

The Black Sea Trade and Development Bank: Financing Urban Infrastructure

***15th Conference of the Union of Central &
South-Eastern European Capitals***

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BSTDB SHAREHOLDERS AND COUNTRIES OF OPERATION

Country	Capital share (%)	Portfolio share (%)
Russia	16.5	23.3
Turkey	16.5	22.1
Greece	16.5	5.4
Romania	14.0	6.3
Bulgaria	13.5	9.3
Ukraine	13.5	10.6
Azerbaijan	5.0	9.7
Albania	2.0	4.8
Armenia	1.0	4.2
Georgia	0.5	1.9
Moldova	0.5	2.4

KEY FACTS ABOUT BSTDB

Mission

- *To foster economic growth and regional cooperation amongst its Member States in the Black Sea Region*

Focused on Europe's growing economies

- *Real GDP of Member States grew 2.1% in 2012*
- *Improving business environments*

Capital Base and Portfolio

- *Authorized Capital Increased to € 3.6 billion in December 2007*
- *Subscribed Capital at € 2.4 billion-*
- *Cumulative Portfolio at € 2.9 billion for 300 projects (since 1999)*

Special status

- *Preferred creditor status*
- *Governed by international law and not subject to taxation*
- *Strong support of Member State governments*

Strong credit ratings

- *Long-Term ratings: A3 (Moody's) and A- (S&P)*
- *Short-Term ratings: P-2 (Moody's) and A-2 (S&P)*
- *Best-rated institution in the Black Sea region and one of the highest-rated banks in CEE/CIS*

Robust financial metrics

- *Strong balance sheet and capitalization*
- *Low leverage provides solid potential to further expand operations*
- *Prudent risk management attested to by consistent profitability*

BSTDB FINACIAL HIGHLIGHTS

€ million	1 half 2013	2012	2011	2010
Total assets	929.7	983.6	836.8	808.1
Total loans	700.0	742.6	688.2	654.7
Total liabilities	313.8	382.5	279.9	302.0
Total members' equity	615.9	601.1	557	506.1
Net profit	7.5	14.9	10.1	10.3
Total debt	306.6	382.4	279.9	302.0
Liquid assets/borrowings (%)	69.0	57.9	57.0	58.9
CAR (%)	63.4	58.9	62.8	59.6
ROA (%)	1.62	1.52	1.2	1.28

BSTDB & Municipalities

- **Municipal lending is a priority area for BSTDB, the Bank is keen to work with large and medium-sized municipalities in Member Countries;**
- **BSTDB has a track record of successful projects helping municipalities to develop their infrastructure needs;**
- **BSTDB may finance projects with or without sovereign guarantee;**
- **Public Private Partnerships (PPPs) and other concessions involving public and private sector have good opportunities to attract financing from BSTDB and development banks**

Main Products and Services

- **Loans** (*up to 35% of total project cost*)
- **Equity** (*up to 33% of the total equity*)
- **Guarantees**
- **Technical Assistance for project preparation** (*Special Funds*)

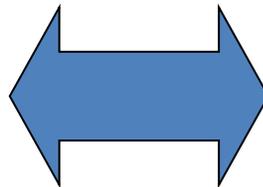
Financing to Municipalities may be provided in the form of:

- **municipal investment loan, for general investment needs;**
- **project-specific loan, for a particular project**

Financing Eligibility & Conditions

FINANCING ELIGIBILITY

- *Investment within / among Member Countries*
- *Economically / financially viable*
- *Positive development impact*
- *Promotes regional cooperation*
- *Preferably benefits more than one Member Country*
- *Potential to mobilize capital*
- *Potential to transfer technology / know-how*



TERMS & PRICING

- *The Bank is not a profit maximizing organization;*
- *The Bank covers its costs and seeks to generate a positive return;*
- *Operations are at market prices;*
- *No concessional lending window;*
- *Loans may be provided for up to 10-15 years (or longer in exceptional circumstances)*

ASSISTING A PUBLIC-PRIVATE PARTNERSHIP: *ISTANBUL SABIHA GÖKÇEN AIRPORT*

<i>Project Cost</i>	Total : EUR 451,000,000 BSTDB Participation: EUR 29,000,000
<i>Borrower</i>	Istanbul Sabiha Gökçen Uluslararası Havalimanları Yatırım Yapım ve İşletme A.Ş., (Consortium SPV)
<i>Term</i>	13 years
<i>Summary Description</i>	Construction of a new international terminal building & complementary facilities using BOT model; Upgrade, operate and maintain the existing domestic and international terminals.



CONSTRUCTION OF ST. PETERSBURG PULKOVO AIRPORT

Project Cost	Total: EUR 716,000,000 BSTDB Participation: EUR 15,000,000
Borrower	Northern Capital Gateway (Consortium)
Term	15 years
Summary Description	<ul style="list-style-type: none">-Financing to construct a new terminal at St. Petersburg's airport;-Provided to consortium, which won 30-year concession for construction, operation & maintenance of airport;-The first Public/Private Partnership project in Russia.



DEVELOPING MUNICIPAL INFRASTRUCTURE IN TURKEY: *ADANA TRAMWAY*

<i>Project Cost</i>	Total: USD 136,700,000 BSTDB Participation: USD 45,000,000
<i>Borrower</i>	Adana Metropolitan Municipality
<i>Term</i>	10 years
<i>Summary Description</i>	Loan to complete the construction of a two-track light rail, rapid transit system in a fast growing city



SUPPORTING URBAN INFRASTRUCTURE IN GEORGIA: *BATUMI WASTEWATER TREATMENT*

Project Cost Total: EUR 44 million
BSTDB Participation:
EUR 16 million

Beneficiary Ministry of Finance of
Georgia

Term 15 years

Summary Unfunded Risk
Description Participation under EUR
20 million loan extended
by KfW;
Rehabilitation of water
distribution network and
the wastewater system in
Batumi metro region.



BSTDB: 2012 IMPACT ASSESSMENT

- Indirect financing of over 900 SMEs, employing over 45,000 and having annual GDP contribution of EUR 840 million;*
- Supporting a dozen large strategic infrastructure investments across the region, essential for the improvement of the overall economic, social and business environment;*
- Direct financing of over 80 businesses, employing over 250,000 people and generating over EUR 18 billion in annual output, with upstream and downstream economic linkages to about 2,000 companies with comparable economic role;*
- Enhancing corporate social responsibility, as well as major environmental, health and safety improvements in about 30 companies, with notable demonstration impact.*

BSTDB: DIRECTIONS FOR FUTURE

- *Managed growth with emphasis on quality of portfolio;*
- *Further improve credit rating to reduce costs for clients;*
- *Sectoral diversification & introduction of more sophisticated & longer term products;*
- *Increased lending to municipalities for infrastructure needs;*
- *Increase operations with cross-country participation/benefits, promoting regional cooperation;*
- *Emphasis on 'second-tier firms' companies;*
- *Enhanced relations with other IFIs for co-financing to increase external resource mobilization;*
- *Support sustainable development.*

CONTACT BSTDB

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