

# EBRD and Financial Institutions

September 2017



**European Bank**  
for Reconstruction and Development

# EBRD Key Highlights

Introduction to EBRD

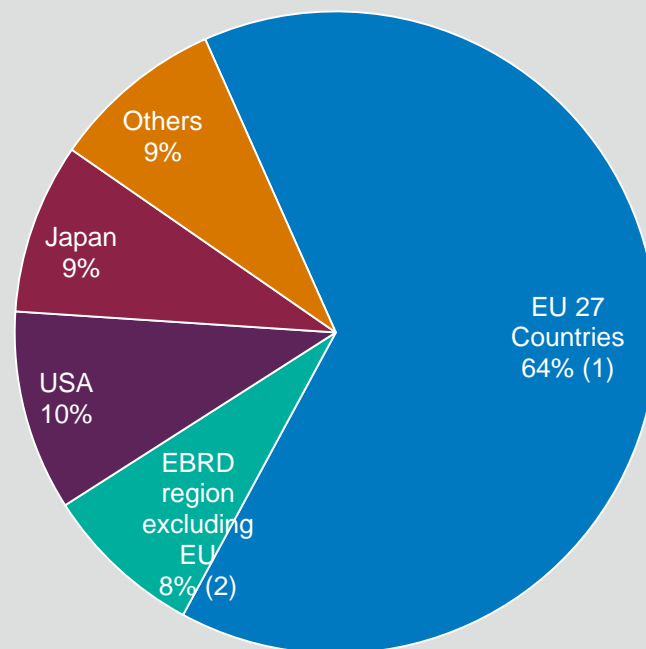
EBRD and Financial  
Institutions

Financial Institutions  
Products

Technical Cooperation

- Owned by 65 countries and 2 inter-governmental institutions (the EU and EIB)
- Highest credit rating (AAA/Aaa) from all three main rating agencies (S&P, Moody's and Fitch)
- Capital base of €30 billion
- 1991 - Establishment of the EBRD
- 1992 - Russia and 11 other members of the former Soviet Union join the EBRD
- 2007 - The Czech Republic becomes the first country to “graduate” from the EBRD
- 2012 - The EBRD starts investing in Egypt, Jordan, Morocco and Tunisia
- 2016 - China becomes 67<sup>th</sup> member country
- 2017 - Lebanon becomes country of operations

## Shareholding Structure



As at January 2017

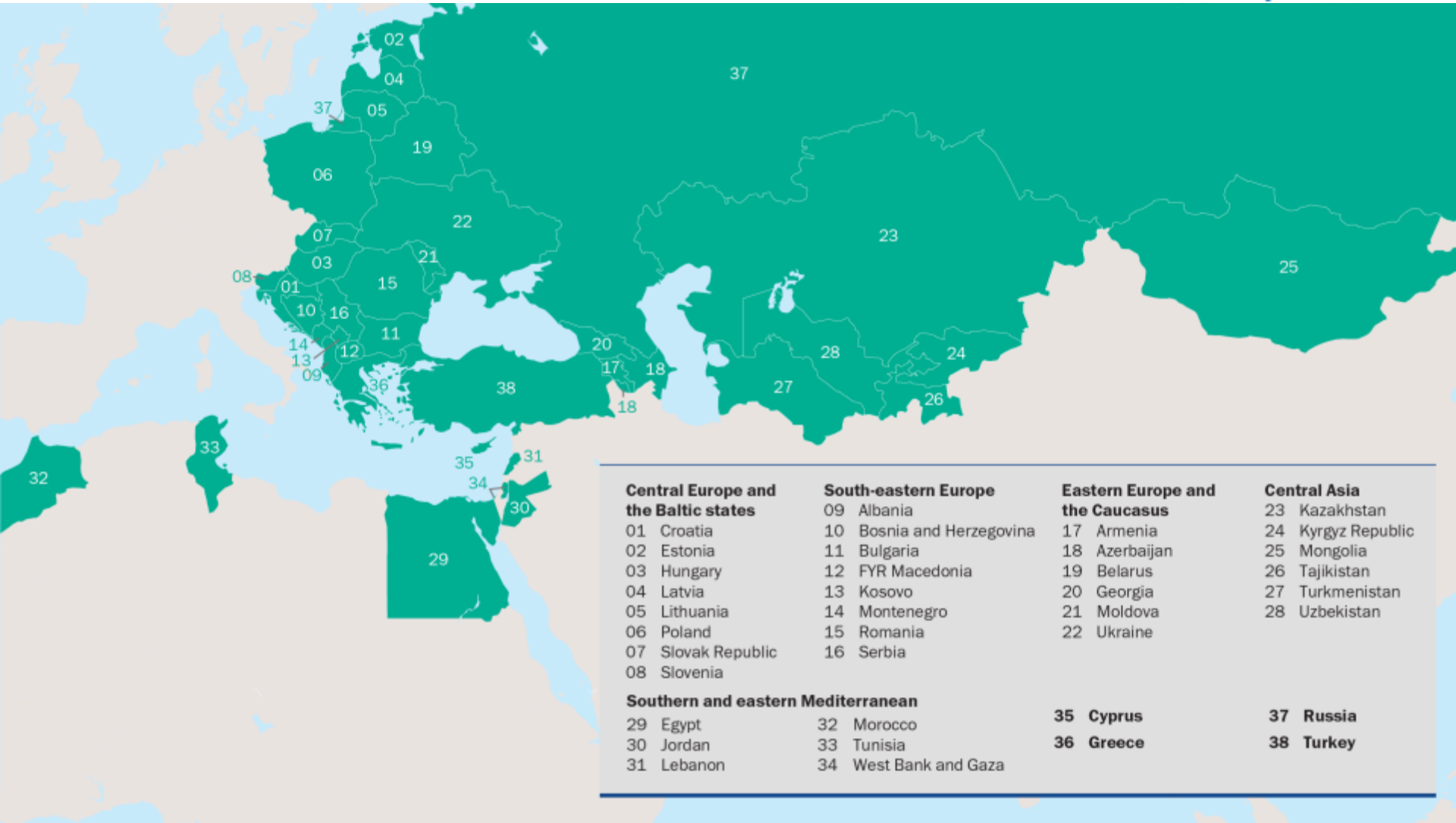
(1) Includes European Community and EIB each at 3%. Among other EU countries: France, Germany, Italy, and the UK each holds 8.6%

(2) Russia at 4%

# Where we are



European Bank



# Portfolio distribution by region and sector

## €41.7 billion

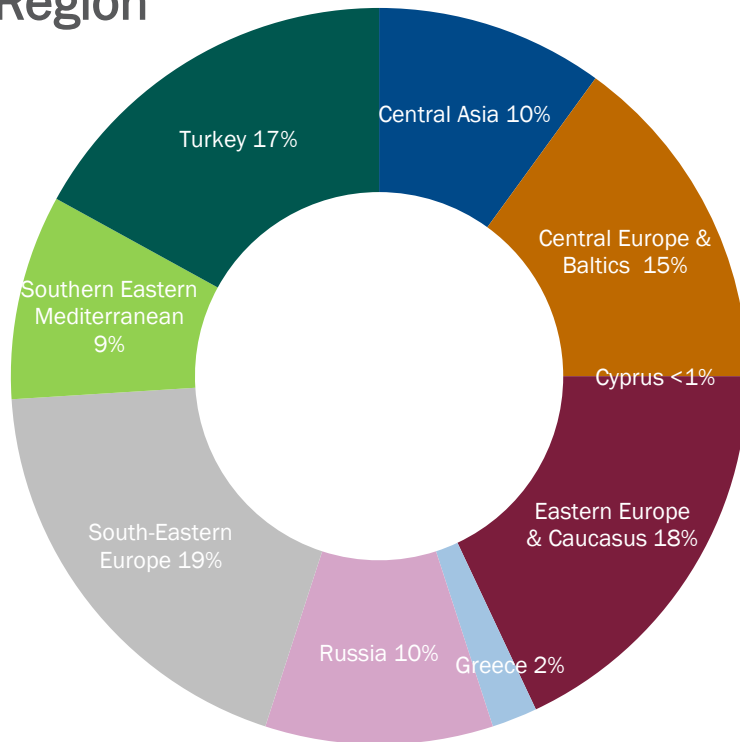
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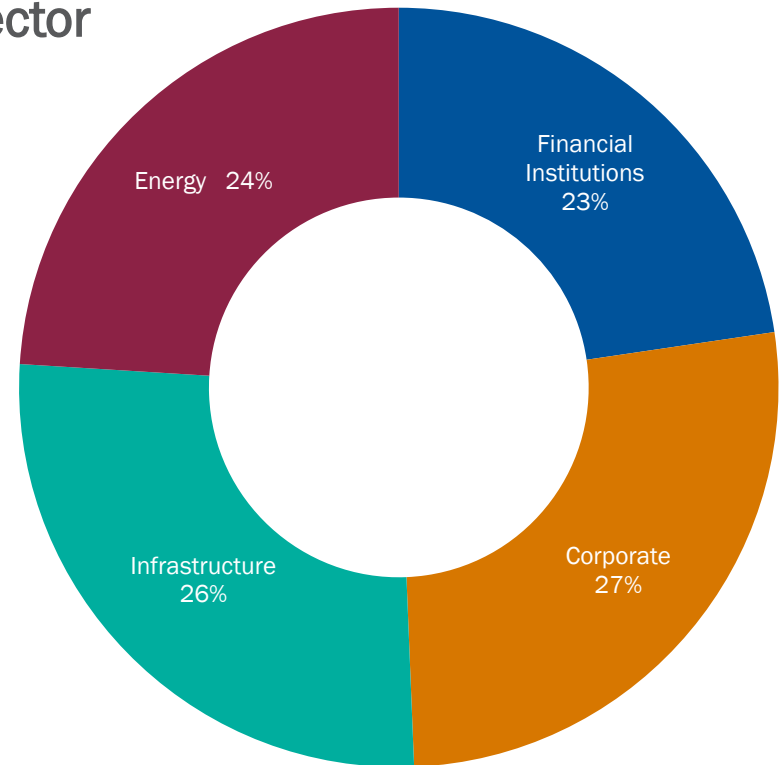
Financial Institutions  
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### Region



### Sector



As at 31 December 2016

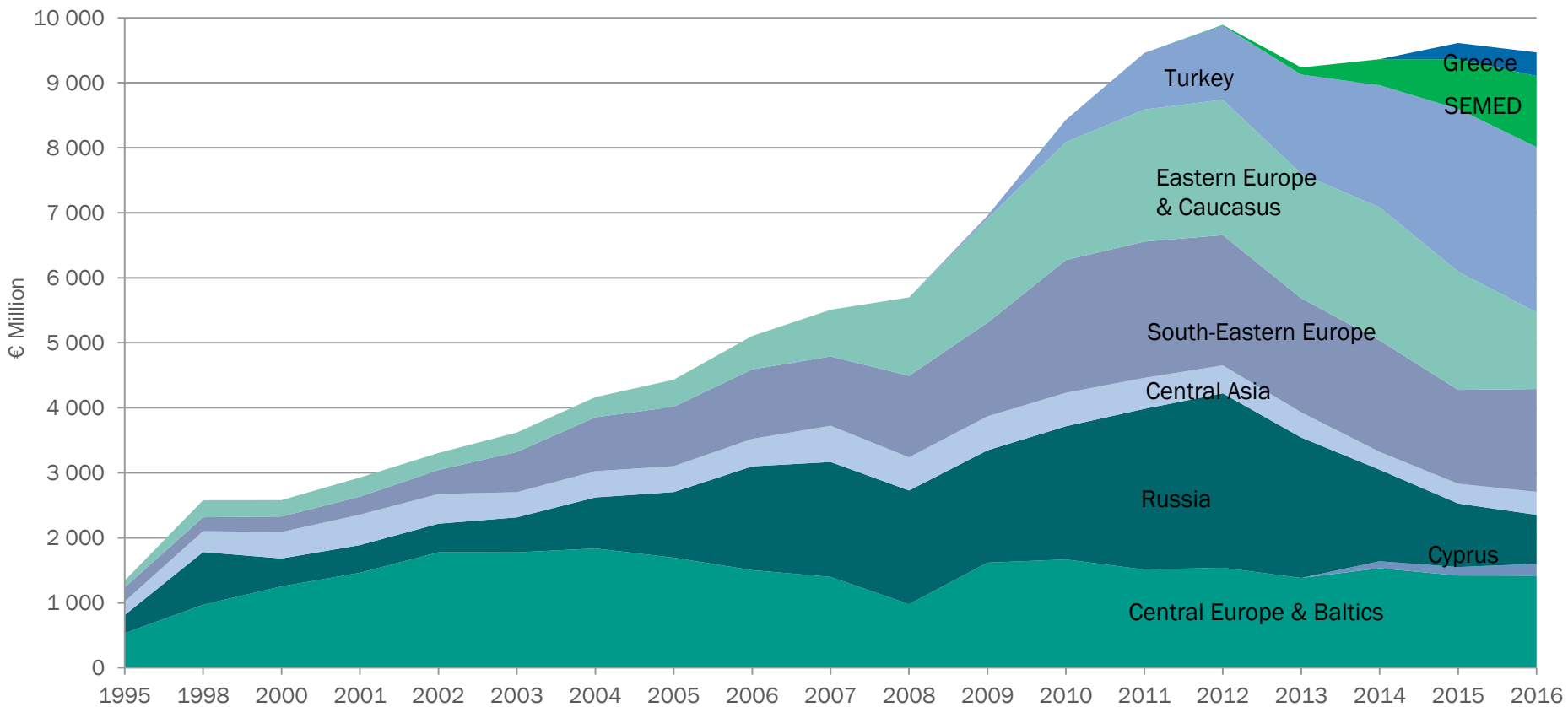
# Financial Institutions - Portfolio by region

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Note: as at 30 June 2016

# Financial Institutions - New business investment

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2015 :	€2.95 billion	133 projects
2016 :	€3.06 billion	120 projects

**Equity investments** in a range of financial institutions (59 investments)

**Debt financing** (>300 partners; ~700 active operations) to support:

- Credit lines, including syndications, for on-lending to MSMEs, Agribusiness, Energy efficiency, Mortgages
- Leasing
- Trade finance
- Capital market development
- Deposit insurance support
- NPL purchases, risk sharing

*Note: as at 31 December 2015*

# Financial Institution partners

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# Equity financing

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Equity investments in a range of financial institutions – banks, stock exchanges, insurance companies, asset management companies

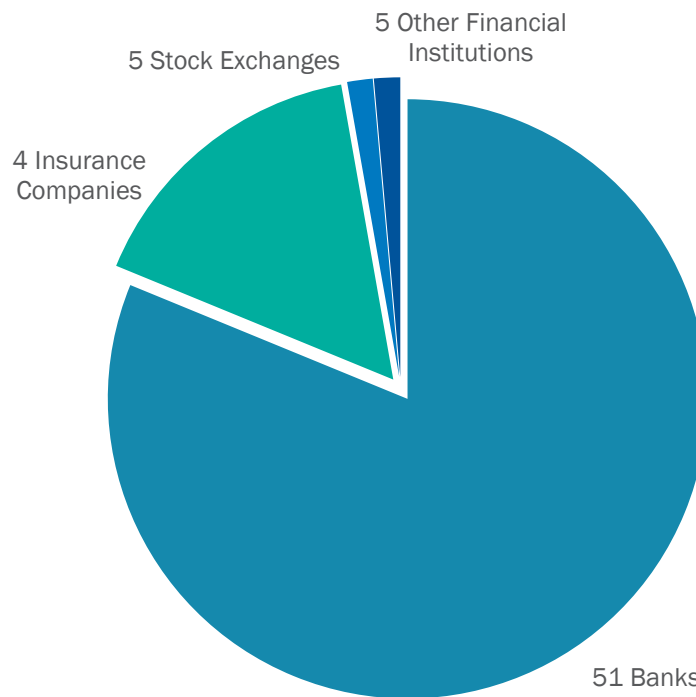
FI equity investments:

- 65 equity investments for €2 billion
- 51 banks €1.6 billion
- 14 non-banks €0.4 billion.

2016 equity investments:

- Erste Bank Hungary (EUR 125m)
- Odea Bank Turkey (EUR 79m)
- Alior Bank Poland (EUR 24m)
- Victoria Bank Moldova (EUR 6m)
- European Reliance Greece (EUR 5.8m)
- Nova KBM (EUR 1m)
- Bucharest Stock Exchange (EUR 0.5m)

FI equity investments by type of institution



Note: as at 31 December 2016



# Supporting the Small Business Initiative (SBI)

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- The Small Business Initiative (SBI) is one of four strategic initiatives of EBRD.
- Promoting local banks' and microfinance institutions' capacity for lending to private micro-, small- and medium-sized firms (MSMEs). EBRD provides finance for on-lending through financial intermediaries.
- FI total MSME portfolio: €3.7 billion
- Over 180 partner financial institutions in 28 countries of operation
- New business in 2016: €892 million for 76 operations
- Targeted lending: Agricultural, Women in Business, Competitiveness

*Note: as at 31 December 2015*

# GEFF results to date

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More than

**127**

financial institutions  
participated

Around

**€4 billion**

of EBRD finance

Over

**112,000**

clients of partner banks  
benefited from loans and  
technical assistance

Know-how in

**25**

countries across Central and  
eastern Europe, Central Asia  
and the Caucasus

Over

**10 years**

Of experience and know-hows  
in green banking

REDUCED over

**6 million**

tonnes of CO2 emissions per  
year

# Trade Facilitation Programme (TFP)



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Started in 1999 aiming to promote foreign trade to, from and amongst the EBRD countries of operations

**Guarantees** to international confirming banks, taking the political and commercial payment risk of international trade transactions

**Short-term loans** to selected banks and factoring companies for on-lending to local exporters, importers and distributors

Over €14.7 billion trade transactions facilitated  
Over 19,600 guarantees issued & advances disbursed  
**2016** : 1,359 transactions worth €1.54 billion

Issuing Banks – 95 banks across the region  
Confirming banks – over 800 confirming banks worldwide

Find out more on : [www.ebrd.com/tfp](http://www.ebrd.com/tfp)  
TFP e-learning program : <http://ebrd.coastlinesolutions.com/>



# Supporting the Local Currency & Local Capital Markets Initiative (LC2)

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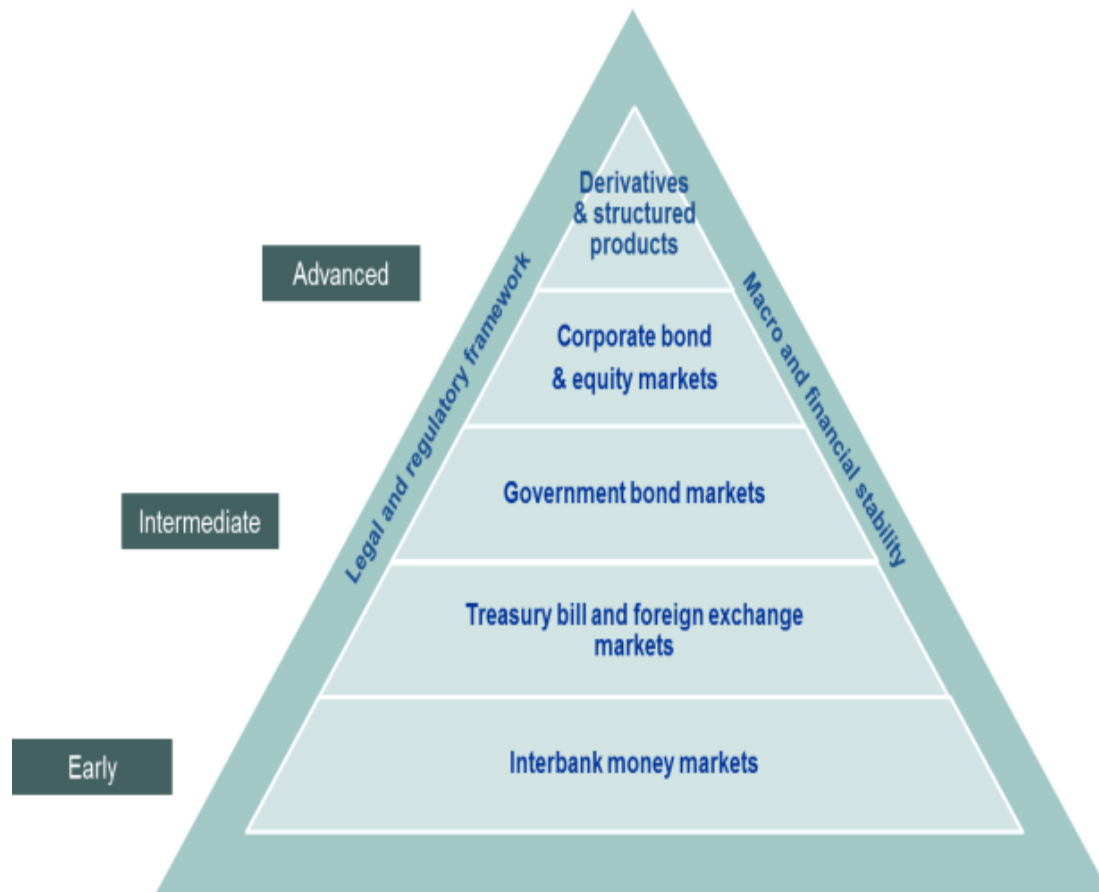
## Capital Market Transactions

Advance reforms & policies helping financial institutions diversify their funding and developing local capital markets.

## Local Currency Lending

- Direct lending in local currency
- Investor in the Currency Exchange Fund TCX
- Cross currency swaps

Platform combining finance with policy dialogue, risk sharing and technical assistance.



# Supporting the Non-Banking Sector

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## Equity & debt financing for other financial partners:

- Insurance
- Leasing
- Factoring
- Pension
- Asset Management
- Consumer Finance
- Stock Exchange
- Other: Brokers, Purchase of NPLs, Local Capital Market support, Structured Finance (ABS, DPR, RMBS, Covered Bonds, SWAPs), Deposit Insurance.



# Donor Funded Grants - Approach

Grants form an integral part of Financial Institutions business activity

Deployed in combination with EBRD investments

- project preparation and/or project implementation with the aim to have a major impact on the development of the private sector
- Technical cooperation for transfer of skills and strengthening of financial institutions and other market players
- Smart incentives and/or first loss risk cover

Deployed to **directly address financial infrastructure policy issues**

- impact at the sector level
- plays a critical role in reform, transfer of know-how and strengthening regulatory and other institutions



## Smart Incentives

Instrument to incentivise Participating Financial Institutions (PFIs) to overcome various market barriers, and sub-borrowers to implement projects that would otherwise not be pursued

Aim to stimulate PFIs to on-lend and sub-borrowers to invest in new sectors, in particular energy efficiency investments

The grant is usually covered by donor funds and implemented alongside technical assistance

## First Loss Risk Cover

Instrument to incentivise PFIs to deploy new instruments or develop new market segments

First loss risk cover mechanism through an irrevocable partial guarantee from the EBRD to PFIs for their losses

This addresses financing gaps, for example with women-led businesses, or agricultural enterprises

The grant is usually covered by donor funds and implemented alongside technical assistance

# FI Grants Volume

- Average Annual TC grant commitments - **€27 million**
- Average Annual non-TC grant commitments - **€32 million**
- EU remains the largest donor
- **€760 million** of grants committed since 2004





## Procurement Opportunities

<http://www.ebrd.com/work-with-us/procurement.html>

## Trade Finance

<http://www.ebrd.com/work-with-us/trade-facilitation-programme.html>

## Loan Syndications

<http://www.ebrd.com/work-with-us/loan-syndications.html>

## General FI Information

<http://www.ebrd.com/financial-institutions.html>

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