

**STATEMENT BY MR. IHSAN UGUR DELIKANLI
BSTDB PRESIDENT
AT THE 35th MEETING OF
THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS
OF THE BSEC MEMBER STATES**



Belgrade, December 13, 2016

Dear Mr. Chairman,
Excellencies,
Ladies and Gentlemen,

I would like to start by expressing sincere gratitude to our Serbian hosts and the BSEC Secretariat for the invitation to address this well-organized Council Meeting.

As the President of the Black Sea Trade and Development Bank (BSTDB), I am pleased to observe the recent substantial strengthening of our cooperation with BSEC and its Secretariat in promoting regional cooperation. Our dialogue on developing strategic synergies for the benefit of the Region has intensified, and culminated at the Joint Meeting of the Bank's Board of Directors with the BSEC Committee of Senior Officials that we hosted in Thessaloniki a month ago. At the Joint Meeting, we signed a milestone Donor Agreement between the Government of the Russian Federation, BSEC PERMIS and the Bank launching the Black Sea Project Promotion Facility. The Facility, funded by the Russian Government, will bring the BSEC-BSTDB cooperation to a new higher quality level, with much more concrete business content and results. We are close to finalizing the relevant technical procedures for this first regional mechanism to be jointly utilized by BSEC and BSTDB for the benefit of regional businesses and other entities promoting cooperation in our Region.

I am pleased to inform you that the Bank is keeping a healthy pace of development in 2016. Most notably, on 30 September, Moody's Investors Service changed the rating outlook for the Bank to stable from negative and affirmed its long-term A2 issuer rating. The key reasons for the upgrade were (i) the improvement in Bank's asset quality with the reduction of non-performing loans and (ii) the stabilization of macro conditions in Russia and Ukraine with expected return to positive growth in 2017. Currently, the ratio of non-performing loans in the Bank's portfolio declined to 1.1% compared with 5.5% a year ago.

Affirming the BSTDB's "A2" long-term credit rating, the highest among financial institutions in our region, Moody's recognized the Bank's sound financial position and a strong support from its shareholders. This crucial support was maintained despite the weakening of the credit profile of several member countries over the past two years.

Since the beginning of 2016, BSTDB signed 14 new operations to the total amount of over EUR 300 million in the sectors of healthcare, manufacturing, energy, telecommunications and the financial sector. 17 new operations exceeding EUR 323 million were approved by the Board of Directors. Significant part of our portfolio is channeled to small and medium-sized enterprises, making the Bank's involvement in the region's economies more inclusive. The overall BSTDB active portfolio of signed operations now exceeds EUR 1.7 billion. We are coming close to achieving early our strategic operational targets set for the period 2015-2018.

As a result of our increased activity and efforts, BSTDB was announced the winner of the "Best Regional Development Bank Global Award" for two consecutive years, in 2015 and in 2016, by the Capital Finance International, a reputable British business edition.

Membership enlargement remains a key institutional priority for the Bank. Covering the entire BSEC region will enable us to make a more significant contribution to the Region's growth and development. It will also consolidate the BSEC family. The Bank's shareholders have mandated the Management to undertake consultations with the Republic of Serbia on the possibility of becoming a member of BSTDB. The Serbian Chairmanship of BSEC adds a special relevance to our long-established dialogue with the Serbian Government on the membership issue. Most recently, we had another round of discussions with relevant Serbian authorities, including an excellent meeting with the Governor of the National Bank of Serbia, an edifying discussion with the Speaker of the National Assembly during the PABSEC General Assembly, and meetings with officials from the Ministries of Finance and Foreign Affairs. Finally, I have requested a meeting with the Prime Minister of the Republic of Serbia to bring this dialogue to the top level. I would like to reconfirm that the Bank is willing and ready to provide all information and assistance and to discuss any scenario that may help the Serbian Government to make its decision.

On behalf of the Bank, I would like to wish success to the incoming Presidency of the Republic of Turkey in BSEC.

Thank you.