



European Bank
for Reconstruction and Development

Ost-Ausschuss luncheon in Berlin, October 19, 2011

**The President of the EBRD
Dr. Thomas Mirow**

Executive Summary



- EBRD is an international financial institution, promotes transition to market economies in 29 countries from central Europe to central Asia
- Owned by 61 countries and two intergovernmental institutions (EU and EIB)
- Private sector focused
- Political leverage due to EBRD's unique mandate and shareholder structure
- AAA Credit rating
- Strong local presence in our countries of operations and extensive local knowledge
- Flexible financial products (equity, debt, mezzanine and local currency financing)
- Foster environmentally sound and sustainable development

EBRD – Who we are and what we offer

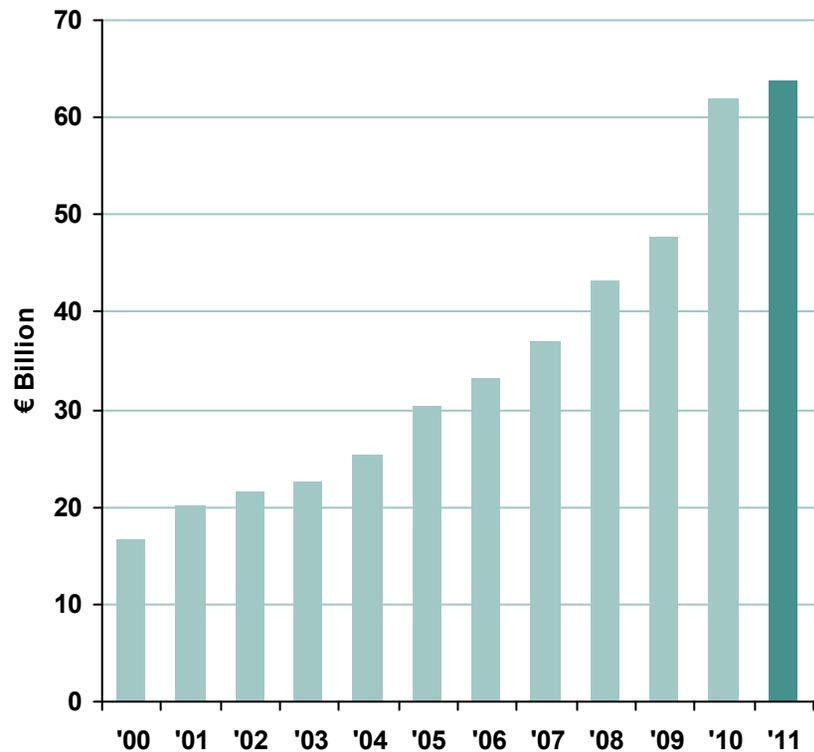
Annex

- Funding Instruments
- Germany and the EBRD

What is the EBRD?



- International financial institution, promotes transition to market economies in 29 countries from central Europe to central Asia
- Owned by 61 countries and two intergovernmental institutions (EU and EIB)
- Capital base of €30 billion



Cumulative commitments of €63.7bn

Note: Unaudited as at 30th June 2011

What are the EBRD's objectives?

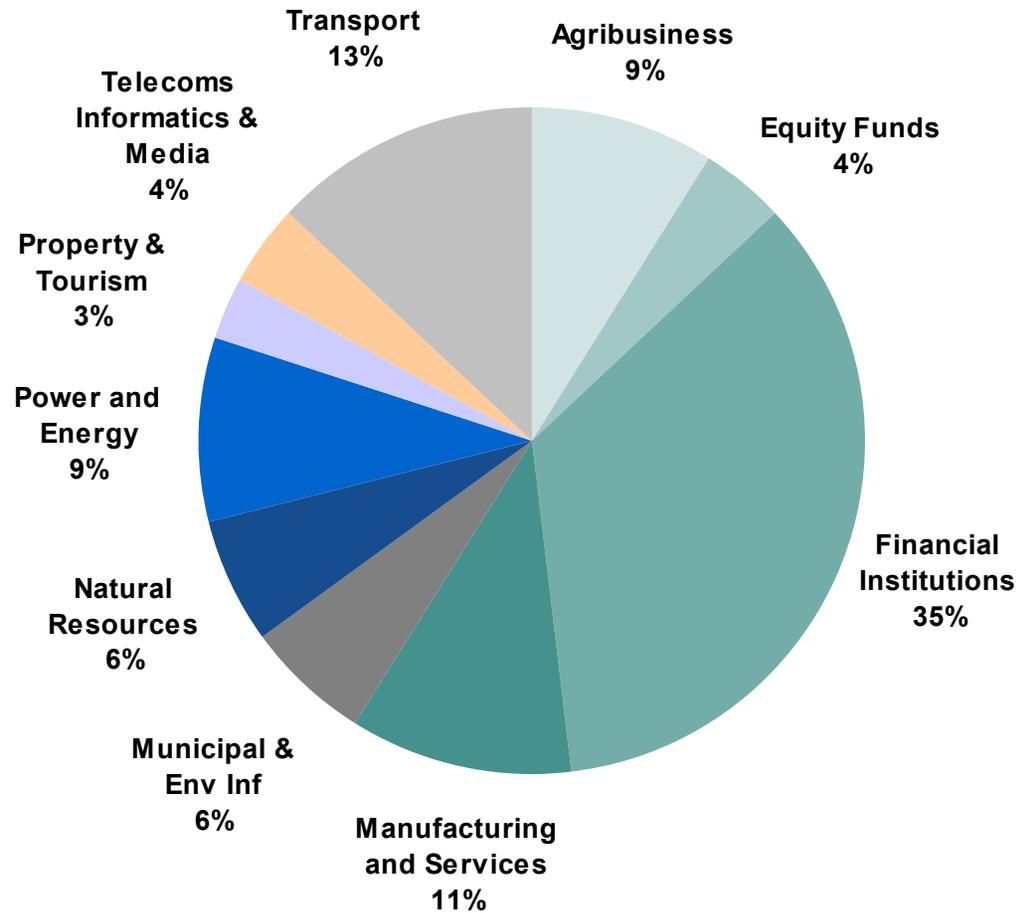


- To promote transition to market economies by investing mainly in the private sector
- To mobilise significant foreign direct investment
- To support privatisation, restructuring and better municipal services to improve people's standard of living
- To encourage environmentally sound and sustainable development
- To promote efficient energy consumption

EBRD Finances diverse range of enterprises



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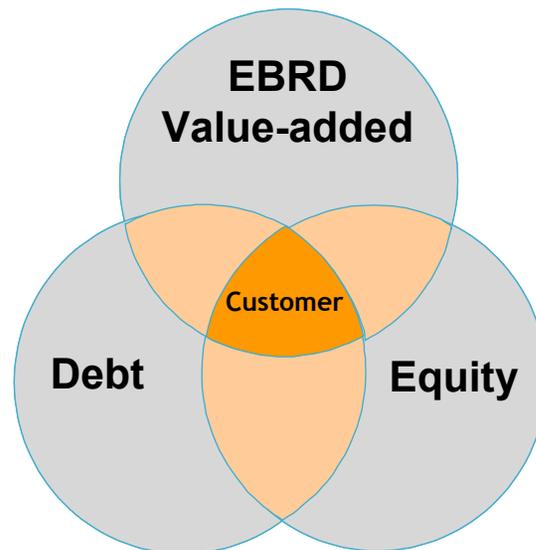


Unaudited as at 31 March 2011

Benefits of working with the EBRD

- Strong, internationally recognized partner with long term perspective
- Mitigation of political and regulatory risks
- Policy dialogue with government and regulators
- Grant-funded technical assistance
- Finance and operations monitoring

- Flexible deal structure
- Debt finance to both public and private sector
- Syndication under preferred creditor status
- Catalyst to access additional debt



- Support of strategic investors
- Perception of quality investment
- Sector expertise through Board of Directors
- Good corporate governance
- Catalyst to access additional equity
- Positioning as neutral party

Reasons to co-invest with EBRD

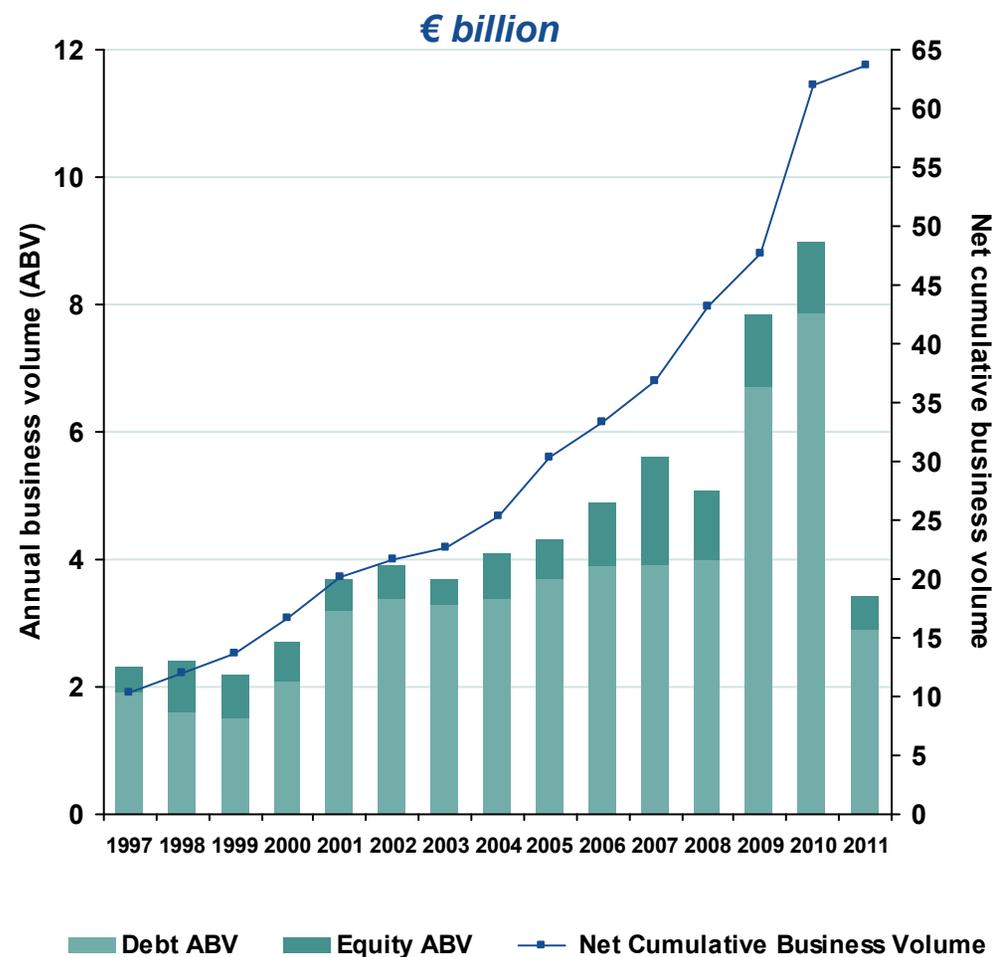


- **20 years of experience in the region with a track record of success.**
- **Flexibility of instruments offered – loans, equity, quasi-equity & guarantees plus combinations**
- **Appetite for risk whilst supporting private investors**
- **Strong local presence – extensive knowledge of local economy, business environment and practices**
- **Excellent working relationships, including large lending programmes with governments with preferred creditor status**
- **Focus on environmentally sound projects**
- **Minority investor – up to 35% of shareholders capital**

EBRD's objectives achieved through financing the private sector

- AAA/Aaa rated multilateral development bank (60% of shareholder are AAA rated)
- Invested over €63.7 billion in more than 3,229 projects since 1991
- €9.0 billion invested in 2010 in 386 projects
- As at end June 2011:
 - €3.5 billion invested in 161 projects
 - Private sector accounted for 86 per cent share
 - Debt 85 per cent, Equity 15 per cent

Note: Provisional data as at 30th June 2011

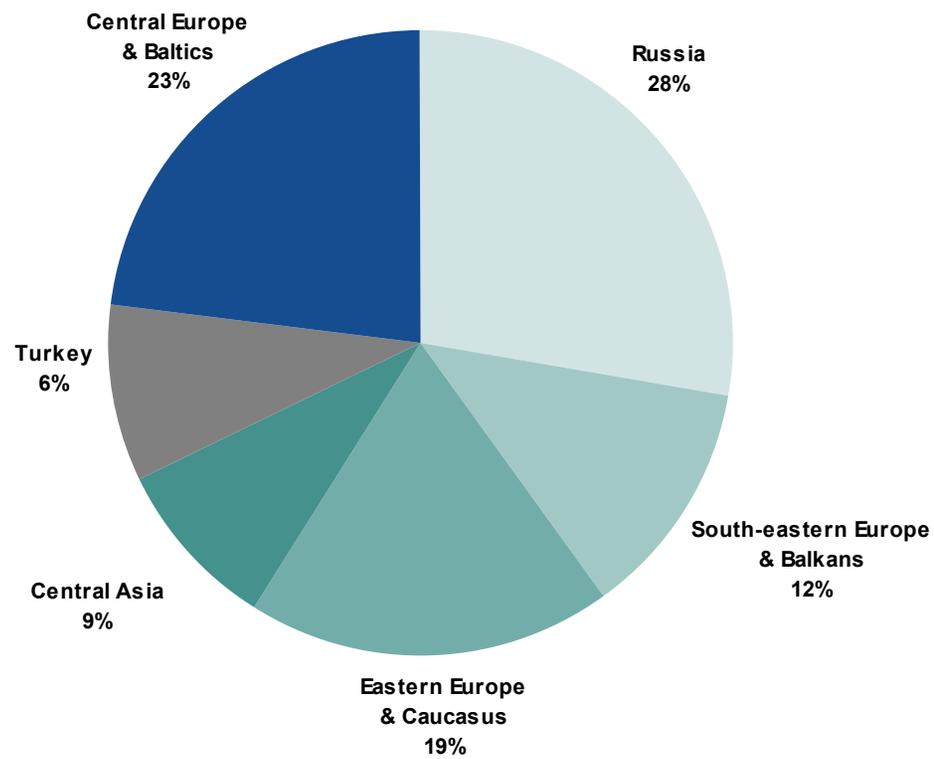


- Record first half annual business volume of €3.51 billion
 - 161 projects, up five per cent on 2010 H1
 - Disbursements totalled €2.4 billion, up seven per cent on 2010 H1
- Growth in portfolio and operating assets since December 2010
 - Portfolio growth of three per cent to €31.7 billion
 - 1,599 active projects, up two per cent
 - Operating assets increased by three per cent to €21.9 billion
- High asset quality of portfolio, non perform ratio is less than 3%

H1 2011 volume by region



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A network of 33 offices in 29 countries More than half our bankers based in the region



Where we operate

	Central Europe and the Baltic states		South-eastern Europe		Eastern Europe and the Caucasus		Russia		Central Asia		Turkey
01	Croatia	10	Albania	17	Armenia	23		24	Kazakhstan	30	
02	Czech Republic*	11	Bosnia and Herzegovina	18	Azerbaijan			25	Kyrgyz Republic		
03	Estonia	12	Bulgaria	19	Belarus			26	Mongolia		
04	Hungary	13	FYR Macedonia	20	Georgia			27	Tajikistan		
05	Latvia	14	Romania	21	Moldova			28	Turkmenistan		
06	Lithuania	15	Montenegro	22	Ukraine			29	Uzbekistan		
07	Poland	16	Serbia								
08	Slovak Republic										
09	Slovenia										

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

* Expansion of the Bank's region of operations to include Southern and Eastern Mediterranean, initially Egypt, Morocco and Tunisia

** Our Russian offices are located in: Moscow, St.Petersburg, Rostov-on-Don, Yekaterinburg, Vladivostok and Krasnoyarsk

Geographic Expansion of the Bank's Region of Operations



SOUTHERN AND EASTERN MEDITERRANEAN

- The Board of Governors of the EBRD has approved the expansion of the Bank's operations to the Southern and Eastern Mediterranean because the Bank supports economic transition, understanding that well-functioning market economies are inclusive as well as competitive.
- The Bank has an effective business model that it can use to address new challenges, not only through projects but through engagement with society, aiming to transfer and adapt the political and economic transition experience from Eastern Europe to this new region



EBRD – Germany

Selected Case Study Examples



Signed in 2011

- **Client:** WRE LLP and Metro Cash & Carry LLP, the Kazakh subsidiaries of Metro Group – the major German retailer
- **EBRD Finance:** €80 million (US\$ 105 million) loan
- **Tenor:** 7-year loan will also be available in local currency
- **Use of Proceeds:** to expand retail facilities and raise the quality of the country's retail sector, which will result in better shopping experience for the people of Kazakhstan, especially, in the country's more remote areas.
- **EBRD Value:** EBRD's financing will be used to build up cash and carry stores across the country. Importantly, locally-produced products will comprise nearly a half of the whole product range on sale in the new Metro stores, which will promote further development of local producers.

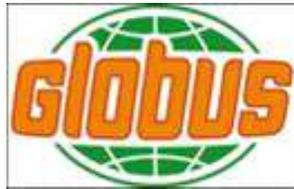
Schwarz Group



Signed in 2010

- **Client:** Kaufland Bulgaria, Lidl Bulgaria, Lidl Romania and Kaufland Polska Markety (part of Schwarz Group)
- **EBRD Finance:** Up to €300 million long-term loan (including syndication) to partially finance the further expansion of Kaufland in Bulgaria and Poland and the entry of Lidl in Romania and Bulgaria.
- **Tenor:** 8 years
- **Use of Proceeds:** The proceeds will be used to finance the expansion and entry, respectively, of the two discount formats in these countries. The project will primarily finance Lidl and Kaufland stores in the more remote / rural store locations of the countries
- **EBRD Value Added:** By financing Lidl in Bulgaria and Romania the Bank will support the introduction of a new discount concept with a successful European track record in both countries, which will benefit consumers and producers alike by providing respectively an increased choice at very competitive prices

Globus – Senior Loan for hypermarket chain expansion



Signed in 2008

- **Client:** OOO Hyperglobus, subsidiary of Globus Holding GmbH & Co KG
- **EBRD Finance:** senior loan of €134.50 million
- **Use of Proceeds:** construction and operations of hypermarkets, including a hypermarket in Klimovsk, Moscow Oblast (the “Project”)
- **Syndications:** €88.9 million syndicated in an A/B Loan structure
- **EBRD value added:** support for the development of modern retail infrastructure in the Moscow Oblast and Russian regions



Signed in 2006

- €30 million equity participation in Volkswagen Russia
- Construct and operate an automobile assembly plant for a total investment of €425 million
- Start production in late 2007 with assembly of 20,000 units per year, increasing to the production of complete vehicles in 2009 at a rate of 115,000 per year
- The loan is intended to foster the growth of automotive manufacturing plant in Russia

EBRD – Who we are and what we offer

Annex

- **Funding Instruments**
- **Germany and the EBRD**

The EBRD offers a variety of different financing instruments



Loans

- Senior, subordinated, convertible
- Long term
- Working capital
- Fixed / floating interest rates
- Major (USD, EUR) and local currencies (e.g. Romania, Russia, Poland)
- Political risk guarantees

Equity

- Common / preferred shares
- Mezzanine financing
- Exclusively minority participations (up to 35%)
- “Portage Equity“

Syndication

- In-house syndication unit
- Lender of record
- EBRD’s Preferred creditor status attracts other financiers

Expertise - supporting investors





- **Project finance (greenfield, brownfield)**
- **Corporate finance**
- **Acquisitions, joint ventures**
- **Capital investments**
- **Working capital facilities**
- **Balance sheet restructuring**
- **Vendor financing**

- **Catalyst for commercial investment:** Every €1 invested or lent by the EBRD mobilizes €3.1 from other sources
- **Equity:** by investing as a minority shareholder we reduce the equity burden and add value through partnership
- **Debt syndication:** The EBRD can syndicate all or part of the senior debt under A/B structures
- **Debt co-financing:** The EBRD will work with or alongside other commercial banks to provide the appropriate debt package

EBRD is Additional to Commercial Banking Sector



- **EBRD invests when commercial banks or private investors cannot do it alone because of risks or need for long tenors**
- **EBRD invites other banks to participate in its operations (syndication, co-financing)**
- **EBRD leads the market with innovative products such as Energy Efficiency, local currency and equity**

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- Total value of projects with German-EBRD involvement: **€46.3 billion**.
- Value of joint Germany-EBRD investment: **€17.3 billion** as of June 2011.
 - EBRD investment: €9.18 billion
 - German investment: €8.12 billion
- German-EBRD involvement has been specially strong in **Russia, Poland and Hungary**.
- Broken down by industry:
 - **Industry, Commerce and Agribusiness** (€6.9 billion)
 - **Energy** (€3.8 billion)
 - **Infrastructure** (€3.4 billion)
 - **Financial Institutions** (€3.2 billion)

Procurement

- In 2010, German entities submitted 27 tenders and won 11 contracts worth €118.8 million, with involvement in sectors such as municipal Infrastructure (€65 million), transport (€34.1 million) and power and energy (€19.5 million).
- From 2005 to 2010, German entities won 59 contracts for a total value of €490 million.

Consultancy Services

- Ranked 2nd in consultant nationality ranking table by value of contract awards, with 90 consultancy contracts with a total value of €24.92 million awarded to German consultants in 2010.
- Areas of expertise: SMEs, financial institutions, power and energy, municipal infrastructure.

Germany and the Trade Facilitation Programme



- Since the start of the programme in 1999, EBRD has financed more than 8,746 transactions for a total amount of €5.5 billion.
- Regarding Germany in particular:
 - 1,035 export and import transactions of German companies, with a total amount of €671.7 million.
 - 57 German Confirming Banks (as at January 2011)

Germany: Technical Cooperation and Official Co-Financing



- Germany is an important partner in TC related work for the EBRD.
- Since 1992, Germany has contributed bilaterally more than €21 million for TC assignments.
- Recently, support for municipal transport project in Romania, several energy projects in Russia, and a transport project in Kazakhstan.
- Germany has also been a contributor to Investment Special Funds such as Russia Small Business. Germany also supports the Northern Dimension Environmental Partnership (NDEP) Fund.
- In 2010, Germany contributed €6.1 million for two projects in Russia and Ukraine under their International Climate Protection Initiative framework.
- Through its bilateral cooperation fund Germany has contributed over €2 million for technical cooperation in, predominantly, energy efficiency, municipal infrastructure and transport.
- KfW is a strong co-financing partner, especially in sectors such as finance, transport, environment and municipal infrastructure. DEG is also an important partner supplying equity and parallel loans supporting EBRD investments.

- Participation of **German financial institutions** through Allianz, Bayerische Landesbank and Deutsche Leasing in Bulgaria, Czech Republic, Hungary and Poland
- Value of contribution from EBRD and EU as of January 2011:
 - EBRD commitment (€59 million)
 - EU commitment (€7.6 million)
- Cumulative total of **4,200 leases and loans** disbursed by January 2011 for a total volume of **€115 million**

Early Transition Countries Initiative and TAM/BAS Programme



- **ETC Initiative** helps address transition objectives in the poorest countries of operations. Germany is a contributor to the untied multi-donor ETC Fund to promote private enterprise, strengthen the financial sector, increase access to and delivery of affordable basic services, improve the environment and encourage innovation
- Since 1996, Germany has provided a total of € 1.15 million in funding for 13 **TAM** projects in Azerbaijan, Belarus, Russia, Ukraine and Uzbekistan, in manufacturing areas such as heavy machinery and textile, petrol extraction/refining and construction, and in energy efficiency
- Germany has provided €140,000 to support the **BAS** office in North West Russia, financing projects with 8 companies.



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EBRD – Germany

Case Study Examples

Phase B – Tirana Airport Concession



Signed in 2008

- **Client:** Tirana International Airport, set up by Hochtief Airport GmbH, Deutsche Investitions und Entwicklungsgesellschaft (DEG) and Albanian-American Enterprise Fund (AAEF)
- **EBRD Finance:** up to €22.6 million senior debt (€12 million refinancing of Phase A, up to €10.6 million for Phase B)
- **Total Project Cost:** €28.0 million (Phase B); €24.9 million (refinancing of Phase A)
- **Use of proceeds:** Phase B of Tirana International Airport (passenger terminal extension, supply of equipment and systems, investment into airfield, construction of airside equipment building, procurement of ground handling equipment, old terminal refurbishment), and Phase A refinancing
- **EBRD value added:** demonstration effect by supporting the first refinancing of a PPP in Albania; strengthen competition in the air transport industry in Albania



Signed in 2007

- **Company:** E.ON AG, Germany, the world's largest privately-owned integrated electricity and gas operations company
- **EBRD Finance:** The transaction involved the purchase of 9.8% equity stake in E.ON Energie Romania, a holding company established by E.ON Energie Group to hold 51 % of E.ON Moldova – the balance of 49% ownership is held by the Government of Romania. Project cost – €11 million
- **Use of Proceeds:** To support and facilitate the efforts made by E.ON Energie Group to realise technical and operational improvements to develop best international practices (including all necessary measures in respect to restructuring and improvements of the local business) over time in the two operating companies
- **EBRD Added Value:** Bank's potential participation supported the on-going privatisation, liberalisation and modernisation of the power sector in Romania, in line with the EU directives on Power and with the South East Europe Regional Energy Market

Bosch Facility II



Signed in 2006

- **Client:** individual private Bosch Car Service Providers. Bosch Ukraine and Bosch GmbH are clients/primary interface for structuring, monitoring and security providing
- **EBRD Finance:** €6 million loan framework, with a €50,000 – €500,000 sub-loan provided to Bosch Car Service Providers
- **Use of Proceeds:** financing further build-out of a network of Bosch Car Service Providers of full-service auto workshops in Ukraine through the development of existing and establishment of new ones (following a similar project in 2001)
- **EBRD Value Added:** support private SME sector in Ukraine by financing local car servicing companies; enhancing competition and efficiency in Ukrainian car servicing sector; transfer of skills to local SMEs (staff training, equipment upgrades); introducing high standards for business conduct and corporate governance for SMEs

Germany and EBRD projects



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UKRAINE
USD 133,630,000
Injecting liquidity directly into the grain and sunflower-seed farming sectors

July 2005



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REGIONAL
USD 194,164,000
Expansion of GSM operator into underserved regions of Russia

December 2004



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ALBANIA
EUR 31,600,000
Senior Debt facility for the design, construction and operation of "Mother Teresa" International Airport

March 2005



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REGIONAL
EUR 40,500,000
Loan facility for TUI AG to on-lend loans to partner hotels
Accommodation

December 2003



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CZECH REPUBLIC
EUR 6,766,000
Equity investment in the production of trains and trams

July 2003



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REGIONAL
EUR 22,500,000
Construction and operation of the supermarkets
Food and Beverage Stores

March 2003



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SLOVAK REPUBLIC
EUR 60,515,000
Privatisation of ZSE
Electric Power Distribution

October 2003



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