EBRD – Overview of EBRD Activities and how Israeli businesses can take advantage of EBRD membership

Philip ter Woort - Director, Head of Business Development
Tel-Aviv, 13 June, 2019
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- Green Financing
- Israel and the EBRD: Long term partners
  - Israel FDI into EBRD region
  - EBRD-Israel: an overview of cooperation
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EBRD - An overview

An international financial institution supporting the development of sustainable well-functioning market economies

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>Established</td>
</tr>
<tr>
<td>1992</td>
<td>Russia and 11 other members of the former Soviet Union join</td>
</tr>
<tr>
<td>2007</td>
<td>The Czech Republic becomes the first country to “graduate” from the EBRD</td>
</tr>
<tr>
<td>2012</td>
<td>Starts investing in Egypt, Jordan, Morocco and Tunisia</td>
</tr>
<tr>
<td>2016</td>
<td>25th anniversary; China becomes 67th member</td>
</tr>
<tr>
<td>2017</td>
<td>Lebanon became a country of operation and the Bank also commenced operations in West Bank and Gaza</td>
</tr>
<tr>
<td>2018</td>
<td>India and San Marino become members</td>
</tr>
</tbody>
</table>

Shareholding structure

- **EU 28 Countries**: 63%
- **Japan**: 9%
- **USA**: 10%
- **Others**: 11%

1. Includes European Community and European Investment Bank (EIB) each at 3%. Among other EU countries: France, Germany, Italy, and the UK each holds 8.6%
Where we invest
31 December 2018

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

<table>
<thead>
<tr>
<th>Central Europe and the Baltic States</th>
<th>South-eastern Europe</th>
<th>Eastern Europe and the Caucasus</th>
<th>Central Asia</th>
<th>Southern and eastern Mediterranean</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 Croatia</td>
<td>02 Czech Republic*</td>
<td>03 Estonia</td>
<td>04 Hungary</td>
<td></td>
</tr>
<tr>
<td>05 Latvia</td>
<td>06 Lithuania</td>
<td>07 Poland</td>
<td>08 Slovak Republic</td>
<td>09 Slovenia</td>
</tr>
<tr>
<td>10 Albania</td>
<td>11 Bosnia and Herzegovina</td>
<td>12 Bulgaria</td>
<td>14 Kosovo</td>
<td></td>
</tr>
<tr>
<td>13 FYR Macedonia</td>
<td>15 Montenegro</td>
<td>16 Romania</td>
<td>17 Serbia</td>
<td></td>
</tr>
<tr>
<td>18 Armenia</td>
<td>19 Azerbaijani</td>
<td>20 Belarus</td>
<td>21 Georgia</td>
<td></td>
</tr>
<tr>
<td>22 Moldova</td>
<td>23 Ukraine</td>
<td>24 Kazakhstan</td>
<td>25 Kyrgyz Republic</td>
<td></td>
</tr>
<tr>
<td>26 Mongolia (2006)</td>
<td>27 Tajikistan</td>
<td>28 Turkmenistan</td>
<td>29 Uzbekistan</td>
<td></td>
</tr>
<tr>
<td>38 Lebanon (2017)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

DRE by Region 31 December 2018**

- Russia (5.9%)
- South-Eastern Europe (18.7%)
- Central Europe and Baltics (15.9%)
- Eastern Europe and Caucasus (15.4%)
- Turkey (19.5%)
- Central Asia and Mongolia (9.2%)
- SEMED (11%)
- Cyprus and Greece (4.4%)
Since 1991, EBRD invested over €125 billion in around 5,325 projects.

EBRD Top 10 investee countries in 2018 (€m):

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Amount (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Egypt</td>
<td>1,148</td>
</tr>
<tr>
<td>2</td>
<td>Turkey</td>
<td>1,001</td>
</tr>
<tr>
<td>3</td>
<td>Greece</td>
<td>846</td>
</tr>
<tr>
<td>4</td>
<td>Poland</td>
<td>556</td>
</tr>
<tr>
<td>5</td>
<td>Ukraine</td>
<td>543</td>
</tr>
<tr>
<td>6</td>
<td>Kazakhstan</td>
<td>472</td>
</tr>
<tr>
<td>7</td>
<td>Romania</td>
<td>443</td>
</tr>
<tr>
<td>8</td>
<td>Uzbekistan</td>
<td>397</td>
</tr>
<tr>
<td>9</td>
<td>Serbia</td>
<td>396</td>
</tr>
<tr>
<td>10</td>
<td>Belarus</td>
<td>360</td>
</tr>
</tbody>
</table>

In 2018:

- €9.5 bn
- 395 projects
- Private sector accounted for share of 73%
- Debt: 83%
- Equity: 9%
- Guarantee: 8%

EBRD Portfolio (December 2018): € 43.3 billion

**Sector**

- Energy 24% (Power & Energy, Natural Resources)
- Corporate 25% (Agribusiness, M&S, P&T, ICT, Equity funds)
- Infrastructure 29% (Transport, Municipal Infrastructure)
- Financial Institutions 22% (Banks, Leasing, Insurance, Other)
- FI 22%
- Corporate 25%
- Infrastructure 29%
- Energy 24%

**Region**

- CEE 14%
- C.Asia 10%
- SEE 19%
- Russia 5%
- Turkey 14%
- SEE 19%
- Cyp/Gree 4%
- SEMED 14%
- Russia 5%
- C.Asia 10%
- SEE 19%
- Russia 5%
- Turkey 16%
- SE Mediterranean 15%
- South-Eastern Europe 19%
- Eastern Europe & Caucasus 18%
- Cyprus & Greece 4%
- Central Europe & Baltics 14%
- Central Asia 10%
- Russia 5%

Net cumulative bank investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity</th>
<th>Debt</th>
<th>Net Cumulative Bank Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.0</td>
<td>8.5</td>
<td>9.5</td>
</tr>
<tr>
<td>2015</td>
<td>1.3</td>
<td>8.1</td>
<td>10.3</td>
</tr>
<tr>
<td>2016</td>
<td>0.7</td>
<td>8.7</td>
<td>9.4</td>
</tr>
<tr>
<td>2017</td>
<td>0.4</td>
<td>9.2</td>
<td>8.6</td>
</tr>
<tr>
<td>2018</td>
<td>0.8</td>
<td>8.7</td>
<td>7.5</td>
</tr>
</tbody>
</table>
EBRD Multi-dimensional approach

- EBRD direct finance (debt & equity)
- EBRD Indirect finance (SME loans)
- Mobilising external finance

For selected eligible investments to develop markets

- Resource efficiency audits
- Climate vulnerability assessment
- Capacity building for local financial institutions
- Project preparation support (including tendering)

- Working with governments on improved legislation and regulation in support of improved business environment

EBRD COMMERCIAL FINANCING

POLICY DIALOGUE

CONCESSIONAL CO-FINANCING

TECHNICAL ASSISTANCE
### EBRD’s financing instruments

<table>
<thead>
<tr>
<th></th>
<th>Debt</th>
<th>Equity</th>
<th>Guarantees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Typical size</strong></td>
<td>€1 – 300 mln (average € 20 mln)</td>
<td>Typically €50 k – €50 mln</td>
<td></td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>Typically 5-7 years Up to 15 years in case of infrastructure investments</td>
<td>Typically from 3-7 years</td>
<td>1 month to 3 years</td>
</tr>
<tr>
<td><strong>Currency/terms</strong></td>
<td>Major foreign currencies or local currency; floating/fixed</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td>Corporate loans Project loans (max 35%)</td>
<td>Minority stake</td>
<td>Trade Facilitation Programme with banks</td>
</tr>
<tr>
<td><strong>Structures</strong></td>
<td>• Senior, subordinated, convertible loans or bonds • Project finance</td>
<td>• Pure or “structured” equity</td>
<td>• Trade finance guarantees &amp; cash advances</td>
</tr>
<tr>
<td><strong>Applications</strong></td>
<td>• Capex for expansion/modernization, including resource efficiency improvements • Ownership change: acquisition, consolidation, privatisation • PPPs • Working capital</td>
<td></td>
<td>• Guarantee of issuing banks in countries of operations in favour of confirming banks in the rest of the world</td>
</tr>
</tbody>
</table>

**NB:** Exact terms depend on specific needs and market conditions
Projects in all key business sectors

- Transport
- Municipal & Environmental Infrastructure
- Property & Tourism
- Information & Communication Technologies
- Financial Institutions
- Natural Resources
- Manufacturing & Services
- Power & Energy
- Industry, Commerce & Agribusiness
EBRD Clients – A Snapshot
Contents

➢ Green Financing
Mainstreaming Green Financing
Our Journey since 1994

• Since 2006 the EBRD has adopted cross-sectorial strategies:
  • to mainstream across the Bank’s operations, and
  • to increase the share of Bank business represented by measures which enhance the efficient use of energy and resources (water, materials) and contribute to the mitigation of, and adaptation to, climate change.

• The latest strategy, the Green Economy Transition (GET) aims to further scale up the Bank’s green business, and to include new areas of activity.
Green Economy Transition: Current tools & scale and results 2010 - 2018

**Tools:**

- Resource and Energy Efficiency Audits
- Green Economy Financing Facilities
- Technology Transfer and Innovation Support
- Green City Action Plans & Municipal Support
- Blending Multilateral Climate Funds
- Policy Dialogue

**Results:**

- **FINANCED**
  - 1,650+ projects and credit lines
  - 1200+ directly financed projects with green components, and
  - 440+ credit lines to local financial institutions for on-lending to smaller projects

- **SIGNED**
  - €30. billion of green financing
  - For projects with a total value of €170+ billion.
  - Since 2016 green financing has represented 36% of EBRD’s total business.

- **REDUCED**
  - 100 million tonnes of CO2/year
  - Emission reductions equal to twice the annual energy use-related emissions of Greece.
  - +annual water savings of 330m³ since 2013 equal to a third of Londoners’ water use
Mainstreaming Green Financing
Green Economy Transition Targets ’16-’20

40%
2020 target for the share of green finance in EBRD annual business, from a current level of 30%

€4 billion
Target annual EBRD green business by 2020

€18 billion
Target cumulative EBRD green business 2016-2020
Infrastructure
Municipal & Environmental

- **Water & Wastewater**
  - €2,968 million / 199 projects / 31 countries
  - New and rehabilitated water and waste water treatment plants, network rehabilitation and extensions as well as pumps and metering to improve the quality of service and environmental compliance; investment in both maintenance and asset renewal.

- **Urban Transport**
  - €2,588 million / 108 projects / 21 countries
  - Fleet and rolling stock renewal, metro, LRT, buses and trams, public transport infrastructure, including track, power supply and signalling, depot refurbishment, e-ticketing and automated fare collection; traffic management and vehicle information systems, and rehabilitation of municipal streets.

- **Solid Waste**
  - €318 million / 35 projects / 15 countries
  - Investment in new landfills, recycling and collection equipment to improve both the efficiency and frequency of collection and well as to prevention of groundwater contamination.

- **District Heating & Other Muni Services**
  - €1,676 million / 106 projects / 25 countries
  - District heating/cooling, parking, ESCOs and facilities management to promote efficiency gains and new ways of service delivery.

- **Facilities Management**
  - €541 million / 8 projects
  - Investment in social infrastructure (e.g., hospitals and schools) using long-term facilities management PPP models.
Green Cities Framework - GrCF

**€250m Framework** to support cities to identify, benchmark, prioritise and invest in Green City measures to improve urban environmental performance through:

- **Delivery of strategy and policy support**
  - Green City Action Plans (GCAP)
  - Policy dialogue

- **Facilitating and stimulating Green City infrastructure investments**
  - Urban transport
  - Water & Wastewater
  - District heating
  - Building energy efficiency
  - Solid Waste
  - Street Lighting & Roads

- **Building capacity of city administrators and key stakeholders**
Israel and the EBRD: Long-term partners
Israel’s footprint in the EBRD region

- Majority of Investments in Serbia and Romania
  - $859 mil in Serbia total
  - $322 mil in Romania total
- Followed by Croatia, Hungary and Georgia
- Strong presence in Real Estate and renewable energy sectors.
  - $751 mil in real estate total
  - $421 mil in renewable energy total

*source: fDi markets database*
Institutional relationships:

- **Israel** is a *founding member* of the EBRD, with a 0.65 per cent capital share. Representative on the Board - Ms Yael Mevorach.

- In March 2013, MOU was signed between EBRD and the **Ministry of Industry, Trade and Labour** in respect of cooperation to promote Sustainable Energy and Sustainable Resource Initiative.

- **Donor co-Financing:**
  Israel places great focus on climate and environment, in line with Paris commitments. The newly established Israel-EBRD bilateral fund, will be used for technical activities, including institutional support, training and advisory services.

Selected transactions:

- **Frutarom Industries** in 2016 (up to EUR 80 million loan to Frutarom's subsidiaries, for financing of the acquisitions, capex and WC financing in Slovenia & Poland, and Morocco).

- **Energix Renewable Energies** in 2015  (EUR 34 million equivalent to finance the construction and operation of 50MW Banie wind farm, in north western Poland) and more recently.

- **Enlight Renewable Energy** on Kovacica Wind Farm in Serbia (EUR 50 million for construction of a wind farm of up to 104.5 MW).

- **Trade Facilitation Programme:**
  List of Israeli Confirming Banks
  1. Bank Hapoalim
  2. Bank Leumi
  3. First International Bank of Israel
  4. Israel Discount Bank
  5. Mizrahi Tefahot Bank
EBRD’s Israeli Partner Organisations & Clients

- FRUTAROM
- STATE OF ISRAEL MINISTRY OF FINANCE
- Foreign Trade Administration ISRAEL EXPORT INSTITUTE
- ENERGIX GROUP
- bank hapoalim
- Leumi
- TAHAL GROUP
- Manufacturers’ Association of Israel
- Enlight
Contacts

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Annex: Selected examples of successful investments with Israeli sponsors
Frutarom is a leading producer of flavours and specialty fine ingredients for the food industry. Established in 1933, it is one of the world's 10 largest companies in the flavours and specialty fine ingredients segment and is publicly listed in Tel Aviv and London.

Use of proceeds and EBRD value added/impact

The EBRD provided a loan for the acquisition of companies in Poland and Slovenia

☑ The project marks the EBRD’s first project in the growing flavours & fragrances industry and brings FDI to the sector in Slovenia, as well as support to research and development in order to strengthen competitiveness on external markets.

Signed in 2016
Banie Wind Farm
Poland

Banie Wind Farm is owned by Wiatromill, a subsidiary of Energix Renewable Energies Ltd, an independent Israeli renewable energy producer listed on the Tel Aviv Stock Exchange.

Use of proceeds and EBRD value added/impact

- The operation will enable the borrower to refinance part of the wind farm’s construction costs that have been bridge-financed by the sponsor.
- Once operational, the wind farm will lead to savings of approximately 90,000 tonnes of CO2 emissions each year.

✓ Increasing the share of renewable in the national energy mix is imperative for Poland in order to meet the EU’s emission reduction targets.
✓ At present, the country generates over 80% of its energy in coal and lignite-fired power plants.
✓ In addition, the Project will also strengthen the private sector presence in the renewable energy sector in the country.

Signed in 2015
Kovacica Wind Farm
Serbia

EBRD finance

Enlight Renewable Energy Ltd. is a public company listed on the TASE engaged in planning, development, construction and operation of renewable energy generation projects. It is part of the Eurocom Group, one of Israel's largest holding companies.

EUR 50mn senior loan

Use of proceeds and EBRD value added/impact

- To finance the construction of a 104.5MW wind farm consisting of 38 wind turbines each with capacity of 2.75 MW and including a 220/33-35 KV substation located 50km northeast of Belgrade, Serbia.
- The windfarm will be among the first large scale wind farms in Serbia to reach commercial operations.

- Demonstrates the role of the private sector in power generation, being among the first privately-owned power plants in Serbia.
- This project will assist Serbia in diversifying its power sector, which is heavily concentrated on thermal and hydro-power generation.
Energy Efficiency Products
Project preparation and implementation

helps clients identify opportunities to improve energy and resource efficiency, climate resilience and environmental protection in their operations. It encompasses a range of audit activities that typically cost between €30,000 and €75,000 to implement. This framework offers a cost-effective approach to translating potential energy and resource efficiency gains into specific investments. Activities covered under the framework may include:

• capital investment appraisals for green investments

• feasibility studies for potential projects and development of bankable investments

• certification in sustainability and/or energy performance

• capacity building and client training

• public promotion and awareness raising

• project implementation support (e.g. procurement, monitoring, reporting and verification (MRV))

• sustainability and corporate social responsibility reports

Eligibility

• All banking sectors
• Projects of any size can be supported
• Cap for support is €75,000 per assignment
• Cost sharing contribution is required (indicatively 10 per cent cash or as part of due diligence fee)
• Banking team must be preparing an underlying project

In all EBRD countries of operation