MOODY'S
INVESTORS SERVICE

CREDIT OPINION
5 July 2022

Update

Send Your Feedback

RATINGS

BSTDB

	Rating	Outlook
Long-term Issuer	Baa1	Negative
Short-term Issuer	P-2	--

Contacts

Daniela Re Fraschini +44.20.7772.1063
Vice President - Senior Analyst
daniela.refraschini@moodys.com

Kostas Throuvalas +44.20.7772.1877
Associate Analyst
kostas.throuvalas@moodys.com

Dietmar Hornung +49.69.70730.790
Associate Managing Director
dietmar.hornung@moodys.com

Alejandro Olivo +1.212.553.3837
Sovereign and Sub-Sovereign
alejandro.olivo@moodys.com

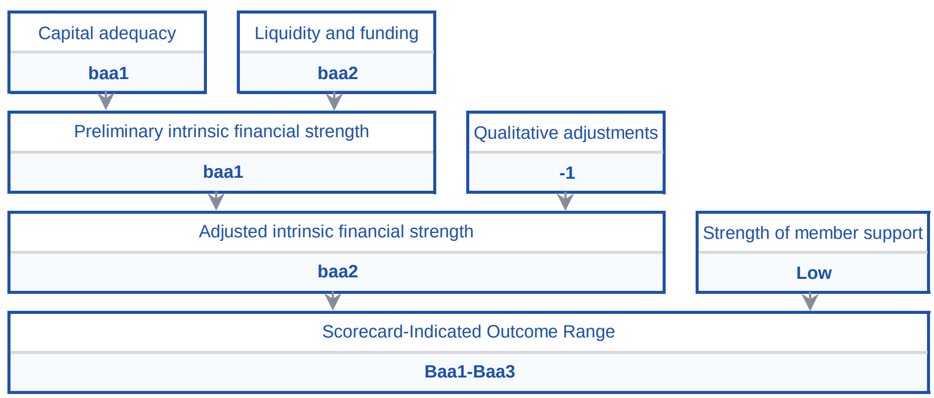
Black Sea Trade and Development Bank – Baa1 negative

Update following rating confirmation; Baa1 outlook negative

Summary

Black Sea Trade and Development Bank's (BSTDB) credit profile reflects its solid capital position despite the expected deterioration in asset performance, large liquidity buffers and the commitment of its shareholders to support the bank. Credit challenges include pressures on asset quality and an increasingly difficult operating environment due to the military conflict between Russia and Ukraine (Caa3 negative), as well as economic challenges in Turkey (B2 negative), although in part mitigated by portfolio diversification.

Exhibit 1
BSTDB's credit profile is determined by three factors



Source: Moody's Investors Service

Credit strengths

» Solid capital position

» Track record of strong asset performance

» Significant contractual shareholders' support as shown by high level of callable capital

Credit challenges

» Challenging operating environment

» Pressures on asset quality mainly due to the impact of the Russia-Ukraine military conflict

» Member countries' limited ability to provide support if needed compared with peers

Rating outlook

The negative outlook reflects our view that the Russia-Ukraine military conflict continues to pose risks to BSTDB's asset performance despite preliminary evidence suggesting some resilience. Challenging market conditions, if persisting, could progressively erode the bank's liquidity buffers. There is also a risk that a prolonged conflict could weaken shareholders' commitment to the bank.

Factors that could lead to an upgrade

The negative outlook suggests an upgrade is unlikely in the near term. The outlook could be changed to stable if BSTDB were to demonstrate a track record of sound asset performance amid the current challenging environment. Signs of financial support from member states including the planned capital increase would also be credit positive.

Factors that could lead to a downgrade

BSTDB's ratings would likely be downgraded should we conclude that the deterioration in asset quality and performance materially affects its assessment of capital adequacy. A significant reduction in BSTDB liquidity buffer and/or increasing signs that access to funding sources has significantly weakened on a permanent basis, could also lead to a downgrade. Signs of diminished support from member states, or evidence that the conflict has hampered the cooperation between members, manifested for example in low appetite for the planned capital increase, would also be credit negative.

Key indicators

Exhibit 2

Black Sea Trade and Development Bank (BSTDB)	2016	2017	2018	2019	2020	2021
Total Assets (USD million)	1,756.0	1,816.9	2,056.2	2,637.7	3,446.9	3,661.6
Development-related Assets (DRA) / Usable Equity [1]	158.3	153.2	167.8	221.3	243.7	265.8
Non-Performing Assets / DRA	3.3	2.1	0.0	0.2	1.5	0.0
Return on Average Assets	0.1	0.5	0.3	0.7	0.6	1.5
Liquid Assets / ST Debt + CMLTD	1,086.6	736.1	190.1	387.9	128.9	249.7
Liquid Assets / Total Assets	29.1	24.7	24.7	21.6	26.6	26.4
Callable Capital / Gross Debt	185.7	221.7	167.9	107.9	84.7	70.8

[1] Usable equity is total shareholder's equity and excludes callable capital

Source: Moody's Investors Service

Profile

BSTDB was established in 1997 as the financial pillar of the Organisation of the Black Sea Economic Cooperation (BSEC). The latter was established in 1992 to promote peace and stability through enhanced relations among member states. A country must belong to the BSEC to become a BSTDB member and thereby be eligible for BSTDB financing. As a result, the bank has no non-regional member countries by design, and all member countries are both capital contributors and borrowers. In line with its mandate, BSTDB provides funding to borrowers with the aim of promoting economic development and regional cooperation. The private sector accounts for the largest share of its lending activities and BSTDB offers a wide range of products encompassing short- to long-term loans, typically denominated in US dollars or euros, trade finance, SME financing through credit lines to local financial intermediaries, equity investments, both direct and via investment funds, guarantees and co-financing. BSTDB has a high exposure to financial institutions because it uses banks to direct loans to SMEs and for trade finance rather than lending directly, as well as leasing and subordinated lending.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Detailed credit considerations

Our determination of a supranational's rating is based on three rating factors: capital adequacy, liquidity and funding and strength of member support. For Multilateral Development Banks, the first two factors combine to form the assessment of intrinsic financial strength, as shown on the cover page graphic. Additional factors can affect the intrinsic financial strength, such as risks stemming from the operating environment or the quality of management. The strength of member support is then incorporated to yield a rating range. For more information please see our Supranational Rating Methodology.

FACTOR 1: Capital adequacy score: baa1

The first key rating factor relates to the BSTDB's capital adequacy that we score at "baa1", balancing higher-than-peers leverage against a track record of so far sound asset performance and a "ba" development asset credit quality reflecting relatively weak borrower credit quality, although supported by credit enhancements and good portfolio diversification.

Leverage ratio should moderate after increasing in recent years

Despite the 2010-2019 capital increase, leverage (development assets and liquid assets rated A3 or lower/usable equity) has increased significantly over the past several years, as BSTDB's loan portfolio has risen at an even faster pace than the capital contributions. BSTDB's leverage ratio stood at 281.8% at end-2021, compared to 123% in 2013. We expect the leverage ratio to have peaked in 2021 and moderate thereafter, mainly reflecting significantly weaker lending growth than envisaged in its latest Medium Term Strategy & Business Plan amid a more challenging operating environment and the planned capital increase.

BSTDB updated its Medium-Term Strategy and Business Plan (MTSBP) in 2020 to establish new operational targets for 2020-22 that emphasises growth, shift to public borrowers and focus on infrastructure projects. The update was followed by a new long-term strategic framework (LTSF) for the period 2021-30. However, the new operational targets are not going to materialise as the operating environment has materially changed in light of the Russia-Ukraine military conflict and a new strategy will be prepared in the second half of 2022 under the new presidency.

BSTDB has paid-in capital of €687 million or 30% of the total subscribed capital of €2.3 billion at end-2021 which is among the higher shares for the multilateral development banks (MDBs) we rate. An increase in the bank's equity was supported by a general capital increase in 2008, which was fully completed at the end of April 2019. The capital increase – together with retained earnings and higher general reserves – more than doubled the stock of total equity.

In an extraordinary meeting in October 2021, the board of governors decided to increase the bank's subscribed capital to €3.1 billion from the current €2.3 billion. The paid-in portion of the newly subscribed capital will be 30%, with 70% callable, in line with the bank's current capital structure. As a result of the new subscription, BSTDB expects to receive additional capital of up to €245 million (increasing its paid-in capital to €932 million), with the subscribed capital payments made in eight instalments over 2023-30. The subscription process will be open until the end of September 2022. However, the Russia-Ukraine conflict remains a key risk to the planned capital increase as it can affect the bank's strategic direction and undermine the shareholders' commitment to the institution.

Development asset credit quality weakened following the start of the Russia-Ukraine military conflict, but remains supported by credit enhancement and diversification

We assess BSTDB's development asset credit quality (DACQ) as "ba". The relatively weak borrower credit quality of BSTDB is a reflection of the challenging operating environment in the bank's countries of operations, as highlighted by severe economic downturns over the past decade in member countries such as Greece, Ukraine, Russia and Turkey. BSTDB is significantly exposed to Russia and Ukraine as exposure to both countries combined represents about 32% of BSTDB's development-related assets (DRA) as of end-2021. BSTDB is also one of the most exposed MDBs to Turkey, on account of both its large loan exposure (21.5% of all loans as of end 2021) and Turkey's position as one of the bank's largest shareholders, with a share of 16.5% in BSTDB's subscribed capital. Important mitigating factors are the large share of lending to key Turkish public sector projects, the resilience demonstrated so far by the private sector to the volatile domestic economic conditions, as well as a high share of co-financing with highly rated MDBs, which give comfort that BSTDB would be treated as a preferred creditor in the event of Turkey experiencing severe stress.

BSTDB also benefits from significant credit protections in the form of guarantees, the use of collateral and other credit enhancements that mitigate risks associated with a large exposure to the private sector. As of the end of December 2021, the secured portfolio represented 56% of outstanding loans (2020: 54%; 2019: 57%). Mortgages on properties and equipment, pledges of equity shares and investment instruments, the assignment of rights on certain contracts, cash or blocked deposits, and other third party guarantees are the main types of collateral. We apply a +1 adjustment for the existence of credit protections.

We also incorporate in our assessment of the DACQ the very high diversification of the bank's portfolio in respect of project size, country and sector, combined with a very low share of equity investments, which are typically more risky than loans because of the greater risk of a full investment loss and the risk of more pronounced price volatility. Our assessment of BSTDB compares favourably with Baa-rated peers in respect of the diversification of its portfolio, the size of its individual projects and the share of equity investments.

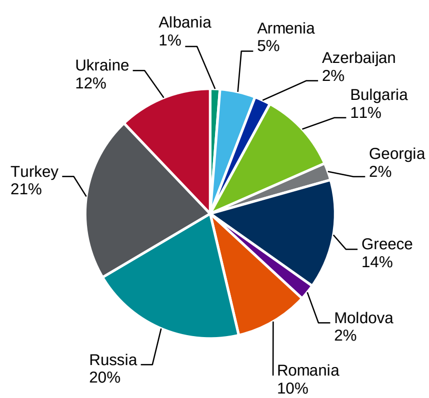
Asset performance will deteriorate due to the Russia-Ukraine conflict

The bank's asset performance, which we measure by the ratio of nonperforming assets relative to development assets (NPA ratio), recovered from the pandemic shock in 2021 and proved resilient to the economic volatility in Turkey, reflecting the bank's prudent risk management framework. There were no recorded NPAs at the end of 2021.

Under the IFRS 9 accounting standard, the bank's share of loans classified as Stage 3 (credit-impaired) amounted to €70.9 million, or 3% of development-related assets, at the end of 2021, compared with €51.6 million, or 2.5%, at the end of 2020 (end-2019: 2.8%). Allowances for the impairment of Stage 3 loans amounted to €38.9 million (or 54.8% of total Stage 3 loans). For these loans, BSTDB had collateral of €38.9 million to mitigate credit risks as of the end of 2021, consisting of real estate (€21.8 million), machinery and equipment (€6.2 million) and pledged shares (€10.9 million).

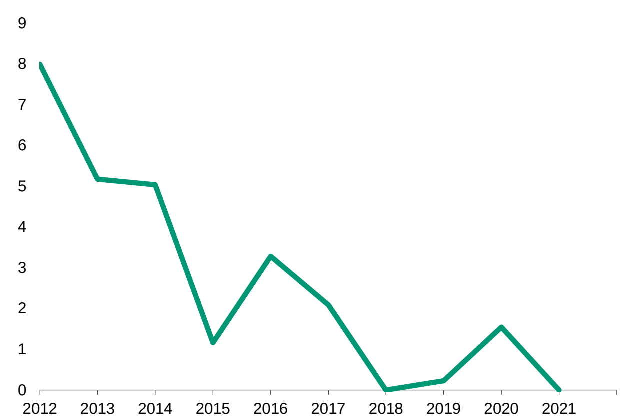
While the ultimate impact of the military conflict on the bank's portfolio is not yet fully visible, preliminary evidence suggests some resilience of the bank's asset performance after Russia's invasion of Ukraine. Nevertheless, risks remain tilted to the downside due to the uncertainty surrounding the evolution of the military conflict, which appears to be more protracted than we initially envisaged. This is reflected in our adjustment of three notches to the trend in the asset performance.

Exhibit 3
Russia and Ukraine together comprise 32% of the DRA portfolio
% of Development Related Assets



BSTDB, Moody's Investors Service

Exhibit 4
Asset performance improved in recent years
NPAs as a % of DRA



Source: BSTDB, Moosy's Investors Service

FACTOR 2: Liquidity and funding score: baa2

The second rating factor is the institution's liquidity and funding score, which is assessed as "baa2" based on the "baa2" score for availability of liquid resources and "ba" score for quality and structure of funding.

We assess BSTDB's liquidity score based on our measure for the availability of liquid resources, which is defined by highly rated liquid assets to net cash outflows over 18 months. BSTDB's liquid resource ratio covers more than twice of projected net cash outflows as of end-2022, compared to a coverage ratio of only 35% at end-2020. This reflects higher liquid resources at the end of 2021 compared to 2020 but also significantly reduced new commitments compared to the original plans to safeguard liquidity. We apply a downward adjustment by 3 notches to acknowledge that higher liquidity buffers are a response to the difficult operating environment and could be progressively eroded if the challenging market conditions persist into next year. BSTDB's liquidity policy sets minimum liquid assets at 50% of net cash requirements for the next 12 months which is less stringent compared to other MDBs, with many requiring 100% for the next 12 months or more.

The bank's financial investments amounted to €879 million as of the end of 2021. These can be divided into treasury assets held in debt investment securities of governments and companies (74% of total financial investments) and cash and bank balances (23%), as well as equity investments (3%). Of the bank's treasury assets, 75% are held in assets rated Aaa-Aa3, 15.7% in assets rated A1-A3, 4.1% in assets rated Baa1-Ba3 and 5% in assets rated B1-B3.

BSTDB has historically relied on a reasonably diversified pool of funding sources, including bond issuances, a commercial paper programme for cash management purposes as well as bilateral loans from other international development institutions such as Germany's (Aaa stable) Kreditanstalt fuer Wiederaufbau (KfW, Aaa), the Nordic Investment Bank (NIB, Aaa stable), EuropeanInvestment Bank (EIB, Aaa stable), French development entity Proparco, Export-Import Bank of China (A1), New Development Bank, Korea Development Bank (Aa2 stable) and the Development Bank of Austria.

The first bond under the MTN programme, in the amount of $500 million, was issued in May 2016 with a coupon of 4.875%, and matured in 2021. In June 2019, BSTDB issued a $400 million bond with a coupon of 3.5% maturing in June 2024, which it tapped in July 2020, increasing the issuance's total size to $550 million. As part of the bond tap issue, holders of the bank's $500 million 4.875% notes due 6 May 2021 tendered bonds to purchase the new 2024 issue or for cash.

Around 44% of the bank's total borrowing was in US dollars at the end of 2021. However, BSTDB also secured funding in euros (19%) and Swiss francs (15%) as a result of relatively cheap funding, and in local-currency markets in member countries. The latter was conducted to help develop local-currency markets in member countries and to match the funding and financing currency. Since 2015, BSTDB has issued bonds in Armenian drams, Azerbaijan manat, Romanian lei and Georgian laris.

After having declined in recent years, funding costs increased significantly in the aftermath of Russia's invasion of Ukraine. BSTDB does not borrow on Russian capital markets or currency but market funding conditions have deteriorated with the spreads on its international bonds increasing more markedly than other MDB in recent months. Its next bond maturity is in June 2023 (CHF 200 million) while its next large international bond maturities of $550 million are only in 2024.

Qualitative adjustments to intrinsic financial strength

Operating environment

We apply a "-1" adjustment to BSTDB's intrinsic financial strength because of the materially weakened operating environment primarily due to the Russia-Ukraine conflict and the bank's significant exposure to both economies.

A highly diversified portfolio mitigates in part a difficult operating environment. BSTDB's relatively diversified loan portfolio by sector and country is balanced against its loan exposure to the Black Sea region. By sector, the bank has progressively reduced its loan concentration. In terms of sectoral distribution, its exposure to financial institutions reached 40% of total loans at the end of 2018 before falling to 22% at the end of 2021. The financial institutions category covers a variety of subsectors, mostly lending to small and medium-sized enterprises and, to a lesser extent, trade finance, leasing and subordinated lending.

Quality of management

Risk management is a key component of BSTDB's decision-making processes and is supported by the bank's operational limits, which specify maximum exposures to a single obligor and country and sector targets. These operational limits are, with respect to single obligors, that BSTDB can lend up to 10% of usable equity for private-sector operations and up to 20% for public-sector nonsovereign operations (the operational country ceiling remains the limit for each sovereign). The single obligor limit for equity investments is 3% of paid-in capital. Regarding project finance and equity, BSTDB only co-finances with a share of any project amounting to 50% and 33%, respectively, while the share can be 100% for corporate finance and trade finance. Other lending limits include that the share of the five largest obligors cannot exceed 40% of the outstanding loan portfolio, maximum country exposure amounts to 30% of the planned commitments and the typical maximum duration of a loan is 10 years. However, the bank's board of directors can approve a longer duration on the credit committee's recommendation.

FACTOR 3: Strength of member support score: Low

BSTDB's strength of member support is assessed as "Low". This assessment is driven by the ability of members to provide support and their willingness to support the institution. We assess the ability to provide support based on the weighted average shareholder rating.

The largest shareholders, which combined own almost 91% of the bank's subscribed capital, are Greece (Ba3 stable) (16.5%), Russia (16.5%), Turkey (16.5%), Romania (Baa3 stable) (14%), Bulgaria (Baa1 stable) (13.5%) and Ukraine (13.5%). The other member countries' shares are Azerbaijan (Ba2 positive) (5%), Albania (B1 stable) (2%), Armenia (Ba3 negative) (1%), Moldova (B3 negative) (0.5%) and Georgia (Ba2 negative) (0.5%). As of the end of 2021, 0.5% of shares in the bank were unallocated. The multi-notch downgrades of Ukraine's rating and of Russia's rating (before its withdrawal) reduced our assessment of shareholders' ability to provide support, resulting in a weighted average shareholder rating of "b2" from "ba2" at the end of 2021.

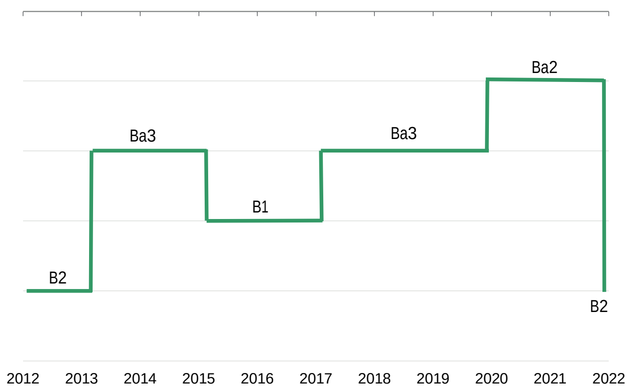
Willingness to support is a function of shareholders' contractual and non-contractual willingness to support the institution. Our assessment of contractual support being "aa3" is based on the relatively high ratio of callable capital to total (gross) debt. In addition, BSTDB has some protection against the unexpected withdrawal of a member state. According to Article 39 of BSTDB's establishment agreement, a member country is liable for its obligations until the shares are bought by the bank at book value, up to five years after the cessation of membership.

We assess the non-contractual support for BSTDB as "Medium" which reflects the shareholder's track record of capital injections as highlighted, for example, during the 2008 general capital increase which doubled the subscribed capital. Furthermore, the decision in late 2021 to increase subscribed capital underscores shareholders' commitment, increasing their ultimate willingness to provide noncontractual support if needed.

Exhibit 5

BSTDB's WASR fell to B2 following the downgrades of Russia and Ukraine

Weighted Average Shareholder rating of BSTDB

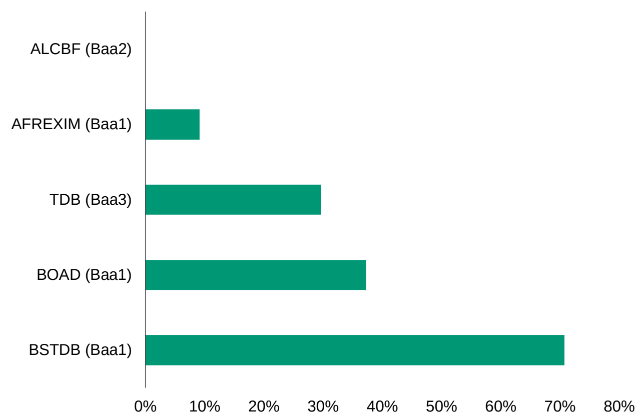


Source: Moody;s Investors Service

Exhibit 6

BSTDB has some of the strongest contractual support among the Baa universe

Callable Capital/Debt ratio, 2021

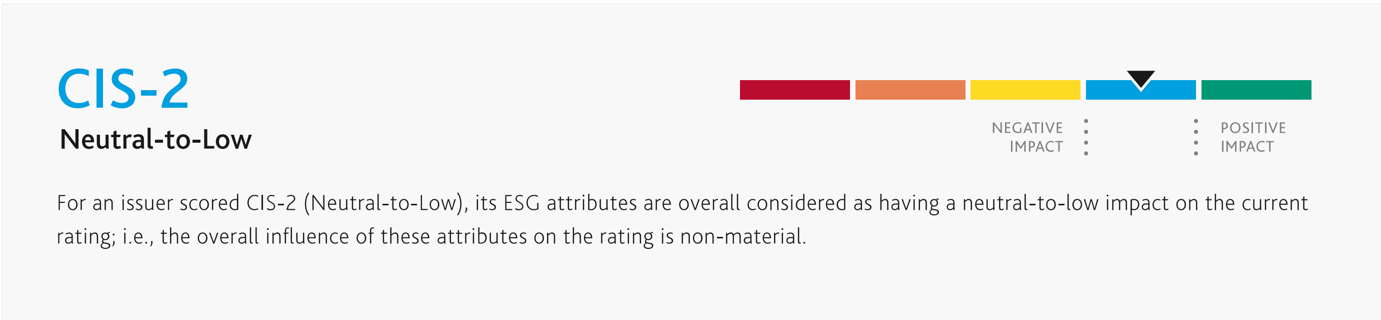


Note: We exclude EADB because its Callable Capital/Debt ratio is significantly higher
Source: BSTDB other MDB's financial statements, Moody's Investors Service

ESG considerations

Black Sea Trade & Development Bank's ESG Credit Impact Score is Neutral-to-Low CIS-2

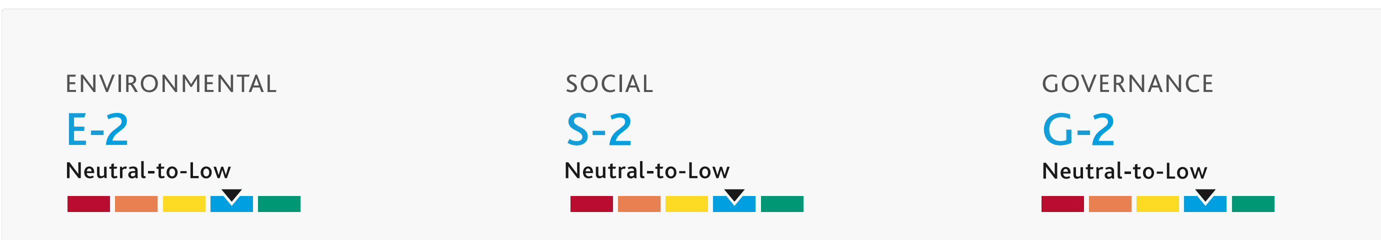
Exhibit 7
ESG Credit Impact Score



Source: Moody's Investors Service

BSTDB's credit impact score is neutral to low (**CIS-2**), reflecting generally low exposure to environmental risks, low exposure to social risks, and a solid governance profile, supported by a prudent framework.

Exhibit 8
ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

BSTDB's environmental issuer profile score is neutral to low (**E-2**). BSTDB's exposure to sectors affected by environmental considerations, such as the agriculture sector or sectors facing carbon transition risk, such as the oil and gas sector, is contained, with high portfolio diversification providing a mitigation.

Social

BSTDB's neutral to low social issuer profile score (**S-2**) reflects good customer relations, as demonstrated by increasing demand from its member states which are also borrowers, policies in place to safeguard responsible production, and attention to societal trends in the bank's strategy.

Governance

BSTDB's neutral-to-low governance issuer profile score (**G-2**) is underpinned by prudent policies and improvements in the bank's risk management framework over the past decade, which supported the downward trend in non-performing assets despite a complex operating environment in the Black Sea region.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

All of these considerations are further discussed in the "Detailed credit considerations" section above. Our approach to ESG is explained in our cross-sector methodology General Principles for Assessing ESG Risks. Additional information about our rating approach is provided in our Supranational Rating Methodology.

Recent developments

Asset performance remains vulnerable to deterioration

Russia and Ukraine comprise about 20% and 12% of BSTDB's DRAs as of end-2021, respectively. The imposition of international sanctions on Russia, the introduction of restrictions on cross-border payments by the Central Bank of Russia (CBR), and sustained disruption to Russia and Ukraine's economies, which are expected to contract severely in 2022, increase the risks to BSTDB's capital adequacy, by increasing the risks to asset performance. Furthermore, asset-quality risks can also increase more broadly across the region as a consequence of the conflict.

Russia and Ukraine are the third and the fourth-largest country exposures of BSTDB's loan portfolio, after Turkey and Greece and 5 out of top-10 projects are in both countries. BSTDB's total exposure to equity investments is very low in general, at only 1% of DRA.

Preliminary evidence suggests some resilience of the bank's asset performance. Some borrowers in Ukraine were granted a payment deferral (mostly for up to three months), but the majority of them has remained current or resumed payments so far.

In the case of the Russian portfolio, although borrowers have proved willing and financially able to pay, technical delays have occurred due to the imposition of international sanctions against Russia and the need of payments' authorisation from Russia. However, we generally expect those delays to be temporary.

BSTDB is also one of the most exposed MDBs to Turkey (B2 negative), which accounts for more than 20% of the bank's total loans. Nevertheless, the challenging operating conditions have not translated in a deterioration of the asset performance despite elevated currency volatility and high and accelerating inflation.

Large liquidity buffers mitigate immediate credit pressures

The liquidity position improved compared to 2020 and provides some resilience to the consequences of Russia-Ukraine military conflict. Liquidity buffers are sufficiently large to withstand lower cash inflows due to payments deferrals. Following the start of the invasion, the bank revised its growth target down and lowered new commitments, with the aim to safeguard its liquidity position.

Under our stress scenario, liquid assets at end-2021 cover more than twice of projected net cash outflows over the next 18 months, compared to a coverage ratio of only 35% at end-2020. The scenario assumes that BSTDB has no access to markets. BSTDB's liquid asset coverage ratio at 243.8% is well above the median of Baa-rated peers which stood around 89% at end-2021. As of mid-June, liquid assets stood at almost €450 million (including €197 million cash deposits and €250 million in highly rated securities), comfortably covering the maturities up to year-end (€94 million). The bank projects the liquid assets to remain around this level at the end of June 2023 due to planned positive net cash inflows in the next three quarters.

The liquid assets coverage would remain strong even assuming only partial repayments over the reference period from Russia and Ukraine, which account for almost 20% of the projected net cash inflows.

While BSTDB's liquid resources have remained adequate to date, the market's perception of BSTDB has deteriorated and the cost of market funding has increased significantly. Liquidity buffers could be progressively eroded if the challenging market conditions persist into next year, constraining the ability to refinance maturing debt at reasonable cost.

Strength of member support has weakened

The military conflict between Russia and Ukraine has weakened the ability of member states to provide support to BSTDB, as evidenced by the deterioration in the "weighted average shareholder rating". The latter weakened to "B2" from "Ba2" at end-2021 after the multi-notch downgrades of Russia and Ukraine. That led to a reassessment of the strength of member support for BSTDB to "Low" from "Medium". That said, our "aa3" assessment of contractual support is based on BSTDB's ratio of callable capital to total (gross) debt, which was 71% at the end of 2021, one of the highest in our universe.

BSTDB has a proven track record of shareholders' support in a complex geopolitical environment, as also indicated by the capital increase agreed last year. The capital increase announced in October 2021 remains open until the end of September 2022. We have no indication pointing to diminished commitment of the shareholders' to support the institution and our expectation is that the increase will go ahead. However, the severity of the current geopolitical tensions has no precedent in the bank's history, and has the potential to hamper the cooperation among members. Low appetite for the planned capital increase would indicate weakening shareholders' commitment.

BSTDB intends also to explore a number of options to preserve its capital adequacy, including expanding co-financing and shifting toward short-term transactions, off-balance sheet activities such as guarantees, and unfunded risk participations, as well as risk-sharing and asset transfer measure.

Rating methodology and scorecard factors

Rating factor grid - Black Sea Trade Development Bank	Initial score	Adjusted score	Assigned score
Factor 1: Capital adequacy (50%)		baa1	baa1
Capital position (20%)		baa1	
Leverage ratio	baa1		
Trend	0		
Impact of profit and loss on leverage	0		
Development asset credit quality (10%)		ba	
DACQ assessment	ba		
Trend	0		
Asset performance (20%)		a1	
Non-performing assets	aa1		
Trend	-3		
Excessive development asset growth	0		
Factor 2: Liquidity and funding (50%)		baa2	baa2
Liquid resources (20%)		aa3	
Availability of liquid resources	aaa		
Trend in coverage outflow	-3		
Access to extraordinary liquidity	0		
Quality of funding (30%)		ba	
Preliminary intrinsic financial strength			baa1
Other adjustments			-1
Operating environment	-1		
Quality of management	0		
Adjusted intrinsic financial strength			baa2
Factor 3: Strength of member support (+3,+2,+1,0)		Low	Low
Ability to support - weighted average shareholder rating (50%)		b2	
Willingness to support (50%)			
Contractual support (25%)	aa3	aa3	
Strong enforcement mechanism	0		
Payment enhancements	0		
Non-contractual support (25%)		Medium	
Scorecard-Indicated Outcome Range			Baa1-Baa3
Rating Assigned			Baa1

Note: Our ratings are forward-looking and reflect our expectations for future financial and operating performance. However, historical results are helpful in understanding patterns and trends of an issuer's performance as well as for peer comparisons. Additional considerations that may not be captured when historical metrics are used in the scorecard may be reflected in differences between the adjusted and assigned factor scores. Furthermore, in our ratings we often incorporate directional views of risks and mitigants in a qualitative way. For more information please see our Multilateral Development Banks and Other Supranational Entities rating methodology.

Source: Moody's Investors Service

Moody's related publications

» **Sector Comment:** Supranationals – Global: Most multilateral development banks are resilient to Russia-Ukraine conflict, 21 March 2022

» **Sector in_depth**: Sovereigns – Russia, Ukraine and Belarus: FAQ on credit implications and challenges posed by Russia-Ukraine military conflict, 11 March 2022

» **Issuer Comment**: Black Sea Trade and Development Bank: Increase in subscribed capital indicates shareholders' commitment to bank's growth strategy, 28 October 2021

» **Outlook**: Multilateral Development Banks – Global: 2022 outlook is stable given resilience to challenging economic and financial conditions in emerging markets, 31 January 2022

» **Rating Methodology**: Multilateral Development Banks and Other Supranational Entities, 28 October 2020

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Related websites and information sources

» Moody's Supranational web page

» Moody's Sovereign and supranational rating list

» Black Sea Trade and Development Moody's web page

MOODY'S has provided links or references to third party World Wide Websites or URLs ("Links or References") solely for your convenience in locating related information and services. The websites reached through these Links or References have not necessarily been reviewed by MOODY'S, and are maintained by a third party over which MOODY'S exercises no control. Accordingly, MOODY'S expressly disclaims any responsibility or liability for the content, the accuracy of the information, and/or quality of products or services provided by or advertised on any third party web site accessed via a Link or Reference. Moreover, a Link or Reference does not imply an endorsement of any third party, any website, or the products or services provided by any third party.

© 2022 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from $1,000 to approximately $5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1331929

MOODY'S INVESTORS SERVICE