IMPORTANT NOTICE

THIS DRAWDOWN OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) PERSONS LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the Drawdown Offering Circular following this page and you are therefore required to read this carefully before accessing, reading or making any other use of the Drawdown Offering Circular. In accessing the Drawdown Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer and the Dealers (as defined in this Offering Circular) as a result of such access.

THIS DRAWDOWN OFFERING CIRCULAR HAS BEEN PREPARED IN CONNECTIONWITH THE PROPOSED OFFER AND SALE OF THE SECURITIES DESCRIBED HEREIN. THE FOLLOWING DRAWDOWN OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSON. THIS DRAWDOWN OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND WITHIN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" ("**QIBs**") AS DEFINED IN AND PURSUANT TO RULE 144A OF THE SECURITIES ACT ("**RULE 144A**"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED DRAWDOWN OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OF LOCAL SECURITIES LAWS.

Confirmation of your Representation: In order to be eligible to view this Drawdown Offering Circular or make an investment decision with respect to the securities, you must be a person who is located outside the United States or a QIB in the United States. By accepting this e-mail and accessing this Drawdown Offering Circular, you shall be deemed to have represented to the Issuer and the Dealers that you and any customers you represent (i) are located outside the United States or (ii) are QIBs in the United States; the electronic mail address that you have given to the Issuer and the Dealers and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia unless you are a QIB in the United States; and that you consent to delivery of such Drawdown Offering Circular by electronic transmission.

You are reminded that this Drawdown Offering Circular has been delivered to you on the basis that you are a person into whose possession this Drawdown Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Drawdown Offering Circular to any other person.

Any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or manager and HSBC Bank plc or J.P. Morgan Securities plc (each a "**Joint Lead Manager**" and together the "**Joint Lead Managers**") or any affiliate thereof is a licensed broker or manager in that jurisdiction, any offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall this Drawdown Offering Circular constitute an offer to sell or the solicitation of an offer to buy nor shall there by any sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. This Drawdown Offering Circular may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

This Drawdown Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Black Sea Trade and Development Bank, HSBC Bank plc, J.P. Morgan Securities plc, any person who controls any such persons, or any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Drawdown Offering Circular distributed to you in electronic format and the hard copy version available to you on request from HSBC Bank plc or J.P. Morgan Securities plc.

BLACK SEA TRADE AND DEVELOPMENT BANK

(an international financial institution)

Issue of US$500,000,000 4.875 per cent. Notes due 2021

Under the

EUR 1,000,000,000

Euro Medium Term Note Programme

The US$500,000,000 4.875 per cent. notes due 2021 (the "**Notes**") are being issued by Black Sea Trade and Development Bank (the "**Issuer**") under the Issuer's EUR 1,000,000,000 Euro Medium Note Programme (the "**Programme**"). The issue price of the notes is 99.270 per cent. of their principal amount (the "**Issue Price**"). The Notes will bear interest from (and including) 6 May 2016 (the "**Issue Date**") at a fixed rate of 4.875 per cent. per annum. Interest on the Notes will be payable semi-annually in arrear on 6 May and 6 November in each year (each such date for the payment of interest being an "**Interest Payment Date**"). The first Interest Payment Date will be 6 November 2016. Unless previously redeemed, purchased or cancelled, the Notes will be redeemed at their principal amount, together with accrued interest (if any) thereon, on 6 May 2021 (the "**Maturity Date**").

This Drawdown Offering Circular has not been approved by any competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"), or any other purposes, as any Notes which may be issued hereunder are outside the scope of the Prospectus Directive (as a result of the Issuer's status as a public international body of which a European Union member state is a member) and no election has been made for the Notes to be treated as being within the scope of the Prospectus Directive. However, an application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Notes to be admitted to the official list of the Irish Stock Exchange (the "**Official List**") and to trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered, sold or delivered: (a) in the United States only to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A") ("QIBs")) in reliance on Rule 144A; and (b) to persons located outside the United States in reliance on Regulation S ("Regulation S") under the Securities Act. Each purchaser of Notes will be deemed to have made the representations described in "*Subscription and Sale*" and is hereby notified that the offer and sale of Notes to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Notes will not be offered or sold in any Member State (as defined herein) except and to the extent that the approval of such Member State has been obtained, in accordance with Article 18(1)(a)(i) of the Establishing Agreement, for the offer and sale of the Notes within its territory.

The Notes are expected to be rated A2 and A-, respectively by Moody's Investors Services Limited ("**Moody's**") and Standard & Poor's Financial Services LLC ("**S&P**"). Each such credit rating agency is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

Joint Lead Managers

J.P. MORGAN **HSBC**

4 May 2016

CONTENTS

Page

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Drawdown Offering Circular and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Drawdown Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to the Joint Lead Managers that this Drawdown Offering Circular contains all information which is (in the context of the issue, offering and sale of any Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Drawdown Offering Circular are honestly held or made and are not misleading in any material respect; this Drawdown Offering Circular does not omit to state any fact necessary to make such information, opinions, predictions or intentions (in the context of the issue, offering and sale of the Notes) not misleading in any material respect; and all proper enquiries have been made to ascertain or verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Drawdown Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the Joint Lead Managers nor any of their respective affiliates have independently verified the information contained herein or authorised the whole or any part of this Drawdown Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated in this Drawdown Offering Circular or any other information provided by the Issuer in connection with the offering of the Notes. No Joint Lead Manager accepts any liability in relation to the information contained or incorporated by reference in this Drawdown Offering Circular or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

Neither the delivery of this Drawdown Offering Circular nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Drawdown Offering Circular is true subsequent to the date hereof or the date upon which this Drawdown Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Drawdown Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Issuer or the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Drawdown Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction or to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Drawdown Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Drawdown Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Drawdown Offering Circular and the offer and sale of the Notes in the United States, the United Kingdom, the Member States (as defined below) and Japan.

For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Drawdown Offering Circular and other offering material relating to the Notes, see "*Subscription and Sale*" in the offering circular for the Programme dated 13 April 2016.

In this Drawdown Offering Circular, unless otherwise specified, references to a "**Member State**" are references to each of Albania, Armenia, Azerbaijan, Bulgaria, Georgia, the Hellenic Republic, Moldova, Romania, Russia, Turkey and the Ukraine. References to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended. References to "**SDRs**" are to Special Drawing Rights the international reserve assets created by the International Monetary Fund (the "**IMF**").

Certain figures included in this Drawdown Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

FORWARD LOOKING STATEMENTS

This Drawdown Offering Circular contains statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes", "estimates", "anticipates", "expects", "predicts", "projects", "aims", "anticipates", "intends", "targets", "may", "will", "plans", "continue" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. Forward-looking statements appear in a number of places throughout this Drawdown Offering Circular and include but are not limited to, statements regarding the intentions, beliefs or current expectations of the Issuer concerning, amongst other things, its investment objectives and investment policies, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, growth strategies and the markets in which it, directly and indirectly, currently operates or may in the future operate.

NOTE ON SOURCES

Economic and other data concerning the Black Sea Region contained in this Drawdown Offering Circular are provided by the Issuer based on calculations from the National Statistical Agencies of the countries of the Black Sea Region and the IMF IFS Database. Additional sources employed include the Global Economic Prospects publications of the World Bank, the World Economic Outlook publications of the IMF and publications of the Economist Intelligence Unit.

RISK FACTORS

The Issuer believes that the factors set out in the section entitled "*Risk Factors*" on pages 6 to 22 of the Offering Circular as incorporated by reference into this Drawdown Offering Circular may affect its ability to fulfil its obligations under the Notes. Most of those factors are contingencies which may not occur. The Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Prospective investors should also read the detailed information set out elsewhere in this Drawdown Prospectus and the documents incorporated by reference herein and reach their own views prior to making any investment decision.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Drawdown Offering Circular:

- the offering circular dated 13 April 2016 relating to the Programme (the "**Offering Circular**");
- the Financial Statements of the Issuer, as at and for the year ended 31 December 2015 prepared according to IFRS;
- the Financial Statements of the Issuer, as at and for the year ended 31 December 2014 prepared according to IFRS; and
- the Financial Statements of the Issuer, as at and for the year ended 31 December 2013 prepared according to IFRS.

Copies of the documents specified above as containing information incorporated by reference in this Drawdown Offering Circular may be inspected, free of charge, at the registered office of the Issuer. Copies of the Issuer's audited financial statements (including the auditors' report thereon and notes thereto) in respect of the years ended 31 December 2015, 31 December 2014 and 31 December 2013 (which are included in the Issuer's annual reports for 2015, 2014 and 2013 respectively) are also available on the Issuer's website (http://www.bstdb.org/). Any information contained in any of the documents specified above which is not incorporated by reference in this Drawdown Offering Circular is either not relevant to investors or is covered elsewhere in this Drawdown Offering Circular. The contents of the websites referenced above do not form part of this Drawdown Offering Circular.

If the documents incorporated by reference into this Drawdown Offering Circular themselves incorporate by reference any information or other documents therein such information or other documents will not form part of this Drawdown Offering Circular except where such information or other documents are themselves specifically incorporated by reference into the Drawdown Offering Circular.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATION AND FINANCIAL CONDITION

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Issuer's results of operations and financial condition. Historical results may not indicate future performance. This discussion is based on the audited financial statements of the Issuer and should be read in conjunction with the audited financial statements of the Issuer, the notes thereto and other information appearing in the Offering Circular. The following discussion and analysis, insofar as it refers to average amounts, has been based upon monthly balances unless otherwise stated. This discussion includes forward looking statements that involve risks and uncertainties. The Issuer's actual results could differ materially from those discussed in such forward looking statements. Factors that may cause such a difference include, but are not limited to, those described in the Offering Circular under "Risk Factors" and "Forward Looking Statements".

Overview

The Issuer's principal business activity consists of making loans, predominantly in U.S. dollars and Euros, to public and private sector borrowers within the Member States. The Issuer's income is primarily derived from its lending activities as well as from investment securities. The Issuer views its fund investment activities as a minor portion of its overall business. See "*Description of the Issuer*".

For the year ended 31 December 2015, the net income of the Issuer was EUR 15.2 million compared to EUR 14.0 million for the year ended 31 December 2014 and EUR 13.3 million for the year ended 31 December 2013.

The total assets of the Issuer were EUR 1,289.3 million as at 31 December 2015 compared to EUR 1,057.1 million as at 31 December 2014 and EUR 932.2 million as at 31 December 2013. The Issuer's total liabilities were EUR 567.8 million as at 31 December 2015 compared to EUR 362.0 million as at 31 December 2014 and EUR 291.1 million as at 31 December 2013.

Factors Affecting the Issuer's Results of Operations

The Issuer's performance and results of operations have been and continue to be affected by a number of external factors. There are also various specific factors that management believes have affected the Issuer's results of operations in the past and expects will continue to affect the Issuer's results in the future. The following are those material factors that the Issuer believes have had, or will have, an effect on its results. See also "*Risk Factors*".

Economic Conditions in the Black Sea Region

The Issuer's assets are concentrated in the Black Sea Region. As a result, the Issuer is substantially influenced by the macroeconomic and microeconomic conditions in the Black Sea Region. While there have been improvements in recent years, certain of the Member States' economies still display various characteristics of emerging markets, including, in some cases, currency that is not freely convertible outside certain of the Member States and inflation rates higher than in most developed countries. For a discussion of the Black Sea Region, see "*Black Sea Region*". See also "*Risk Factors*".

Interest Rates

Trends in international interest rates affect the Issuer, as it borrows internationally. As at the date of this Drawdown Offering Circular, the Issuer has three outstanding bonds, two private placements, a number of bilateral loans with international banks, and two Schuldschein (a medium term debt instrument often used in Germany which contains features of both bonds and loans) issues. See "*—Liquidity*". If interest rates in the United States or the Eurozone were to increase, the Issuer's cost of funding would increase, which may reduce its net interest income. In a decreasing interest rate environment, investor credit risk appetite generally goes up and the Issuer is able to refinance its debt at tighter credit spreads. If the Issuer fails to refinance its debt and pays a high credit spread, its profit margin may decrease as a result of general credit spread tightening in the credit markets, which may also affect the investment projects recently committed to by the Issuer.

As a significant portion of the Issuer's assets and liabilities bear interest at floating rates, changes in prevailing interest rates for U.S. Dollar and Euro denominated borrowings can materially affect its results. As at 31 December 2015, approximately 97 per cent. of the Issuer's total interest bearing assets had floating interest rates as compared to approximately 74 per cent. of the Issuer's total interest bearing liabilities after derivative hedging is taken into consideration. However, approximately 58 per cent. of the Issuer's funding is provided from capital, which is non-interest bearing. As the Issuer has both interest bearing assets and, to a lesser extent, interest bearing liabilities, it seeks, where possible, to match the interest period of its assets and liabilities. However, it is not always possible for the Issuer to match the interest periods of its assets and liabilities and, as a result, rising interest rates can lead to higher or lower interest margins, depending on whether or not the Issuer's interest bearing assets reprice at a faster rate than its interest bearing liabilities.

The Issuer's net interest spread for the period, has been steadily rising, with net interest spreads of 3.37 per cent., 3.23 per cent., and 3.02 per cent. for the years ended 31 December 2015, 2014 and 2013, respectively. The Issuer calculates net interest spread as interest income received less interest expense paid, divided by the Issuer's average interest bearing assets for the period (average interest bearing assets being calculated by adding the start of year, end of year, and each end of month balance in between and dividing the resulting figure by 13). However, as noted above, because a significant portion of the Issuer's funding is provided from non-interest bearing capital, the Issuer's net interest spread is less critical to its results of operations than it would be for most commercial banks.

The Issuer utilises its Members States' equity to fund the loan portfolio and investment securities held for liquidity purposes. The Issuer's net assets (which equal Members States' equity) are held in Euro. If interest rates rise, the Issuer will achieve a higher return on the investment of its capital and its net interest income will increase as well.

In addition, the Issuer's securities portfolio is affected by changes in interest rates. Rising interest rates would, over time, increase the Issuer's income from its securities portfolio but may at the same time reduce the market value of its fixed income investment portfolio.

Foreign Currency Exchange Rate Fluctuations

The Issuer's functional currency is the Euro. However, it has loan and investment securities portfolios denominated in both U.S. Dollars and Euros and one significant equity investment in Accessbank, Azerbaijan denominated in Azeri Manats. The Issuer principally funds itself in both U.S. Dollars and Euros. The Issuer also funds itself by bond issuances in other currencies including Swiss Francs and Romanian Leu. In these cases, the Issuer swaps the bond proceeds to floating rate U.S. Dollars by means of cross currency interest rate swaps. The Issuer issued one bond in Georgian Lari, the proceeds of which were used to extend a Georgian Lari loan. If assets and liabilities denominated in currencies other than the Euro are not perfectly matched this can give rise to translation gains and losses as currencies appreciate or depreciate against the Euro.

In addition, because the Issuer is based in Greece, the majority of its expenses are denominated in Euro whereas the Issuer's loan portfolio, which is the Issuer's principal source of income, has typically been between 50 and 60 per cent. denominated in U.S. Dollars and between 40 and

50 per cent. denominated in Euros. Therefore, in the event the U.S. Dollar depreciates against the Euro, there would be a marginally negative impact on the Issuer's financial performance.

Provisions

The level of provisions made by the Issuer affects its net income. The Issuer records provisions for loan losses in the following two ways; (i) the Issuer applies a collective provisioning rate on its entire loan portfolio, and this rate is determined using an IAS 39-compliant proxy which uses default and recovery data from the Global Emerging Markets (GEMs) database, maintained by the European Investment Bank and the International Financial Corporation and (ii) the Issuer applies specific provisions against certain assets that it determines to be impaired. The Issuer believes its provisioning policies are adequate and it has sufficient provisions as compared to its expected level of non-performing loans. During 2015, the Issuer reduced its provisions for impairment losses on loans by EUR 21.2 million. This was principally due to the sale of one non-performing loan and the write off of another. Collective provisions increased by EUR 1.6 million.

Derivatives

The Issuer uses derivatives exclusively for hedging purposes. Fixed rate bond issues in Swiss Francs and Romanian Leu are swapped to floating rate U.S. Dollar liabilities by means of cross currency interest rate swaps. Euro denominated capital is swapped to short term U.S. Dollar liabilities by means of short-dated FX swaps. The lower the interest rate in the currency in which the initial liability is denominated, relative to the interest rate in the currency in which the liability is being created, the greater the derivative cost shown under interest and similar expense. All of the Issuer's derivative transactions are documented under ISDA agreements and have collateral support annexes. The Issuer's derivative operations affect its net income as the Issuer typically records a net expense in respect of such operations.

Results of Operations for the Years ended 31 December 2015 and 2014

Net Interest Income

The following table sets out the principle components of the Issuer's net interest income for the periods indicated.

	For the years ended 31 December	
	2015	**2014**
	(EUR in thousands)	
Interest income	53,083	41,818
Interest expense	(15,956)	(11,705)
Net interest income	**37,127**	**30,113**

Net interest income increased by EUR 7.0 million, or 23.3 per cent., to EUR 37.1 million for the year ended 31 December 2015 from EUR 30.1 million for the same period in 2014. Net interest income increased as a result of a significant increase in interest income, principally as a result of growth in the average size of the loan portfolio from EUR 778.3 million in 2014 to EUR 925.5 million in 2015, and by a smaller increase in interest expense.

Interest and similar income

The following table sets out the principal components of the Issuer's interest and similar income for the periods indicated.

	For the years ended 31 December	
	2015	2014
	(EUR in thousands)	
From loans and advances	52,193	39,854
From placements with financial institutions	6	1
From investment securities available for sale	151	1,086
From derivative financial assets at fair value	733	877
Interest and similar income	**53,083**	**41,818**

Total interest and similar income increased by EUR 11.3 million, or 27.0 per cent., to EUR 53.1 million for the year ended 31 December 2015 from EUR 41.8 million for the same period in 2014 as a result of an increase in interest income from loans. This increase was partially offset by a decrease in interest income from investment securities available for sale and from derivative financial assets at fair value.

Interest income from loans and advances increased by EUR 12.3 million, or 30.8 per cent., to EUR 52.2 million for the year ended 31 December 2015 from EUR 39.9 million for the same period in 2014. The increase in interest income from loans was primarily due to the 18.9 per cent. increase in the average loan portfolio from EUR 778.3 million in 2014 to EUR 925.5 million in 2015. The increase was also due to the higher average interest rates paid on the Issuer's loan portfolio from 5.12 per cent. in 2014 to 5.64 per cent. in 2015.

Interest income from investment securities available for sale decreased by EUR 935 thousand, or 86.1 per cent., from EUR 1,086 thousand for the year ended 31 December 2014 to EUR 151 thousand for the year ended 31 December 2015. This decrease was due to significantly lower Euro interest rates.

Interest income from derivative financial assets at fair value decreased by EUR 144 thousand, or 16.4 per cent., to EUR 733 thousand for the year ended 31 December 2015 from EUR 877 thousand for the year ended 31 December 2014. This decrease was due to lower Euro interest rates.

Average Interest Rates on Interest Bearing Assets

The average interest rate on the Issuer's interest bearing assets increased to 4.76 per cent. for the year ended 31 December 2015 as compared to 4.39 per cent. for 2014. The increase was principally due to the higher average level of U.S. Dollar LIBOR rates in 2015 relative to the average U.S. Dollar LIBOR rates in 2014.

The following table sets out the effective average interest rates by type of the Issuer's principal interest bearing assets for the periods indicated.

	For the year ended 31 December					
	2015			2014		
	Average Amount of Asset(1)(2)	Interest on Asset	Average Interest Rate(2)	Average Amount of Asset(1)(2)	Interest on Asset	Average Interest Rate(2)
	(EUR in thousands)	*(EUR in thousands)*	*(per cent.)*	*(EUR in thousands)*	*(EUR in thousands)*	*(per cent.)*
Interest bearing assets						
Placements with financial institutions	59,602	6	0.01	32,239	1	0.00
Investment securities	115,615	151	0.13	123,002	1,086	0.88
Total placements with financial institution and investment securities	175,217	157	0.09	155,241	1,087	0.70
Loans	925,536	52,193	5.64	778,339	39,854	5.12
Total	**1,100,753**	**52,350**	**4.76**	**933,580**	**40,941**	**4.39**

(1) Averages are based on month end average balances
(2) Information was not derived from audited financial statements

Interest and Similar Expense

The following table sets out the principal components of the Issuer's interest and similar expense for the periods indicated.

	For the years ended 31 December	
	2015	2014
	(EUR in thousands)	
From borrowed funds	4,859	3,850
From issued debt	6,268	4,574
From derivative financial liabilities at fair value	3,951	2,483
Amortised issuance and arrangement costs	768	693
Other charges	110	105
Interest and similar expense	**15,956**	**11,705**

The Issuer's interest and similar expense increased by EUR 4.3 million, or 36.8 per cent., to EUR 16.0 million for the year ended 31 December 2015 from EUR 11.7 million for 2014, principally as a result of increases in interest expense from borrowed funds, interest expense from issued debt and interest expense from derivative financial liabilities at fair value.

The Issuer's interest expense on borrowed funds increased by EUR 1.0 million, or 25.6 per cent., to EUR 4.9 million for the year ended 31 December 2015 from EUR 3.9 million for the same period in 2014. This increase was primarily due to the 29.5 per cent. increase in the average amount of borrowed funds from EUR 131.0 million in 2014 to EUR 169.7 million in 2015. The increase was also attributable to an increase in average interest rates charged on the Issuer's borrowed funds to 2.86 per cent. for the year ended 31 December 2015 from 2.24 per cent. for the year ended 31 December 2014.

The Issuer's interest expense on issued debt increased by EUR 1.7 million, or 37.0 per cent., to EUR 6.3 million for the year ended 31 December 2015 from EUR 4.6 million for the same period in 2014. This increase was primarily due to an increase in the average amount of issued debt from EUR 131.0 million in 2014 to EUR 254.9 million in 2015. This increase was partially offset by the marginal decrease in the average interest rate on issued debt from 2.66 per cent. in 2014 to 2.46 per cent. in 2015.

Interest expense on derivative financial liabilities at fair value increased by EUR 1.5 million, or 60.0 per cent., to EUR 4.0 million for the year ended 31 December 2015 from EUR 2.5 million for the year ended 31 December 2014. This increase was principally due to an additional bond issue of CHF 100 million that was swapped to floating rate U.S. Dollars and additionally to the increased cost of producing short term U.S. Dollar liabilities from Euro denominated capital by means of short dated currency swaps.

Average Interest Rates on Interest Bearing Liabilities

The average interest rate on the Issuer's interest bearing liabilities for the year ended 31 December 2015 was 2.62 per cent., compared to 2.78 per cent. for the year ended 31 December 2014. This decrease was due to a decrease in average interest paid on issued debt from 2.66 per cent. in 2014 to 2.46 per cent. in 2015, due to a new Swiss Franc bond issue with a low coupon, and a marginal decrease in the average interest paid on borrowed funds from 2.94 per cent. in 2014 to 2.86 per cent. in 2015.

The following table sets out the effective average interest rates by amount of the principal interest bearing liabilities of the Issuer for the periods indicated.

	For the years ended 31st December					
	2015			2014		
	Average Amount of Liability[1] [2]	Interest on Liability	Average Interest Rate[2]	Average Amount of Liability[1] [2]	Interest on Liability	Average Interest Rate[2]
	(EUR in thousands)	*(EUR in thousands)*	*(per cent.)*	*(EUR in thousands)*	*(EUR in thousands)*	*(per cent.)*
Interest bearing liabilities[1]						
Borrowed funds	169,710	4,859	2.86	131,000	3,850	2.94
Issued debt	254,948	6,268	2.46	171,642	4,574	2.66
Total	424,658	11,127	2.62	302,642	8,424	2.78

(1) Averages are based on month end average balances.
(2) Information was not derived from audited financial statements.

Operating Income

Operating income increased by EUR 8.7 million, or 26.6 per cent., to EUR 41.4 million for the year ended 31 December 2015 from EUR 32.7 million for 2014. This was predominantly due to increases in net interest income (described above), fees and commissions, dividend income, and foreign exchange gains.

The following table sets out certain components of the Issuer's operating income and expense for the periods indicated.

	For the years ended 31 December	
	2015	2014
	(EUR in thousands)	
Net income from fees and commissions	1,075	635
Dividend income	2,589	1,690
Net losses from debt investment securities	-	(179)
Net profit on purchase of loan	-	528
Net income/(loss) on foreign exchange	601	(95)
Other income	8	26
Total	**4,273**	**2,605**

Fee and commission income

Fee and commission income increased by EUR 440 thousand, or 69.3 per cent., to EUR 1,075 thousand for the year ended 31 December 2015 from EUR 635 thousand for the year ended 31 December 2014. This was due primarily to the higher volume of lending in 2015 relative to 2014.

Dividend Income

Dividend income increased by EUR 0.9 million, or 52.9 per cent., to EUR 2.6 million for the year ended 31 December 2015 from EUR 1.7 million for the same period in 2014 as a result of an increased dividend payment from the Access Bank of Azerbaijan.

Net Income/(loss) on Foreign Exchange

The Issuer recorded a net income on foreign exchange of EUR 0.6 million for the year ended 31 December 2015 compared to a loss of EUR 0.1 million for the same period in 2014. The Issuer does not take significant discretionary foreign exchange positions.

Administrative expenses

Administrative expenses, which include depreciation expenses, increased to EUR 18.4 million for the year ended 31 December 2015 from EUR 17.3 million for the same period in 2014, primarily due to increased personnel expenses as a result of the increased cost of the Issuer's defined benefit pension plan.

Impairment (Losses) on Loans

Charges to, less releases from, impairment losses on loans (excluding releases related to loan disposals and write offs) increased by EUR 6.3 million, or 450.0 per cent., to EUR 7.7 million for the year ended 31 December 2015 from EUR 1.4 million for the same period in 2014. This increase was predominantly due to higher lending volume and to an additional charge related to the sale of one of the problem loans outstanding as at 31 December 2014.

Results of Operations for the Years ended 31 December 2014 and 2013

Net Interest Income

The following table sets out the principle components of the Issuer's net interest income for the periods indicated.

	For the years ended 31 December	
	2014	**2013**
	(EUR in thousands)	
Interest income	41,818	40,303
Interest expense	(11,705)	(12,495)
Net interest income	**30,113**	**27,808**

Net interest income increased by EUR 2.3 million, or 8.3 per cent., to EUR 30.1 million for the year ended 31 December 2014 from EUR 27.8 million for the same period in 2013. Net interest income increased both as a result of an increase in interest income and a decrease in interest expense.

Interest and similar income

The following table sets out the principal components of the Issuer's interest and similar income for the periods indicated.

	For the years ended 31 December	
	2014	2013
	(EUR in thousands)	
From loans and advances	39,854	38,282
From placements with financial institutions	1	2
From investment securities available for sale	1,086	791
From investment securities held to maturity	0	583
From derivative financial assets at fair value	877	645
Interest and similar income	**41,818**	**40,303**

Total interest and similar income increased by EUR 1.5 million, or 3.7 per cent., to EUR 41.8 million for the year ended 31 December 2014 from EUR 40.3 million for the same period in 2013. The increase in 2014 was primarily due to an increase in interest income from loans.

Interest income from loans and advances increased by EUR 1.6 million, or 4.2 per cent., to EUR 39.9 million for the year ended 31 December 2014 from EUR 38.3 million for the same period in 2013, which was attributable to a 7.9 per cent. increase in the average size of the Issuer's loan portfolio to EUR 778 million in 2014 from EUR 721 million in 2013, as well as an increase in the average interest rate on loans to 5.12 per cent. in 2014 from 5.31 per cent. in 2013.

Average Interest Rates on Interest Bearing Assets

The average interest rate on the Issuer's interest bearing assets increased to 4.39 per cent. for the year ended 31 December 2014 as compared to 4.31 per cent. for the year ended 31 December 2013. The higher average rate was due to the larger percentage of interest bearing assets in the loan portfolio, which had higher average interest rates than other types of interest bearing assets.

The following table sets out the effective average interest rates by type of the Issuer's principal interest bearing assets for the periods indicated.

	For the year ended 31 December					
	2014			2013		
	Average Amount of Asset[(1)(2)]	Interest on Asset	Average Interest Rate[(2)]	Average Amount of Asset[(1)(2)]	Interest on Asset	Average Interest Rate[(2)]
	(EUR in thousands)	*(EUR in thousands)*	*(per cent.)*	*(EUR in thousands)*	*(EUR in thousands)*	*(per cent.)*
Interest bearing assets						
Placements with financial institutions	32,239	1	0.00	22,337	2	0.01
Investment securities	123,002	1,086	0.88	175,901	1,374	0.78
Total placements with financial institutions and investment Securities	155,241	1,087	0.70	198,238	1,376	0.69
Loans	778,339	39,854	5.12	721,057	38,282	5.31
Total	**933,580**	**40,941**	**4.39**	**919,295**	**39,658**	**4.31**

(1) Averages are based on month-end average balances.
(2) Information was not derived from audited financial statements.

Interest and Similar Expense

The following table sets out the principal components of the Issuer's interest and similar expense for the periods indicated.

	For the years ended 31 December	
	2014	**2013**
	(EUR in thousands)	
For borrowed funds	3,850	4,517
For issued debt	4,574	4,475
For derivative financial liabilities at fair value	2,483	2,287
Amortised issuance and arrangement costs	693	1,129
Other charges	105	87
Interest and similar expense	**11,705**	**12,495**

The Issuer's interest and similar expense decreased by EUR 0.8 million, or 6.4 per cent., to EUR 11.7 million for the year ended 31 December 2014 from EUR 12.5 million for the same period in 2013, primarily as a result of a decrease of interest expense from borrowed funds.

Interest expense from borrowed funds decreased by EUR 0.7 million, or 15.6 per cent., to EUR 3.8 million for the year ended 31 December 2014 from EUR 4.5 million for the same period in 2013, as a result of a decrease in average interest rates paid by the Issuer on borrowed funds from 3.18 per cent. in 2013 to 2.94 per cent. in 2014, as well as to a 7.7 per cent. decrease in the volume of the Issuer's average borrowed funds to EUR 131.0 million in 2014 as compared to EUR 142.0 million in 2013.

Interest expense from issued debt increased by EUR 0.1 million, or 2.2 per cent., to EUR 4.6 million for the year ended 31 December 2014 from EUR 4.5 million for the same period in 2013. This small increase was as a result of an increase in average interest rates paid by the Issuer on issued debt from 2.54 per cent. in 2013 to 2.66 per cent. in 2014, marginally offset by a decrease in the Issuer's average issued debt from EUR 176.1 million in 2013 to EUR 171.6 million in 2014.

Interest expense for derivative financial liabilities at fair value increased marginally from EUR 2.3 million for the year ended 31 December 2013 to EUR 2.5 million for the year ended 31 December 2014. This increase was due to the slightly higher cost of swapping Euro denominated capital to short dated U.S. Dollar liabilities by means of short term currency swaps.

Average Interest Rates on Interest Bearing Liabilities

The average interest rate on the Issuer's interest bearing liabilities for the year ended 31 December 2014 was 2.78 per cent., compared to 2.82 per cent. for the year ended 31 December 2013. This decrease was due to a decrease in average interest paid on borrowed funds from 3.18 per cent. in 2013 to 2.94 per cent. in 2014 due to lower short term U.S. Dollar interest rates, partially offset by a marginal increase in the average interest paid on issued debt from 2.54 per cent. in 2013 to 2.66 per cent. in 2014.

The following table sets out the effective average interest rates by amount of the principal interest bearing liabilities of the Issuer for the periods indicated.

	For the year ended 31 December					
	2014			2013		
	Average Amount of liability(2)	**Interest on liability**	**Average interest rate(2)**	**Average Amount of liability(2)**	**Interest on liability**	**Average interest rate(2)**
	(EUR in thousands)	*(EUR in thousands)*	*(per cent.)*	*(EUR in thousands)*	*(EUR in thousands)*	*(per cent.)*
Interest bearing liabilities(1)						
Borrowed funds	131,000	3,850	2.94	142,211	4,517	3.18
Issued debt	171,642	4,574	2.66	176,105	4,475	2.54
Total	302,642	8,424	2.78	318,316	8,992	2.82

(1) Averages are based on month end average balances.
(2) Information was not derived from audited financial statements.

Operating Income

Operating income increased by EUR 3.9 million, or 13.5 per cent., to EUR 32.7 million for the year ended 31 December 2014 from EUR 28.8 million for the same period in 2013, primarily as a result of increases in net interest income, as described above, as well as an increase in dividend income, a net profit on the purchase of a loan and a reduced foreign exchange loss.

The following table sets out the principal components of the Issuer's other income and expense for the periods indicated.

	For the years ended months 31 December	
	2014	**2013**
	(EUR in thousands)	
Net income from fees and commissions	635	538
Dividend income	1,690	1,203
Net losses from debt investment securities	(179)	(47)
Net profit on purchase of loan	528	-
Net income (loss) on foreign exchange	(95)	(748)
Other income (expense)	26	20
Total	**2,605**	**966**

Fee and Commission Income

Fee and commission income increased by EUR 0.1 million, or 20.0 per cent., to EUR 0.6 million for the year ended 31 December 2014 from EUR 0.5 million for the same period in 2013. This increase was attributed to a larger volume of lending operations.

Dividend Income

Dividend income increased by EUR 0.5 million, or 41.7 per cent., to EUR 1.7 million in 2014 from EUR 1.2 million for the same period in 2013, primarily as a result of dividends received in 2014 from Access Bank and A-Park Kaluga.

Administrative Expenses

Administrative expenses increased marginally by EUR 0.4 million, or 2.4 per cent., to EUR 17.3 million for the year ended 31 December 2014 from EUR 16.9 million for the same period in 2013, primarily as a result of an increase in personnel expenses. Staff numbers remained constant at approximately 103 throughout the period and salaries and benefits expenses increased only slightly to EUR 13.1 million for the year ended 31 December 2014 from EUR 12.7 million for the same period in 2013.

Impairment (Losses) on Loans

Charges to, less releases from, impairment losses on loans increased by EUR 741 thousand, or 111.4 per cent., to EUR 1,406 thousand for the year ended 31 December 2014 from EUR 665 thousand for the same period in 2013. This increase in 2014 was the net impact of a release of EUR 2.7 million from collective provisions (following a change of evaluation methodology) and an increase of EUR 4.1 million in the level of specific provisions.

Financial Condition as at 31 December 2015, 2014 and 2013

Total Assets

As at 31 December 2015, the Issuer's total assets were EUR 1,289.3 million, an increase of EUR 232.2 million, or 22.0 per cent., as compared to EUR 1,057.1 million as at 31 December 2014, which in turn represented an increase of EUR 124.9 million, or 13.4 per cent., as compared to EUR 932.2 million as at 31 December 2013. The increase as at 31 December 2015 as compared to 31 December 2014 was primarily attributable to a EUR 172.6 million increase in loans partially offset by a EUR 21.1 million fall in equity investments. Additionally, cash and bank balances decreased from EUR 64.0 million as at 31 December 2014 to EUR 49.7 million as at 31 December 2015 while debt investment securities available for sale rose from EUR 75.0 million to EUR 139.3 million in the same period.

The increase in total assets as at 31 December 2014 as compared to 31 December 2013 was attributable to a EUR 150.7 million increase in loans and a EUR 31.9 million increase in equity investments. Additionally, cash and cash equivalents rose by EUR 49.1 million from EUR 14.8 million as at 31 December 2013 to EUR 64.0 million as at 31 December 2014. These increases were partially offset by a decrease of EUR 82.8 million in debt investment securities available for sale, from EUR 157.8 million as at 31 December 2013 to EUR 75.0 million as at 31 December 2014.

Cash and Bank Balances

As at 31 December 2015, the Issuer's cash and bank balances decreased by EUR 14.3 million, or 22.3 per cent., to EUR 49.7 million from EUR 64.0 million as at 31 December 2014, primarily as a result of somewhat smaller cash requirements for immediate disbursements.

As at 31 December 2014, the Issuer's cash and bank balances increased by EUR 49.2 million, or 332.4 per cent., to EUR 64.0 million from EUR 14.8 million as at 31 December 2013. The increased balances in 2014 were the consequence of very low short term rates in the Eurozone making bank balances a relatively more attractive investment option for short term liquidity.

Debt Investment Securities Available for Sale

As at 31 December 2015, the Issuer's debt investment securities available for sale increased by EUR 64.3 million, or 85.7 per cent., to EUR 139.3 million from EUR 75.0 million as at 31 December 2014. This increased level of short term liquidity was required because signed undisbursed loans as at 31 December 2015 of EUR 205.5 million had increased by 126.1 per cent. from EUR 90.9 million as at 31 December 2014

The Issuer's debt investment securities available for sale decreased by EUR 82.8 million, or 52.5 per cent., to EUR 75.0 million as at 31 December 2014 from EUR 157.8 million as at 31 December 2013, partly because of the higher level of cash and cash equivalents held and partly due to the lower level of signed undisbursed loans on 31 December 2014 at EUR 90.9 million, down from EUR 148.1 million as at 31 December 2013.

Loans

As at 31 December 2015, the Issuer's loans increased by EUR 172.6 million, or 19.7 per cent., to EUR 1,049.7 million from EUR 877.1 million as at 31 December 2014. This increase of EUR 172.6 million was in line with the Issuer's strategy for portfolio growth.

The Issuer's loans increased by EUR 150.7 million, or 20.7 per cent., to EUR 877.1 million as at 31 December 2014 from EUR 726.4 million as at 31 December 2013. This increase of EUR 150.7 million was in line with the Issuer's strategy for portfolio growth.

Total Liabilities

As at 31 December 2015, the Issuer's total liabilities were EUR 567.8 million, an increase of EUR 205.8 million, or 56.9 per cent., as compared to EUR 362.0 million as at 31 December 2014, which in turn represented an increase of EUR 70.9 million, or 24.3 per cent., as compared to EUR 291.1 million as at 31 December 2013. The increased liabilities were incurred in order to fund growth in the loan portfolio.

Borrowings

As at 31 December 2015, the Issuer's borrowings increased by EUR 199.7 million, or 58.5 per cent., to EUR 540.9 million from EUR 341.2 million as at 31 December 2014. The increase in 2015 was to meet demand from growth in the loan portfolio.

The Issuer's borrowings increased by EUR 54.9 million, or 19.2 per cent., to EUR 341.2 million as at 31 December 2014 from EUR 286.3 million as at 31 December 2013 to meet demand from the loan portfolio.

Members States' Equity

As at 31 December 2013, the Issuer's total paid-in share capital was EUR 518.0 million. This amount represented (i) the initial paid-in share capital of EUR 345.0 million and (ii) an additional EUR 173.0 million in paid-in share capital from the second capital subscription. As at 31 December 2014, paid-in share capital had increased to EUR 542.8 million. This amount represented (i) the initial paid-in share capital of EUR 345.0 million and (ii) an additional EUR 197.8 million in paid-in share capital from the second capital subscription. As at 31 December 2015, the Issuer's paid-in share capital was EUR 576.4 million. This amount represented (i) the initial paid-in share capital of EUR 345 million and (ii) an additional EUR 231.4 million in paid-in share capital from the second capital subscription.

Critical Accounting Policies

Summaries of the Issuer's significant accounting policies applied in the preparation of financial statements are presented below.

Statement of Compliance

The Issuer's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board ("**IASB**"). The financial statements are submitted by the Management Committee to the Board of Directors ("**BoD**") for approval.

Basis of Measurement

The financial statements have been prepared on a historical cost basis except for the available for sale financial assets and derivative contracts which are measured at fair value.

Functional and Presentation Currency

The Issuer's functional currency is the Euro as defined by the European Central Bank ("**ECB**"). The Euro is most representative of the Issuer's operations and environment as a significant percentage of the Issuer's lending operations are in Euro, and the administrative expenses and capital expenditures are primarily denominated and settled in this currency. The Issuer's presentation currency is the Euro.

Judgements and Assumptions

The preparation of the financial statements in conformity with IFRS requires Management to make judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Foreign Currencies

Foreign currency transactions are initially recorded in Euro by applying the foreign currency exchange rate between the Euro and the foreign currency at the rate prevailing on the date of transaction. Exchange gains and losses arising from the translation of monetary assets and liabilities denominated in foreign currencies at the end of year are recorded in the income statement.

Recognition and De-recognition of Financial Instruments

The Issuer recognises a financial asset or financial liability in its statement of financial position when it becomes a party to the contractual rights or obligations.

The Issuer de-recognises a financial asset or a portion of a financial asset when it loses control of the contractual rights that comprise the financial asset or a portion of the financial asset. The Issuer de-recognises a financial liability when a liability is extinguished, which is the date the obligation specified in the contract is discharged, cancelled or expires. The evaluation of the transfer of risks and rewards of ownership precedes the evaluation of the transfer of control for de-recognition transactions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, placements with other financial institutions and debt securities with original maturities of three months or less. These are highly liquid assets that are readily convertible to a known amount of cash and are not subject to significant risk of change in value due to the movements in market rates.

Financial Assets

The Issuer classifies financial assets in the following categories; loans and receivables, held to maturity investments and available for sale financial assets. Their classification is determined at the time of initial recognition.

Held to maturity investments and available for sale financial assets are recognised on a trade date basis, which is the date the Issuer commits to purchase or sell the asset. All loans are recognised when cash is advanced to borrowers at the settlement date.

The Issuer does not reclassify any non-derivative financial assets out of the fair value through profit or loss category in any particular circumstance nor does the Issuer transfer any financial assets from the available for sale category to the loans and receivables category.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction. Subsequently, loans are measured at amortised cost using the effective interest rate method less any provision for impairment or uncollectability. All other fees and related income generated are reported in income.

b) Held to maturity

Financial assets with fixed or determinable payments, and fixed maturity dates are classified as held to maturity when the Issuer has the positive intention and ability to hold to maturity. These financial assets are measured at amortised cost using the effective interest rate method, less any impairment. Amortised cost is computed as the amount initially recognised including the premium or discount that may arise on the date of acquisition, as well as transaction costs. Interest arising from these investments is reported in income.

c) Available for sale

Financial assets such as equity investments, Euro commercial paper ("**ECP**") or bonds are classified as available for sale and are intended to be held for an indefinite period of time, and may or may not be sold in the future. After initial recognition at cost, these financial assets are measured at fair value. The fair value of the available for sale securities that are traded in organised financial markets is determined by reference to quoted market bid prices. For those assets where there is no active market the fair value is determined using accepted valuation techniques. The valuation techniques used are net asset value and earnings-based valuations using comparable information and discounting cash flows.

The unrealised gains and losses that arise from fluctuations in fair value are recognised as a separate component of equity until the financial asset is sold or de-recognised for any other reason or until the investment is determined to be impaired, at which time, the cumulative gain or loss previously reported in equity is included in income. Foreign exchange gains or losses and any income accrued, by using the effective interest rate method, for these assets are recognised directly in income. Dividends received are included in income.

Financial Liabilities

Financial liabilities include borrowings and other liabilities.

a) Borrowings

Borrowing transactions are recognised in the statement of financial position at the time the funds are transferred to the Issuer. They are initially measured at cost, which comprises the fair value of the funds transferred, less any transaction costs. In instances where the Issuer uses derivative instruments to hedge the fair value of borrowing transactions, such borrowings are subsequently carried in the statement of financial position at fair value where the amortised cost value is adjusted to fair value by the hedged risks, with any changes in value recognised in income. Relevant interest expenses are reported in the income statement using the effective interest rate method.

b) Other liabilities

Other liabilities that are not derivatives or designated at fair value through profit or loss are recorded at amortised cost. The amounts include accrued finance charges on borrowings and other accounts payable.

Offsetting of Financial Assets and Liabilities

Offsetting of assets and liabilities in the financial statements is permitted if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivatives

In the ordinary course of business, the Issuer enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

Derivatives can include interest rate and cross currency swaps, forward foreign exchange contracts, interest rate future contracts, and options on interest rates and foreign currencies. Such financial instruments are initially recognised in the statement of financial position at cost and are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in fair value of derivatives are included in the income statement. Fair values are obtained from quoted market prices, to the extent publicly available, discounted cash flows and options pricing models as appropriate.

a) Hedge accounting

In order to manage particular risks, the Issuer applies hedge accounting for derivative transactions that meet specified criteria relative to debt securities issued by the Issuer. A valid hedge relationship exists when a specific relationship can be identified between two or more financial instruments in which the change in value of one instrument (the hedging instrument) is highly negatively correlated to the change in value of the other (the hedged item). The Issuer only applies hedge accounting treatment to individually identified hedge relationships on a one to one basis.

The Issuer documents the relationship between hedging instruments and hedged items upon initial recognition of the transaction.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. Any fair value adjustment is recognised immediately in the income statement. At the date hereof the Issuer did not have any cash flow hedge.

i) Fair value hedge

Changes in the fair value of the derivatives that are designated and qualify as fair value hedges, and that prove to be highly effective in relation to hedged risk, are included in the income statement as fair value hedges under "net gains or losses at fair value on hedging activities", along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk.

Impairment

An impairment loss for the Issuer is the amount by which an asset's recorded carrying amount exceeds its expected recoverable amount.

a) Financial assets carried at amortised cost

For amounts due from loan and receivable portfolios, losses under guarantees, commitments, held to maturity and other investments carried at amortised cost, the Issuer first assesses whether objective evidence of impairment exists individually for those that are individually significant, or collectively for those that are not individually significant. If the Issuer determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The criteria that the Issuer uses to determine that there is objective evidence of an impairment loss include:

- delinquency in contractual payments of principal or interest,
- cash flow difficulties experienced by the borrower,
- breach of loan covenants or conditions,
- initiation of bankruptcy proceedings,
- deterioration in the borrower's competitive position, or
- deterioration in the value of collateral.

If there is objective evidence that an impairment loss has been incurred such that the Issuer will not be able to collect all amounts due (principal and interest) according to the original contractual terms of any asset, such asset is considered as impaired. The amount of the loss is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows (excluding future credit losses that have not yet been incurred). The carrying amount of such an asset is reduced to its estimated recoverable amount through the use of an allowance for impairment account and the amount of loss is recognised in income. Interest income continues to be accrued based on the original effective interest rate of the asset. The Issuer ceases to accrue interest on those assets classified internally as non-performing for more than 90 days, or earlier when there is reasonable doubt as to actual collection, and for which the recoverable amount is determined primarily in reference to fair value of collateral.

An asset together with the associated allowance is written off when all or part of it is deemed uncollectible by liquidation, or all legal and other avenues for recovery or settlement are exhausted, or in the case of debt forgiveness. Write-offs are charged against previously established allowances and reduce the principal amount of an asset. Whenever an amount of the estimated impairment loss increases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased by adjusting the allowance account. Recoveries of such assets written off in earlier periods are included in the income statement.

The present value of the estimated future cash flows is discounted at the asset's original effective interest rate as determined under the contract. If an asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, assets are grouped on the basis of the Issuer's internal credit rating methodology, which considers credit risk characteristics such as asset type, industry and geographical location. The Issuer's analysis is currently based on the Global Emerging Markets ("**GEM**") database. The GEM's risk database standardises the data collection process of member international financial institutions. The standardisation process used by the Issuer was also reviewed independently by Moody's Analytics. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Impairment losses for guarantees are recognised while a guarantee is in effect and the amounts are determined based on the level of utilisation of the guarantee. The methodology is consistent to that of loans, and such losses are included in "Other liabilities".

If the amount of impairment subsequently decreases due to an event occurring after a write-down, the release of the provision is credited to the provision for asset losses expense. Unwinding of the discount is treated as income and the remaining provision is then reassessed.

b) Available for sale financial assets

At each financial position date the Issuer assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments carried at fair value, a significant or prolonged decline in the fair value below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative impairment loss, which is measured as the difference between the acquisition cost and the current fair value, net of any impairment loss previously recognised in net income, is removed from reserves and included in income. Impairment losses once recognised and included in income on these equity investments carried at cost are not reversed.

For debt securities the Issuer assesses whether there is objective evidence of impairment at each financial position date. The criteria that the Issuer uses to determine that there is objective evidence of an impairment loss include:

- downgrading of the issuer below Baa1 / BBB+ long term and P2 / A2 short term minimum credit ratings;
- issuer failure to pay amounts contracted under the security;
- covenant breaches, default events and trigger level failures;
- deterioration of credit enhancement including diminution of collateral value; and
- legal proceedings such as bankruptcy, regulatory or similar action.

If any such evidence exists, the cumulative impairment loss measured as the difference between the acquisition cost and the current fair value is removed from reserves and included in income. If in a subsequent period the impairment indications of such securities cease to exist due to an event after the impairment loss was recognised, that loss is reversed through income.

c) Non-financial assets

At each financial position date the Issuer reviews the carrying value of the non-financial assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the book value of the specific assets can be recovered. The recoverable amount is the higher of the net value of sale (value of sale reduced by sale expenses) and the value in use (as calculated from the net cash flows). If the carrying value of an intangible asset exceeds its recoverable value, then an impairment loss is recorded in income.

d) Renegotiated loans

When necessary, the Issuer seeks to restructure loans that may involve extending the payment arrangements and the agreement of new loan conditions. These loans are generally renegotiated in response to an adverse change in the financial conditions of the borrower. Depending upon the degree to which the original loan is amended, this loan may continue to be recognised or will be de-recognised and replaced with a new loan. Once the terms have been renegotiated, the loan is no longer considered past due, but the impairment will remain for at least another two payment periods to review the performance of the loan.

The Issuer's risk management department continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

Financial Guarantees

Issued financial guarantees are initially recognised at their fair value, being the premium (fee) received and subsequently measured at the higher of the unamortised balance of the related fees received and deferred, and the expenditure required to settle the commitment at the financial position date. The latter is recognised when it is both probable that the guarantee will require to be settled and that the settlement amount can be reliably estimated. Financial guarantees are recognised within other financial assets and other financial liabilities.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided so as to write-off the cost of each asset to its residual values on a straight-line basis over its estimated useful life. The annual depreciation rates applied were as follows.

- Transportation vehicles .... 20.0 per cent.
- Furniture and office accessories.. 20.0 per cent.

- Personal computers .... 33.3 per cent.
- Office and telecommunication equipment .... 20.0 per cent.

Expenditure on leasehold buildings and improvements are depreciated over the remaining term of the lease.

Intangible Assets

Intangible assets comprise software expenditures and other intangible assets. These assets are amortised on a straight-line basis over the best estimate of their useful lives, which is normally five years. Their carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Taxation

In accordance with Article 52 of the Establishing Agreement, the Issuer, its assets, property, income and its operations and transactions are exempt from all taxation and customs duties in all Member States. The Issuer is also exempt from any obligation for payment, withholding or collection of any tax or duty. In addition, no tax shall be levied on salaries or emoluments paid by the Issuer to employees. These tax exemptions are also included and elaborated upon in Article 12 of the Headquarters Agreement with the Hellenic Government, ratified by Greek Law 2380/No.38/7.3.1996.

Provisions

The Issuer raises non-risk management provisions for potential obligations and risks when the following circumstances exist: (a) there is an existing legal or constructive obligation as a result of past events; (b) for the obligation to be settled an outflow of resources embodying economic benefits is possible; and (c) a reliable estimate of the amount of the obligation can be made.

Share Capital and Dividends

In accordance with Article 36 of the Establishing Agreement, the Board of Governors shall determine annually what part of net income or surplus of the Issuer from operations shall be allocated to reserves, provided that no part of the net income or surplus of the Issuer shall be distributed to Member States by way of profit until the general reserves of the Issuer shall have attained the level of 10 per cent. of the subscribed capital including all paid, unpaid but payable, and unpaid but callable share capital.

Reserves and Retained Earnings

In accordance with the Establishing Agreement of the Issuer the general reserve is created from the profits of the Issuer for meeting any unforeseeable risks or contingencies.

The revaluation reserve represents the accumulated change in fair value of available for sale investments of the Issuer that have not been impaired.

The retained earnings of the Issuer are the accumulated undistributed and unallocated net income over the years.

Revenues and Expenses

Interest income and expense are recorded in income for all interest bearing instruments on an accrual basis using the effective interest rate method based on actual contractual terms, with the exception being those assets that are individually identified as impaired for which interest is recognised through unwinding the discount arising from the present value calculations applied to the expected future cash flows. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (inflows and outflows) through the expected life of the financial instrument or, when appropriate, a shorter period to the carrying amount of a financial asset or financial liability.

In accordance with IAS 18, front-end fees and, where applicable, commitment fees pertaining to loans are amortised through income using the effective interest rate method over the life of the loans. This calculation, however, does not include costs that any other party is directly responsible for such as taxes, notary fees, insurance and registration fees. In the case of early repayment, cancellation or acceleration, the outstanding deferred income from the related fees is recalculated by taking into account the new maturity date. If the commitment expires without a loan being drawn down, the related fee is recognised as income on expiry.

Other commitment and guarantee fees and fees received in respect of services provided over a period of time are recognised as income on an accrual basis matching the period during which the commitment exists or the services are provided. Additionally, fees from negotiation, cancellation, arrangement, etc are recognised on completion of the related transaction. Dividends are recognised when received. Administrative expenses are recorded on an accrual basis.

Staff Retirement and Termination Benefits

The Issuer has established a pension plan, where the fund's assets are held separately from the Issuer's own assets, for all its eligible employees, consisting of three pillars:

- The first pillar is a defined benefit scheme financed entirely by the Issuer. The scheme's funding level and the Issuer's contributions are determined on the basis of actuarial valuations performed annually by qualified, independent actuaries. The Issuer is under the obligation to maintain the scheme fully funded, and to this effect, has always liquidated any past service deficit in the course of the year following the relevant actuarial valuation. Actuarial and asset gains or losses are recognised in "Other comprehensive income", and net gains or losses are included in remeasurements where any change in the effect of the asset ceiling, excluding those amounts that have been already included in personnel expenses, are also included.

- The second pillar is a defined contribution scheme to which both the employee and the Issuer contribute equally at a rate of 0-12 per cent. of basic salary. Each employee determines his/her contribution rate and the mode of investment of the contributions.

- The third pillar is a defined contribution scheme funded entirely by each employee, up to 40 per cent. of basic salary.

As an alternative, staff are entitled to retirement benefits from the Greek State Social Insurance Fund ("**IKA**"), which is a defined contribution scheme.

Current service costs in respect of both the pension plan and IKA are recognised as an expense and included in "*Personnel expenses*".

The Issuer may offer termination benefits to employees based on the Issuer's separation policy. These benefits, including indemnities and any related retirement benefits, are recognised in income as an expense in the same period that they are incurred.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants relating to fixed asset expenditures are recognised in income on a straight-line basis over the same period as that applied for depreciation purposes. Those relating to administrative expenses are recognised in income matching with the expense incurred.

Operating Leases – the Issuer as a Lessee

For the Issuer, an operating lease is a lease other than a finance lease. Under such agreements, all the risks and benefits of ownership are effectively retained by the lessor. The Issuer has entered into this type of lease for its Headquarters building. Payments made under operating leases are charged to income on a straight-line basis over the period of the lease term. Any benefits received or that are receivable are also recognised on a straight-line basis over the lease term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor, by way of penalty, is recognised as an expense in the period that the termination takes place.

Use of Estimates

The preparation of financial statements involves management estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Liquidity

Liquidity is the measurement of the Issuer's ability to meet its cash needs. The issuer's liquidity management is guided by the ALCO under guidelines set out in the Financial Policies and the Treasury Investment Authority. See "*Risk Management—Liquidity Risk Management*".

As at 31 December 2015, the Issuer had signed undisbursed commitments totalling EUR 205.5 million.

As at 31 December 2015, the Issuer had the following issued debt securities outstanding:

- In October 2012, the Issuer issued bonds denominated in Swiss Francs for a nominal amount of CHF 200 million with a coupon of 2.5 per cent. The bonds will mature on 4 October 2016. In May 2015, the Issuer issued bonds denominated in Swiss Francs for a nominal amount of CHF 100 million with a coupon of 1.625 per cent. The bonds will mature on 20 December 2019.

- In October 2015, the Issuer issued privately placed notes denominated in Romanian Leu under its euro medium term note programme for a nominal amount of RON 22 million with a coupon of 3.5 per cent. The notes will mature on 27 October 2018.

- In November 2015, the Issuer issued bonds denominated in Georgian Lari for a nominal amount of GEL 48 million with a floating coupon at the Georgian Central Bank Certificate of Deposit rate. The bonds mature on 1 November 2018.

- In August 2012 the Issuer issued Schuldschein denominated in Euro for a nominal amount of EUR 5 million at a floating rate based on Euribor. The Schuldschein matures on 3 August 2018. In August 2012 the Issuer issued Schuldschein denominated in Euro for a nominal amount of EUR 7 million at a fixed rate of 5.42 per cent. The Schuldschein matures on 3 August 2022.

As at 31 December 2015, the Issuer had the following borrowings from banks outstanding:

- The Issuer had three facilities from the Nordic Investment Bank. The first facility, signed in September 2004 and since repaid in full, was for EUR 15 million with a grace period of three years and a final maturity date in 2013. A second facility for EUR 30 million, which was fully utilised, was signed in October 2009 with a grace period of three years and a final maturity date of 5 October 2018. A third facility for EUR 30 million, signed in June 2011, had been partially utilised, and had a grace period of three years and a final maturity of 3 June 2021. The remaining outstanding balance on the facilities was EUR 26.9 million

- The Issuer had three fully utilised facilities totalling U.S.$242 million from KfW. The first facility, for U.S.$72 million was signed in June 2011, had a two year grace period and a final maturity of 30 June 2016. Of this facility, U.S.$10.3 million remained outstanding. The second facility, for U.S.$70 million, was signed in October 2012, had a three and a half year grace period and a final maturity date of 30 December 2020. Of this facility U.S.$70 million remained outstanding. The third facility, for U.S.$100 million, was signed in April 2015, had a three year grace period and a final maturity date of 30 June 2023. Of this facility, U.S.$100 million remained outstanding.

- The Issuer had a facility from the Austrian Development Bank for EUR 30 million. The facility was signed in June 2012, had a three year grace period and matures on 1 June 2019. Of this facility, EUR 23.3 million remained outstanding.

- The Issuer had a facility from Proparco for EUR 20 million. The facility was signed in June 2011, had a three year grace period and matures on 30 September 2021. Of this facility, EUR 12.6 million remained outstanding.

Off Balance Sheet Arrangements

As at 31 December 2015, the Issuer had the following undrawn credit lines:

- EUR 20 million remaining of a EUR 30 million committed facility from Nordic Investment Bank, dedicated to environmentally friendly projects, signed in June 2011 and maturing in 2021.

Related Party Transactions

Note 27 to the audited financial statements of the Issuer for 2015 summarises certain related party transactions entered into by the Issuer regarding compensation of key management personnel. Additional information regarding related party transactions made by the Issuer is not presented in this Drawdown Offering Circular as it would include relations with all state owned entities of its Member States.

PRICING SUPPLEMENT

Pricing Supplement dated 4 May 2016

BLACK SEA TRADE AND DEVELOPMENT BANK
Issue of US$500,000,000 4.875 per cent. Notes due 2021

under the EUR 1,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 13 April 2016 (and any supplements thereto) (the "**Offering Circular**"). This document constitutes the Pricing Supplement of the Notes and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. The Offering Circular is available for viewing at www.bstdb.org and during normal business hours at 1 Komninon str., 54624, Thessaloniki, Greece.

1.	(i)	Issuer:	Black Sea Trade and Development Bank
2.	(i)	Series Number:	3
	(ii)	Tranche Number:	1
3.	Specified Currency or Currencies:		US Dollars ("**US$**")
4.	Aggregate Nominal Amount:		US$500,000,000
	(i)	Series:	US$500,000,000
	(ii)	Tranche:	US$500,000,000
5.	Issue Price:		99.270 per cent. of the Aggregate Nominal Amount
6.	(i)	Specified Denominations:	US$200,000
	(ii)	Calculation Amount:	US$1,000
7.	(i)	Issue Date:	6 May 2016
	(ii)	Interest Commencement Date:	Issue Date
8.	Maturity Date:		6 May 2021
9.	Interest Basis:		4.875 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11.	Change of Interest or Redemption/Payment Basis:		Not Applicable
12.	Put/Call Options:		Not Applicable

13.	(i)	Status of the Notes:	Senior
	(ii)	Date Board approval for issuance of Notes obtained:	13 April 2016

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions**		Applicable
	(i)	Rate of Interest:	4.875 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	6 November and 6 May in each year, commencing on 6 November 2016, up to and including the Maturity Date
	(iii)	Fixed Coupon Amount:	US$24.375 per Calculation Amount
	(iv)	Day Count Fraction:	30/360
16.	**Zero Coupon Note Provisions**		Not Applicable

PROVISIONS RELATING TO REDEMPTION

17.	**Call Option**	Not Applicable
18.	**Put Option**	Not Applicable
19.	**Final Redemption Amount of each Note**	US$1,000 per Calculation Amount
20.	**Early Redemption Amount**	US$1,000 per Calculation Amount
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	**Form of Notes:**	**Registered Notes:**
		Unrestricted Global Registered Note exchangeable for Unrestricted Individual Note Certificates in the limited circumstances specified in the Unrestricted Global Registered Note
		Restricted Global Registered Note exchangeable for Restricted Individual Note Certificates in the limited circumstances specified in the Restricted Global Registered Note
		Restricted Global Registered Note registered in the name of a nominee for DTC
		Unrestricted Global Registered Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg

24.	New Global Note/NSS:	Not Applicable
25.	Additional Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable
26.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	Not Applicable
27.	US Selling Restrictions (Categories of potential investors to which the Notes are offered):	Reg. S Compliance Category 1; TEFRA not applicable (Rule 144A Eligible)

PART B – OTHER INFORMATION

1.	**LISTING AND ADMISSION TO TRADING**	
	(i) Admission to trading:	Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List for trading on the Regulated Market of the Irish Stock Exchange with effect from 6 May 2016.
	(ii) Estimate of total expenses related to admission to trading:	EUR 2,040
2.	**RATINGS**	The Notes to be issued are expected to be rated:
	Ratings:	Standard & Poor's: A- Moody's: A2 Standard & Poor's Financial Services LLC and Moody's Investors Services Limited are established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

4.	**YIELD** (Fixed Rate Notes Only)	
	Indication of Yield:	5.042 per cent. per annum The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
5.	**OPERATIONAL INFORMATION**	
	CUSIP:	09225G AB0
	ISIN:	Restricted Notes: US09225GAB05 Unrestricted Notes: XS1405888576
	Common Code:	Restricted Notes: 140601098 Unrestricted Notes: 140588857
	Delivery	Restricted Note: Delivery free of payment Unrestricted Note: Delivery against payment
	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility:	No. Whilst the designation is specified as "**no**" at the date of these Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Drawdown Offering Circular and is subject to any change in law that may take effect after such date. The following section should be read in conjunction with the section entitled "Taxation" in the Offering Circular.

Certain United States Federal Income Tax Considerations

The following is a summary of certain US federal income tax considerations relevant to US Holders (as defined below) acquiring, holding and disposing of Notes. This summary is based on the US Internal Revenue Code of 1986, as amended (the "**Code**"), final, temporary and proposed US Treasury regulations issued thereunder and administrative and judicial interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not discuss all aspects of US federal income taxation that may be relevant to holders in light of their particular circumstances, such as holders subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organizations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) holders that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for US federal income tax purposes; (ix) holders that have a functional currency other than the US dollar; (x) US expatriates and former long-term residents of the United States; and (xi) holders that directly, indirectly or constructively own 10% or more of the total combined voting power of all classes of voting stock of the Issuer), each of whom may be subject to tax rules that differ significantly from those summarized below. This summary does not address US federal tax considerations other than income tax considerations (e.g., estate or gift tax considerations), alternative minimum tax considerations, the Medicare contribution tax on investment income or non-US, state or local tax considerations and does not address the US federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their issue price (generally, the first price to the public at which a substantial amount of Notes is sold for money to persons other than bondhouses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). This summary assumes that holders will hold their Notes as capital assets (generally, property held for investment).

For the purposes of this summary, a "**US Holder**" is a beneficial owner of Notes that is for US federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation that is created in, or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source or (iv) a trust the administration of which is subject to the primary supervision of a US court and which has one or more United States persons who have the authority to control all substantial decisions of the trust, or if it has properly elected under applicable US Treasury regulations to be treated as a US person.

If any entity treated as a partnership for US federal income tax purposes holds the Notes, the US tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their own tax advisors concerning the US federal income tax consequences of the acquisition, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the US federal income tax considerations discussed below, as well as the application of other federal, state, local, non-US or other tax laws.

Payments of Stated Interest

Payments of stated interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) will be taxable to a US Holder as ordinary income at the time received or accrued, in accordance with the holder's regular method of accounting for US federal income tax purposes.

Foreign Tax Credit

Stated interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to US Holders under US federal income tax laws. There are significant complex limitations on a US Holder's ability to claim foreign tax credits. US Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Generally, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a US Holder will recognize gain or loss equal to the difference between the amount realized on the disposition (less any amount attributable to accrued but unpaid interest, which will be taxable as such) and such US Holder's adjusted tax basis in the Note. A US Holder's adjusted tax basis in a Note will generally equal the cost of such Note to such US Holder.

Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or redemption the Note has been held by such US Holder for more than one year, and will generally be treated as from US sources for purposes of the US foreign tax credit limitation. Capital gains of non corporate US Holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to significant limitations.

Information reporting and backup withholding

US Holders may be subject to information reporting on the amounts paid to them, unless they provide proof of an applicable exemption. If a US Holder does not provide this proof of exemption, it may be subject to backup withholding on such amounts unless the US Holder provides its taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle the US Holder to a refund, provided that the required information is timely furnished to the IRS.

US Holders should consult their own tax advisers regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer passed at a meeting held on 24 and 25 April 2015. An update of the Programme and the issue of the Notes thereunder has been authorised by a resolution of the Board of Directors of the Issuer passed at a meeting held on 13 April 2016

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which are likely to have, or have had during the 12 months prior to the date of this Drawdown Offering Circular, a significant effect on the financial position or profitability of the Issuer.

Significant/Material Change

3. There has neither been any material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer since 31 December 2015.

Auditors

4. The financial statements of the Issuer have been audited without qualification for the years ended 31 December 2015, 2014 and 2013 by KPMG Certified Auditors A.E., 3 Stratigou Tombra Str., Aghia Paraskevi, 153 42, Athens, Greece, member of the institute of Certified Public Accountants in Greece.

Documents on Display

5. Copies of the following documents may be inspected during normal business hours at the offices of the Issuer at 1 Komninon Street, 54624, Thessaloniki, Greece for 12 months from the date of this Drawdown Offering Circular:

   (a) the Establishing Agreement;

   (b) the Headquarters Agreement;

   (c) the Offering Circular;

   (d) the Agency Agreement and the Deed of Covenant; and

   (e) the audited financial statements of the Issuer for the years ended 31 December 2015, 2014 and 2013.

Listing and Admission to Trading

6. Application has been made by the Issuer for the Notes to be admitted to listing on the Official List and admitted to trading on the Regulated Market of the Irish Stock Exchange with effect from 6 May 2016.

Joint Lead Managers transacting with the Issuer

7. Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients or as principal in order to manage their exposure, their general market risk or other trading activities. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and

for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

PRINCIPAL OFFICE OF THE ISSUER

Black Sea Trade and Development Bank

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London E14 5AL

PAYING AGENT

The Bank of New York Mellon, London Branch
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London E14 5AL

REGISTRARS

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The Bank of New York Mellon, New York Branch
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To the Joint Lead Managers as to Greek Law:

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