

# **BSTDB Budget for 2017**

## **Summary Information**

The 2017 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 third year of implementation of the MTSBP, and details next year's priorities and operational activities, and the resources required for their successful implementation.

For BSTDB, 2016 has been an important year, during which the Bank has continued to develop its operational activities, expand its country and sectoral coverage, and provide innovative and tailor-made support to its clients, helping to meet a growing demand for more sophisticated financial products in many Regional markets. Once again, financial performance is expected to be positive, for the twelfth consecutive year, the Bank will post profits.

Alongside healthy operational development and financial performance, the Bank maintained a high quality of operations. The geographic and sector coverage of lending improved, and the Bank continued to offer more sophisticated and innovative products, increasing its involvement in public private partnerships, undertaking local currency bond issuance, and helping to catalyze resource mobilization by helping Regional firms issue bonds on capital markets. A particularly significant event was the successful debut benchmark US\$ 500 million five year bond issue in May, which was three and one half times oversubscribed. This successful mobilization of external resources will permit the Bank to continue its steady, solid growth in future years.

As a result of these quantitative and qualitative achievements, the Bank's credit ratings were re-affirmed, and indeed Moody's upgraded its outlook from negative to stable in September. BSTDB's credit ratings remain the highest of an entity based in the Black Sea Region, and are around six notches higher than the Regional average.

Turning to 2017, expanding the operational portfolio in a measured, steady manner will remain the core business of BSTDB, while actions such as additional resource mobilization and promotional activities to showcase the Region and its Member Countries will play significant supporting roles. Profitability will once again be maintained.

For the Bank's long-term borrowing needs the Board of Directors has approved a maximum borrowing limit for 2017 an amount of €1 billion.

The Bank's revenues, business volume and administrative expenses, as approved by the Board of Directors at its meeting on 18 November 2016, 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

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Budget Summary	In EUR
From loans	54,515,000
From treasury	5,040,000
From front-end and commitment fees	2,229,000
<b>Total interest and similar income</b>	<b>61,784,000</b>
<b>Total interest and similar expense</b>	<b>(34,286,000)</b>
Net interest income	27,498,000
Other income	1,148,000
<b>Operating income</b>	<b>28,646,000</b>
Administrative expenses (see attachment III)	(20,244,000)
<b>Income before provisions</b>	<b>8,402,000</b>
Provisions for impairment	(755,000)
<b>Net Income for the Year</b>	<b>7,647,000</b>

### Summary of Business Volume and Total Assets

Budget Summary	In EUR
Cash and bank balances	53,298,000
Investment securities	329,734,000
<b>Total deposits and securities</b>	<b>383,032,000</b>
Loans	1,168,122,000
Equity investments	61,401,000
Less: deferred income	(11,948,000)
Less: provisions for impairment	(30,043,000)
<b>Net loans and equity investments</b>	<b>1,187,532,000</b>
Net property, technology and equipment	1,500,000
Other assets	27,025,000
<b>Total Assets</b>	<b>1,599,089,000</b>
 Borrowings	 796,971,000
Other liabilities	9,301,000
<b>Total liabilities</b>	<b>806,272,000</b>
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	(52,297,000)
Advance against future call	0
Paid-in share capital	634,253,000
Reserves and surplus	158,564,000
<b>Total Liabilities and Members' Equity</b>	<b>1,599,089,000</b>
 Commitments (undrawn)	 141,319,000

### Summary of Administrative Expenses

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Budget Summary	In EUR
Personnel expenses	14,945,000
Consultant and third party fees	793,000
Utilities and maintenance expenses	1,450,000
Taxes and duties	6,000
Miscellaneous expenses	2,459,000
Depreciation and amortization	591,000
<b>Total</b>	<b>20,244,000</b>