

Regional Development Banks in Europe

in terms of its Goal, Performance, and
Accomplishment

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11 May 2011♪

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3. European Investment Bank (EIB)



Part 1. European Bank for Reconstruction and Development (EBRD)

Overview of EBRD

History

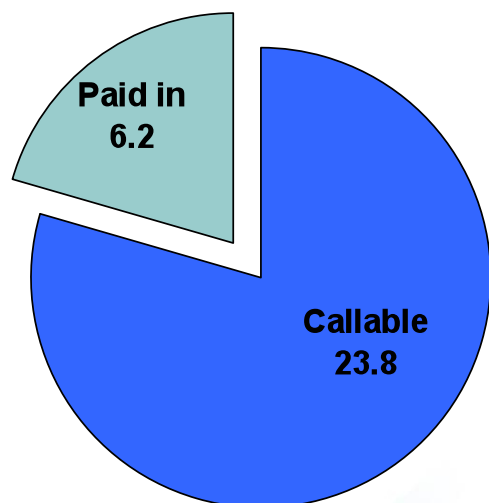
- The idea of the European Bank, put forward by President Francois Mitterrand of France at the European Parliament in 1989
- came to fruition in 1991 in response to major changes in the political and economic climate in central and eastern Europe



Overview of EBRD

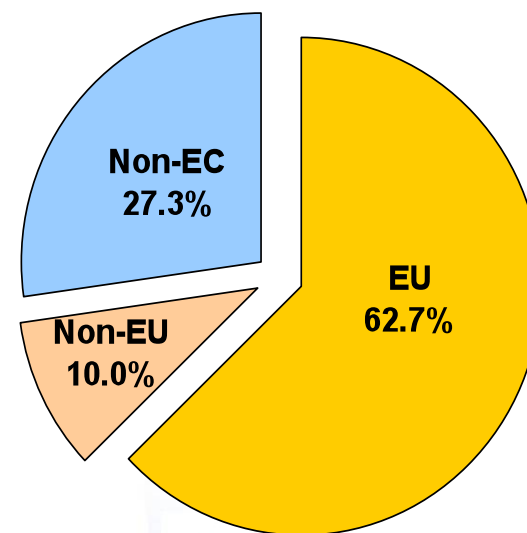
Capital and Share structure

Capital Base



Authorized capital
30 billion €

Share Structure



EC 72.7%, Non-EC 27.3%
(63 shareholders)

Overview of EBRD

Geographical limit

- 29 countries from central Europe to central Asia



Central Europe and the Baltic states

- 01 Croatia
- 02 Czech Republic*
- 03 Estonia
- 04 Hungary
- 05 Latvia
- 06 Lithuania
- 07 Poland
- 08 Slovak Republic
- 09 Slovenia

South-eastern Europe

- 10 Albania
- 11 Bosnia and Herzegovina
- 12 Bulgaria
- 13 FYR Macedonia
- 14 Romania
- 15 Montenegro
- 16 Serbia

Eastern Europe and the Caucasus

- 17 Armenia
- 18 Azerbaijan
- 19 Belarus
- 20 Georgia
- 21 Moldova
- 22 Ukraine

Russia

- 23

Central Asia

- 24 Kazakhstan
- 25 Kyrgyz Republic
- 26 Mongolia
- 27 Tajikistan
- 28 Turkmenistan
- 29 Uzbekistan

Turkey

- 30

The Unique Goal of EBRD

- The world only one transition bank
 - Fostering transition to market economies and pluralistic democratic societies
- Unique mandate
 - assist only those countries that are “committed to and applying the principles of multi-party democracy and pluralism”
- Focus on private sector investment
 - fostering transition through project financing
 - In case of 2010, 74% of the operation is for the private sector.♪

Performance and Achievement of EBRD

overview since 1991

- played a key role in promoting a sustainable market economy
- invested around 62 billion € in 3,119 operations during the past 20 years
- contributed in mobilization of investments which amounted to more than 115 billion €
- The total value of investments is equivalent to about 12% of the net FDI in the recipient countries' region

Performance and Achievement of EBRD

main achievement over 20 years(1)

- Response to the recent economic crisis
 - announced the Joint IFI Action Plan in Feb. 2009
 - : EBRD, EIB and the WBG provided support of 33.2 billion €.(EBRD provided 8.1 billion € in equity and debt finance)♪

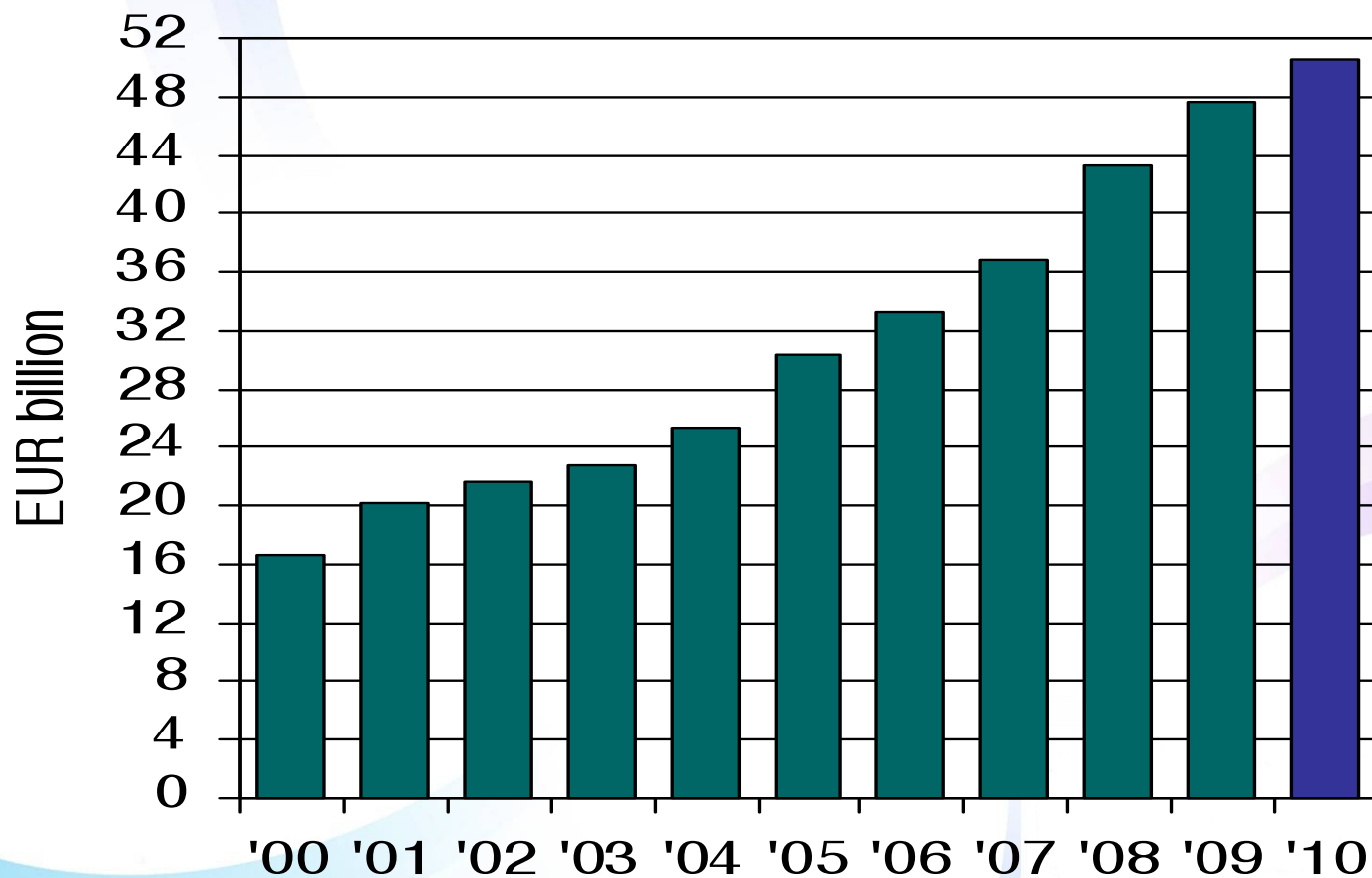
- Financial Institution sector
 - focused on supporting bank restructuring, privatization and foreign entry
 - up to end-2010, the total number of SME projects provided were 350 for EUR 4.2 billion.

Performance and Achievement of EBRD

main achievement over 20 years(2)

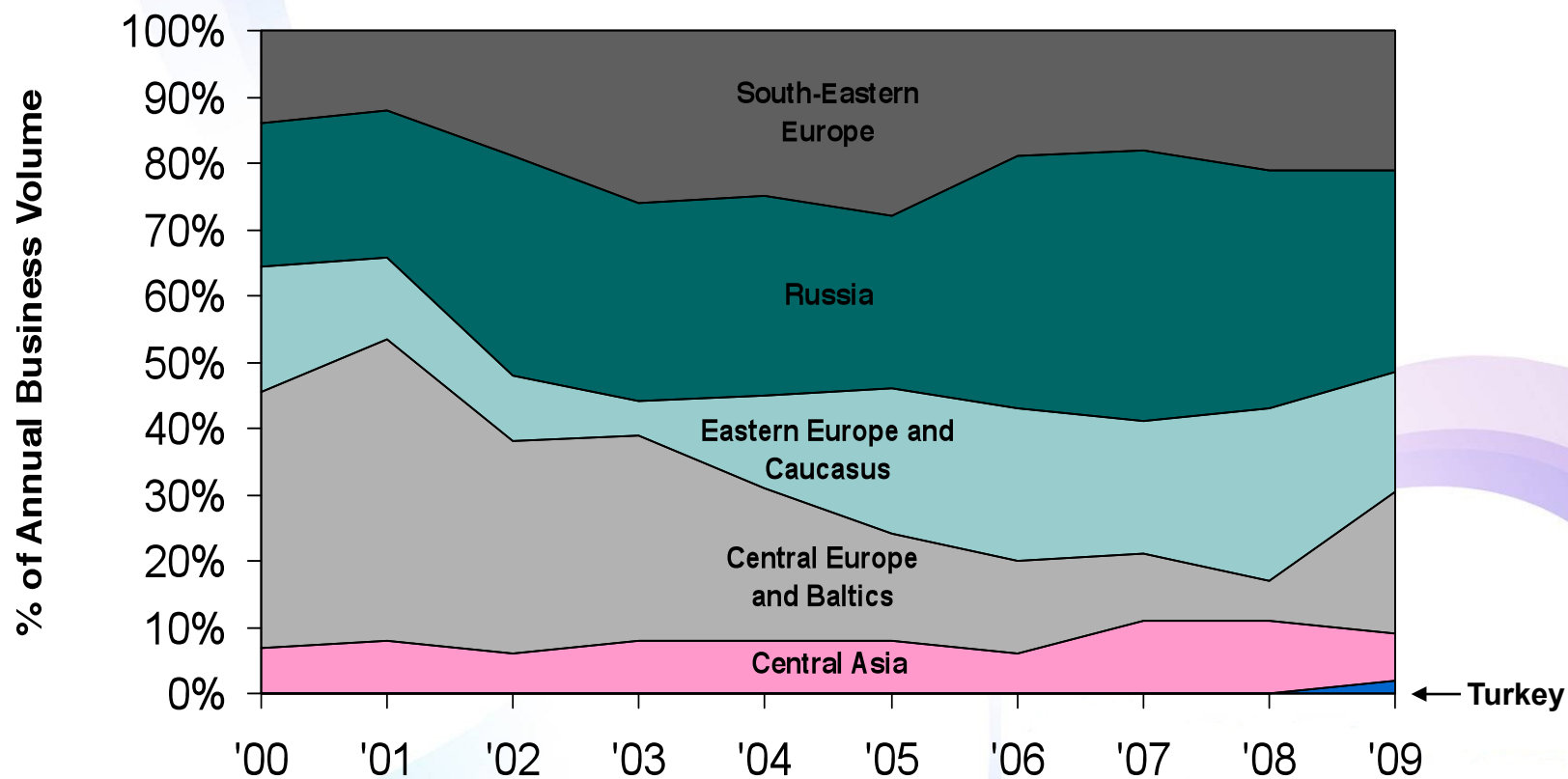
- Energy and Infrastructure sector
 - Improving the regulatory framework in the power and energy sectors, in municipal utilities and in the transport sector
 - supported privatization or private sector participation
- Corporate sector
 - supported improvements in corporate and business standards, restructuring and improvements of skills
 - increased production efficiency as well as the positive impact through forward and backward linkages to input suppliers and distributors

Cumulative Commitments



Cumulative commitments of EUR 50.5 billion

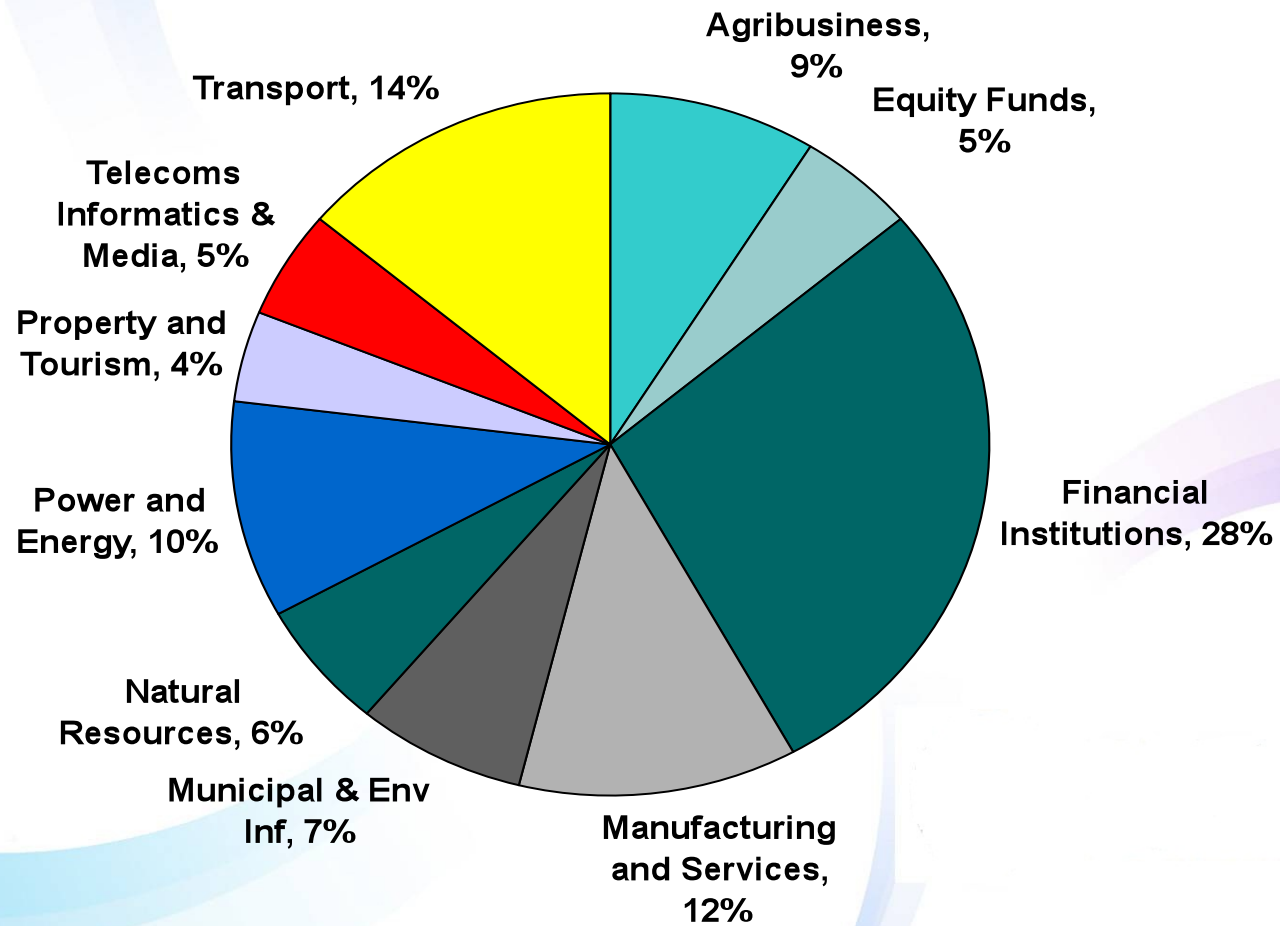
Change in Grog. Composition



***Turkey became a country of operation in Dec 2008
and the Bank financed its first investment operations there in 2009***

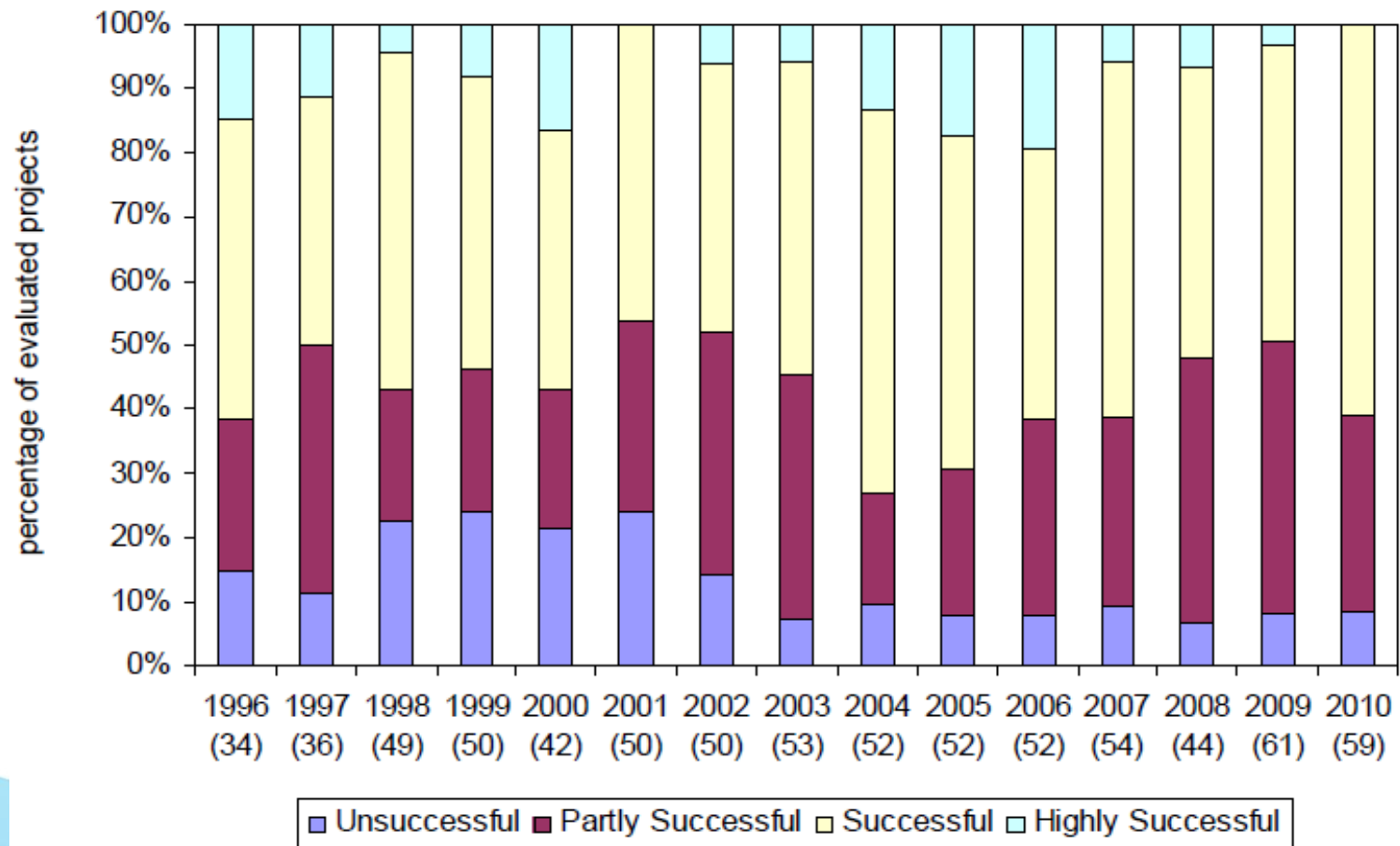
Unaudited as at 31 March 2010

Commitments by Sector (Cumm.)

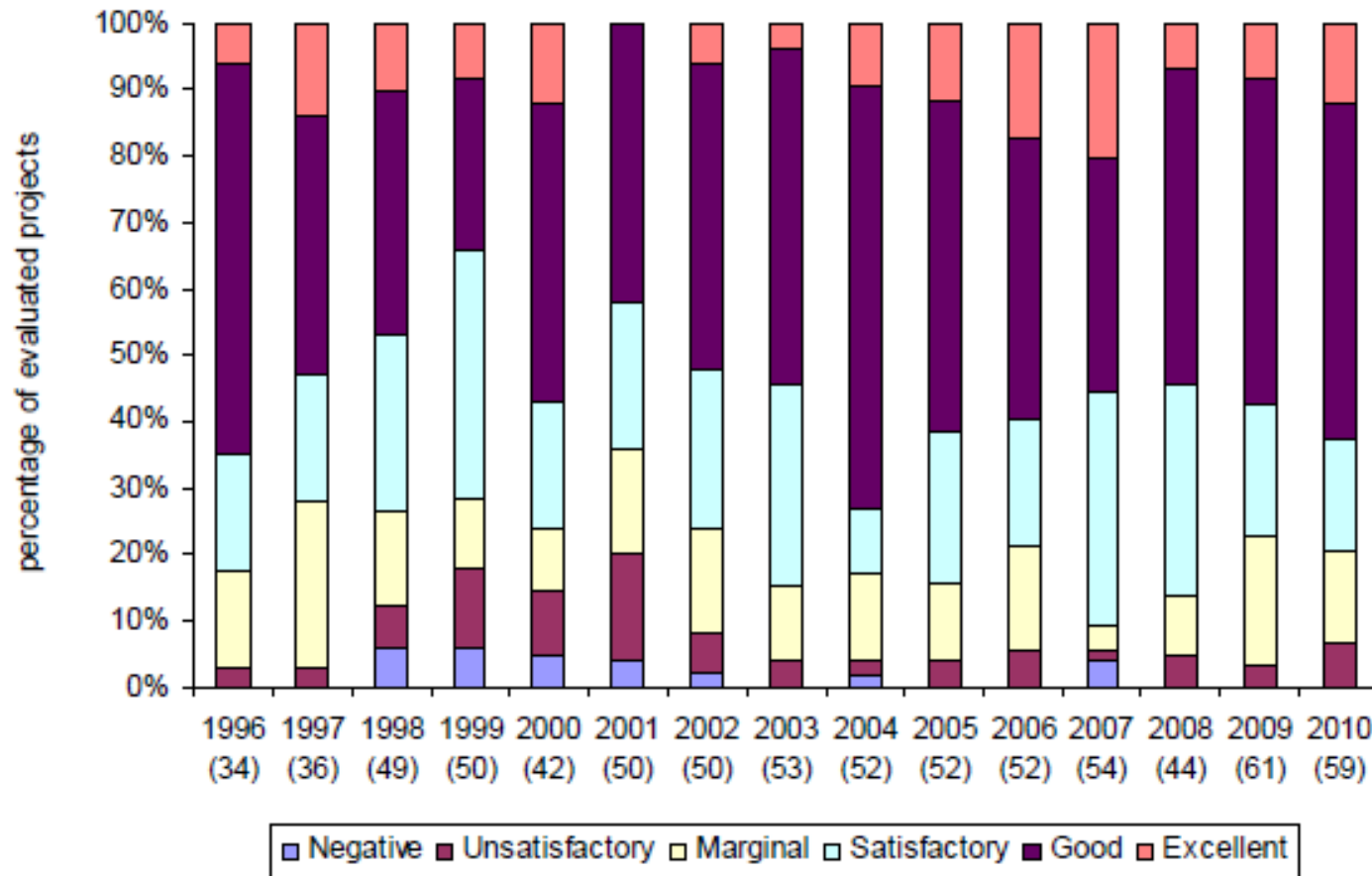


Unaudited as at 31 March 2010

Overall Performance Ratings ('96~10)



Transition Impact Ratings('96~10)



Performance and Achievement of EBRD

2010 results

- the highest annual investment level of 9 billion €
- a record number of projects of 386 operations
- the number of operations signed in the ETCs was 114 with investments of 920 million €

EBRD Commitments in 2010

Central Europe and the Baltic states (€ million)

Country	2010	2009	Cumulative 1991-2010
Croatia	386	248	2,463
Czech Republic	0	8	1,135
Estonia	8	28	518
Hungary	178	582	2,483
Latvia	104	115	557
Lithuania	99	29	596
Poland	643	394	4,662
Slovak Republic	63	227	1,544
Slovenia	3	16	634
Total	1,485	1,647	14,592

South-eastern Europe (€ million)

Country	2010	2009	Cumulative 1991-2010
Albania	75	59	575
Bosnia and Herzegovina	190	111	1,308
Bulgaria	546	233	2,422
FYR Macedonia	44	81	716
Montenegro	135	32	240
Romania	593	721	5,101
Serbia	598	444	2,432
Total	2,182	1,682	12,794

Eastern Europe and the Caucasus* (€ million)

Country	2010	2009	Cumulative 1991-2010
Armenia	53	85	403
Azerbaijan	59	161	1,224
Belarus	60	52	551
Georgia	349	81	1,453
Moldova	97	57	549
Ukraine	952	1,013	6,435
Total	1,570	1,449	10,614

Russia (€ million)

Country	2010	2009	Cumulative 1991-2010
Russia	2,309	2,366	17,671
Total	2,309	2,366	17,671

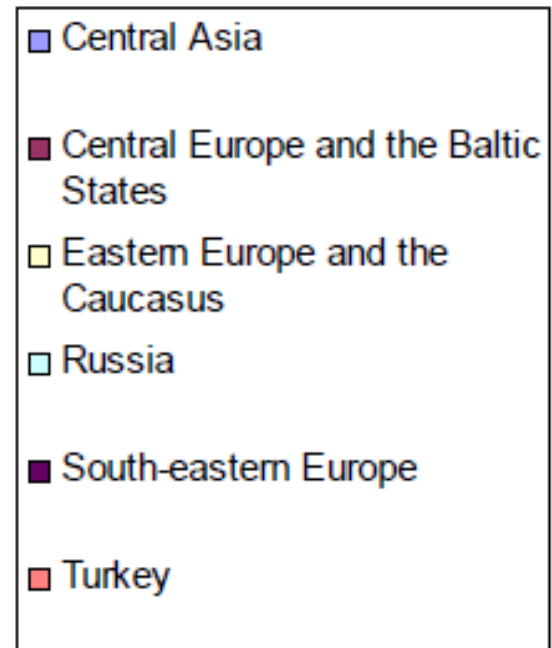
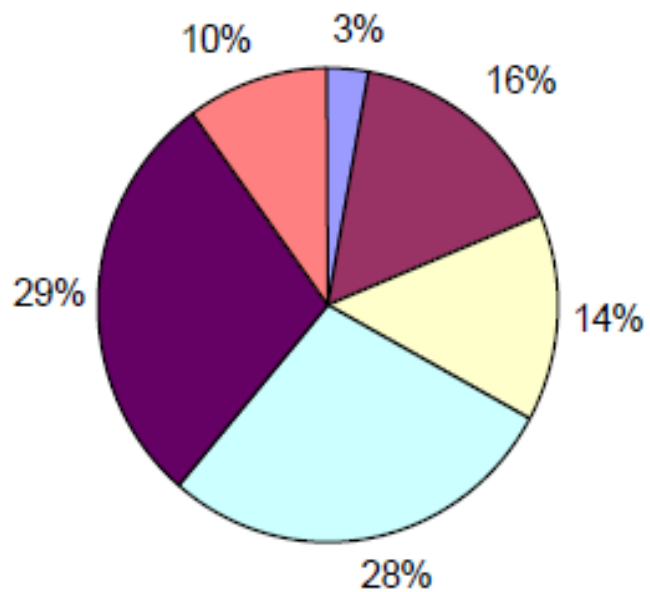
Central Asia (€ million)

Country	2010	2009	Cumulative 1991-2010
Kazakhstan	668	436	3,942
Kyrgyz Republic	86	56	338
Mongolia	185	31	306
Tajikistan	22	24	214
Turkmenistan	6	4	135
Uzbekistan	4	16	743
Total	970	567	5,678

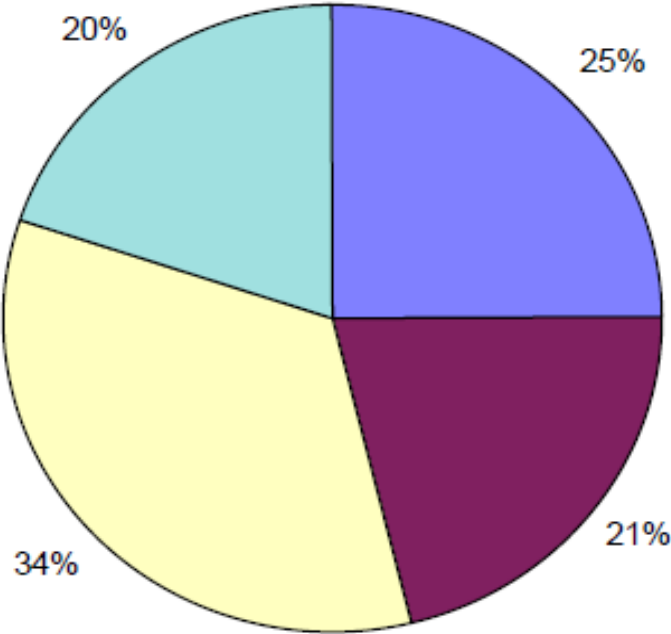
Turkey (€ million)

Country	2010	2009	Cumulative 2009-10**
Turkey	494	150	627
Total	494	150	627

Business Volume by Subregion 2010



Commitments by Sector 2010



Assessment by DFID (Feb. 2011)

- Overall result : “Good” level with AfDB, IFC and UNDP

Category	Score
1. Contribution to UK Development Objectives	-
<i>1a. Critical role in Meeting International Objectives</i>	3
<i>1b. Critical role in Meeting UK Aid Objectives</i>	2
2. Attention to Cross-cutting Issues	-
<i>2a. Fragile Contexts</i>	2
<i>2b. Gender Equality</i>	1
<i>2c. Climate Change and Environmental Sustainability</i>	4
3. Focus on Poor Countries	1
4. Contribution to Results	3
5. Strategic and Performance Management	4
6. Financial Resources Management	3
7. Cost and Value Consciousness	4
8. Partnership Behavior	3
9. Transparency and Accountability	3
10. Likelihood of Positive Change	3

Score : 1(unsatisfactory), 2(weak), 3(satisfactory), 4(strong)



Part 2. Black Sea Trade and Development Bank (BSTDB)

Overview of BSTDB

History

- the Organization of Black Sea Economic Cooperation (BSEC) was created in 1992
- the need for a financial instrument to act for the long term economic benefit of the region came to the fore
- BSTDB was established by the 11 founding countries of BSEC in 1999

Overview of BSTDB

Financial status and products

○ Capital Base

- Authorized Capital 3 billion SDR (paid-in portion 30%)

○ Credit rating

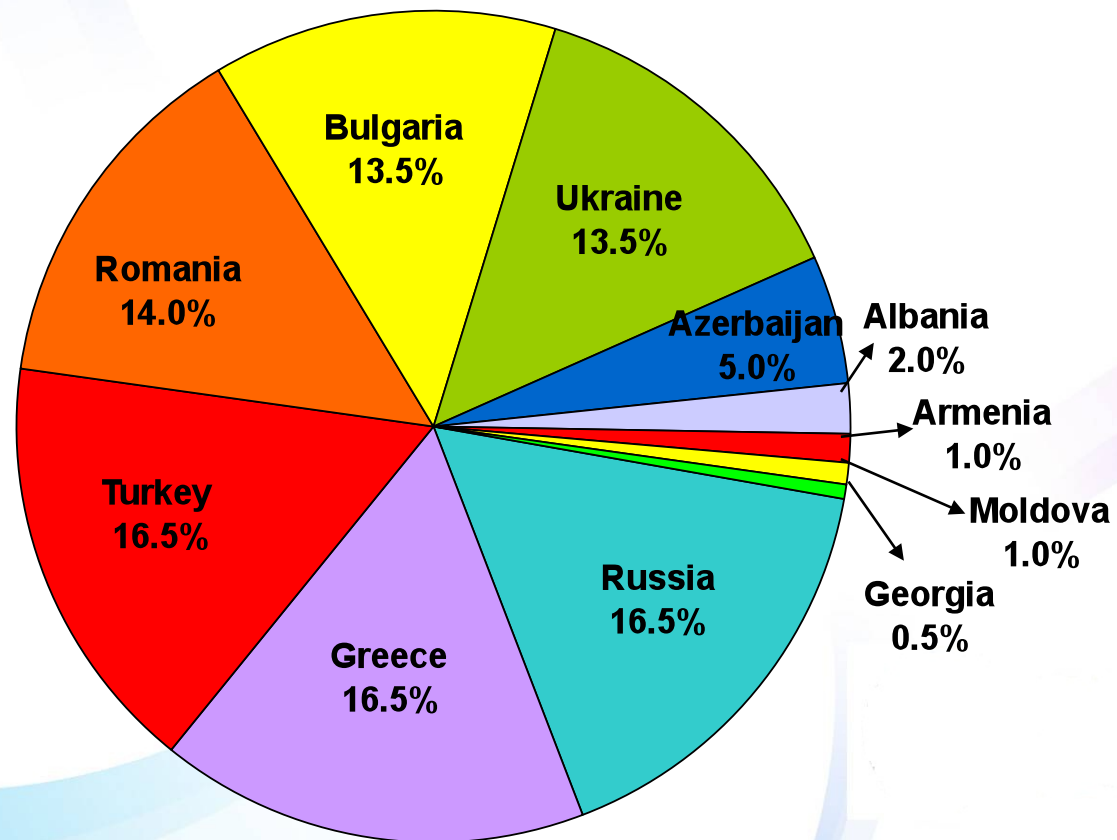
- upgraded from Baa1 to A3 by Moody's in Sep. 2010

○ Financial Products

- mainly mid to long term loan/equity/guarantees

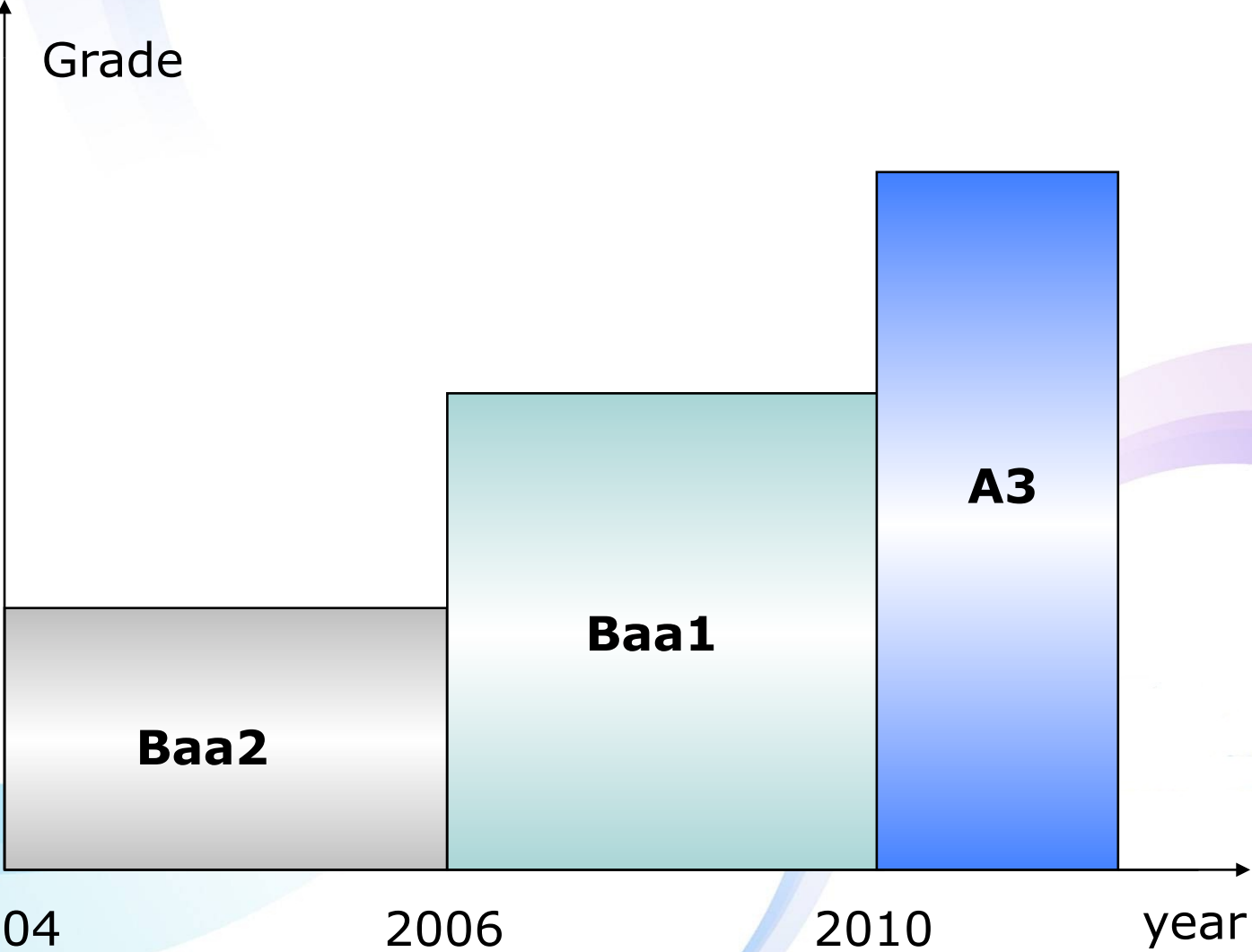
Overview of BSTDB

share structure



Overview of BSTDB

credit rating by Moody's



Overview of BSTDB

where it operates



The Goal of BSTDB

- accelerate development and promote co-operation among its shareholder countries
- contribute to the transition process of the Member States towards the economic prosperity of the people of the region
- supports regional trade and investment, providing financing for commercial transactions and projects

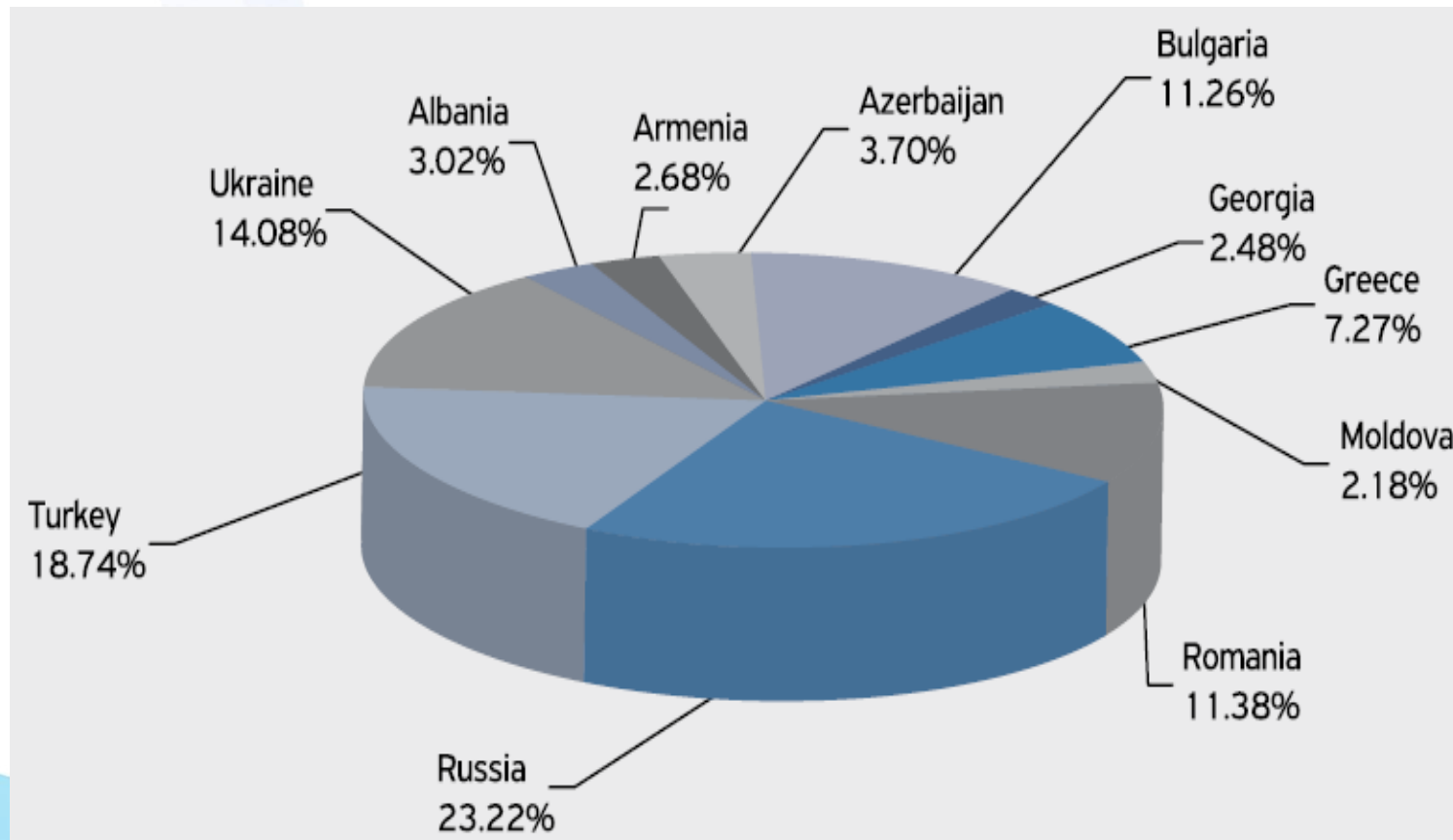
Performance and Achievement of BSTDB

overview since 1999

- Provided financing for 169 operations in all its member countries to the total cumulative amount of about 2.1 billion USD
- Raised over 1 billion USD in the international market to finance its operations in the Black Sea region
- Maintains excellent portfolio quality, with non-performing loans accounting for about 1% of the portfolio

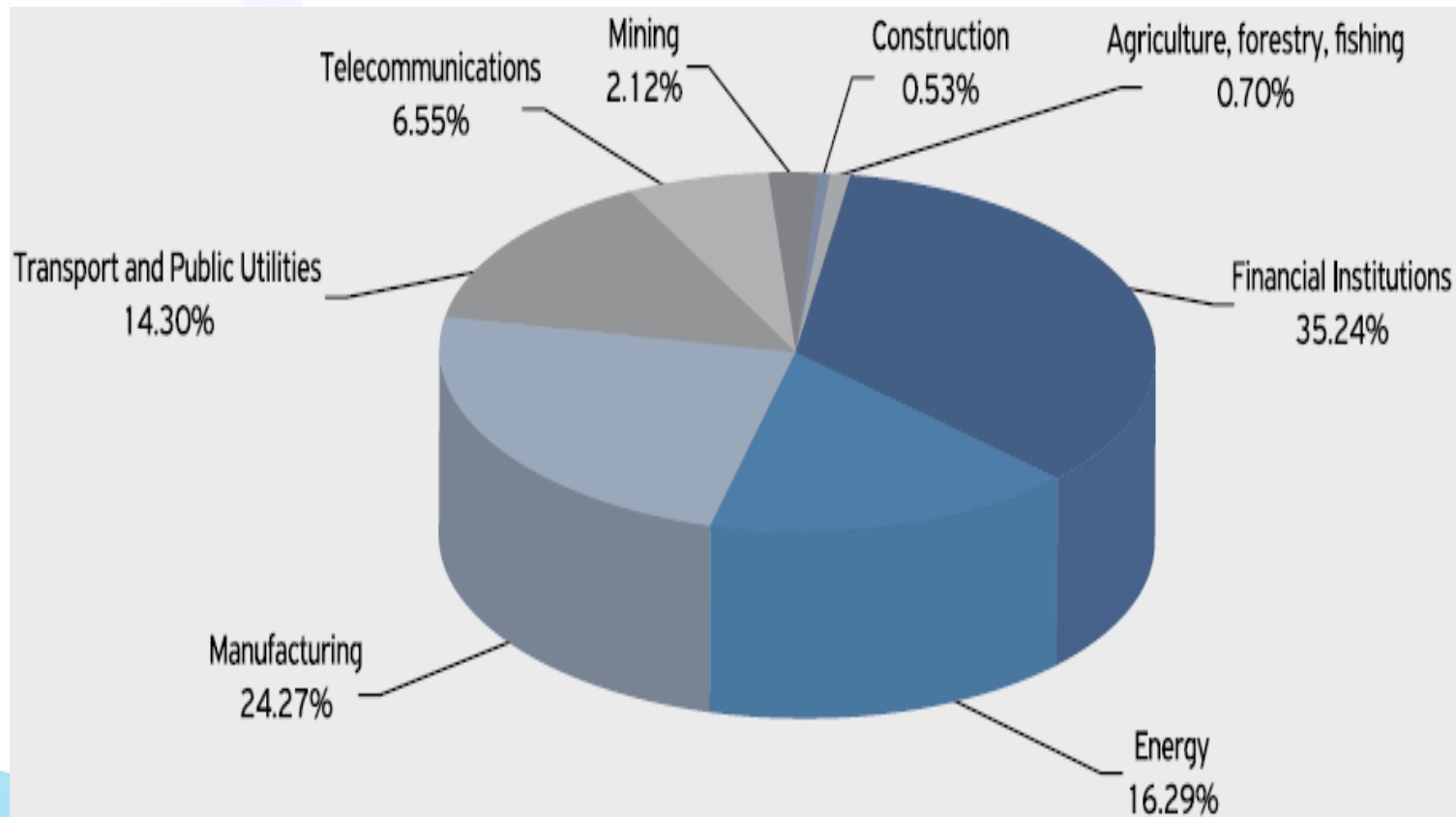
Approved Operations by Country

(cumulative, percentage of amount in USD)



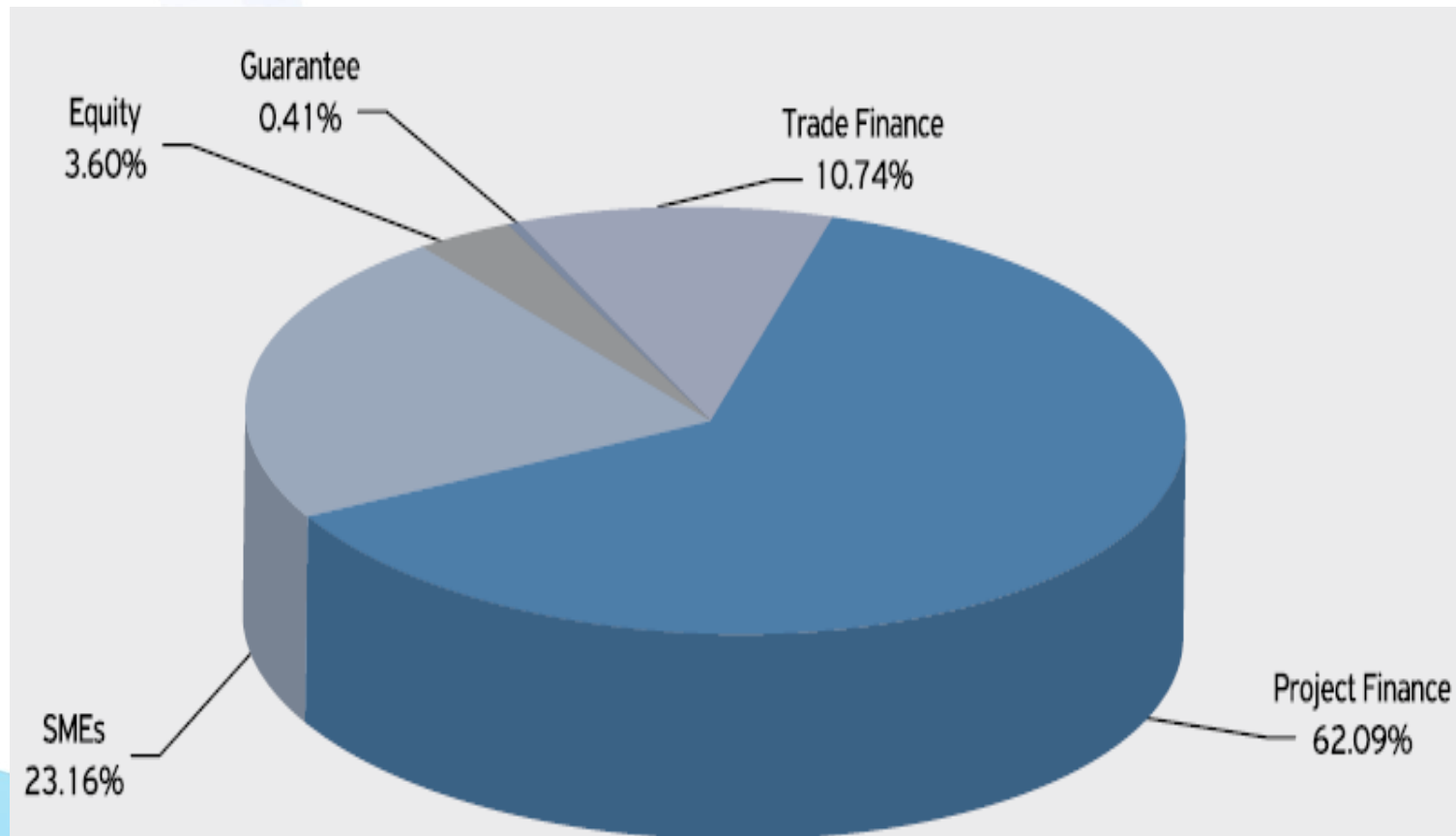
Approved Operations by Sector

(cumulative, percentage of amount in USD)



Approved Operations by Product

(cumulative, percentage of amount in USD)

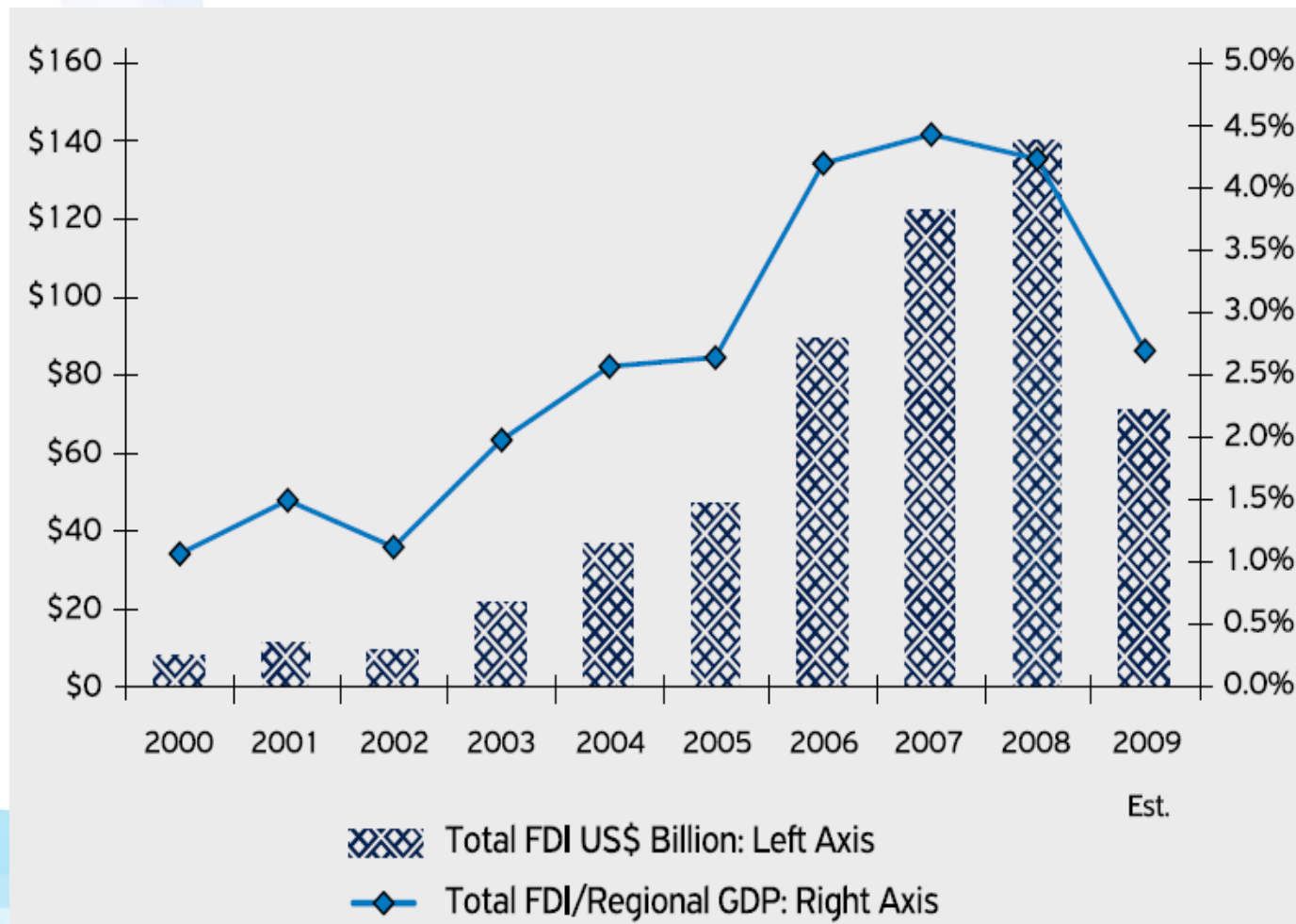


Sovereign Credit Ratings Comparison

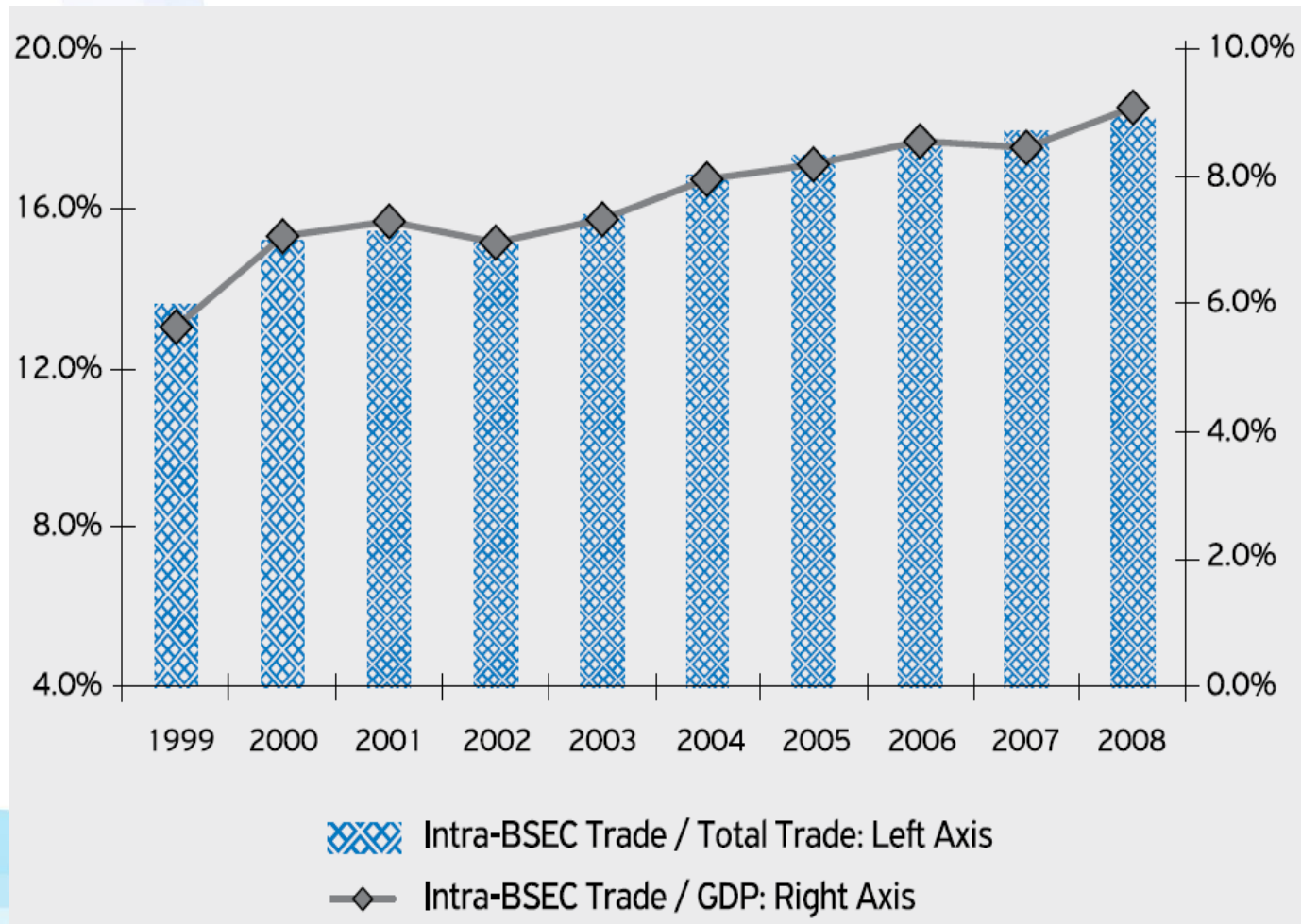
- Shows an steadily improving trend

	December 1999			December 2009		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Albania	—	—	—	B1	—	—
Armenia	—	—	—	Ba2	—	BB-
Azerbaijan	—	—	—	Ba1	—	BB+
Bulgaria	B2	B+	B+	Baa3	BBB	BBB-
Georgia	—	—	—	—	B	B+
Greece	A2	A-	BBB+	A2	BBB+	BBB+
Moldova	B2	—	B-	Caa1	—	B-
Romania	B3	B-	B-	Baa3	BB+	BB+
Russia	Ca	SD	CCC	Baa1	BBB	BBB
Turkey	B1	B	B+	Ba3	BB-	BB+
Ukraine	B3	—	—	B2	CCC+	B-

FDI into the Region from 2000 to 2009



Intra-regional Trade from 1999 to 2008





Part 3. Europe Investment Bank (EIB)

Overview of EIB

○ History

- established in 1958 under the Treaty of Rome as the EU's long-term lending institution

○ Member

- the 27 Member States of the EU
- The EU Member States are fully eligible for Bank financing operations, without any geographical or sectoral quotas

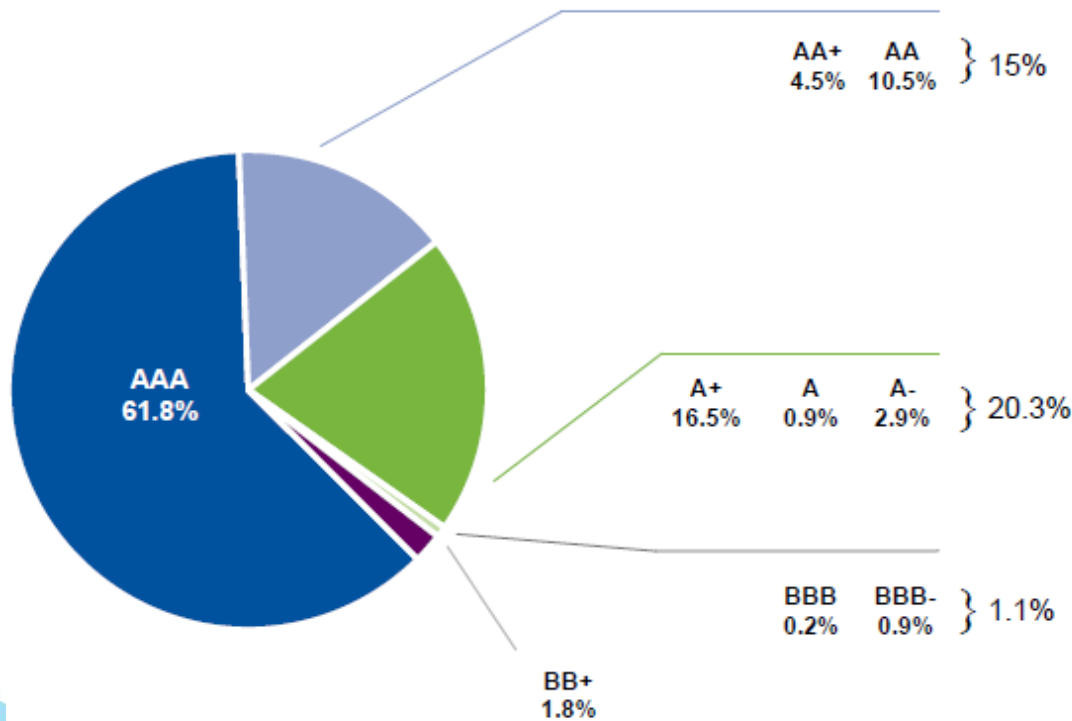
Overview of EIB

- Share
 - Each Member State's share in the Bank's capital is based on its economic weight within the EU at the time of its accession
- Capital
 - total subscribed capital is 232.4 billion €
(paid-in : 11.6 billion €)
- AAA rated by Moody's, S&P and Fitch

Overview of EIB

Share structure

EIB Shareholder Structure by Rating
(Lowest rating)



Source: S&P / Moody's ratings;
Bloomberg, as of 30 June 2010

Shareholder	Best rating	Lowest Rating	Share of subscribed capital
France	AAA	AAA	16.17%
Germany	AAA	AAA	16.17%
Italy	AA	A+	16.17%
United Kingdom	AAA	AAA	16.17%
Spain	AAA	AA	9.70%
Belgium	AA+	AA+	4.48%
Netherlands	AAA	AAA	4.48%
Sweden	AAA	AAA	2.97%
Denmark	AAA	AAA	2.27%
Austria	AAA	AAA	2.22%
Poland	A	A-	2.07%
Finland	AAA	AAA	1.28%
Greece	BB+	BB+	1.22%
Portugal	AA	A-	0.78%
Czech Republic	A+	A	0.76%
Hungary	BBB+	BBB-	0.72%
Ireland	AA+	AA	0.57%
Romania	BBB-	BB+	0.52%
Slovakia	A+	A+	0.26%
Slovenia	AA	AA	0.24%
Bulgaria	BBB	BBB-	0.18%
Lithuania	BBB+	BBB	0.15%
Luxembourg	AAA	AAA	0.11%
Cyprus	AA-	A+	0.11%
Latvia	BBB-	BB	0.09%
Estonia	A+	A	0.07%
Malta	A+	A	0.04%

The Goal of EIB

- Mission

- to further the objectives of the EU by making long-term finance available for sound investment

- Priority Objectives

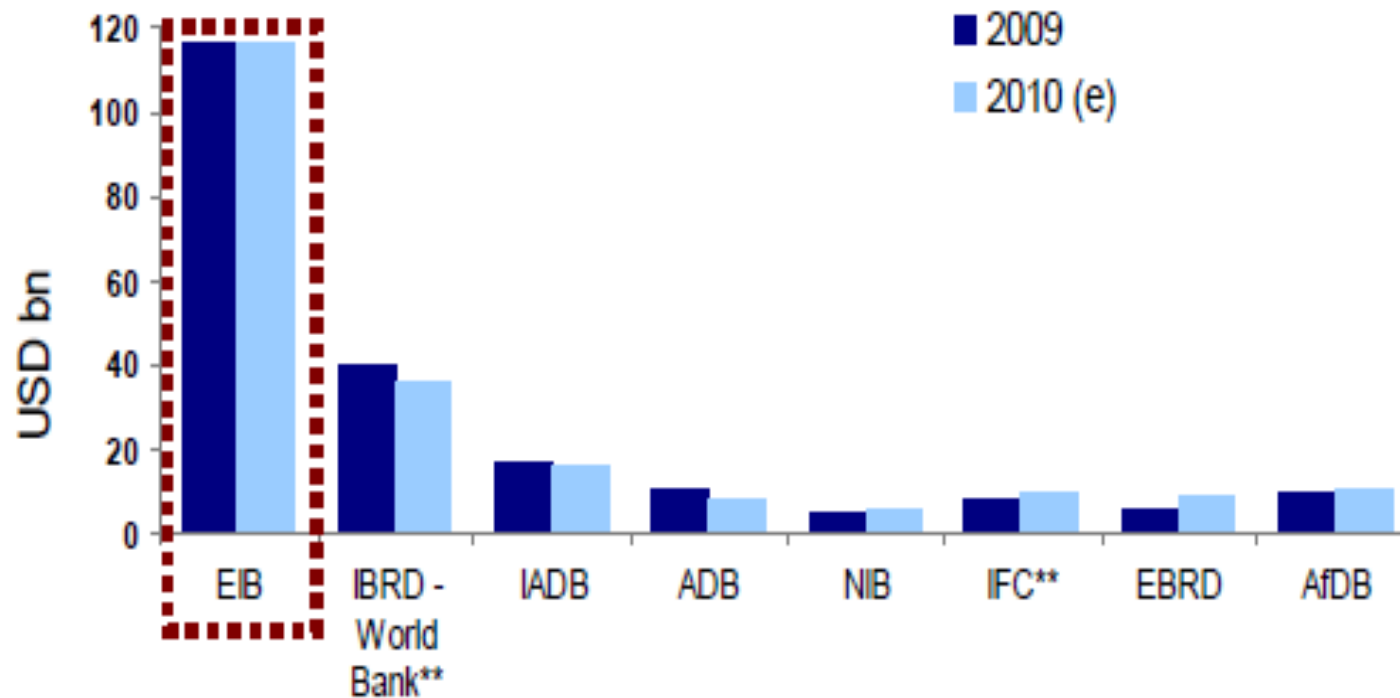
- Cohesion and Convergence
- Support for SMEs
- Environmental Sustainability
- Development of Trans-European Networks of Transport and Energy
- Sustainable, Competitive and Secure Energy

Performance and Achievement of EIB

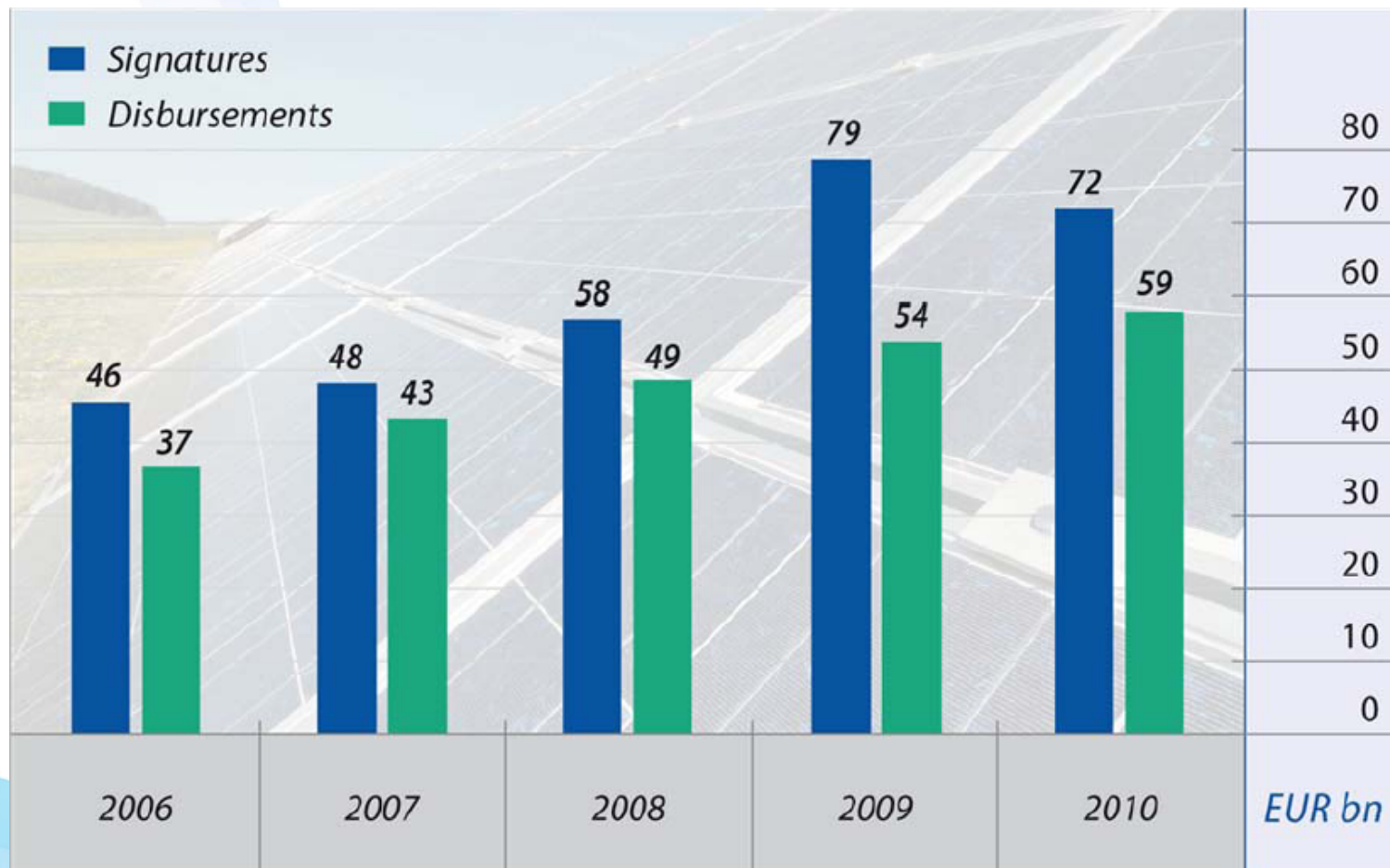
- Extraordinary record of minimal/negligible loan delinquency over 5 decades
- World's largest supranational agency and one of the largest global issuers of fixed income product
- Stable profits : ('09)1.9 bn, ('08) 1.7 bn €
- Non-performing loans closed to 0% of total loan book

Largest Supranational Issuer

Meaningful weight in fixed income indices



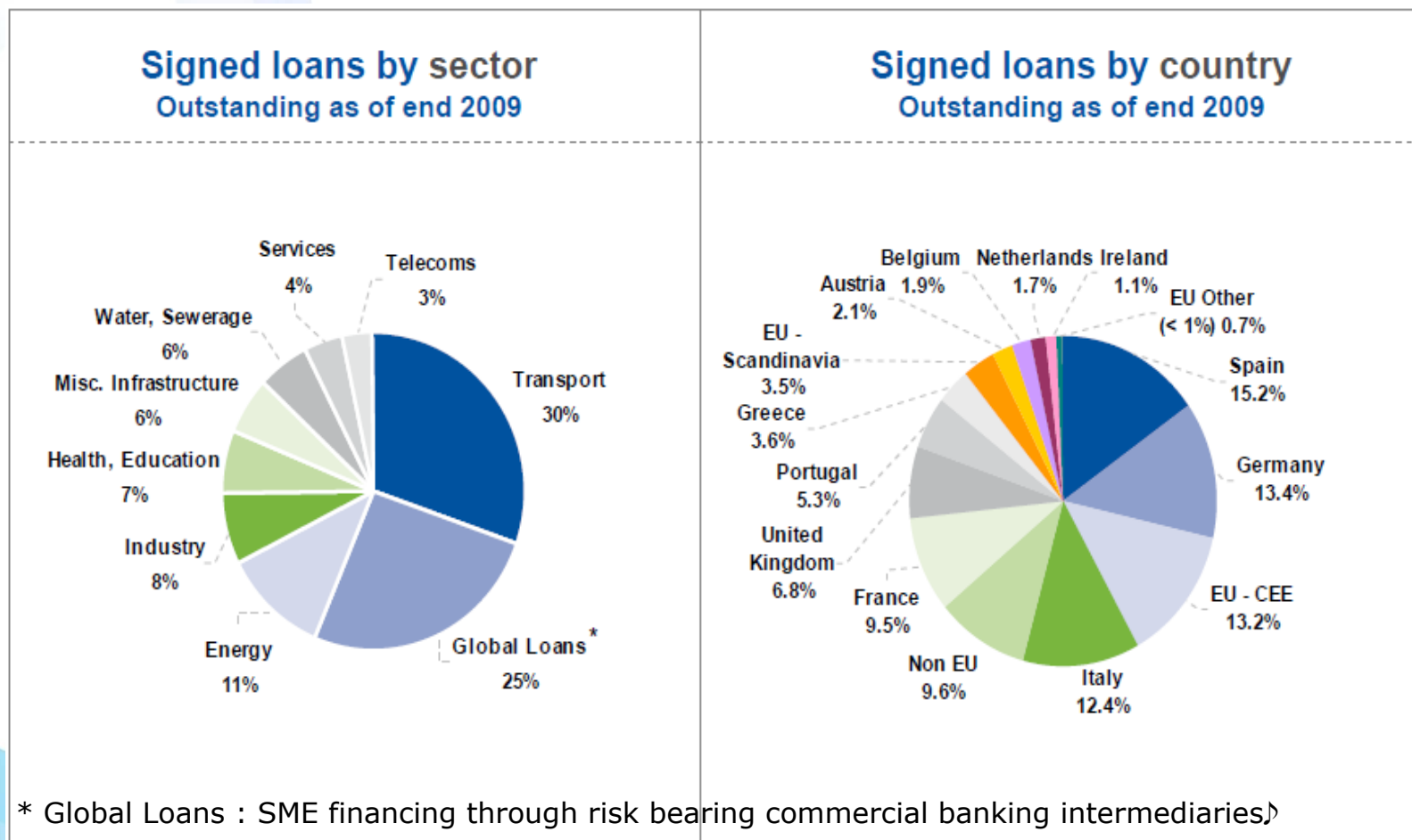
Signatures and Disbursements



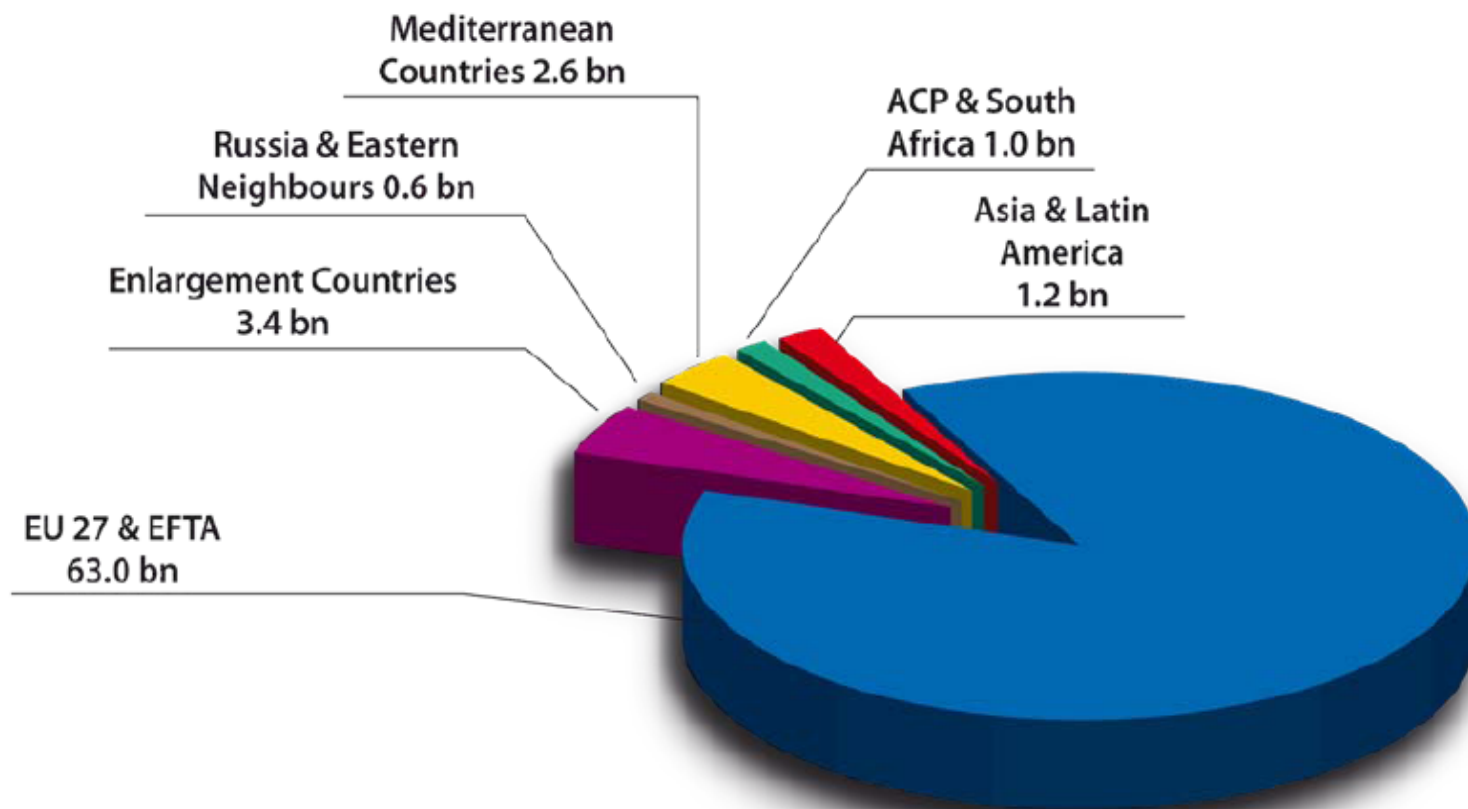
Geographical Breakdown of finance contracts signed

	2009		2005-2009	
	Amount	%	Amount	%
Belgium (BE)	1 755	2.5	5 407	2.2
Bulgaria (BG)	174	0.2	1 827	0.7
Czech Republic (CZ)	1 860	2.6	6 767	2.7
Denmark (DK)	422	0.6	1 378	0.6
Germany (DE)	9 802	13.9	36 859	14.9
Estonia (EE)	842	1.2	969	0.4
Ireland (IE)	1 020	1.4	2 820	1.1
Greece (GR)	1 618	2.3	5 571	2.3
Spain (ES)	10 494	14.9	41 458	16.8
France (FR)	6 290	8.9	23 660	9.6
Italy (IT)	9 687	13.7	35 130	14.2
Cyprus (CY)	202	0.3	612	0.2
Latvia (LV)	285	0.4	1 429	0.6
Lithuania (LT)	1 169	1.7	1 297	0.5
Luxembourg (LU)	488	0.7	880	0.4
Hungary (HU)	1 889	2.7	7 279	2.9
Malta (MT)	—	0.0	203	0.1
Netherlands (NL)	1 812	2.6	5 205	2.1
Austria (AT)	1 926	2.7	6 638	2.7
Poland (PL)	4 784	6.8	14 102	5.7
Portugal (PT)	3 748	5.3	10 989	4.4
Romania (RO)	1 473	2.1	4 389	1.8
Slovenia (SI)	538	0.8	1 985	0.8
Slovakia (SK)	366	0.5	970	0.4
Finland (FI)	1 145	1.6	3 849	1.6
Sweden (SE)	1 135	1.6	4 263	1.7
United Kingdom (GB)	5 411	7.7	20 844	8.4
EFTA (1)	170	0.2	626	0.3
European Union	70 505	100.0	247 406	100.0

Signed Loans by Sector & Country



Lending in 2010 (total : 72 billion €)



* ACP : African, Caribbean and Pacific ∩

Lending in EU countries in 2010

Breakdown by objectives

