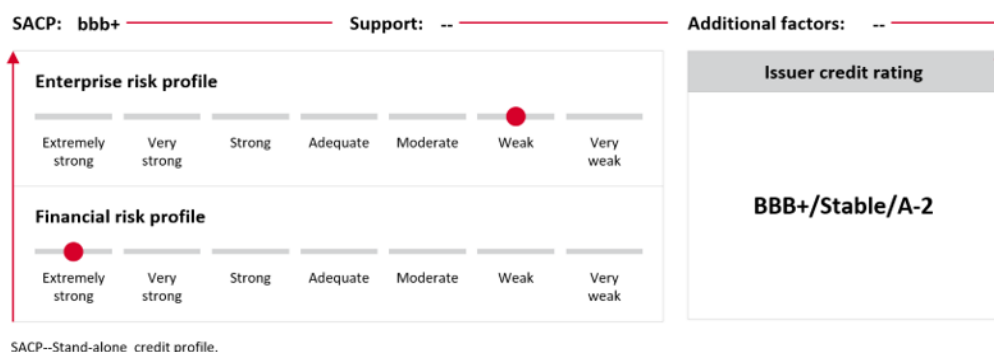


Black Sea Trade and Development Bank

October 7, 2026

This report does not constitute a rating action.

Ratings Score Snapshot



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Overview

Enterprise risk profile	Financial risk profile
Black Sea Trade and Development Bank (BSTDB) has stabilized its operations after weathering the primary reputational and institutional shocks of the Russia-Ukraine war.	Extremely strong financial risk profile thanks to solid capital and strong liquidity.
Following a period of strong decline, we forecast the bank's net loan book to increase by 5%-10% annually on average over 2026-2027.	De-risking strategy, especially reduced lending exposure to Russia since the start of the war, has reduced risks to the bank's capital position.
The bank's lending expansion and ability to secure competitive funding remain contingent upon regional geopolitical developments.	Nonperforming assets have stabilized around 5.5% of loan book, with impaired loans concentrated in either Russia or Ukraine.
We expect shareholders to remain supportive despite complex intra-shareholder relationships.	A reestablished funding profile ensures adequate financing to meet financing needs from planned lending growth.

BSTDB has reestablished a stabilized and diversified funding profile. This ensures that market access no longer constrains its disbursement pipeline. Over the past 18 months, we believe the bank has adequately normalized its funding situation to match its overall financing needs. This has been done through a successful return to international capital markets with a benchmark bond issue, various hard-currency issuances, and access to various liquidity sources, including the syndicated loan market and committed undrawn credit lines from international financial

institutions. Furthermore, low near-term debt maturities support the bank's strong liquidity position. Even under a liquidity stress scenario, we expect the bank to fulfill its mandate.

Following a turnaround in 2025, we forecast the bank's lending and balance sheet to further rebound. We project net loan book growth at 5%-10% in 2026 and increasing into 2027. BSTDB is pursuing a controlled expansion focused on smaller-scale projects--averaging €25 million-€30 million--in areas such as renewable energy, societal development, and second-floor lending. This gradual growth aligns with shareholder preferences for maintaining underwriting diligence and managing capital sufficiency.

The bank maintains an extremely strong capital position, with a risk-adjusted capital (RAC) ratio estimated at 32.5% as of Dec. 31, 2025. We project this to remain well above 23% through 2027. This capital strength will be further bolstered by an anticipated inflow of share capital starting in 2027 through a capital replenishment program. Although the bank's balance sheet contracted significantly between 2022 and 2024, its robust capital buffers provide sufficient capacity to support gradual lending growth and absorb potential write-offs.

We believe BSTDB has successfully transitioned toward a steady operational footing by weathering the primary reputational and institutional shocks caused by the Russia-Ukraine war. This resilience is demonstrated through disciplined risk management, including an 80% reduction in its Russian lending exposure since 2022--decreasing from €475.2 million to €96.6 million--and a commitment to zero new lending in countries under international sanctions. Additionally, the bank maintains a resilient Ukrainian portfolio, which currently holds a 94.4% recovery rate on due amounts.

The bank's lending trajectory remains heavily influenced by the evolving regional landscape. The primary risk remains the potential repercussions and spillover effects of the ongoing Russia-Ukraine war. This geopolitical tension is further complicated by the persisting conflict between key shareholders, Russia and Ukraine, which could destabilize the shareholder base and derail strategic decision-making if the conflict further escalates. Ultimately, the bank's ability to expand lending strongly and secure competitive market funding terms remain fundamentally contingent upon these regional developments.

Outlook

The stable outlook reflects our expectation that shareholders will fulfill their capital replenishment commitments. The outlook also assumes that the impact of the war in Ukraine on asset quality and on BSTDB's financial position remains manageable, and that the bank will secure sufficient funding through diverse channels to support growing lending volumes in 2026-2027.

Downside scenario

We could lower our ratings on BSTDB within the next 24 months if shareholders fail to fulfill their capital replenishment commitments or reduce their support to the institution. We could also lower our rating if the bank's asset quality deteriorates significantly--for example, with a substantial rise in loan write-offs in war-affected portfolios--leading to a material reduction in its RAC position. Such developments could weaken the bank's access to funding markets.

Upside scenario

We could consider an upgrade if BSTDB successfully navigates the regional and institutional impacts of the war in Ukraine and restores the policy relevance lost since the conflict began. An upgrade would require a fully supportive shareholder community and steady business growth.

Enterprise Risk Profile

BSTDB has a dual mandate of promoting regional economic cooperation and economic development. It does this by financing private- and public-sector operations for member states of the Organization of the Black Sea Economic Cooperation and undertaking activities that promote the Black Sea region and create value for its shareholders. Its shareholders comprise 11 countries that adjoin or are near the Black Sea. This is a challenging mandate in a complex region. The war between Russia and Ukraine--among the bank's main shareholders and key lending jurisdictions--resulted in profound and multiple effects on BSTDB's operational and strategic fundamentals. Notably, it led to a deep and broad-based reduction in the bank's outstanding loan book. While we think the decline in the bank's balance sheet has bottomed out and expect to see growth in net outstanding loans, we believe the ongoing war continues to pose challenges to resumption in lending activity.

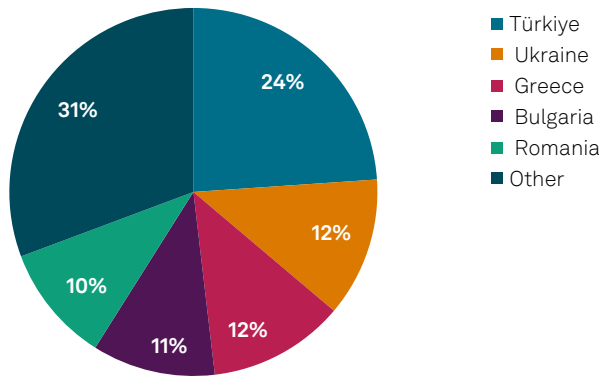
Following significant balance sheet consolidation due to regional volatility, the bank's lending portfolio is recovering. Between 2022 and 2024, the BSTDB's balance sheet contracted by 37%, characterized by a 66% reduction in Russia-based exposure. By end-December 2025, the Russian portfolio had declined by a further 28% to €96.6 million. Conversely, while Ukraine-based exposure initially fell by 29% during 2022-2023, it has since increased by 17%, reaching an outstanding value of €189.6 million by end-December 2025. This portfolio remains resilient, with payments accounting for 94.4% of due amounts since 2022. Despite these shifts, the bank's ability to pivot resources to alternative geographies remained limited during the consolidation period, with substantial declines recorded in Bulgaria (a fall of 40%), Romania (22% decline), and Türkiye (fall of 12%). However, the lending portfolio is now showing signs of stabilization, with total loans increasing by 1% in 2025 following a 9% decline in 2023-2024. Total assets grew by 14% in 2025, with outstanding loans reaching €1.5 billion.

We believe the bank's ability to maintain its developmental impact through volatile cycles remains constrained. Consequently, restoring its previous level of policy importance will be a gradual process, dependent on sustained balance sheet growth. While lending activity showed signs of recovery in Greece, Bulgaria, and Romania, the Turkish loan book continued to decline, falling by 8% relative to 2024. Under its Medium-Term Strategy (2023-2026) focused on resuming managed growth, we expect the net loan book to expand by 5% in 2026 and 10% in 2027.

Chart 1

BSTDB's purpose-related exposures--five largest countries

As a % of gross purpose-related assets plus guarantees



Source: S&P Global Ratings.
Data as of end-December 2025.

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BSTDB's capital replenishment program signals a long-term shareholder commitment despite complex regulatory and geopolitical considerations.

Scheduled to commence on Jan. 1, 2027 through eight annual installments, we expect the program to increase the capital base by 35% to €3.1 billion (30% paid-in and 70% callable). We understand that 10 of the bank's 11 shareholders intend to participate, following a May 2024 board of governors' agreement to manage share allocations--including Russia's--in accordance with the bank's statutes. We anticipate that upon completion, Albania's share will decrease to 1.48% (from 2.01%) due to its non-participation, while Romania and Ukraine will see their holdings increase to 14.08% each, due to oversubscription. All other shareholders will retain their existing stakes. This includes Russia.

We observe there are no significant disagreements among shareholders regarding the program, which we think serves as an important signal of long-term commitment to the bank's operations. In addition, we understand that BSTDB has sought legal advice to ensure regulatory compliance for receiving capital from sanctioned shareholders in addition to establishing an internal shareholder agreement.

The ongoing conflict between Russia and Ukraine poses continued risks to shareholder stability.

The bank has successfully navigated previous shareholder conflicts, and shareholders have demonstrated a commitment to the bank since the war began. However, there are concerns that a prolonged or escalated conflict could destabilize the shareholder base. Such a situation could derail strategic decisions and, depending on its severity, carry broader implications for the bank's role and function.

BSTDB predominantly lends to the private sector, so preferred creditor treatment does not apply to most of its portfolio.

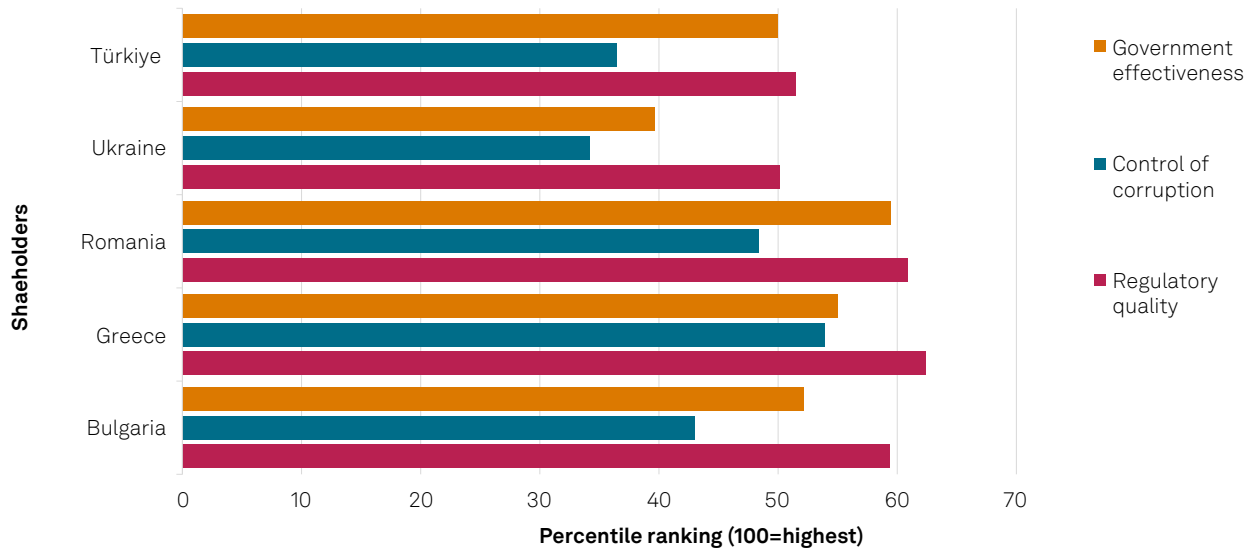
That said, we consider that BSTDB still receives preferential treatment because of its private-sector loan book. We note that it was the only institution to be explicitly exempt from the first capital control restrictions imposed by Greece in 2015 during the debt crisis. Moreover, we understand that the bank aims to increase cooperation with the public sector and regional development banks, especially for infrastructure development and green financing.

Conservative management balances concentrated and complex shareholder composition.

BSTDB's shareholder base is concentrated, with Greece, Türkiye, and Russia holding 49.7% of the shares. The bank disburses a meaningful share of its loans to countries that are also large shareholders (see chart 1). Furthermore, some of the bank's top shareholders exhibit weaknesses in governance effectiveness, as indicated by the World Bank's governance indicators (see chart 2). However, BSTDB's conservative and skilled management has been mitigating these complexities through clear policies and a team that has demonstrated expertise in bridging shareholder disagreements while maintaining prudent risk mitigations.

Chart 2

BSTDB's five largest shareholders
Selected World Bank governance indicators



Source: S&P Global Ratings.
WGI data as of December 2024.
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We believe the bank's clear policies and proactive risk management will balance the complicated governance dynamics in shareholder countries. This approach has helped the bank navigate numerous complex situations in the past three years, relating to, for example: staying abreast of sanctions-relevant issues related to the reduction and unwinding of its Russian loan book, and seeking and securing full regulatory compliance for the capital increase program. We understand the bank will not engage in any new lending in Russia while the global sanction regimes are in place.

The bank's management has demonstrated its ability to set strategic goals while balancing and meeting shareholder demands and targets. BSTDB executes conservative risk and liquidity policies and imposes operational restrictions on single-party and country exposures, demonstrating management's limited risk appetite. It also limits outstanding loans, equity investments, and guarantees made for ordinary operations to 150% of unimpaired subscribed capital, reserves, and surpluses. We view the bank's policy of not paying dividends as a sign of shareholder support, and expect this trend will continue.

Financial Risk Profile

Capital adequacy: An extremely strong capital position underpins BSTDB's financial profile. We consider the reduction and de-risking of the bank's loan book during 2022-2024 to have strengthened its near-term capital resilience. As of Dec. 31, 2025, the bank's RAC ratio is estimated at 32.5% (based on July 2026 sovereign and banking industry country risk assessments). We project the RAC ratio to remain above 23% through 2027, providing a sufficient buffer to absorb gradual lending growth. Furthermore, the anticipated inflow of share capital starting in 2027 will further strengthen the bank's capital position and its capacity to underwrite new lending.

BSTDB's asset quality has shown signs of stabilization as nonperforming loan (NPL) ratios decline. The NPL ratio improved to 5.5% at year-end 2025 (5.44% in May 2026 and 8.4% in December 2022), with all NPLs concentrated within the Russian and Ukrainian books. While we recognize the ongoing risk of further deterioration in the Ukrainian portfolio should the conflict persist, the bank's 106% provisioning coverage ensures that potential write-offs remain capital neutral. We expect the bank to maintain a stable disbursement trajectory, provided shareholder support remains consistent with the agreed capital replenishment program. However, its ability to strongly expand lending and enjoy competitive market funding terms remains contingent upon the regional geopolitical developments.

Black Sea Trade and Development Bank--Risk-Adjusted Capital Framework Data: December 2025

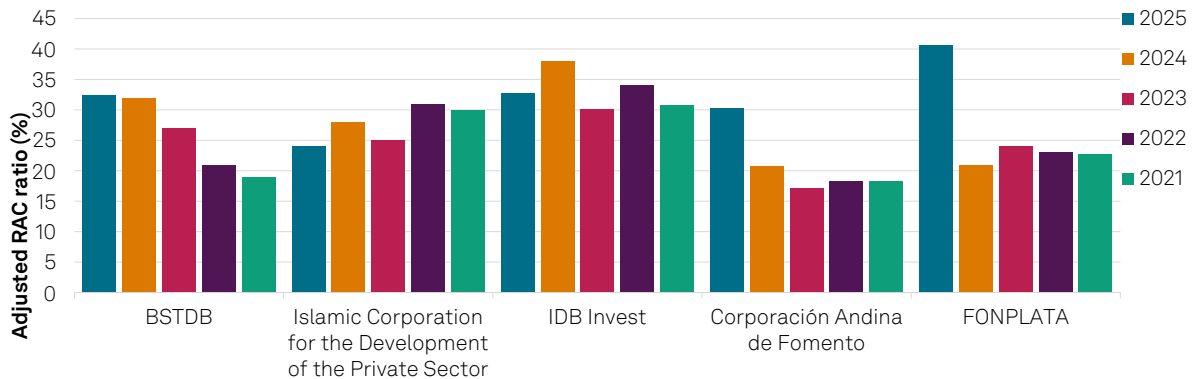
Mil. EUR	Exposure	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk			
Government and central banks	240	247	103
Institutions	889	801	90
Corporate	939	1,507	160
Retail			0
Securitization			0
Other assets	40	123	305
Total credit risk	2,108	2,677	127
Market risk			
Equity in the banking book	14	44	307
Trading book market risk		0	--
Total market risk		44	--
Operational risk			
Total operational risk		103	--
Risk transfer mechanisms			
Risk transfer mechanisms RWA		0	
RWA before MLI Adjustments		2,824	100
MLI adjustments			
Single name (on corporate exposures)		783	52
Sector (on corporate portfolio)		(210)	(9)
Geographic		(313)	(10)
Preferred creditor treatment (on sovereign exposures)		(0)	0
Preferential treatment (on FI and corporate exposures)		(263)	(11)
Single name (on sovereign exposures)		0	2
Total MLI adjustments		(0)	0
RWA after MLI adjustments		2,824	100

	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio before adjustments	918	32.5
Capital ratio after adjustments	918	32.5

MLI--Multilateral lending institutions. RW--Risk weight. RWA--Risk-weighted assets.

Chart 3

RAC ratio peer comparison

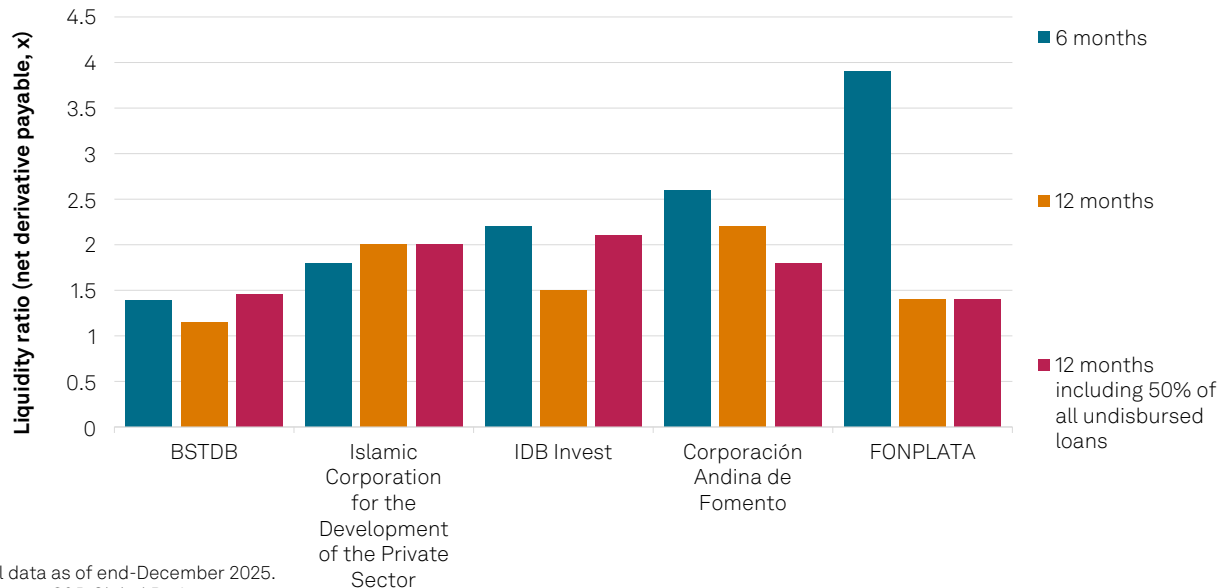


Source: S&P Global Ratings.
All data as of end-December.
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BSTDB's funding profile has stabilized, with market access no longer limiting its disbursement pipeline. Over the past 18 months, the bank has normalized its funding through hard-currency issuances under its euro medium-term note program, achieving yields comparable to pre-conflict levels. A range of diversified sources, including the syndicated loan market and committed undrawn credit lines from international financial institutions, supports the bank's liquidity position.

BSTDB maintains a stable liquidity profile characterized by reestablished funding avenues and minimal near-term debt maturities. Under a stress scenario assuming no new funding, we expect the bank to fulfill its mandate, with a 12-month stressed liquidity ratio of 1.15x at year-end 2025. As of May 2026, liquid assets covered net cash requirements by 103%, well above the 75% minimum threshold. Total liquid assets increased to €618 million at year-end 2025, from €413 million in 2024.

Chart 4

BSTDB compares well against peers in liquidity stress scenarios

All data as of end-December 2025.
Source: S&P Global Ratings.

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Extraordinary Shareholder Support

Our ratings on BSTDB do not reflect potential extraordinary support from shareholders. Our view of BSTDB's weak policy importance precludes the notion of callable capital support.

Black Sea Trade and Development Bank--Selected Indicators

	2024	2023	2022	2021	2020
ENTERPRISE PROFILE					
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. EUR)*	1,548	1,485	1,649	2,137	2,378
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	13	13	23	16	15
Private-sector loans/purpose-related exposures (%)	87	86	76	83	84
Gross loan growth (%)	0.7	-9.7	-21.6	-10.6	14.8
Preferred creditor treatment ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	33	33	33	33	33
Eligible callable capital (mil. EUR)	N.A	N.A	N.A	N.A	N.A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	33	32	27	21	19

Black Sea Trade and Development Bank

Net interest income/average net loans (%)	3.2	2.5	3.2	4.5	2.8
Net income/average shareholders' equity (%)	3.0	2.7	2.4	-3.2	5.1
Impaired loans and advances/total loans (%)	6.2	7.2	9.3	9.2	3.0
Liquidity ratios					
Liquid assets/adjusted total assets (%)	29.5	22.4	25.4	28.9	26.4
Liquid assets/gross debt (%)	59.4	50.7	47.1	44.5	37.7
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.4	2.3	2.4	1.6	1.2
12 months (net derivate payables) (x)	1.2	1.1	1.6	1.1	1.0
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.5	1.0	2	1.1	1.2
Funding ratios					
Gross debt/adjusted total assets (%)	49.6	44.2	53.9	65.0	70.0
Short-term debt (by remaining maturity)/gross debt (%)	17.7	1.5	37.3	42.2	32.7
Static funding gap (with planned disbursements)					
12 months (net derivate payables) (x)	4.3	22.4	1.9	2	2.6
Summary balance sheet					
Total assets (mil. EUR)	2,097	1,843	2,169	2,935	3,235
Total liabilities (mil. EUR)	1,174	952	1,310	2,099	2,349
Shareholders' equity (mil. EUR)	924	891	859	836	886
* Not including committed disbursements. PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N.A.--Not available.					

Black Sea Trade and Development Bank--Peer Comparison

	Black Sea Trade And Development Bank	Islamic Corporation for the Development of the Private Sector	IDB Invest	Corporación Andina de Fomento	FONPLATA
Issuer credit ratings	BBB+/Stable/A-2	A/Stable/--	AAA/Stable/A-1+	AA+/Stable/A-1+	A+/Stable/A-1
Total purpose-related exposure (mil. USD)	1,818	1,294	10,716	39,535	2591
Preferred creditor treatment ratio (%)	N.A.	N.A.	N.A.	5.6	0.0
Risk adjusted capital ratio (%)	33	24	33	30	41
Liquidity ratio 12 months (net derivative payables; %)	1.2	2.0	1.5	2.2	1.4
Funding gap 12 months (net derivative payables; %)	4.3	1.6	4.1	2.8	2.3

Note: PRE for ICD as of December 2022. Ratios for EIB as of June 2023. N.A.-- Not available. Source: S&P Global Ratings.

Comments: PRE for ICD is as of end-Dec 2024. All other data for all entity is as of end-Dec 2025.

Rating Component Scores

Enterprise Risk Profile	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Policy Importance	Very strong	Strong	Adequate	Moderate	Weak		
Governance and Management	Strong		Adequate			Weak	
Financial Risk Profile	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Capital Adequacy	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Funding and Liquidity	Very strong	Strong	Adequate	Moderate	Weak	Very weak	

Related Criteria

- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), May 5, 2026
- [Criteria | Governments | General: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology](#), Oct. 13, 2025
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Abridged Supranationals Interim Edition 2026: Multilateral Lending Institutions Sector Updates](#), May 28, 2026

Ratings Detail (as of October 01, 2026)*

[Black Sea Trade and Development Bank](#)

Issuer Credit Rating

Foreign Currency	BBB+/Stable/A-2
Senior Unsecured	BBB+

Issuer Credit Ratings History

29-Jul-2026	Foreign Currency	BBB+/Stable/A-2
05-Jul-2024		BBB/Stable/A-2
21-Sep-2023		BBB+/Watch Neg/A-2
26-Jul-2023		A-/Watch Neg/A-2
30-Mar-2022		A-/Negative/A-2
25-Nov-2021		A/Stable/A-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or

Ratings Detail (as of October 01, 2026)*

obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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