



Black Sea Trade and Development Bank

Credit strengths

- High capitalisation
- Sound liquidity profile
- Strong asset quality and well-diversified loan portfolio
- Stable profitability

Credit weaknesses

- Limited ability of shareholder support
- High risk of mandated activities in challenging operating environment
- Rising leverage

Ratings and Outlook

Foreign currency

Long-term issuer rating	A/Stable
Senior unsecured debt	A/Stable
Short-term issuer rating	S-1/Stable

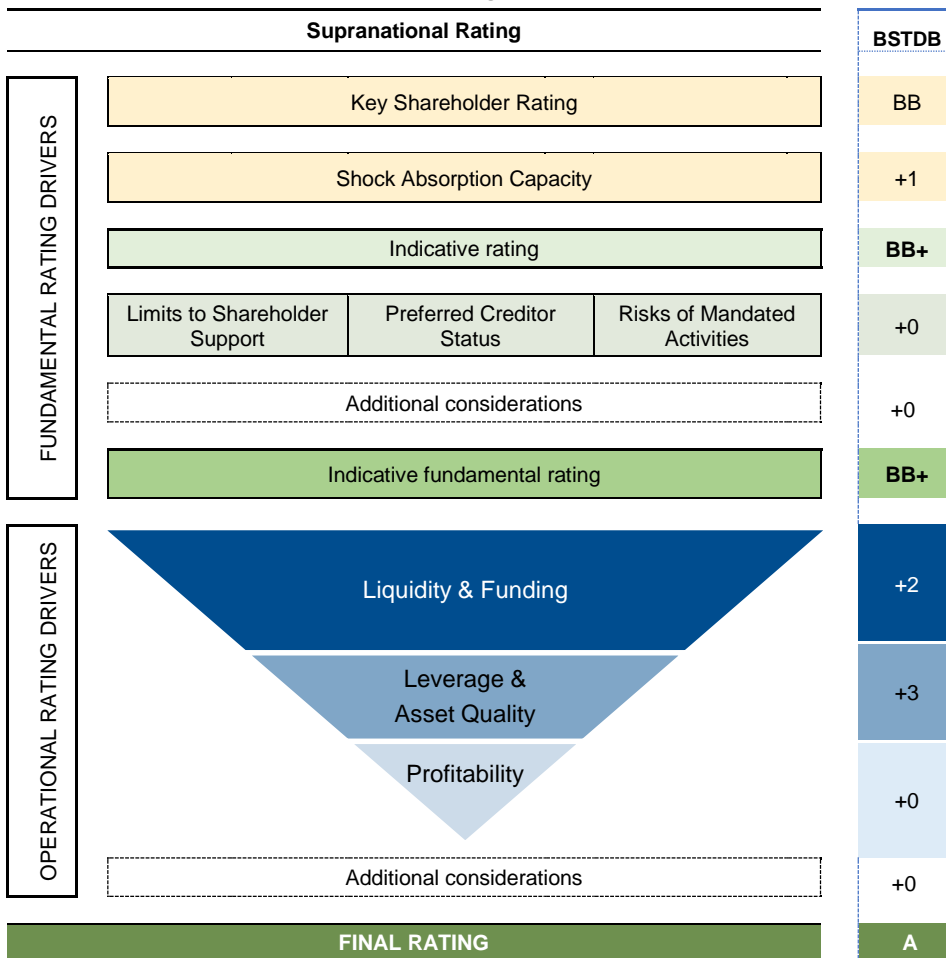
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Scope's assessment of the BSTDB's rating drivers



Positive rating-change drivers

- Increase in liquidity buffers
- Significant increase in profitability, raising capitalisation
- Upgrade of key shareholders

Negative rating-change drivers

- Reduction in liquidity buffers
- Significant weakening of asset quality, resulting in sustained losses
- Marked increase in leverage
- Downgrade of key shareholders

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Black Sea Trade and Development Bank

Scope's supranational scorecard: Black Sea Trade and Development Bank

Risk factors	Variables	Unit	Risk assessment			BSTDB			
			Low (+1)	Medium (0)	High (-1)	Value	Risk assessment	Notches	
Key shareholder rating	Weighted average rating of key shareholders	Avg. rating				BB	--	--	
Shock-absorption capacity (-1; +2)	Equity + callable capital/potential liabilities*	%	≥ 20	< 20; ≥ 10	< 10	38.5	+1 Notch	1	
Indicative rating						BB+			
Limits to shareholder support (-1; 0)	Shareholder concentration	HHI	--	--	> 2,000	0.0	Low	0	
	Paid-in/callable capital	%	--	--	< 10	42.9	Low	0	
Preferred creditor status (0; +1)	Mandate	Description	LOLR	--	--	Development	N/A	1	
	Exposure to own shareholders	% total loans	≥ 75	--	--	100.0	N/A		
	Private sector exposure	% total loans	≤ 25	--	--	72.8	N/A		
Risks from mandated activities (+/- 1)	History/track record		--	--	--	Yes	1	-1	
	Weighted average borrower quality (top 10)	Rating	≥ A-	≥ BBB-	< BBB-	BB	High		
Additional considerations	Max. equity investments	% equity	≤ 50	--	--	50.0	Low	-1	
						0.0		0	
Indicative fundamental rating						BB+			
Operational rating drivers	Liquidity & funding (-2; +7)	Liquid assets ratio**	%	≥ 30	< 30; ≥ 20	< 20	33.1	Moderate	1
		WAM issuance (latest)	Years	≥ 5	< 5; ≥ 2	< 2	4.7	Low	1
		Funding volume	EUR or USD bn	≥ 10	--	--	0.5	Medium/High	0
		Currency diversification	Top 1 share	≤ 70	--	--	67.2	Low	0
		ESG issuance	% issuance	≥ 15	--	--	< 15.0	Medium/High	0
		Adjustments					0.0		0
		Leverage ratio***	% equity	≤ 300	> 300; ≤ 600	> 600	153.9	Low	1
Leverage & asset quality (-2; +4)	NPLs****	% total loans	≤ 2	> 2; ≤ 4	> 4	0.4	Low	1	
	Actual equity participation****	% equity	≤ 50	--	--	3.6	Low	1	
	Portfolio concentration*****	Geographical concentration	HHI	≤ 2,000	--	--	1300.0	Low	1
		Industry concentration	HHI	≤ 2,000	--	--	2000.0	Low	1
Profitability (+/- 1)	Return on equity	%	≥ 3	< 3; ≥ 0	< 0	1.3	Medium	0	
Additional considerations						0.0		0	
FINAL RATING						A			

*Callable capital of potentially borrowing/benefiting shareholders rated ≥ AA-. If the value is above 50, we adjust the assessment positively by two notches.

**If the value is above 50 (80), we adjust the assessment positively by two (three) notches. Ratios above 120 receive a four-notch adjustment.

***If the value is below 100, we adjust the assessment positively by two notches.

****Adjusted taking 'risks from mandated activities' into account.

*****If either geographical or industry concentration is assessed as 'low' risk, we will adjust positively by one notch.

LOLR stands for lender of last resort. HHI refers to the Herfindahl-Hirschman Index. ESG-issuance can only provide positive uplift.

Operational rating drivers are calculated using a weighted three-year average.

Source: BSTDB, Scope Ratings GmbH



Black Sea Trade and Development Bank

II Key shareholders: Black Sea Trade and Development Bank

EUR '000s, latest figures

Shareholders	Rating	Capital Contribution				
		Subscribed capital, called and paid	Subscribed capital, uncalled	Subscribed capital	Key (%)	Key - Adjusted (%)
Greece	BB/Positive	113,850.00	265,650.00	379,500.00	16.58	18.23
Russian Federation	BBB/Stable	113,850.00	265,650.00	379,500.00	16.58	18.23
Turkey	B/Negative	113,850.00	265,650.00	379,500.00	16.58	18.23
Romania	BBB-/Negative	96,600.00	225,400.00	322,000.00	14.07	15.47
Bulgaria	BBB+/Stable	93,150.00	217,350.00	310,500.00	13.57	14.92
Ukraine*		93,150.00	217,350.00	310,500.00	13.57	14.92
Total		624,450.00	1,457,050.00	2,081,500.00	90.95	100.00
Key Shareholder Rating						BB

* For the Ukraine, which is not publicly rated by Scope, a credit estimate is used.

Source: BSTDB, Scope Ratings GmbH



III Statistical tables

	2015	2016	2017	2018	2019
Key shareholders					
Average capital-key weighted rating	BB	BB	BB	BB	BB
Shareholders rated at least AA- (%)	-	-	-	-	-
Liquidity (EUR '000s)					
Liquid assets and undrawn credit facilities	189,044.0	327,051.0	289,030.0	274,819.0	394,948.0
Cash and cash equivalents	49,745.0	70,034.0	81,481.0	48,598.0	82,621.0
Assets ≤ 12 months	139,299.0	257,017.0	124,169.0	226,221.0	223,317.0
Undrawn credit facility with KfW (AAA/Stable)*	-	-	83,380.0	-	89,010.0
Liabilities maturing within 12 months and disbursements	706,222.0	516,564.0	678,265.0	1,186,475.0	1,081,476.0
Liabilities ≤ 12 months	262,484.0	130,353.0	105,299.0	315,345.0	210,346.0
Disbursements over next 12 months**	443,738.0	386,211.0	572,966.0	871,130.0	871,130.0
Liquid assets ratio (%)	26.8	63.3	42.6	23.2	36.5
Funding (EUR '000s)					
Funding volume	101,000.0	460,000.0	3,700.0	107,150.0	715,610.0
Share of total borrowings outstanding (%)					
USD	30.6	72.2	69.2	62.4	69.3
EUR	13.8	8.5	10.6	13.3	6.5
CHF	51.3	10.8	11.9	9.3	12.4
Leverage (EUR '000s)					
Borrowings	540,984.0	862,533.0	722,592.0	990,030.0	1,485,155.0
Leverage ratio (%)	75.0	114.6	95.2	123.5	178.8
Asset quality (EUR '000s)					
Total gross loans and equity investments	1,113,532.0	1,191,838.0	1,166,442.0	1,358,350.0	1,851,327.0
Turkey	229,659.0	263,790.0	273,993.0	306,218.0	420,399.0
Greece	42,138.0	95,314.0	173,203.0	202,146.0	386,898.0
Russia	276,508.0	220,862.0	180,383.0	128,113.0	217,662.0
Ukraine	57,461.0	59,197.0	31,965.0	60,295.0	164,553.0
Romania	115,652.0	145,728.0	116,332.0	172,322.0	136,841.0
Non-performing loans ratio (% of gross loans)	1.2	3.4	2.1	0.3	0.2
Profitability (EUR '000s)					
Net income	15,214.0	1,751.0	8,655.0	5,176.0	13,664.0
Return on equity (%)	2.1	0.2	1.1	0.6	1.6
Capital (EUR '000s)					
Paid-in capital	542,848.0	613,809.0	641,566.0	685,122.0	686,550.0
Retained earnings and reserves	178,699.0	138,861.0	117,104.0	116,478.0	143,859.0
Total	721,547.0	752,670.0	758,670.0	801,600.0	830,409.0

* Scope counts this undrawn facility towards the bank's liquid assets due to the counterparty's very high credit rating and the fact that these funds can be drawn upon at short notice without project-specific conditions attached.

** For disbursements in 2019, Scope uses the 2018 level of disbursements as proxy.

Source: BSTDB, Scope Ratings GmbH