

# **BSTDB Budget for 2018**

## **Summary Information**

The 2018 Budget has been prepared with reference to the Bank's operational priorities and strategies as laid out in the Medium-term Strategy and Business Plan (MTSBP) of BSTDB for the period 2015-2018, and the updated priorities and strategies of the Mid-Term Review of the MTSBP for the period 2015-2018. It represents the final year of implementation of the MTSBP, and details next year's priorities and operational activities, and the resources required for their successful implementation.

In terms of instruments, loans will constitute the main form of financing, with the Bank less open to employing equity. The Bank will provide various forms of short to medium-term financing, targeting mostly real sectors projects, and will also continue to offer credit lines for financing SMEs and trade activities through financial intermediaries. In addition, the Bank will consider provision of various forms of guarantees and other risk sharing instruments for investments undertaken in Member Countries.

The primary operational emphasis of BSTDB in 2018 would be on cautious and manageable portfolio growth. The Bank will focus on maintaining portfolio quality and on generation and preparation of projects with higher development impact.

2018 is particularly important due to a significant regulatory change, the adoption of the new IFRS 9 standard, whose overall impact is not yet entirely clear due to ambiguity surrounding profit and loss implications. Understandably, the Bank also finds itself in 2018 in a period of transition with the arrival of a new President and Management team whom will be leading the formulation and implementation of the new Medium-Term Strategy.

By end 2018 the loan and equity portfolio is expected to be an amount close to the high case scenario of the MTSBP 2015-2018. Revenues from operations are expected to be lower due to the low interest rates and low margins applicable to projects in the Bank's efforts to be more competitive in the market. Revenues from treasury investments will be lower than in 2017 due to lower amounts to be invested, while administrative expenses are projected to grow slightly. Net income has been budgeted to be positive as realized in the last years.

For the Bank's long-term borrowing needs the Board of Directors has approved a maximum borrowing limit for 2018 an amount of €1 billion, which remains unchanged from the previous year.

The Bank's revenues, business volume and administrative expenses, as approved by the Board of Directors at its meeting on 17 November 2017, are summarized in the attachments.

Pursuant to Section 12 of the By-Laws of the Bank, an annual administrative budget shall be presented to the Board of Governors at its next annual meeting.

### Summary of Revenues, Expenses and Net Income

Budget Summary	In EUR
From loans	53,750,000
From treasury	4,082,000
From front-end and commitment fees	2,715,000
Total interest and similar income	60,547,000
Total interest and similar expense	(32,484,000)
Net interest income	28,063,000
Other income	1,208,000
<b>Operating income</b>	<b>29,271,000</b>
Administrative expenses (see attachment III)	(22,279,000)
<b>Income before provisions</b>	<b>6,992,000</b>
Provisions for impairment	(1,172,000)
<b>Net Income for the Year</b>	<b>5,820,000</b>

### Summary of Business Volume and Total Assets

Budget Summary	In EUR
Cash and bank balances	74,739,000
Investment securities	185,114,000
Total deposits and securities	259,853,000
Loans	1,285,053,000
Equity investments	36,649,000
Less: deferred income	(10,452,000)
Less: provisions for impairment	(32,720,000)
Net loans and equity investments	1,278,530,000
Net property, technology and equipment	1,724,000
Other assets	25,706,000
<b>Total Assets</b>	<b>1,565,813,000</b>
Borrowings	718,786,000
Other liabilities	9,238,000
Total liabilities	728,024,000
Authorized share capital	3,450,000,000
Less: unallocated share capital	(1,161,500,000)
Subscribed share capital	2,288,500,000
Less: callable share capital	(1,601,950,000)
Less: payable share capital	0
Advance against future call	0
Paid-in share capital	686,550,000
Reserves and surplus	151,239,000
<b>Total Liabilities and Members' Equity</b>	<b>1,565,813,000</b>
Commitments (undrawn)	148,551,000

### Summary of Administrative Expenses

Budget Summary	In EUR
Personnel expenses	16,210,000
Consultant and third party fees	1,237,000
Utilities and maintenance expenses	1,527,000
Taxes and duties	8,000
Miscellaneous expenses	2,778,000
Depreciation and amortization	519,000
<b>Total</b>	<b>22,279,000</b>