

EBRD's SUPPORT TO UKRAINE

IFT's workshop, Latvia
8 FEBRUARY 2023



European Bank
for Reconstruction and Development



EBRD in Ukraine: at a Glance

The largest institutional investor in Ukraine

- €3.0 billion invested in 122 projects during the last 3 years before the war
- A portfolio of €4.6 billion in over 200 projects

Deep knowledge of the market

- Cumulative investments amounting to €18.1 billion in over 500 projects across various industries of the Ukraine's economy since 1992
- Strong relationship with the government and wide network of clients
- >100 of employees in offices in Kyiv, Kharkiv, Lviv and Odesa*

Strong commitment to support Ukraine

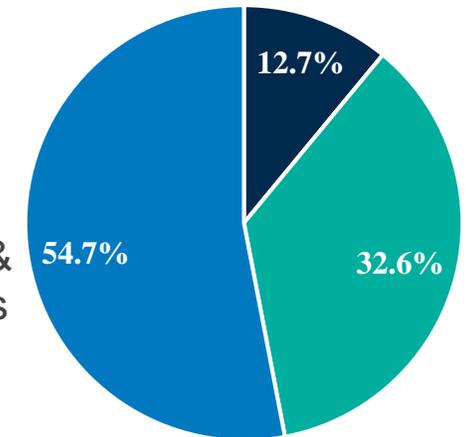
- The only Multilateral Development Bank taking Ukrainian risk on its own balance sheet during the war times

Holistic approach combining investments with active policy engagement and technical assistance

- Promotion of corporate governance, green transition, digitalization and necessary reforms for development of conducive business environment
- Strengthening public administration and facilitation reforms through the Ukraine Reforms Architecture program by supporting the work of 200 Ukrainian local staff embedded in the Government

Current EBRD portfolio
in Ukraine is €4.6bn

- Financial Institutions
- Industry, Commerce & Agribusiness
- Sustainable Infrastructure



* The EBRD Ukrainian staff is now operating from abroad / remote locations (mostly Warsaw)

EBRD Response to the war on Ukraine



European Bank
for Reconstruction and Development

- **Strong commitment** to stand by Ukraine and invest €3.0 billion in 2022-2023 to help Ukraine's business and economy keep functioning
- In 2022, **total investments** in Ukraine reached €1.5 billion (€1.7 billion including grants and turnover of TFP).
- Constructive approach to **forbearance, deferrals** and **restructuring** of the existing clients
- Effective leverage of **donor funding** to maximize EBRD response to meet the country's urgent needs
- Active **policy engagement** redirected to address immediate challenges, incl. coordination of humanitarian support, relocation of businesses from conflict areas, damage assessment and preparation of the National Recovery Plan, integration to EU

Key Areas of Focus



Trade Finance and FI support

Increased envelope with local banks under the Trade Facilitation Program and resumed longer-term financing to local banks to boost their lending activities



Energy Security

Repurposed the existing loan to Ukrenergo for liquidity support and signed additional financing for emergency repairs and replacements; provided liquidity line to Naftogaz for natural gas purchases and additional financing is under preparation



Vital Municipal Infrastructure

Repurposed the existing loan to Ukrainian Railways and extended a new loan to the city of Lviv for emergency liquidity and preparing financing to other Ukrainian municipalities



Food Security

Developed food security guarantees and risk sharing facilities with local banks and provided direct financial support to agriculture companies and food retailers



Private Sector Resilience

Extended financing to the Ukrainian pharmaceutical company to support production of essential medicines, invested in private equity fund, extended a loan to a metallurgy plant and is considering financing to other private sector companies

Key instruments deployed in 2022 for efficient outreach of the private sector



European Bank
for Reconstruction and Development

Trade Facilitation Programs / Portfolio Risk Sharing

- **Approach:** financing underwritten by Partner Financial Institutions (PFIs), being supported by EBRD funding or risk participation at portfolio level with 50% cover
- **Recipients:** mainly MSMEs and SMEs; loan sizes between **€50 thousand** and **€3 million**
- **Key criteria:** existing and new performing PFI clients
- **Results:** a) nearly **€460 million** of trade finance transactions, and b) **€288 million** of new loans generated by 5 PFIs, being supported with **€89 million** EBRD's guarantees.

Direct EBRD financing via Risk Sharing Facilities

- **Approach:** joint underwriting by PFIs and EBRD, whereas loans, governed by local law, are covered by 40-60% EBRD guarantee on a deal-by-deal basis
- **Recipients:** SMEs and mid-market clients; targeted loan sizes between **€2 million** and **€15 million**
- **Key criteria:** satisfactory due diligence by PFIs and EBRD
- **Example:** 60% guarantee of a **UAH 100 million** loan to the yeast producer Enzym to finance purchases for raw materials critical for stable production

Direct bilateral financing by EBRD

- **Approach:** bilateral financing by EBRD under English law
- **Recipients:** mid- and large-corporate clients; targeted loan sizes above **€10 million**
- **Key criteria:** satisfactory due diligence by EBRD, quarterly IFRS reporting, etc.
- **Example:** **€24 million** loan to MHP, one of the leading vertically integrated poultry, grain and edible oil producers, to secure sufficient financing for the 2022 sowing and harvesting campaign

EBRD strategy in the Baltics

Support the region's transition to greener and knowledge based economies:

Increased renewable energy, green infrastructure, and improved resource efficiency

Foster knowledge based economies through more diversified sources of finance



Improved energy efficiency

Reduced GHG emissions, increased renewable energy and improved energy and infrastructure connectivity



Improved access to finance for innovation and digitalization

Deepened and diversified debt and equity capital markets



What financing can we provide?



European Bank
for Reconstruction and Development

Debt

- Loans are tailored to meet the particular requirements of a project. The credit risk may be taken entirely by the EBRD or partly syndicated to the market, or in parallel with commercial banks
- Can be senior, junior or convertible
- Long term or short term, with floating or fixed rates
- Can be through participation in capital market transactions (bond issues), including short term commercial paper (in the Baltics)

Equity investments

- These may be undertaken in a variety of forms.
- Straight equity, mezzanine, convertible
- Can be at the pre-privatization/ IPO stage, or during the IPO process (e.g. Ignitis in LT)
- EBRD is an active investor in equity funds investing in innovative companies, green infrastructure (e.g. Eften Baltics Sustainable Property Fund) or renewable energy
- When the EBRD takes an equity stake, it expects an appropriate return on its investment and will only take a minority position.

Our Contacts



European Bank
for Reconstruction and Development

Tomas Kairys

Head of Baltics

Tel: +370 66164258

Email: kairyst@ebrd.com

Vladislavs Motrohins

Principal Banker

Tel: +370 664 54736

Email: motrohiv@ebrd.com

Lesya Kuzmenko

Associate Director, Deputy Head of Ukraine, ICA
(Industry, Commerce and Agribusiness)

Email: kuzmenkl@ebrd.com

