

European Bank for Reconstruction and Development

Forum of Russian and European Business 2011

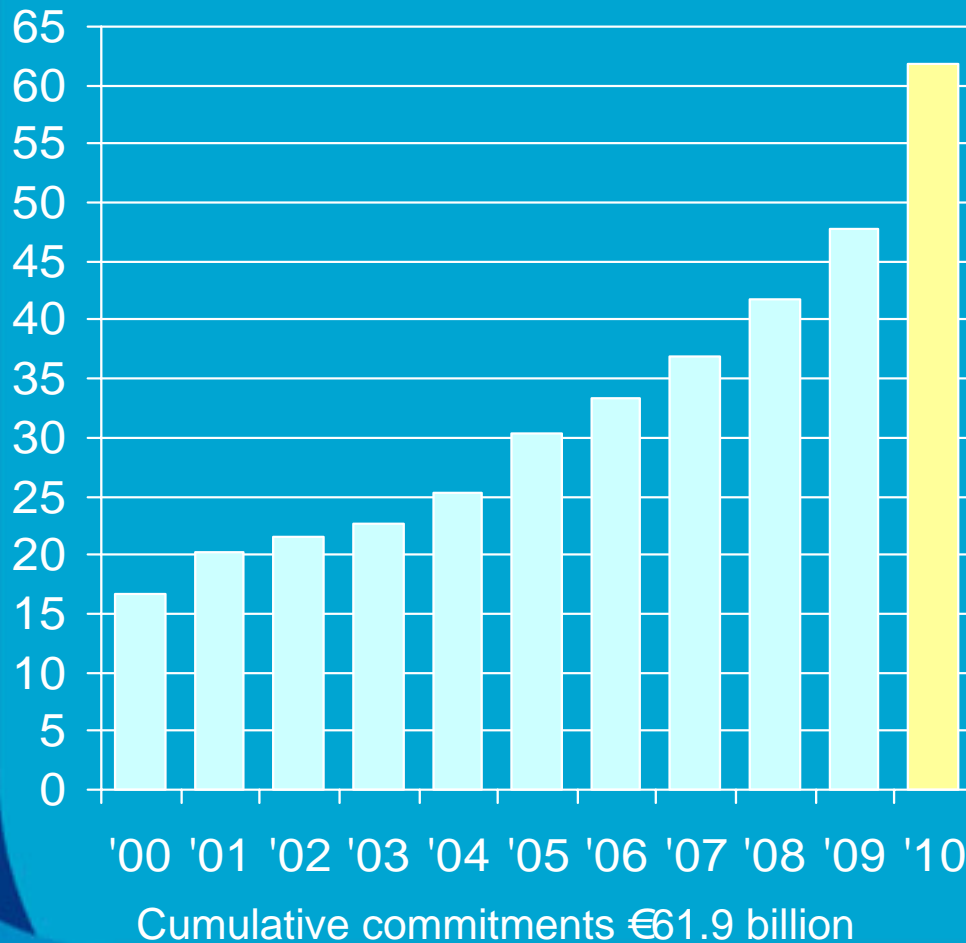
What is required to support financing application

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What is the EBRD?



- International Financial Institution
- Founded in 1991
- Rated AAA
- Shareholders: 61 countries; European Union and European Investment Bank
- Promotes transition to market economies in 29 countries from Central Europe to Central Asia
- Capital base of €20 billion
- Largest investor in the region



EBRD's Objectives

To foster the transition of 30 countries from Central and Eastern Europe to Central Asia towards open market-oriented economies

- Promote transition by investing mainly in the private sector
- Mobilise domestic and foreign capital: multiplying effect
- Foster a competitive environment
- Stimulate and encourage the development of capital markets
- Encourage environmentally sound and sustainable development

Focus on quality, efficiency, concrete results and return on investment (financial, economic, environmental)



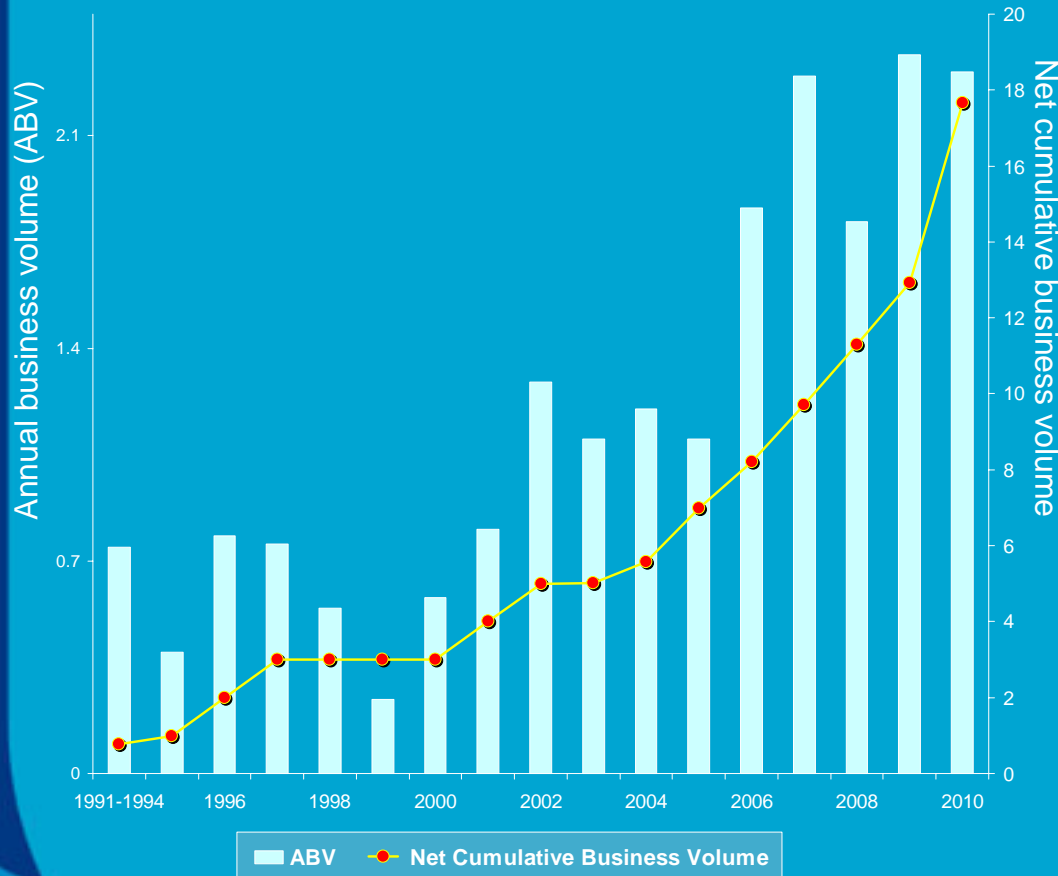
Strengths of the EBRD

- Strong, internationally recognised financial partner with long-term perspective
- Willing to share risks, including political risks
- Provides finance to both private and public sector clients
- Catalyst to access additional equity, debt and trade finance
- Excellent working relationships with governments
- Experience gained in problem resolution
- Extensive knowledge of local economy, business environment and practices
- Political leverage due to EBRD's unique mandate and shareholder structure
- Preferred Creditor status
- Good corporate governance incl. protection of minority interests



Growing presence in Russia

€ billion



- Since 1991 the EBRD has signed 649 projects
- 63 operations signed in 2010
- €2.3 billion of investments in 2010
- Portfolio stock at € 8.3 billion
- Promote market efficiency by investing mainly in the private sector: Portfolio Private/State: 85%/15%



EBRD in Russia – 7 offices, 120 Professionals



Project Preparation and Financing

EBRD case



Financing request

Key “bankability” requirements

- Projected Cash Flow:
 - Sufficient to repay the requested financing
 - Based upon reasonable assumptions (project sales, costs, etc)
- Original investors to have a “substantial” contribution at risk
- EBRD decision based on bankability of project, not on security offered



Financing request Information required or business plan

- Requested amount and repayment profile (Source and Use of funds)
- Project description
- Feasibility Studies – Business Plans
- Description of projected operational activity
 - What products or services are sold / rendered
 - What is the production process - Technology
 - What materials and other operational inputs required

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Financing request

Information required or business plan

- Market overview
 - Current market and perspectives
 - Competitors' analysis
 - Possible external due diligence
- Financial information
 - Financial forecast for the financing period
 - Historical financial statements (IFRS preferred)



Additional project finance requirements by the EBRD

- Integrity (Ownership and Corporate Structure)
- Satisfy Russian and EBRD's environmental (and social) standards
- Financial product offered scarce in the market
- Support Market Economy



EBRD Financing solutions

Loans

- Senior, subordinated, convertible
- Long Term (up to 10yr or more) or short/medium term working capital
- Floating/ Fixed rates
- Choice of currencies (EUR, USD, RUB etc.)
- Syndication possible for large amounts
- Project-specific grace periods where necessary

Equity

- Common stock or preferred
- Minority position only (up to 35%)
- Mezzanine debt

Guarantees

- Of specific risk (i.e. political)
- Commodity-backed instruments
- Increased capacity for Trade facilitation program (with participation of local banks)



Roadmap to work with EBRD

Bank - Client	Internal Procedures
Supplying basic information on the company and the project	Review and approval of the project concept by the EBRD's Operations Committee
Signing Mandate Letter	
Carrying out Due Diligence	Agreement on the deal structure with the Credit Department
Agreement on the deal terms and conditions and signing of the Term Sheet with the Client	Final Review and approval of the project by the Operations Committee
Preparation of the legal documentation	Approval of the project by EBRD's Board of Directors
Signing	



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