



**STATEMENT OF MR. ANDREY KONDAKOV
PRESIDENT OF THE BLACK SEA TRADE AND DEVELOPMENT BANK
AT THE ROUND TABLE DISCUSSION ON
“DEVELOPMENT BANKS: THEIR ROLE IN THE GROWTH AGENDA”
THESSALONIKI, 9 SEPTEMBER 2011**

Esteemed Mr. Minister,
Distinguished Participants,
Ladies and Gentlemen,

It is a real privilege for us to host this forum in our home city of Thessaloniki on the occasion of the annual International Fair. I would like to thank you all for accepting our invitation to participate in this Round Table that the Black Sea Trade and Development Bank organized in close cooperation with the Greek Ministry for Development, Competitiveness and Shipping. The Black Sea Bank is the only international financial institution headquartered in Greece, and, of course, we greatly appreciate the opportunity to contribute to this forum that addresses the very *raison d'être* of our Bank and that of our partner institutions.

The Black Sea Trade and Development Bank, despite its name, reaches much beyond the Black Sea area, covering in reality an extensive part of the Eurasia – from the Adriatic to the Caspian Sea. This vibrant and diverse part of the world gives us ample opportunities to fulfill our developmental mandate by supporting economic development in our member countries and enhancing regional cooperation. Our role is to provide medium term financing for sustainable development, often acting as a counter-cyclical offset to fluctuations in the international capital markets. By actively mobilizing funds for the region through enhanced cooperation with other development institutions we leverage our resources and increase our effectiveness. Importantly, preparation of our projects supports capacity building and small and medium size business development across all our member countries.

The Management and staff of the Bank are very proud that we have managed to successfully pursue the vision of excellence that our shareholders laid out at the Bank's

inception. Having started operations in 1999, the Black Sea Bank has financed over 230 operations in its 11 member countries for a total amount of around EUR 2.3 billion through various instruments -- loans, equity participation and guarantees. Over the last few years the Bank responded swiftly to the needs of the region during the financial crisis and provided much-needed funding to companies and the financial sector.

Despite lingering global economic and financial challenges and uncertainties, in 2010 the Bank's operational portfolio grew by 7% accompanied by a robust net profit which was posted for the sixth consecutive year. In 2011, the Bank further stepped up its activities maintaining at the same time the quality its loan portfolio.

This solid operational performance contributed to a rating upgrade by Moody's to A3, followed by the assignment of an even higher second credit rating of A from Standard & Poor's in June 2011. It is worth mentioning that these two ratings are 4-5 notches higher than the average sovereign rating of our member states!

Needless to say, strong support of our shareholders demonstrated by a two-fold increase in our capital and continuous attention and encouragement by our Boards of Governors and Directors have been key to our success. As a result, today BSTDB is a strong financial institution with a clear vision how to further expand its development activities in the region and offer financing at favorable terms to our clients.

This clear vision is enshrined in our new Medium-Term Strategy and Business Plan for 2011-2014 adopted by Governors December last year. The Strategy aims to increase the operations portfolio by 70% to over EUR 1,1 billion by the end of 2014. It is complemented by individual country strategies, designed in close cooperation with national Governments to reflect the specific investment needs and policy priorities of each country.

It is important to note that besides providing direct financing and technical assistance our overall strategy stresses the need to enhance mobilization of additional capital from outside the region for projects in our member countries. Through our Observer

institutions, many of them are present here today, we have expanded access to finance for our clients. Ten multilateral and bilateral development institutions, including EIB, EBRD, IFC, NIB, as well as KfW, the Austrian Development Bank, Proparco of France are our observers. In the first six months of 2011, we signed loan agreements with KfW, Nordic Investment Bank and Proparco to help finance renewable energy and energy efficiency projects, social infrastructure, and SME development loans in the region.

Before concluding, I would like to say a few words about the Bank's strategy for Greece, our host country. Before the current crisis, Greece's share in the Bank's portfolio was comparatively small, as Greece, a developed country, with market access and an "old" member of the EU, had limited need of our development assistance funds. With the situation changing, the needs increased dramatically. The Bank responded with a 2-fold increase in our lending portfolio in 2010 followed by further efforts to expand operations in 2011 and beyond. Through our lending we seek to provide medium term financing to Greek companies in order to consolidate their position and help them to strengthen their presence in other countries across the Black Sea region.

The Bank believes in Greece's potential and is committed to fully use its capacity, assisting the Government in bringing the Greek economy back on track of sustainable growth.

I would like to thank the Greek authorities and the city of Thessaloniki for their "*filoxenia*" and for their commitment to our common development goals.

Thank you.