About the EBRD

The EBRD is investing in changing people’s lives across three continents – from central Europe to central Asia, the Western Balkans and the southern and eastern Mediterranean. We do this by financing projects that strengthen the private sector. The Bank’s investment decisions are guided by our six “transition qualities”, which focus on making economies more competitive, well governed, green, inclusive, resilient and integrated. We operate in places that aim to become stronger and more sustainable democratic, open-market economies.

We provide financing for well-structured, financially robust projects of all sizes (including many small businesses), both directly and through financial intermediaries such as local banks and investment funds. The EBRD works mainly with private sector clients, but also finances municipal entities and publicly owned companies. Our principal financing instruments are loans, equity investments and guarantees.

The Bank maintains close policy dialogue with governments, authorities, financial institutions, and representatives of civil society, and provides technical assistance using funds donated by governments and institutions. Donor funds play a vital role in ensuring the success of these activities and act as a catalyst for our investments. Moreover, donors finance seven multilateral funds, managed by the EBRD, to increase nuclear safety in the economies where we invest. The Bank also operates a community initiative that helps staff and the EBRD to support charitable and philanthropic activities in the region.

In 2017, the EBRD secured for its projects some €876 million in donor funds. Among the many donors to EBRD operations were the European Union (which made available €313 million), and the Green Climate Fund (which made available €503 million). Details of all donors are available online at ebrd.com.
President’s message

The year 2017 will go down in the history of the EBRD as one to remember: 12 months when records were broken and the path to greener transition was firmly set. It was proof that the Bank remained a resilient partner despite the global economic context, which continued to present serious challenges in our region.

We hit an all-time high for the Expected Transition Impact of our projects, an indicator that the EBRD uses to measure its effectiveness. We invested a record €9.7 billion through 412 projects, the most the EBRD has signed in a single year. And towards the end of 2017, we signed our 5,000th project since the Bank was established in 1991.

Closer examination of these figures reveals a richer seam of impact. For the first time, well over 40 per cent of our annual investment was in green financing – a target of the EBRD’s Green Economy Transition approach that we had not aimed to reach until 2020. It was a tangible contribution to achieving the global Sustainable Development Goals and a reminder that their success will depend on drawing in private finance, an area in which the EBRD specialises. We also won the ThomsonReuters Project Finance International Global Award for Multilateral Deal of the Year, for our work on solar energy in Egypt, highlighting the fact that 25 per cent of all sustainable energy financing by multilateral development banks comes from the EBRD. Capping these achievements for 2017, our profitability remained strong.

But the EBRD is about far more than money. Increasingly, our policy work goes hand in hand with our investment, maximising the Bank’s impact. In 2017, we helped Turkey finalise its first National Energy Efficiency Action Plan and worked to improve corporate governance in Ukraine, while in Jordan we launched a programme to raise the standard of skills in the tourism and hospitality sector – just three policy activities among the hundreds that I could have emphasised. The year also saw the publication of our first strategy on economic inclusion.

Recognition of the EBRD’s strength came with a request from shareholders that we broaden our reach to even more economies. We launched activities in Lebanon, and in the West Bank and Gaza. We also returned to Uzbekistan after a long break, committed to further developing the private sector there and supporting the new leadership’s desire for reform.

Although our primary focus is the economies where we invest, internal reform of the Bank continues apace, ensuring that we work in the best way possible and achieve the strongest outcomes.

The EBRD goes from strength to strength and I look forward to another year of high impact in 2018.

Suma Chakrabarti
President, European Bank for Reconstruction and Development

NOTE:
THIS DOCUMENT IS A SUMMARY OF OUR ACTIVITIES IN 2017

Visit ar-ebrd.com for detailed statistics and stories about our projects and the people who benefit from them.
### Eastern Europe and the Caucasus (EEC)

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Bank Investment (€ million)</th>
<th>Cumulative to end-2017</th>
<th>Active Portfolio</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>49 114 138 63</td>
<td>64 1,104 285</td>
<td>Armenia</td>
<td>17</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>163 238 269 63</td>
<td>456 2,817 1,176</td>
<td>Azerbaijan</td>
<td>18</td>
</tr>
<tr>
<td>Belarus</td>
<td>255 242 53 124</td>
<td>163 1,971 502</td>
<td>Belarus</td>
<td>19</td>
</tr>
<tr>
<td>Georgia</td>
<td>116 214 116 248</td>
<td>271 2,896 742</td>
<td>Georgia</td>
<td>20</td>
</tr>
<tr>
<td>Moldova</td>
<td>128 105 98 86</td>
<td>131 1,254 581</td>
<td>Moldova</td>
<td>21</td>
</tr>
<tr>
<td>Ukraine</td>
<td>798 1,210 997 581</td>
<td>740 12,107 4,079</td>
<td>Ukraine</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>1,509 2,124 1,671 1,825</td>
<td>22,149 7,366</td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Private share of portfolio: 47%

Sector distribution of EEC ABI:
- 18.4%
- 22.8%
- 26.3%
- 32.5%

### Central Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Bank Investment (€ million)</th>
<th>Cumulative to end-2017</th>
<th>Active Portfolio</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>328 576 709 1,051</td>
<td>586 7,216 2,588</td>
<td>Kazakhstan</td>
<td>23</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>134 35 48 111</td>
<td>33 662 254</td>
<td>Kyrgyz Republic</td>
<td>24</td>
</tr>
<tr>
<td>Mongolia</td>
<td>64 117 467 152</td>
<td>149 1,425 835</td>
<td>Mongolia</td>
<td>25</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>14 62 166 45</td>
<td>57 588 343</td>
<td>Tajikistan</td>
<td>26</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>8 12 12 9</td>
<td>29 254 59</td>
<td>Turkmenistan</td>
<td>27</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>0 0 0 0</td>
<td>69 875 74</td>
<td>Uzbekistan</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>549 803 1,402 1,369</td>
<td>923 11,020 4,153</td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Private share of portfolio: 53%

Sector distribution of Central Asia ABI:
- 17.3%
- 19.8%
- 27.1%
- 35.7%

### Southern and eastern Mediterranean (SEMED)²

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Bank Investment (€ million)</th>
<th>Cumulative to end-2017</th>
<th>Active Portfolio</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>151 593 780 744</td>
<td>1,413 3,420 2,674</td>
<td>Egypt</td>
<td>29</td>
</tr>
<tr>
<td>Jordan</td>
<td>60 138 163 403</td>
<td>158 993 800</td>
<td>Jordan</td>
<td>30</td>
</tr>
<tr>
<td>Morocco</td>
<td>168 225 431 158</td>
<td>292 1,505 964</td>
<td>Morocco</td>
<td>31</td>
</tr>
<tr>
<td>Tunisia</td>
<td>69 114 82 61</td>
<td>324 648 544</td>
<td>Tunisia</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>449 1,070 1,456 1,367</td>
<td>2,187 6,966 4,982</td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Private share of portfolio: 63%

Sector distribution of SEMED ABI:
- 10.0%
- 26.4%
- 27.9%
- 35.8%

### Cyprus

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Bank Investment (€ million)</th>
<th>Cumulative to end-2017</th>
<th>Active Portfolio</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>N/A 108 33 64 41</td>
<td>276 192 33</td>
<td>Total</td>
<td>33</td>
</tr>
</tbody>
</table>

Private share of portfolio: 100%

Sector distribution of Cyprus ABI:
- 100%

### Greece³

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Bank Investment (€ million)</th>
<th>Cumulative to end-2017</th>
<th>Active Portfolio</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>N/A N/A 330 485 614</td>
<td>1,565 1,184</td>
<td>Total</td>
<td>34</td>
</tr>
</tbody>
</table>

Private share of portfolio: 100%

Sector distribution of Greece ABI:
- 4.6%
- 25.6%
- 30.4%
- 39.4%

### Russia³

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Bank Investment (€ million)</th>
<th>Cumulative to end-2017</th>
<th>Active Portfolio</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,816 108 106 0.5 0</td>
<td>24,135 2,837</td>
<td>Total</td>
<td>35</td>
</tr>
</tbody>
</table>

Private share of portfolio: 82%

Sector distribution of Russia ABI:
- 100%

### Turkey

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Bank Investment (€ million)</th>
<th>Cumulative to end-2017</th>
<th>Active Portfolio</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>920 1,394 1,904 1,925 1,540</td>
<td>10,028 7,279</td>
<td>Total</td>
<td>36</td>
</tr>
</tbody>
</table>

Private share of portfolio: 97%

Sector distribution of Turkey ABI:
- 10.9%
- 23.6%
- 29.3%
- 36.3%

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1️⃣ In May 2017, the Bank’s Board of Governors approved the engagement of the EBRD in the West Bank and Gaza. Lebanon became an EBRD shareholder in July 2017, and the Board of Governors gave its approval in September 2017 for operations to commence in Lebanon. No Annual Bank Investment (see footnote 5) was made in these economies during 2017.

² In accordance with the 2014 guidance from a majority of Directors not to engage in new business in Russia, the Bank made no new investments there during 2017.
Green Economy Transition

The EBRD’s push to do more investments that bring environmental benefits – our Green Economy Transition (GET) approach – helps economies in our region to achieve the emission reductions pledged at the 2015 United Nations climate conference in Paris. It expands the scope of EBRD climate finance activities, tackling water and materials efficiency, energy efficiency, renewable energy and climate resilience. GET activities in 2017 included:

- The number of projects to which the EBRD made commitments in the year.
- Annual Bank Investment (ABI) is the volume of commitments made by the Bank during the year. This includes: (i) new commitments (less any amount cancelled or syndicated within the year); (ii) restructured commitments; and (iii) amounts issued under the Trade Facilitation Programme (TFP) during the year and outstanding at year-end.
- Annual mobilised investment is the volume of commitments from entities other than the Bank made available to the client due to the Bank’s direct involvement in mobilising external financing during the year.
- Total project value is the total amount of finance provided to a project, including both EBRD and non-EBRD finance, and is reported in the year in which the project first signs. EBRD financing may be committed over more than one year, with Annual Bank Investment reflecting EBRD finance by year of commitment (see footnote 5). The amount of finance to be provided by non-EBRD parties is reported in the year the project first signs.

Operational results 2013-17

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects</td>
<td>412</td>
<td>378</td>
<td>381</td>
<td>377</td>
<td>392</td>
</tr>
<tr>
<td>Annual Bank Investment (€ million)</td>
<td>9,670</td>
<td>9,390</td>
<td>9,378</td>
<td>8,853</td>
<td>8,498</td>
</tr>
<tr>
<td>Gross annual disbursements (€ million)</td>
<td>6,177</td>
<td>7,757</td>
<td>6,463</td>
<td>6,482</td>
<td>5,919</td>
</tr>
<tr>
<td>Annual mobilised investment (€ million)</td>
<td>1,054</td>
<td>1,693</td>
<td>2,336</td>
<td>1,177</td>
<td>862</td>
</tr>
<tr>
<td>of which private direct mobilisation</td>
<td>669</td>
<td>1,401</td>
<td>2,138</td>
<td>1,014</td>
<td>769</td>
</tr>
<tr>
<td>Total project value (€ million)</td>
<td>38,439</td>
<td>25,470</td>
<td>30,303</td>
<td>20,796</td>
<td>20,527</td>
</tr>
</tbody>
</table>

Financial results 2013-17 (€ million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit/(loss) before transfers of net income approved by the Board of Governors</td>
<td>772</td>
<td>992</td>
<td>802</td>
<td>(568)</td>
<td>1,012</td>
</tr>
<tr>
<td>Transfers of net income approved by the Board of Governors</td>
<td>(180)</td>
<td>(181)</td>
<td>(360)</td>
<td>(155)</td>
<td>(90)</td>
</tr>
<tr>
<td>Net profit/(loss) after transfers of net income approved by the Board of Governors</td>
<td>592</td>
<td>811</td>
<td>442</td>
<td>(723)</td>
<td>922</td>
</tr>
<tr>
<td>Realised profit before impairment9</td>
<td>634</td>
<td>649</td>
<td>949</td>
<td>927</td>
<td>1,169</td>
</tr>
<tr>
<td>Paid-in capital</td>
<td>6,211</td>
<td>6,207</td>
<td>6,202</td>
<td>6,202</td>
<td>6,202</td>
</tr>
<tr>
<td>Reserves and retained earnings</td>
<td>9,961</td>
<td>9,351</td>
<td>8,504</td>
<td>7,947</td>
<td>8,674</td>
</tr>
<tr>
<td>Total members’ equity</td>
<td>16,172</td>
<td>15,558</td>
<td>14,706</td>
<td>14,149</td>
<td>14,876</td>
</tr>
</tbody>
</table>

For further information on the EBRD’s financial results, refer to the Financial Report 2017.

1 The number of projects to which the EBRD made commitments in the year.
2 Annual Bank Investment (ABI) is the volume of commitments made by the Bank during the year. This includes: (i) new commitments (less any amount cancelled or syndicated within the year); (ii) restructured commitments; and (iii) amounts issued under the Trade Facilitation Programme (TFP) during the year and outstanding at year-end.
3 The annual mobilised investment measure was first introduced in 2014. Figures for previous years comprise syndicated loans and EBRD-administered Special Fund amounts only. Annual mobilised investment is the volume of commitments from entities other than the Bank made available to the client due to the Bank’s direct involvement in mobilising external financing during the year.
4 Total project value is the total amount of finance provided to a project, including both EBRD and non-EBRD finance, and is reported in the year in which the project first signs. EBRD financing may be committed over more than one year, with Annual Bank Investment reflecting EBRD finance by year of commitment (see footnote 5). The amount of finance to be provided by non-EBRD parties is reported in the year the project first signs.
5 Realised profit before impairment is before unrealised fair value adjustments to share investments, provisions, loan write-offs, other unrealised amounts and transfers of net income.
Glossary

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABI</td>
<td>Annual Bank Investment (see footnote 5)</td>
</tr>
<tr>
<td>The Bank, the EBRD</td>
<td>The European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>CEB</td>
<td>Central Europe and the Baltic states</td>
</tr>
<tr>
<td>EEC</td>
<td>Eastern Europe and the Caucasus</td>
</tr>
<tr>
<td>GET</td>
<td>Green Economy Transition approach</td>
</tr>
<tr>
<td>SEE</td>
<td>South-eastern Europe</td>
</tr>
<tr>
<td>SEMED</td>
<td>Southern and eastern Mediterranean</td>
</tr>
</tbody>
</table>

Note: Terms and names used in this report to refer to geographical or other territories, political and economic groupings and units, do not constitute and should not be construed as constituting an express or implied position, endorsement, acceptance or expression of opinion by the European Bank for Reconstruction and Development or its members concerning the status of any country, territory, grouping and unit, or delimitation of its borders, or sovereignty.

EXCHANGE RATES
Non-euro currencies have been converted, where appropriate, into euros on the basis of the exchange rates current on 29 December 2017. (Approximate euro exchange rate: US$ 1.20.)

The EBRD gives each project an Expected Transition Impact (ETI) rating. ETI is based on the underlying aims of the project, which are structured around the Bank’s six transition qualities (see page 6), the local context, and compliance with EBRD strategic goals.

Potential transition impact of new project signings in 2017

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXCELLENT</td>
<td>1%</td>
</tr>
<tr>
<td>VERY GOOD</td>
<td>36%</td>
</tr>
<tr>
<td>GOOD</td>
<td>62%</td>
</tr>
<tr>
<td>MODERATELY GOOD</td>
<td>1%</td>
</tr>
</tbody>
</table>

FIND EXCELLENT IMPACT IN 2017

Details of the EBRD’s support for the UN Sustainable Development Goals are available in our Sustainability Report, at sr-ebrd.com

FINANCE FOR RESILIENCE TO THE EFFECTS OF CLIMATE CHANGE:

- **€3.7 BILLION**

NUMBER OF CLIMATE-RESILIENCE INVESTMENTS:

- **31**

ESTIMATED ANNUAL REDUCTION IN CO₂ EMISSIONS:

- **6.3 MILLION TONNES**

1.3 GIGAWATT PER YEAR OF RENEWABLE ENERGY GENERATION CAPACITY FINANCED

9 MILLION PEOPLE BENEFITING FROM IMPROVED DISTRICT HEATING, WASTE AND WATER SERVICES

7.1 BILLION PEOPLE SERVED BY EBRD-FINANCED TRANSPORTATION COMPANIES

46.1 BILLION PEOPLE SERVED BY EBRD-FINANCED TELECOMMUNICATIONS COMPANIES

10  THE EBRD GIVES EACH PROJECT AN EXPECTED TRANSITION IMPACT (ETI) RATING. ETI IS BASED ON THE UNDERLYING AIMS OF THE PROJECT, WHICH ARE STRUCTURED AROUND THE BANK’S SIX TRANSITION QUALITIES (SEE PAGE 6), THE LOCAL CONTEXT, AND COMPLIANCE WITH EBRD STRATEGIC GOALS.
Our concept of transition to a market economy underpins the design and evaluation of EBRD investments and technical assistance projects. In late 2016, the Bank introduced a new way of measuring this transition. The updated concept argues that a well-functioning market economy should be competitive, well governed, green, inclusive, resilient and integrated.

- **COMPETITIVE**

  The notion of a competitive economy lies at the heart of the transition process. The EBRD promotes market structures that ensure competition among firms, builds the capacity of companies to generate value and fosters a business environment that incentivises commercially sound decision-making.

  **Pre-privatisation assistance for Belarusan bank**
  A €50 million subordinated debt facility will strengthen the capital base of Belinvestbank, the fifth-largest bank in Belarus, and help to prepare it for privatisation. The project promotes the emergence of a more efficient and competitive banking sector in Belarus, with higher levels of private ownership.

  **Uzbek pharmaceutical firm seeks competitive edge**
  Mutabar Medical Standart will build a facility for the production of pharmaceuticals packed in plastic ampoules and invest in research and development with the help of a US$ 11 million (€9 million equivalent) loan. The venture will increase safety standards, reduce the cost of medicines and boost innovation in Uzbekistan’s pharmaceutical sector.

  **Southern Mediterranean companies get private equity lift**
  The EBRD is supporting efforts to increase the competitiveness of small and medium-sized enterprises (SMEs) in Egypt, Morocco and Tunisia. The Bank made equity investments into Mediterrania Capital III and Maghreb Private Equity IV (managed by private equity firm AfricInvest), both funds that target growth investments in SMEs in these countries.

  **Bank support for small businesses grows**
  In 2017, the EBRD undertook 2,250 business advisory projects supported by donor funding that help SMEs compete more effectively and improve the performance of their businesses. The Bank also increased SMEs’ access to the funds they need in order to grow, providing a total of €1.1 billion in SME finance.

- **WELL-GOVERNED**

  Improving the quality of state and private sector institutions and ensuring that they work well together is an essential feature of the transition to a modern, sustainable market economy. The Bank addresses governance at the national, sub-national and corporate levels through investment and policy dialogue.

  **Enhancing corporate governance in Greek banks**
  The EBRD assisted the Hellenic Financial Stability Fund in an evaluation of board dynamics at Greece’s four largest banks and of their management of non-performing loans. All four banks began implementing the evaluation’s recommendations in line with an action plan agreed with the Fund, which is monitoring their progress.

  **Fostering transparent and responsible extractive industries**
  As part of its contribution to the global Extractive Industries Transparency Initiative, the EBRD organised a two-day seminar in Kazakhstan on the problem of hidden ownership in the oil, gas and mining sectors. In Mongolia, meanwhile, the Bank launched a pilot outreach programme for rural communities affected by extractive industries. Donors supported the delivery of both projects through the EBRD Shareholder Special Fund.

  **Capacity-building measures strengthen economic governance**
  The Bank undertook numerous donor-funded projects aimed at assisting states to exercise their governance functions more effectively and create an investor-friendly economic environment. Initiatives included support for the competition authorities and inspections regime in Serbia, improvements to public administration in Ukraine and work to reform that country’s policy on state ownership.

- **INCLUSIVE**

  The EBRD fosters the economic inclusion of women, young adults and people living in economically less-developed regions through direct investments and associated policy dialogue. In 2017 the Bank adopted its first Economic Inclusion Strategy to help more sections of society benefit from economic growth.

  **Georgian and Turkish farmers get skills uplift**
  Agribusiness trading company Olam International Limited is to create training opportunities for 750 farmers in remote parts of Georgia and Turkey. The initiative is linked to a US$ 150 million (€125 million equivalent) EBRD loan in support of Olam’s investments in those countries as well as in Egypt, Poland and Ukraine.

  **Brighter prospects for Syrian refugees and young Jordanians**
  Eighty-five Syrian refugees attended training programmes associated with the EBRD-funded Abdali Mall shopping and entertainment centre in the Jordanian capital, Amman. More than 200 Jordanian young people also took part in these programmes, funded by the United Kingdom, which provide training and job-matching services to help participants find work in the hospitality and retail sector.
**GREEN**

The EBRD promotes environmentally sound and sustainable development. Through its Green Economy Transition approach, the Bank helps countries contribute to the collective effort against global warming, build resilience to climate change and make more efficient use of resources (see sr-ebrd.com).

**Huge boost for renewable power in Egypt**

The EBRD invested €300 million in 16 solar power projects that will have a combined generation capacity of 750 MW and cut CO₂ emissions by an estimated 900,000 tonnes a year. The financing was extended under a US$ 500 million (€417 million) framework, supported by the Green Climate Fund, the EU and the SEMED Multi-Donor Account, aimed at stimulating private investment in over 4 GW of wind and solar power in Egypt.

**EBRD extends reach of sustainable investment**

Partner financial institutions participating in the Green Economy Financing Facilities (GEFF) programme supported by donors made EBRD financing available for over 10,000 green investments – a far greater number than the Bank could have reached directly. Meanwhile, the EBRD provided a record €558 million for new GEFF investments in the corporate, municipal and residential sectors.

**Istanbul metro expansion promotes green commuting**

The EBRD is helping Turkey’s most populous city shift to modes of transport that produce fewer CO₂ emissions and lead to better air quality. A loan worth €88.3 million will support the construction of a 13-kilometre extension to the metro network in this metropolis of more than 14 million people.

**Lidl raises environmental standards in retail sector**

Financing worth €110 million will help Schwarz Group, owner of the Lidl supermarket chain, improve the environmental performance of its stores in Bulgaria, Moldova and Romania. The project also supports the development of sustainable building-certification regimes in these countries and will cut the company’s CO₂ emissions by 26,000 tonnes per year.

**INTEGRATED**

Integration enables trade at greater speed and lower cost and is a critical enabler of growth and job creation. The EBRD invests in major energy, information technology and transport networks as well as fostering improvements to internal markets and harmonisation with international norms.

**Connecting Moldova to European electricity networks**

The EBRD contributed to a €270 million package to finance an interconnection between the electrical networks of Moldova and Romania. The EIB, EU and World Bank also helped finance the project, which will pave the way for Moldova to integrate and trade with European electricity markets and increase its energy security.

**Helping Ukrainian businesses access key ports**

The upgrade of a 253-kilometre stretch of railway line will improve links between Ukraine’s major agricultural and industrial areas and the ports of Mykolaiv and Odessa. The project, backed by EBRD financing worth up to €150 million, will also cut CO₂ emissions and promote better corporate governance at Ukrainian Railways.

**Increasing broadband internet availability in Serbia**

The EBRD partnered with Serbia on a project to help prepare the country for more extensive rollout of broadband infrastructure. The initiative, which forms part of the Bank’s legal reform work, identified the best financing, operational and technical options for increasing access to high-speed broadband throughout Serbia.

**RESILIENT**

A resilient market economy supports growth while avoiding excessive volatility and lasting economic reversals. In order to foster resilience, EBRD projects promote financial and macroeconomic stability, energy and food security, and economic diversification.

**Pioneering investment in Turkish inflation-linked bond**

The EBRD invested 100 million Turkish lira (€22 million equivalent) in a bond issued by utility group Enerjisa Enerji to support its operations. This was the Bank’s first investment in an inflation-linked bond. Its five-year tenor is the longest for an inflation-linked or local currency instrument issued by a Turkish corporation.

**New era for Slovak covered bonds**

In addition to investing €80 million in a series of mortgage-covered bonds issued by VUB, the second-largest bank in the Slovak Republic, the EBRD partnered with the Slovak government to improve the legal and regulatory framework for covered bonds. This work resulted in the adoption of a new law for this type of debt security.
Our sectors

The EBRD invests in projects in the energy, financial, corporate and infrastructure sectors. The Bank provides debt financing as well as making direct and indirect equity investments in companies: in 2017 the EBRD provided €435 million of equity. Underlining its commitment to fostering sustainable economic development, the Bank signed 94 loan or bond projects in local currencies during the year.

Energy

Natural resources and the power and utilities sector have a major role to play in the economic development of the EBRD region. Bank projects help countries to harness this potential and increase their energy security while adhering to the best international standards in terms of corporate governance, the environment and socially responsible growth.

EBRD Annual Bank Investment in the energy sector

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural resources</td>
<td>569</td>
<td>634</td>
<td>1,360</td>
<td>964</td>
<td>956</td>
<td>8,132</td>
<td>3,672</td>
<td>Power and energy</td>
</tr>
<tr>
<td>Power and energy</td>
<td>1,234</td>
<td>1,056</td>
<td>1,198</td>
<td>1,188</td>
<td>1,093</td>
<td>11,673</td>
<td>6,196</td>
<td>Total</td>
</tr>
<tr>
<td>Total</td>
<td>1,803</td>
<td>1,690</td>
<td>2,558</td>
<td>2,152</td>
<td>2,049</td>
<td>19,805</td>
<td>9,868</td>
<td></td>
</tr>
</tbody>
</table>

Regional breakdown of Energy ABI:

EEC 28.9% SEMED 28.1% Central Asia 16.1%
SEE 9.6% Turkey 8.2% CEB 7.7% Greece 1.4% Cyprus 0% Russia 0%

EBRD co-finances largest wind farm in Serbia

The Čibuk 1 wind farm will provide electricity for 113,000 households and cut CO₂ emissions by 370,000 tonnes per year. The EBRD and the International Finance Corporation provided €215 million in joint financing for the wind project which, with a generation capacity of 158 megawatts, will be the largest in the Western Balkans to date.

Pipeline to enhance European energy security

The EBRD is financing the delivery of energy supplies from Azerbaijan to Europe along the Southern Gas Corridor with a US$ 500 million (€417 million equivalent) loan that will help fund completion of the Trans-Anatolian Gas Pipeline. Bank engagement in the project will ensure that it meets the highest environmental standards.

Loan promotes jobs and skills in Kazakh mining

A syndicated loan worth US$ 350 million (€292 million equivalent) will finance the expansion of JSC ShalkiyaZinc Limited’s mining operation in southern Kazakhstan. The EBRD-led investment will also create new job and training opportunities, especially for women and young people, at the zinc and lead deposit.

3.2 MILLION TONNES
ANNUAL REDUCTION IN CO₂ EMISSIONS

1,000 TRAINING OPPORTUNITIES TO BE CREATED IN THE SECTOR IN KAZAKHSTAN
Financial institutions

A healthy, efficient and stable financial sector remains the cornerstone of a market economy. The EBRD aims to foster competitive and sustainable financial systems in the economies where we invest, through the use of innovative products and by supporting sector reform and local regulatory and legislative initiatives.

EBRD Annual Bank Investment in the financial institutions sector

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Depository credit</td>
<td>2,095</td>
<td>2,207</td>
<td>2,572</td>
<td>2,542</td>
<td>2,519</td>
<td>38,912</td>
<td>7,379</td>
<td>Depository credit</td>
</tr>
<tr>
<td>Leasing finance</td>
<td>201</td>
<td>173</td>
<td>143</td>
<td>120</td>
<td>251</td>
<td>2,009</td>
<td>619</td>
<td>Leasing finance</td>
</tr>
<tr>
<td>Non-depository credit (non-bank)</td>
<td>77</td>
<td>382</td>
<td>233</td>
<td>384</td>
<td>84</td>
<td>2,176</td>
<td>1,090</td>
<td>Non-depository credit (non-bank)</td>
</tr>
<tr>
<td>Insurance, pension, mutual funds</td>
<td>17</td>
<td>55</td>
<td>6</td>
<td>14</td>
<td>89</td>
<td>936</td>
<td>145</td>
<td>Insurance, pension, mutual funds</td>
</tr>
<tr>
<td>Total</td>
<td>2,389</td>
<td>2,817</td>
<td>2,954</td>
<td>3,059</td>
<td>2,943</td>
<td>44,033</td>
<td>9,234</td>
<td>Total</td>
</tr>
</tbody>
</table>

Regional breakdown of ABI in the financial institutions sector:

- SEMED 20.7%
- Turkey 19.0%
- EEC 16.3%
- CEB 14.8%
- SEE 14.2%
- Greece 8.2%
- Central Asia 5.4%
- Cyprus 1.4%
- Russia 0%

Greek bank seeks to stimulate real economy

The EBRD invested €30 million in a bond issue by the National Bank of Greece to help finance mortgage lending and stimulate the real estate market, which is fundamental to the country’s economic recovery. The investment signals confidence in the return to health of the Greek financial sector.

Financing for women entrepreneurs in Egypt

A US$ 20 million (€16.7 million equivalent) loan to Egyptian bank QNB ALAHLI will increase access to finance for women entrepreneurs and women-led firms. Extended under the EBRD’s Women in Business programme, which is supported by the EU, the MENA Transition Fund and the SEMED Multi-Donor Account, the credit line is accompanied by business advice, training and support for this underserved section of the business community.

Reengaging with Uzbekistan’s financial sector

Small businesses and trading firms in Uzbekistan will benefit from US$ 160 million (€133.5 million equivalent) in lending extended to three local financial institutions. The financing will support transactions under the Trade Facilitation Programme and credit lines while donor funding will help to build the capacity of partner financial institutions.

€99 MILLION IN FINANCE FOR WOMEN ENTREPRENEURS

1,905 TRADE DEALS COMPLETED UNDER THE TRADE FACILITATION PROGRAMME IN 2017

ar-ebrd.com

ANNUAL REVIEW 2017

09
Industry, commerce and agribusiness

EBRD investments in this area seek to promote competition and help to develop a private corporate sector that is inclusive, sustainable and well governed. The Bank encourages economic diversification through projects in the agribusiness, information and communication technologies, manufacturing and services, and property and tourism sectors. It uses loans, bonds, equity investments, participation in equity funds and policy dialogue to support clients.

<table>
<thead>
<tr>
<th>Active Portfolio</th>
<th>Subsector</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Cumulative to end-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,030</td>
<td>Agribusiness</td>
<td>871</td>
<td>859</td>
<td>770</td>
<td>817</td>
<td>768</td>
<td>10,620</td>
</tr>
<tr>
<td>10,492</td>
<td>Manufacturing and services</td>
<td>879</td>
<td>890</td>
<td>785</td>
<td>773</td>
<td>784</td>
<td>11,826</td>
</tr>
<tr>
<td>973</td>
<td>Property and tourism</td>
<td>240</td>
<td>227</td>
<td>172</td>
<td>138</td>
<td>278</td>
<td>2,698</td>
</tr>
<tr>
<td>10,492</td>
<td>Equity funds</td>
<td>334</td>
<td>185</td>
<td>223</td>
<td>219</td>
<td>221</td>
<td>4,045</td>
</tr>
<tr>
<td>991</td>
<td>Information and communication technologies</td>
<td>307</td>
<td>158</td>
<td>156</td>
<td>516</td>
<td>178</td>
<td>4,264</td>
</tr>
<tr>
<td>33,453</td>
<td>Total</td>
<td>2,631</td>
<td>2,320</td>
<td>2,105</td>
<td>2,463</td>
<td>2,229</td>
<td>10,492</td>
</tr>
</tbody>
</table>

Regional breakdown of ABI in the industry, commerce and agribusiness sector:

- Turkey 20.3%
- SEE 20.2%
- EEC 18.7%
- CEB 15.8%
- SEMED 9.8%
- Central Asia 8.2%
- Greece 7.1%
- Cyprus 0%
- Russia 0%

Cleaner and greener steel production in Ukraine

A syndicated loan of up to US$ 350 million (€292 million equivalent) will support the modernisation and environmental upgrade of ArcelorMittal Kryvyi Rih, Ukraine’s largest steel mill. As a result of the investment, the facility is expected to cut its CO$_2$ and nitrogen oxide emissions while also significantly reducing its dust emissions.

Meeting the needs of Romanian farmers

An equity investment in Agricover will help the Romanian agribusiness company expand its provision of essential services to small local farms. As well as seeking to meet the growing financial needs of farms, Agricover improves their access to modern technology and to markets for their products.

Better broadband access for Georgia’s regions

Georgian telecommunications company MagtiCom used a US$ 40 million (€33.4 million) syndicated loan to finance the acquisition of internet infrastructure provider Delta-Comm. The purchase supports MagtiCom’s plans to expand into the regions of Georgia, increasing competition and improving broadband penetration in these areas.
Infrastructure

The EBRD supports improvements to transport networks and to a wide range of municipal and environmental services. Projects in this sector help to make economies better integrated, leading to more growth and job creation, as well as improving their competitiveness, inclusivity and environmental performance.

EBRD Annual Bank Investment in the infrastructure sector

<table>
<thead>
<tr>
<th>Annual Bank Investment (€ million)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Cumulative to end-2017</th>
<th>Active Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal and environmental infrastructure</td>
<td>556</td>
<td>726</td>
<td>713</td>
<td>664</td>
<td>1,138</td>
<td>7,329</td>
<td>4,302</td>
</tr>
<tr>
<td>Transport</td>
<td>1,119</td>
<td>1,301</td>
<td>1,047</td>
<td>1,051</td>
<td>1,311</td>
<td>14,974</td>
<td>7,539</td>
</tr>
<tr>
<td>Total</td>
<td>1,675</td>
<td>2,027</td>
<td>1,760</td>
<td>1,715</td>
<td>2,448</td>
<td>22,304</td>
<td>11,841</td>
</tr>
</tbody>
</table>

Regional breakdown of Infrastructure ABI:

- SEMED 32.0%
- EEC 13.7%
- SEE 13.0%
- Central Asia 10.2%
- CEB 8.7%
- Greece 7.6%
- Cyprus 0%
- Russia 0%

Modernising Egypt’s rail network

Millions of commuters will benefit from a major fleet expansion and service upgrade programme by Egyptian National Railways. As well as extending €290 million in financing for the acquisition of 100 new locomotives, the EBRD provided technical assistance for the operator’s freight reform plan.

Kazakhstan combats global warming with irrigation upgrade

Financing for an irrigation reform programme in Kazakhstan will help the country build resilience to climate change. National water operator Kazvodkhoz will invest part of a US$ 174 million (€145 million equivalent) loan in modern irrigation infrastructure that will generate huge water savings.

Helping cities in the EBRD region to go green

The Bank signed five transactions worth a total of €47 million under its Green Cities Framework in support of environmentally friendly municipal investments. Projects included financing for an electric bus fleet in Batumi, Georgia, and for a biomass-fuelled district heating plant in Banja Luka, Bosnia and Herzegovina. A wide range of donors provide funding in support of the Framework.

363 MILLION PASSENGERS PER YEAR EXPECTED TO BENEFIT FROM IMPROVED TRANSPORT BY 2025

1.06 MILLION TONNES ANNUAL REDUCTION IN CO₂ EMISSIONS
Our stories

Tunisia invests in energy-saving trains
A €160 million loan will help Tunisia’s national rail operator finance network upgrades and the purchase of six modern electric trains. By increasing electrification and encouraging more passengers to use this greener form of transport, the project will generate energy savings and help cut CO₂ emissions by 14,000 tonnes each year.

Motorway expansion aids Bosnian integration
A project to expand the motorway network in Bosnia and Herzegovina will strengthen the country’s integration and its connections with the EU. The EBRD provided a €70 million loan to help finance a new section of the Corridor Vc motorway, which is the main international transport corridor in the country.

Kyrgyz airport upgrade improves regional connectivity
The EBRD provided a US$ 4.7 million (€3.9 million equivalent) loan and grant financing to the operator of the main air gateway in the Kyrgyz Republic to support its modernisation plans. Improvements to the terminal building at Manas Airport will include installing a highly energy-efficient heating and ventilation system.

Policy dialogue to boost Georgia’s energy efficiency
In order to help Georgia fulfil its commitments as a signatory to the Energy Community and as a party to the Paris Agreement on combating climate change, the EBRD has assisted the country with the development of a National Energy Efficiency Action Plan. This sets out how Georgia can increase its energy efficiency and cut CO₂ emissions while also pursuing economic growth.

Lithuanian green bond deal marks EBRD first
In order to increase the availability of financing for the development of a sustainable electricity network, the EBRD invested €30 million in a green bond issued by Lietuvos Energija. This was the first bond issued by the Lithuanian utility company and the first green bond investment by the Bank.

Wastewater project to generate Egyptian jobs
A project aimed at improving sanitation infrastructure in the Fayoum area south of Cairo will help to create about 30,000 jobs for local people and provide dedicated support for women’s access to economic opportunities. The EBRD is investing €186 million in the development and upgrade of wastewater services in the district and the EU is providing grants.

Tunisia invests in energy-saving trains
Motorway expansion aids Bosnian integration
Kyrgyz airport upgrade improves regional connectivity
Policy dialogue to boost Georgia’s energy efficiency
Lithuanian green bond deal marks EBRD first
Wastewater project to generate Egyptian jobs
Green, earthquake-proof housing in Turkey
A joint venture with leading Turkish real estate developer Nef will invest in earthquake-proof residential and student housing that will also meet high standards for energy and resource efficiency. The EBRD is providing US$ 60 million (€50 million equivalent) in financing for the project through a combination of equity and subordinated debt.

Bond issue bolsters Greek capital market
Participation in a bond issue by industrial group Mytilineos Holdings helped to make the Greek economy more resilient by supporting local capital-market development and by encouraging economic diversification. The Bank’s €30 million investment made a significant contribution to the success of the offering on the Athens Stock Exchange.

Local currency loan to Ukrainian bank for SMEs
PJSC ProCredit Bank Ukraine will use an EBRD loan worth the equivalent of €21 million to provide loans in Ukrainian hryvnia to SMEs. Grant funding from the EU will help reduce the cost of the foreign exchange risk-protection instrument and make the local currency funding more affordable.

Tajikistan joins Women in Business programme
Tajikistan became the latest country to join the EBRD’s programme, which promotes women’s entrepreneurship through access to finance and advisory services with support from Switzerland and the EBRD Small Business Impact Fund. The programme covers 17 countries and since its launch has provided more than €430 million in financing to partner financial institutions for on-lending to women-led businesses.

Spent nuclear fuel leaves Andreeva Bay
An international initiative to eliminate the highest radiation risk in the entire EBRD region reached a milestone when a first shipment of spent nuclear fuel left its storage site in north-western Russia. The Bank manages the Nuclear Window Support Fund of the Northern Dimension Environmental Partnership, which finances work to address this legacy of the former Soviet fleet. The project is part of the EBRD’s leading efforts to address major safety issues surrounding nuclear legacies, including work to help make the Chernobyl site safe and secure.

Private equity fund eyes Polish opportunities
An equity commitment of €25 million to the Polish Enterprise Fund VIII will support equity and quasi-equity investments in primarily medium-sized companies in central and south-eastern Europe, with a focus on Poland. The project will increase the competitiveness of portfolio companies and the resilience of the financial sector in the region.
We invest in changing lives

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