35th rank out of 180
in **Environmental Performance Index** (2016)

37th rank out of 190
in **Doing Business** (2017)

63rd rank out of 189
in **Paying Taxes** rating of the World Bank and PwC (2017)

31st rank out of 175
in **Information and Technology Development Index** (2015)

10th rank of Minsk
in **Top-10 major European cities of the future – FDI Strategy** (2016)

ABOUT US



EXIMGARANT



GENNADY MITSKEVICH

Chief Executive Officer

Member of Supervisory Board of:
 • JSC "Promagroleasing"
 • JSC "Belarusian Universal Commodity Exchange"
 • JSC "Belarusian Potash Company"

Member of the Board of the Belarusian-Polish Chamber of Commerce

Date of birth: 22nd August 1959
 Company seniority - since the establishment of the company
 Provides general management of the company

reception office: +375 17 209 40 28
 e-mail: sec@eximgarant.by

MICHAIL OLSHANSKY

First Deputy Chief Executive Officer

Member of Supervisory Board of the JSC "Savings Bank "Belarusbank"

Date of birth: 31st October 1971
 Company seniority - 7 years
 Coordinates business risks insurance, financial and legal matters of the company, reinsurance

tel.: +375 17 203 37 40
 e-mail: m.olshanskiy@eximgarant.by

IGOR LYSKOVETS

Deputy Chief Executive Officer

Date of birth: 28th April 1962
 Company seniority - 3 years
 Responsibilities: coordinates export credit insurance

tel.: +375 17 306 02 24
 e-mail: i.lyskovets@eximgarant.by

OLEG ANISKEVICH

Deputy Chief Executive Officer

Date of birth: 7th December 1964
 Company seniority - 7 years
 Coordinates financial risks, leasing transactions and investment risks insurance

tel.: +375 17 209 44 95
 e-mail: o.aniskevich@eximgarant.by

OLEG PAVLOVSKIY

Deputy Chief Executive Officer

Date of birth: 18th December 1977
 Company seniority - 14 years
 Coordinates health insurance, compulsory insurance, economic analysis, forecasting and regional development, insurance methodology, inventory and logistics provision

tel.: +375 17 306 04 32
 e-mail: o.pavlovski@eximgarant.by

NATALYA LAZORENKO

Chief Accountant

Date of birth: 11th June 1978
 Company seniority - 16 years

tel.: +375 17 203 22 05
 e-mail: n.lazorenko@eximgarant.by

INSURANCE



EXPORT CREDIT
INSURANCE

EXPORT CREDIT INSURANCE

PRODUCTS FOR EXPORTERS

Insurance of short-, medium- and long-term export contracts against political and/or commercial risks

Insurance of export contracts is an upmarket insurance product that ensures effective completion of a business transaction. It comprises project risk management procedure as well as advice on the essential details of an export contract both at the stage of its conclusion and at the stage of its execution. Insurance premium is included in production costs thereby attracting additional foreign currency amounts to the Republic of Belarus. Being entitled to an insurance indemnity, the insured doesn't have to go through a long process of collecting debts abroad.

Pre-export risk insurance

The insurance policy covers the risk of withdrawal of an overseas contractor from the settled export contract. Through paying insurance indemnity Eximgarant covers the costs incurred by the insured while fulfilling their obligations under the insured contract.

Investment insurance against political risks

Investment insurance is used to mitigate political risks while investing abroad. The insurance covers risks related to investing by means of placing a property deposit, transferring financial and intangible assets, executing works for the benefit of an overseas company, granting financial loans.

International leasing transactions insurance

International leasing insurance covers losses incurred by the lessor in case the lessee fails to fulfill their obligations under the circumstances of political or commercial risks. The lessor is assisted within conducting negotiations, signing contracts and fundraising. Cooperation with Eximgarant not only allows the lessor to receive lease payments in due course, but also offers him an opportunity to gather complete and reliable information on the contractor.

PRODUCTS FOR BANKS

Pre-export finance insurance for lease companies

The loan is provided for Belarusian lease companies for the purposes of buying national goods that will further be leased out to a foreign buyer. The insurance policy covers losses resulting from the borrower's default on obligations under the loan agreement with regard to the repayment of a loan. In the presence of the comprehensive approach, which encompasses both pre-export finance insurance and export contract insurance, the maximum security level of a leasing transaction is achieved.

Bank guarantee and Letter of Credit insurance

Bank guarantee insurance covers losses incurred in case of fair or unfair calling of a guarantee (due to political and other non-commercial risks). The insurance product also allows covering any losses of the confirming bank resulting from non-payment under the letter of credit, which was issued by the issuing bank in favour of the exporter.

Buyer credit insurance

The insurance covers losses of the insured bank resulting from the debtor's failure to fulfil their obligations under the loan agreement due to commercial or political risks. It allows preserving foreign currency credit resources inside the country and offers banks an opportunity to control a proper use of the loan.

Export factoring insurance

International factoring insurance is aimed at protecting the bank from the risk of non-fulfilment by an overseas debtor of their obligations under the export contract concerning the receivables which were sold to the bank. It also allows the insured to decrease risk mitigation costs while involving such instruments as letter of credit as well as cooperating with foreign banks and import-factors. The insurance product can cover risks connected to recourse factoring.

UNDERWRITING POLICY

The development of political and commercial risks insurance is driven by global market trends and macroeconomic situation.

The main issue today is the lack of liquidity and coherent increase of the risk of non-payment. In this context, underwriting becomes of paramount importance for Eximgarant.

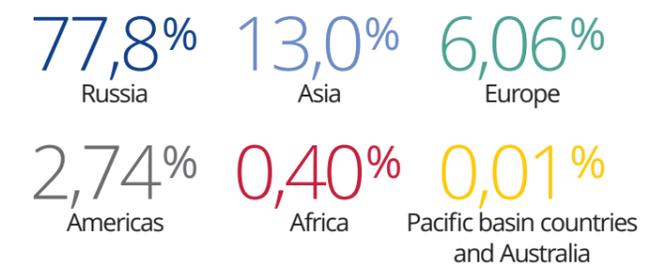
The quality and depth of the analysis of counterparty's goodwill, its financial standing and political situation in the respective region not only facilitate the effectiveness of project realisation but also broaden recovery possibilities.

Once risks have been identified and assessed, all techniques to mitigate them fall into one or more of these four major categories:

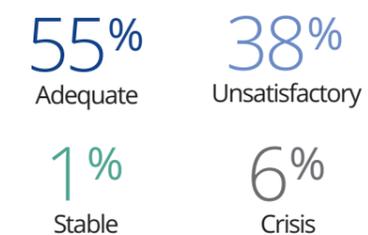
- Avoidance of "too risky business" (Method of Avoidance)
- Preventive measures and diversification (Method of Reduction)
- Outsourcing (Method of Sharing)
- Creation of reserves (Method of Acceptation)

In case the identified risk is extremely high, the underwriter considers the means to reduce it and, in conjunction with the company's lawyers, identifies possible ways of recovery in case of insurance indemnification.

Risk is subject to permanent monitoring, updating financial and other information about the counterparty within the period of insurance. By the insurance agreement expiry date the evaluation of results achieved will have been made and, if necessary, risk strategy will have been adjusted.



INSURANCE COVER STRUCTURE IN TERMS OF FINANCIAL STANDING OF FOREIGN BUYER



OUR CLIENTS



Belarusian Railway



JSC "Savings Bank "Belarusbank"



"Atlant" Inc.



JSC "Promagroleasing"



CJSC "Vitex"



LLC "MasterFlex"



PFTUE "Belveshpromservice"



JSC "Grodno Azot"



RUE "Beltelecom"



JSC "Bobruisk Plant of Tractor Parts and Units Parts"



JSC "Development Bank of the Republic of Belarus"



RUE "Belmedpreparaty"



JV "Belita" Ltd.



JSC "Minsk Automobile Plant"



JLLC "Belrosagroservis"



JLLC "Conte Spa"



JSC "Slonim Meat-Processing Plant"



JSC "Bellakt"



JSC "Lida milk plant" JSC "Oshmyany cheese-making plant"



JSC "Agrokombinat «Skidelsky»"



JSC "Vitebsk Meat-Packing Plant"



JLLC "Transekspedicija"



RUPTe "Orsha Linen Mill"



JSC "Vitebsk carpets"



"Alianceplast" Ltd.



Ministry of Foreign Affairs of Belarus



JV JSC "Kommunarka"



JSC "Confectionery factory "Slodych"



LLC "Evrotorg"



JSC "Minsk Tractor Works"



JSC "558 Aircraft Repair Plant"



JV JSC "Brestgazoapparat" UE "Gefest - Technika"



JSC "Belsolod"



JSC "Savushkin Product"



JSC "Amkodor"



JSC "BELAZ" - Management Company of "BELAZ HOLDING"



JSC "BSW" - Management Company of "BMC" Holding"



JSC "BATE" - Management Company of "Automotive components" Holding



LLC "MMPZ- group"



JSC "Belarusian Universal Commodity Exchange"



JSC "Rechitsa metizny plant"



JSC "Gomel MA "Kristall"



JSC "Kalinkovichi Meat-Processing Plant"



JV JSC "Spartak"



JSC "Gomel Meat-Processing Plant"



JSC "BELSHINA"



JSC "Belarusian cement plant"



JSC "Krichevcementnoshifer"

EXPORT CREDIT INSURANCE IN FIGURES



Eximgarant is rendered with the exclusive right to insure export credits with state support.

Export credit insurance has become an essential part of the state's foreign economic policy. By applying various export credit and insurance tools Belarusian enterprises can securely enter new markets, raise their competitiveness, as well as increase foreign currency inflows in the economy of the Republic of Belarus.

As a result of cooperation between Belarusian enterprises, banks and Eximgarant, in 2016 new business as a percentage of national exports amounted to 1,85% of the total amount of country's exports. The insurance cover was provided for 39 countries, including 5 new markets – Bulgaria, Malaysia, New Zealand, Singapore and Turkey. Exactly 144 enterprises enjoyed export credit insurance services,

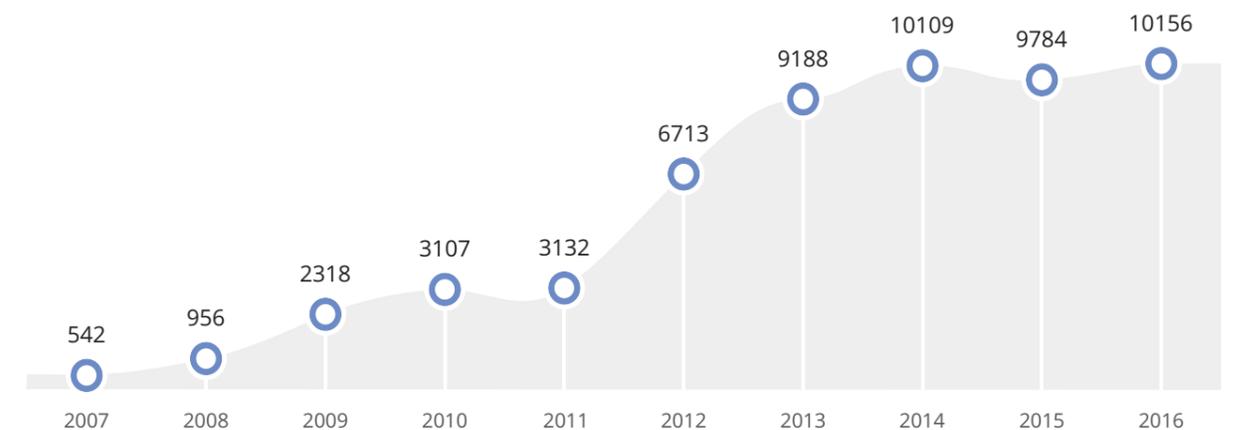
18 of which approached Eximgarant for the first time.

Following global economic trends, Eximgarant adheres to cooperative approach in its business both with national and foreign organisations in order to establish an efficient means of implementing projects while applying export credit insurance tools.

NEW BUSINESS, MILLION BYN



NUMBER OF EXPORT CREDIT INSURANCE AGREEMENTS

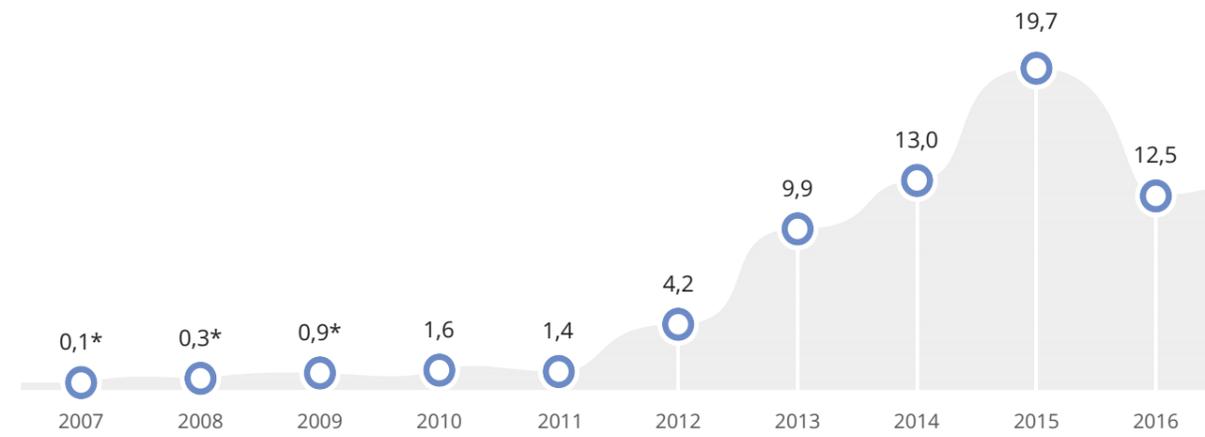


NEW BUSINESS AS A PERCENTAGE OF NATIONAL EXPORTS, %

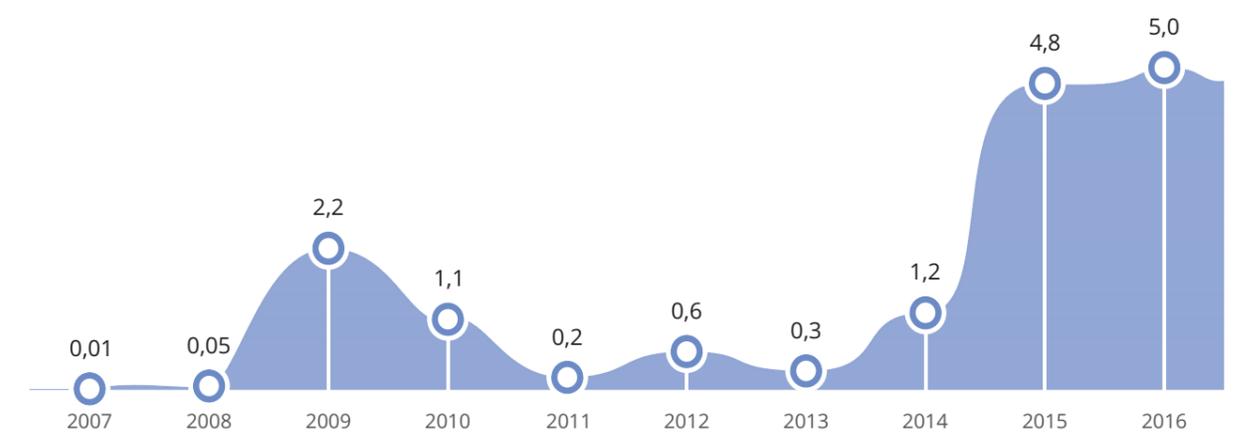


INSURANCE PREMIUM, MILLION BYN

**insurance premium received*



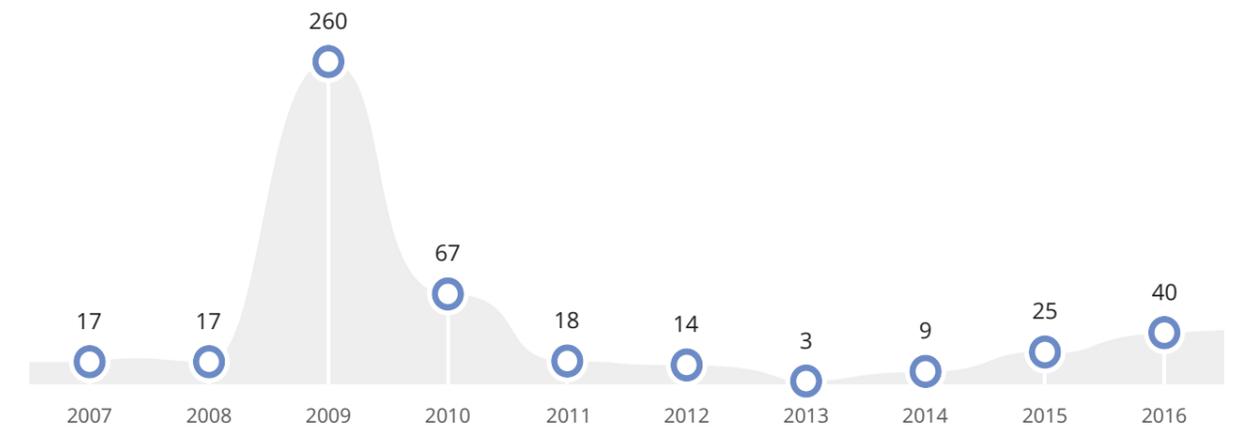
CLAIMS PAID, MILLION BYN



AVERAGE PREMIUM RATE, %



LOSS RATIO, %

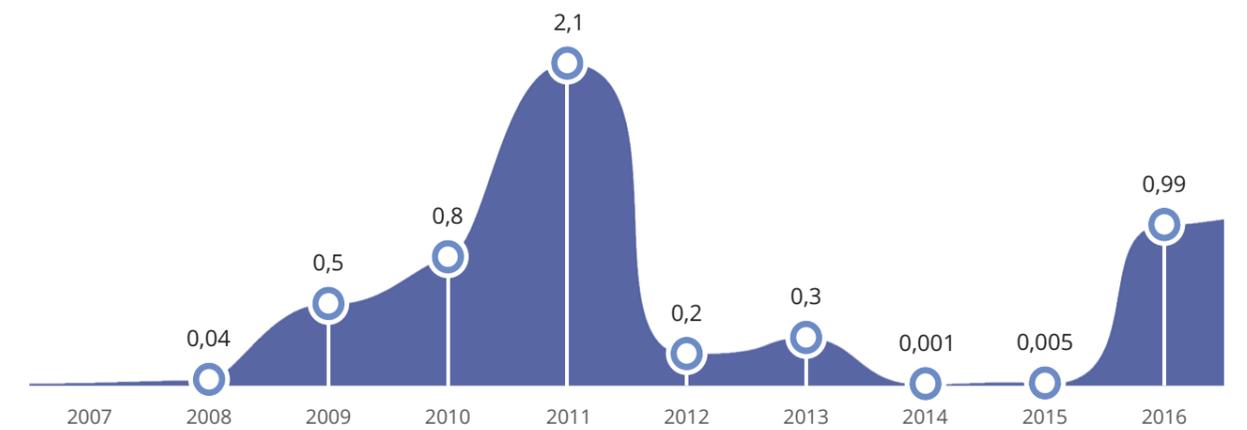


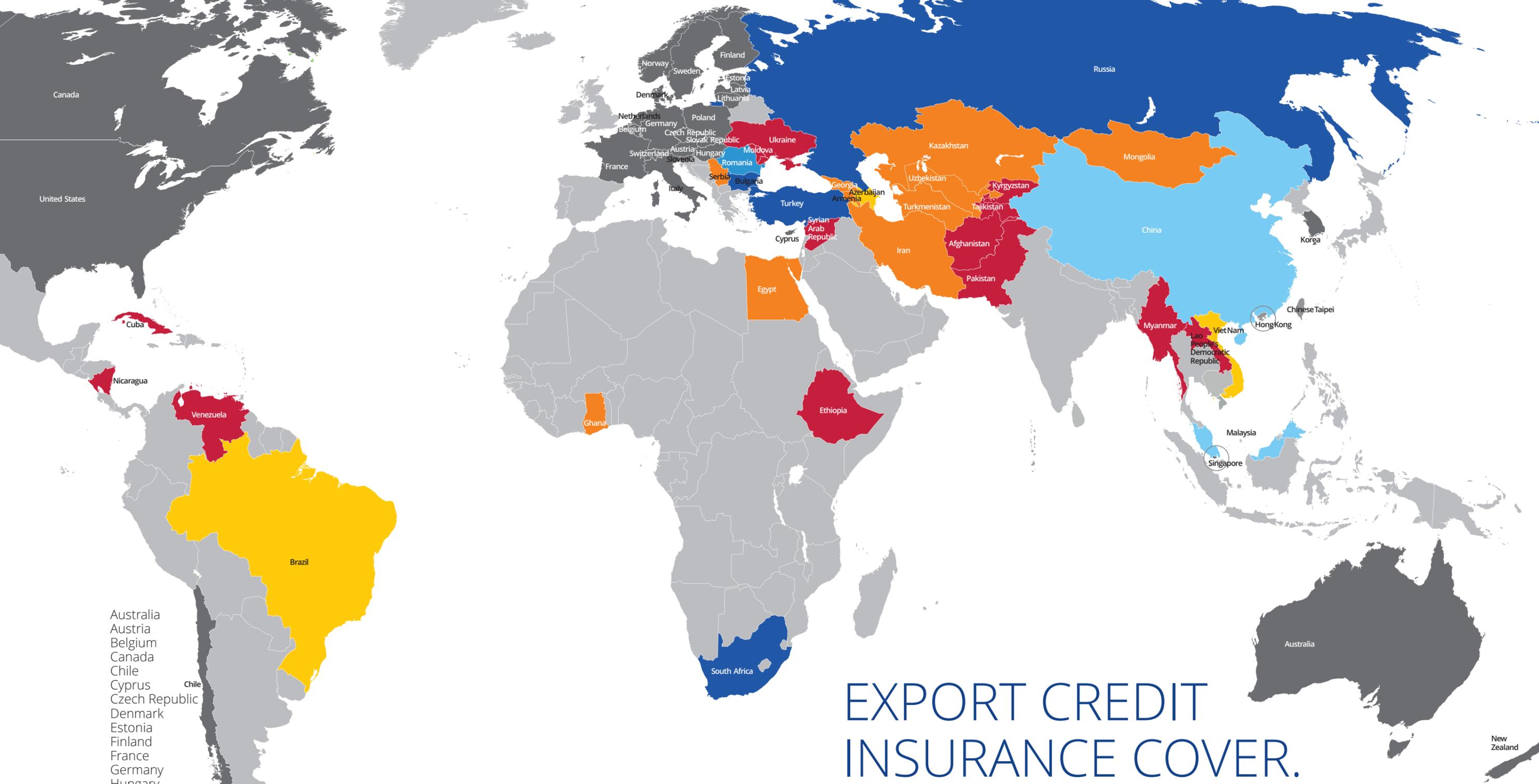
SHARE OF EXPORT CREDIT INSURANCE IN EXIMGARANT'S INSURANCE PORTFOLIO

average premium rate, %



RECOVERIES, MILLION BYN





EXPORT CREDIT INSURANCE COVER. GEOGRAPHIC SPLIT

- Australia
- Austria
- Belgium
- Canada
- Chile
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Hungary
- Italy
- Korea
- Latvia
- Lithuania
- Netherlands
- New Zealand
- Norway
- Poland
- Singapore
- Slovak Republic
- Slovenia
- Sweden
- Switzerland
- United States

- Chinese Taipei
- Hong Kong

- China
- Malaysia

- Romania

- Bulgaria
- Russia
- Turkey
- South Africa

- Azerbaijan
- Brazil
- Viet Nam

- Armenia
- Egypt
- Georgia
- Ghana
- Iran
- Kazakhstan
- Mongolia
- Serbia
- Turkmenistan
- Uzbekistan

- Afghanistan
- Cuba
- Ethiopia
- Kyrgyzstan
- Lao People's Democratic Republic
- Moldova
- Myanmar
- Nicaragua
- Pakistan
- Syrian Arab Republic
- Tajikistan
- Ukraine
- Venezuela



INTERNATIONAL CONFERENCE

"ROLE OF ECA IN BELARUS ECONOMY"



On the 7th October, 2016 the International Conference "Role of ECA in Belarus Economy", organised by Eximgarant, took place in Minsk.

The initiative to conduct the conference was not only aligned with the 15th anniversary of Eximgarant as the official ECA, but also devoted to the national system of export support, as in the year 2016 turned 10 years since its legal establishment by the Decree of the President of the Republic of Belarus dd. 26.08.2006 №534 "On promotion of exports of goods (works, services)" and a set of regulatory documents issued by the government and the National Bank. The event gathered more than 120 attendees – representatives of the leading ministries and concerns, major republican enterprises, private banks and foreign ECAs – members of the Berne Union.

While opening the conference **Mr. Gennady Mitskevich**, CEO of Eximgarant, stated the objectives of the event: to discuss current macroeconomic conditions in Belarus, to define key finance and insurance trends, to exchange experience with foreign colleagues, to estimate the impact of ECA on the increase in national exports and investment.

"I sincerely hope that this conference will become the ground for effective multilateral experience exchange", noted Mr. Mitskevich.



Gennady Mitskevich



Yury Seliverstov



Taras Nadolny



Mikhail Olshansky



Alexey Tyupanov

The first part of the conference was opened by **Mr. Yury Seliverstov**, Deputy Minister of Finance of the Republic of Belarus. He introduced the audience to the structure of the State Budget for the period from January to August 2016, highlighted its execution plan and the respective measures taken. There was also brought up an issue regarding the position of the Republic of Belarus in the OECD Country Risk Classification. The assumption regarding the possibility of its increase was put forward and backed by the following factors: the fivefold increase of GDP per capita ratio and the double rise in the Doing

Business ranking (as compared to the year 2005).

Mr. Taras Nadolny, First Deputy Chairman of the Board of the National Bank of the Republic of Belarus, with the report "Financial Market of the Republic of Belarus: Development Pathway" illustrated the institutional structure of the Belarusian financial market, the "depth" of financial sector, as well as clarified what measures had been taken in the framework of the program of financial market development for 2011-2015.

During the panel discussion, which was moderated by **Mr. Mikhail Olshansky**, First

Deputy CEO of Eximgarant, delegates were able to ask questions. The representatives of the national direct lending policy. Mr. Taras Nadolny commented: *"The plan to cut the volume of direct lending has been adopted. Besides, the Belarusian Development Bank has been assigned such mandate, so almost all the direct lending is carried out by this particular financial institution. By the end of 2020 we are planning to have the volume of directed lending cut in half as compared to the current record"*.

Foreign delegates also asked whether it was possible to regard the insurance policy of Eximgarant as a state guarantee. This statement was affirmed by Mr. Yury Seliverstov.

Exporters were speaking about the most urgent business issues. One of their questions, for instance, lied upon the matter of the actual effectiveness of concessional lending.

"The answer is obvious: cost of capital is highly expensive. We also should not forget that Belarus is in the 7th risk group according to the OECD Country Risk Classification. So, at this very moment during the

conference we all have a chance to state that being in the 7th group is quite expensive for the today's economy", replied Mr. Olshansky. *"When comparing concessional products to those operating in the global market, I cannot say there is a big difference. Consequently, speaking about the internal market, I would like to mention that the concessional lending is actually concessional as for the high cost of resources"*, noted Mr. Seliverstov.

Mr. Alexey Tyupanov, CEO of EXIAR (Russia), referred to the positive experience of working with Eximgarant. The special attention was given to such jointly implemented projects as

exporting motor vehicles produced by Minsk Automobile Plant to Cuba and constructing the Miory metal rolling mill in Vitebsk region.



Topi Vesteri, Jan Prochazka



Thomas Baum



Dmitry Prozorov, Zhongmin Xie,
Gennady Mitskevich



Polina Brovka

The second part of the conference was devoted to both national and foreign systems of export support. The presentation regarding the operational background of Eximgarant was given by **Mr. Andrei Sakovich**, Deputy Head of Export Insurance Division, who highlighted the company's lines of business and opportunities with respect to international cooperation.

Mr. Thomas Baum, Partner of PwC-EULER HERMES (Germany), furnished the audience with the details on German practice of promoting exports. Being established in 1926, the ECA is now providing efficient support to SMEs, as they contribute greatly

to the development of German exports. The German Federal Ministry for Economic Affairs and Energy empowered two companies – PricewaterhouseCoopers and EULER HERMES – to render export credit insurance services. *“The German Government shows interest in promoting exports, as well as German enterprises are willing to employ ECA tools”*, pointed Mr. Baum.

The experience of conducting export support was shared by the President of the Berne Union Mr. Topi Vesteri (FINNEVRA, Finland), Ms. Sylvia Isepp (OeKB, Austria), Mr. Piotr Stolarczyk

(KUKI, Poland), Mr. Jan Prochazka (EGAP, Czech Republic) and others. The majority of ECAs specified the fact that the rate of the national exports covered by insurance amounted to about 2%. It can be noticed that Eximgarant recorded 3,13% ratio of new business as a percentage of national exports at the year-end 2015, so that the aforementioned tendency can be stated to have global nature.

During the panel discussion delegates were offered the opportunity to give consideration to the role of ECAs in the economies of the respective countries. The importance of government in providing export and investment support was also reviewed. Mr. Baum stressed that *“there are no governmental instruments that don't play out”*. In conclusion, Mr. Mitskevich once again emphasized the relevance of employing insurance tools when conducting export and investment operations.

The conference was wrapped up with the presentation *“Cooperation with ECAs – New*

Opportunities” given by **Mrs. Polina Brovka**, Head of International Cooperation Division. The main focus was given to the scope of international collaboration when implementing joint projects: covering risks associated with the implementation of investment projects on the territory of the Republic of Belarus, available reinsurance tools and insurance against the risk of non-redemption of a non-resident bank loan by a Belarusian borrower.

Mr. Mitskevich in his closing remarks thanked the delegates and pointed out that *“Belarusian*

economy is highly integrated into the global community, so it is obviously exposed to external risks. That is why it is very important to have all the parties – exporters, governmental bodies, banks and Eximgarant – pooling their interest, as such collaborative approach will result into further development of national exports”.

EVENTS





16-17 MARCH 2016

EXIMGARANT OF BELARUS – THE OFFICIAL PARTNER OF THE INTERNATIONAL CONFERENCE “BELARUS: TRADE FINANCE’2016”

The international conference “Belarus: Trade Finance’2016” was held in Minsk with the support of the European Bank for Reconstruction and Development. During the event there were covered such issues as the impact of global economic climate on the Belarusian market, the prospects of economic development of the Republic of Belarus in 2016 and the role of the country in the global financial arena and trade finance in particular

Eximgarant presented the report about the available mechanisms of export credit insurance, as well as highlighted the possible schemes of backing up investment projects.

In the framework of the conference there was a panel discussion held involving representatives from leading Export Credit Agencies: EULER HERMES (Germany), SACE (Italy), OeKB (Austria), EGAP (Czech Republic), FINNVERA (Finland), SINOSURE (China), KUKI (Poland), EXIMBANKA SR (Slovakia), NEXI (Japan), EXIAR (Russia). Experts gave careful consideration to the prospects of cooperation with Eximgarant and also shared information about the internal cover policy and the volume of insured projects within the Republic of Belarus.

13 APRIL 2016

MEETING WITH THE REPRESENTATIVES OF INTERNATIONAL MONETARY FUND

The meeting was held in the framework of the IMF and World Bank mission for Belarus financial sector stability assessment from 5th to 21st April, 2016.

During the discussion Eximgarant presented itself as an official ECA of the Republic of Belarus, clarified the established mechanisms of export promotion and shared the experience of the company's cooperation with foreign ECAs.



26 APRIL 2016

EXIMGARANT OF BELARUS AND QATAR DEVELOPMENT BANK SIGNED THE COOPERATION AGREEMENT

The document was signed in the course of the 3rd session of the Joint intergovernmental Belarus-Qatar committee on cooperation. This Agreement signifies the starting point of cooperation between Eximgarant and QDB, that will subsequently facilitate the bilateral trade and investment flows.

9-12 MAY 2016

EXIMGARANT OF BELARUS ACQUIRED THE STATUS OF A FULL MEMBER OF THE BERNE UNION

The Joint Prague Club/Berne Union Spring Meeting was held in Warsaw. The members of both organisations conducted the separate sessions and voted for the integration of the Prague Club into the Berne Union, which can subsequently enhance the world-wide information exchange in the field of export credit finance. A new Prague Club Committee will be added to the three existing ones of the Berne Union, while maintaining its unique features. A newly formed Berne Union will include 81 participants representing 73 countries around the world.





10 MAY 2016

EXIMGARANT AND SACE SIGNED THE COOPERATION AGREEMENT



In the framework of the Joint Prague Club/Berne Union Spring Meeting Eximgarant of Belarus and Italian ECA SACE entered into the Cooperation Agreement.

Both Belarusian and Italian ECAs have a long-lasting experience of cooperation. The document is supposed to create a favourable environment for further development of mutually beneficial relations between the companies, as well as to support interaction between Belarusian and Italian business entities with the view to enhance bilateral trade flows and implement joint projects.

12 SEPTEMBER 2016

THE JOINT MONITORING MISSION OF AUSTRIAN CONTROL BANK OeKB AND MINISTRY OF FINANCE OF THE REPUBLIC OF AUSTRIA

The purpose of the mission was to review the performance of investment projects implemented by Belarusian enterprises that were rendered export credit and insurance support by OeKB within the framework of Austrian system of export promotion.

In the course of the meeting the parties exchanged information on export support systems established in the respective countries, as well as the currently available mechanisms of export finance while applying insurance services. Eximgarant provided the monitoring mission with the details about the existing insurance products that could be rendered to OeKB in the context of implementing joint investment projects in Belarus.

The representatives of the mission expressed their interest in extending the cooperation between the companies with respect to such issues as performing joint projects and supporting exports of joint Belarusian-Austrian companies to third countries.

19 MAY 2016

VIII SESSION OF THE BELARUSIAN-CZECH JOINT COMMISSION ON ECONOMIC, INDUSTRIAL AND SCI-TECH COOPERATION

During the meeting the parties discussed the prospects of bilateral cooperation including those within financial sector, and defined new lines of collaborative engagement in such fields as energy, industrial production, transportation and etc.

Eximgarant informed the participants about the national system of export support, the terms of providing export credit insurance within the implementation of joint Belarusian-Czech enterprises, as well as the company's ability to insure against classic risks upon the implementation of Czech investment projects in the Republic of Belarus.

26-27 MAY 2016

XII BELARUSIAN-LITHUANIAN ECONOMIC FORUM

The Forum was devoted to the development of cooperation between the countries in the field of agricultural production, tourism, transportation and logistics. Eximgarant partnered the event and presented the report on the existing opportunities for the support of joint investment projects on the territory of the Republic of Belarus by providing insurance and reinsurance services.



Oesterreichische Kontrollbank AG

14 SEPTEMBER
2016

V BELARUSIAN-FINNISH ECONOMIC FORUM

In the course of the forum the meeting with the representatives of Finnish delegation was held in the Ministry of Finance of the Republic of Belarus. The presented information described the national development prospects, the results of the budget execution that the bodies of the general government sector reached during the year of 2016, as well as introduced some details on the budget plan for the year 2017 and the progress achieved during the implementation of the IMF program. Eximgarant provided some details regarding new insurance products for the purpose of their inculcating in cooperation with Finnish ECA FINNVERA while performing investment projects in Belarus.

24 OCTOBER
2016

XX BELARUSIAN-POLISH ECONOMIC FORUM «NEIGHBORHOOD»

The annual Forum is held in the pursuit of the development of bilateral economic cooperation and enhancing networking facilities among the representatives of Belarusian and Polish business entities, state administrative bodies, business associations.

In the framework of the event there was a business meeting held between Eximgarant and KUKE, during which the parties discussed new opportunities for cooperation in such fields as finance and insurance.

26-29 OCTOBER
2016

II INTERNATIONAL FINANCIAL- BANKING FORUM OF CIS COUNTRIES

The Forum was held in the course of the session of the Council of the heads of governments of CIS states. There were covered such issues as the development of financial markets, export and investment support mechanisms.

During the round-table discussion on the topic "Employing the potential of insurance companies within the context of the integration of CIS countries' financial markets" Eximgarant presented a report on its new opportunities for export and investment support.



24-27 OCTOBER
2016

THE BERNE UNION ANNUAL GENERAL MEETING 2016

The Berne Union Annual General Meeting was held in Lisbon under the auspices of the export credit agency of Portugal COSEC. About 270 representatives of ECAs, financial and investment companies from more than 50 countries took part in the event.

The Chairman of the Prague Club Committee Chris Chapman thanked all the participants for their active involvement in the past integration procedures, due to which the Prague Club became the fourth committee of the Berne Union.

Besides, in the course of the General Meeting the participants reelected the current President of the Berne Union – Mr. Topi Vesteri, who is also serving as Deputy CEO and Group Chief Credit Officer at FINNVERA (Finland). The position of Vice-president was taken by Mandisi Nkuhlu, who holds the position of Chief Operating Officer at the Export Credit Insurance Corporation of South Africa ECIC SA.

In the framework of the meeting Eximgarant conducted negotiations with the representatives of ECAs of Czech Republic (EGAP), Slovak Republic (EXIMBANKA SR), China (SINOSURE), Macedonia (MBDP), Serbia (AOFI), Estonia (KREDEX) on possible means of facilitating bilateral cooperation.

TOPI VESTERI

WELCOME ADDRESS BY THE PRESIDENT OF THE BERNE UNION

In my capacity as the President of the International Union of Credit & Investment Insurers, also known as the Berne Union, it is a great privilege to have been invited to contribute to the Annual Report of Eximgarant of Belarus.

Eximgarant has been a member of the Prague Club since 2002. Since the formal unification of Prague Club and Berne Union in 2016, Eximgarant is now an active full member of Berne Union. The Union consists of 84 members from 73 countries. 69 of the members are state agencies, 14 are private insurers and four members are multilateral agencies. Geographical and organizational diversity is important for the Berne Union and the resulting exchange of information is invaluable to all members as well as the wider trade finance community. Berne Union strives to treat its large members and small members equally. A proof of this is that one can become an elected official of the Union irrespective of the size of the member he or she represents.

Members' annual turnovers range from 5 million USD to 500 billion USD but we all deal with the same professional challenges. Together, the members of Berne Union covered about 1.9 trillion USD of exports in 2016. This is over 11% of world cross-border trade as reported by World Trade Organisation. About half of this credit risk support is provided by state backed Export Credit Agencies

such as Eximgarant. The other half is provided by private insurance companies specializing in trade credit and political risks insurance. The longer the credit tenor of the transaction and the riskier the obligor, the more likely it is that a state backed Export Credit Agency (ECA) such as Eximgarant is involved.

The purpose and nature of the credit insurance products provided by Berne Union members is counter-cyclical and stabilizing – supporting trade and investment in difficult and uncertain economic environments. Indeed, since the beginning of the financial crisis in 2008, Berne Union members have paid approximately 40 billion USD of claims to exporters and financiers of trade. Still, despite these large claims, Berne Union members' business is stable, and risk appetite remains high across the market. This is a reflection of strength of the industry, as well as the disciplined underwriting of our member organisations. They collect insurance premia for each risk they take and they are professional not only in underwriting risks and handling and paying claims but also in recovering claims.





Members of the Berne Union share a collective goal of exchanging information, payment experiences and best practices of export credit insurance in the pursuit of facilitating international trade. Members continually educate each other on their new innovative solutions and on best industry practices in the Berne Union's general meetings, all-member meetings and committee meetings as well as in specialized and technical workshops and seminars for their expert staff.

A key strength of the Berne Union "family" is this willingness of members to share professional information in a very open, constructive and respectful manner. As a result, strong professional and personal relationships are forged amongst members. This broadens and deepens the knowledge of all our respective members and enables us to better support and inform our exporting clients. The staff of Eximgarant have always shown a high regard for these values, and their experiences and

contribution is highly respected within the Berne Union, as well as by its individual members. The formalization of the Prague Club as a fourth committee of the Berne Union further strengthens these networks of professional and personal relationships, bringing value to all our members.

Celebrating its 15th anniversary on 7th October, 2016, Eximgarant organized an export credit insurance conference for its clients and major financial institutions, in Minsk, where several Berne Union members - good friends and business partners of Eximgarant - attended sharing their views on the current challenges and opportunities of our industry. I wish to thank Eximgarant on behalf of myself and my Berne Union Colleagues for being able to contribute to Eximgarant's 15th anniversary celebrations in this concrete way!

Amongst the current challenges and opportunities of Berne Union member ECAs is how to better serve SME exporters. Members are developing more efficient service procedures for SMEs to overcome the reversed economy of scale inherent in low-value transactions which are equally burdensome to administer. Simplifying terms and conditions of our products is one solution but also "Fintech" technology may soon be offering more efficient solutions in this regard. Co-operation between public and private insurers and between ECAs of different countries has been a hallmark of recent years. Berne Union offers an excellent venue to explore ways of deepening this co-operation! All

members of Berne Union - both small and large - have a potential to benefit immensely from the greater integration, benchmarking and setting of best practice afforded by these exchanges.

Eximgarant is known for its capable management and staff as well as for the modern practices and international standards of its export credit insurance underwriting. With such expertise, Eximgarant is well positioned to continue supporting Belarusian exporters.

I very much look forward to continuing the valuable co-operation which the Berne Union and its members have enjoyed with Eximgarant so far and on behalf of all Berne Union colleagues I wish Eximgarant and its customers every success for the year ahead.

Sincerely yours,

Topi Vesteri

*President
Berne Union
International Union of Credit &
Investment Insurers*

*Deputy CEO, Group Chief Credit Officer
Finnvera Plc*

INTERNATIONAL COOPERATION

Being the official ECA of the Republic of Belarus, Eximgarant is actively involved into cooperation with international financial organisations, foreign banks and various export development institutions. The company has been a member of the International Union of Credit and Investment Insurers (the Berne Union) since 2002.

In the framework of the company's international development, one of the milestone events of the year 2016 was the formalisation of integration of the Prague Club into the Berne Union as its forth committee. Thus, Eximgarant acquired a full-member status alongside with 84 ECAs and expanded its opportunities for establishing new business relations as for the larger diversity of the Union's members.

The demand for the constant extension of networking channels today is driven by the tendency for integration, as well as the expansion of the global value-added chain concept. As of today, the profile of Eximgarant's international links includes **34 cooperation agreements and 17 reinsurance agreements**.

The extensive network of business contacts allows the company to attain full and fair information regarding the current state of the market and innovative practices of export credit insurance, as

well as to exchange experience on country risks and provide all possible assistance to its foreign colleagues, who are covering and financing investment and exports to Belarus. Consequently, Eximgarant, apart from its core ECA function, takes part in attracting investment into the Republic of Belarus that promotes innovation-driven growth of both domestic and export-oriented industries.

COVERING RISKS ASSOCIATED WITH THE IMPLEMENTATION OF INVESTMENT PROJECTS ON THE TERRITORY OF THE REPUBLIC OF BELARUS

Eximgarant's insurance portfolio includes classic types of insurance, which enables the company to cover risks that may occur during the implementation of investment projects in the area of construction, including projects with foreign participation. Within the context of this type of services various projects of republican value were covered. Eximgarant offers the following insurance products:

- Insurance against construction and assembly risks
- Liability insurance when conducting construction works
- Insurance of legal entities' property against fire and other dangers
- Cargo insurance
- Insurance against medical expenses

CO-INSURANCE AND REINSURANCE OF EXPORT PROJECTS OF JOINT VENTURES IN THE THIRD COUNTRIES

The benefits of the national system of export promotion are approachable to the joint ventures established on the territory of the Republic of Belarus. The common practice in cases of supporting exports of jointly manufactured goods to third countries is cooperation of ECAs by means of co-insurance or reinsurance. Each ECA's participation in the risk is assumed to cover the part of national content in the final export that fully reflects the current practice of issuing state guarantees for the purpose of supporting national exports.

REINSURANCE OF EXPORT PROJECTS TO BELARUS COVERED BY FOREIGN ECAs

Export credit insurance is a specific and risky product. In this regard, the process of reinsurance faces certain difficulties. In order to support foreign investment flows Eximgarant gives consideration to reinsuring export and investment projects of foreign ECAs in the Republic of Belarus.

INSURANCE AGAINST THE RISK OF NON-REDEMPTION OF A NON-RESIDENT BANK LOAN BY A RESIDENT OF THE REPUBLIC OF BELARUS

Insurance against the risk of non-repayment of a loan granted to a Belarusian resident by a foreign bank is a direct form of foreign investment flows support. Such counter-guarantee of loans covered by foreign ECAs allows decreasing the cost of acquired resources therefore increasing the feasibility of investment projects.

EXIMGARANT'S COVER REFLECTS A HIGH LEVEL OF RELIABILITY

1. Eximgarant is a state-owned company; the Council of Ministers of the Republic of Belarus is the company's exclusive owner; the company operates under the guidance of the Ministry of Finance of the Republic of Belarus.

2. In case the insurer lacks in insurance reserves, Eximgarant can get budgetary loans for insurance claims payment, which are annually provided for in the budget of the Republic of Belarus.

3. Eximgarant possesses substantial equity capital and insurance reserves, both of which allow performing its obligations under an insurance agreement in due course.

4. Eximgarant has an international rating of financial stability according to Fitch Ratings and affirms it annually at "B-".

5. Eximgarant is a member of the Prague Club Committee of the Berne Union and enjoys strong business contacts with the members of the international organization.



COOPERATION WITHIN THE EURASIAN ECONOMIC UNION



Today the main goal of the Eurasian Economic Union is to facilitate the concentration of joint efforts for promoting exports of the member states into third countries. The available tools of export support are assumed to comprise various export credit insurance facilities.

In this regard, export credit agencies of Armenia, Belarus, Kazakhstan and Russia are now cooperating closely to establish a consolidated platform for information sharing, harmonise the existing methods of export promotion, including those intended to cover exports of jointly produced goods and services, as well as plan setting up a reinsurance pool. National ECAs are currently focused on developing the legislative and

regulatory framework for such cooperation together with implementing various projects on the basis of bilateral Cooperation Agreements concluded with the respective ECAs. For instance, Eximgarant has recently covered a successful transaction jointly with EXIAR, which rendered reinsurance services in proportion to the Russian content in final exports. This pioneering project has not only shown that both companies have

great potential for further cooperation, but also encouraged strengthening of business network with the other ECAs when exporting goods into third countries.

The important step of Eximgarant's international cooperation development within the Union is the fact that in the previous year for the purposes of realisation of the decision of the Eurasian intergovernmental council dd. 29.05.2015 on "Measures for export support" the Decree of the President of the Republic of Belarus №534 "On promoting exports of goods (works, services)" was amended to allow Eximgarant to transfer risks to any concerned reinsurer, including foreign companies, freely and without limitations. As the result of this alteration, the Belarusian national system of export support has gained flexibility owing to the availability of risk diversification mechanisms.

As the demand for both the growth of exports and the deepening of cooperation between enterprises of the Union member states is rising, national ECAs are now faced with considerations to sophisticate their insurance product portfolio, create new mechanisms of export promotion, exchange experience and information in the field of export credit and investment insurance. However, the currently established laws applicable to export credit insurance industry in the respective countries differ greatly. Thus, entering into multilateral Memorandum of Cooperation between the ECAs of the Union is seen as a top priority task to perform, as it must facilitate the further harmonisation of the legislative

bases of each member state in order to ensure the efficiency of supporting exports. In the long-term outlook it can also assist mutual recognition of an insurance policy issued by any ECA of the EAEU as a highly reliable security irrespective of sovereign ratings.

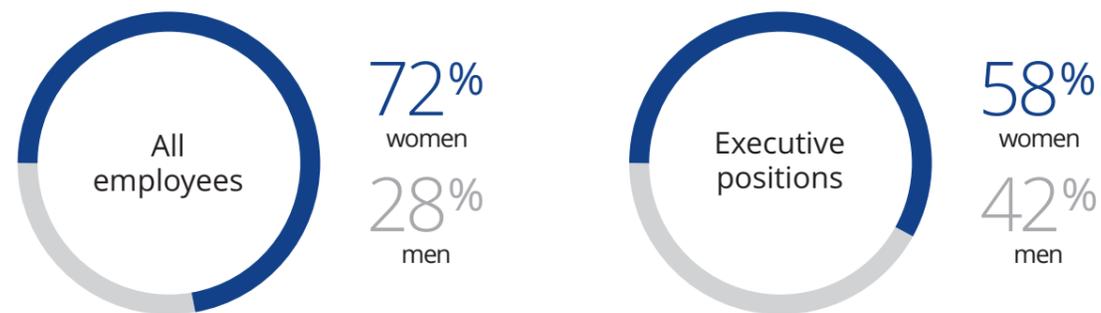
The recent trends of cooperation are actively discussed between national ECAs, as well as in the framework of the Working group on providing financial support for exports, which was established under the auspices of the Eurasian Economic Commission.



HUMAN RESOURCES

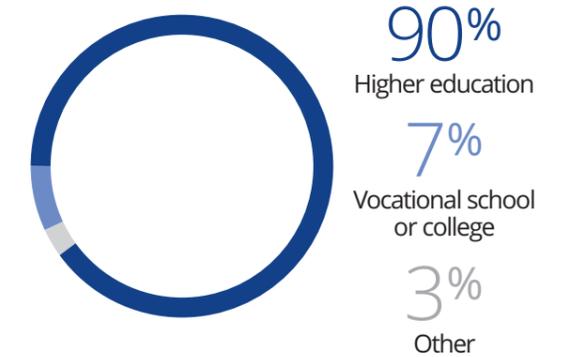
Today staff comes as the main driving force and strategic resource of any enterprise. With regard to the innovative character of the modern economy, the role of a human has risen greatly, thus the level of competence required from the employees has also increased. Within its HR policy, Eximgarant creates favourable working environment to help its employees achieve their potential.

GENDER STRUCTURE



First Spartakiad between Belarusian and Russian ECAs

PROFESSIONAL QUALIFICATIONS



Eximgarant provides its workers with support for obtaining additional education and improving their professional skills. In 2016 29 employees developed their proficiency in the State Educational Institution "Training centre for senior executives and specialists of the Ministry of Finance of the Republic of Belarus". More than 90 specialists improved their knowledge when attending single-discipline schools, trainings and workshops. Besides, 2 employees upgraded their qualification in the field of international marketing and enterprise crisis management at the Academy of Public Administration under the aegis of the President of the Republic of Belarus.

One of the most important lines of company's policy on human resources development is organising training courses for its staff at foreign ECAs, participation in business-forums, practical conferences, where experience exchange is facilitated. For instance, in 2016 employees of Eximgarant took a training course devoted to such issues as risk analysis, risk management and the OECD guidelines held by PricewaterhouseCoopers AG.

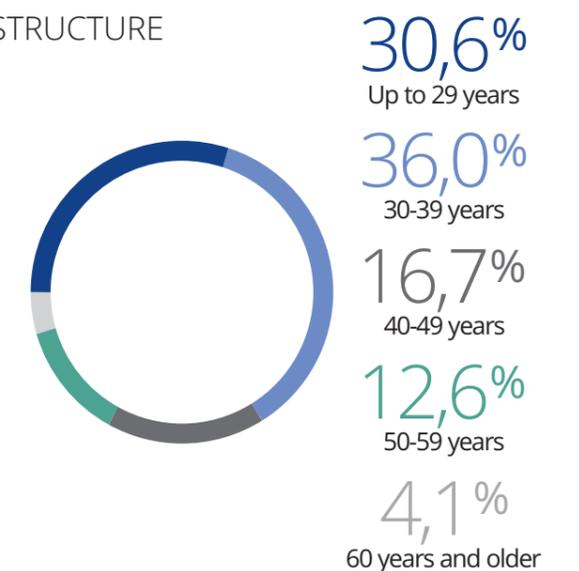
The health of the company's personnel, as well as the participation in various sport events are very important elements of Eximgarant's corporate policy. During 2016 Eximgarant's employees participated in the futsal tournament "Insurance League 2016", Russian billiard tournament "Insurance Pyramid - 2016". In May 2016 the Spartakiad among the workers of Eximgarant was held. The event brought teams of each company's branch together. The Spartakiad has become a good tradition within the company and helps to pick the sportsmen, who will represent Eximgarant at the republican intra-industry Spartakiad of the Ministry of Finance of the Republic of Belarus. The involvement of the staff into various sport events not only positively impacts the health of the participants, but also develops teambuilding skills.

One more feature of the corporate culture of Eximgarant is the opportunity of its staff to enjoy the medical services in the best Belarusian healthcare centres. Voluntary insurance policy against medical expenses is an integral part of the company's employment benefits.



XX Republican intra-industry Spartakiad of the Ministry of Finance of the Republic of Belarus, Mogilev, September 2016

AGE STRUCTURE



SOCIAL RESPONSIBILITY

In current economic environment those enterprises that are showing high level of social responsibility often achieve great success in their professional performance. By investing into social services and supporting cultural, educational, healthcare and sporting institutions, as well as socially disadvantaged sections of the community, Eximgarant not only creates a favourable corporate image, but also expands its opportunities of doing business.

Eximgarant takes active part in social development of Belarusian cities and the republic in general by providing assistance to various projects and assuming additional social commitment.

Sponsored by Eximgarant, the XI Yuri Bashmet International Music Festival is considered to be one of the most significant cultural events of the past year. This Festival has been held in Belarus since 2006 and enjoys a reputation of one of the benchmarking art forums in Europe.

In 2016 support was offered to the Republican festive "Kupal'e" ("Alexandria gathers friends"), which was held in Shklov district of the Mogilev region and gathered on-stage performance groups from Belarus, Russia and Ukraine.



For the past few years Eximgarant has been sponsoring National Academic Bolshoi Opera Theatre of the Republic of Belarus. Last year the company granted financial assistance to the grand project "Ballet Summer in Bolshoi" that gave connoisseurs a chance to enjoy the most famous ballet performances.



"The Nutcracker" ballet performed by the National Academic Bolshoi Opera and Ballet Theatre of the Republic of Belarus

Close partnership with sports organisations, associations and federations turned an established practice as healthy lifestyle philosophy has long ago become the company's business creed. Eximgarant is an official sponsor of the National Olympics Committee of the Republic of Belarus and provides financial aid to various sports such as sailing, hockey, freestyle skiing, ping-pong and many others. As a result of this aid Belarusian sportsmen achieve high scores in various types of competitions. For example, during the Freestyle Skiing World Cup series, which took place at Republican centre of Olympic training in winter sports "Raubichi", Belarusian national team stroke both silver and bronze.



(left-to-right): Maxim Gustik, Belarus (silver), Danielle Scott, Australia (silver), Christopher Lillis, United States (gold), Ashley Caldwell, United States (gold), Ilya Burov, Russia (bronze), Alexandra Romanovskaya, Belarus (bronze)



Supported by the Ministry of International Affairs of the Republic of Belarus and under the patronage of UNESCO, a unique art exhibition "From Lisbon via Minsk to Vladivostok" took place in Minsk. This distinctive art-project made more than 80 paintings from 25 European countries – Belarus, Russia, Ukraine, France, Portugal, Spain, Germany, Austria, Czech Republic, Poland and etc. – available for Belarusian audience.

FINANCIAL
RESULTS



FINANCIAL RESULTS

KEY FINANCIAL INDICATORS

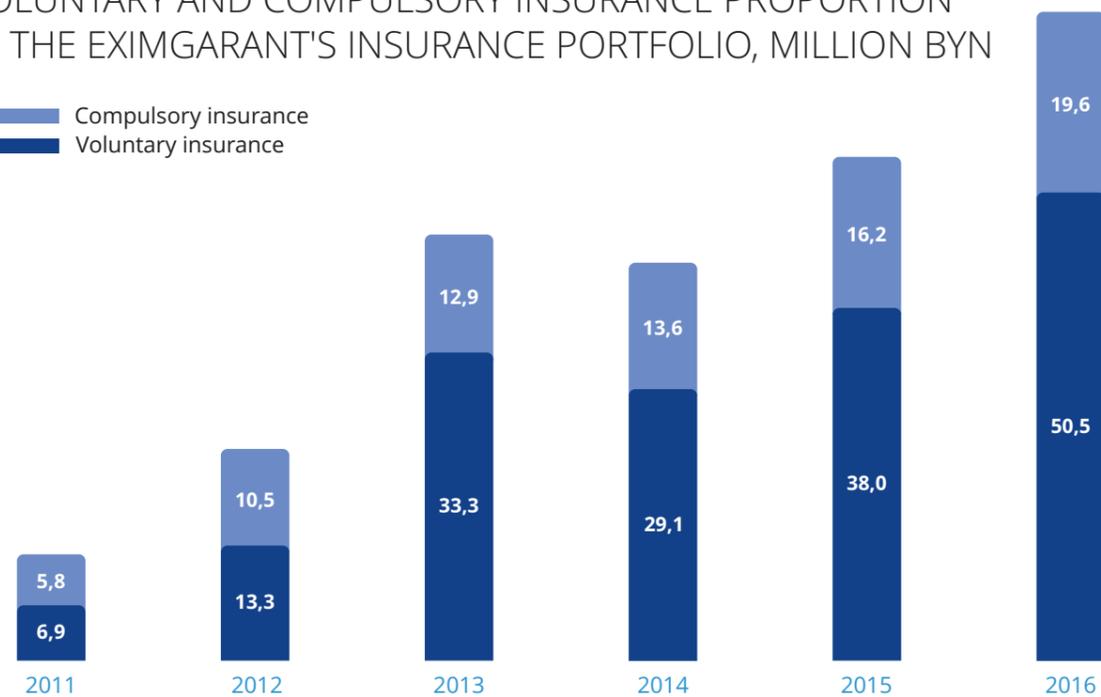
EXIMGARANT'S ACTIVITY IN FIGURES



- 27% Entrepreneurial risk insurance (domestic)
- 24% Other
- 22% Motor vehicles third party liability insurance
- 18% Export credit insurance with state support
- 9% Medical expenses insurance

VOLUNTARY AND COMPULSORY INSURANCE PROPORTION IN THE EXIMGARANT'S INSURANCE PORTFOLIO, MILLION BYN

■ Compulsory insurance
■ Voluntary insurance



NEW BUSINESS – TOTAL, BILLION BYN



CLAIMS PAID – TOTAL, MILLION BYN



INSURANCE PREMIUM – TOTAL, MILLION BYN



KEY PERFORMANCE INDICATORS

	2011	2012	2013	2014	2015	2016
Direct insurance – premium invoiced (*received), million BYN	12,70*	23,73*	46,16	42,66	54,29	70,14
Gross profit, million BYN	18,62	10,83	15,86	4,61	32,73	28,25
Profitability, %	123,5	40,6	26,1	7,0	39,0	21,8
Payments to budgetary and extra-budgetary funds, million BYN	3,92	7,93	9,88	9,38	16,92	14,11
New business – total, billion BYN	4,13	7,39	13,27	11,67	14,87	18,90
Insurance reserves and funds, billion BYN	8,68	11,18	26,64	46,69	60,6	73,59
Insurance contracts – total	605 535	684 883	709 455	622 622	524 145	484 142
Equity, million BYN	59,17	405,74	414,56	415,09	431,02	443,0
Statutory fund, million BYN	45,47	393,76	399,1	406,0	407,0	415,0
Average number of employees	374	401	443	464	492	510

AUDITOR'S REPORT ON FINANCIAL STATEMENTS OF EXIMGARANT OF BELARUS FOR THE YEAR 2016



AUDITING COMPANY

Name:
LLC "BDO"

Address:
103 Pobediteley Ave., Minsk, Republic of Belarus, 220020 (8th floor, office 807)

Registration details:
Certificate of registration issued by Minsk city executive committee on 15th November 2013

Payer's Identification Number:
190241132

AUDITED COMPANY



Name:
Eximgarant of Belarus

Address:
2 Melnikaite str., Minsk, Republic of Belarus, 220004

Registration details:
registered by the Insurance supervision committee of the Ministry of Finance of the Republic of Belarus in Unified State Register of Legal Entities and Individual Entrepreneurs on 21st September 2001

Payer's Identification Number:
101421509

24th May 2017 – Fitch Ratings has affirmed Export-Import Insurance Company of the Republic of Belarus's (Eximgarant) Insurer Financial Strength (IFS) rating at "B-". The Outlook is Stable.

AUDITOR'S OPINION

In our opinion the accompanying financial statements of Export-import insurance company of the Republic of Belarus present fairly in all material respects the financial position of Export-import insurance company of the Republic of Belarus as of 31 December 2016 and its financial performance and changes in its financial position (cash flows) for the year then ended in accordance with the requirements of the legislation of the Republic of Belarus on accounting and financial reporting.

BALANCE SHEET

ASSETS 1	Line code 2	01 January 2017 3	31 December 2015 4
I. LONG-TERM ASSETS			
Fixed assets	110	3 836 665	3 753 430
Intangible assets	120	29 595	23 186
Income yielding investments into tangible assets	130	2 281	2 648
Including:			
investment property	131	2 281	2 648
subject of finance lease	132	-	-
other income yielding investments into tangible assets	133	-	-
Investment in long-term assets	140	154 546	110 676
Long-term financial assets	150	379 770 266	380 008 376
Long-term receivables	160	30 777 470	10 520 816
Deferred tax assets	170	-	-
Other long-term assets	180	1 768	1 260
Total article I	190	414 572 591	394 420 392
II. SHORT-TERM ASSETS			
Supplies	210	670 159	547 211
Including:			
raw materials and other materials	211	670 159	547 211
in-process inventory	212	-	-
other supplies	213	-	-
Long-term assets held for sale	215	-	-
Unexpired costs	220	62 538	182 821
Input added value tax	230	-	-
Reinsurers share in insurance reserve	240	37 770 861	31 342 187
Including:			
unearned premium reserve	241	33 200 887	27 691 289
loss reserve	242	4 569 974	3 650 898
other technical reserves	243	-	-
Short-term receivables	250	33 198 109	28 053 234
Short-term financial investments	260	-	-
Cash and cash equivalents	270	101 909 907	94 376 183
Other short-term assets	280	-	-
Total article II	290	173 611 574	154 501 636
TOTAL	300	588 184 165	548 922 028

EQUITY AND LIABILITIES 1	Line code 2	01 January 2017 3	31 December 2015 4
III. EQUITY			
Authorized capital	410	415 000 000	407 000 000
Unpaid capital	420	-	-
Own shares	430	-	-
Reserve capital	440	134 000	114 000
Including salary reserve fund	441	134 000	114 000
Additional fund	450	2 366 971	2 368 883
Including property enlargement (revaluation) get using insurance reserves	451	-	-

	1	2	3	4
Retained earnings		460	25 631 669	21 584 816
Net income		470	-	-
Target financing		480	-	-
Total article III		490	443 132 640	431 067 699

IV. ACTUARIAL RESERVES AND FUNDS

Life insurance reserve	500	-	-
Unearned premium reserve	501	90 660 182	73 678 800
Loss reserve	502	20 702 811	18 268 108
Other technical reserves	503	-	-
Other insurance reserves	504	-	-
Prevention measures fund	505	2 300 761	1 950 314
Guarantee fund	506	5 960	4 576
Other funds according to legislation	507	8 416	8 165
Total article IV	509	113 678 130	93 909 963

V. LONG-TERM LIABILITIES

Long-term loans	510	-	-
Long-term lease payments	520	-	-
Deferred tax liabilities	530	-	-
Deferred income	540	563	-
Provisions for future expenses	550	-	-
Other long-term liabilities	560	12 423 533	4 760 973
Total article V	590	12 424 096	4 760 973

VI. SHORT-TERM LIABILITIES

Short-term loans	610	-	-
Short-term part of long-term liabilities	620	-	-
Short-term liabilities	630	18 949 214	12 392 293
Including:			
insureds	631	480 557	427 243
insurance agents and brokers	632	1 305 084	895 382
other creditors in insurance and co-insurance transactions	633	5 968 000	4 150 375
reinsurance	634	4 745 403	5 739 608
premium deposit on reinsurance risks	635	-	-
Consignors and contract holders	636	72 124	184 612
Advances received	637	-	-
Taxes and charges	638	2 586 442	19 561
Social insurance	639	35 382	40 538
Labour expense	640	213 823	197 859
Lease-payment	641	-	-
Property owner (shareholders, participants)	642	1 297 391	101 474
Other creditors	643	2 245 008	635 641
Liabilities for sale	650	-	-
Deferred income	660	85	6 791 100
Provisions for future expenses	670	-	-
Other short-term liabilities	680	-	-
Total article VI	690	18 949 299	19 183 393
TOTAL	700	588 184 165	548 922 028

INCOME STATEMENT

INDEX 1	LINE CODE 2	January - December 2016 3	January - December 2015 4
LIFE INSURANCE			
Premium earned, total	010	-	-
Claims paid, total	020	-	-
Change of reserves for life insurance	030	-	-
Including change of reserve for arrears payments	031	-	-
Deductions to guarantee and preventive fund	040	-	-
Administrative costs, total	050	-	-
Income - life insurance	055	-	-
Expenses - life insurance	056	-	-
Profit (loss) - life insurance (lines 010 - 020 + (030 - 031) - 040 - 050 + 055 - 056)	060	-	-
Other income - current activity	065	-	-
Other expenses - current activity	066	-	-
Profit (loss) on current activity - life insurance (lines ± 060 + 065 - 066)	069	-	-
NON-LIFE INSURANCE			
Premium earned, total	070	75 422 043	54 340 331
Including:			
direct insurance and co-insurance	071	70 140 214	54 288 905
reinsurance	072	5 281 829	51 426
Ceded premium	073	16 498 023	11 439 450
Insurance premium adjusted for reinsurance, net (lines 070 - 073)	074	58 924 020	42 900 881
Change of unearned premium reserve, total	080	(16 981 382)	(25 698 367)
Change of reinsurer share in unearned premium reserve	081	5 509 598	10 839 057
Change of unearned premium reserve adjusted for reinsurance, net (lines 080 and 081)	082	(11 471 784)	(14 859 310)
Premium earned, net (lines 074 and 082)	085	47 452 236	28 041 571
Claims paid, total	090	30 466 579	25 500 648
Reinsurer share in claims paid	091	3 787 531	1 365 325
Claims paid adjusted for reinsurance, net (lines 090 - 091)	092	26 679 048	24 135 323
Change of loss reserve, total	095	(2 434 703)	25 347 689
Change of reinsurer share in loss reserve	096	919 076	(24 460 897)
Change of loss reserve adjusted for reinsurance, net (lines 095 and 096)	097	(1 515 627)	886 792
Premium earned excluding claims paid (lines 085 - 092 + 097)	100	19 257 561	4 793 040
Change of other technical reserves	110	-	-
Change of other insurance reserves	120	-	-
Including increase in special insurance reserve for obligatory insurance with official support for agricultural crop, cattle and poultry due to income on the investment of the reserve	121	-	-
Deductions to guarantee and preventive fund	130	1 956 747	1 812 582

	1	2	3	4
Deduction to other funds according to legislation	140	105 900	90 240	
Administrative costs, total	150	13 351 044	10 479 503	
Including commissions and commission on profit (risks accepted for reinsurance)	151	271 784	4 378	
Including commissions and commission on profit (ceded risks)	155	1 235 279	954 472	
Income - non-life insurance	160	10 860 570	12 957 502	
Expenses - non-life insurance	165	5 295 863	2 683 252	
Profit (loss) - non-life insurance (lines 100 + 110 + (120 - 121) - 130 - 140 - 150 + 155 + 160 - 165)	170	10 643 856	3 639 437	
Other income - current activity	175	19 872 408	12 166 487	
Other expenses - current activity	176	22 562 276	13 580 581	
Profit (loss) on current activity - non-life insurance (lines ± 170 ± 175-176)	179	7 953 988	2 225 343	
Investment activities income	180	25 259 610	5 578 137	
Including:				
gains on disposal of fixed, intangible assets and other long-term liabilities	181	19 000 415	3 967	
gains on equity holding	182	56 104	273 188	
interest receivable	183	5 961 034	5 298 391	
other investment activities income	184	242 057	2 591	
Investment activities expenses	190	19 239 049	1 090	
Including:				
disposal of fixed, intangible assets and other long-term liabilities expenditure	191	19 000 089	209	
other investment activities expenses	192	238 960	881	
Financial activities income	200	25 012 914	30 610 301	
Including:				
foreign exchange difference	201	25 010 291	30 605 017	
other financial activities income	202	2 623	5 284	
Financial activities expenses	210	10 740 665	5 681 665	
Including:				
due interest	211	-	-	
foreign exchange difference	212	10 740 065	5 681 318	
other financial activities expenses	213	600	347	
Profit (loss) - investment and financial activity (lines 180 - 190 + 200 - 210)	220	20 292 810	30 505 683	
Including profit on special insurance reserve for obligatory insurance with official support for agricultural crop, cattle and poultry aimed at the reserve increase	230	-	-	
Profit (loss) before tax (lines ± 069 ± 179 ± 220-230+031)	240	28 246 798	32 731 026	
Income tax	250	6 040 049	6 473 157	
Changes in deferred tax assets	260	-	(96 971)	
Changes in deferred tax liabilities	270	-	-	
Other taxes and charges based on profit (income)	280	4 180 417	4 452 222	
Other payments from profit (income)	285	981 390	5 753 390	
Net profit (loss) (lines ± 240 - 250 ± 260 ± 270-280+285)	290	17 044 942	15 955 286	
Long-term assets revaluation result not included in net profit (loss)	300	-	-	
Other operations result not included in net profit (loss)	310	-	-	
Total profit (loss) (lines ± 290 ± 300 ± 310)	320	17 044 942	15 955 286	
Basic profit (loss) per share	330	-	-	
Diluted profit (loss) per share	340	-	-	

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