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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
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
- €29.8 billion subscribed capital as at end of September 2020
- Continued reserve accumulation: €10.8 billion as at 3Q2020
- 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 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
- More than 95% 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

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Breakdown of Callable Capital by Rating Category

<table>
<thead>
<tr>
<th>Rating</th>
<th>Total subscribed callable capital €23.5 billion</th>
<th>Total subscribed callable capital excluding Countries of Operations €20.1 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>4.5%</td>
<td>9.2%</td>
</tr>
<tr>
<td>AA</td>
<td>16.1%</td>
<td>13.2%</td>
</tr>
<tr>
<td>A</td>
<td>15.1%</td>
<td>24.1%</td>
</tr>
<tr>
<td>BBB</td>
<td>25.2%</td>
<td>39.0%</td>
</tr>
<tr>
<td>Other</td>
<td>39.0%</td>
<td>39.0%</td>
</tr>
</tbody>
</table>

Best of S&P or Moody’s ratings as at 19/01/2021
Where we invest
31 December 2020

More than 40 Resident Offices Across the Region and approx. 2,500 employees

WHERE WE INVEST

Central Europe and the Baltic States
- Croatia
- Czech Republic*
- Estonia
- Hungary
- Lithuania
- Latvia
- Poland
- Slovak Republic
- Slovenia

South-eastern Europe
- Albania
- Bosnia and Herzegovina
- Bulgaria
- North Macedonia
- Kosovo
- Montenegro
- Serbia

Eastern Europe and the Caucasus
- Armenia
- Azerbaijan
- Belarus
- Georgia
- Moldova
- Ukraine

Central Asia
- Kazakhstan
- Kyrgyz Republic
- Mongolia (2006)
- Tajikistan
- Turkmenistan
- Uzbekistan

Russia
- Turkey (2009)

Southern and eastern Mediterranean
- Egypt (2015)
- Jordan (2013)
- Morocco (2013)
- Tunisia (2013)

Cyprus (2014)
- Greece (2015)
- Lebanon (2017)

* As of the end of 2007, the EBRD no longer makes investments in the Czech Republic
** DRE – Development Related Exposure

39 local offices
2,047 staff (75% in London)
€235.2 billion in total project value
**Development Related Exposure (DRE) I**

- **€33.3 billion DRE as at YE 2020**
- **2,196 active investments**
- **Average loan:**
  - Size €16 million (disbursed)
  - Margin 2.6% (Q3 2020)
  - Internal rating eq. of ‘BB-/B+’
  - Remaining life 6.2 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 €14 million
  - Internal rating equivalent of ‘B’
  - Holding period 7.1 years

---

**DRE 2006 – YE2020**

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

**DRE by Industry YE2020**

- Energy 24.4%
- Bank FI 23.0%
- Infra-structure 21.5%
- IT & Communication 2.4%
- Property and Tourism 3.0%
- Non Bank FI 4.6%
- Agribusiness 7.7%
- Manufacturing & Services 9.7%
- Equity Funds 3.6%
Development Related Exposure (DRE) II

- Equity portion at 14%, of which (as at 3Q2020)
  - 19% have put arrangements and/or other option arrangements with the project sponsors
  - 31% are invested in diversified equity funds
  - 30% are in listed shares
- In addition to the DRE (disbursed amounts only), EBRD has off-balance sheet guarantees of approx. €1,580 million as at end YE2020, 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% (147% at end November 2020) and a stressed 1 year cash requirement of at least 100% (128% at end November 2020)

• 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 billion, with the level of paid-in capital of above 20%

• Highest quality callable capital of any multilateral development bank – more than 95% of shareholders (in term callable capital) 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>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>extremely strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
</tr>
<tr>
<td>AFDB</td>
<td>very strong</td>
<td>very strong</td>
<td>aa+</td>
<td>yes</td>
<td>AAA</td>
</tr>
<tr>
<td>EBRD</td>
<td>very strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
</tr>
<tr>
<td>EIB</td>
<td>extremely strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
</tr>
<tr>
<td>IADB</td>
<td>extremely strong</td>
<td>very strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
</tr>
<tr>
<td>IBRD</td>
<td>extremely strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
</tr>
<tr>
<td>IFC</td>
<td>very strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
</tr>
<tr>
<td>NIB</td>
<td>very strong</td>
<td>extremely strong</td>
<td>aaa</td>
<td>not required</td>
<td>AAA</td>
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### Selected S&P Credit Metrics Peer Comparison

<table>
<thead>
<tr>
<th>Principal Size Indicators (USD billion) as at YE19:</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>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>221.9</td>
<td>48.7</td>
<td>76.5</td>
<td>635.5</td>
<td>136.4</td>
<td>283</td>
<td>99.3</td>
<td>36.6</td>
</tr>
<tr>
<td>Purpose Related Exposure (PRE)</td>
<td>121.4</td>
<td>31.4</td>
<td>36.1</td>
<td>512.2</td>
<td>97.2</td>
<td>202.2</td>
<td>47.6</td>
<td>21.4</td>
</tr>
<tr>
<td>Adjusted Shareholders' Equity (ACE)</td>
<td>51.9</td>
<td>10.2</td>
<td>20</td>
<td>81.5</td>
<td>33.9</td>
<td>41.1</td>
<td>27.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Risk Adjusted Capital (RAC) (percent) as at 1H20:</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>After Adjustment</td>
<td>36%</td>
<td>19%</td>
<td>29%</td>
<td>20%</td>
<td>22%</td>
<td>26%</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>Leverage (percent) as per 1H20:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid assets / adjusted total assets</td>
<td>16%*</td>
<td>35%*</td>
<td>47%*</td>
<td>18%*</td>
<td>26%*</td>
<td>29%</td>
<td>48%</td>
<td>37%*</td>
</tr>
<tr>
<td>Liquid assets / gross debt</td>
<td>35%*</td>
<td>49%*</td>
<td>70%*</td>
<td>22%*</td>
<td>37%*</td>
<td>35%</td>
<td>83%</td>
<td>43%*</td>
</tr>
<tr>
<td>Liquidity (multiple) as per 1H20:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 months (net derivate payables) including 50% of all undisbursed loans</td>
<td>0.9x</td>
<td>1.7x</td>
<td>1.1x</td>
<td>1.1x</td>
<td>1.4x</td>
<td>1.0x*</td>
<td>1.4x</td>
<td>1.5x</td>
</tr>
</tbody>
</table>

*Source: Standard & Poor’s, “Supranationals Special Edition October 2020”

* Data for YE19 as 1H20 not available in the report
In the period leading to the COVID-19 pandemic, EBRD has built a strong reserve position. Despite the decrease in the level of reserves in Q3 2020, the Bank has continued to maintain strong levels of capital utilisation at 64%.

The available capital base (excl. callable capital) grew by €6.2 billion (or 57%) from €10.8 billion in 2008 to €17.0 billion as at Q3 2020.

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

* The improvement in capital utilisation in 2019 reflects the latest changes in the Bank’s Capital Adequacy Policy which became effective in Q4 2019. Prior year ends are based on the policy valid at the time.

** 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.
## Executive Summary

### Operational and Financial Highlights

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</thead>
<tbody>
<tr>
<td>Annual Banking Investment (ABI) at reported rates</td>
<td>€7.9</td>
<td>€10.1</td>
<td>€9.5</td>
<td>€9.7</td>
<td>€9.4</td>
<td>€ 9.4</td>
</tr>
<tr>
<td>Number of projects (#)</td>
<td>274</td>
<td>452</td>
<td>395</td>
<td>412</td>
<td>378</td>
<td>381</td>
</tr>
<tr>
<td>Operating assets (at cost)</td>
<td>€33.5</td>
<td>€31.8</td>
<td>€30.2</td>
<td>€28.7</td>
<td>€29.7</td>
<td>€ 28.6</td>
</tr>
<tr>
<td>Undisbursed commitments</td>
<td>€14.9</td>
<td>€14.3</td>
<td>€13.1</td>
<td>€12.8</td>
<td>€12.1</td>
<td>€ 13.0</td>
</tr>
</tbody>
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<tbody>
<tr>
<td>Realised profit before impairment</td>
<td>€0.6</td>
<td>€0.8</td>
<td>€0.6</td>
<td>€0.6</td>
<td>€0.6</td>
<td>€ 0.9</td>
</tr>
<tr>
<td>Net (loss)/profit before net income allocations</td>
<td>(€0.7)</td>
<td>€1.4</td>
<td>€0.3</td>
<td>€0.8</td>
<td>€1.0</td>
<td>€ 0.8</td>
</tr>
<tr>
<td>Non-performing assets ratio (all loans)</td>
<td>5.9%</td>
<td>4.5%</td>
<td>4.7%</td>
<td>3.9%</td>
<td>5.5%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

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</thead>
<tbody>
<tr>
<td>Statutory capital base (incl. callable capital)</td>
<td>€41.5</td>
<td>€41.2</td>
<td>€40.5</td>
<td>€40.3</td>
<td>€39.7</td>
<td>€ 39.2</td>
</tr>
<tr>
<td>Available capital base</td>
<td>€17.0</td>
<td>€17.8</td>
<td>€16.3</td>
<td>€16.2</td>
<td>€15.4</td>
<td>€ 14.5</td>
</tr>
</tbody>
</table>
Strong Underlying Profitability
Robust underlying realised profits
Equity Portfolio and Realised Equity Gains

- Equity portfolio (including derivatives) at Q3 2020 was significantly impacted by the COVID-19 crisis with the portfolio valued at -12% below cost. The portfolio includes €0.5 billion of investments with determinable returns (‘debt-like’ put options to counterparties to exit at predetermined minimum).
- At Q3 2020, equity investments at cost stood at €4.5 billion, or 13.3% of total operating assets, with fair value of €4.0 billion.
- The Bank has accumulated €1.72 billion in realised equity gains (excluding dividends) at an average money multiple of 1.22 times cost in the last 10 years.
At Q3 2020, impaired loans represented 5.9% (2019: 4.5%) of total loan operating assets; well provisioned at 51% of impaired loans (2019: 59%). The underlying reason for this increase in impairments is varied and not directly related to COVID-19.

- The non-performing asset ratio based on a 7-year average was 5.1% at Q3 2020 (2019: 4.8%)
- €1,287 million of general and specific provisions, €334 million of loan loss reserve and €306 million of special reserve represent 6.8% of total loan operating assets or 1.2x gross impaired assets (note: special reserve is not used solely to cover banking losses).
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.
- €1,049 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

  - 9% 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
2020 Borrowing Programme

- 2021 Borrowing Programme up to €14 billion
  - €3.5 billion issued in 2021 (€6.0 billion issued under the 2021 BP pre-funding)
  - €10.7 billion issued in 2020 (€12.1 billion issued under the 2020 BP pre-funding)
  - €8.6 billion issued in 2019 (€9.7 billion issued under the 2019 BP including pre-funding)

- In 2020/2021 EBRD issued USD Benchmarks, USD SOFR Linked Benchmark, GBP SONIA Linked Benchmark, USD Green Bond, SEK Green Bond, EUR NSV and Catastrophe bonds

Breakdown of 2021 Issuance as at 28 February 2021

Breakdown of 2020 Issuance

Historical Borrowing Programmes

- Amounts raised (LHS)
- Average maturity (RHS)
As at 28 February 2021:

- €120.3 billion issued since EBRD’s inception in 2,378 transactions and in 61 currencies
- €40.5 billion outstanding through more than 415 bonds
- Average term from issuance to maturity, (or put, or first call - if callable) 5.5 years
- Average term remaining to maturity, (or put or first call - if callable) 3.0 years

Outstanding Debt by Currency before Swap

Outstanding Debt by Currency after Swap
## Diversified Investor Base

### 2021 Issuance by investor type

- Retail: 1%
- Central Banks: 29%
- Financial Institutions: 37%
- Pension Funds/Insurance/AM/Corporate: 33%

### 2020 Issuance by investor type

- Retail: 2%
- Central Banks: 30%
- Financial Institutions: 35%
- Pension Funds/Insurance/AM/Corporate: 34%

### Issuance by investor type from 2010 to 2020

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</tr>
</thead>
<tbody>
<tr>
<td>Total issuance (EUR billion)</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>
<td>13.1</td>
<td>3.5</td>
</tr>
<tr>
<td>Americas</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>
<td>16%</td>
<td>31%</td>
</tr>
<tr>
<td>EMEA</td>
<td>33%</td>
<td>28%</td>
<td>49%</td>
<td>52%</td>
<td>56%</td>
<td>52%</td>
<td>52%</td>
<td>50%</td>
<td>49%</td>
<td>79%</td>
<td>60%</td>
<td>39%</td>
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<tr>
<td>Asia</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>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>- Japan</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>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>- Non-Japan Asia</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>6%</td>
<td>18%</td>
<td>23%</td>
</tr>
</tbody>
</table>
Recent Global Benchmark Bond Issuance

**Benchmark New Issuance:**

- **2021:**
  - USD 2.0 billion 0.5% January 2026

- **2020:**
  - USD 1.5 billion 0.5% November 2025
  - USD 150 million tap 0.5% November 2025
  - GBP 500 million SONIA FRN November 2025
  - USD 1.0 billion SOFR FRN October 2024
  - USD 640 million tap SOFR FRN October 2024
  - USD 1.5 billion 0.25% July 2023
  - USD 600 million tap 0.25% July 2023
  - USD 1.75 billion 0.5% May 2025
  - USD 565 million tap 0.5% May 2025
  - USD 550 million SOFR FRN March 2023
  - USD 200 million tap SOFR FRN March 2023
  - USD 925 million Green Bond February 2025
  - GBP 750 million SONIA FRN February 2023

**Taps of Existing lines:**

- **2020:**
  - USD 300 million tap of Fixed March 2022
  - USD 135 million taps of FRN May 2022
  - USD 150 million tap of Fixed March 2023
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  
  Senior Funding Officer, 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

Recent Developments

• **Algeria** applied for Membership and Country of Operations status in March 2020, which was approved by Governors. The formalities are expected to take several months, following which they are expected to apply for country of operations status.

• **Iraq** applied for membership, which was approved by the Shareholders at the Annual Meeting on 7 October 2020, when they also confirmed EBRD’s interest in a limited and incremental expansion including to Iraq, if, following completion of the pre-membership requirements and process, Iraq were to apply for country of operations status, it would be considered in 2022.

• **Greece**: In December 2018, the Governors approved the extension of EBRD’s mandate in Greece to 2025.

• **San Marino**: In December 2018, the Governors approved San Marino’s application to become a shareholder. The microstate became our 70th member in June 2019.

• **India’s** was certified a member of the Bank as of 11 July 2018. India will not be a recipient country of EBRD investments. Their recent request for an increased number of shares has been paused primarily due to COVID.

• **Lebanon** became a member of the Bank in July 2017 and a recipient country in September 2017.

• **Russia** - **no change**: no new investment projects have been presented to the Board of Directors. The Bank continues to monitor its existing portfolio.

• **Libya** became the 71st member of the EBRD in July 2019. Political developments in the country have impeded their appointment of a Governor and their submission of the application to become a country of operations.
Callable Capital
Art. 6, 16, 17 and 42 of the Agreement Establishing EBRD

Payment source sequence precention 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 30 September 2020

* 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 3Q 2020 equalled EUR 33.3bn
Managing Treasury Asset Maturity

Treasury Maturity Profile

- **Treasury Balance Sheet (Euro billion LHS)**
- **Average Maturity (years RHS)**
Breakdown of Total Liquid Assets (€28,256 million) by rating* (as at 30 September 2020)

* 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 September 2019.
• Statutory capital utilisation increased from 76% at the end of 2019 to 79% at Q3 2020 due to the accelerated growth in net operating assets (+4.9%) far outpacing the growth in the statutory capital base.

• This metric is insensitive to unrealised movements on investments and risk rating changes.

* Since 2015, the statutory capital utilisation ratio (or 'gearing ratio') includes accumulated specific provisions in both the operating asset and the statutory capital bases. Prior year ratios have not been adjusted.

• CAP utilisation has improved mainly driven by the lower Treasury risk charge. The CAP policy prudently allocates 100% capital to equity investments; with equity fair value movements having broadly no impact on capital headroom. As such, the realised income the Bank accrues throughout the year has somewhat benefitted the available capital base despite the Bank witnessing an overall net loss to date.

* Capital utilisation ratios for year ends prior to 2019 are based on the policy valid at the time.
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
For more information on the EBRD energy sector strategy, please see: https://www.ebrd.com/power-and-energy/ebrd-energy-sector-strategy.pdf
EBRD Investment Decision
Operations Committee

- Key operational decision body; committee meetings on a weekly basis
- Comprised of members from Banking, Risk Management, Legal, Operations, Economists’ Department and Finance
- Project based decisions on e.g. investments proposals and equity exits
- Decisions require consensus
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 before allocating resources to a project.</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
Board of Directors

- 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 22 Directors representing the 69 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 Equity Investments

€4.63 billion

- Listed
  - 44 investments
  - 30% of investment cost
  - IPO
  - Privatisations
  - Strategic Investors

- Co-Investment
  - FDI Sponsor
    - 78 investments
    - 29% of investment cost
    - New Market
    - Puts and Calls

- Co-Investment
  - Local Owner
    - 50 investments
    - 8% of investment cost
    - Entrepreneurs
    - Minority Status

- Equity Funds
  - 133 investments
  - 31% of investment cost
  - Intermediated Investments
  - Locally Based Fund Managers

- VCIPs
  - 22 investments
  - 2% of investment cost

- IPO
- Privatisations
- Strategic Investors
- New Market
- Puts and Calls
- Entrepreneurs
- Minority Status
- Intermediated Investments
- Locally Based Fund Managers

EBRD’s total equity investments at the end of Q3 2020 were €4.63 billion (at cost), with an equity fair value of €4.04 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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