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Overview of EBRD
About EBRD

• Who we are
  Supranational Institution founded in 1991 owned by 69 countries, plus the European Union and the European Investment Bank

• Our mission
  To promote transition to open, market-based economies in our countries of operation – we work in more than 30 countries from central Europe to central Asia and the southern and eastern Mediterranean

• What we do
  Provide project finance mainly to the private sector

• Credit strengths
  Strong support from diversified global shareholder base
  Conservative risk management and financial policies
  AAA/Aaa/AAA rating with stable outlook
EBRD’s Mission

To foster open, market-oriented economies and promote private and entrepreneurial initiative in the EBRD’s countries of operations through investments based on:

• Promoting transition
  Through projects that expand and improve markets, and help build the institutions that underpin the market economy

• Sound banking principles
  Ensuring the project returns are commensurate with the risks

• Additionality
  Financing projects which would not solely be funded by commercial banks

• Sustainability
  Ensuring socially and environmentally sound development

✓ No Balance of Payments Funding, No Bail-out Financing, No “Soft” Loans
Global Shareholder Structure

• 57% of shareholding is G7 and 84% is OECD

• €30 billion authorised capital
  – €6.2 billion paid-in capital
  – €23.5 billion callable capital

• €29.7 billion subscribed capital as at end of June 2019

• Continued reserve accumulation: €10.8 billion as at end of June 2019

• EBRD is 0% risk weighted (Basel II)

✓ Strong support from diversified global shareholder base

1) Includes European Community and European Investment Bank each at 3.0%; France, Germany, Italy, UK each at 8.6%
2) Russia at 4.0%
Shareholder Credit Strength

- More than 39% of shareholders are rated AAA/Aaa by at least one of S&P and Moody’s
- 91% of the callable capital is rated investment grade or better by at least one of S&P or Moody’s
- All countries of operation are also shareholders
  - account for 14% of the total shareholding

✔ EBRD has the highest quality callable capital among multilateral development banks
Where we invest
31 June 2019

39 local offices
2,047 staff (75 per cent in London)
€235.2 billion in total project value

DRE by Region
31 June 2019**

WHERE WE INVEST

Central Europe and the Baltic States
01 Croatia
02 Czech Republic*
03 Estonia
04 Hungary
05 Latvia
06 Lithuania
07 Poland
08 Slovak Republic
09 Slovenia

South-eastern Europe
02 Albania
03 Bosnia and Herzegovina
04 Bulgaria
05 North Macedonia
06 Montenegro
07 Serbia

Eastern Europe and the Caucasus
08 Armenia
09 Azerbaijan
10 Belarus
11 Georgia
12 Moldova
13 Ukraine

Central Europe and the Baltic States
17 Croatia
18 Czech Republic
19 Estonia
20 Hungary
21 Latvia
22 Lithuania
23 Poland
24 Slovak Republic
25 Slovenia

Central Asia
24 Kazakhstan
25 Kyrgyz Republic
26 Mongolia (2006)
27 Tajikistan
28 Turkmenistan
29 Uzbekistan

Southern and eastern Mediterranean
30 Russia
31 Turkey (2009)
32 Egypt (2015)
33 Jordan (2013)
34 Morocco (2013)
35 Tunisia (2013)
36 Cyprus (2014)
37 Greece (2015)
38 Lebanon (2017)

* As of the end of 2007, the EBRD no longer makes investments in the Czech Republic

** DRE – Development Related Exposure

More than 40 Resident Offices Across the Region and approx. 2,500 employees
Development Related Exposure (DRE) I

- €30.6 billion DRE
- 1,999 active investments
- Average loan:
  - Size €16 million (disbursed)
  - Margin 3.1%
  - Internal rating eq. of ‘B+’
  - Remaining life 7.1 years (non-sovereign)
- 10 largest loan counterparties (on a group level) amount to 21% of total loan operating assets with a weighted average internal rating eq. of ‘BB-/B+’
- Average equity investment:
  - Size €15 million
  - Internal rating equivalent of ‘B’
  - Holding period 7.5 years

DRE 2005 – 1H 2019

- Outstanding equity investments at cost (in EURbn, LHS)
- Outstanding loans (in EURbn, LHS)
- Number of active projects (RHS)

DRE by Industry 1H 2019

- Bank FI 22.0%
- Energy 25.4%
- Property and Tourism 3.0%
- IT & Communication 2.7%
- Equity Funds 4.0%
- Agribusiness 8.3%
- Manufacturing & Services 10.8%
- Infrastructure 19.8%
- Non Bank FI 5.5%
Development Related Exposure (DRE) II

- Equity portion at 17%, of which:
  - 27% have put arrangements and/or other option arrangements with the project sponsors
  - 28% are invested in diversified equity funds
  - 31% are in listed shares
- In addition to the DRE (disbursed amounts only), EBRD has off-balance sheet guarantees of approx. €758 million as at 1H 2019, mainly related to its trade finance programme
- Loans to clients are made on a floating rate basis, and fixing of client loans are made on case-by-case basis and with separate hedge (no interest rate risk)
EBRD’s Credit Strengths
Key EBRD Credit Strengths

- **Stable and granular “development related” investment portfolio** – low concentration risk, high degree of regional and sector diversification

- **Conservative leverage and liquidity limits** – maximum leverage limit of 1:1, minimum 2-year liquidity limit of 75% (116% at 1H 2019) and a stressed 1 year cash requirement of at least 100% (104% at 1H 2019)

- **Prudent capital adequacy policies** – Required Capital (RC) divided by Available Capital (AC), which excludes all callable capital, uses a 99.99% confidence interval to underpin the triple-A rating and is managed to a 90% prudential threshold

- **Substantial paid in capital and reserves** – available capital of €17.0 billion, with the level of paid-in capital of above 20%

- **Highest quality callable capital of any multilateral development bank** – 91% of shareholders are rated investment grade, only 14% ownership overlap with countries of operation

- **EBRD has one of the strongest credit profiles in the supranational segment**
## Comparative Credit Strengths

### S&P Credit Rating Peer Comparison

<table>
<thead>
<tr>
<th>Enterprise Risk Profile</th>
<th>Financial Profile</th>
<th>Stand Alone Credit Profile</th>
<th>Ratings Uplift Due To Extraordinary Shareholder Support</th>
<th>Long term Issuer Credit Rating</th>
<th>Outlook</th>
<th>Date of Latest Affirmation (available on the IFI's website)</th>
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</thead>
<tbody>
<tr>
<td>ADB</td>
<td>extremely strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
<td>Stable</td>
</tr>
<tr>
<td>AFDB</td>
<td>very strong</td>
<td>very strong</td>
<td>aa+</td>
<td>yes</td>
<td>AAA</td>
<td>Stable</td>
</tr>
<tr>
<td>EBRD</td>
<td>very strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
<td>Stable</td>
</tr>
<tr>
<td>EIB</td>
<td>extremely strong</td>
<td>very strong</td>
<td>aa+</td>
<td>yes</td>
<td>AAA</td>
<td>Stable</td>
</tr>
<tr>
<td>IADB</td>
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<td>very strong</td>
<td>aaa</td>
<td>yes</td>
<td>AAA</td>
<td>Stable</td>
</tr>
<tr>
<td>IBRD</td>
<td>extremely strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
<td>Stable</td>
</tr>
<tr>
<td>IFC</td>
<td>very strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
<td>Stable</td>
</tr>
<tr>
<td>NIB</td>
<td>very strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
<td>Stable</td>
</tr>
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</table>

### Selected S&P Credit Metrics Peer Comparison

<table>
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<tr>
<th>Principal Size Indicators (USD billion):</th>
<th>ADB</th>
<th>AFDB</th>
<th>EBRD</th>
<th>EIB</th>
<th>IADB</th>
<th>IBRD</th>
<th>IFC</th>
<th>NIB</th>
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</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>182.2</td>
<td>46.4</td>
<td>67.4</td>
<td>659.5</td>
<td>125.8</td>
<td>405.9</td>
<td>92.3</td>
<td>35.9</td>
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<tr>
<td>Purpose Related Exposure</td>
<td>108.0</td>
<td>27.8</td>
<td>33.5</td>
<td>546.7</td>
<td>99.6</td>
<td>185.1</td>
<td>40.0</td>
<td>20.7</td>
</tr>
<tr>
<td>Adjusted Shareholders' Equity (ACE)</td>
<td>50.0</td>
<td>10.1</td>
<td>19.4</td>
<td>82.8</td>
<td>31.8</td>
<td>39.8</td>
<td>25.1</td>
<td>4.1</td>
</tr>
</tbody>
</table>

### Risk Adjusted Capital (RAC) (percent):

| Before Adjustment                     | 42%   | 18%   | 16%   | 16%   | 32%   | 22%   | 13%  | 29%  |
| After Adjustment                      | 33%   | 19%   | 25%   | 18%   | 24%   | 22%   | 26%  | 27%  |
| After Adjustment (new methodology)   | 39%   | 23%   | 30%   | 17%   | 24%   | 28%   | 29%  | 29%  |

### Leverage (multiple):

| Gross Debt / ACE                      | 1.7x  | 3.3x  | 2.2x  | 6.5x  | 3.1x  | 5.2x  | 2.2x | 7.1x |
| Gross Debt Net of Liquidity / ACE     | 1.1x  | 1.5x  | 0.7x  | 5.2x  | 2.8x  | 3.3x  | 0.2x | 3.8x |

### Liquidity (percent):

| Liquid Assets / Total Assets          | 18%   | 39%   | 45%   | 17%   | 27%   | 18%   | 55%  | 38%  |
| Liquid Assets net of Deposits / Gross Debt | 37%   | 55%   | 64%   | 19%   | 39%   | 36%   | 93%  | 46%  |

---

1) Source: Current ratings by Standard & Poor's, based on their methodology "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published Nov. 26, 2012

2) Source: Standard & Poor's, “Supranationals Special Edition 2018” (based on 2017 data, except for IBRD and IFC with data from fiscal year ending 30 June 2017)
During the financial crisis EBRD has retained its strong reserve position.

Available Capital (excl. callable capital) grew by €5.9 billion (or 55%) from €10.8 billion in 2008 to €17.0 billion as at end Q2 2019.

More than 20% of EBRD’s capital is paid in, compared to an average of 5.8% for other global or regional triple-A rated multilateral development banks with callable capital (IBRD, ADB, IADB, AFDB and EIB).

Strong capital position with relatively high proportion of paid-in capital.

* Note that the increase in Risk Capital Utilisation to 80% from 72% was mainly driven by a revision of EBRD’s Capital Adequacy Policy that included higher risk weights. The increase resulting from the policy change amounted to 7 percentage points.

** Available capital has not been restated as a result of an accounting policy change in 2017 in relation to treatment of commitment fees.
Multilateral Development Banks as an Asset Class

- Multilateral Development Banks (MDBs) are designed to repay investors based on assets with ultimate recourse to diversified group of shareholders for callable capital.
- To date, no MDB has had to resort to calling its callable capital.
- Only one triple-A rated MDB has ever been downgraded by a rating agency and was subsequently upgraded to triple-A again.
- As a comparison, individual sovereign triple-A ratings are more prone to downgrades.

✓ Multilateral Development Banks have very stable triple-A ratings.

Average Rating Transition for Foreign Currency Sovereign Ratings

S&P's Sovereign Defaults And Rating Transition Data 1975-2017, 2018 Update
## Executive Summary
### Operational and Financial Highlights

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Business performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Annual Banking Investment (ABI) at reported rates</td>
<td>€3.7</td>
<td>€9.5</td>
<td>€9.7</td>
<td>€9.4</td>
<td>€ 9.4</td>
<td>€ 8.9</td>
</tr>
<tr>
<td>Number of projects (#)</td>
<td>178</td>
<td>395</td>
<td>412</td>
<td>378</td>
<td>381</td>
<td>377</td>
</tr>
<tr>
<td>Operating assets (at cost)</td>
<td>€30.6</td>
<td>€30.2</td>
<td>€28.7</td>
<td>€29.7</td>
<td>€ 28.6</td>
<td>€ 27.2</td>
</tr>
<tr>
<td>Undisbursed commitments</td>
<td>€13.1</td>
<td>€13.1</td>
<td>€12.8</td>
<td>€12.1</td>
<td>€ 13.0</td>
<td>€ 11.5</td>
</tr>
<tr>
<td><strong>Underlying financial performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realised profit before impairment</td>
<td>€0.3</td>
<td>€0.6</td>
<td>€0.6</td>
<td>€0.6</td>
<td>€ 0.9</td>
<td>€ 0.9</td>
</tr>
<tr>
<td>Net profit/loss**</td>
<td>€0.7</td>
<td>€0.3</td>
<td>€0.8</td>
<td>€1.0</td>
<td>€ 0.8</td>
<td>-€ 0.6</td>
</tr>
<tr>
<td>Non-performing assets ratio (all loans)</td>
<td>4.6%</td>
<td>4.7%</td>
<td>3.9%</td>
<td>5.5%</td>
<td>5.9%</td>
<td>5.6%</td>
</tr>
<tr>
<td><strong>Strong capitalisation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory capital (incl. allocation to SEMED ISF)***</td>
<td>€40.7</td>
<td>€40.5</td>
<td>€40.3</td>
<td>€39.7</td>
<td>€ 39.2</td>
<td>€ 39.2</td>
</tr>
<tr>
<td>Available capital base****</td>
<td>€17.0</td>
<td>€16.3</td>
<td>€16.2</td>
<td>€15.4</td>
<td>€ 14.5</td>
<td>€ 15.1</td>
</tr>
</tbody>
</table>

* The 2016 capital adequacy figures have not been restated to reflect the accounting policy change in 2017 in relation to treatment of commitment fees.
** Before net income allocations approved by the Board of Governors.
*** For 2015 and 2016, the statutory capital utilisation (or ‘gearing ratio’) has been adjusted to exclude accumulated specific provisions from both operating assets and the statutory capital base.
**** From 2015, the available capital base is based on the 2015 Capital Adequacy Policy, which became effective from December 2015. Prior year results have not been adjusted.
Strong Underlying Profitability
Robust underlying realised profits

<table>
<thead>
<tr>
<th>Year</th>
<th>Realised Gains - Non-Equity</th>
<th>Realised Gains - Equity incl. Dividends</th>
<th>Unrealised revaluations</th>
<th>Reversals of unrealised P&amp;L on equity exits</th>
<th>Provisions for loan losses</th>
<th>Net profit/loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>800</td>
<td>200</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1000</td>
</tr>
<tr>
<td>2016</td>
<td>1000</td>
<td>500</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>600</td>
</tr>
<tr>
<td>2017</td>
<td>800</td>
<td>200</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1000</td>
</tr>
<tr>
<td>2018</td>
<td>500</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>400</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>700</td>
<td>300</td>
<td>100</td>
<td>200</td>
<td>0</td>
<td>1000</td>
</tr>
</tbody>
</table>
Equity Portfolio and Realised Equity Gains

- Equity portfolio (including derivatives) at end Q2 2019 valued above cost (+1%) and includes €0.7 billion of investments with determinable returns (‘debt-like’ put options to counterparties to exit at pre-determined minimum)
- At end Q2 2019, equity investments at cost stood at €5.3 billion, or 17% of total operating assets, with fair value of €5.3 billion
- During the period 2006 – Q2 2019, the Bank recognised €4.7 billion in realised equity gains (excluding dividend contribution) at an average money multiple of 1.55 times cost (2009 – 2016: €1.8 billion realised gains / 1.35 times cost)
At end Q2 2019, impaired loans represented 4.6% (2018: 4.7%) of total loan operating assets. Well provisioned at 58% of impaired loans (2018: 57%)

The non-performing asset ratio based on a 7-year average was 4.8% at end Q2 2019 (2018: 4.6%)

€964 million of general and specific provisions, €451 million of additional loan loss reserve and €306 million special reserve represent 6.8% of total loan operating assets.
Net Debt Write offs: % of Loan Operating Assets

• Losses remain very low, partly reflecting the Bank’s superior liquidity and capital which allows patience in debt work-outs.
• €843 million cumulative net loan write-offs since 1995 (approximately 0.7% of all loans granted).

Note:
• OA = Loan Operating Assets
EBRD’s Funding Strategy and Results
Funding Principles

• Investor-driven
  - Active support of EBRD debt in the secondary market
  - Tailor-made structured products

• Committed to long-term relationships
  - Sustain existing, and develop new, investor relationships
  - Ongoing interaction with investor groups

• Strategic focus
  - Benchmark issuance in core currency markets
  - Developing capital markets in emerging currencies

• Diversify across markets, currencies and instruments
Support for Investors

- **Increases**: possibility to tap existing issues

- **Buybacks**: EBRD’s exceptionally strong liquidity position allows the Bank to offer investors a secondary market bid for all its bonds
  - Public Issues:
    - enhances liquidity
    - improves trading performance
  - Private Placements:
    - EBRD commits to show prices for its bonds
    - investors can lock in profits
    - 10% repurchased upon investor demand

- **Restructuring**: EBRD offers a flexible approach for investors wishing to restructure private placements by amending existing documentation or reissuing under new terms

- **Size**: EBRD has no minimum size for buybacks or new issuance
EBRD is able to issue innovative structures which meet specific investors’ requirements:

- Commodity-Linked Notes
- Credit-Linked Notes
- Equity-Linked Structures
- Exotic Currencies
- Fund-Linked Notes
- FX-Linked Notes
- Gold-Linked Notes
- Inflation-Linked Notes
- Interest Rate Linked Notes
2019 Borrowing Programme

- 2019 Borrowing Programme up to €9 billion
  - €77.7 million issued under the 2020 BP pre-funding
  - €8.6 billion issued in 2019 as at 31 October (€9.7 billion issued under the 2019 BP including pre-funding)
  - €8.7 billion issued in 2018 (€9.1 billion issued under the 2018 BP including pre-funding)
  - €8.2 billion issued in 2017 (of which €7.9 billion issued under the 2017 BP)


**Historical Borrowing Programmes**

**Breakdown of 2019 Issuance as at 31 Oct**

- USD 23.6%
- EUR 20.2%
- GBP 19.7%
- TRY 14.2%
- TRY 8.0%
- SEK 7.0%
- IDR 5.7%
- KZT 3.9%
- MXN 2.3%
- Other (AUD, BYN, CZK, GEL, INR, PEN, RON, THB, and NZD) 2.0%

**Breakdown of 2018 Issuance**

- USD 49.9%
- GBP 12.6%
- TRY 14.2%
- EUR 49.9%
- EUR 20.2%
- TRY 14.2%
- TRY 8.0%
- SEK 7.0%
- IDR 5.7%
- KZT 3.9%
- MXN 2.3%
- Other (AUD, BYN, CZK, GEL, INR, PEN, RON, THB, and NZD) 2.0%

**Amounts raised (LHS) vs Average maturity (RHS)**

- **2001**: EUR billion
- **2002**: EUR billion
- **2003**: EUR billion
- **2004**: EUR billion
- **2005**: EUR billion
- **2006**: EUR billion
- **2007**: EUR billion
- **2008**: EUR billion
- **2009**: EUR billion
- **2010**: EUR billion
- **2011**: EUR billion
- **2012**: EUR billion
- **2013**: EUR billion
- **2014**: EUR billion
- **2015**: EUR billion
- **2016**: EUR billion
- **2017**: EUR billion
- **2018**: EUR billion
- **Oct-19**: EUR billion
As at 31 October 2019:

- €102.4 billion issued since EBRD’s inception in 2,112 transactions and in 60 currencies
- €34.7 billion outstanding through more than 393 bonds
- Average term from issuance to maturity, (or put, or first call - if callable) 6 years
- Average term remaining to maturity, (or put or first call - if callable) 2.7 years
## Diversified Investor Base

### Yearly Issuance by Investor Type

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total issuance (EUR billion)</td>
<td>1.9</td>
<td>4.3</td>
<td>6.6</td>
<td>7.5</td>
<td>6.3</td>
<td>6.5</td>
<td>5.3</td>
<td>4.2</td>
<td>5.9</td>
<td>8.2</td>
<td>8.7</td>
<td>8.6</td>
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<tr>
<td>Americas</td>
<td>20%</td>
<td>9%</td>
<td>14%</td>
<td>32%</td>
<td>8%</td>
<td>13%</td>
<td>18%</td>
<td>19%</td>
<td>21%</td>
<td>22%</td>
<td>19%</td>
<td>8%</td>
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<tr>
<td>EMEA</td>
<td>18%</td>
<td>25%</td>
<td>33%</td>
<td>28%</td>
<td>49%</td>
<td>52%</td>
<td>56%</td>
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<td>52%</td>
<td>50%</td>
<td>49%</td>
<td>79%</td>
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<tr>
<td>Asia</td>
<td>62%</td>
<td>66%</td>
<td>53%</td>
<td>40%</td>
<td>43%</td>
<td>35%</td>
<td>26%</td>
<td>29%</td>
<td>27%</td>
<td>29%</td>
<td>32%</td>
<td>13%</td>
</tr>
<tr>
<td>- Japan</td>
<td>47%</td>
<td>20%</td>
<td>33%</td>
<td>16%</td>
<td>23%</td>
<td>21%</td>
<td>14%</td>
<td>21%</td>
<td>19%</td>
<td>11%</td>
<td>16%</td>
<td>6%</td>
</tr>
<tr>
<td>- Non-Japan Asia</td>
<td>15%</td>
<td>46%</td>
<td>20%</td>
<td>24%</td>
<td>20%</td>
<td>14%</td>
<td>12%</td>
<td>8%</td>
<td>8%</td>
<td>18%</td>
<td>16%</td>
<td>7%</td>
</tr>
</tbody>
</table>

### 2019 Issuance by investor type

- **Central Banks**: 12%
- **Financial Institutions**: 40%
- **Pension Funds/Insurance/AM/Corporate**: 46%
- **Retail**: 2%

### 2018 Issuance by investor type

- **Central Banks**: 29.5%
- **Financial Institutions**: 23.2%
- **Pension Funds/Insurance/AM/Corporate**: 41.0%
- **Retail**: 6.3%
Recent Global Benchmark Bond Issuance

Benchmark New Issuance:

2019:
- EUR 500 million Green Transition October 2024
- USD 700 million Climate Resilience September 2024
- USD 600 million SOFR FRN August 2022
  - USD 50 Million tap SOFR FRN August 2022
  - USD 350 Million tap SOFR FRN August 2022
- GBP 800 million SONIA FRN February 2024
  - GBP 150 million tap SONIA FRN February 2024
- GBP 550 million SONIA FRN January 2022
- Green EUR 600 million January 2024
  - EUR 400 million taps January 2024

2018:
- GBP 450 million FRN July 2023
  - GBP 50 million tap of FRN July 2023
- USD 550 million FRN May 2022
- USD 1.75 billion 2.75% April 2021
  - 2 USD 100 million taps of 2.75% April 21
- USD 1.5 billion 2.875% March 2023
  - 1 USD 50 million tap of 2.875% March 23

Taps of Existing lines:

2019:
- USD 430 million taps of FRN May 2022
- USD 50 million tap SOFR FRN August 2022

Breakdown by investor type

Breakdown by geography
How to Contact the EBRD Funding Team

**Funding:**
- Isabelle Laurent: Deputy Treasurer and Head of Funding: laurenti@ebrd.com
- Charles Smith: Senior Funding Officer: smithc@ebrd.com
- Aziz Jurayev: Senior Funding Officer, Local Currency Funding: jurayeva@ebrd.com
- Stefan Filip: Principal, Funding: filips@ebrd.com
- Giulia Franzutti: Principal, Funding: franzutg@ebrd.com
- Taro Morris: Associate, Funding: morrist@ebrd.com
- Funding desk group email: fundingdesk@ebrd.com

Bloomberg
- Tel: +44 (0)20 7628 3953
- Fax: +44 (0)20 7338 7335

**Treasurer:**
- Axel Van Nederveen - Treasurer: vannedea@ebrd.com
- Tel: +44 (0)20 7338 7370

Callable Capital
Art. 6, 16, 17 and 42 of the Agreement Establishing EBRD

Payment source sequence **pre termination** of the Bank’s operations (Article 17)

- Losses arising in the Bank’s ordinary operations shall be charged to/ against:
  1) provisions
  2) net income
  3) special reserves (Article 16)
  4) general reserves and surpluses
  5) unimpaired paid-in capital
  6) “...lastly, an appropriate amount of the uncalled subscribed callable capital which shall be called...”

Payment source sequence **post termination** of the Bank’s operations (Article 42)

- In the event of termination of the operations of the Bank, the liability of all members for all uncalled subscriptions to the capital stock of the Bank shall continue until all claims of creditors shall have been discharged
- Creditors on ordinary operations holding direct claims shall be paid:
  1) out of the assets of the Bank,
  2) out of the payments to be made to the Bank in respect of unpaid paid-in shares
  3) and then out of payments to be made to the Bank in respect of callable capital stock

Payment of callable capital subscriptions (Article 6)

- Payment of the amount subscribed to the callable capital stock of the Bank shall be subject to call, taking account of Articles 17 and 42 of this Agreement, only as and when required by the Bank to meet its liabilities
- Such calls shall be uniform in ECU value upon each callable share calculated at the time of the call

Key Components of EBRD’s Balance Sheet as at 31 June 2019

* Accounting value net of provisions and with equity investments at Fair Value. Note that all other operating asset breakdowns in the presentation are at cost, which for 1H 2019 equalled EUR 30.6bn
Managing Treasury Asset Maturity

Treasury Maturity Profile

- Treasury Balance Sheet (Euro billion LHS)
- Average Maturity (years RHS)
Breakdown of Total Liquid Assets (€30,273 million) by rating* (as at 30 June 2019)

* Using the S&P rating scale, based on in-house ratings for all senior unsecured exposures and rating agency issue ratings for other exposure (notably Covered Bonds). Ratings from 30 June 2019.
Prudent Statutory & Risk Capital Ratios

- As at end Q2 2019, statutory capital utilisation is at 74% (2018: 73%) including €9.0 billion effective callable capital increase and SEMED Special Fund allocation.

- As at end Q2 2019, Available Capital at €17.0 billion resulted in a Capital Adequacy Ratio of 71% (2018: 73%).

- 100% of EBRD’s risk capital would be treated as Tier 1 capital under Basel III.

* Statutory Capital base for 2016 is not restated following a change in accounting policy in relation to treatment of commitment fees.

** For 2015 onwards, the statutory capital utilisation (or ‘gearing ratio’) has been adjusted to exclude accumulated specific provisions from both operating assets and the statutory capital base. Prior year ratios have not been adjusted.

* For these purposes, available capital base for 2016 is not restated following a change in accounting policy in relation to treatment of commitment fees.

** Note that the increase in Risk Capital Utilisation to 80% from 72% was mainly driven by a revision of EBRD’s Capital Adequacy Policy that included higher risk weights. The increase resulting from the policy change amounted to 7 percentage points.
EBRD Investment Decision  
ESG and Sustainability

**ESG integration**

- EBRD’s robust ESG criteria focus on identifying and mitigating risk, as well as measuring impact;
- The Environmental and Sustainability Department is responsible for environmental and social risks, mitigants and impacts;
- The Compliance, Legal, Risk Management and Banking Departments collectively oversee governance issues;
- Several EBRD policies and procedures govern ESG issues, including:
  - EBRD Environmental and Social Policy;
  - The Enforcement Policy and Procedures;
  - Corporate Governance Review Toolkit;
  - Domiciliation Policy;
  - Fraud and corruption - definitions and guidelines; and
  - Integrity Risks Policy.

**Environmental and social sustainability**

- EBRD must “promote in the full range of its activities environmentally sound and sustainable development” (Article 2.1 (viii) of the Agreement Establishing the EBRD);
- Projects are required to meet a comprehensive set of environmental and social performance requirements covering key areas of sustainability;
- Project summary documents include environmental and social information such as the main environmental and social benefits, relevant risks, mitigants and action plans.
- EBRD’s Green Economy Transition (GET) approach targets green financing of 40% of the Bank’s annual investment by 2020, and includes:
  - financing direct investments;
  - financing facilities to help businesses and homeowners invest in green technologies;
  - mobilising concessional financing;
  - engaging in policy dialogue; and
  - technical support and training.
The Green Economy Transition (GET) approach aims to:

- advance the transition to an environmentally sustainable, low-carbon and climate-resilient economy; and
- prevent economies from being locked into carbon-intensive, climate-vulnerable and/or environmentally damaging pathways.

EBRD’s Green Economy Transition (GET) approach targets green financing of 40% of the Bank’s annual investment by 2020, and includes:

- Green investment and concessional financing
- Policy engagement
- Technical support

Projects that qualify for GET need to demonstrate to “clearinghouse” experts that they:

- result in clearly identifiable and measurable environmental benefits
- address environmental challenges that impact economic activity and human health; and
- bring incremental environmental benefits that would are not seen as “business as usual”.

* For more information on GET, please see: [https://www.ebrd.com/what-we-do/get.htm](https://www.ebrd.com/what-we-do/get.htm)
The Operations Committee (OpsCom) is the key operational decision body. Committee meetings are held on a weekly basis.

The committee is comprised of members from Banking, Risk Management, Legal, Operations, Economists’ Department, and Finance.

Decisions require consensus and are project-based, such as investments proposals and equity exits.
EBRD Investment Decision
Process steps

Documentation required for each stage of approval follows a prescribed format

<table>
<thead>
<tr>
<th>Concept Review</th>
<th>Structure Review</th>
<th>Final Review</th>
<th>Board Approval</th>
<th>Signing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial clearance</td>
<td>Complex projects return to Ops Com for Structure Review. Norm for e.g. equity investments.</td>
<td>Once key terms have been negotiated and appropriate due diligence has been completed.</td>
<td>Unless approved in a framework, all projects need to be approved by the Board of Directors. Host country has veto right.</td>
<td>Before signing, a closing certificate is signed to record any significant changes since Final Review.</td>
</tr>
</tbody>
</table>

- Rigorous screening and approval process, with early involvement of support units (e.g. Risk Management, Legal, Treasury)
- Included in the process are requirements on e.g. anti money laundering and counter terrorism funding regulations as well as environmental policies
• The powers of the EBRD are vested in the Board of Governors to which each member appoints a governor, generally the minister of finance

• The Board of Governors delegates most powers to the Board of Directors, which is responsible for EBRD's strategic direction

• EBRD has a resident Board of Directors that meet every second week

• There are currently 23 Directors representing the 68 shareholders

• Investment discussions typically focus on a project’s alignment with the Bank’s mandate and larger strategy

• Decisions are made by majority vote; the Director of the country in which the project is located has a veto right
Monitoring
Development Related Exposure

• The monitoring phase begins immediately after Board Approval and continues until repayment or, for equity, divestment

• The monitoring focuses not only on credit elements, but also development milestones agreed with the client (related to e.g. business or environmental targets, changes in corporate governance)

• The additional monitoring elements ensure in-depth understanding of the client’s business and increase the probability of identifying problems early

• The monitoring system also provides the basis for a quarterly credit report that is submitted to the Board of Directors
EBRD’s total equity investments at the end of 1H 2019 were €5.30 billion (at cost), with an equity fair value of €5.29 billion (including associated derivatives).
EBRD Valuation and Control Process

- Fair value of equity investments is regularly and rigorously assessed in a well established process involving all key constituencies.
Preferred Creditor Status

• The Preferred Creditor Status (PCS) means that:
  - EBRD loans should not be subject to moratoria or restrictions on convertibility or transferability of hard currency
  - Potential exemption from country provisioning requirements (where applicable) for participant banks
  - EBRD loans are not included in the Paris Club or London Club
  - May allow rated transactions to pierce the sovereign ceiling

• The PCS does not constitute:
  - A guarantee or letter of comfort from the government, or from the EBRD, that the loan will perform commercially
  - An indicator of the loan’s creditworthiness per se and co-financiers must carry out their own due diligence in the normal manner

• The PCS was tested during the Russia crisis in 1998
  - During the moratorium, all payments to the EBRD and its B Lenders came through on time
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