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BLACK SEA TRADE AND DEVELOPMENT BANK

ANNUAL EVALUATION OVERVIEW FOR THE BOARD OF GOVERNORS

MID TERM EVALUATION OF THE BSTDB'S BUSINESS PLAN AND COUNTRY STRATEGIES 2007- 2010

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1. INTRODUCTION

The current evaluation is performed by the Bank's Evaluation Office as per the respective Evaluation Policy. It reveals the mid-term performance of the Bank's 2007-2010 Business Plan and the corresponding 11 country strategies. Its goal is to provide accountability to the Board of Directors and Board of Governors as well as facilitate the decision-making by the Bank's Management and Boards on the eventual update of the Business Plan and the country strategies.

The evaluation of the Business Plan implementation is based on direct comparison and analysis of existing portfolio data relative to the stated objectives and targets, with a focus on nine quantitative targets, addressed under 2.1. – 2.9. below. While the Business Plan contains numerous other objectives and targets, nine of them are at the focus of the evaluation as they represent the essence of the new Bank's strategy, dedicated to mitigate a key source of inefficiency, identified by the 2006 evaluation of BSTDB's institutional performance, namely the chronically high (35%) operation's abandonment rate, defined as the share of operations that do not reach final completion due to removals, cancellations and/or prepayments.

The evaluation of the Business Plan is complemented by an evaluation of the Bank's 11 country strategies, which compares the stated targets with results as of end of 2008, and provides a country-oriented analytical picture.

2. MID-TERM PERFORMANCE OF THE BUSINESS PLAN

2.1. Positive post evaluation ratings on mandate fulfilment

Baseline (starting point prior the Plan period): 60%
2010 target: 80%
Results: Good prospects. However, actual post-evaluations will take place after 2010 due to the inherent time lag between commencement and completion/evaluation.

2.2. Share of concept-cleared operations reaching Board approval[1]

Baseline: 55% average (46% in 2006)
2010 target: 75%.
Results: 2007: 66%; Mid-2008[2]: 57%.
There is a positive trend that should enable the Bank to reach the 2010 target in time. The small reduction of the 2008 share reflects the Bank's response to the ongoing global financial crisis, as the relatively high number of operations that were already in the pipeline was reduced in par with the Bank's restricted funding and the tightened appraisal criteria.

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[1] This is one among several indicators, addressed further, that deals directly with the overall efficiency of the Bank and the effort to reduce the chronically high operation abandonment rates (35% at the end of 2006, defined as the share of operations that were not fully implemented due to being dropped after BoD approval and/or partially implemented due to cancellations or pre-payments, representing a key cause of inefficiency).

[2] Mid 2008 data were used instead of end-2008 in order to reflect the natural time lag between concept clearance and Board approval.

2.3. Share of Board-approved operations that reach at least partial disbursement

Baseline: 75% average (82% in 2006)
2010 target: 85%.
Results: 84% in 2007 and 81% in 2008.
There is a clear potential to exceed the target by 2010.

2.4. Share of Board-approved operations signed

Baseline: 80% average (96% in 2006)
2010 target: 90%
Results: 91% and 85% for 2007 and 2008 respectively.

2.5. Share of signed operations that were at least partially disbursed

Baseline: 80% average (82% in 2006)
2010 target: 90%
Result: 91% and 94% for 2007 and 2008 respectively.

2.6. Share of Board-approved operations that were not abandoned

Baseline: 65% average (68% in 2006)
2010 target: 80% (over 90% for next Business Plan period).
Results: This efficiency-critical target is just being reached, although it is possible to observe fluctuations as the current data are based on a small (2 year) sample, i.e. a few prepayments may change the ratio materially. The average level for 2007-2008 is 75%, including the abandonment of operations that were approved prior 2007. If the operations approved before 2007 are not counted, the figures are 85% and 92% for 2007 and 2008 respectively, indicating a substantial improvement over the past and approaching the post 2010 target.

2.7. Share of non-performing loans within the entire portfolio

Baseline: 2.3% in 2006
2010 target: below 4.5%
Results: The Bank consistently stayed within the limit at all times (1.5% in 2007 and 1.2% in 2008). It is noteworthy that no operation has deteriorated to a non-performing since 2006.

2.8. Disbursed amounts per staff

Baseline: SDR 1.8 million average (SDR 1.6 million in 2006)
2010 target: SDR 2 million
Results: Given the rapid increase of the newly signed operations in 2007 (35 vs. 22 in 2006), combined with the unchanged average staff numbers (97 in 2006, 99 in 2007, and 98 in 2008) the target was substantially over-reached in 2007 when the respective ratio amounted to SDR 3.6 million. The 2008 figure stands at SDR 3.5 million. While over-reaching the 2010 target

indicates a rapid surge in the BSTDB productivity and efficiency, this trend should be treated with caution as since late 2007 the Bank had to devote specific efforts to ensure additional funding in the context of a global financial crisis.

2.9. Outstanding lending per staff

Baseline: *SDR 3.4 million average (SDR 3 million in 2006)*
2010 target: SDR 5.5 million
Results: Similarly to the rapid growth in disbursements, the Bank over-reached its outstanding lending targets in 2007, when the respective ratio was SDR 7.5M. The 2008 figure is SDR 6.6M. As with the data on disbursements per staff, the rapid surge in the BSTDB productivity and efficiency should be treated with caution due to the respective liquidity and capacity implications.

3. Mid-Term Performance of the BSTDB's 11 Country Strategies

The country strategies were approved by the Board of Directors by the beginning of 2007. These strategies reflect an in-depth independent evaluation of the implementation of the BSTDB's earlier strategies, which was conducted by the Evaluation Office in late 2006. The recent country strategies were aligned with the objectives of the Bank's Business Plan 2007-2010 and are therefore evaluated in its overall context.

The following section presents the summary of the mid-term performance of the 11 country strategies. A detailed review of each country strategy, with its targets and actual results, is presented in Annexes 1-11.

Overall, the implementation of the Country Strategies is satisfactory, which is consistent with the Business Plan implementation. Out of the 11 country strategies, 4 (36%) were rated as excellent, 3 (27%) as satisfactory and 4 (36%) as partly unsatisfactory, in terms of the perspective of reaching the 2010 target. Thus, only 4 country strategies (36%) were rated slightly negatively, as they are not likely to reach the 2010 target. While this shortcoming is generally neutralized by the 36% over-achievements, the recommended revisions aim at achieving a more-balanced performance by the end of 2010.

Country Strategies Results as of end of 2008

COUNTRY	QUANTITATIVE ACHIEVEMENTS (% OF 2010 TARGET)	PROSPECT	NEW FOCUS
Albania	Approved number: 40%; Approved volume: 185% Disbursed number: n/a; Disbursed volume: 210% ***Sectors:*** Albetecom (Telecom, co-fin.); Kurum (indust.)	Satisfactory	2 more operations may be targeted (energy, transport and/or SMEs)
Armenia	Approved number: 60%; Approved volume: 80% Disbursed number: 33%; Disbursed volume: 35% ***Sectors:*** Inecombank (Trade Finance); Natfood (Retail, co-fin.); Euroterm (Manufacturing)	Satisfactory	4 more operations may be targeted (infrastructure, finance/SMEs)
Azerbaijan	Approved number: 112%; Approved volume: NA Disbursed number: 85%; Disbursed volume: 72% ***Sectors:*** Respublica bank (tr. Fin.); Azerdemiryolbank (Fin./ priv.); Technika bank (Fin./ priv.); Access Bank (SME, FI); Bank Standard (tr. Fin.); Kapital Bank	Excellent	2 more operations may be targeted (infrastructure, manufacturing)
Bulgaria	Approved number: 19%; Approved volume: 33% Disbursed number: 15%; Disbursed volume: N/A ***Sectors:*** ProCredit bank (SME); BAC Bank (SME)	Partly unsatisfact.	10 operations: (energy/ infrastr., telecom/IT, manufact., transport)
Georgia	Approved number: 30%; Approved volume: 39% Disbursed number: 33% ;Disbursed volume: 38% ***Sectors:*** Cartu Bank (Tr. finance); TBC Leasing (SME Finance); ProCredit Georgia (SME)	Partly unsatisfact.	7 more operations may be targeted (energy/ infrastructure, manufacturing, transport)
Greece	Approved number: 20%; Approved volume: 42% Disbursed number: 12%; Disbursed volume: 40% ***Sectors:*** Alumil (Manufacturing, Private, co-financed)	Partly unsatisfact.	8 operations (energy/ infrastructure, tr. finance, telecom, transport, SMEs)
Moldova	Approved number: 66%; Approved volume: 79% Disbursed number: n/a; Disbursed volume: 47% ***Sectors:*** Agroindbank (Financial, Private) Banca Sociala (Financial, Private)	Satisfactory	2 more operations may be targeted (transport/ energy infrastructure, manufacturing, SMEs)
Romania	Approved number: 12%; Approved volume: 48% Disbursed number: 7%; Disbursed volume: N/A ***Sectors:*** Transgaz Equity (Gas Transmission)	Partly unsatisfact.	10 operations (transport / infrastructure, manufact., SMEs, financial)
Russia	Approved number: 136%; Approved volume: 195% Disbursed number: 117%; Disbursed volume: 151% ***Sectors:*** Center invest (Fin. Priv.); Nizhneserginskiy* (Manuf., Private); Zolotoya Semechka* (Agric., Private); Seventh Continent (Retail, Private); Teleset II Equity (Telecom); Teleset II Corporate (Telecom); Expobank* (Fin. Private); Bank Soyuz (Fin. Private); Credit Bank of Moscow (Fin., Private); Bank Zenit (Fin. Private); BTA Bank (SME); Evrofinance (Fin. Private); NBD (SME) (* co-financed projects)	Excellent	1 or 2 more operations may be targeted outside the financial sector, e.g. municipal/infrastructure finance with strong development rationale
Turkey	Approved number: 33%; Approved volume: 100% Disbursed number: 17%; Disbursed volume: NA ***Sectors:*** Istanbul metro (Transport)*; Kartal Metro (Transport, Public)*; *(co-financed projects)	Excellent	10 more operations may be targeted (infrastructure, telecom, energy, manufacturing, SMEs, tourism, financial sector)
Ukraine	Approved number: 71%; Approved volume: 120% Disbursed number: 67%; Disbursed volume: 122% ***Sectors:*** Kreditprombank (Tr. Finance); Alfa Nafta Petroleum (Energy); Galnaftogaz (Energy); Chornomornaftogaz (Oil/Gas); Pivdennyi (Fin., Private); Ukrainian Railways* (Transport, Public); Donbass (Manufacturing)*; Pivdennyi (Fin., Private) *(co-financed projects)	Excellent	4 more operations may be targeted (cross-border infrastructure with strong development/cooperation impact, manufacturing, SMEs)

4. CONCLUSIONS AND RECOMMENDATIONS

4.1. The Business Plan performance at a glance

Business Plan Targets and Results

INDICATOR	BASELINE	2010 TARGET	RESULTS
1. *Positive* post evaluation ratings on mandate fulfillment	60%	80%	Good prospects (data n/a prior 2010)
2. Share of concept-cleared operations reaching *Board approval*	55% average	75%	2007: 66%, Mid-2008: 57%
3. Share of Board-approved operations reaching at least *partial disbursement*	75% average	85%	2007: 84% 2008: 81%
4. Share of Board-approved operations *signed*	80% average	90%	2007: 91% 2008: 85%
5. Share of signed operations at least *partially disbursed*	80% average	90%	2007: 91% 2008: 94%
6. Share of Board-approved operations *not abandoned (cancelled, etc.)*	65% average	80% (next BP 90%)	2007: 85% 2008: 92% (75% cumulative)
7. Share of *non-performing* loans within the entire portfolio	2.3% in 2006	Below 4.5%	2007: 1.5% 2008: 1.2%
8. *Disbursed* amounts per staff (SDR)	1.8 M average	2 M	Target over-reached. 2007: 3.6 M 2008: 3.5 M
9. *Outstanding* lending per staff (SDR)	3.4 M average	5.5 M	Target over-reached. 2007: 7.5M 2008: 6.6M

4.2. 2007 as a turning point

Overall, the first full year of the Business Plan period, 2007, was a turning point towards the newly defined strategic objectives. While many of the 2007 achievements were based on a substantial preparatory work and analysis performed already in 2006, they reflect a new degree of business maturity and capability to reach the Business Plan strategic objectives in due course.

2007 was the first year of substantial managed growth that succeeded to place an emphasis on the countries with a few operations so far (approved operations for Azerbaijan, Armenia and Moldova increased 60% since 2006), as well as on cross-country operations. In 2007 the Bank achieved a record-high level of Board approved operations (44 operations, SDR 730 million), commitments (SDR 633 million) and outstanding disbursements (SDR 474 million), representing an annual growth of 43%, 38% and 59% respectively and substantially exceeding the 2007 projections (the 44 operations approved in 2007 represent almost a 3-fold annual increase in volume terms). Consequently, the Bank financial performance improved (e.g. 17% growth of income before provisions (4.6% return on equity) with net profits reaching SDR 9.1 million).

Given the Bank's recent accomplishments, the Board of Governors approved BSTDB's first capital increase in December 2007 (a three-fold increase in the authorized capital to SDR 3 billion, and a two-fold increase in the subscribed capital offered to the existing shareholders to SDR 2 billion). Further to this development and the overall performance of the Bank Moody's Investors Service changed the outlook for the BSTDB credit rating of Baa1 from stable to positive. The capital increase represents a strong shareholder's commitment and is expected to further enhance the Bank's capabilities, competitiveness and performance. It affects the Bank's ability to attract more funds to the region, at a moment when new resources are a priority, given the recent rapid growth in the context of constrained global liquidity.

The strong performance of the Bank was adequately backed by identified operational improvements ranging from policies on human resources and financial management, prudently backed by an expansion of the Bank's knowledge base (e.g. relevant studies, post-evaluation lessons learned and training on balance scorecard management)

4.3. Challenges and recommendations

Overall, the Bank has demonstrated a substantial development since its establishment and compares favorably with peers in many respects. It has achieved both sound operating structure and portfolio balance and demonstrates a capacity to grow and fulfill its specific mandate. While it is still a relatively small and not very popular development financier in the region, mostly due to its young age, the Bank has the potential to become a distinguished player, similar to its peers. The achievements of the Bank represent a solid ground for further development but should not be a source of complacency. To become a leading IFI in the region, BSTDB needs to regularly and openly review its key strengths and weaknesses, to enhance the former and mitigate the latter.

An emerging challenge in the context of the current global financial crisis is to manage, in a balanced manner, two developments that involve certain trade-offs:

- Replacing the Bank's rapid growth, especially in some operations with financial intermediaries, by zero-growth, backed by a very selective mandate-oriented approval and monitoring process, reflecting the most acute needs in the region;
- Completing the ongoing organizational change and resource enhancement, a process that will continue absorbing a substantial effort and expected to deliver its results at the end of the Business Plan period.

In the light of these two developments, the Bank should re-focus on the quality of its operations with a specific reference to increase its developmental/cooperation mandate. To this end, a key challenge will be to respond adequately tothe global financial crisis and its aftermaths, in a manner that would allow a quality based new wave of growth (2010), after the current period of zero-growth (as indicated in the Bank's budget for 2009). This view is based on the evaluation of the Bank's mandate fulfillment and perspectives, which concludes that a sound mandate fulfillment would require a certain degree of countercyclical behavior of the Bank, as a major development institution in the region already affected by a credit crunch (with most member countries experiencing credit rating downgrades and shortage of funding in key economic sectors).

While it is acknowledged that the Bank has recently addressed many aspects of the above challenges and various improvements are in progress, the Evaluation Office forwards the following specific recommendations:

A. On overall Business Plan implementation

- *Further improve the ability to handle risks that are commensurate with the Bank's role and the needs of the region, aiming at a countercyclical approach in the time of credit constraints affecting the region;*
- *Subordinate operations to mandate more effectively, with a particular attention on bank-to-bank lending and corporate finance;*
- *Maintain efforts to further reduce the commitment-disbursement below 20%, aiming at 10%;*
- *Institutionalize the achieved multidimensional targeting and performance measurement through a reflection of a balanced scorecard within the amendment of existing Human Resource policies;*
- *Increase the share of concept-cleared operations reaching Board approval (the only indicator slightly below target);*
- *Maintain the ratio of disbursed and outstanding loans per staff more in line with annual projections as the record-high over-performance may challenge overall sustainability of this and other achievements, as well as the quality of the portfolio.*

B. On the respective Country Strategies' implementation

The general recommendation on the country strategies is to aim at the proposed number and type of operations, as per Table 13 above, with a clear dedication to operations with stronger development/cooperation impact. Various specific recommendations are contained in that table.

Annex 1: Albania (approved 04.02.2007)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Finance large and medium sized companies in export generating activities, infrastructure and financial sector	***1. Infrastructure (energy and telecom):*** *(i)* Power networks, energy saving, medium size oil and gas development, energy transportation infrastructure, 'downstream' operations, public-private partnerships; *(ii)* Telecommunication infrastructure upgrading ***2. Transport (Rehabilitation of roads, ports, railways)*** ***3. Manufacturing (textile)*** ***4. Agribusiness (production, sanitation, packaging, warehousing, quality control)*** ***5. SME sector (modernization of equipment; diversification of products and services)*** ***6. Other: feasible green field investments, post privatization programs and commercialization of existing enterprises***	4-7/n/a 34/30	2/2 63/63	***1. Volume:*** Approved number: 40% Approved volume: 185% Disbursed number: n/a Disbursed volume: 210% ***2. Sector coverage:*** ▪ Albetecom (Telecom)* ▪ Kurum (General Industries) *(co-financed project) ***3. Prospects:*** Satisfactory ***4. New focus:*** 2 more operations may be targeted (energy, transport and/or SMEs)

<table>
<tr><td colspan="5">Annex 2: Armenia (approved 27.04.2007)</td></tr>
<tr><td colspan="3">TARGETS</td><td colspan="2">MID-TERM RESULTS (2007-2008)</td></tr>
<tr><td>General Targets</td><td>Sectors</td><td>Target operations: Number approved/ number signed; USD approved/ USD signed (million)</td><td>Actual operations: Number approved/ number signed; USD approved/ USD signed (million)</td><td>Evaluation and Prospects</td></tr>
<tr><td>Finding 'bankable' operations;

Private sector development, and improved corporate governance</td><td>1. Financial sector
▪ Trade finance credit lines;
▪ Increase the number of financial intermediaries and expand the range of products, lending amounts and tenors with satisfactorily performing intermediaries;
▪ longer term financing to fast growing SMEs
2. Manufacturing and Enterprise Sector
▪ Finance agri-industry (such as processed foodstuffs), light industry (such as textiles), metals, engineering, precious and semi-precious stone processing, real estate development construction, information technology, tourism, mining, extraction.
3. Infrastructure and Regional Cooperation
▪ Energy, transport, telecommunications, and municipal infrastructure
▪ Focus on regional cooperation, knowledge generation, introduction of new products or activities involving state of the art methodologies, and/or enhance the prospects for resource mobilization in the economy.</td><td>10/9
46/40</td><td>6/3
37/14</td><td>1. Volume:

Volume on track

Approved number: 60%
Approved volume: 80%
Disbursed number: 33%
Disbursed volume: 35%

2. Sector coverage:

▪ Inecombank (Trade Finance)

▪ Natfood (Retail)*

▪ Euroterm (Manufacturing-Private)

*(co-financed project)

3. Prospects:

Satisfactory

4. New focus:

4 more operations may be targeted (infrastructure, finance/SMEs)</td></tr>
</table>

Annex 3: Azerbaijan (approved 04.02.2007)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Co-financing with IFIs, public sector institutions and private partners. Focus on small and medium scale projects in the non-oil sector with development and cooperation impact	**1. *Financial sector/ Micro/ SMEs*** ▪ Development of the financial sector infrastructure. ▪ Leasing and insurance activities; ▪ Micro-finance for rural development. ***2. Trade Finance*** ▪ Import of capital goods ***3. Manufacturing*** ▪ Processing, import substitution ▪ Co-finance private sector operations with the Public Investment Company ***4. Agriculture and Agribusiness*** ▪ Food-processing ***5. Infrastructure and construction sector*** ▪ Transport with a focus on cross-border cooperation ▪ Construction sector and development of specialized financial services ▪ Focus on large-scale development projects, particularly involving international financial institutions as well as sub-contracted projects for the international oil consortia	8/7 NA/59	9/6 61/43	***1. Volume:*** Approved number: 112% Approved volume: NA Disbursed number: 85% Disbursed volume: 72% ***2. Sector coverage:*** ▪ Respublica bank (tr. finance) ▪ Azerdemiryolbank (Fin./ priv.) ▪ Technika bank (Fin./ priv.) ▪ Access Bank (SME, FI) ▪ Bank Standard (tr. finance) ▪ Kapital Bank (Financial) ***3. Prospects:*** Excellent ***4. New focus:*** 2 more operations may be targeted (infrastructure, manufacturing)

Annex 4: Bulgaria (approved 04.02.2007)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Assistance with the EU accession process and in compliance with the Memorandum of Understanding between the EU and WB, EBRD, EIB, NIB, IFC, NEFC, CEB and BSTDB. Priority to direct financing of infrastructure, energy and transport.	1. ***Trade finance*** 2. ***Financial sector*** ▪ Residential mortgage credit lines to new eligible partner banks ▪ Finance banking consolidation 3. ***SME sector*** ▪ Direct financing of medium size companies in the private sector 4. ***Manufacturing*** ▪ Focus on post-privatization investments, and investments of local companies ▪ Support exporters and regional cooperation 5. ***Transport*** ▪ Finance transport projects, jointly with other IFIs and commercial banks 6. ***Tourism*** 7. ***Energy and Infrastructure*** ▪ New or rehabilitation of existing energy transportation infrastructure, mining ▪ Public-private partnerships and private concessions (water/sewage, etc.) ▪ Finance for 'downstream' operations, ▪ Co-finance projects in infrastructure with EBRD and EIB 9. ***Telecommunications, Information Technology and Media*** ▪ Upgrade of telecommunication infrastructure ▪ Corporate finance for expansion of local telecom companies in other member countries ▪ IT and media	16/13 137/NA	3/2 45/32	***1. Volume:*** Volume is modest Approved number: 19% Approved volume: 33% Disbursed number: 15% Disbursed volume: N/A ***2. Sector coverage:*** ProCredit bank (SME) BAC Bank (SME Finance) ***3. Prospects:*** Partly unsatisfactory ***4. New focus:*** 10 more operations may be targeted (energy/ infrastructure, telecom/IT, manufacturing, transport)

Annex 5: Georgia (approved 01.12.2006)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Work closely with local banks and other firms to support private sector development, and to assist in the promotion of improved corporate governance and management training practices.	***1. Financial sector*** ▪ Trade finance products and SME medium term lending ▪ Longer term finance to fast growing SMEs ▪ Diversify the range of products ▪ Funding non-bank financial entities ▪ Mobilize technical assistance resources to facilitate innovation, creative structuring, managing practices and governance. ***2. Manufacturing and Enterprise*** ▪ Use the lower thresholds for direct operations in sectors with rapid growth potential, e.g. (i) agri-industry- including processed foodstuffs, wines, and mineral waters- (ii) forestry products, (iii) light industry- including textiles, consumer goods, etc. and (iv) construction/materials ▪ Mining and extraction ***3. Energy and Infrastructure*** ▪ Infrastructure improvement ▪ Energy, transport, telecommunications, and municipal infrastructure ▪ Renovation of key facilities in sectors such as energy (e.g. hydropower electricity or electricity/ gas generation and distribution), ports, or telecom ▪ Cooperate with the dedicated Municipal Development Fund (MDF). ▪ Technical assistance on regional cooperation, knowledge generation, state of the art methodologies, and/or enhance the prospects for resource mobilization in the economy.	10/9 46/40	3/3 18/15	***1. Volume:*** Volume slightly below target Approved number: 30% Approved volume: 39% Disbursed number: 33% Disbursed volume: 38% ***2. Sector coverage:*** ▪ Cartu Bank (Trade finance) ▪ TBC Leasing (SME Finance) ▪ ProCredit Georgia (SME) ***3. Prospects:*** Partly unsatisfactory ***4. New focus:*** 7 more operations may be targeted (energy/ infrastructure, manufacturing, transport)

Annex 6: Greece (approved 04.02.2007)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Focus on better implementation, the expansion of operations and cooperation with Greek firms, aiming at more cross-border operations. Make the Bank better known in the Greek marketplace, especially in Athens, and demonstrate the advantages of cooperation with Greek firms.	1. ***Manufacturing and Transport*** ▪ Restructuring and upgrading of ports ▪ Investment in facilities that were used for the 2004 Olympic games ▪ Expand the involvement in shipping ▪ Road linkages with neighbor countries ▪ Black Sea Ring Highway project ▪ Corporate, multi-purpose loans and participation in syndicated loans ▪ Cooperation with Greek organizations assisting counterpart organizations in other BSEC countries 2***. Infrastructure, Energy, Natural Resources, Telecommunications*** ▪ Small scale infrastructure ventures that promote cross-border cooperation ▪ Participation with IFIs in oil and gas import/transit infrastructure ▪ Regional electricity markets ▪ Private independent power production ▪ Renewable energy technologies such as wind power and hydroelectric power ▪ Purchase of telecommunication equipment from BSTDB countries 3. ***Trade Finance and Financial Sector*** ▪ Help Greek financial institutions extend their presence in countries of the region ▪ Co-financing with Greek banks towards Greek corporations' local and/or cross border projects. ▪ Private investment/ equity funds investing in Greece and/or other Member Countries. ▪ SME development	10/8 116/99	2*/1 49**/40 *(two were approved but one was removed) **(46m signed of which $ 6.8m belonged to the removed project)	***1. Volume:*** Volume: modest Approved number: 20% Approved volume: 42% Disbursed number: 12% Disbursed volume: 40% ***2. Sector coverage:*** ▪ Alumil (co-financed) (Manufacturing, Private) ***3. Prospects:*** Partly unsatisfactory ***4. New focus:*** 8 more operations may be targeted (energy/ infrastructure, trade finance, telecom, transport, SMEs)

Annex 7: Moldova (approved 04.02.2007)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Support financial institutions and medium sized companies engaged in export generating activities. Expand financing in infrastructure, including municipal infrastructure	***1. Trade Finance*** ▪ Exports and regional trade ***2. Financial sector*** ▪ Increase competition within the banking system, contribute to the corporate development of banks and, in specific cases, support emerging SMEs by: (i) lending and trade finance facility involving several local banks, (ii) support private banking sector through specific facilities, (iii) participation in the share capital of selected banks (iv) cooperating with IFIs. ▪ Extend cooperation with new partner banks and promote new financial instruments, such as mortgage financing or leasing ***3. SME sector*** ▪ Identify suitable financial intermediaries for SMEs. ▪ Continue investments in the enterprise sectors without limitation and including food processing, manufacturing, retail and property sectors ***4. Manufacturing*** ▪ Private sector development with a focus on regional cooperation ***5. Infrastructure*** ▪ Rehabilitation of the road network and modernize the railroad corridors of international importance as well as the electrification of the railway from the border with Ukraine to Bender, Chisinau, Ungheni (Romania) ▪ Support energy projects	4-8/NA 34/30	4/2 27/14	***1. Volume:*** Volume: adequate Approved number: 66% Approved volume: 79% Disbursed number: n/a Disbursed volume: 47% ***2. Sector coverage:*** ▪ Agroindbank (Financial, Private) ▪ Banca Sociala (Financial, Private) ***3. Prospects:*** Satisfactory ***4. New focus:*** 2 more operations may be targeted (transport/ energy infrastructure, manufacturing, SMEs)

Annex 8: Romania (approved 04.02.2007)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Large and medium sized companies, with focus on export generating activities, infrastructure and financial sector Joint ventures with strategic partners from BSEC countries, as well as other bankable projects with high development impact	***1. Infrastructure*** ▪ Co-financing in infrastructure, energy and transport with EU, EBRD and EIB ▪ Special attention to municipal infrastructure ▪ Energy sector, with focus on oil and gas industry (upstream and downstream). ***2. Transport*** ▪ transportation infrastructure and shipping ***3. Manufacturing*** ▪ Long-term financing to strategic investors in sectors related to food and steel industry ***4. Financial sector*** ▪ Cooperate with other IFIs and offer mortgage credit lines to eligible partner banks and provide financing to banks supporting their institutional consolidation ▪ Further contribute to the development of equity funds ***5. SME sector*** ▪ As per the Bank's SME Strategy, using a diversity of products and instruments ***6. Trade finance*** ▪ Short and medium term trade financing for regional trade	17/14 148/NA	2/1 72/1* *(Approved by BoD in Euro but the subscription amount is in RON. It reflects purchase of shares)	***1. Volume:*** Volume: modest Approved number: 12% Approved volume: 48% Disbursed number: 7% Disbursed volume: N/A ***2. Sector coverage:*** ▪ Transgaz Equity (Gas Transmission) ***3. Prospects:*** Partly unsatisfactory ***4. New focus:*** 10 more operations may be targeted (transport / infrastructure, manufacturing, SMEs, financial sector)

Annex 9: Russia (approved 01.12.2006)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Emphasis on the Southern Regions. Intensify marketing efforts Expand the range (and tenor) of products to the larger and more developed firms Focus on 'second tier', smaller companies that are emerging on the business scene. Support Russian firms and banks which seek to expand in other BSEC Member Countries	***1. Transport and manufacturing*** ▪ Metallurgy, minerals, mining, chemical and pharmaceutical industry, fast moving consumer products, food processing ▪ Ports, shipping and real estate development (trade distribution networks, warehouse facilities, office space, tourism, recreation, etc.); heavy machine-building; high-tech; timber and wood processing. **2. *Energy Sector & Natural Resources*** ▪ Regional energy transport infrastructure ▪ Mining (cooperation with BSEC countries) ▪ Electricity capacity and transmission; ▪ Post privatization of generation facilities ***3. Telecommunications, IT and Media*** ▪ Focus on wire and wireless telephone services. ▪ Corporate financing for BSEC expansion ▪ IT assembly, and software development. ***4. Municipal Infrastructure*** ▪ High development impact projects without sovereign financing - especially private concessions in water/sewage. ▪ Municipal energy efficiency projects; ▪ Other, e.g. urban renewal, infrastructure. ***5. Trade Finance and Financial Sector*** ▪ Support emerging private financial sector ▪ SME modernization programs ▪ Leasing and promotion of regional trade ▪ Equity/quasi equity in select FIs (incl. subordinated loans). ▪ Other: microfinance, municipal lending and multipurpose lines for commercial banks.	14/12 170/142	19/14 331/214	***1. Volume:*** Volume: well above target Approved number: 136% Approved volume: 195% Disbursed number: 117% Disbursed volume: 151% ***2. Sector coverage:*** ▪ Center invest (Fin. Priv.) ▪ Nizhneserginskiy* (Manufacturing, Private) ▪ Zolotoya Semechka* (Agriculture, Private) ▪ Seventh Continent (Retail Trade, Private) ▪ Teleset II Equity (Telecom) ▪ Teleset II Corporate (Telecom) ▪ Expobank* (Fin. Private) ▪ Bank Soyuz (Fin. Private) ▪ Credit Bank of Moscow (Financial, Private) ▪ Bank Zenit (Fin. Private) ▪ BTA Bank (SME) ▪ Evrofinance (Fin. Private) ▪ NBD (SME loan facility) (*co-financed projects) ***2. Prospects:*** Excellent ***3. New focus:*** 1 or 2 more operations may be targeted outside the financial sector, e.g. municipal/infrastructure finance with strong development rationale.

Annex 10: Turkey (approved 04.02.2007)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Actual operations: Number approved/ number signed; USD approved/ USD signed (million)**	**Evaluation and Prospects**
Focus on social and economic sectors including industry, transportation, mining, telecommunications, tourism and infrastructure, providing new employment in regions where development is backed by government sponsored programs.	***1. Energy and Municipal Infrastructure*** ▪ Medium/long-term loans to both local and foreign companies. ▪ Energy/transport infrastructure. ▪ 'Downstream' operations, (retail, refineries, etc.); ▪ Mining related projects/trade ▪ Municipal/infrastructure finance and public-private partnerships, e.g. water and sewage sector. ***2. Transport*** ▪ Focus on local transport (metro, etc.). **3. *SMEs and Financial Sector*** ▪ Export-related and import-substituting ▪ SMEs involved in services, such as transportation and tourism. ***4. Manufacturing*** ▪ Priority to industrial projects with high potential to grow and expand into international markets through exports and direct investments (e.g. automotive, machinery, health and environment equipment, chemicals, pharmaceuticals, packaging materials, durable consumer goods. **5. *Agri-business sector*** ▪ Export-oriented agribusiness **6. *Telecom, IT and Media*** ▪ Telecommunication infrastructure ▪ Corporate finance for expansion of investment programs of local telecom companies in other member countries; **7. *Tourism, Real Estate, Construction***	15/12 171/NA	5*/2 171**/104 *(1 was removed) **(this includes an increase of 13,000,000 USD of an old Op. Turk Exim as well as a removed operation of $ 25m)	***1. Volume:*** Volume: on track Approved number: 33% Approved volume: 100% Disbursed number: 17% Disbursed volume: NA ***2.Sector coverage:*** ▪ Istanbul metro (Transport)* ▪ Kartal Metro (Transport, Public)* *(co-financed project) ***3. Prospects:*** Excellent ***4. New focus:*** 10 more operations may be targeted (infrastructure, telecom, energy, manufacturing, SMEs, tourism, financial sector)

Annex 11: Ukraine (approved 04.02.2007)				
2007- 2010 TARGETS			MID-TERM RESULTS (2007-2008)	
General	**Sectors**	**Target operations: number/ USD approved/ USD signed (millon)**	**Actual operations: number approved/ number signed; USD approved/USD signed (million)**	**Evaluation and Prospects**
Work with Ukrainian firms (or banks), which wish to expand the range of their investment, trade, and financing activities to other BSEC Member Countries. Search more intensively for involvement in projects which tend to have greater cooperation benefits	***1. Project and corporate finance*** ▪ Modernization/ restructuring ▪ Shipbuilding ▪ Textiles and small scale manufacturing ▪ Reputable firms and large chains entering the Ukrainian market in areas such as retailing and tourism ▪ Construction-related businesses ***2. Infrastructure*** ▪ Transport, energy, etc. ▪ Port expansion/modernization ▪ Roads and airports ▪ Municipal infrastructure ▪ Energy efficiency and transportation/export ▪ Oil & gas and downstream ▪ Power generation / transmission ***3. Financial sector*** ▪ Develop a network of intermediaries for trade finance and SME/microfinance ▪ Emerging private financial sector ▪ Niches which have grown impressively but still require more resources, such as mortgage financing and retail banking, extend longer term financing (e.g. greater than three years) ▪ Equity/quasi participations in select financial institutions and funds. ***4. Cooperation with other IFIs*** ▪ Coordinate activities and share experiences ▪ Open to technical assistance requests which promote regional cooperation, knowledge generation, new products.	14/12 170/142	10/8 204/174	***1. Volume:*** Volume: above target Approved number: 71% Approved volume: 120% Disbursed number: 67% Disbursed volume: 122% ***2.Sector coverage:*** ▪ Kreditprombank (Tr. Finance) ▪ Alfa Nafta Petroleum (Energy) ▪ Galnaftogaz (Energy) ▪ Chornomornaftogaz (Oil/Gas) ▪ Pivdennyi (Financial, Private) ▪ *Ukrainian Railways (Transportation, Public) ▪ *Donbass (Manufacturing) ▪ Pivdennyi (Financial, Private) *(co-financed projects) ***3. Prospects:*** Excellent ***4. New focus:*** 4 more operations may be targeted (cross-border infrastructure with strong development/cooperation impact, manufacturing, SMEs)

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