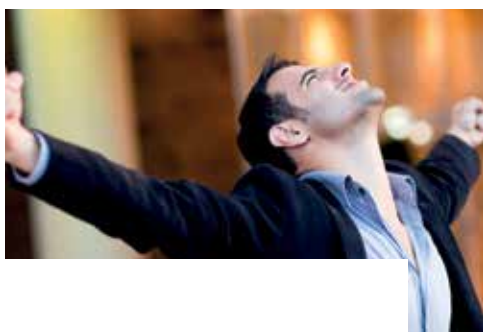




**Black
Sea
Trade &
Development
Bank**



DOING Business WITH **BSTDB**

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BSTDB IN BRIEF

The Black Sea Trade and Development Bank (BSTDB) was established by the 11 founding states of the Black Sea Economic Cooperation (BSEC)¹ - Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine as a regional multilateral development bank and financial pillar of BSEC.

The aim of the Bank is to foster economic growth and regional cooperation through financing projects and providing financial services to public and private entities in the Black Sea region.

The BSTDB authorized capital is EUR 3.45 billion. The subscribed capital is EUR 2.29 billion.

BSTDB SHAREHOLDING STRUCTURE²



¹ Black Sea Economic Cooperation was founded in June 1992 with the aim of developing comprehensive multilateral and bilateral economic cooperation in various fields and converting the region into a zone of peace, stability and prosperity.

² 0.5% shares are left unallocated after Moldova reduced its shareholding from 1% to 0.5% in 2011.



With long-term credit ratings of “A2” from Moody’s and “A-” from Standard and Poor’s BSTDB is the best-rated institution in the Black Sea region and one of the highest rated in the Central and Eastern Europe.

The Bank supports sustainable economic development in its member countries and facilitates regional cooperation by providing financing and technical assistance to eligible projects and trade transactions. Although it does not seek to maximize profits, the Bank does not provide concessional financing; it seeks to offer terms competitive with market ones, seeking to cover its costs and generate sufficient revenues to build reserves and surpluses.

The Bank finances operations both in the public and private sectors being most successful when financing well- managed and dynamic middle-sized companies with a strong growth potential. The Bank actively seeks export-oriented clients engaging in cross border activities, technology and know-how transfer services, generating new employment in environmentally friendly ways.

The Bank concentrates on sectors driving economic growth in member countries: energy; transport, public utilities, manufacturing, municipal services, environmental protection, SMEs, telecommunications, and the financial sector. The sector focus differs from country to country, according to the demands of local businesses as well as the priorities of national governments. BSTDB enjoys Preferred Creditor Status in all its member countries.

To foster cooperation and facilitate business exchanges for the benefit of the Black Sea region - including project co-financing, funding and other joint activities - BSTDB has granted Observer Status to the following twelve international and national development institutions: KfW Banking Group (2006), European Investment Bank (2008), Nordic Investment Bank (2008), Development Bank of Austria (2008), Association of the European Development Finance Institutions (2008), International Investment Bank (2009), International Finance Corporation (2010), Investment and Promotions Company for Economic Cooperation of France (2010), European Bank for Reconstruction and Development (2011), Vnesheconombank, the Russian development bank (2011), Islamic Corporation for the Development of the Private Sector (2016), and Asian Development Bank (2017).

BSTDB IN ACTION

Key operational objectives

The Bank's strategy allows flexible and prompt responses to changes in economic and market conditions in its countries of operation.

Bank's activities are guided by the following principles:

- Consistency with sound banking principles and prudent banking practices
- Transparency, accountability, and effective corporate governance
- Fair and rapid consideration of any business proposal
- Efficiency and flexibility
- Focus on clients' needs

Corporate and Project Finance

Eligible Projects

The Bank may work with any financier and investor wishing to invest in the Black Sea region, prioritizing operations which best fulfill its dual mandate of supporting development and promoting regional cooperation. Priority project sectors include:

- investments or joint ventures in one member country by one or more firms from another
- investments which receive funding from financial institutions of another member country
- projects with upstream and downstream linkages that provide benefits to the economies of more than one member country
- projects which bring indirect region-wide benefits, for example the introduction of a new technology or best practice which may subsequently be applied region-wide.

Rengy Solar, Ukraine

Provision of a long-term debt to finance the construction and operation of three solar parks

BSTDB and EBRD each provide EUR 18 million to finance renewables and improve Ukraine's energy supply mix

The Bank's project and corporate financing can be extended to public or private promoters in support of projects in a variety of sectors, with priority assigned to telecommunications, manufacturing, financial services, transport, public utilities, energy, municipal services, environmental protection, tourism, and agribusiness.

Eligible operations may include the construction of new production capacities or the upgrade and modernization of existing facilities, as well as working capital, refinancing, and general corporate purposes. Financing of the restructuring of an enterprise or its privatization is possible as well.

Bulgarian Energy Holding, Bulgaria

Subscription in BEH's Eurobond issue

BSTDB Participation: EUR 50 million
7 years bond facility

ZAO Abrau-Durso, Russia

Sparkling wine producer

Upgrade of production facilities;
Construction of a modern hotel to improve tourist infrastructure

EUR 25 million
7 years corporate loan



Amount of Financing

The Bank acts as a complementary source of financing, supplementing funds from sponsors and other sources. For project finance, the Bank's contribution is normally up to 50% of the total project cost. The Bank's equity participation in a single company will not exceed 33% of the total equity capital of an enterprise. For corporate loans, BSTDB may provide up to 100% of the required financing. The current maximum financing which may be provided to a single private sector borrower amounts to EUR 80 million for debt instruments, and EUR 23 million for equity³. For public sector borrowers, the limit for debt instruments is EUR 120 million. These limits do not apply to sovereign exposure. The minimum amount of financing for direct Bank's involvement in an operation is normally 10 million, but may vary as low as EUR/USD 3 million, in special instances.

MLS Multimedia, Greece

Research, manufacturing and trade of information technology products

Acquisition of assets and working capital

EUR 3 million

5 years corporate loan

Istanbul Metropolitan Municipality

Construction of 21 km double-track system metro line

EUR 50 million

10 years loan

³ These limits are periodically reviewed.

Fees and Expenses

In line with commercial practice, beneficiaries reimburse the Bank for administrative expenses incurred, including travel and accommodation costs, technical consultancy, and legal fees. A front-end fee may be charged at signature to cover administrative and other expenses. Annual commitment fees on undisbursed loans may also be charged.

Security and Covenants

The Bank will generally require security for its loans. This security may take the form of project assets (mortgages), assignment of earnings, or other appropriate collateral. In specific cases, the Bank may require a sovereign guarantee.

Galnaftogaz Development Capex Financing, Ukraine

Financing the capital expenditure program, particularly an expansion of GNG gas filling stations network and associated working capital requirements

USD 20 million corporate loan

Bank of Georgia, Georgia

Local Currency SME Finance Facility

2016: GEL 60 million
2018: GEL 75 million

Emerging Europe Accession Fund

Private equity fund for SME support

Equity investments in SMEs in Albania, Bulgaria, Moldova, Romania, Turkey, and Ukraine

EUR 7 million

Rehabilitation of Municipal Infrastructure Facilities in Batumi-Phase III

Unfunded Risk Participation to KfW
EUR 16 million

Loans

The Bank provides a variety of loan types, modified to meet an individual operation's requirements.

A. Interest Rates:

Rates may be fixed or floating.

B. Currencies:

Loans may be denominated in any convertible currency, local currency or a combination of these currencies in which the Bank is able to fund itself. In recent years, the Bank has been enhancing local currency financing to cope with the market demand.

C. Tenors:

Project loan maturities generally range from 3 to 10 years, depending on the individual operation while the availability term does not generally exceed two years. For infrastructure projects with high development impact, the Bank may provide longer tenors depending on the repayment ability of the project.

Equity

The Bank may make equity investments in a variety of forms depending on the investment vehicles. When the Bank takes an equity stake, it requires an appropriate return on its investment and a clear exit strategy.

Guarantees

The Bank may assist borrowers to obtain finance through the provision of guarantees.

Trade Finance Program

Promotion of regional trade by providing trade financing to exporting and importing firms in member countries, primarily through local financial institutions, is a key focus area of BSTDB's operations. A wide range of trade finance products have been designed to improve access to financing, and thus competitiveness, of local firms, as well as to enhance the capacity of local financial institutions to finance regional export and import transactions. Trade finance products currently provided:

- Pre-Export Finance Facility
- Multiple Buyer Credit Facility
- Combined Trade Finance Facility
- Single Buyer Credit Facility
- Single / Multiple Supplier Refinancing Credit Facility
- Guarantee Facility

Aegean Baltic Bank, Greece

Trade Finance Facility
EUR 10 million

Direct operations with firms – Supplier Refinancing Credit and Buyer Credit products – are undertaken on a case-by-case basis. Priority is given to transactions which improve regional exporting capacity and exceed USD 3 million.

Maturities of trade finance credit lines range from 180 days to 5 years depending on the type of product. Financing of up to 100% of the transaction value may be provided by the Bank.

Trade Finance products are available through BSTDB's financial intermediaries in Georgia, Greece, Russia, Turkey, and Ukraine (see annex in the end of brochure).



Guarantees for trade transactions

The Bank seeks to increase trade in the Black Sea region by providing country risk and commercial risk cover on short-term trade finance instruments. A Guarantee may apply to trade related payment instruments, issued by selected banks and/or export credit agencies within the region, to benefit small and medium sized companies, as well as large exporting companies.

Factoring

Factoring is a form of short term (up to 12 month tenor) trade financing to be used for both domestic and international transactions, available through BSTDB's financial intermediaries. BSTDB provides facilities to factoring companies to be on-lent to companies and individual entrepreneurs that are producing and trading among BSTDB member countries. Such facilities are considered to have a significant developmental impact and multiplier effect.

**Ekspo Factoring,
Turkey**
Trade Finance
Facility
USD 10 million

SME Program - Supporting Micro, Small and Medium-Sized Enterprises

The Bank's SME Strategy prioritizes the identification and support of local micro, small and medium-sized enterprises through financial intermediaries. The Bank provides medium-term SME finance facilities to financial institutions in the member countries, designed to extend medium-term financing to eligible local SMEs. The following factors are also taken into consideration:

- Creation of new employment
- Promotion of exports
- Facilitation of knowledge and technology transfer
- Promotion of intra-regional investment
- Mobilization of foreign capital
- Facilitation of "networking", i.e. creating contacts between SMEs in the region.

SME finance facilities are provided through financial intermediaries in Albania, Armenia, Bulgaria, Georgia, Moldova, Romania, Russia, and Turkey (see annex at the end of the brochure).

Turkish Development and Investment Bank

Sovereign Guaranteed SME Finance Facility

EUR 50 million

Center-Invest Bank, Russia

Local Currency SME Finance Facility for Southern Russia

RUB 2 billion

Alpha Bank, Romania

SME Finance Facility

EUR 40 million

SME Leasing Facilities

The Bank supports leasing companies in member countries by providing medium-term SME and trade finance facilities for financing eligible leases extended to micro, small and medium-sized enterprise clients.

SME leasing facilities are currently provided through financial intermediaries in Moldova, Romania, and Turkey (see annex).

Iş Leasing, Turkey

SME Finance Facility

2013: EUR 30 million
2016: USD 30 million
2019: EUR 30 million

Credit Lines for Mortgage Financing

The Bank supports development of mortgage finance markets by extending medium and long-term credit lines to eligible financial institutions in the member countries. These funds are then on-lent to residents-clients of the local partner banks and are used to finance purchase, repair, or renovation of residential immovable property

Credit lines for mortgage financing are currently provided through financial intermediaries in Armenia and Russia (see annex at the end of the brochure).



Co-Financing

The Bank seeks to encourage the involvement of other sources of financing in its operations, thereby increasing the total resources available for financing in the region.

The Bank's co-financing partners include:

- international financial institutions
- export credit agencies
- commercial banks
- official co-financing institutions (bilateral donors)

The Bank may also act as an A lender for large scale projects to mobilize resources.

Energean Oil and Gas, Greece

Support the company's development programme to access additional oil reserves

USD 180 million 5½-year senior reserves-based facility jointly provided by BSTDB, EBRD, and a Romanian Club facility, arranged by the Export-Import Bank of Romania

BSTDB participation:
USD 52.5 million

Northern Capital Gateway, Russia

Construction and operation of new terminal at the Pulkovo airport in St. Petersburg

EUR 1.2 billion PPP project co-financed by BSTDB with EBRD, IFC, Nordic Investment Bank, Eurasian Development Bank, and Vnesheconombank

15 years Project Finance Loan
BSTDB participation: EUR 15 million

Technical Assistance

In order to facilitate the project preparation process, BSTDB offers technical assistance to potential clients in preparing their business plans, feasibility studies, financial statements according to international accounting standards and other required project documentation. The Black Sea Project Promotion Facility, funded by the Government of the Russian Federation and administered by the secretariat of the Organization of the Black Sea Economic Cooperation (BSEC), is available for technical assistance assignments for the development of bankable projects by potential recipients of BSTDB financing in the areas of:

- Preparation of pre-feasibility and feasibility studies
- Preparation, finalization, or reformatting of business plans
- Preparation of financial accounts
- Legal, technical, and environmental due diligence

Advantages of Working with the Bank

The Bank seeks to play the role of stable and loyal financial partner providing its clients with a sustainable and long-term source of funding on competitive terms. There are many advantages to working with the Bank:

For Member Countries

- Priority financing for regional projects with high development impact
- Facilitation of official and commercial co-financing for public sector projects
- Improved institutional and regulatory environments through technical assistance programs
- Advisory services

For Enterprises and Sponsors:

- Medium-to-long term financing on attractive terms
- Country risk mitigation
- Financing instruments tailored to the needs of each project
- Access to funding not readily available from commercial sources
- Improved prospects for mobilization of additional financial resources
- Enhanced credit standing for projects
- Enhanced access to technical assistance for project preparation

For Commercial Financial Institutions

- Assistance in developing a local client base and extending a regional presence
- Additional funding for on-lending to clients in the region
- Risk sharing on projects and trade transactions
- Access to international financial markets
- Advisory services

For other International Financial Institutions and Export Credit Agencies

- Co-financing and risk sharing
- Local expertise
- Introduction of prospective clients and opportunities
- Reduced project preparation costs

Approaching BSTDB

Requests for the Bank's assistance may come from private companies and financial institutions as well as governmental, public and non-profit entities. The Bank does not distinguish between any categories of potential clients and evaluates each application on its merits.

Initial Approach

Initial contacts may be established through the Bank's website. For applicants' convenience there is a business proposal form available at www.bstdb.org.

BSTDB's website also gives short descriptions of some projects that have been financed by the Bank and of the Trade Finance facilities available. Consultants interested in working with the Bank can also register through the website. All inquiries for finance operations should be sent directly to BSTDB headquarters. Although the Bank proactively manages inquiries and applications, the quality and availability of information are key factors in the response times achieved. The Bank ensures the confidentiality of all the information it receives.

Approval

All projects undergo a thorough appraisal process, after which they are presented to the Board of Directors. Approval by the Board represents a formal commitment by the Bank.



Environmental and Social Sustainability

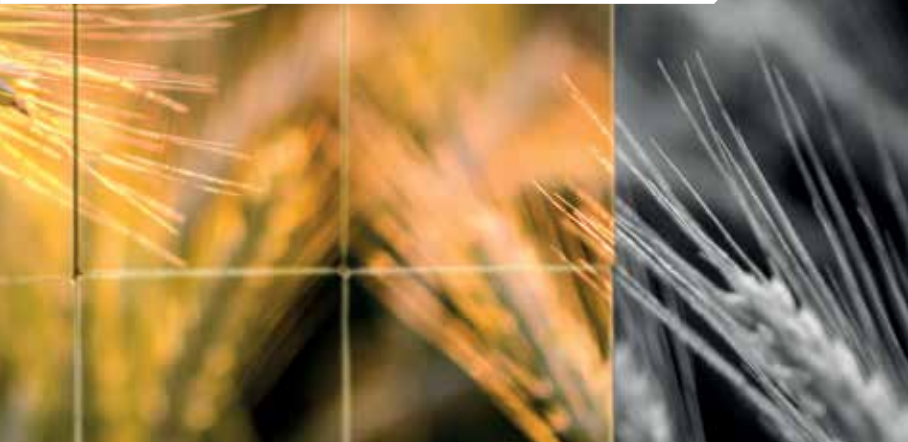
BSTDB undertakes environmental and social due diligence of all the prospective operations in order to identify, prevent, and mitigate any potential environmental and social risks and negative impacts these may be associated with. The depth of environmental and social due diligence will be appropriate to the nature and scale of the operation and commensurate with the level of environmental and social risks and impacts such an operation generates, including its area of influence.

All operations financed by BSTDB need to comply with the following minimum environmental and social requirements: meet the national and applicable EU environmental, labor, health and safety, and public information laws and regulations; have all permits, approvals, licenses, and certificates required under relevant laws and regulations; the operations of high environmental and social risk (Category A), need to meet the requirements applied by EU, or the World Bank Group; and lastly, the operations need to meet the requirements of the BSTDB Environmental and Social Exclusion List (see at www.bstdb.org).

In all its operations BSTDB seeks to apply the environmental and social sustainability principles and good practices such as the EU standards, the World Bank Group performance standards, EBRD's Performance Requirements, International Labor Organizations Core Labor Standards, International Environmental Conventions, as well as the national environmental, labor, health and safety, and public information laws and regulations of its Member States, including national commitments under international law.

Procurement Procedures

The Bank's procurement policy is based on the principles of fair and open competition for suppliers of goods, works, and services for operations to be supported by the Bank. BSTDB is committed to international competitive tendering of major contracts in the public sector without country restriction or impediment. In private sector operations, the Bank encourages clients' use of procurement methods leading to the sound selection of goods, works, and services at fair market prices and to the undertaking of capital investments in a cost effective manner.



FREQUENTLY ASKED QUESTIONS

Why should my company prefer BSTDB?

Five main reasons should make a company in the Black Sea region prefer BSTDB: competitive financing, speed of decision-making, loan size, competence of the staff, and absence of a “political agenda”.

BSTDB provides financing on competitive terms, with additional benefits such as country risk mitigation, networking possibilities, improved access to additional resources, and last but not least knowledge of the region.

Though BSTDB follows international standards in its procedures, the Bank is smaller than other international financial institutions (IFIs) and thus able to respond more quickly to a business proposal. While the approval of most projects takes around six months, BSTDB has been able to process and approve some financings in less than four months.

BSTDB is flexible, i.e. able to process projects, especially in its smaller member countries, below the limit applied by many other IFIs.

The BSTDB project teams are staffed by professionals with extensive banking experience that blend international and local expertise and are closely involved with the Black Sea countries.

Finally, the Bank has no political agenda or political or macroeconomic policy conditions attached to operations. The Bank was created by the countries of the region to promote economic activity and regional cooperation.

Is there any economic activity excluded from BSTDB financing?

BSTDB has restricted and excluded from its financing operations that directly or indirectly involve activities, products and businesses deemed illegal under the national legislation of the Bank’s Member States and International Conventions and Agreements, are ethically controversial, and which can pose significant risks and negative impacts on environment and human health, safety and security. These inter alia include forced labor and child labor, substances subject to international phase out, radioactive materials, weapons and ammunitions, beverages with alcohol content in excess of 20%, tobacco, casinos and gambling facilities, etc. The full list of activities is available at www.bstdb.org under the title BSTDB Environmental and Social Exclusion List.

What is the approval procedure for BSTDB financing?

BSTDB follows internationally accepted standards in its project cycle. After a project proposal is presented to the Bank and initially screened, the concept is cleared by the Bank's Credit Committee. Then, after appraisal and due diligence, the Credit Committee undertakes Final Review and, if approved, sends the operation for final approval to the Board of Directors. Once this approval is obtained, the loan agreement can be signed, followed by the disbursement of the loan. The same approval procedure applies for credit lines to financial intermediaries.

How long does it take from the project proposal to the signing of a loan?

BSTDB proceeds as quickly as possible, depending on the quality of information obtained from the client, the capacity of the client, the complexity of the project itself, and the risk involved. In general, the Bank aims for 3-6 months. However, the Bank will not proceed with financing until it is completely satisfied with all appropriate information, and the legal documentation is fully verified.

What is the pricing of a BSTDB loan?

The pricing and the terms of a loan are subject to individual appraisal. As with other institutions, pricing of an operation depends upon the cost of funds, a margin to cover costs, and a risk margin. As for fees and commissions, the Bank normally requires a front - end fee and a commitment fee. Following international practices, BSTDB may also request other fees depending on circumstances, such as an appraisal fee, a syndication fee, a management fee, etc.

What security does BSTDB require?

A standard commercial security package, including - but not limited to - a pledge of shares, assets, bank accounts, etc., is generally required, while the Bank may also accept an offshore security. For certain short-term and low risk transactions, financing may be provided unsecured, but this is an exception, not a rule. The Bank does not normally seek a sovereign guarantee, but certain projects - particularly where state owned entities or official agencies are involved and the nature of the operation may generate general economic benefits but not a direct financial return- may require such a guarantee.

Contacting BSTDB

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Financial Intermediaries of BSTDB

Albania

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SME Financing

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SME Financing

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Mortgage / SME Financing

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