

**STATEMENT BY MR. ANDREY KONDAKOV, BSTDB PRESIDENT
AT THE 24TH MEETING OF THE BSEC
COUNCIL OF MINISTERS OF FOREIGN AFFAIRS
(BUCHAREST, 8 JUNE 2011)**



Dear Mr. Chairman,
Your Excellencies,
Ladies and Gentlemen,

With the impeccable organization of this event, the Romanian Chairmanship in BSEC has demonstrated to all of us Romania's strong commitment to promoting regional cooperation, economic development and trade in our member counties and in the wider Black Sea Region. On behalf of the BSTDB, I would like to thank our Romanian hosts for their warm hospitality and the organization of the meetings.

The Black Sea Trade and Development Bank as the financial pillar of BSEC and active partner in the region's development shares the regional development goals of BSEC and its Related Bodies. We are committed to use our financing and the synergies and collaboration within the BSEC family to enhance the value added we provide to our member countries through our lending operations and technical assistance activities.

Mr. Chairman,

The Bank was responsive to the needs of the region during the financial crisis and the economic downturn and provided increased funding to companies and financial sector when the global credit markets almost collapsed. Capitalizing on strong support of our shareholders, demonstrated by a two-fold capital increase in 2008, the Bank managed to maintain profitability and portfolio quality, which led to an important rating upgrade to A3 by Moody's in 2010. As a result, BSTDB became a much stronger institution capable to further expand its demand-driven financing and meet lending needs of the region.

In December 2010, the Bank adopted its Medium-Term Strategy and Business Plan for 2011-2014. The Strategy sets ambitious goals for the Bank's development over the period, capitalizing on the recent credit rating upgrade. We aim to increase BSTDB's total outstanding portfolio by 70%, from EUR 670 million in 2010, to over EUR 1,1 billion by end 2014. Responding to national economic policy priorities, the Bank's portfolio will further diversify with increased focus on economic activities that promote sustainable growth and employment

creation and on operations with regional benefits. The share of public and quasi-public sector operations, including municipal infrastructure, is set to grow to 25% of the portfolio. The Bank is increasingly involved in public/private partnerships and equity operations, while .BSTDB's commitment to employment generation is demonstrated with greater support to the small enterprise sector, where most of the labor force is employed. As capacity in the small and medium enterprise sector is often limited, technical assistance to facilitate project preparation will also expand.

Importantly, the volume of activities across our countries of operations will be balanced, with the share of smaller economies maintained at around 20% within a growing total operational portfolio.

Seeking to mobilize more capital resources from outside the region, the BSTDB embarked on a second rating exercise with a leading credit rating agency. The Bank also aims to achieve a further upgrade of its rating from Moody's by 2014.

BSTDB will expand its cooperation with other partners in development from outside the Black Sea region to attract additional resources for projects in the member countries. In April this year, the Bank signed a USD 72-million credit line with KfW aimed to finance micro-, small- and medium-sized enterprises in the region as well as economic and social infrastructure. We continue to attract new financial institutions interested in the region as Observers, while substantive discussions with leading development banks and financial institutions with an interest in becoming shareholders in the BSTDB are progressing.

Between February and April 2011, the Bank completed missions to the member countries in order to align individual country strategies to the corporate Strategy and Business Plan. In each country visit, extensive discussions with the national authorities and the private sector provided opportunities for an open and constructive exchange of views that helped identify lending opportunities aligned to country and regional priorities.

Mr. Chairman,

As the delegations may know, BSTDB will hold its Annual Meeting and a Business Forum for Albania in close cooperation with the Albanian Government, the local banking and business communities on June 19, 2011 in Tirana. Observer development financial institutions will present their strategies for Albania and discuss opportunities for coordinated action in the country. We look forward in welcoming all BSEC family institutions in our events in Tirana and encourage their active participation.