



The Black Sea Trade and Development Bank

Promoting Cooperation & Development in the Black Sea Region

Presentation at International Conference
“EU and Turkish Perspectives on Black Sea
Regional Cooperation ”

Berlin – 29-30 May 2008
Hayrettin Kaplan

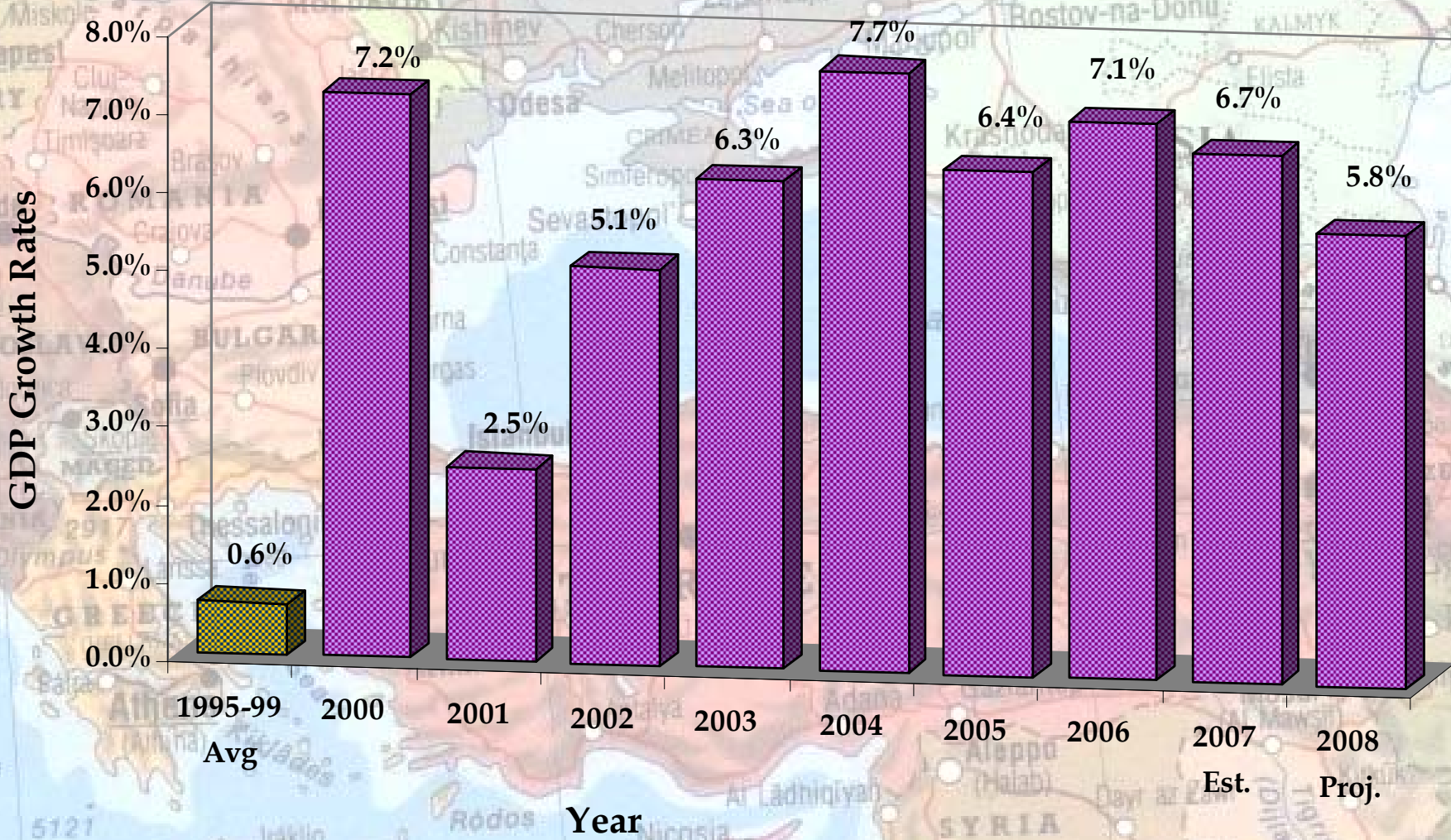


BSTDB's Member States

- **3 Resource Rich and Non-diversified Members: Azerbaijan and Russia (oil and gas) and Ukraine (specialized in steel production and agriculture)**
- **4 Small Developing Economies: Albania, Armenia, Georgia, Moldova**
- **4 Relatively Diversified Economies: Bulgaria, Greece, Romania, Turkey**



Sustained Growth Since 2000

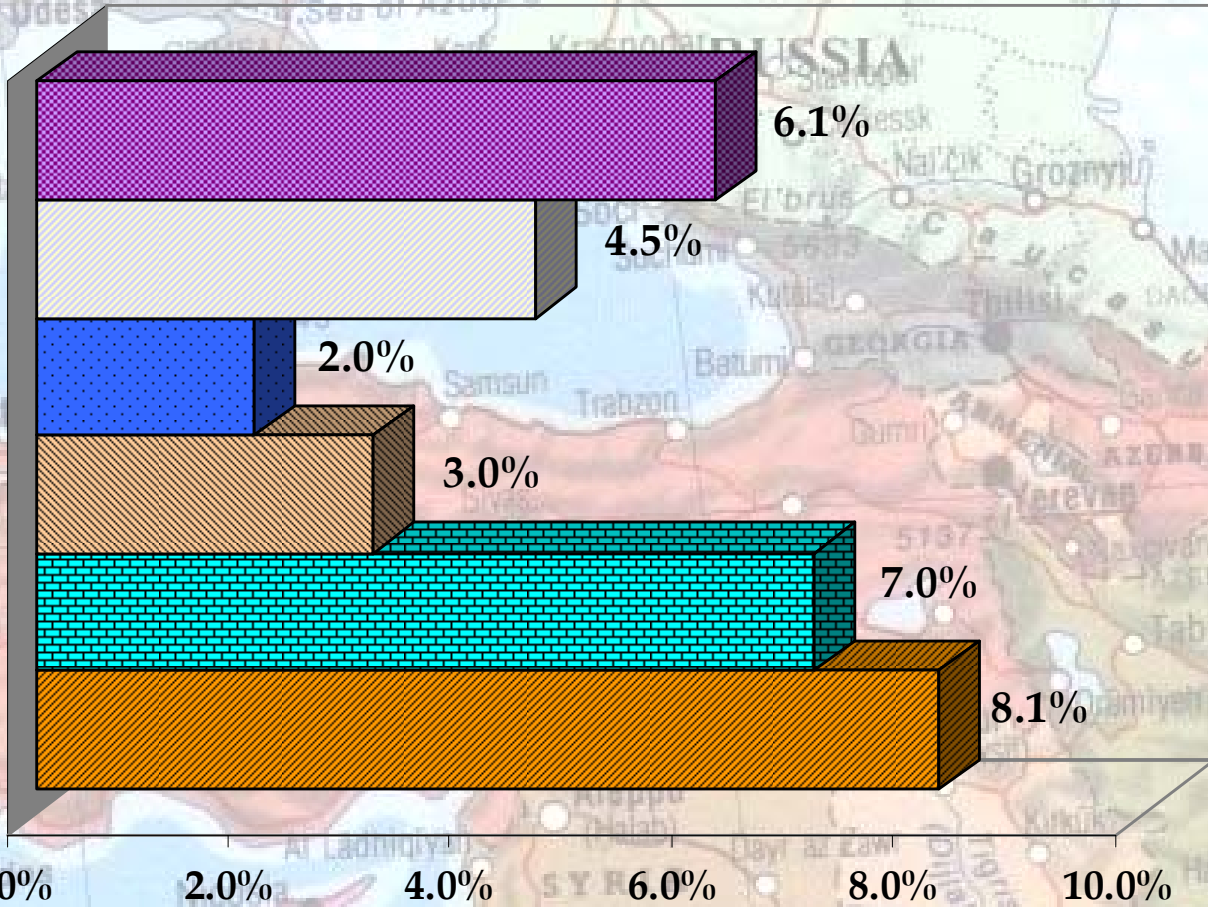




Black Sea Among Fastest Growing Regions Globally

Average Annual GDP Growth 2000-2007

- Black Sea
- CEE & Baltics
- Eurozone 12
- World Economy
- South Asia
- E Asia & Pacific





Macroeconomic Outlook

The Black Sea Region economy continues on path to sustainable economic growth:

- **Cumulative GDP of about USD 3 trillion**
- **2007 GDP growth 6.7% for BSTDB Region**
- **Growth was positive in each Black Sea country for the sixth consecutive year**
- **Record Foreign Direct Investment Over US\$ 120 billion, 4.5% Regional GDP**
- **Growth forecast for Region at 5.8 % for 2008**

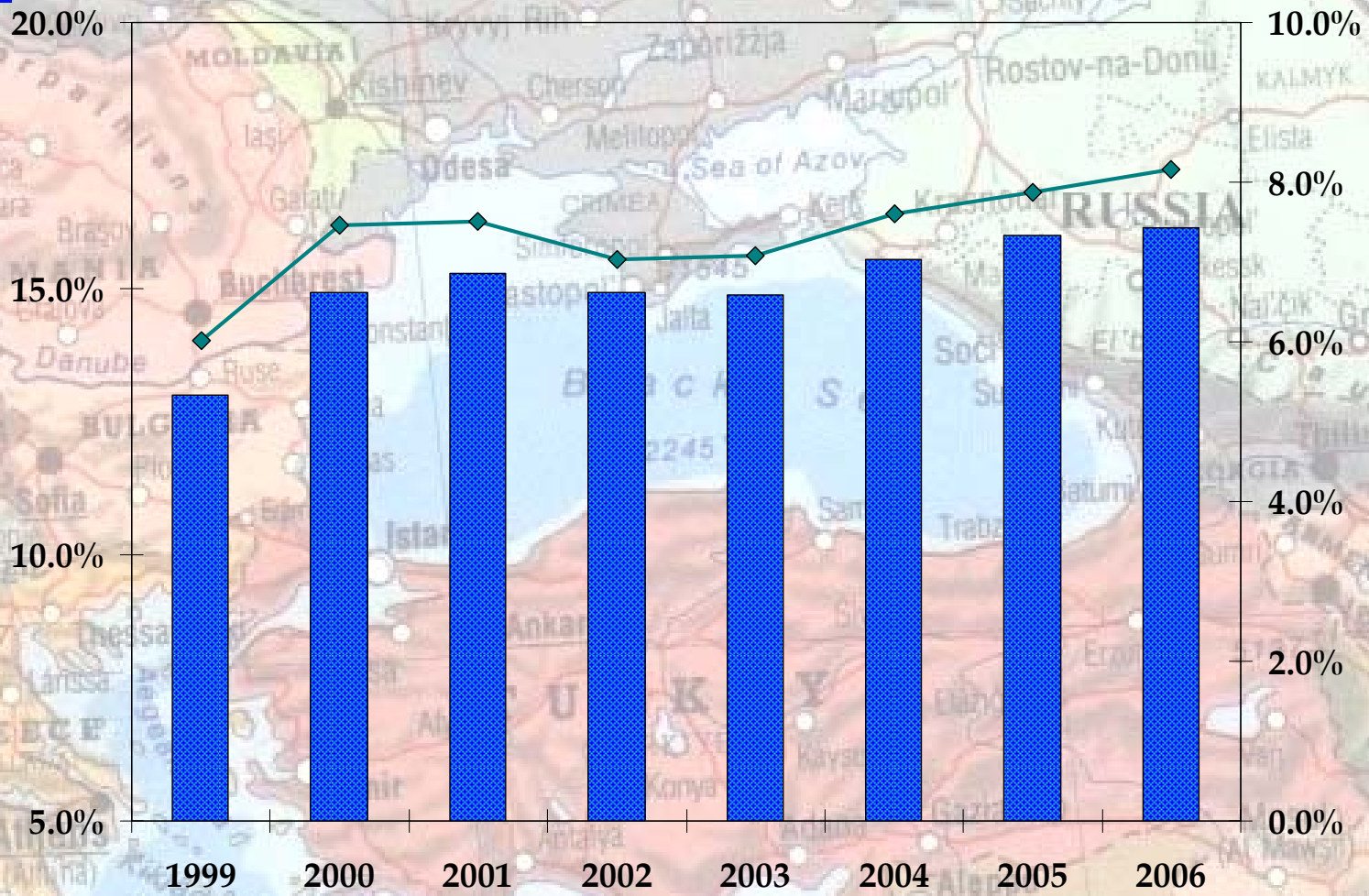


Regional Trends

- **Volume of Intra-regional Trade Increasing**
- **Volume of Intra-regional Investment Increasing**
- **Increasing Number and Value of Cross-regional Investment**
- **Promotion of Regional Economic Integration & Development**



Figure 6: Trade Trends in the Black Sea Region



■ Intra-BSEC Trade/ Total Trade: Left Axis
◆ Intra-BSEC Trade/ GDP: Right Axis



Economic Perspectives Risks

- **High Integration with World Economy – Risk of Contagion from Credit Crisis**
- **Potential for Lower Capital Inflows**
- **Possibly Increasing Interest Rates**
- **Risk of Increasing Inflation, due to:**
 - ❖ **Global High Food Prices**
 - ❖ **Increasing Energy Prices**
 - ❖ **Past Rapid Credit Growth**
 - ❖ **Overheating**



EU Relations

- Bulgaria, Greece, Romania – EU Members
- Turkey – Candidate Country
- Ukraine – Completed WTO Negotiations, FTA with the EU in preparation
- EU Neighborhood Policy – include Ukraine, Moldova, Georgia, Armenia, Azerbaijan
- Albania – Stability and Association Agreement
- Proposed New EU Partnership for Ukraine, Moldova, Georgia, Armenia, Azerbaijan
- EU – Russia Strategic Partnership

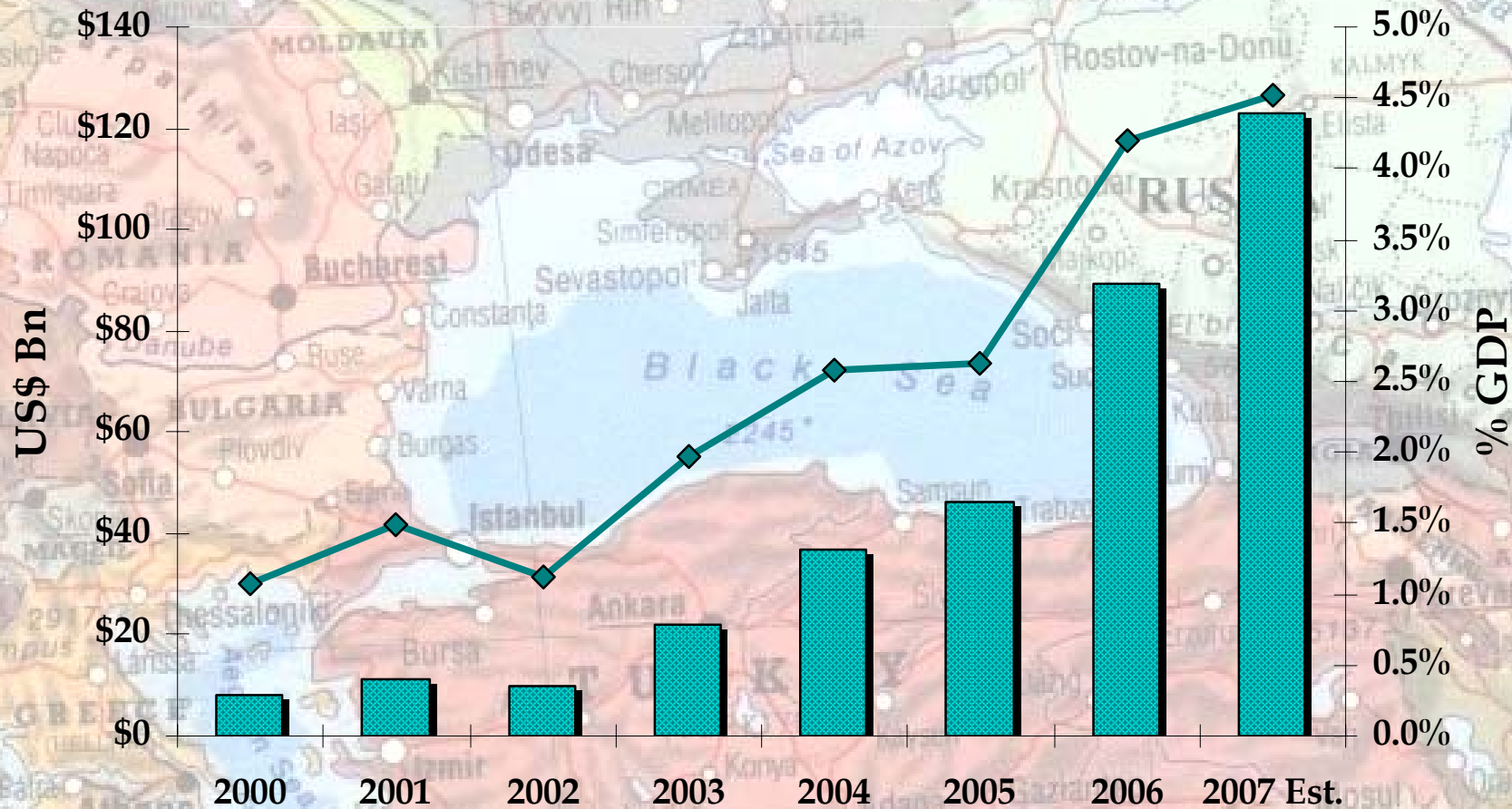


Economic Perspectives Opportunities

- **Improved Business Environment**
- **Regional Economies still Growing Fast**
- **High Investment in Infrastructure over next 10 years**
- **Relocation of Foreign Production Capacity to the Region**



FDI in the Black Sea Region Since 2000



■ Total FDI US\$ Bn: Left Axis
◆ Total FDI/Regional GDP: Right Axis



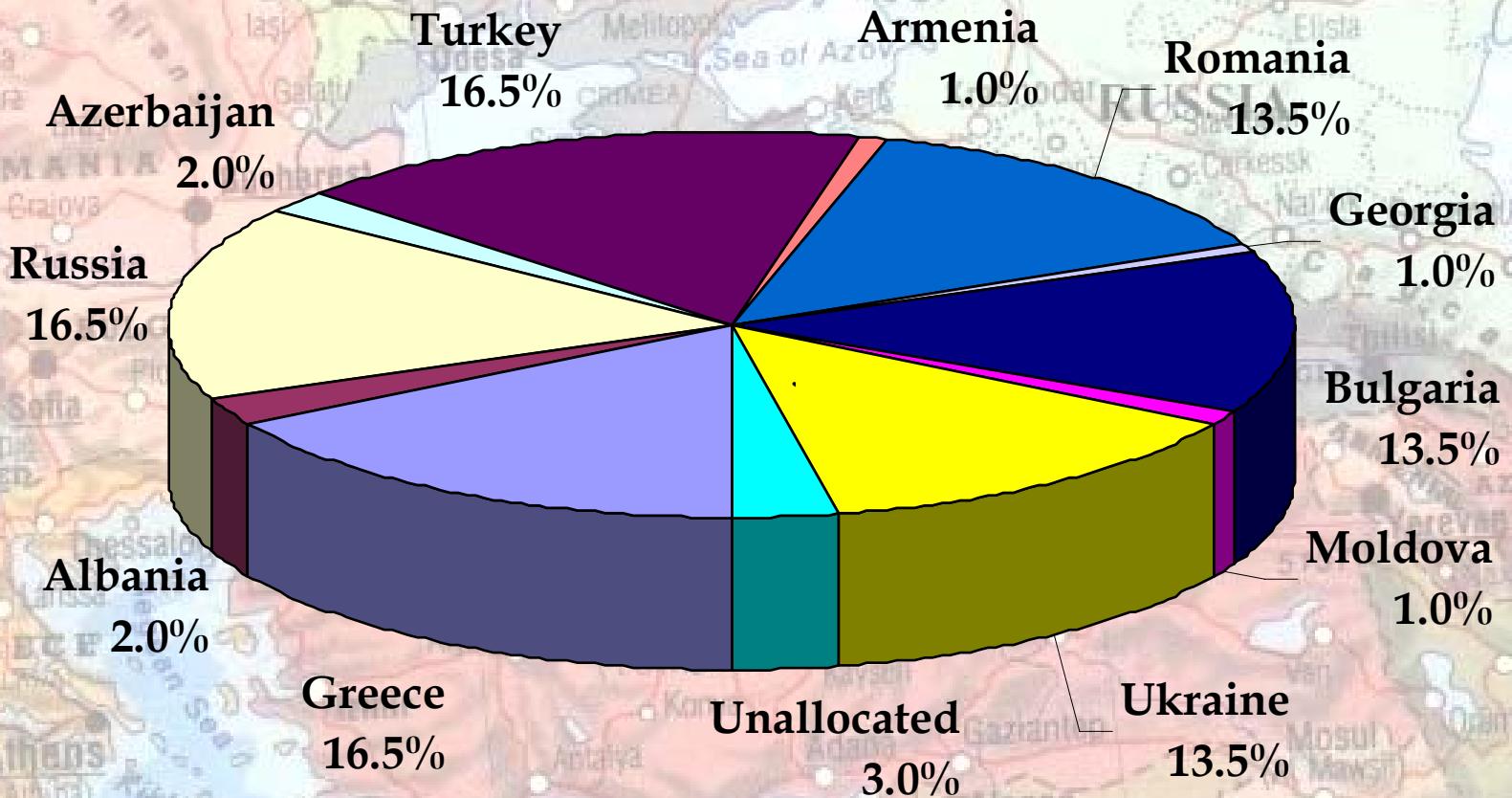
BSTDB Mandate

➤ **Promote Increased Economic Integration Within the Region, and Cooperation Among the Member States**

➤ **Promote Development in the Member States**



Shareholding Structure



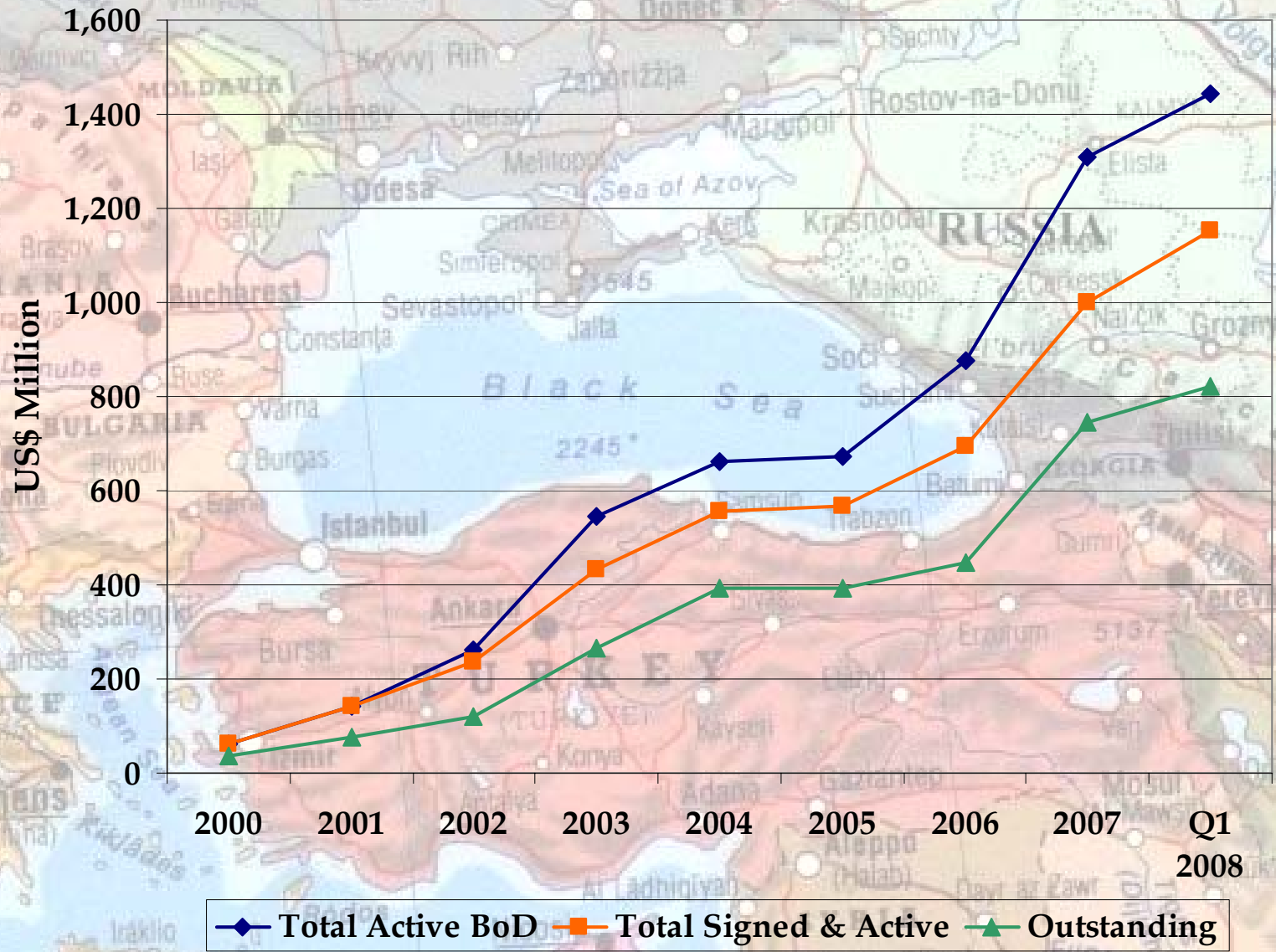


BSTDB History

- Establishment of BSEC** June 1992
- Tbilisi Agreement Establishing BSTDB** June 1994
- BSTDB Start of Operations** June 1999
- Investment Grade Credit Rating w/
Moody's: Baa2** March 2004
- MDB Recognition in EU 'Basel II'
Capital Adequacy Directive** September 2005
- Credit Rating Upgrade to Baa1** October 2006
- Increase Authorized Capital to SDR 3
billion** December 2007



Evolution of BSTDB Portfolio Since 2000 (End of Period Results)



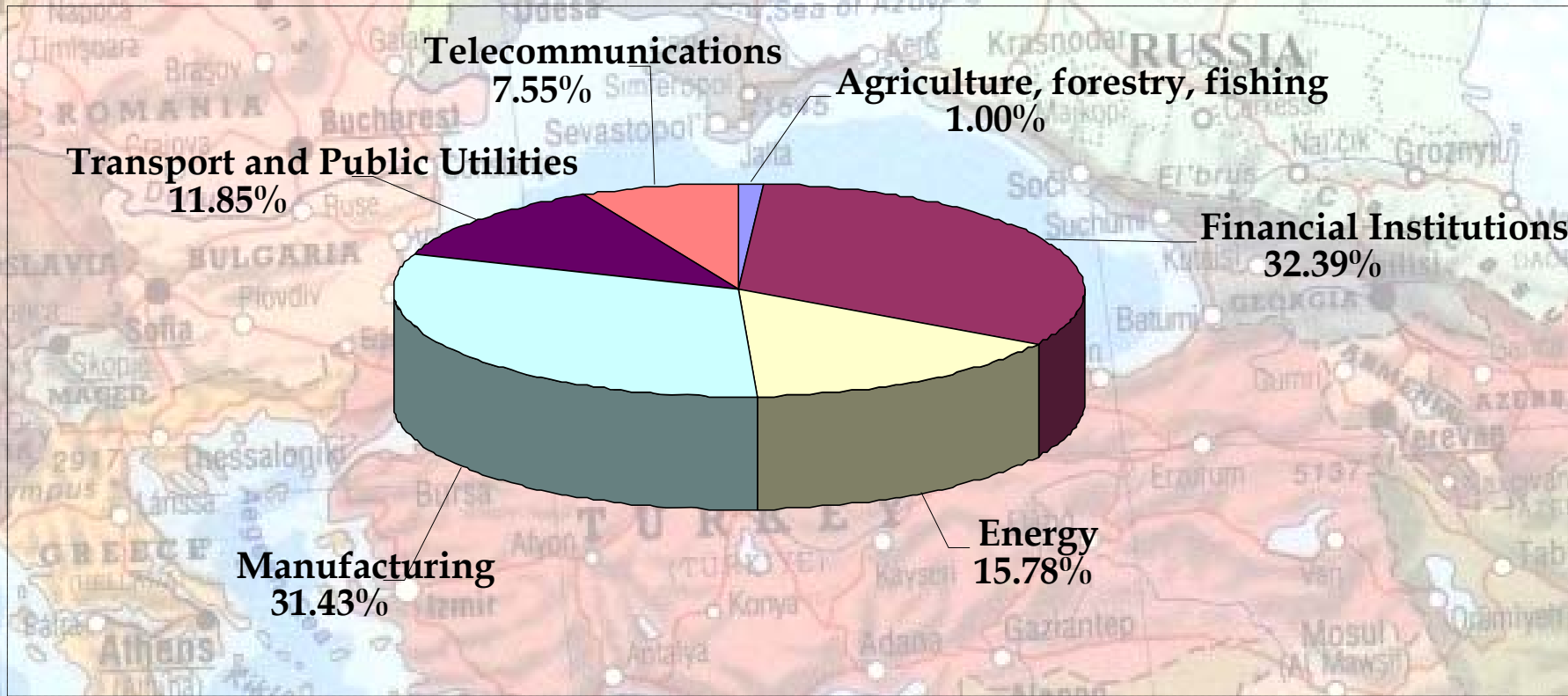


Active Portfolio of Operations as at end April 2008

- 106 operations for a total amount of SDR 965 million (USD 1,567 million) are approved by the BoD
- 95 operations are signed for a total amount of SDR 750 million (USD 1,218 million)
- outstanding (cumulative disbursements less repayments for active operations) operations total SDR 533 million (USD 865 million)



Portfolio Structure at end-2007, by Sector of Economic Activity





Internat/1 Perspective: Cooperation & Partnerships w/ External Parties

- Operational co-financing with other IFIs (IFC, EBRD, NIB, etc.) and non-Regional commercial banks
- Operations financed by the Bank are open to firms, investors, providers from outside the BSEC Region
- Signatory to two MoUs with EC and IFIs for (i) former NIS and (ii) Candidates and Potential Candidates (Turkey & W. Balkans)
- Member European Development Financial Institutions' Interact Group
- KfW has Observer Status; EIB, EDFI & OeEB applied
- Signatory to Joint Corporate Governance Statement with 30 Development Institutions, October 2007



BSTDB: Directions for the Future

- Sectoral diversification (private sector, financial sector, municipal infrastructure, sovereign backed projects)
- Increased lending to small shareholding countries
- Increase operations with cross-country participation/benefits (regional cooperation)
- Emphasis on medium-size companies
- Further enhance relations with other IFIs for Co-financing & Cooperation



Advantages of Working With BSTDB

- **Locally Focused, Regionally Owned-Regional Expertise**
- **Demand driven and market oriented**
- **Availability of medium/ long term financing**
- **Co-financing with IFIs and Banks**
- **Comprehensive but quick approval process**
- **Ability to process “small” projects**

Russia



УРСА Банк
URSA bank
Mortgage Financing

USD 36 million
7 years bank to bank loan
February 2008

Ukraine



KREDITPROM BANK
Revolving Trade Finance Facility

USD 10 million
Up to 1 year
October 2007

Ukraine



ProCredit Bank
Прокредит Банк

SME loan facility

USD 10 million
3 years
January 2008

Ukraine



CHORNOMORNAFTOGAZ
Exploration and production oil-and-gas company

Expansion financing

USD 21 million
7 years
October 2007

Turkey



Metropolitan Municipality of Istanbul
Expansion of the Metro/ Light transport system in Istanbul

USD 21 million, 8 years loan
March 2007

Turkey



avea
Mobile telecom operator

GSM-based network expansion

USD 18 million, 9 years loan
April 2007

Armenia



EUROTERM
Agro-products producer

Modernization of production and packaging equipment

USD 3 million
5 years secured term loan
June 2007

Azerbaijan




TEKNIKABANK
Open and Reliable Bank for all Customers

TECHNIKA bank
Mortgage Financing

USD 8 million
6 years bank to bank loan
December 2007

Ukraine



ANP
Petroleum and gas operator

Network expansion

USD 36 million
Limited Recourse Term Loan
May 2007

Georgia



TBC LEASING
თბილისი ლიზინგი

SME Leasing facility

USD 3 million
February 2007

Russia



TELESET NETWORKS
Fixed-line telecom operator

USD 3 million equity investment
June 2007
USD 20 million loan
October 2007

Bulgaria



BM Leasing

SME leasing facility

EURO 5 million
5 years
February 2008

The art of regional financing
All types of financing for projects in the Black Sea Region



Contacting BSTDB and Getting More Information

Black Sea Trade and Development Bank

1 Komninos Street

54624 Thessaloniki, Greece

Tel: +30-2310-290400

Fax: +30-2310-221796

E-mail: info@bstdb.org

Website: www.bstdb.org

Hayrettin Kaplan



Thank you