

# Black Sea Trade and Development Bank Investor Presentation



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- 1 Overview of BSTDB**
- 2 Portfolio Developments and Performance
- 3 Risk Management and Corporate Governance
- 4 Treasury and Funding Strategy
- 5 Appendix – Financial Statements

## Mission

- International financial institution established by treaty with supranational status and a mandate to foster economic growth and regional cooperation amongst its Member States in the Black Sea Region

## Special Status

- Preferred creditor status
- Governed by international law and not subject to taxation
- Strong support of Member State governments demonstrated by fulfilment of capital commitments

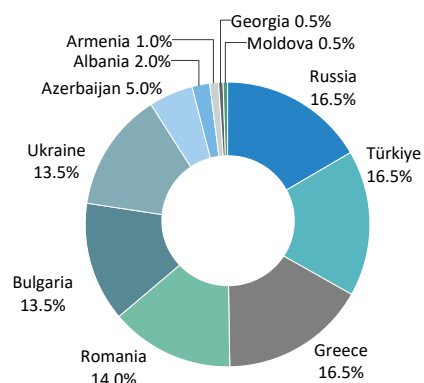
## Credit Ratings

- Long Term ratings: BBB+ Negative Outlook (S&P) and Baa2 Negative Outlook (Moody's)
- Short-term ratings: A-2 (S&P) and P-3 (Moody's)
- Best-rated institution in the Black Sea Region and one of the highest-rated banks in CEE/CIS
- Rated six steps above the average rating of its eleven Member States

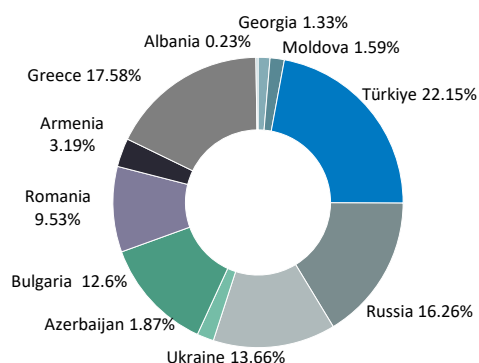
## Robust Financial Metrics

- Strong balance sheet and capitalization
- Prudent risk management attested by consistent profitability

### Member States Capital Share<sup>1</sup>



### % Outstanding Loan Portfolio



### Key Financial Highlights

EURm	1H 2023	2022	2021	2020	2019
<b>Total assets</b>	2,519	2,935	3,235	2,809	2,348
<b>Total loans</b>	1,815	2,056	2,344	2,043	1,821
<b>Total liabilities</b>	1,640	2,099	2,349	1,965	1,517
<b>Total members' equity</b>	878	836	886	844	830
<b>Net profit</b>	40,01	(27,58)	43,9	14,2	13,7
<b>Total debt</b>	1,470	1,906	2,263	1,892	1,485
<b>Liquid assets<sup>2</sup> / borrowings (%)</b>	43.80	52.9	35.6	39.5	33.7
<b>CAR (%)<sup>3</sup></b>	37.56	32.2	32.6	33.3	39.2
<b>ROE (%)</b>	4.55	-3.29	4.95	1.7	1.6

Source: Financial Statements as of 30.06.2023

<sup>1</sup> Excluding unallocated capital: Moldova reduced its shareholding from 1% to 0.5% in 2011, leaving 0.5% shares unallocated

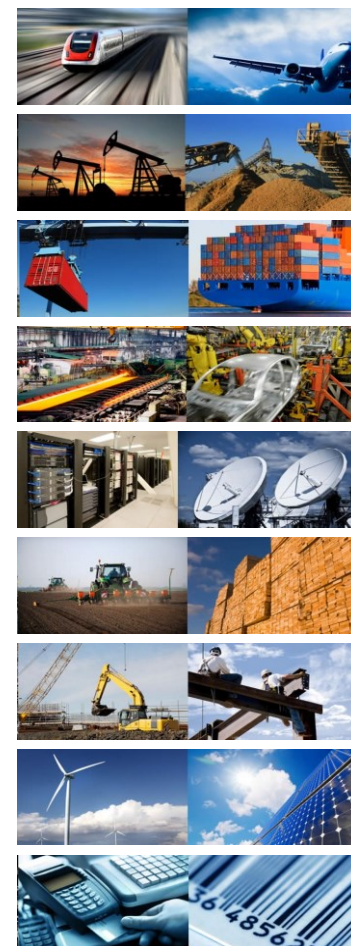
Source: Financial Statements as of 30.06.2023

<sup>2</sup> Cash and bank balances plus placements with financial institutions plus investment securities less provisions for impairment

<sup>3</sup> Members' equity as a percentage of risk weighted total assets

# BSTDB Offers a Wide Range of Investment Products Aligned with its Regional Development Mandate

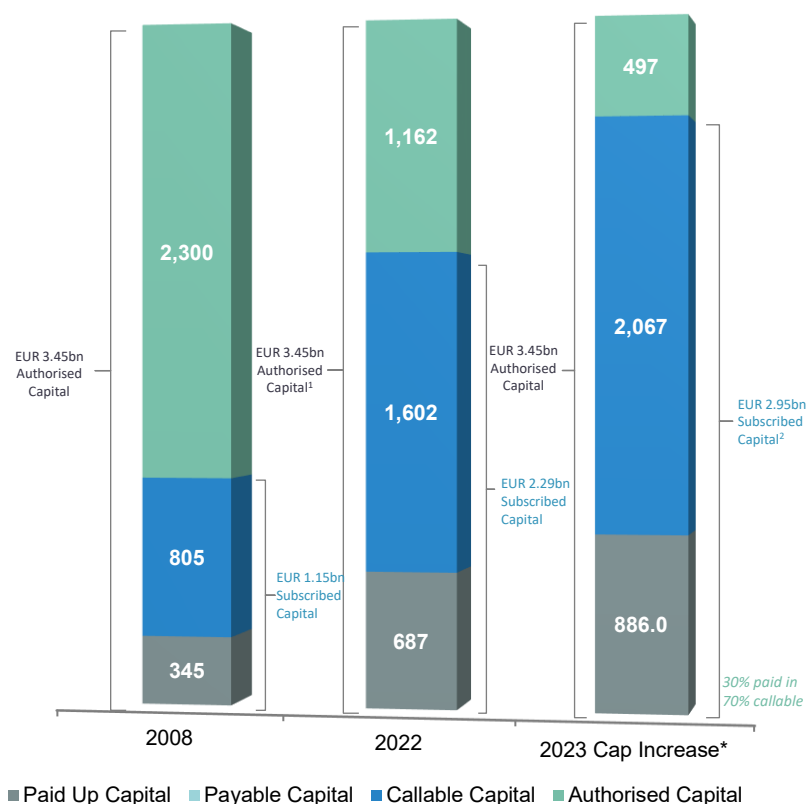
Mandate	<i>Foster economic growth and regional cooperation through financing projects and trade activities and providing financial services to public and private entities in the Black Sea Region</i>		
Target Borrowers and Projects	<ul style="list-style-type: none"> <li>Public and private companies with operations in one or more of the Member States</li> <li>Transactions which benefit member states and have a positive development impact</li> <li>Economically sustainable / financially viable so BSTDB's participation will be profitable and the undertaking will prove sustainable beyond the bank's involvement</li> <li>Potential to promote regional cooperation</li> </ul>		
Products and Services	<ul style="list-style-type: none"> <li>Lending: Short to long-term loans, typically denominated in USD, EUR or local currency</li> <li>Trade finance: Financing primarily for imports from member states and to regional exporters</li> <li>SMEs: Financing through credit lines to local financial intermediaries</li> <li>Equity / funds: Equity investments, BSTDB looks to take a stake of 5-25%</li> <li>Guarantees</li> <li>Co-financing</li> </ul>		
Pricing	<ul style="list-style-type: none"> <li>BSTDB is not a profit maximising organisation; operations are priced according to risk with reference to market pricing</li> </ul>		
Priority Sectors	<ul style="list-style-type: none"> <li>Energy</li> <li>Manufacturing</li> <li>Public utilities</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions</li> <li>Telecommunications</li> <li>Transport</li> </ul>	<ul style="list-style-type: none"> <li>Municipal services</li> <li>Environmental protection</li> <li>SMEs</li> </ul>



# Shareholders Demonstrate their Continued Commitment through Capital Contributions

## Capital Structure

EURm



Source: 2008 and 2023H Financial Statements.

\* 2023 Capital Increase not yet finalized, pending resolution of regulatory issues

<sup>1</sup> Authorized capital is defined as per the Establishing Agreement, including both subscribed and unallocated shares. For 2008, additional EUR 2.3bn of Authorized Capital shown before subscription. Capital was re-denominated to EUR (from SDR) in June 2013 at SDR/EUR rate of 1.15

<sup>2</sup> Subscribed capital includes paid-in capital by the Member states and Callable Capital, which the Bank may call from the Member States if necessary to satisfy obligations arising from its own borrowings or as otherwise required

## Support from Member States



BSTDB benefits from the financial and operational support of its Member States



Initial authorised share capital was EUR 1.15bn



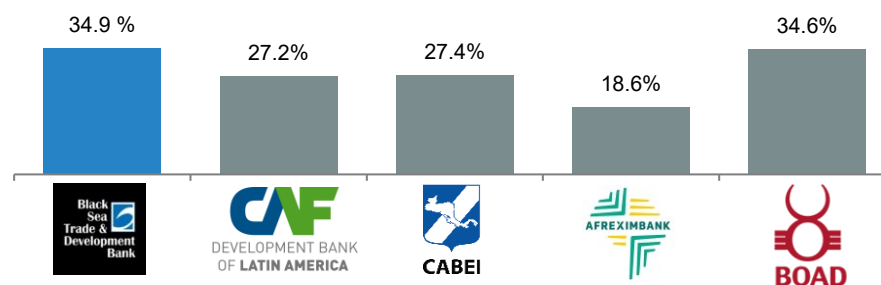
Board of Governors composed of Member State representatives approved increase to EUR 3.45bn in December 2007; implemented in October 2008



BSTDB is able to call capital from its Member States when required to meet obligations of the Bank relating to its borrowings

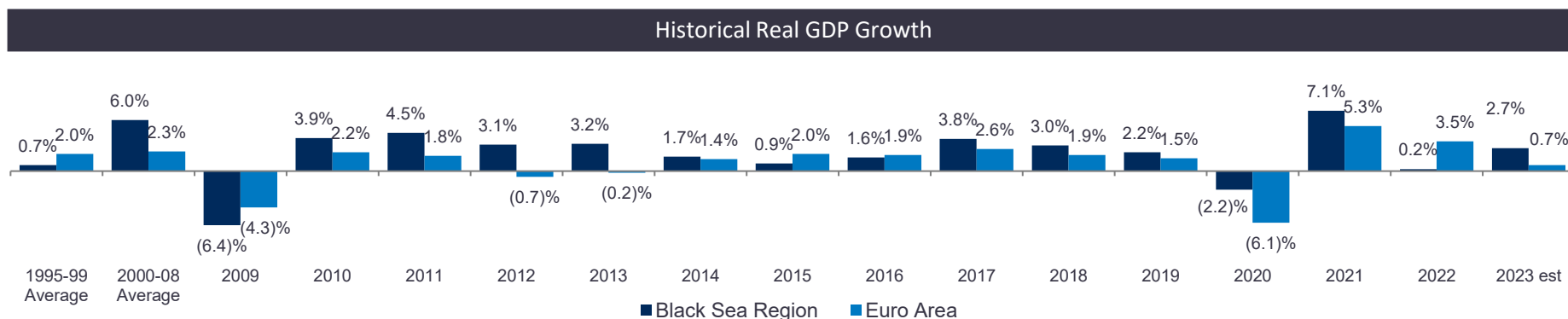
## Well Capitalised Relative to Peers

Capital adequacy ratio (Equity/Total assets), Financial Statements for the Period Ended 30.06.2023

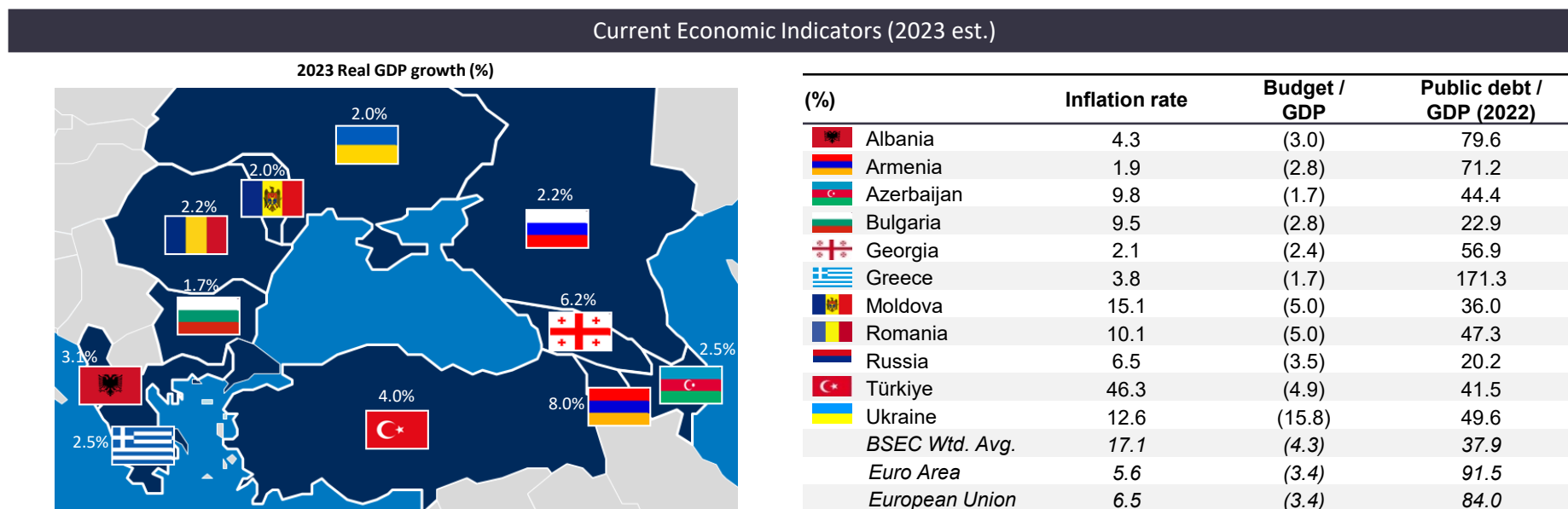


Source: BSTDB, CAF, CABEI, AFREXIMBANK. BOAD Financial Statements for the period ended 31.12.2022.

# Regional GDP Growth Outperforms EU Neighbours



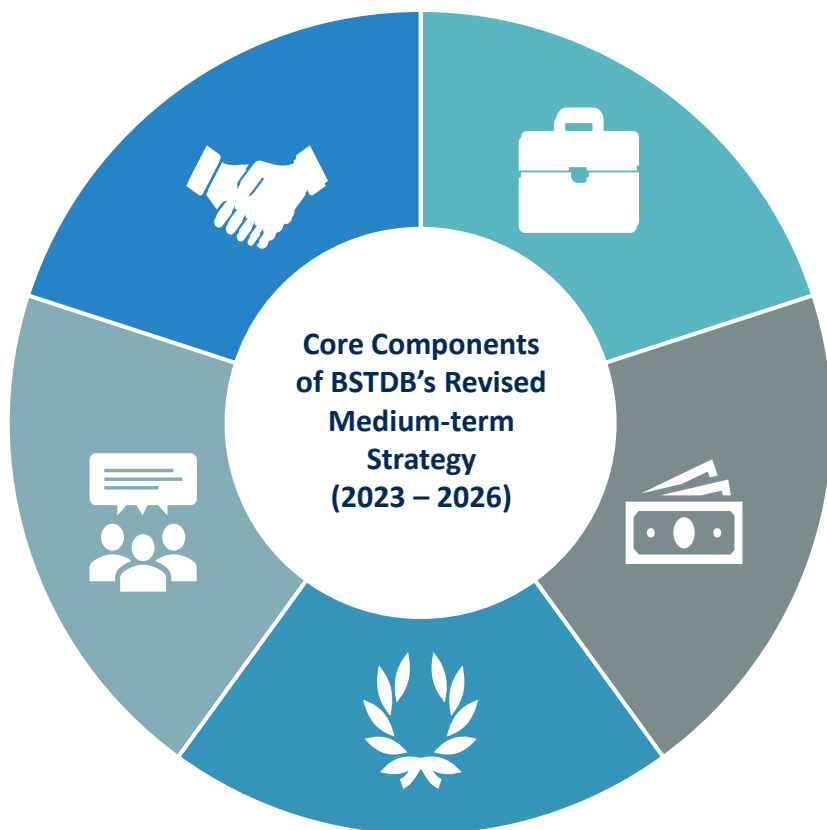
Source: NSAs & Central Banks, IMF, EIU, Eurostat



Source: NSAs & Central Banks, IMF, EIU, Eurostat

# 2023-24 Consolidation and Safeguarding the Portfolio

## 2025-26 Resumption of Managed Quality Growth



→ PROVIDE DEMONSTRABLE DEVELOPMENT  
AND REGIONAL COOPERATION IMPACT  
IN THE BLACK SEA REGION



### Portfolio Consolidation (2023-24) & Resume Managed Growth (2025-26)

- Consolidate lending portfolio in 2023-24 and safeguard liquidity to align with key macro risks
- More muted new lending operation activity up to mid-2024 with priority to high development impact activities in neediest places
- Achieve clarity and greater certainty with respect to fallout from geopolitical conflicts
- Resume greater level of operational activity, probably from mid-2024 on, and return to steady, managed growth of previous years
- Expand infrastructure and green financing, in line with rising regional demand
- Further sector and geographic diversification of portfolio



### Funding

- Mobilize financial resources for the benefit of the Region by leveraging own capital via an active borrowing program and co-financing partnerships with external banks and investors



### Maintain credit ratings

- Seek further credit rating enhancements within our rating band
- At a minimum maintain current credit ratings
- Maintain Capitalisation ratio of 30% and ample liquidity ratios



### Enhance dialogue with current and potential Members

- Continue to develop and implement strategies tailored to each Member State
- Engage in accession discussions with potential Members (including International Financial Institutions)
- Currently engaged in discussions with Serbia & N. Macedonia, BSEC members not yet in BSTDB



### Strengthen Cooperation and Partnership with Institutions

- Attract a AAA-rated international financial institution as shareholder
- Strengthen existing relationships to foster co-financing opportunities














# BSTDB is a High Rated Supranational

## BSTDB is a high-rated supranational

Issuer	Moody's	S&P Global	FitchRatings
Corp. Andina De Fomento (CAF)	Aa3/Stable	AA/Stable	AA-/Stable
Central American Bank of Economic Integration (CABEI)	Aa3/Stable	AA/Stable	-
<b>BSTDB</b>	<b>Baa2/Negative</b>	<b>BBB+/Watch Negative</b>	
African Export-Import Bank	Baa1/Stable	-	BBB/Stable
BNDES	Ba2/Stable	BB-/Positive	BB/Stable
West African Development Bank	Baa1/Negative	-	BBB/Stable
Development Bank of Kazakhstan	Baa2/Stable	BBB-/Stable	BBB/Stable
Export Credit Bank of Türkiye	B3/Stable	-	B-/Stable
Hungarian Export-Import Bank		BBB-/Stable	BBB/Negative

## Member States' Credit Ratings

Country	Moody's	S&P Global	FitchRatings
 Albania	B1/Stable	B+/Positive	-
 Armenia	Ba3/Stable	BB-/Stable	BB-/Stable
 Azerbaijan	Ba1/Stable	BB+/Stable	BB+/Positive
 Bulgaria	Baa1//Stable	BBB/Stable	BBB/Positive
 Georgia	Ba2/Negative	BB/Stable	BB/Positive
 Greece	Ba1/Stable	BBB-/Stable	BB+/Stable
 Moldova	B3/Stable	-	-
 Romania	Baa3/Stable	BBB-/Stable	BBB-/Stable
 Russia	WR	WR	WR
 Türkiye	B3/Stable	B/Stable	B/Stable
 Ukraine	Ca/Stable	CCC/Negative	CC











Source: Moody's, S&P, Fitch rating reports.

# Observers of BSTDB Enhance Co-financing Possibilities and Facilitate Access to Investors

## Observers to BSTDB

- BSTDB cooperates with various international organisations and provides observer status to twelve development institutions
- BSTDB aims to enhance cooperation and increase the exchange of project-related information with these organisations with a view to potential co-financing for projects, as well as other types of funding
- The observers have the right to attend and speak at BSTDB's annual meetings of the Board of Governors

## Current Observers

	MOODY'S	S&P Global	FitchRatings
 European Investment Bank	Aaa	AAA	AAA
 International Finance Corporation	Aaa	AAA	–
 European Bank for Reconstruction and Development	Aaa	AAA	AAA
 Asian Development Bank	Aaa	AAA	AAA
 Nordic Investment Bank	Aaa	AAA	–
 KfW Banking Group (Germany)	Aaa	AAA	AAA
 Proparco, private sector arm of Agence Française de Développement	–	AA	AA-
 Development Bank of Austria	–	AA+	–
 Islamic Corporation for Development of the Private Sector	A2	A-	A+
 Association of European Development Finance Institutions	–	–	–

## Generating Solutions for Clients & Value for Shareholders

### Resistant to International Ups and Downs

- Consistent track record of managed, quality growth since its inception
- Investment Grade category long term credit ratings from Moody's and S&P since 2010
- BSTDB targets development impact, not profit maximising

### Mobilises External Resources for Local Benefit

- Loan and equity portfolio balanced across sectors (11 key sectors with high development impact) and countries (11 countries, maximum exposure to a country of 30% of total lending)
- Proactive management to maintain portfolio quality
- Diversified funding sources from outside Black Sea Region

### Resilient Portfolio

- Approximately 3/4 of outstanding portfolio to private sector across eleven countries and a broad range of sectors
- High quality development impact and credit profile - as of this date, strong record of recovery / dealing with impairment
- 3.5 year average life of portfolio ensuring an above 30% annual turnover
- Comprehensive risk of management process contributing to low loan loss experience over 20 years

### Stand-alone Success Story for the Region

- Shareholders demonstrate ongoing pride in, and commitment to, the institution via support, including capital increase and preferred creditor treatment for which payments continue even in difficult times, as well as exemptions from any moratoria (e.g. Capital Controls)
- BSTDB currently undertaking second capital increase, targeting EUR 816m in subscriptions, with first installment in 2023
- Despite operating in emerging economies and through phases of regional turmoil, the Bank has thrived, steadily and increasingly

### Awards

- Winner of the "Deal of the Year award" in 2020 from mtn-i
- Winner of the "Best Regional Development Bank" Global Award 2015, 2016, 2017 and 2018<sup>2</sup>
- Winner of 2017 Innovation Award, for Opentext solution created by in-house IT team for the Bank's Legal Department<sup>3</sup>
- Winner of 2019 Recognized Leaders in Economic Development – Europe Corporate Excellence Award by AI

<sup>1</sup> Non-performing loans defined as ninety days past due on payment of principal or interest

<sup>2</sup> Awarded by Capital Finance International for 2015-2016, 2018 and by (i) Global Banking and Finance Review and (ii) International Finance for 2017

<sup>3</sup> Awarded by Opentext

# A commitment to strengthen Environmental and Social Standards

## Integrated Environmental and Social Policy



- **BSTDB aims to promote environmental and social sustainability in its Member States** and by way of its Environmental and Social Policy it commits to apply sustainability principles to its business management and requires its clients to follow. These principles relate to:
  - pollution prevention and mitigation;
  - respect for fundamental human rights in the working environment;
  - protection of the Black Sea against pollution;
  - addressing climate change;
  - promoting sustainable use of natural resources;
  - protection and conservation of biodiversity;
  - disclosure of information on E&S performance of its operations
- **BSTDB seeks to apply best-in-class Environmental and Social practices** in accordance with the European Union Standards, the World Bank/IFC Performance Standards, EBRD's Performance Requirements, International Labor Organizations Core Labor Standards and International Environmental Conventions
- **All projects financed by BSTDB are subject to environmental and social assessment** as part of due diligence process, as well as monitored continuously for compliance with the agreed requirements and mitigation measures, if relevant
- BSTDB's energy, transportation and utility sector lending is increasingly focused on developing its portfolio of **environmental improvements, energy efficiency and renewable projects**

## Climate Change

The Bank's first Climate Change Strategy was approved by the Board of Directors in March 2021 with the main goal of better aligning its financing with the Member States climate priorities. Specifically, the Bank commits to: gradually reduce the net emissions in the portfolio; increase the share of its funding to climate positive operations and operations with climate co-benefits to at least 30 percent; and build capacity to better serve Member States in mitigation and adaptation efforts.

In successfully meeting these objectives BSTDB is currently developing a comprehensive implementation plan, which will systematically address climate issues at both strategic and operational level. Investments in renewable energy, energy and resource efficiency, sustainable infrastructure, green buildings and electric transport systems will be among financing priorities. At the same time the Bank will gradually phase out support for carbon-intensive sectors.

## Moody's Investors service: ESG Credit Impact Score

**CIS-2**

Neutral-to-Low



For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

## Moody's Investors service: ESG Issuer Profile

ENVIRONMENTAL

**E-2**

Neutral-to-Low



SOCIAL

**S-2**

Neutral-to-Low



GOVERNANCE

**G-2**

Neutral-to-Low



- 1 Overview of BSTDB
- 2 **Portfolio Developments and Performance**
- 3 Risk Management and Corporate Governance
- 4 Treasury and Funding Strategy
- 5 Appendix – Financial Statements

# BSTDB's Portfolio has Grown Steadily Over Time

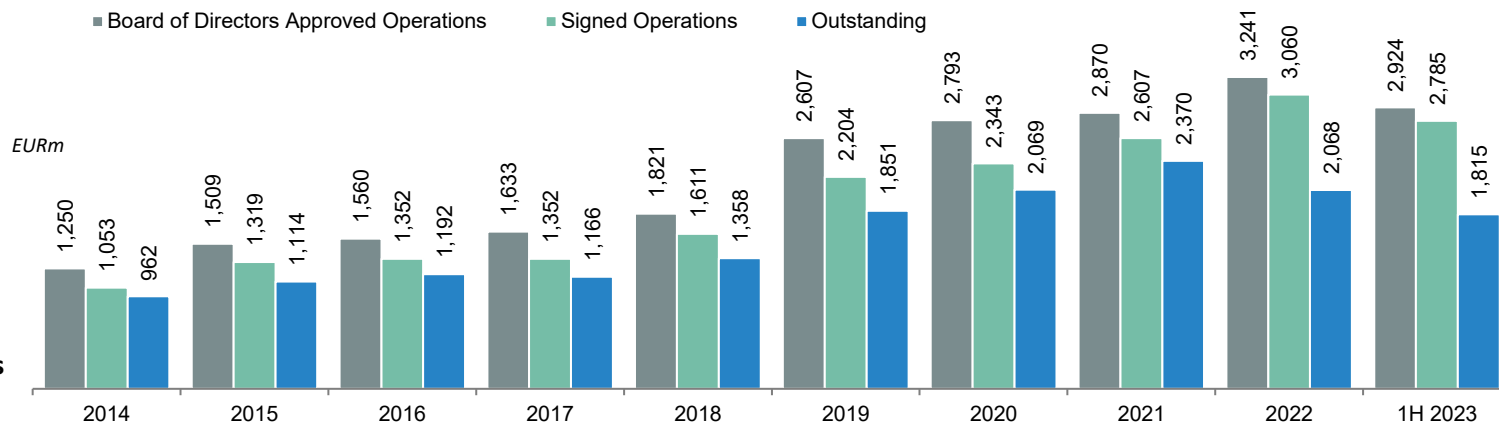
## BSTDB Historical Portfolio Development

### 2014- 2023 CAGR

**-10 %** BoD Approved operations

**-9 %** Signed operations

**-12%** Outstanding operations



BoD Approved operations

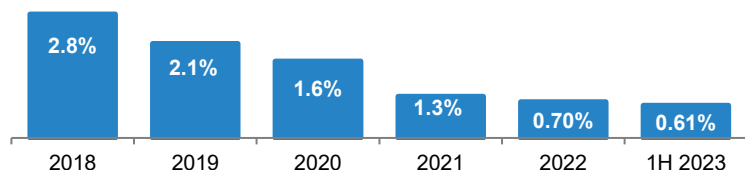
Signed operations<sup>1</sup>

Outstanding operations<sup>2</sup>

- The BoD approved operations refer to the total value of projects which received final approval from the Board of Directors prior to the signing. Prior to this approval, the originated financing project must have been cleared by the Credit Committee following BSTDB's risk management process. The figures are indicated net of repayments
- Signed operations refer to operations that have been approved by BoD and have been signed by the entity. The discrepancy from approved and signed operations stems from operations yet to be signed as well as cases of withdrawn projects. The figures are indicated net of repayments
- Outstanding portfolio refers to the total value of projects disbursed and currently outstanding (net of repayments). BSTDB strives to reduce signed undisbursed commitments as they could be more efficiently allocated to other project proposals

## Equity investments in the BSTDB's portfolio

■ Equity Investments (% of portfolio)



The Equity portfolio is mostly comprised of funds (As of 31<sup>st</sup> December 2022)

Issuer's equity portfolio: **EUR 9.85m**

- **Indirect investments: EUR 9.61 m**
  - Mostly regional equity funds (e.g. SEAF Caucasus Growth Fund, Emerging Europe Accession Fund, ADM CEECAT Recovery Fund, and EOS Hellenic renaissance Fund)
- **Direct investments: EUR 0.24m**

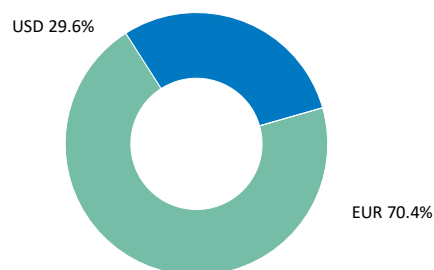
Source: 2018- 1H 2023 Condensed Interim Financial Statements for the period Ended 30<sup>th</sup> June 2023

<sup>1</sup> Signed operations calculated as the sum of Outstanding operations and Commitments in the Off-balance-sheet items as per IFRS statements for the respective period

<sup>2</sup> Outstanding operations are calculated as the sum of Loans at amortized cost, Loans at fair value through profit or loss, and Equity investments at fair value as per IFRS statements for the respective period

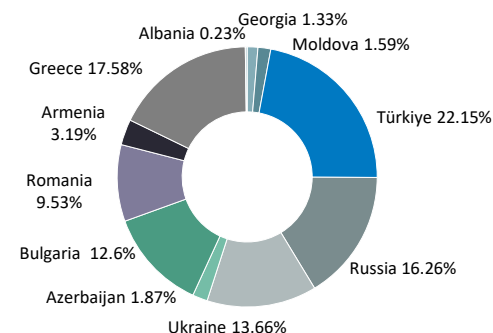
# A Well Diversified Portfolio Across Countries and Sectors

Loan Portfolio Outstanding by Currency



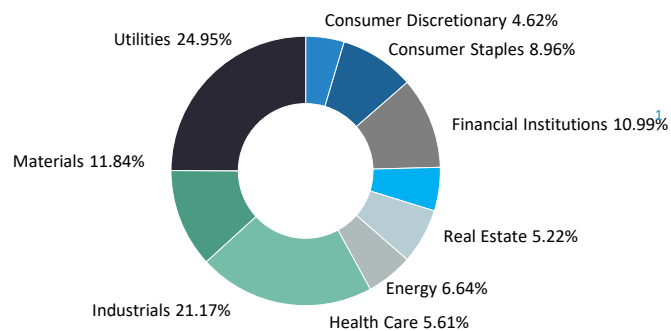
Total: EUR 1.82bn

Loan Portfolio Outstanding by Country



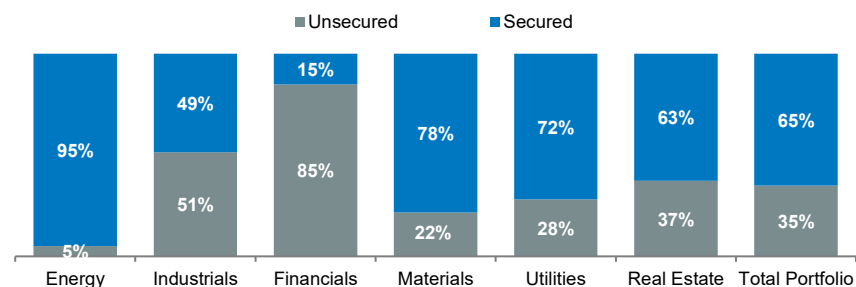
Total: EUR 1.82bn

Loan Portfolio Outstanding by End User Sector



Total: EUR 1.82bn

Loan Portfolio Outstanding by Security



- Types of collateral: sovereign and municipal guarantees, pledges of accounts, pledges of shares, movable and immovable assets, inventory, assignment of sub-loans and letters of guarantee from financial institutions and parent companies acceptable

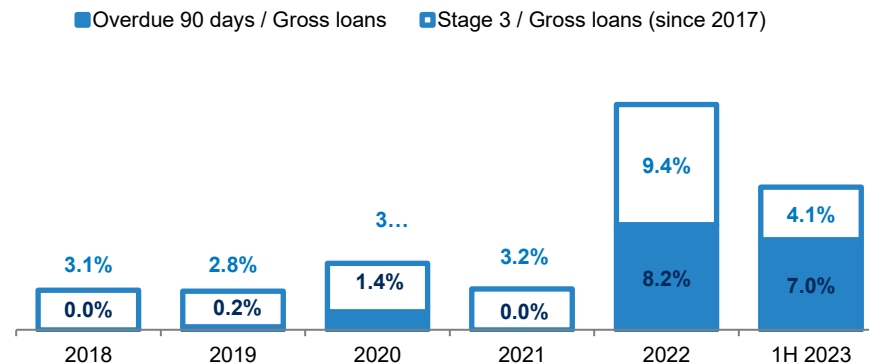
Source: Condensed Interim Financial Statements as of 30<sup>th</sup> June 2023, management data

<sup>1</sup> The financial institutions sector (FIs) includes SMEs, trade finance and leasing

# Low Level of Non-Performing Loans in Portfolio

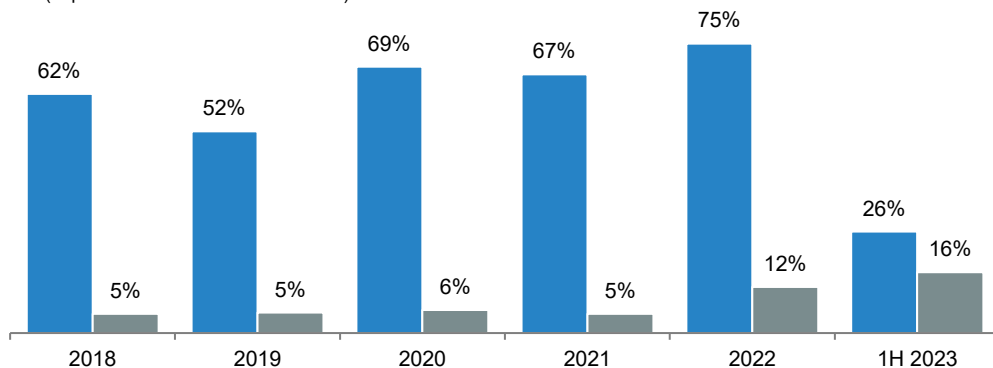
## Low Problem Loan History

- Under IFRS 9 accounting standard, loans are classified as: Stage 1 (initial stage), Stage 2 (increased credit risk) or Stage 3 (credit impaired).



## Provisioning is Conservative

- NPLs / (Impairment allowances & Reserves) for 2015-2016;  
Stage 3 / (Impairment allowances & Reserves) for 2017-2023
- (Impairment allowances & Reserves) / Gross Loans




- The Bank maintains impairment losses in accordance with the IFRS 9 accounting standard, which it adopted one year ahead of the regulatory schedule
- The Bank allocates assets to Stages 1, 2, or 3, depending on the level of impairment
- In order to perform this exercise, the Bank uses the information obtained from the Global Emerging Markets database ("GEMs") to assign probability of default ("PD") and loss given default ("LGD") as inputs in Moody's ImpairmentCalc tool. GEMs is an IFI-wide initiative designed to pool default and recovery rates experienced by IFIs in emerging markets

Source: 2017-2023 Financial Statements as of 30.06.2023



# Top Exposures Reflect Geographic and Sector Diversification of the Portfolio

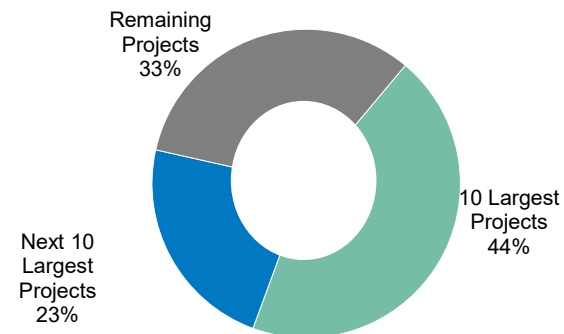
## Overview of Six Largest Projects by Outstanding Amount

 <p><b>PPC S.A</b></p> <p><i>Bilateral loan for CAPEX, including renewable energy projects and investments in electricity distribution network.</i></p> <p>Initiated: 2019 Outstanding: EUR 160m Maturity: 2024</p>	 <p><b>State Transport Leasing Company</b></p> <p><i>Long term senior unsecured corporate loans to State Transport Leasing Company, Russia.</i></p> <p>Initiated: 2019, 2020 Outstanding: EUR 102m Maturity: 2029</p>	 <p><b>Energean Oil and Gas</b></p> <p><i>Development of the Epsilon and Prinos fields</i></p> <p>Initiated: 2021 Outstanding: EUR 90.5m Maturity: 2030</p>	 <p><b>Bulgarian Energy Holding EAD</b></p> <p><i>BSTDB funding to help implement BEH's priority investment projects in Bulgaria.</i></p> <p>Initiated: 2018, 2021 Outstanding: EUR 85 m Maturity: 2028</p>	 <p><b>Epicentr Group</b></p> <p><i>The loan will support the Groups agriculture business program. Will contribute to the development of the agricultural infrastructure in Ukraine.</i></p> <p>Initiated: 2019, 2020 Outstanding: EUR 75,04m Maturity: 2028</p>	 <p><b>Hayat Consumer Goods Kaluga</b></p> <p><i>Long-term Senior Debt Facility to finance Hayat's construction of a new tissue and towel paper production facility in Kaluga, Russia.</i></p> <p>Initiated: 2020 Outstanding: EUR 75m Maturity: 2028</p>
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## Rest of Top 20 Largest Borrowers

Country	Client	Amount (EURm)
Türkiye	Istanbul Metropolitan Municipality Metro	60
Türkiye	Etlik Ankara Integrated Health Campus	58
Ukraine	Metinvest Capex Facility	56
Bulgaria	Sofia Airport Financing	51
Bulgaria	Eurohold	50
Türkiye/Romania	Total Garanti	47
Russia	PAO TMK Operation	47
Türkiye	Konya Karatay Integrated Health Campus	43
Bulgaria/Georgia	Energo Pro a.s. Eurobond II	42
Türkiye	Izmir Municipality Metro	41
Romania	One tower senior secured Loan	40
Türkiye	Total Gurmat	38
Bulgaria/Georgia	ALRO	37
Türkiye	Globalworth Real Estate Financing	35

## Outstanding Portfolio Concentration



Total: EUR 1.82bn

# Russia: Loan Portfolio Deep Dive

## Overview of Three Largest Projects by Outstanding Amount

 <p><b>State Transport Leasing Company</b></p> <p>Long term senior unsecured corporate loans to State Transport Leasing Company, Russia.</p> <p>Initiated: 2019, 2020 Outstanding: EUR 112m Maturity: 2029</p>	 <p><b>Hayat Consumer Goods Kaluga</b></p> <p>Long-term Senior Debt Facility to finance Hayat's construction of a new tissue and towel paper production facility in Kaluga, Russia.</p> <p>Initiated: 2020 Outstanding: EUR 75m Maturity: 2028</p>	 <p><b>PAO TMK</b></p> <p>TMK products used in the chemical industry, energy, engineering, construction, agriculture and other industries.</p> <p>Initiated: 2020 Outstanding: EUR 46m Maturity: 2027</p>
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Overall Average Portfolio Duration in Russia is 2.61 years

## Selected Projects Financial Update

- **Hayat Consumer Goods:** All interest payments have so far been received. The principal repayments are yet to start in July 2023 in semi-annual installments and the last repayment is in July 2028
- **SUEK:** Fully current on its obligations, both interest and principal, having received all licenses from regulators by end of December 2022

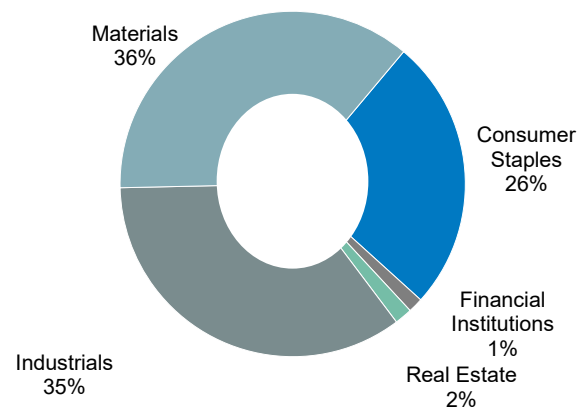
## Active Portfolio De-Risking

- **Europlan:** After obtaining statutory exemption from capital controls a loan of RUB2.5b was fully prepaid in November 2022
- **Sovcombank:** Out of \$60m exposure the Bank managed to swap \$47m into non Russian related good quality assets within the time limits provided for by general licenses of OFAC (by end March 2022). The remaining exposure is to be repaid by Dec 2023
- **Uralkali:** Participation transferred to a co-lender (Syndication Loan) in June 2023.

## Portfolio Reduction & Accumulated Equity









## Outstanding Portfolio Concentration



Total: EUR 293mn

# Ukraine: Loan Portfolio Deep Dive

## Overview of Three Largest Projects by Outstanding Amount

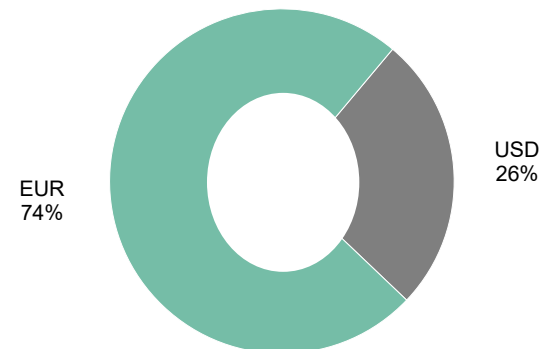
  <p><b>Epicentr Group</b></p> <p>The loan will support the Groups agriculture business program. Will contribute to the development of the agricultural infrastructure in Ukraine.</p> <p>Initiated: 2019, 2020 Outstanding: EUR 75m Maturity: 2028</p>	  <p><b>Metinvest</b></p> <p>The loan will be used to finance and refinance machinery and equipment purchases by the Group's iron ore producers.</p> <p>Initiated: 2020 Outstanding: EUR 56m Maturity: 2027</p>	  <p><b>Syvash Wind Power</b></p> <p>The loan will be used to finance the construction and operation of a wind farm with the installed capacity of up to 250 MW.</p> <p>Initiated: 2019 Outstanding: EUR 23m Maturity: 2029</p>
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Overall Average Portfolio Duration in Ukraine is 2.78 years

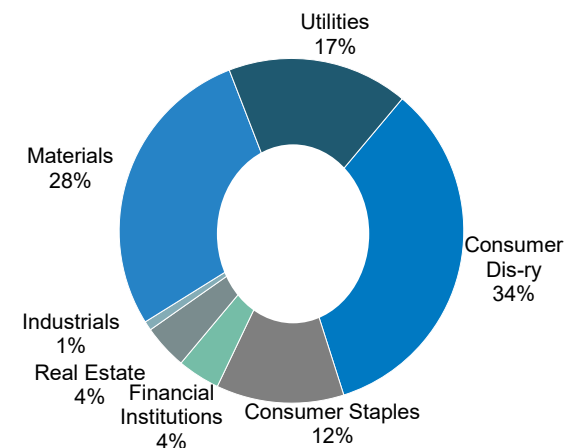
## Selected Projects Financial Update

- **Metinvest:** Fully current on its payment obligations (despite loss of its major assets) due to broad manufacturing base and diversified exports
- **UkrGasbank:** Remains current on all payments (principal and interest)
- **CreditWest Bank:** Remains current on all payments (principal and interest)
- Generally, Ukrainian clients are either fully current on their obligations (Metinvest, Interpipe, Araks) or paying interest either fully or partially (with the Bank taking position that this is support of working capital requirements of clients facing many market and non-market challenges)

## Outstanding Portfolio by Currency



## Outstanding Portfolio Concentration







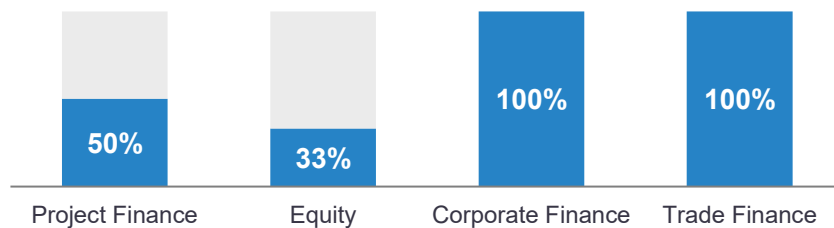
Total: EUR 245mn

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# Exposure Limits within a framework of structured policy





## Single Project and Obligor Limits

-  **Single obligor limit for private sector loans**  
Loans to a single borrower **may not exceed 10 %** of paid-in share capital, reserves and retained earnings
-  **Single obligor limit for equity investments**  
**May not exceed 3%** of paid-in share capital
-  **Single obligor limit for Sovereign Operations**  
Loans to individual Sovereign Operations **may not exceed 20%** of paid-in share capital, reserves and retained earnings
-  **Single Projects**  
BSTDB may finance **only the following maximum percentages** of any project, according to its type:

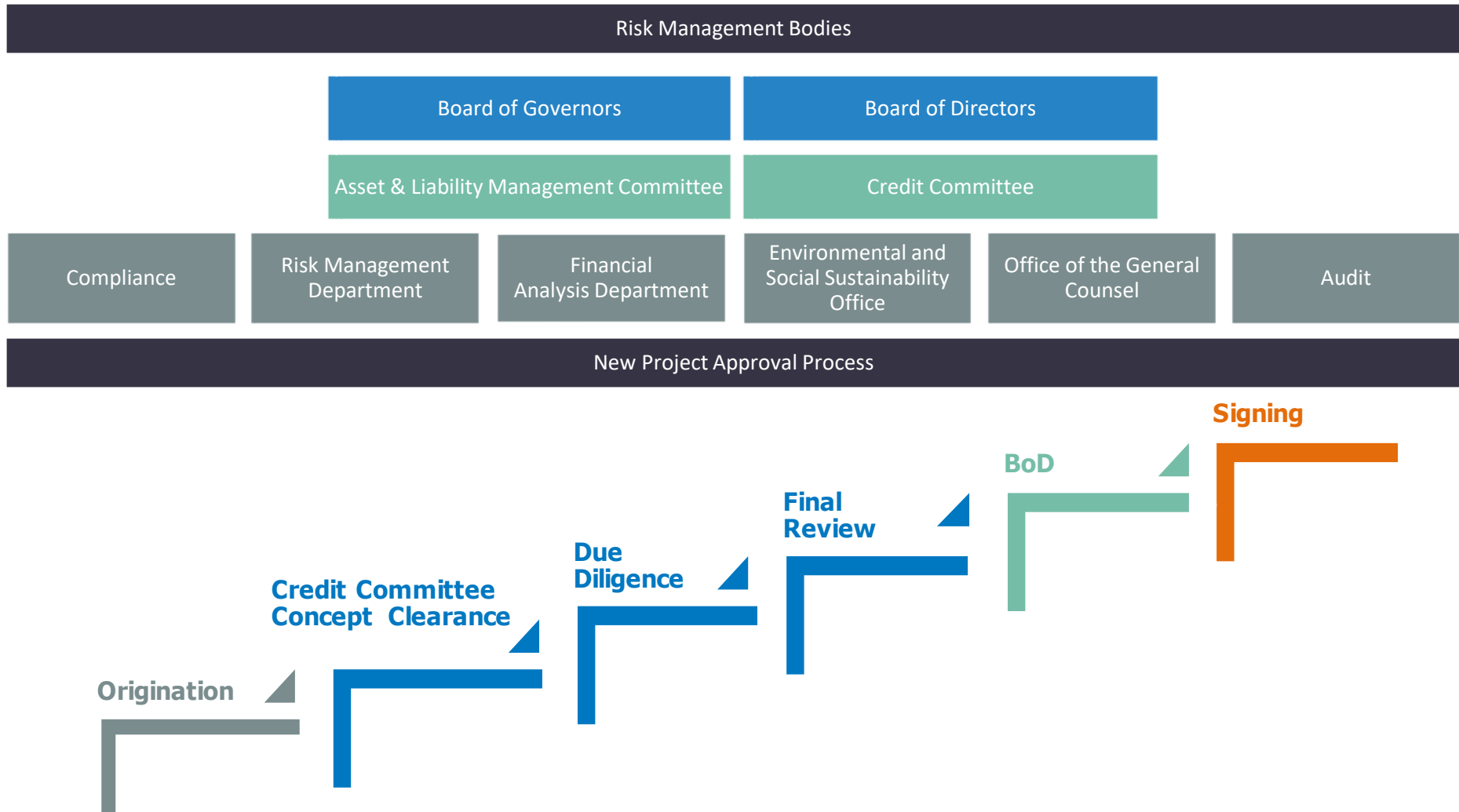


Source: Management data  
<sup>1</sup> Minus repayments and cancellations

## Other Lending Limits

-  **Aggregate**  
Exposure to **5** highest obligors **cannot exceed 40%** of outstanding loan portfolio<sup>1</sup>
-  **Country**  
Loans to any country **may not exceed 30%** of total lending<sup>1</sup>
-  **Sector**  
Loans to any sector are targeted to **not exceed 40%** of total lending<sup>1</sup>
-  **Term**  
Generally **maximum loan term is 10 years**, although longer tenors can be approved by the Board of Directors upon the recommendation of the Credit Committee

# Corporate Governance and Approval Process



## Experienced Senior Management Group



**Dr. SERHAT KÖKSAL**

**President, Chairman of the Board of Directors**

- Dr. Köksal, started as an expert at the Turkish Statistical Institute, he served for seven years as head auditor at the Turkish Court of Accounts, before becoming Deputy Secretary General of the Constitutional Court of Türkiye. In 2017, he joined the Ministry of Treasury and Finance as Deputy Director General of the Department of Foreign Economic Relations and became Director of the Department in August 2020- a position he held until his appointment at BSTDB. In 2020-2022, he represented Türkiye on the Board of Directors of the Black Sea Trade and Development Bank and the Council of Europe Development Bank.



**VALERIY PIATNYTSKYI**

**Vice President, Finance**

- Previously held positions of the Adviser to the Prime Minister of Ukraine (2015-2018), Commissioner for European Integration (2011-2014), Acting Minister of Economic Development and Trade of Ukraine (H2 2014), Deputy Minister of Economy of Ukraine (2005-2011)



**ASTERIOS TSOUKALAS**

**Secretary General**

- Previously held positions of the Head of the Hellenic Capital Market Commission (HCMC) at its Regional Office in Thessaloniki. He also served as Board Member of the Greek Anti-Money Laundering Authority. He has gained extensive experience in the financial sector throughout his career by having worked for ten years in various investment services firms.



**DRAGOȘ PAUL UNGUREANU**

**Vice President, Risk**

- Previously held positions of the Head of Commercial SME and Microbusiness at Banca Transilvania, where he was in charge of the Bank's loan policy and responsible for the implementation and successful delivery of government programmes. In a career spanning more than 17 years with Banca Transilvania, Mr. Ungureanu has a successful track record in portfolio acquisitions and migration processes, as well as promoting employee engagement and developing effective sales and product launch campaigns.

# Board of Governors and Board of Directors Bring Valuable Regional Insight

## Board of Governors

Country	Governor	Position
 <b>Albania</b>	Ms. Adela Xhemali	Deputy Minister of Finance & Economy
 <b>Armenia</b>	Mr. Arthur Javadyan	Ambassador-at-Large Chairman of the Board of the Centre for Economic Perspectives Foundation
 <b>Azerbaijan</b>	Mr. Samir Sharifov	Minister of Finance
 <b>Bulgaria</b>	Ms. Lyudmila Petkova	Deputy Minister of Finance
 <b>Georgia</b>	Position vacant	Governor, National Bank
 <b>Greece</b>	Mr. Nikos Papathanasis	Alternate Minister of National Economy & Finance
 <b>Moldova</b>	Ms. Veronica Sirețeanu	Minister of Finance
 <b>Romania</b>	Mr. Alin Marius Andrieș	Secretary of State, Ministry of Public Finance
 <b>Russia</b>	Mr. Pavel Snisorenko	Director, Department of International Financial Relations, Ministry of Finance
 <b>Türkiye</b>	Mr. Osman Çelik	Deputy Minister of Treasury & Finance
 <b>Ukraine</b>	Ms. Yuliia Svyrydenko	First Deputy Prime Minister & Minister of Economy

## Board of Directors

Country	Director	Position
 <b>Albania</b>	Ms. Risena Xhaja	General Secretary, Ministry of Finance & Economy
 <b>Armenia</b>	Mr. Garegin Gevorgyan	Director, Financial System Stability & Regulation Directorate, Member of Executive Committee, Central Bank of Armenia
 <b>Azerbaijan</b>	Mr. Famil Ismayilov	Head, International Cooperation Department, Ministry of Finance
 <b>Bulgaria</b>	Ms. Milena Boikova	Director, Government Debt Directorate, Ministry of Finance
 <b>Georgia</b>	Ms. Ekaterine Guntsadze	Deputy Minister of Finance
 <b>Greece</b>	Ms. Ioanna Serafeim	Head, Office of the Deputy Minister of Development & Investments
 <b>Moldova</b>	Ms. Elena Matveeva	Head, Public Debt Department, Ministry of Finance
 <b>Romania</b>	Ms. Diana Blindu	Head of Division, Management of External Loans, General Directorate for International Financial Relations, Ministry of Finance
 <b>Russia</b>	Mr. Dmitry Birichevskiy	Director, Economic Cooperation Department, Ministry of Foreign Affairs
 <b>Türkiye</b>	Mr. Kerem Dönmez	Director General, Foreign Economic Relations, Ministry of Treasury and Finance
 <b>Ukraine</b>	Mr. Taras Kachka	Deputy Minister of Economy, Trade Representative of Ukraine

The Board of Governors is the highest decision making body of the Bank

It participates in the risk management of the Bank by providing general direction and approving the strategy of the Bank

It may delegate to the Board of Directors any or all of its powers, except those that it is prohibited from delegating, as set out in the Establishing Agreement

The latter include, among other powers:

- to approve the admission of new Members
- to authorize any changes in the Bank's capital stock or to change the unit of account
- to approve the annual report, the audited financial statements and appoint the President of the Bank

The Board of Governors delegates authority to the Board of Directors to adopt policies, strategies, guidelines and procedures necessary for the origination, assessment, execution, monitoring and financing of operations

The Board of Directors is responsible for the overall supervision of risk management of the Bank.



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# Investment Grade Treasury Portfolio

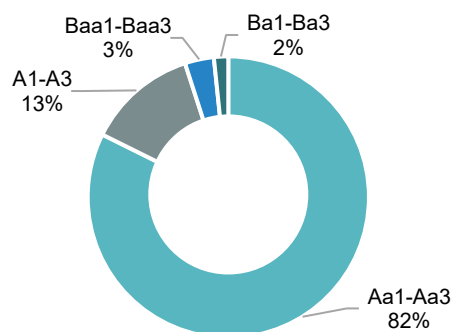
## Treasury Assets at 30/06/2023

(EURm) Treasury Assets	2019	2020	2021	2022	1H 2023
Bank balances & placements with FI	81.3	34.3	170.2	208.3	430.0
Available-for-sale	336.3	541.2	619.4	508.1	102.9
Held-to-maturity	-	-	-	-	-
<b>Total</b>	<b>417.6</b>	<b>575.5</b>	<b>789.6</b>	<b>716.4</b>	<b>532.9</b>

Note 1. ECPs are indicated at short term ratings.

Note 2. Member State bonds are Purpose related exposures and are not included in the table.

## Split of Liquidity Portfolio by Credit Rating



Total: EUR 532.9 m

## Investment Principles

### Credit quality of securities in liquidity portfolio and as collateral

#### Available for sale investment securities rated at a minimum:

- Long Term BBB- by S&P or Baa3 by Moody's
- Short term rated at a minimum A2 by S&P or P2 by Moody's

#### Credit quality of Treasury counterparties

- Bank balances and placements with Financial Institutions long term rated at a minimum of A by S&P or A2 by Moody's

#### Term of deposits

- Maximum term of any 1 deposit (inter-bank credit) may not exceed 6 months

#### Hedging

- Derivatives with approved counterparties may be used only for hedging and must be ISDA documented with collateral support

#### Repo transactions

- May be undertaken subject to investment securities and counterparty limits

## Treasury & Liquidity Risk Management

- WAL of Liabilities exceeds WAL of assets by almost 1.5 years, leaving no liquidity gaps on the balance sheet.
- No significant interest rate or foreign exchange risk
- Requirement to maintain liquidity position at a minimum of 75% of the following 12 months net cash requirement, including budgeted loan disbursements
- Ratio of Actual Stable Funding (ASF) to Required Stable Funding (RSF) is targeted at greater than 100%
- Liquidity position monitored on a daily basis and FX position monitored on a monthly basis.

# BSTDB Plans Further Diversification of its Funding Profile by Currency and Region

## Outstanding Private Placements & Bond Issues

### USD 5 and 10 year Bonds

Amount – 412.5m & 85m  
Coupon – 3.5% & 2.615%  
Issued – 2016 & 2019, 2020 (LM)  
Maturity – 2024 & 2031

### CHF 3.5 year Bond

Amount – 150m  
Coupon – 0.35%  
Issued – 2021  
Maturity – 2027

### EUR 10, 12 & 15 year Bond

Amount – 275 m  
Coupon – 1.25%, 1.435 & 1.5%  
Issued – 2020 % 2021  
Maturity – 2030, 2033, 2035 & 2036

### RON 3 year Bonds

Amount – 335m  
Coupons – 3.13% & floating  
Issued – 2021  
Maturity – 2026

### PLN 5 year Bond

Amount – 70m  
Coupon – 2.12%  
Issued – 2021  
Maturity – 2026

### CZK 4 year Bond

Amount – 1,200m  
Coupon – floating rate  
Issued – 2020 & 2021  
Maturity – 2023 & 2026

### AUD 7 & 10 year Bond

Amount – 30m  
Coupon – 2.55% & 3.265%  
Issued – 2021  
Maturity – 2028 & 2031

### GBP 7 & 10 year ESG Bond

Amount – 50m  
Coupon – 1.894% & 2.244%  
Issued – 2021  
Maturity – 2028 & 2031

### JPY 5 year ESG Bond

Amount – 5,000m  
Coupon – 0.65%  
Issued – 2021  
Maturity – 2026

## Credit Facilities from other MDBs / NDBs

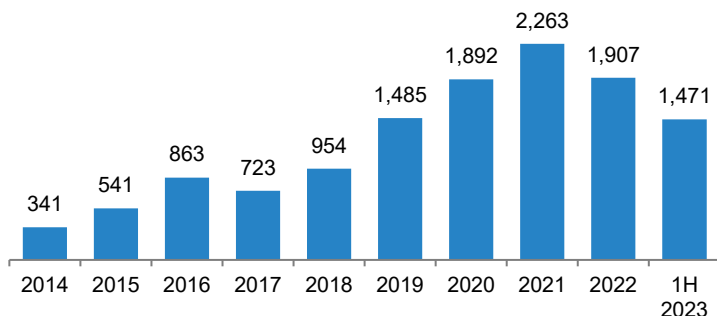
- EUR 21.8m outstanding on 7 year facility from Austrian Development Bank
- EUR 50m outstanding on 5 year facility from Landesbank Baden-Wuerttemberg
- EUR 49.8m outstanding on 10 year facility from New Development Bank

### Undrawn

- EUR 30m undrawn 13 year facility from Austrian Development Bank

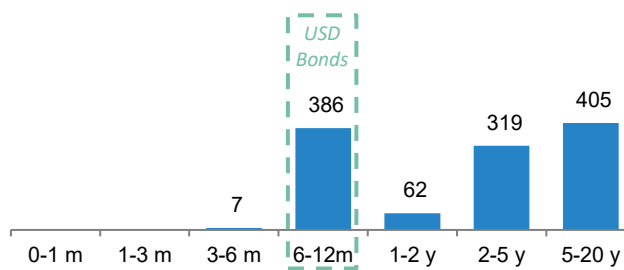
## Outstanding Borrowings

EURm eq.

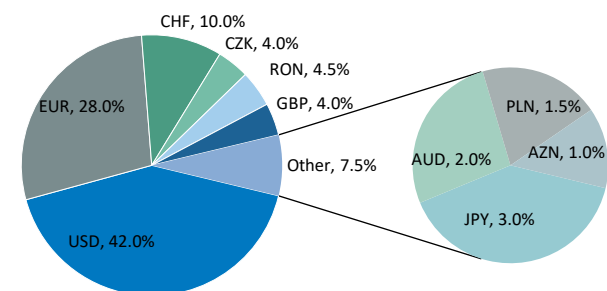


## Maturity profile

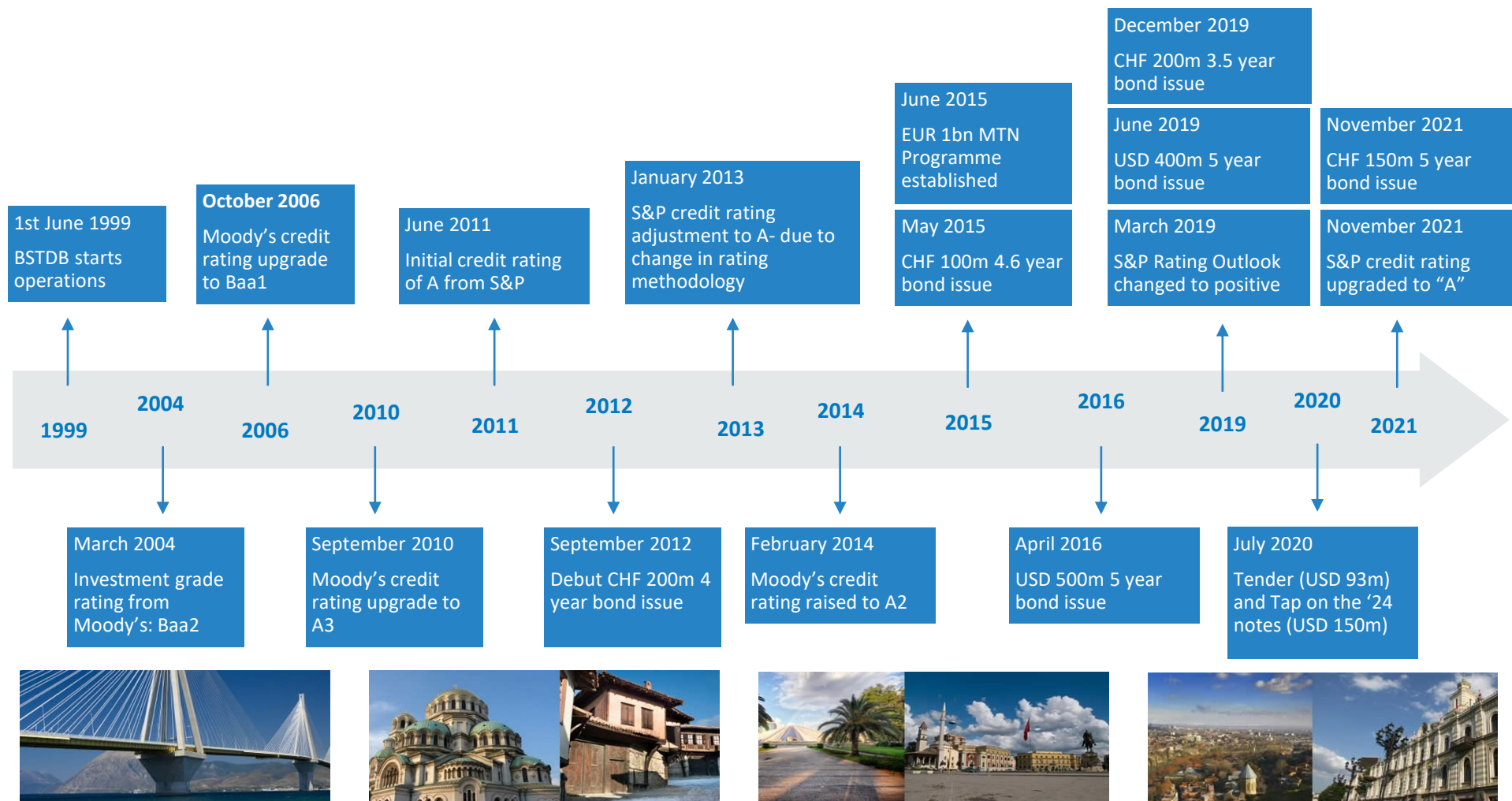
EURm eq.



## Breakdown by currency



# A Seasoned Capital Markets Participant



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# Comparison – *Income Statement*

## Income Statement (in EUR 000's)

Year	30 June 2023	31 December 2022	31 December 2021
Interest and Similar income	88,539	151,268	105,171
Interest and Similar expense	(35,925)	(59,021)	(58,492)
Net interest income (expense) on derivatives	(8,579)	4,388	13,799
<b>Net interest income</b>	<b>44,035</b>	<b>96,635</b>	<b>60,478</b>
Net fees and commissions	165	1,937	1,971
Dividend income	-	-	-
Net gains from equity investments through profit or loss	-	-	182
Net gains (losses) on derecognition of debt investment securities at fair value through other comprehensive income	(336)	139	4,855
Net Gains (losses) on derecognition of financial liabilities at amortized cost	6,270	-	-
Unrealized net fair value gains (losses) on derivative instruments	8,708	(21,880)	(16,602)
Fair value (losses) gains on loans measured at fair value through profit or loss	(175)	336	683
Fair value (losses) on equity investments measured at fair value through profit or loss	-	(791)	-
Foreign exchange income (losses)	5,759	(18,980)	(559)
Other (losses) income	-	(10)	(4)
<b>Operating Income</b>	<b>39,165</b>	<b>63,772</b>	<b>51,004</b>
Personnel expenses	(9,141)	(18,197)	(16,352)
Administrative expenses	(2,692)	(4,853)	(4,574)
Depreciation and amortization	(210)	(339)	(478)
<b>Income before impairment</b>	<b>27,122</b>	<b>40,383</b>	<b>29,600</b>
Expected credit (losses) gains on loans measured at amortized cost	13,164	(68,085)	11,882
Expected credit (losses) gains on debt investment securities measured at fair value through other comprehensive income	(279)	116	2,415
<b>Income for the period</b>	<b>40,007</b>	<b>(27,586)</b>	<b>43,897</b>

# Comparison – *Balance Sheet*

## Balance Sheet (in EUR 000's)

Year	30 June 2023	31 December 2022	31 December 2021
Cash and due from banks	429,978	208,338	170,175
Deposits in margin accounts	107,160	114,430	30,740
Debt investment securities at fair value through other comprehensive income	120,317	525,224	652,448
Derivative financial instruments – assets	34,849	42,338	24,279
Loans at amortized cost	1,799,981	2,040,986	2,329,424
Less: deferred income	42,707	26,458	(14,700)
Less: impairment losses	(94,440)	(106,476)	(44,223)
Loans at fair value through profit or loss	15,175	15,350	15,014
<b>Loans net of impairment</b>	<b>1,763,423</b>	<b>1,976,318</b>	<b>2,285,515</b>
Equity investments at fair value through profit or loss	-	-	791
Equity investments at fair value through other comprehensive income	9,851	12,440	24,986
<b>Equity investments at fair value</b>	<b>9,851</b>	<b>12,440</b>	<b>25,777</b>
Accrued interest receivable	36,255	38,054	27,181
Other assets	16,091	17,054	18,181
Property and equipment	203	265	368
Intangible assets	508	553	200
Right of use assets	668	451	245
<b>Total Assets</b>	<b>2,519,303</b>	<b>2,935,465</b>	<b>3,232,882</b>
Short term	-	-	167,756
Amounts due to financial institutions	328,205	413,485	438,293
Debt evidenced by certificates	1,142,595	1,493,157	1,657,416
Accrued interest payable	8,369	9,013	10,936
<b>Borrowings</b>	<b>1,479,169</b>	<b>1,915,655</b>	<b>2,274,401</b>
Margin Accounts	2,770	14,420	16,590
Derivative financial instruments – liabilities	138,776	148,624	45,869
Liabilities	19,129	20,132	12,484
Lease liability	490	277	43
<b>Total Liabilities</b>	<b>1,640,334</b>	<b>2,099,108</b>	<b>2,349,387</b>
Authorized share capital	3,450,000	3,450,000	3,450,000
Less: unallocated share capital	(1,161,500)	(1,161,500)	(1,161,500)
<b>Subscribed share capital</b>	<b>2,288,500</b>	<b>2,288,500</b>	<b>2,288,500</b>
Less: callable share capital	(1,601,950)	(1,601,950)	(1,601,950)
<b>Paid-in share capital</b>	<b>686,550</b>	<b>686,550</b>	<b>686,550</b>
Reserves	83,397	80,792	100,312
Retained earnings	109,022	69,015	98,860
<b>Total members' equity</b>	<b>878,969</b>	<b>836,357</b>	<b>885,722</b>
<b>Total Liabilities and Members' Equity</b>	<b>2,519,303</b>	<b>2,935,465</b>	<b>3,232,882</b>