BLACK SEA TRADE AND DEVELOPMENT BANK

Condensed Interim Financial Statements for the Six Months Period Ended 30 June 2023

Together with Auditors’ Review Report

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INDEPENDENT AUDITOR'S REVIEW REPORT

Review Report on Condensed Interim Financial Statements

To the Board of Governors of Black Sea Trade and Development Bank

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Black Sea Trade and Development Bank (the "Bank") as of 30 June 2023 and the related condensed interim statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes, which together comprise the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable to Interim Financial Reporting (International Accounting Standard "IAS" 34). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of interim financial information performed by the independent auditor of the entity". The review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as transposed in Greek legislation, and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Athens, 28 September 2023

The Certified Public Accountant

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CONDENSED INCOME STATEMENT

For the six months period ended 30 June

Presented in thousands of EUR	Note	Six months to 30 June 2023	Six months to 30 June 2022
Interest and similar income	7	88,539	62,813
Interest and similar expense	8	(35,925)	(27,713)
Net interest income (expense) on derivatives	9	(8,579)	5,934
Net interest income		**44,035**	**41,034**
Of which: net interest income based on the effective interest rate		76,453	60,307
Net fees and commissions		165	1,469
Net gains from equity investments through profit or loss		-	-
Net gains (losses) on derecognition of debt investment securities at fair value through other comprehensive income		(336)	138
Net losses from loan sale measured at amortized cost		(12,839)	-
Net gains on derecognized of financial liabilities at amortized cost	19	6.270	-
Realized gains (losses) on derivative instruments		(12,422)	4,528
Unrealized fair value gains (losses) on derivative instruments Fair		8,708	(15,627)
value gains (losses) on loans measured at fair value through profit or loss		(175)	(31)
Fair value (losses) on equity investments measured at fair value through profit or loss		-	(791)
Foreign exchange income (losses)		5,759	1,104
Operating income		**39,165**	**31,824**
Personnel expenses	10,23	(9,141)	(9,192)
Administrative expenses	10	(2,692)	(2,201)
Depreciation and amortization	17,18	(210)	(166)
Income before expected credit losses		**27,122**	**20,265**
Expected credit (losses) gains on loans measured at amortized cost	11	13,164	(53,383)
Expected credit (losses) gains on debt investment securities measured at fair value through other comprehensive income	12	(279)	251
Income for the period		**40,007**	**(32,867)**

The accompanying notes on pages 7 to 28 are an integral part of these financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June

Presented in thousands of EUR	Note	Six months to 30 June 2023	Six months to 30 June 2022
Income for the period		40,007	(32,867)
Other comprehensive income (expense):			
Items that will not be reclassified subsequently to profit or loss:			
Gains (losses) on equity investments financial assets		(1,180)	(7,960)
Items that are or may be reclassified subsequently to profit or loss:			
Gains (losses) on investment securities financial assets		2,130	(18,249)
Gains (losses) on cash flow hedges		1,655	(9,189)
Other comprehensive income (expense)		2,605	(35,398)
Total comprehensive income		**42,612**	**(68,265)**

The accompanying notes on pages 7 to 28 are an integral part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 June

Presented in thousands of EUR	Note	At 30 June 2023	At 31 December 2022
Assets			
Cash and due from banks		429,978	208,338
Deposits in margin accounts		107,160	114,430
Debt investment securities at fair value through other comprehensive income	12	120,317	525,224
Derivative financial instruments – assets	13	34,849	42,338
Loans at amortized cost	14	1,799,981	2,040,986
Less: accrued/deferred income	14	42,707	26,458
Less: expected credit losses	11,14	(94,440)	(106,476)
Loans at fair value through profit or loss	14	15,175	15,350
Loans		1,763,423	1,976,318
Equity investments at fair value through other comprehensive income	15	9,851	12,440
Accrued interest receivable		36,255	38,054
Other assets	16	16,091	17,054
Property and equipment	17	203	265
Intangible assets	18	508	553
Right of use assets		668	451
Total Assets		**2,519,303**	**2,935,465**
Liabilities			
Short-term	19	-	-
Amounts due to financial institutions	19	328,205	413,485
Debt evidenced by certificates	19	1,142,595	1,493,157
Accrued interest payable	19	8,369	9,013
Borrowings		1,479,169	1,915,655
Margin accounts		2,770	14,420
Derivative financial instruments – liabilities	13	138,776	148,624
Other liabilities	20	19,129	20,132
Lease liability		490	277
Total liabilities		1,640,334	2,099,108
Members' Equity			
Authorized share capital	21	3,450,000	3,450,000
Less: unallocated share capital	21	(1,161,500)	(1,161,500)
Subscribed share capital	21	2,288,500	2,288,500
Less: callable share capital	21	(1,601,950)	(1,601,950)
Paid-in share capital		686,550	686,550
Reserves	22	83,397	80,792
Retained earnings		109,022	69,015
Total members' equity		878,969	836,357
Total Liabilities and Members' Equity		**2,519,303**	**2,935,465**
Off-balance-sheet items			
Commitments		75,418	118,937

The accompanying notes on pages 7 to 28 are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the six months period ended 30 June

Presented in thousands EUR	Share capital					
	Subscribed	Callable	Payable	Reserves	Retained Earnings	Total
At 31 December 2021	**2,288,500**	**(1,601,950)**	**-**	**100,312**	**98,860**	**885,722**
Income for the year	-	-	-	-	(27,586)	(27,586)
Other comprehensive income:						
Net gains (losses) on financial assets at fair value reserve through OCI	-	-	-	(26,336)	-	(26,336)
Disposal of equity investments at fair value through OCI	-	-	-	2,259	(2,259)	-
Actuarial (losses) gains on defined benefit scheme	-	-	-	8,178	-	8,178
Effective portion of cash flow Hedges (losses) gains				(3,621)		(3,621)
Total comprehensive income (loss) for the year	-	-	-	(19,520)	(29,845)	(49,365)
Members' contributions	-	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-
At 31 December 2022	**2,288,500**	**(1,601,950)**	**-**	**80,792**	**69,015**	**836,357**
Income for the period	-	-	-	-	40,007	40,007
Other comprehensive income:						
Net (losses) gains on financial assets at fair value reserve through OCI	-	-	-	950	-	950
Effective portion of cash flow hedges (losses) gains	-	-	-	1,655	-	1,655
Total comprehensive income for the period	-	-	-	2,605	40,007	42,612
Members' contributions	-	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-
At 30 June 2023	**2,288,500**	**(1,601,950)**	**-**	**83,397**	**109,022**	**878,969**

The accompanying notes on pages 7 to 28 are an integral part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the six months period ended 30 June

Presented in thousands of EUR	Six months to 30 June 2023	Six months to 30 June 2022
Cash flows from operating activities		
Income for the period	40,007	(32,867)
Adjustment for items in income statement:		
Depreciation and amortization	210	166
Expected credit losses (gains) on loans	(325)	53,383
Expected credit losses (gains) on investment securities	279	(251)
Fair value (gains) losses on loans at FVTPL	175	31
Fair value (gains) losses on equity investments at FVTPL	-	791
Net interest income	(52,614)	(35,100)
Realized (gains) losses on disposal of investment securities at FVTOCI	336	(138)
Realized (gains) losses from debt issued	(6,270)	-
Realized (gains) losses on derivative instruments	12,422	(4,528)
Cash generated from (used for) operations:		
Proceeds from repayment of loans	290,832	311,186
Proceeds from repayment of equity investments	2,059	1,728
Funds advanced for loans	(74,944)	(227,929)
Funds advanced for equity investments	(624)	(177)
Net movement in derivative financial instruments	6,349	58,343
Working capital adjustments:		
Interest income received	90,338	54,916
Interest income paid	(36,569)	(31,289)
Decrease (increase) in deposit margin accounts	7,270	(80,320)
Decrease (increase) in other assets	963	2,558
Increase (decrease) in margin accounts	(11,650)	(7,610)
Increase (decrease) in other and lease liabilities	-	10,670
Increase (decrease) in deferred income	(16,249)	(11,401)
Net cash from / (used in) operating activities	251,995	62,162
Cash flows from investing activities		
Net proceeds from investment securities at FVTOCI	38,781	171,999
Purchase of property, software and equipment	(104)	(123)
Net cash from / (used in) investing activities	38,677	171,876
Cash flows from financing activities		
Proceeds from borrowings	113,489	172,898
Repayments of borrowings	(549,622)	(469,474)
Payment of lease liability	(338)	-
Other:		
Increase (decrease) in other liabilities	(1,003)	-
Net cash from financing activities	(437,474)	(296,576)
Effect on foreign exchange	(26,155)	-
Net increase (decrease) in cash and cash equivalents	**(172,957)**	**(62,538)**
Cash and cash equivalents at beginning of year	679,747	571,492
Cash and cash equivalents at end of period	**506,790**	**508,954**

The accompanying notes on pages 7 to 28 are an integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. ESTABLISHMENT OF THE BANK

Agreement Establishing the Bank

The Black Sea Trade and Development Bank (the 'Bank'), whose headquarters are located at 1 Komninon Street, Thessaloniki, in the Hellenic Republic, was established as an international financial organization under the Agreement Establishing the Bank dated 30 June 1994 (Establishing Agreement). In accordance with Article 61 of the Establishing Agreement, following the establishment of the Bank, the Establishing Agreement came into force on 24 January 1997. The Bank commenced operations on 1 June 1999.

The purpose of the Bank is to accelerate development and promote cooperation among its shareholder countries. As a regional development institution, the Bank is well placed to mobilize financial resources and to improve access to financing for businesses in the whole region as well as for those active only in its individual Member Countries. The Bank offers project and trade financing facilities, equity participations and guarantees. Bank financing of projects and programs is available directly or in cooperation with other national and international development institutions. The Bank may also, where appropriate, provide technical assistance to potential customers.

As at financial position date the Bank's shareholders comprised of the following 11 countries: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russian Federation, Türkiye, and Ukraine (all the countries hereafter, the 'Region').

Headquarters Agreement

The status, privileges and immunities of the Bank and persons connected therewith in the Hellenic Republic are defined in the Headquarters Agreement between the Government of the Hellenic Republic and the Bank (Headquarters Agreement) signed on 22 October 1998.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as published by the International Accounting Standards Board (IASB), and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended 31 December 2022 (last annual financial statements). They do not include all the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual financial statements.

These condensed interim financial statements for the six month period ended 30 June 2023 are approved by the Management Committee, and also submitted to the Board of Directors (BoD) in their meeting on 28 September 2023 for their information.

Basis of measurement

The financial statements have been prepared on a historical cost basis except for the below assets and liabilities which have been measured at fair value:

- Debt investment securities at fair value through other comprehensive income;
- Loans at fair value through profit or loss;
- Equity investments at fair value through other comprehensive income; and
- Derivative financial instruments.

Functional and presentation currency

The Bank's functional currency is the Euro (EUR) as defined by the European Central Bank (ECB). The Euro is most representative of the Bank's operations and environment as a significant percentage of the Bank's lending operations are in Euro, and the administrative expenses and capital expenditures are primarily denominated and settled in this currency. The Bank's presentation currency is the EUR and values are rounded to the nearest thousand unless otherwise stated.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments and use of estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the 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. Actual results may differ from those reported. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The areas where the Bank has applied judgement and used estimates and assumptions are: estimation of expected credit losses of loans, fair valuation of financial instruments not quoted in active markets, including OTC derivatives and certain debt securities, impairment of equity investments, estimation of retirement benefits obligation.

The areas involving a higher degree of judgment or areas where assumptions and estimates are significant to the financial statements are disclosed in the Note 4.

2.2 Going Concern

The Bank's Board of Governors considered the Bank's ongoing financial sustainability when approving the Bank's "Long Term Strategic Framework (LTSF) 2021-2030" in June 2021, which reflects the Bank's prospects and the ways in which its shareholders would like it to evolve.

The condensed interim financial statements for the six month period ended 30 June 2023 have been prepared on a going concern basis. As the Bank maintains its operational capacity and retains its strong capital and liquidity positions, the Board of Directors is of the view that the Bank will continue to operate as a going concern from the date of approval of the financial statements.

In the context of formulation and approval of the next Medium-term Strategy and Business Plan 2023-2026, the Board of Governors will provide the necessary guidance and in this context will recommend adjustments to the LTSF 2021-2030 to the extent to which it will be deemed appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the last annual financial statements.

The following amendments to IFRSs have been issued by the International Accounting Standards Board (IASB) as of the date of these financial statements were issued and effective from 1 January 2023:

Notes to the Condensed Interim Financial Statements

IAS 1 — Presentation of Financial Statements. IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors. IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

FRS 16 – Leases. Specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

The Bank has adopted the aforementioned amendments which did not have a material impact.

IFRS 17 — Insurance Contracts. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 is not applicable to the Bank.

3.1 Foreign Currencies

The Bank uses the official exchange rates published for EUR by the European Central Bank (ECB), exception for Russian Ruble from March 2022 onwards extracted from Central Bank of Russian Federation. The exchange rates used by the Bank at the financial position date were as follows.

			30 June 2023	31 December 2022	30 June 2022
	=	United States dollar	1.08660	1.06660	1.03870
	=	Pound sterling	0.85828	0.88693	0.85820
	=	Russian ruble	95.10520	76.07650	53.85800
1 EUR	=	Azerbaijan manat	1.85210	1.81140	1.77710
	=	Georgian lari	2.85910	2.88320	3.08210
	=	Armenian dram	418.95000	420.06000	423.5400
	=	Romanian leu	4.96350	4.94950	4.94640

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Bank's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense and accompanying notes. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. The Bank believes that the significant judgments, estimates and assumptions used in the preparation of its condensed interim financial statements are appropriate given the factual circumstances as of the date of preparation.

The most significant areas, for which critical judgments, estimates and assumptions are required in applying the Bank's accounting policies, are the following:

a. Fair value estimates for financials instruments measured at fair value.

b. The ECL is calculated for both Stage 1 and Stage 2 loans by applying the provision rate to the projected exposure at default (EAD) and discounting the resulting provision using the loan's effective interest rate (EIR). The provision rate is generated by multiplying the PD rate and the loss given default (LGD) rate applicable to the loan.

   A number of critical accounting estimates are therefore made in the calculation of expected credit losses for loans as follows:
   - Criteria used for staging assessment of loans and advances.
   - Assumptions for future cashflows of individually assessed loan exposures.
   - The input and assumptions used to estimate the impact of multiple economic scenarios.

For the majority of Stage 3 loans the LGD has been estimated using individual assessment impairment exercises. Such estimates are based on discounted cash flow approach incorporating certain assumptions and available information including information relating to collaterals liquidation. For more information refer to Note "Expected credit losses".

5. FINANCIAL ASSETS AND LIABILITIES

5.1 Fair Value Hierarchy

For financial instruments measured at fair value, the Bank uses the following levels of hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;

- Level 2: Quoted market prices in active markets for similar instruments; or quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The valuation techniques / models used to determine the fair values are the net asset value (NAV), EBITDA multiples and discounted cash flows (DCF) models.

Notes to the Condensed Interim Financial Statements

The tables below identify the Bank's financial instruments measured at fair value and on a recurring basis at 30 June 2023 and 31 December 2022. Financial assets and financial liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement.

Presented in EUR (000)	Level 1	Level 2	Level 3	**Carrying Amount**
Derivative financial instruments – assets	-	34,849	-	**34,849**
Fair value through profit or loss:				
Loans	-	-	15,175	**15,175**
Fair value through other comprehensive income:				
Debt investment securities	120,317	-	-	**120,317**
Equity investments	-		9,851	**9,851**
Derivative financial instruments – liabilities	-	(138,776)	-	**(138,776)**
At 30 June 2023 on recurring basis	**120,317**	**(103,927)**	**25,026**	**41,416**

There have been no transfers between Level 1 and Level 2 during the period.

Presented in EUR (000)	Level 1	Level 2	Level 3	**Carrying Amount**
Derivative financial instruments – assets	-	42,338	-	**42,338**
Fair value through profit or loss:				
Loans	-	-	15,350	**15,350**
Fair value through other comprehensive income:				
Debt investment securities	525,224	-	-	**525,224**
Equity investments	-		12,440	**12,440**
Derivative financial instruments – liabilities	-	(148,624)	-	**(148,624)**
At 31 December 2022 on recurring basis	**525,224**	**(106,286)**	**27,790**	**446,728**

Fair Value Measurement in Level 3

The tables provide a reconciliation of the fair values and on a recurring basis of the Bank's Level 3 for loan financial assets of the fair value hierarchy.

Presented in EUR (000)	At 30 June 2023	At 31 December 2022
At 1 January	15,350	15,014
Disbursements	-	-
Total gains (losses) recognized in the income statement	(175)	336
At end of period/year on recurring basis	**15,175**	**15,350**

At 30 June 2023 the fair value of loans through profit or loss EUR 15,175 thousand is calculated based on a discounted payment / cashflows approach using the applicable effective interest rate.

The table provides a reconciliation of the fair values and on a recurring basis of the Bank's Level 3 for equity investments financial assets of the fair value hierarchy.

Presented in EUR (000)	At 30 June 2023	At 31 December 2022
At 1 January	12,440	25,777
Total gains (losses) recognized in the income statement	-	(791)
Total gains (losses) recognized in other comprehensive income	(1,180)	(5,527)
Disbursements*	624	924
Repayments	(2,033)	(5,684)
Foreign exchange adjustments	-	-
Disposal/exit of equity investments at fair value through OCI**	-	(2,259)
At end of period/year on recurring basis	**9,851**	**12,440**

* Committed capital call or covering general costs, without increase percentage of investment.

Sensitivity Analysis for Level 3

The table below illustrates the valuation techniques used in the determination of fair values for financial instruments within Level 3 of the measurement hierarchy, and on an estimated 5% increase or decrease in net asset value. The significant unobservable input for loans was discounted payments / cashflows using the applicable effective interest rate, and for equity investments was expected net asset value. The Bank considers that market participants would use the same inputs in pricing the financial assets. Management considers that changing the unobservable inputs described below to reflect other reasonably possible alternative assumptions would not result in a significant change in the estimated fair value.

Presented in EUR (000)	Valuation techniques	Carrying amount	Favorable change	Unfavorable change
Loans	Discounted cash flows models	15,175	758	(758)
Equity investments	Net asset value and EBITDA multiplies	9,851	493	(493)
At 30 June 2023		**25,026**	**1,251**	**(1,251)**

Presented in EUR (000)	Valuation techniques	Carrying amount	Favorable change	Unfavorable change
Loans	Discounted cash flows models	15,350	768	(768)
Equity investments	Net asset value and EBITDA multiplies	12,440	622	(622)
At 31 December 2022		**27,790**	**1,390**	**(1,390)**

Loans at fair value through profit or loss mainly comprise convertible loans or loans with an element of performance-based return. Their fair value is calculated based on a discounted payment / cashflows approach using the applicable effective interest rate and provided inputs.

Equity investments comprises the Bank's equity funds and equity participations. NAV multiples are most commonly applied to such direct investments, and recent transactions within sectors are also considered where available. Equity funds are valued based on NAV statements adjusted for applicable market movements observed between the measurement date of the NAV and end of reporting year.

Mentioned model definitions relate to NAV = net asset value; EBITDA = earnings before interest, tax, depreciation and amortization; and DCF = discounted cash flow. Although the Bank believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different fair value results.

Notes to the Condensed Interim Financial Statements

The tables below identify the Bank's all financial assets and financial liabilities in accordance with their fair value hierarchy under IFRS 13.

	At 30 June 2023				
Presented in EUR (000)	Level 1	Level 2	Level 3	**Carrying amount**	**Fair value**
Assets					
Cash and due from banks	429,978	-	-	**429,978**	429,978
Deposits in margin accounts	107,160	-	-	**107,160**	107,160
Debt investment securities	120,317	-	-	**120,317**	120,317
Derivative financial assets	-	34,849	-	**34,849**	34,849
Loans	-	-	1,815,156	**1,815,156**	1,882,843
Accrued/deferred income	-	-	42,707	**42,707**	42,707
Expected credit losses on loans	-	-	(94,440)	**(94,440)**	(94,440)
Equity investments	-	-	9,851	**9,851**	9,851
Accrued interest receivable	-	-	36,255	**36,255**	36,255
Other assets	-	-	16,091	**16,091**	16,091
Total financial assets	**657,455**	**34,849**	**1,825,620**	**2,517,924**	2,585,611
Liabilities					
Borrowings	532,873	609,722	336,574	**1,479,169**	1,401,063
Margin accounts	2,770	-	-	**2,770**	2,770
Derivative financial instruments	-	138,776	-	**138,776**	138,776
Other and lease liabilities	-	-	19,619	**19,619**	19,619
Total financial liabilities	**535,643**	**748,498**	**356,193**	**1,640,334**	**1,562,228**

	At 31 December 2022				
Presented in EUR (000)	Level 1	Level 2	Level 3	**Carrying amount**	**Fair Value**
Assets					
Cash and due from banks	208,338	-	-	**208,338**	208,338
Deposits in margin accounts	114,430	-	-	**114,430**	114,430
Debt investment securities	525,224	-	-	**525,224**	525,224
Derivative financial assets	-	42,338	-	**42,338**	42,338
Loans	-	-	2,056,336	**2,056,336**	1,912,432
Accrued/deferred income	-	-	26,458	**26,458**	26,458
Expected credit losses on loans	-	-	(106,476)	**(106,476)**	(106,476)
Equity investments	-	-	12,440	**12,440**	12,440
Accrued interest receivable	-	-	38,054	**38,054**	38,054
Other assets	-	-	17,054	**17,054**	17,054
Total financial assets	**847,992**	**42,338**	**2,043,866**	**2,934,196**	**2,790,292**
Liabilities					
Borrowings	871,095	675,350	369,210	**1,915,655**	1,712,791
Margin accounts	14,420	-	-	**14,420**	14,420
Derivative financial instruments	-	148,624	-	**148,624**	148,624
Other and lease liabilities	-	621	19,788	**20,409**	20,409
Total financial liabilities	**885,515**	**824,595**	**388,998**	**2,099,108**	**1,896,244**

Notes to the Condensed Interim Financial Statements

5.2 Credit Risk by Country and Sector

The Bank is restricted to operate in its 11 Member States and individual country limits are set as a maximum at 30% of planned commitments. This limit is calculated on the basis of the BoD approved operations, minus repayments and cancellations. Individual operations are further constrained by the Single Obligor Limit and by monitoring of Sectoral Exposure.

The concentration of credit risk in lending portfolios is presented below, also including the undrawn amounts. The Bank is generally well diversified by country and by sector.

	At 30 June 2023		At 31 December 2022	
Presented in EUR (000)	Outstanding balance	Undrawn commitments	Outstanding balance	Undrawn commitments
Concentration by instrument				
Loans	1,815,156	66,177	2,056,336	73,360
Equity investments	9,851	3,360	12,440	4,000
Guarantees	-	5,881	-	41,577
At end of period/year	**1,825,007**	**75,418**	**2,068,776**	**118,937**
Concentration by country				
Albania	4,142	12	10,392	12
Armenia	57,977	83	79,225	90
Azerbaijan	39,238	12	12,649	12
Bulgaria	229,811	39,171	259,364	12,542
Georgia	26,361	5,464	49,635	6,229
Greece	318,273	1,753	277,790	60,316
Moldova	28,580	6,014	52,768	1,012
Romania	181,300	5,918	202,202	11,693
Russia	293,353	443	400,994	17,943
Turkiye	399,677	806	460,510	806
Ukraine	246,295	15,742	263,247	8,282
At end of period/year	**1,825,007**	**75,418**	**2,068,776**	**118,937**
Concentration by sector				
Consumer discretionary	83,488	15,000	85,484	8,000
Consumer staples	161,406	46,504	218,057	7,808
Energy	119,643	-	55,818	52,026
Financial institutions	220,823	4,070	322,594	5,000
Health care	101,026	-	107,946	-
Industrials	381,518	3,963	407,969	4,526
Information technology	-	-	-	-
Materials	213,543	-	316,205	-
Real estate	94,016	-	95,901	-
Telecom services	-	-	-	-
Utilities	449,544	5,881	458,802	41,577
At end of period/year	**1,825,007**	**75,418**	**2,068,776**	**118,937**
Incurred by				
Sovereign	374,253	550	340,570	41,050
Non-sovereign	1,450,754	74,868	1,728,206	77,887
At end of period/year	**1,825,007**	**75,418**	**2,068,776**	**118,937**

5.3 Capital Management

At the inception of the Bank, initial authorized share capital was SDR 1 billion, which was fully subscribed by the Member States. In December 2007 the BoG approved an increase of the Bank's authorized share capital to SDR 3 billion and authorized the offering of SDR 1 billion to the existing Member States for subscription, with the objective of increasing subscribed capital to a total of SDR 2 billion. The increase allows the Bank to implement its operational strategy to a substantial degree. The Bank does not have any other classes of capital.

In October 2008 the above new shares in the amount of SDR 1 billion that were offered for subscription to the Bank's Member States were fully subscribed and allocated. Accordingly, the Bank's paid-in share capital was doubled from SDR 300 million to SDR 600 million. The remaining SDR 1 billion of authorized share capital has not yet been allocated.

Pursuant to Resolution 131 of the BoG, that unanimously adopted the first amendment to the Establishing Agreement, which became effective on 21 June 2013. As of this effective date, and as per Resolution 131 of the BoG, the unit of account of the Bank became the EUR and all of the Bank's authorized share capital was redenominated from SDR to EUR. The conversion rate applied was SDR to EUR fixed at 1:1.15.

The share capital usage of the Bank is guided by statutory and financial policy parameters. Article 15 of the Establishing Agreement limits the total amount of outstanding loans, equity investments and guarantees made for ordinary operations to 150% of the Bank's unimpaired subscribed capital, reserves and surpluses, establishing a 1.5:1 institutional gearing ratio. Additionally, disbursed equity investments shall not at any time exceed an amount corresponding to the Bank's total unimpaired paid-in capital, surpluses and general reserve.

The Bank determines required share capital as the potential losses the Bank may incur based on probabilities consistent with the Bank's credit rating. The main risk categories assessed under the share capital adequacy framework are credit risk, market risk and operational risk, and such total risks are managed within the available share capital base that excludes callable share capital, while maintaining a prudent cushion. A main objective of this framework is to manage the Bank's share capital by providing a consistent measurement of capital headroom over time. The Bank has no expectation for callable share capital to be called, and will prevent this need and use only available risk share capital as reserves, surplus and paid-in.

At the 36th meeting of the BoD in 2008, the operational gearing ratio was set at 100% of the Bank's unimpaired paid-up capital, reserves and surpluses, and the usable portion of the callable capital. This limit on the total amount of operations which includes all callable capital is approximately EUR 2.4 billion.

Overall, the Bank preserves an actively managed capital stock to prudently cover risks in its activities. As a multilateral financial institution, the Bank is not subject to regulatory capital requirements. However, the Bank uses standards proposed by the Basel II Capital Accord as a benchmark for its risk management and capital framework. Pursuant to Article 5 of the Establishing Agreement, the BoG shall at intervals of not more than five years review the capital stock of the Bank. In substance, the primary objective of the Bank's capital management is to ensure adequate share capital is available to support the Bank's operations.

6. OPERATING SEGMENTS

The Bank is a multilateral financial institution, which in accordance with the Establishing Agreement, is dedicated to accelerating development and promoting co-operation among the Bank's shareholder countries. The Bank operates in a specific geographical area and the primary reporting format for business segments are the Lending and Treasury operations. Lending activities represent investments in projects such as loans, equity investments and guarantees. Treasury activities include raising debt finance, investing surplus liquidity, and managing the Bank's foreign exchange, liquidity and interest rate risks.

The Bank's primary source of revenues is interest income from above mentioned activities. In addition, the Bank also derives revenues from net fees and commissions and other income that comprised: dividend income, net gains from equity investments at fair value through profit or loss, net gains from loans, net gains from investment securities held at amortized cost and at fair value through profit or loss.

Information on the financial performance of Lending and Treasury activities is prepared regularly and provided to the President, the Bank's chief operating decision-maker. As such, these activities have been identified as the operating segments which the President assesses their performance in a manner associated with the financial statements and consistent with the prior year that is as follows:

	01.01-30.06.2023			01.01.-30.06.2022		
Presented in EUR (000)	Lending	Treasury	Total	Lending	Treasury	Total
Income statement						
Interest income	76,453	12,086	88,539	60,307	2,506	62,813
Net fees and commissions	165	-	165	1,469	-	1,469
Other income (loss)	-	(336)	(336)	-	138	138
Total segment revenues	76,618	11,750	88,368	61,776	2,644	64,420
Interest expense	(35,609)	(316)	(35,925)	(27,233)	(480)	(27,713)
Net interest income (expense) on derivatives	-	(8,579)	(8,579)	-	5,934	5,934
Gains (losses) on other financial instruments	(13,014)	2,556	(10,458)	(822)	(11,099)	(11,921)
Foreign exchange	-	5,759	5,759	-	1,104	1,104
Personnel and administrative expenses	(11,460)	(373)	(11,833)	(10,767)	(626)	(11,393)
Depreciation and amortization	(207)	(3)	(210)	(157)	(9)	(166)
Segment income before ECL	16,328	10,794	27,122	22,797	(2,532)	20,265
Less: expected credit losses	13,164	(279)	12,885	(53,383)	251	(53,132)
Income for the period	**29,492**	**10,515**	**40,007**	**(30,586)**	**(2,281)**	**(32,867)**

	30 June 2023			31 December 2022		
Presented in EUR (000)	Lending	Treasury	Total	Lending	Treasury	Total
Financial position						
Segment assets	1,826,999	692,304	2,519,303	2,045,135	890,330	2,935,465
At end of year			**2,519,303**			**2,935,465**
Segment liabilities	1,498,788	141,546	1,640,334	1,936,064	163,044	2,099,108
Members' equity	-	-	878,969	-	-	836,357
At end of year			**2,519,303**			**2,935,465**

7. INTEREST AND SIMILAR INCOME

Interest and similar income are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2023	Six months to 30 June 2022
From loans at amortized cost	75,853	59,997
From due from banks	2,719	99
From debt securities at FVTOCI	9,367	2,407
Total interest income for financial instruments not measured at FVTPL	87,939	62,503
From loans at FVTPL	600	310
Interest and similar income	**88,539**	**62,813**

The increase in interest and similar income was primarily due to increase in base interest rates of the US dollar and Euro.

8. INTEREST AND SIMILAR EXPENSE

Interest and similar expense are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2023	Six months to 30 June 2022
Debit evidenced by certificates	22,331	22,522
Other borrowings	13,278	4,711
Other charges	316	480
Interest and similar expense	**35,925**	**27,713**

9. NET INTEREST ON DERIVATIVES

Net interest on derivatives is analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2023	Six months to 30 June 2022
Interest on derivatives receivable	28,382	23,512
Interest on derivatives payable	(36,961)	(17,578)
Net interest on derivatives	**(8,579)**	**5,934**

10. PERSONNEL AND ADMINISTRATIVE EXPENSES

Administrative expenses are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2023	Six months to 30 June 2022
Salaries and benefits	7,788	7,561
Staff retirement plans	1,353	1,631
Personnel expenses	**9,141**	**9,192**
Professional fees and related expenses	706	550
Utilities and maintenance	909	822
Other administrative	1,077	829
Administrative expenses	**2,692**	**2,201**

The average number of staff employed during the period was 117 (respective period 2022: 119). The number of staff at 30 June 2023 was 114 (30 June 2022: 120). Further analysis of the staff retirement plan is presented in the Note "Employee benefits".

11. EXPECTED CREDIT LOSSES ON LOANS

Loans that are measured at amortized cost are stated net of expected credit loss, which includes also their related expected credit loss on undrawn commitments. A summary of the movements in expected credit loss is as follows:

Presented in EUR (000)	Stage 1	Stage 2	Stage 3	Total
At 31 December 2021	4,983	619	38,621	44,223
New loans originated	288	-	-	288
Release	(180)	(40)	(1,342)	(1,562)
Transfer	(3,623)	3,010	613	-
Impact in net remeasurement (including change in models)	(315)	33,377	36,297	69,359
Charge (release) for the year	(3,830)	36,347	35,568	68,085
Write-offs/recoveries	-	-	(5,284)	(5,284)
Foreign exchange and other adjustments	49	(452)	(145)	(548)
At 31 December 2022	1,202	36,514	68,760	106,476
New loans originated	20	439	-	459
Release	(60)	-	-	(60)
Transfer	-	10,348	(10,348)	-
Impact in net remeasurement (including change in models)	(62)	(28,046)	17,146	(10,962)
Charge (release) for the period	(102)	(17,259)	6,798	(10,563)
Sale of loan	-	(1,040)	-	(1,040)
Foreign exchange and other adjustments	(6)	(352)	(75)	(433)
At 30 June 2023	**1,094**	**17,863**	**75,483**	**94,440**

At each reporting date, the Bank recognizes loss allowances based on either 12-month Expected Credit Loss (ECL) or lifetime ECL, depending on the stage of the loan.

Total ECLs on loans were EUR 94,440 thousand in the period ended 30 June 2023 (2022: EUR 106,476 thousand), a net decrease of EUR 12,036 thousand compared to 2022, which is mainly attributable to loan's repayment performed during the period 1.1-30.6.2023. The ECLs continued to remain high that were mainly attributed to the geopolitical conflict between Russian and Ukraine that begun on 24 February 2022, and the consequences thereof, which have negatively impacted the economies of Ukraine and Russia.

For the purpose of calculating Expected Credit Losses in accordance with IFRS 9, loans at amortized cost are classified in the below three stages:

- **Stage 1:** includes performing exposures that do not have significant increase in credit risk since initial recognition. This stage also includes exposures for which credit risk has been improved and the exposure has been reclassified from Stages 2 or 3. In this stage, expected credit losses are recognized based on the probability of default within the next twelve months.

- **Stage 2:** includes performing exposures for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes exposures for which credit risk has been improved and the exposure has been reclassified from Stage 3. In this stage, lifetime expected credit losses are recognized.

- **Stage 3:** includes non-performing/impaired exposures. In this stage, lifetime expected credit losses are recognized.

Revolving Facilities and Undrawn Commitments

Revolving credit facilities have no fixed term and they can be cancelled at the discretion of the Bank at any point in time. These facilities are subject to, at a minimum, an annual credit review. In this regard, the date of the latest credit review is considered the relevant date to assess if there is any increase in credit risk, as at that point in time. Following this, the Bank may amend the terms and conditions of the exposure.

The estimate of the ECL on irrevocable loan commitments is consistent with its expectations of drawdowns on that loan commitment. Therefore, the Bank considered (i) the expected portion of the loan commitment that will be drawn down within 12 months of the reporting date when estimating 12-month expected credit losses and (ii) the expected portion of the loan commitment that will be drawn down over the expected life of the reporting date when estimating lifetime expected credit losses. At 30 June 2023 the related amount included in other liabilities nil for loan commitments of EUR 66,177 thousand (2022: EUR 1,154 thousand for loan commitments of EUR 73,360 thousand).

Individual Assessment Impairment Tests

As the situation is changing, the status of loans to Ukraine and Russia are subject to regular review. For the loans for which impairment is assessed on an individual basis, the assessment is based on certain assumptions concerning the outcome of the conflict involving optimistic and pessimistic scenarios with the methodology currently applied by the Bank to be adjusted as a result of the high level of uncertainty related to the current geopolitical situation. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty; therefore, the actual outcomes may be significantly different from those projected. The Bank considers these forecasts to represent its best estimate of the future outcomes.

The table below depicts per stage the outstanding balance along with the ECL presented in EUR thousand for the period ended 30 June 2023 of Russian and Ukraine loans as follows:

Russia	Stage 2	Stage 3
Outstanding balance	215,127	78,226
ECL	1,763	20,386

Ukraine	Stage 2	Stage 3
Outstanding balance	119,861	126,434
ECL	15,292	33,684

Valuation of Collateral in Ukraine

In Ukraine, there are many difficulties in determining the market value of collateral since the beginning of the conflict. These are on the one hand physical restrictions in some regions on the ability to conduct visual inspections and determine the potential level of damage and on the other hand the uncertainty about market development and transactions. In order to address this uncertainty inherent to the valuation of the collaterals, the Bank has applied a haircut of 50% on the valuation amount taking into account those mentioned below ‘Override operations’.

Finally, the fixed assets that are used as collateral for lending agreements in Ukraine are dispersed predominantly in areas outside of the conflict zone, and most of the borrowers continue their operations. For one operation which has assets in the conflict zone, there is political risk insurance covering such risks minimizing further the risk.

Override Operations

Since the beginning of the geopolitical conflict the country credit risk ratings of both Ukraine and Russia have been downgraded in accordance with the Bank's credit risk methodologies, referenced all loans in Ukraine and Russia were automatically downgraded to Stage 3.

The Bank performed an individual assessment on all these loans and where it was determined that based on the repayments performed by these borrowers, their respective creditworthiness and ability to serve their obligations that the Stage 3 criteria were not met, the Bank reclassified these loans to stage 2. Total exposure of these loans amounted to EUR 336,757 thousand representing 18% of total outstanding loans at amortized cost as of 30 June 2023 and their respective ECL allowance was EUR 17,055 thousand (31 December 2022: EUR 35,328 thousand).

The reason for the transfers to Stage 2 were:

- Continuing of operations.
- No deferrals or major restructurings are foreseen.
- Guarantee from parent company located outside of Ukraine and Russia.

12. DEBT INVESTMENT SECURITIES

Debt investment securities are analyzed as follows:

Presented in EUR (000)	At 30 June 2023	At 31 December 2022
Bonds	53,499	61,906
Commercial papers	67,609	463,830
Debt investment securities gross balance	121,108	525,736
Less: expected credit losses	(791)	(512)
Debt investment securities at fair value through OCI	**120,317**	**525,224**

The above table sets out an analysis of the Bank's debt investment securities at fair value through other comprehensive income for the reported period/year. The above movement in allowance for expected credit losses is as follows:

Presented in EUR (000)	Stage 1	Stage 2	Stage 3	Total
At 31 December 2021	499	129	-	628
Charge	-	-	468	468
Release	(455)	(129)	-	(584)
At 31 December 2022	44	-	468	512
Charge	-	-	296	296
Release	(17)	-	-	(17)
At 30 June 2023	**27**	**-**	**764**	**791**

Total expected credit losses on debt investment securities were EUR 791 thousand at period ended 30 June 2023 a net increase of EUR 279 thousand compared to 2022.

13. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Bank primarily makes use of derivatives for the below strategic purposes:

- Many of the Bank's issued securities, excluding commercial paper, are individually paired with a swap to convert the issuance proceeds into the currency and interest rate structure sought by the Bank.
- To manage the net interest rate risks and foreign exchange risks arising from all financial assets and liabilities.
- Through currency swaps, to manage funding requirements for the Bank's loan portfolio.

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 recognized in the statement of financial position (SOFP) at fair value and are subsequently measured at their fair value. They are carried in the SOFP as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in fair value of derivative financial instruments 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.

The Bank enters into hedging relationships to protect the Bank from financial risks such as currency risk, market risk and interest rate risk. The Bank's policies on risk management are to not take significant interest rate or foreign exchange risks, and to aim where possible to match assets, liabilities and derivatives.

The majority of the Bank's lending activities is at floating rates linked to USD Libor or Euribor. When lending at a fixed rate the Bank will often use interest rate swaps to produce floating rate interest payments.

The Bank's borrowings, particularly bonds issuances, tend to be at a fixed rate and sometimes in currency denominations other than EUR or USD. The Bank in order mitigate the aforementioned underlying risks uses either interest rate or cross currency interest rate swaps to produce floating rate liabilities in USD or EUR.

All the Bank's interest rate or cross currency swaps are explicitly tied to a balance sheet asset or liability. Typically, the fixed rate on the swap and the matching asset or liability has the same characteristics (term, payment dates etc.).

Foreign exchange forwards (paired purchases and sales of currencies on different dates) of maturities typically less than three months are not tied to specific assets or liabilities. These are undertaken to manage surpluses and shortfalls in EUR and USD and are not undertaken for speculative purposes. All derivatives are documented under International Swaps and Derivatives Association (ISDA) master netting agreement with Credit Swap Annexes (CSAs) and marked to market and cash collateralized daily. The Department of Treasury, under the guidance of ALCO and the supervision of the ALM unit, is responsible for the primary usage and managing interest rate and currency risks in the Bank's statement of financial position.

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The table below shows the Bank's outstanding derivative financial instruments. The first column shows the sum of notional amounts, which is the amount of a derivative's nominal value, whereas the second and third columns depict the fair value of outstanding derivatives.

Presented in EUR (000)	At 30 June 2023 Notional amount of derivative contracts	Fair Value Assets	Liabilities
Derivatives held for hedging:			
Derivatives designated and effective as hedging instruments carried at fair value hedges:			
Interest Rate Swaps	198,226	-	(51,161)
Cross Currency Swaps	154,356	-	(38,528)
Total Derivatives designated in fair value hedges:	352,582	-	(89,689)
Derivatives designated and effective as hedging instruments in cash flow hedges:			
Cross Currency Swaps	153,249	9,333	-
Total Derivatives designated in cash flow hedges:	153,249	9,333	-
Derivatives held for risk management purposes:			
Interest Rate Swaps	295,768	17,003	(40,299)
Cross Currency Swaps	585,654	8,512	(8,455)
Forwards/futures	127,446	-	(333)
Cap/floor	160,000	1	-
Total Derivatives held for risk management purposes:	1,168,868	25,516	(49,087)
Total	**1,674,699**	**34,849**	**(138,776)**

Presented in EUR (000)	At 31 December 2022 Notional amount of derivative contracts	Fair Value Assets	Liabilities
Derivatives held for hedging:			
Derivatives designated and effective as hedging instruments carried at fair value hedges:			
Interest Rate Swaps	199,692	-	(53,107)
Cross Currency Swaps	170,511	3,914	(29,865)
Total Derivatives designated in fair value hedges:	370,203	3,914	(82,972)
Derivatives designated and effective as hedging instruments in cash flow hedges:			
Cross Currency Swaps	152,331	3,901	-
Total Derivatives designated in cash flow hedges:	152,331	3,901	-
Derivatives held for risk management purposes:			
Interest Rate Swaps	305,361	18,262	(44,589)
Cross Currency Swaps	789,540	16,259	(21,063)
Forwards/futures	-	-	-
Cap/floor	160,000	2	-
Total Derivatives held for risk management purposes:	1,254,901	34,523	(65,652)
Total	**1,777,435**	**42,338**	**(148,624)**

The Bank enters into derivatives for risk management purposes and contains derivatives which are designated as hedging instruments in qualifying hedge relationships. Derivatives which are not designated as hedging instruments in qualifying hedge relationships, are used to manage the Bank exposure to interest rate and foreign exchange risks. The Bank's exposure to derivative contracts is monitored on regular basis as part of its overall risk management framework

The above derivative financial instrument contracts with financial counterparties have been documented under International Swaps and Derivative Association (ISDA) Master Agreements with Credit Support Annexes (CSAs). Pursuant to such arrangements the Bank is eligible to offset assets and liabilities in the event of a counterparty default occurrence.

The Bank's derivative assets and financial liabilities are generally not offset in the statement of financial position unless the IFRS netting criteria are met.

14. LOANS

The Bank offers a range of loan facilities directed to investments for both project and trade financing and tailored to meet an individual operation's requirements. Loans may be denominated in any convertible currency, or a combination of convertible currencies in which the Bank is able to fund itself.

Presented in EUR (000)	At 30 June 2023	At 31 December 2022
Loans at amortized cost:		
At 1 January	2,040,986	2,329,424
Disbursements	74,944	246,115
Less: repayments	(290,832)	(594,078)
Write-offs	(12,839)	(4,469)
Foreign exchange movements	(12,278)	63,994
Outstanding balance	1,799,981	2,040,986
Less: accrued/deferred income	42,707	26,458
Less: expected credit losses	(94,440)	(106,476)
Loans at fair value through profit or loss:		
Outstanding balance	19,705	19,705
Fair value adjustment	(4,530)	(4,355)
Loans (net carrying amount)	**1,763,423**	**1,976,318**

At 30 June 2023 the outstanding balance of loans at amortized cost was EUR 1,799,981 thousand (2022: EUR 2,040,986 thousand). For the period ended 30 June 2023 the amount of accrued interest receivable pertaining to loans was EUR 34,561 thousand (2022: 36,612 thousand).

15. EQUITY INVESTMENTS

A primary focus of the Bank is to facilitate access to funding for those small and medium-size enterprises with the potential for positive economic developmental impact. With this objective in mind, the Bank, together with a number of other institutions has invested in the entities as detailed below.

		At 30 June 2023		At 31 December 2022	
Presented in EUR (000)	% of Investment	Cost	Fair Value	Cost	Fair value
SEAF Caucasus Growth Fund	21.39	2,802	2,670	4,741	3,984
Access Bank, Azerbaijan	0.49	815	84	833	86
Emerging Europe Accession Fund	10.15	1,164	4,003	1,164	5,107
Rusal	0.01	4	162	4	203
ADM Ceecat Recovery Fund	5.75	1,507	1,507	1,647	1,645
Teamnet International	8.33	5,599	-	5,599	-
Natfood	37.98	-	-	-	-
EOS Hellenic Renaissance Fund	2.01	1,799	1,425	1,242	1,415
Equity investments at fair value through other comprehensive income		**13,690**	**9,851**	**15,230**	**12,440**

The valuation of such investments, which are unlisted, has been estimated using the most recent management accounts or the latest audited accounts as of 30 June 2023, as Management considers that these provide the best available estimate of the investments' fair value. The techniques applied to perform these valuations include equity calculations based on EBITDA and market data.

As of 30 June 2023 the Bank has a committed amount of EUR 3,360 thousand towards further participation in the above entities.

As of 30 June 2023 the Bank had few equity investments where it held slightly more than 20 per cent of the investee share capital, but does not exert significant influence, hence the investments are not accounted for as an investment in an associate under IAS 28.

16. OTHER ASSETS

Other assets are analyzed as follows:

Presented in EUR (000)	At 30 June 2023	At 31 December 2022
Advances and prepaid expenses	2,179	2,782
Accrued interest on derivatives	10,329	9,980
Other prepayments	152	185
Staff loans	3,314	4,029
Guarantee deposits and non-current	117	78
Other assets	**16,091**	**17,054**

17. PROPERTY AND EQUIPMENT

Property and equipment were a total amount of EUR 3,493 thousand (2022: 3,477 thousand) with accumulated depreciation of EUR 3,290 thousand (2022: 3,212 thousand) and net book value of EUR 203 thousand (2022: 265 thousand).

18. INTANGIBLE ASSETS

Intangible assets comprising computer software were a total amount of EUR 5,491 thousand (2022: 5,408 thousand) with accumulated amortization of EUR 4,983 thousand (2022: 4,855 thousand) and net book value of EUR 508 thousand (2022: 553 thousand).

19. BORROWINGS

Borrowing facilities and bond issues debt evidenced by certificates, arranged as at the financial position date, are analyzed below. In addition to medium- or long-term borrowings and bond issuance, the Bank utilizes short-term financing in the form of ECP issuance or borrowings from commercial banks for cash management purposes.

A significant proportion of the Bank's debts evidenced by certificates are hedged in a one-to-one hedging relationship with a cross-currency swap. On these bond issuances, as the bond's cash flows are offset by equivalent cash flows on the swap, the Bank's funding costs are effectively incurred in the currency of the funding leg of the swap. Where the swap counterparty exercises a right to terminate the hedging swap prior to legal maturity, the Bank shall exercise the same right on that issued bond.

			At 30 June 2023		At 31 December 2022	
Presented in EUR (000)	Average maturity (years)	Approx. average cost (%)	Amount used	Amount arranged	Amount used	Amount arranged
Borrowed by						
Amounts borrowed	4.00	3.38	1,470,800	1,520,800	1,906,642	1,956,642
Accrued interest payable	-	-	8,369	-	9,013	-
Total	**4.00**	**3.38**	**1,479,169**	**1,520,800**	**1,915,655**	**1,956,642**
Denomination by						
Euro	7.66	2.56	358,549	408,549	360,840	410,840
United States dollar	2.12	4.12	625,588	625,588	842,330	842,330
Swiss franc	3.75	0.35	153,372	153,372	355,589	355,589
Romanian lei	2.92	5.63	67,421	67,421	67,616	67,616
Azerbaijan manat	0.17	7.50	5,398	5,398	5,521	5,521
Georgian lari	-	-	-	-	17,342	17,342
Pound sterling	6.12	2.03	58,086	58,086	56,195	56,195
Czech koruna	1.65	8.00	88,451	88,451	87,079	87,079
Hungarian forint	0.34	2.52	48,396	48,396	44,902	44,902
Japanese yen	2.92	0.65	31,769	31,769	35,487	35,487
Australian dollar	6.76	3.03	18,000	18,000	18,786	18,786
Polish zloty	3.75	2.12	15,770	15,770	14,955	14,955
Accrued interest payable	-	-	8,369	-	9,013	-
Total	**4.00**	**3.38**	**1,479,169**	**1,520,800**	**1,915,655**	**1,956,642**
Maturity by						
Short-term, within one year	0.83	4.00	523,797	523,797	365,361	365,361
Long-term, over one year	5.66	3.05	947,003	997,003	1,541,281	1,591,281
Accrued interest payable	-	-	8,369	-	9,013	-
Total	**4.00**	**3.38**	**1,479,169**	**1,520,800**	**1,915,655**	**1,956,642**

The approximation of average maturity was from the reporting date until the maturity date. The approximation of average cost on borrowings was determined using appropriate average base interest rates plus the applicable basis points margin. There is no collateral against the above borrowed funds.

During the period the Bank redeemed a part of an issued bond prior to maturity of approximately USD 137,500 thousand generating a net gain EUR 6,270 thousand (2022: nil) that was recognized in the income statement.

20. OTHER LIABILITIES

Other liabilities are analyzed as follows:

Presented in EUR (000)	At 30 June 2023	At 31 December 2022
Social insurance fund (EFKA) contributions	-	2
Accrued interest on derivatives	18,390	17,269
Pension plan obligation	(540)	621
Suppliers and other accrued expenses	1,279	1,086
Other	-	1,154
Other liabilities	**19,129**	**20,132**

21. SHARE CAPITAL

The share capital is analyzed as follows:

Presented in EUR (000)	At 30 June 2023	At 31 December 2022
Authorized share capital	3,450,000	3,450,000
Less: unallocated share capital*	(1,161,500)	(1,161,500)
Subscribed share capital	2,288,500	2,288,500
Less: shares not yet called	(1,601,950)	(1,601,950)
Paid-in share capital	**686,550**	**686,550**

* Shares available to new or existing Member States.

22. RESERVES

Total reserves were EUR 83,397 thousand and are analyzed as general reserve of EUR 122,488 thousand (2022: 122,488 thousand), other comprehensive income reserve of EUR (41,344) thousand (2022: (42,294) thousand) and other reserve of EUR 2,253 thousand (2022: 598 thousand). The Bank’s general reserve is maintained for meeting any unforeseeable risks or contingencies. The other reserve primarily is the movement in the remeasurements of the Bank’s defined benefit pension scheme and cash flow hedging instruments.

23. EMPLOYEE BENEFITS

Under the defined benefit scheme the net surplus at the end of the period was EUR 540 thousand (2022: net liability EUR 621 thousand) and the amount included in personnel expenses for the period was EUR 698 thousand (30 June 2022: EUR 1,030 thousand).

Under the defined contribution scheme the amount included in personnel expenses for the period was EUR 655 thousand (30 June 2022: EUR 598 thousand), and under the Greek state social insurance fund was EUR nil (30 June 2022: EUR 3 thousand).

24. RELATED PARTIES

The Bank has the following related parties.

Key Management Personnel

Key management personnel comprise: the President, Vice Presidents and Secretary General. They are entitled to a staff compensation package that includes a salary, medical insurance cover, participation in the Bank's retirement schemes and are eligible to receive other short-term benefits which can include a bonus. Key management personnel may receive post-employment benefits, other long-term benefits and termination benefits, but do not receive any share-based payments.

The amounts paid to key management personnel during the period were EUR 947 thousand (2022: EUR 818 thousand), of which comprises salary and employee benefits of EUR 847 thousand (2022: EUR 707 thousand) and post-employment benefits of EUR 100 thousand (2022: EUR 111 thousand).

The members of the BoD are not personnel of the Bank and do not receive any fixed term salaries nor any staff benefits. The governments of the Member States are not related parties.

25. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period that would require disclosure to these financial statements.