

EBRD in Greece and Energy Efficiency

May 2018

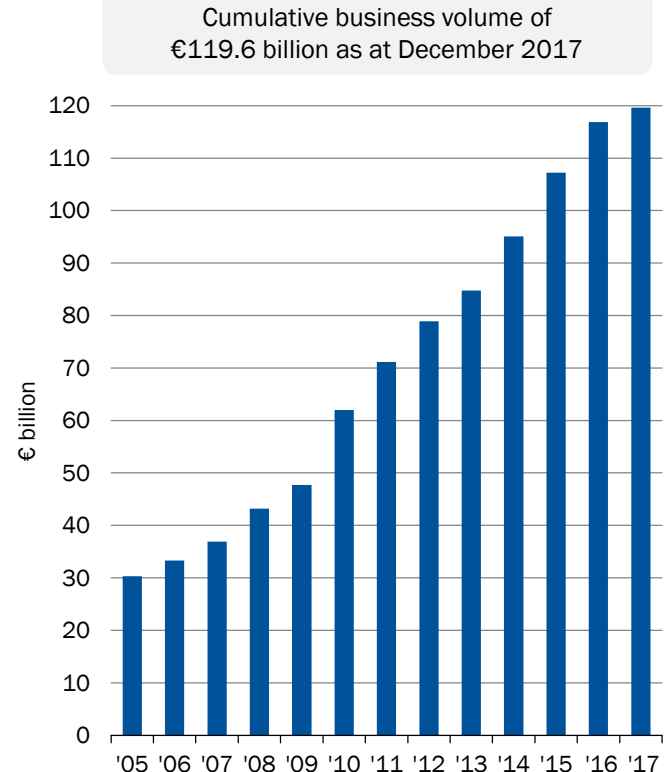


European Bank
for Reconstruction and Development

What is the EBRD?

Overview

- The EBRD is investing in changing people's lives and environments in **38 countries** that stretch from central Europe to Central Asia, the Western Balkans and the southern and eastern Mediterranean including Cyprus and Greece.
- With an emphasis on working together with the **private sector**, we **invest in projects**, engage in **policy dialogue** and provide **technical advice** that fosters innovation and builds sustainable and open-market economies
- Owned by 66 countries and two inter-governmental institutions (the EU and EIB)
- Capital base of **€30 billion**



What is the EBRD?

Investment Summary

Since EBRD Inception 1991*

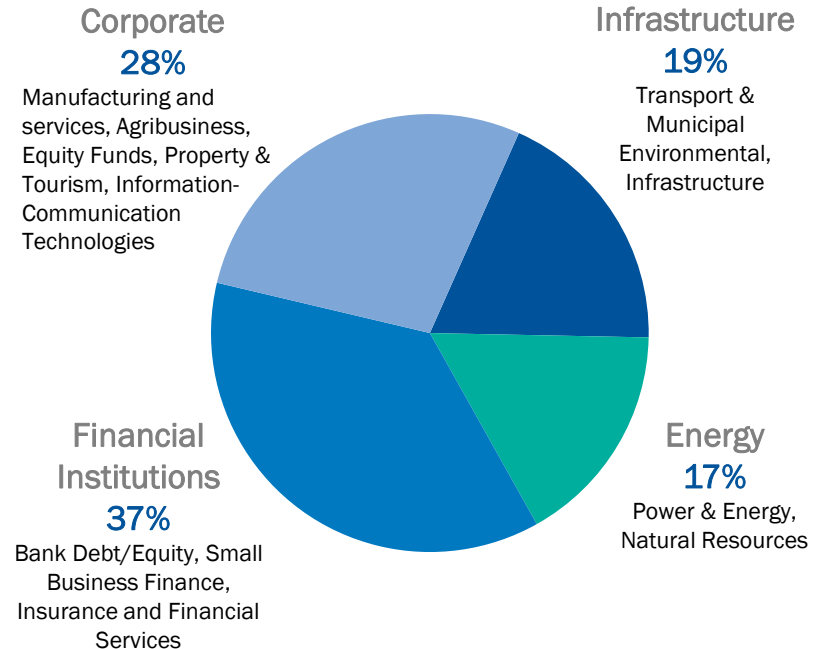
- More than **€119 billion** in over **5,000 projects**
- Private sector accounted for 79% share

In 2017

- **€9.7 billion** invested in **412 projects**
- Private sector accounted for 66% share

* Data as of December 2017

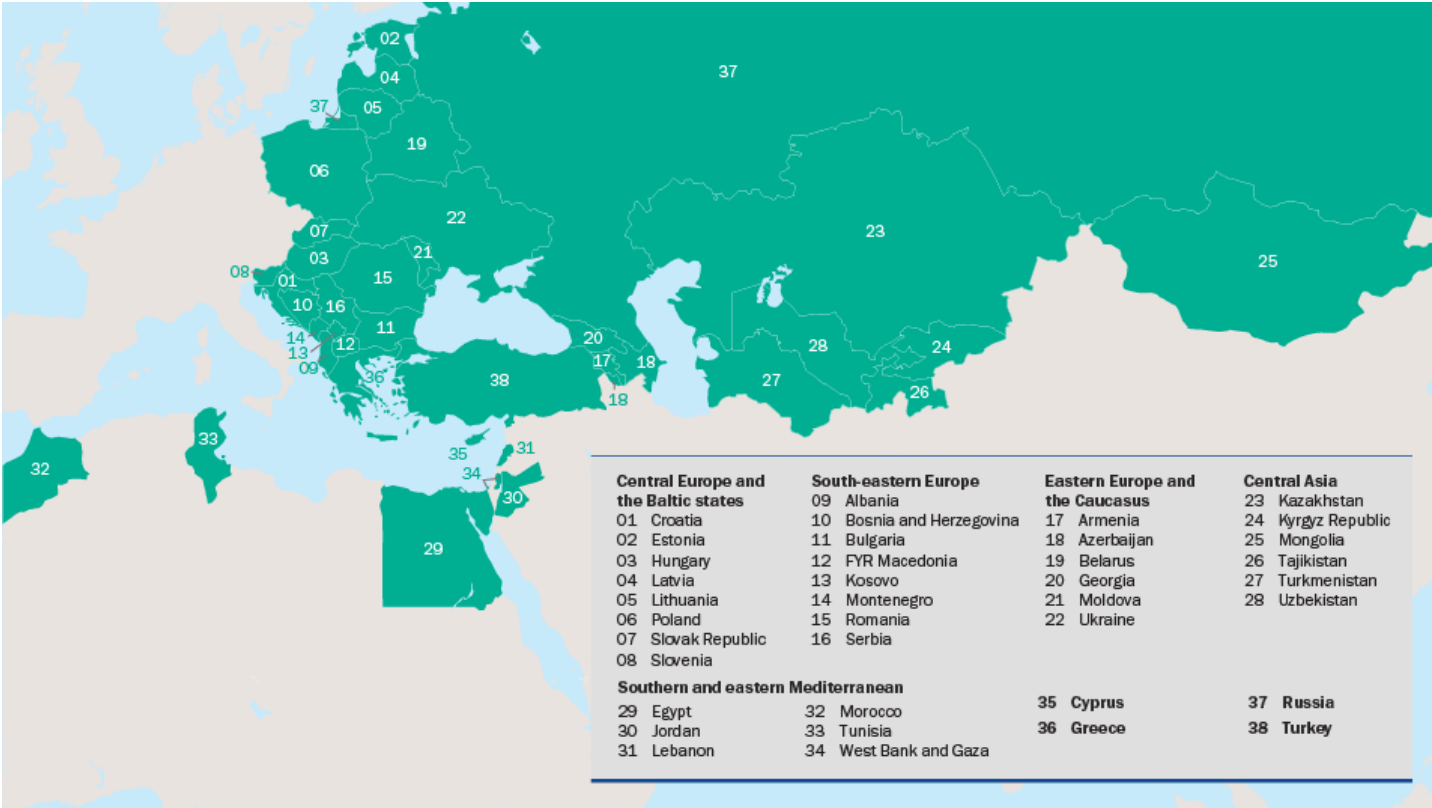
Invest in a diverse range of Enterprises



Where EBRD invests



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EBRD Product Flexibility tailored to project needs

Loans

Senior, subordinated, convertible

Long term (up to 10yr. or more) or short term

Floating/Fixed rates

Choice of currencies (€, US\$, etc.)

Equity

Common stock or preferred

Minority position only
(up to 35%)

Mezzanine debt

Private equity, VCs

Technical Cooperation

As a Multilateral Development Bank, EBRD can bring in additional financing and technical assistance to economically viable projects

Other: PPPs, guarantees, swaps, etc.

Potential to complement some EBRD products/programmes with those from other IFIs

EBRD's Strategy in Greece

Our country strategy was approved by the Bank's BoD in June 2016:

www.ebrd.com/documents/strategy-and-policy-coordination/greece-country-strategy.pdf

Corporate Sector

Support the resurgence and enhance the resilience of the corporate sector through a shift to a more export-oriented growth model.

Financial Sector

Support the stabilisation of the financial sector and deepen intermediation to unlock private sector access to finance.

Energy & Infrastructure Sector

Support private sector participation and commercialisation in the energy and infrastructure sectors to enhance regional integration and improve quality of utility services.



Greece as an EBRD Country of Operation

- EBRD's engagement is to tackle the consequences of the financial and economic crisis and assist in addressing the structural challenges embedded in the country's economy
- EBRD's activities are intended to contribute to the momentum of its recovery and strengthen the reform process of Greece's economy
- EBRD has a primary focus to:
 - encourage foreign and domestic investment
 - strengthen the role of the private sector
 - deepen regional integration
 - help to build economies which are **competitive, integrated, well-governed, green, resilient** and **inclusive**

EBRD activity in Greece to date:

31 projects

€1.6 billion

Cumulative EBRD investment







100% Private sector



EBRD Priorities

- Selectively engage with corporates and SMEs, in particular those with export potential, sound core business and strong growth potential.
- Promote resource efficiency, improve governance standards, support innovation and skills enhancement.
- Rebuild capacity by supporting institutional quality fund managers that target high-growth, export-oriented sectors.

Investments to date

 <p>Invested in 2015 €50 million</p> <p>€50 million participation in the €350 million Eurobond issue to support capital expenditures</p>	 <p>Invested in 2015 €20 million</p> <p>€20 million equity commitment to Diorama Hellenic Growth Fund to support investing in SMEs</p>	 <p>Invested in 2016 €15 million</p> <p>€15 million participation in the €250 million Eurobond issue to support capital expenditures</p>	 <p>Invested in 2016 €150 million</p> <p>€150 million, part of €339 million syndicated loan to support ongoing investment plans</p>	 <p>Invested in 2016 €5.9 million</p> <p>€5.9 million participation in the €40 million first Corporate bond ever issued and listed on Athex</p>	 <p>Invested in 2017 €6 million</p> <p>€6 million loan to support Company's geographical and market share expansion</p>
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Country Strategy

Corporate Sector (cont'd)

EBRD Priorities

- Selectively engage with corporates and SMEs, in particular those with export potential, sound core business and strong growth potential.
- Promote resource efficiency, improve governance standards, support innovation and skills enhancement.
- Rebuild capacity by supporting institutional quality fund managers that target high-growth, export-oriented sectors.

Investments to date

 <p>Invested in 2016 €10 million €10 million bond loan to finance additional working capital and refinance part of existing loan obligations</p>	 <p>Invested in 2016 €10 million €10 million equity commitment to support investing in growth-stage SMEs in Greece</p>	 <p>Invested in 2017 €85 million €85 million, part of €150 million syndicated loan to support sustainable energy solutions</p>	 <p>Invested in 2017 €30 million €30 million participation in the Mytilineos debut €300 million bond issued and listed on Athex</p>	 <p>Invested in 2017 €10 million €10 million as part of €250 million Eurobond to support the first 7 years issuance of the company</p>	 <p>Invested in 2017 €21.5 million € 21.5 million joint venture to invest in brownfield redevelopment and urban regeneration projects</p>	 <p>Invested in 2017 €3 million € 3 million equity investment into preferred shares to a mobile-only 'do-it-yourself' market research company</p>
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Country Strategy

Energy & Infrastructure Sector

EBRD Priorities

- Support further integration of Greece in the region through promoting commercial solutions to developing key transport links and logistics infrastructure.
- Support energy market restructuring, increased regional interconnectivity, lower carbon emission, and more efficiently managed assets.
- Improve quality of municipal services through commercialisation, better governance and improved operational and resource efficiency.
- Support private renewable energy producers by financing their investment plans.






Investments to date

 <p>Invested in 2016 \$ 95 million \$75 million senior loan & \$20 million subordinated loan to support ongoing investment plans</p>	 <p>Invested in 2016 €50 million €50 million bond loan to support development, construction and operation of new renewable energy projects</p>	 <p>Invested in 2017 €187 million €187 million long-term financing for the modernisation, maintenance and operation of 14 regional airports</p>	 <p>Invested in 2017 €28.3 million €28.3 million participation in the €74.5 million Eurobond issue to support company's capex in renewable energy projects</p>	 <p>Invested in 2018 €10.0 million €10.0 million participation in the €90.0 million bond issued and listed on Athex</p>
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EBRD Priorities

- Contribute to bringing back confidence in the banking sector, and facilitate efficient private sector credit creation, securitisations and covered bonds.
- Support banks in returning to a more normal funding structure.
- Invest in specialised NPL servicing, and/or workout platforms and provide direct support to single, large corporate restructurings alongside local banks.
- €200 million provided to the Greek banks through EBRD's Trade Facilitation Programme.

Investments to date

 <p>NATIONAL BANK OF GREECE</p>	 <p>PIRAEUS BANK</p>	 <p>Eurobank EFG</p>	 <p>ALPHA BANK</p>	 <p>EUROPEAN RELIANCE</p>
Invested in 2015 €50 million	Invested in 2015 €70 million	Invested in 2015 €65 million	Invested in 2015 €65 million	Invested in 2016 €10 million
Financial package supporting recapitalisation to strengthen the banking sector	Financial package supporting recapitalisation to strengthen the banking sector	Financial package supporting recapitalisation to strengthen the banking sector	Financial package supporting recapitalisation to strengthen the banking sector	Maximum approved amount. Acquisition of a stake in European Reliance

Country Strategy

Financial Sector (cont'd)

EBRD Priorities

- Contribute to bringing back confidence in the banking sector, and facilitate efficient private sector credit creation, securitisations and covered bonds.
- Support banks in returning to a more normal funding structure.
- Invest in specialised NPL servicing, and/or workout platforms and provide direct support to single, large corporate restructurings alongside local banks.
- €300 million provided to the Greek banks through EBRD's Trade Facilitation Programme.

Investments to date

 <p>NATIONAL BANK OF GREECE</p> <p>Invested in 2016 €50 million</p> <p>€50 million investment in a securitisation structure of SME loans originated by NBG</p>	 <p>ALPHA BANK</p> <p>Invested in 2016 €50 million</p> <p>€50 million investment in a securitisation structure of SME loans originated by Alpha Bank</p>	 <p>NATIONAL BANK OF GREECE</p> <p>Invested in 2017 €30 million</p> <p>€30 million investment in covered bonds issued by NBG</p>	 <p>PIRAEUS BANK</p> <p>Invested in 2017 €40 million</p> <p>€40 million investment in covered bonds issued by Piraeus Bank</p>	 <p>ALPHA BANK</p> <p>Invested in 2018 €40 million</p> <p>€40 million investment in covered bonds issued by Alpha Bank</p>
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Corporate Sector:

- Finance corporates' energy efficiency and growth investment plans.
- Focus on export oriented companies.
- Support the development of capital markets by further participating in corporate bond issuances.

Financial Sector:

- Continue to support the structured finance (i.e. securitisations, covered bonds) for the Greek banks.
- Invest in NPL servicing and/or workout and restructuring platforms.
- Further facilitate banks' non-core assets disposals (i.e. insurance, SEE subs).

Energy & Infrastructure Sector:

- Provide support and participate in Government's privatisation/PPP programme.
- Support gas and power infrastructure for further integration into regional markets.
- Provide finance for private renewable energy producers.

EBRD green financing 2006 – 2017



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FINANCED

1,460

projects and credit lines

1,000+ directly financed projects with green components, and 250 credit lines to local financial institutions for on-lending to smaller projects

SIGNED

€26 billion

of green financing

For projects with a total value of €148 billion signed in 2006-2017

In 2017 green financing represented 43% of EBRD's total business, up from only 15% in 2006

REDUCED

90 million

tonnes of CO₂/year

Emission reductions more than annual energy emissions of Romania

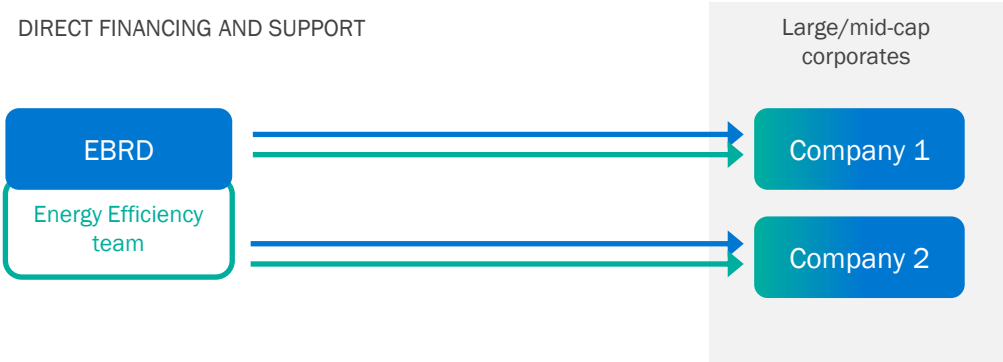
+ annual water savings of 200 million m³ since 2013, equal to more than a third of annual water use in London

EBRD Green Financing Channels

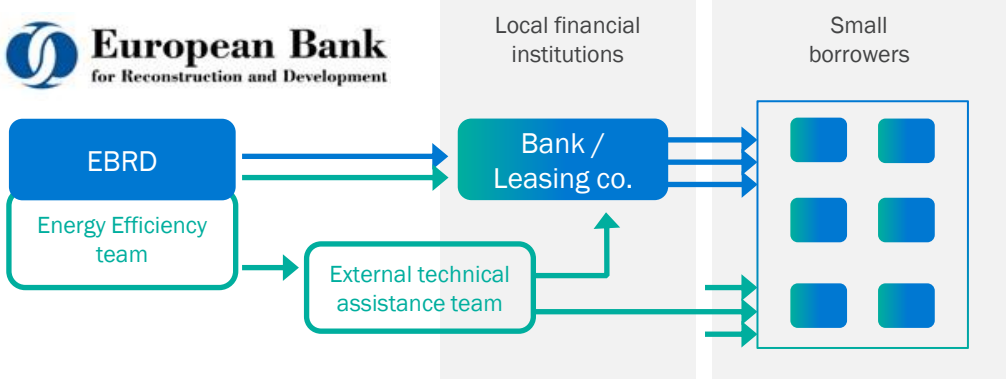


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DIRECT FINANCING AND SUPPORT



FINANCING VIA PARTNER FINANCIAL INSTITUTIONS



→ Financing
 → Technical Assistance

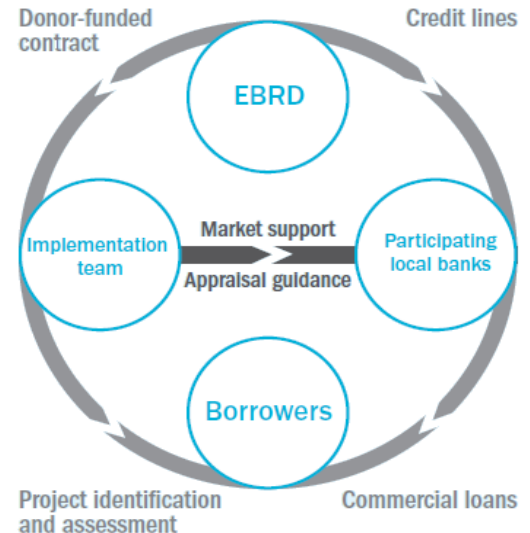
Green Economy Financing Facility (GEFF)



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- Through GEFFs the EBRD extends credit lines to local financial institutions seeking to develop sustainable energy and resource financing as a permanent area of business.
- Local financial institutions on-lend funds to small and medium-sized businesses, corporate and residential borrowers.
- Finance is provided for energy efficiency and small-scale renewable energy, water and waste efficiency projects.
- GEFFs establish project implementation teams who support local financial institutions and their clients.
- GEFFs are effective in reaching a wide range of small and medium-sized business and residential clients.



GEFF example: Sustainable Energy Financing Facility in Morocco

CLIENT AND PROJECT

MorSEFF is a €110 million credit facility dedicated to financing energy efficiency and small-scale renewable energy investments of private companies in Morocco.

Bank financing, free technical assistance and investment incentives are bundled into one unique package dedicated to financing investments leading to better quality of production and services, reduced operating costs, improved competitiveness of Moroccan companies and less impact on the environment.

MorSEFF is implemented through 2 commercial banks in Morocco, Banque Central Populaire (BCP) and BMCE Bank.

INVESTMENT PLAN

BCP and BMCE Bank shared the facility equally, €35 million each

Financing provided by the EBRD:	€35 million
Co-financing (AFD, EIB, KfW):	€75 million
Investment grant provided by EU NIF	€16.5 million
Technical assistance grant by EU NIF	€3 million
Technical assistance grant by EBRD	€2 million



PROJECT IMPACT

- MorSEFF was the first sustainable energy financing facility in Morocco and MorSEFF became a very well known brand
- More than 50% of financing disbursed to projects so far
- All sub-projects financed under MorSEFF have resulted in more than 20% improvement in energy efficiency compared to the baseline set under MorSEFF or generation of renewable energy on the local level.

RECIPE FOR SUCCESS

BMCE's top management designed and implemented an incentive scheme for bank's staff involved in MorSEFF. These measures were combined with the design and marketing of a dedicated product by BMCE Bank, supported by the technical assistance provided by EBRD. The actions resulted in achieving a fast deployment of MorSEFF product across BMCE's commercial units and branches.

Direct Financing (Debt)

Sustainable Retail: Schwarz Green Stores Program

PROJECT AND CLIENT

EBRD is supporting Lidl (Serbia) and Kaufland (Poland), which are part of Schwarz Group. The project focuses on green retrofits of stores in Poland and new green stores as part of business expansion in Serbia.

FINANCIAL STRUCTURE

EBRD loan (in EUR):

€ 200 million

of which green financing

€ 130 million

TECHNICAL ASSISTANCE

Assessment of Kaufland and Lidl store models to evaluate Best Available GET Technologies.

Supply chain sustainability gap analysis, scoping and delivery of technical support to local suppliers (and potential suppliers) for Lidl in Serbia



EXPECTED IMPACT

Energy savings: 23,600 MWh/year

Emission reductions: 20,200 tonnes of CO₂/year

GREEN ECONOMY ELEMENTS

- LEED Gold certification for logistics centre in Serbia
- LED lighting and EMS
- Cascade cooling systems
- Refrigeration with heat recovery

Direct Financing (Equity)

Dimand: Real Estate Development



PROJECT AND CLIENT

- Dimand S.A. is a real estate developer and construction services provider in Greece with over 10 years of experience and track record of delivering brownfield regeneration projects. Since its establishment, Dimand S.A. has developed projects with total value of ca. EUR 300 million including the first LEED Gold certified office building in Greece, Karela Office Park.
- **Transaction:** Equity investment of up to EUR 21.5 million in a joint venture (“JV”) between the EBRD and Dimand S.A.
- The JV will invest in sustainable commercial real estate and hospitality projects in Greece, with a focus on office, mixed-use developments, city hotels and student accommodation projects.
- All assets developed by the JV are expected to achieve at least **LEED “Gold”** or above or **BREEAM “Very Good”** or above certification. This makes the associated proceeds fully eligible for GET financing status.



Piraeus Port Plaza

- Piraeus Port Plaza (“PPP”) is the redevelopment of the former Papastratos Tobacco Company’s industrial facilities occupying three city blocks in Piraeus. PPP project was acquired by Dimand from Phillip Morris in June 2016.
- Related projects will encompass a deep retrofit of existing buildings leading to significant savings of materials and embodied energy and carbon, in tons of material savings, and in tons of embodied carbon

Supporting ESCOs in Latvia

Latvian Baltic Energy Efficiency Facility

THE PROBLEM

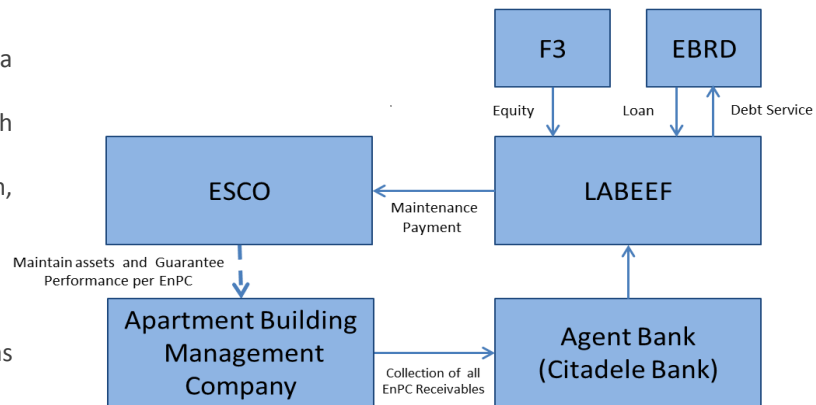
- ESCOs are typically paid back through energy bills over a number of years
- This can however leave them short of cash with which to do more projects
- Typical bank debt helps only partially as it is short-term, borrowing capacity is reached quickly

THE INNOVATION

- A fund specifically set up to purchase the receivables
- Receivables are from projects where the ESCO has begun to receive its payments from end-client
- Through the sale the ESCO has the cash needed to invest in further projects
- The ESCO is provided a fee to cover its maintenance and guarantee obligations under its contract with the end-client

THE EBRD'S ROLE

- Helped develop the financing structure
- Intend to provide debt financing to the fund purchasing the receivables



Capital Markets: Green Bonds

Lietuvos Energija Green Bond Lithuania



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Participation in a green bond issuance for Lietuvos Energija UAB, the Lithuanian state owned energy utility, whose proceeds finance the acquisition and development of new projects in renewable energy, energy efficiency and clean transportation.

Key Facts

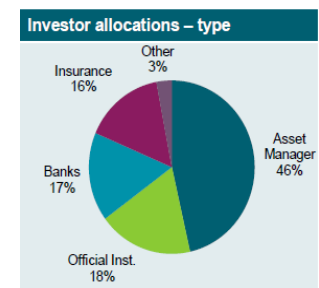
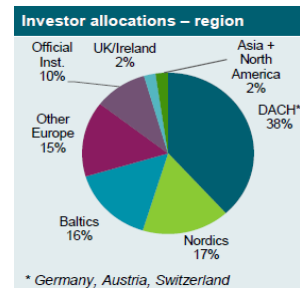
- **Borrower:** Lietuvos Energija UAB
- **Bond Size:** EUR 300 million*
- **EBRD ticket:** EUR 30 million
- **Issuance:** initial targeted size increased by €100 million
- **Structure:** ten-year senior unsecured Green Bond, denominated in EUR, with a coupon of 2.00%

...what they said

“The successfully placed EUR 300 million and 10-year maturity bond of Lietuvos Energija became the largest and the longest maturity bond ever offered by Lithuanian companies, and the largest and longest maturity green corporate Eurobond among the issuers from Central and Eastern Europe (CEE). In the past three years no company from the CEE region managed to raise funds in the capital markets at a lower interest rate for a ten-year period.”

Press Centre Lietuvos Energija UAB, 12/07/2017

Investor allocation



FRAMEWORK

The Ministry of Health in Turkey has developed a PPP Programme aiming to deliver up to **60** new hospital facilities with over **50,000** high-quality beds at a total investment costs of up to **EUR 12 billion**.

A large proportion of the Programme will replace existing sub-standard beds in obsolete condition hospitals

FINANCING

- The Bank will provide financing on commercial terms under A/B financing structure to interested Concessionaires upon conclusion of the specific tenders
- Private Concessionaires will be procured by the Ministry for design, construction, equipment, financing and maintenance of health campuses
- The concession period of 28 years (3 years - construction period and 25 years - operation). The Concessionaire will be responsible for facility management during operation period.

TECHNICAL ASSISTANCE

The Bank provided technical assistance to the Ministry for :

- Value for Money analysis on PPP structure
- Contract monitoring aiming to train a dedicated PPP unit at the Ministry for monitoring

The Bank has assisted the Ministry with setting-up technical criteria for the procurement of Concessionaires and in order to minimise the operation costs

Note: Similar Framework are being negotiated at present with the Governments of Kazakhstan and Romania. Stand-alone PPP projects for public hospitals are explored in Croatia,
The model can be applied to any specific type of public buildings providing general services to public

PPP Hospital Framework: Integrating sustainability in building design of hospitals in Turkey

PROJECT

A consortium between a Turkish property company and an international Equity Fund will design, build and manage a new hospital campus in Adana, with several buildings and 1,500 beds.

The project is part of a € 12 billion Turkish government programme to build and expand 60 hospitals under public-private partnership (PPP) arrangements.

INVESTMENT PLAN

EBRD loan	€ 115 million
of which green financing	€ 75 million
IFC loan	€ 56 million
Other syndicated loans	€ 287 million
Sponsor contribution	€ 92 million
Total project value	€ 550 million

SUSTAINABILITY FOCUS

Project will include measures above national practice:

- Advanced thermal protection, low-emissive glazing
- Building integrated solar thermal and solar photovoltaics installation
- Efficient boilers and chillers and waste heat recovery
- On-site combined cooling, heating and power generation
- Water saving techniques: water saving sensor control taps, rain water harvesting.



TECHNICAL ASSISTANCE

An EBRD assignments conducted for the Ministry of Health under the umbrella of the hospital PPP programme, assessed energy and water efficiency opportunities for one of the hospitals. This provided benchmarks for the cost-benefit analysis of improvement opportunities for the programme as a whole.

PROJECT IMPACT

- 60,000 tonnes CO₂ estimated annual emission reductions compared to baseline project design
- Energy savings at 25% better than the national benchmarks (savings equivalent to annual energy use by 6,560 households in Turkey)
- Water savings equivalent of 4.6 Olympic size swimming pools.

Subject to Sound Banking Principles, the EBRD is open to finding and implementing financing solutions for specific issues relating to the buildings sector.

Well structured financing instruments to address specific contexts:

- Direct debt and equity investment for larger financing needs
- Intermediated Financing using Sustainable Energy Financing Facilities for smaller financing needs
- ESCOs: supporting performance-based contracting
- Supporting PPP model for efficient risk allocation and for private sector involvement in large infrastructure
- Keen to invest in green bonds issued by Greek corporates or financial institutions
- Using Technical Assistance where needed