BLACK SEA TRADE AND DEVELOPMENT BANK

Condensed Interim Financial Statements for the Six Months Period Ended 30 June 2024

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 Directors and 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 2024 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, 19 September 2024

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 2024	Six months to 30 June 2023
Interest and similar income	7	55,119	88,539
Interest and similar expense	8	(21,084)	(35,925)
Net interest income (expense) on derivatives	9	(9,839)	(8,579)
Net interest income		**24,196**	**44,035**
Of which: net interest income based on the effective interest rate		44,831	76,453
Net fees and commissions		1,656	165
Dividend income		55	-
Net gains (losses) on derecognition of debt investment securities at fair value through other comprehensive income		(89)	(336)
Net losses from loan sale measured at amortized cost		-	(12,839)
Net gains on derecognized of financial liabilities at amortized cost		-	6,270
Realized gains (losses) on derivative instruments		(11,375)	(12,422)
Unrealized fair value gains (losses) on derivative instruments		4,672	8,708
Fair value gains (losses) on loans measured at fair value through profit or loss		(946)	(175)
Foreign exchange income (losses)		28,201	5,759
Other income		3	-
Operating income		**46,373**	**39,165**
Personnel expenses	10,23	(8,847)	(9,141)
Administrative expenses	10	(2,484)	(2,692)
Depreciation and amortization	17,18	(238)	(210)
Income before expected credit losses		**34,804**	**27,122**
Expected credit (losses) gains on loans measured at amortized cost	11	(8)	13,164
Expected credit (losses) gains on debt investment securities measured at fair value through other comprehensive income	12	883	(279)
Income for the period		**35,679**	**40,007**

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 2024	Six months to 30 June 2023
Income for the period		35,679	40,007
Other comprehensive income (expense):			
Items that will not be reclassified subsequently to profit or loss:			
Gains (losses) on equity investments financial assets		197	(1,180)
Items that are or may be reclassified subsequently to profit or loss:			
Gains (losses) on investment securities financial assets		1,134	2,130
Gains (losses) on cash flow hedges		-	1,655
Other comprehensive income (expense)		1,331	2,605
Total comprehensive income		**37,010**	**42,612**

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 2024	At 31 December 2023
Assets			
Cash and due from banks		419,818	375,390
Deposits in margin accounts		101,540	80,120
Debt investment securities at fair value through other comprehensive income	12	44,589	94,986
Derivative financial instruments – assets	13	22,003	35,413
Loans at amortized cost	5.2,14	1,204,845	1,565,094
Plus: accrued/deferred income	14	20,245	27,718
Less: expected credit losses	11,14	(86,079)	(83,933)
Loans at fair value through profit or loss	5,2,14	20,732	10,827
Loans		1,159,743	1,519,706
Equity investments at fair value through other comprehensive income	5.2,15	6,771	10,665
Accrued interest receivable	14	32,407	32,018
Other assets	16	14,503	16,398
Property and equipment	17	7,697	332
Intangible assets	18	452	552
Right of use assets		297	343
Asset held for sale		-	2,962
Total Assets		**1,809,820**	**2,168,885**
Liabilities			
Amounts due to financial institutions	19	109,488	115,540
Debt evidenced by certificates	19	654,130	1,052,468
Accrued interest payable	19	4,601	6,476
Borrowings		768,219	1,174,484
Margin accounts		60	1,600
Derivative financial instruments – liabilities	13	124,633	108,998
Other liabilities	20	20,895	24,502
Lease liability		112	164
Total liabilities		913,919	1,309,748
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	84,494	83,163
Retained earnings		124,857	89,424
Total members' equity		895,901	859,137
Total Liabilities and Members' Equity		**1,809,820**	**2,168,885**
Off-balance-sheet items			
Commitments	5.2	49,041	73,034

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	Share capital Callable	Share capital Payable	Reserves	Retained Earnings	Total
At 31 December 2022	**2,288,500**	**(1,601,950)**	**-**	**80,792**	**69,015**	**836,357**
Income for the year	-	-	-	-	20,409	20,409
Other comprehensive income:						
Net gains (losses) on financial assets at fair value reserve through OCI	-	-	-	3,859	-	3,859
Actuarial (losses) gains on defined benefit scheme	-	-	-	(3,274)	-	(3,274)
Effective portion of cash flow hedges gains (losses)	-	-	-	1,786	-	1,786
Total comprehensive income for the year	-	-	-	2,371	20,409	22,780
Members' contributions	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-
At 31 December 2023	**2,288,500**	**(1,601,950)**	**-**	**83,163**	**89,424**	**859,137**
Income for the period	-	-	-	-	35,679	35,679
Other comprehensive income:						
Net gains (losses) on financial assets at fair value reserve through OCI	-	-	-	1,085	-	1,085
Disposal of equity investment at fair value through OCI	-	-	-	246	(246)	-
Total comprehensive income for the period	-	-	-	1,331	35,433	36,764
Members' contributions	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-
At 30 June 2024	**2,288,500**	**(1,601,950)**	**-**	**84,494**	**124,857**	**895,901**

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 2024	Six months to 30 June 2023
Cash flows from operating activities		
Income for the period	35,679	40,007
Adjustment for items in income statement:		
Depreciation and amortization	238	210
Expected credit losses (gains) on loans	8	(325)
Expected credit losses (gains) on investment securities	(883)	279
Fair value (gains) losses on loans at FVTPL	946	175
Net interest income	(34,035)	(52,614)
Realized (gains) losses on disposal of investment securities at FVTOCI	89	336
Realized (gains) losses from debt issued	-	(6,270)
Realized (gains) losses on derivative instruments	11,375	12,422
Cash generated from (used for) operations:		
Proceeds from repayment of loans	430,991	290,832
Proceeds from repayment of equity investments	1,131	2,059
Funds advanced for loans	(64,278)	(74,944)
Funds advanced for equity investments	(151)	(624)
Net movement in derivative financial instruments	33,717	6,349
Working capital adjustments:		
Interest income received	54,730	90,338
Interest income paid	(22,959)	(36,569)
Decrease (increase) in deposit margin accounts	(21,420)	7,270
Decrease (increase) in other assets	1,895	963
Increase (decrease) in margin accounts	(1,540)	(11,650)
Increase (decrease) in deferred income	7,473	(16,249)
Net cash from / (used in) operating activities	433,006	251,995
Cash flows from investing activities		
Net proceeds from investment securities at FVTOCI	51,279	38,781
Purchase of property, software and equipment	(7,390)	(104)
Net cash from / (used in) investing activities	43,889	38,677
Cash flows from financing activities		
Proceeds from borrowings	63,018	113,489
Repayments of borrowings	(467,700)	(549,622)
Payment of lease liability	(349)	(338)
Other:		
Increase (decrease) in other liabilities	(3,607)	(1,003)
Net cash from financing activities	(408,638)	(437,474)
Effect on foreign exchange	(73,829)	(26,155)
Net increase (decrease) in cash and cash equivalents	**(5,572)**	**(172,957)**
Cash and cash equivalents at beginning of year	425,390	679,747
Cash and cash equivalents at end of period	**419,818**	**506,790**

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 2023 (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 2024 are approved by the Management Committee, and also submitted to the Board of Directors (BoD) in their meeting on 19 September 2024 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;
- Derivative financial instruments; and
- Held for sale assets.

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 over the counter (OTC) derivatives and certain debt securities, and 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 2024 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. MATERIAL ACCOUNTING POLICIES

The material 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 2024:

IAS 1 - “Presentation of Financial Statements”: Classification of liabilities as current or non-current & non-current liabilities with covenants (Regulation 2023/2822/19.12.2023):
The International Accounting Standards Board issued amendments to IAS 1 relating to the classification of liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if the liability must be classified as current or non-current.
- Management expectations about events after the balance sheet date must not be taken into account.
- The amendments clarify the situations that are considered settlement of a liability.

Further, the International Accounting Standards Board (IASB) issued an amendment to IAS 1 with which it provided clarifications regarding the classification as current or non-current of a liability that an entity has the right to defer for at least 12 months and which is subject to compliance with covenants. More specifically, it was clarified that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current.

The adoption of the above amendments had no impact on the financial statements of the Bank.

IAS 7 “Statement of Cash Flows” & IFRS 7 “Financial Instruments: Disclosures”: Supplier Finance Arrangements (Regulation 2024/1317/15.5.2024):
The International Accounting Standards Board amended IAS 7 and IFRS 7 for the purpose of providing disclosures regarding supplier finance arrangements. These are agreements that companies enter into with third party finance providers, who undertake to repay amounts the entities owe their suppliers. Then the entity will have to repay the third-party finance provider based on the terms of the agreement between them. Also, IFRS 7 was amended to include access to such agreements with third finance providers in the liquidity risk disclosures.

The adoption of the above amendment had no impact on the financial statements of the Bank.

IFRS 16 - “Leases”: Lease liability in a sale and leaseback (Regulation 2023/2579/20.11.2023):
The International Accounting Standards Board amended IFRS 16 in order to clarify that, in a sale and leaseback transaction, the seller-lessee shall determine “lease payments” or “revised lease payments” in a way that he would not recognize any amount of the gain or loss that relates to the right of use retained. In addition, in case of partial or full termination of a lease, the seller-lessee is not prevented from recognizing in profit or loss any gain or loss resulting from this termination.

The adoption of the above amendment had no impact on the financial statements of the Bank.

In addition, the International Accounting Standards Board has issued IFRS 18, IFRS 19 and amendments to IFRS 7 and IFRS 9 the effective date of which is after 1.1.2024 and which have not been early applied by the Bank.

IFRS 7 “Financial Instruments: Disclosures” & IFRS 9 “Financial Instruments”: Amendments to the Classification and Measurement of Financial Instruments, effective for annual periods beginning on or after 1.1.2026:
The International Accounting Standards Board issued amendments to IFRS 7 and IFRS 9 to address matters identified during the post-implementation review of IFRS 9 regarding classification and measurement of financial instruments. More specifically, the amendments clarify issues relating to the derecognition of a financial liability settled through electronic matter and the assessment of whether the cash flows of a financial asset are solely payments of principal and interest while they provide for disclosures for equity instruments measured at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows on the occurrence of a contingent event.

The Bank is examining the impact from the adoption of the above amendments on its financial statements.

IFRS 18 “Presentation and Disclosure in Financial Statements”, effective for annual periods beginning on or after 1.1.2027:
The International Accounting Standards Board issued IFRS 18. IFRS 18 replaces IAS 1 and sets out presentation and disclosure requirements for financial statements.
To meet this objective, IFRS 18 introduces:
• two new defined subtotals in the statement of profit or loss: operating profit and profit before financing and income taxes,
• disclosures about management-defined performance measures (“MPM’s”), and
• enhanced requirements for grouping of information (aggregation and disaggregation) in the financial statements.
IFRS 18 requires that a company presents income and expenses in separate operating, investing and financing categories. The operating category consists of all income and expenses that are not classified in the investing, financing, income taxes or discontinued operations categories.

The Bank is examining the impact from the adoption of the above amendments on its financial statements.

IFRS 19 “Subsidiaries without Public Accountability: Disclosures”, effective for annual periods beginning on or after 1.1.2027:
The International Accounting Standards Board issued IFRS 19. IFRS 19 specifies reduced disclosure requirements that an eligible entity (it is subsidiary, does not have public accountability and has an ultimate or intermediate parent that publishes IFRS consolidated financial statements) is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

The above standard does not apply to the financial statements of the Bank.

3.1 Foreign Currencies

The Bank uses the official exchange rates published for EUR by the European Central Bank (ECB), exception for Armenian dram, Azerbaijan manat, Georgian lari, and Russian Ruble. extracted from relevant Central Banks. The exchange rates used by the Bank at the financial position date were as follows.

			30 June 2024	31 December 2023	30 June 2023
	=	United States dollar	1.07050	1.10500	1.08660
	=	Pound sterling	0.84638	0.86905	0.85828
	=	Russian ruble	90.98740	100.55060	95.10520
1 EUR	=	Azerbaijan manat	1.81700	1.88110	1.85210
	=	Georgian lari	3.03100	2.99600	2.85910
	=	Armenian dram	415.72000	447.90000	418.95000
	=	Romanian leu	4.97730	4.97560	4.96350
	=	Turkish lira	35.18680	-	-

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 not measured at fair value.

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

   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.
   - 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 IFRS 13 specifies classification of fair values on the basis of a three-level hierarchy of valuation methodologies. The classifications are determined based on whether the inputs used in the measurement (valuation technique) of fair values are observable or unobservable. The Bank measures fair values using the following fair value hierarchy, for determining and disclosing the fair value of financial instruments, which reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market prices in active markets for identical (same) 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.

The tables below identify the Bank's financial instruments measured at fair value and on a recurring basis at 30 June 2024 and 31 December 2023. 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	-	22,003	-	**22,003**
Fair value through profit or loss:				
Loans	-	-	20,732	**20,732**
Fair value through other comprehensive income:				
Debt investment securities	44,589	-	-	**44,589**
Equity investments	-	-	6,771	**6,771**
Derivative financial instruments – liabilities	-	(124,633)	-	**(124,633)**
At 30 June 2024 on recurring basis	**44,589**	**(102,630)**	**27,503**	**(30,538)**

Transfers from Level 1 to Level 2 occur when the volume of trading of an investment is at a level that is not sufficient for its market to be deemed active, but where the market price is still the best indicator of that investment's value. Transfers from Level 1 or from Level 2 to Level 3 occur when there is no longer an observable market price indicative of any market transaction. Transfers out of Level 2 to Level 1 are based on the volume of trading of that investment, the market would be deemed active. There have been no transfers between Level 1and Level 2 during the period.

Presented in EUR (000)	Level 1	Level 2	Level 3	Carrying Amount
Derivative financial instruments – assets	-	35,413	-	**35,413**
Fair value through profit or loss:				
Loans	-	-	10,827	**10,827**
Asset held for sale, loan	-	-	2,962	**2,962**
Fair value through other comprehensive income:				
Debt investment securities	94,606	380	-	**94,986**
Equity investments	-		10,665	**10,665**
Derivative financial instruments – liabilities	-	(108,998)	-	**(108,998)**
At 31 December 2023 on recurring basis	**94,606**	**(73,205)**	**24,454**	**45,855**

Fair Value Measurement in Level 3

The table provide a reconciliation of the fair values of the Bank's loans classified in Level 3 of the fair value hierarchy.

Presented in EUR (000)	At 30 June 2024	At 31 December 2023
At 1 January	10,827	15,350
Disbursement	10,000	21,271
Transfer to held for sale	-	(2,962)
Total gains (losses) recognized in the income statement	(95)	(1,561)
Revaluation gains (losses)	-	(21,271)
At end of period/year on recurring basis	**20,732**	**10,827**

At 30 June 2024 the fair value of loans through profit or loss is calculated based on a discounted payment / cashflows approach using the applicable effective interest rate.

The table provides a reconciliation of the fair values of the Bank's equity investments classified in Level 3 of the fair value hierarchy.

Presented in EUR (000)	At 30 June 2024	At 31 December 2023
At 1 January	10,665	12,440
Disbursements*	151	931
Repayments	(1,131)	(2,088)
Distribution of equity investment	(2,865)	-
Total gains (losses) recognized in other comprehensive income	197	(618)
Exit at fair value through OCI **	(246)	-
At end of period/year on recurring basis	**6,771**	**10,665**

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

** Pursuant to the Bank's accounting policy for equity investments at fair value through other comprehensive income at 30 June 2024 an amount of EUR -246 thousand (2023: nil) was exit of such financial assets and not recycled to the income statement (see Note 15).

Notes to the Condensed Interim Financial Statements

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	20,732	1,037	(1,037)
Equity investments	Net asset value and EBITDA multiplies	6,771	338	(338)
At 30 June 2024		**27,503**	**1,375**	**(1,375)**

Presented in EUR (000)	Valuation techniques	Carrying amount	Favorable change	Unfavorable change
Loans	Discounted cash flows models	13,789	690	(690)
Equity investments	Net asset value and EBITDA multiplies	10,665	533	(533)
At 31 December 2023		**24,454**	**1,223**	**(1,223)**

Loans at fair value through profit or loss mainly comprise tier 2 subordinate loans. Their fair value is calculated based on a discounted payment / cashflows approach using the applicable effective interest rate and provided inputs which could be discount rate, average cost of capital, probability of default.

Equity investments comprise 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.

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The table below classifies the Bank's financial instruments at 30 June 2024 and 31 December 2023 that were not carried at fair value into the same three levels as financial instruments measured at fair value, reflecting the relative reliability of the measurement (valuation technique) base with level 1 as the most reliable.

			At 30 June 2024		
Presented in EUR (000)	Level 1	Level 2	Level 3	**Fair value**	Carrying amount
Assets					
Cash and due from banks	419,818	-	-	**419,818**	419,818
Deposits in margin accounts	101,540	-	-	**101,540**	101,540
Loans at amortized cost	237,151	-	939,677	**1,176,828**	1,204,845
Accrued interest receivable	-	-	32,407	**32,407**	32,407
Other assets	-	-	14,503	**14,503**	14,503
Total financial assets	**758,509**	**-**	**986,587**	**1,745,096**	**1,773,113**
Liabilities					
Borrowings	138,805	481,414	114,096	**734,315**	768,219
Margin accounts	60	-	-	**60**	60
Other and lease liabilities	-	1,807	19,200	**21,007**	21,007
Total financial liabilities	**138,865**	**483,221**	**133,296**	**755,382**	**789,286**

			At 31 December 2023		
Presented in EUR (000)	Level 1	Level 2	Level 3	**Fair value**	Carrying amount
Assets					
Cash and due from banks	375,390	-	-	**375,390**	375,390
Deposits in margin accounts	80,120	-	-	**80,120**	80,120
Loans at amortized cost	232,013	-	1,314,832	**1,546,845**	1,565,094
Accrued interest receivable	-	-	32,018	**32,018**	32,018
Other assets	-	-	16,398	**16,398**	16,398
Total financial assets	**687,523**	**-**	**1,363,248**	**2,050,771**	**2,069,020**
Liabilities					
Borrowings	500,269	476,723	122,016	**1,099,008**	1,174,484
Margin accounts	1,600	-	-	**1,600**	1,600
Other and lease liabilities	-	2,807	21,859	**24,666**	24,666
Total financial liabilities	**501,869**	**479,530**	**143,875**	**1,125,274**	**1,200,750**

5.2 Credit Risk by Country and Sector

The Bank is restricted to operating 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 2024		At 31 December 2023	
Presented in EUR (000)	Outstanding balance	Undrawn commitments	Outstanding balance	Undrawn commitments
Concentration by instrument				
Loans	1,225,577	37,012	1,575,921	64,829
Equity investments	6,771	7,908	10,665	3,037
Guarantees	-	4,121	-	5,168
At end of period/year	**1,232,348**	**49,041**	**1,586,586**	**73,034**
Concentration by country				
Albania	1,334	12	2,543	12
Armenia	23,530	77	29,023	75
Azerbaijan	32,972	12	5,431	12
Bulgaria	156,569	208	208,428	39,171
Georgia	11,983	18,025	31,501	4,689
Greece	158,154	5,998	318,029	1,500
Moldova	36,022	12	36,771	1,445
Romania	106,638	165	173,714	1,599
Russia	141,067	443	162,006	443
Turkiye	390,380	807	432,585	806
Ukraine	173,699	23,282	186,555	23,282
At end of period/year	**1,232,348**	**49,041**	**1,586,586**	**73,034**
Concentration by sector				
Consumer discretionary	52,204	15,000	54,264	15,000
Consumer staples	123,420	-	137,823	37,866
Energy	118,524	-	91,254	-
Financial institutions	137,175	21,920	188,879	3,037
Health care	96,108	-	98,593	-
Industrials	328,797	-	352,519	3,963
Materials	141,828	-	163,392	-
Real estate	36,466	8,000	86,831	8,000
Utilities	197,826	4,121	413,031	5,168
At end of period/year	**1,232,348**	**49,041**	**1,586,586**	**73,034**
Incurred by				
Sovereign	200,244	-	367,275	-
Non-sovereign	1,032,104	49,041	1,219,311	73,034
At end of period/year	**1,232,348**	**49,041**	**1,586,586**	**73,034**

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 2.5 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.

	01.01-30.06.2024			01.01-30.06.2023		
Presented in EUR (000)	Lending	Treasury	Total	Lending	Treasury	Total
Income statement						
Interest income	44,831	10,288	55,119	76,453	12,086	88,539
Net fees and commissions	1,656	-	1,656	165	-	165
Other income (loss)	58	(89)	(31)	-	(336)	(336)
Total segment revenues	46,545	10,199	56,744	76,618	11,750	88,368
Interest expense	(20,925)	(159)	(21,084)	(35,609)	(316)	(35,925)
Net interest income (expense) on derivatives	-	(9,839)	(9,839)	-	(8,579)	(8,579)
Gains (losses) on other financial instruments	(946)	(6,703)	(7,649)	(13,014)	2,556	(10,458)
Foreign exchange	-	28,201	28,201	-	5,759	5,759
Personnel and administrative expenses	(10,959)	(372)	(11,331)	(11,460)	(373)	(11,833)
Depreciation and amortization	(235)	(3)	(238)	(207)	(3)	(210)
Segment income before ECL	13,480	21,324	34,804	16,328	10,794	27,122
Less: expected credit losses	(8)	883	875	13,164	(279)	12,885
Income for the period	**13,472**	**22,207**	**35,679**	**29,492**	**10,515**	**40,007**

	30 June 2024			31 December 2023		
Presented in EUR (000)	Lending	Treasury	Total	Lending	Treasury	Total
Financial position						
Segment assets	1,221,870	587,950	1,809,820	1,582,976	585,909	2,168,885
At end of period/year			**1,809,820**			**2,168,885**
Segment liabilities	789,226	124,693	913,919	1,199,150	110,598	1,309,748
Members' equity	-	-	895,901	-	-	859,137
At end of period/year			**1,809,820**			**2,168,885**

Notes to the Condensed Interim Financial Statements

7. INTEREST AND SIMILAR INCOME

Interest and similar income are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2024	Six months to 30 June 2023
From loans at amortized cost	43,619	75,853
From due from banks	3,483	2,719
From debt securities at FVTOCI	6,805	9,367
Total interest income for financial instruments not measured at FVTPL	53,907	87,939
From loans at FVTPL	1,212	600
Interest and similar income	**55,119**	**88,539**

The decrease in interest and similar income was primarily due to loan repayments performed during the period.

8. INTEREST AND SIMILAR EXPENSE

Interest and similar expense are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2024	Six months to 30 June 2023
From borrowed funds	6,492	13,278
From issued debt evidenced by certificates	14,433	22,331
From other charges	159	316
Interest and similar expense	**21,084**	**35,925**

9. NET INTEREST ON DERIVATIVES

Net interest on derivatives is analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2024	Six months to 30 June 2023
Interest on derivatives receivable	24,652	28,382
Interest on derivatives payable	(34,491)	(36,961)
Net interest on derivatives	**(9,839)**	**(8,579)**

10. PERSONNEL AND ADMINISTRATIVE EXPENSES

Administrative expenses are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2024	Six months to 30 June 2023
Salaries and benefits	7,364	7,788
Staff retirement plans	1,483	1,353
Personnel expenses	**8,847**	**9,141**
Professional fees and related expenses	678	706
Utilities and maintenance	901	909
Other administrative	905	1,077
Administrative expenses	**2,484**	**2,692**

The average number of staff employed during the period was 114 (respective period 2023: 117). The number of staff at 30 June 2024 was 114 (30 June 2023: 114). Further analysis of the staff retirement plan is presented in the Note “Employee benefits”.

The Bank may also provide personal loans and advances to staff, including those in Management. Such are fully guaranteed by the second pillar of the staff retirement scheme, that installments repaid are deducted within the employee payroll. These amounts are fully repayable prior to departure of that employee and are granted in accordance with the Bank’s Human Resources rules and regulations. Staff loans outstanding balance granted is included in other assets (see note 16).

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 2022	1,202	36,514	68,760	106,476
New loans originated	151	-	-	151
Sales	-	(22,195)	-	(22,195)
Release	(78)	(6,023)	-	(6,101)
Transfer	7,166	2,950	(10,116)	-
Impact in net remeasurement (including change in models)	(6,515)	9,078	3,900	6,463
Foreign exchange and other adjustment	(35)	(390)	(436)	(861)
At 31 December 2023	1,891	19,934	62,108	83,933
New loans originated	267	-	-	267
Release	(287)	(508)	-	(795)
Transfer	6	(331)	325	-
Impact in net remeasurement	164	(4,062)	5,595	1,697
Foreign exchange and other adjustments	18	192	767	977
At 30 June 2024	**2,059**	**15,225**	**68,795**	**86,079**

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 ECL on loans was EUR 86,079 thousand in the period ended 30 June 2024 (2023: EUR 83,933 thousand) a net increase EUR 2,146 thousand compared to 2023, which is mainly attributable to an increase in ECL to a few loans within Stage 3 being downgraded. 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 and/or credit-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. The Bank applies a 50% credit conversion factor to loan undrawn commitments for calculation of expected credit loss. At 30 June 2024 the related amount included in other liabilities is EUR 2,301 thousand for loan commitments of EUR 37,012 thousand (2023: EUR 3,047 thousand for loan commitments of EUR 64,829 thousand).

Individual Assessments

For the loans for which impairment is assessed on an individual basis as per IFRS 9, the assessment is based on certain assumptions involving optimistic and pessimistic scenarios per the methodology currently applied by the Bank. 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.

As the situation is changing, especially the status of loans in Ukraine and Russia are subject to regular review. The table below depicts per stage the outstanding balance along with the expected credit loss, which excludes that of undrawn commitments, for the period ended 30 June 2024 of Russian and Ukraine loans as follows:

	Presented in EUR (000)		
Russia	Stage 2	Stage 3	Total
Outstanding balance	83,350	57,717	141,067
Expected credit loss	247	21,847	22,094

	Presented in EUR (000)		
Ukraine	Stage 2	Stage 3	Total
Outstanding balance	72,257	101,442	173,699
Expected credit loss	14,818	45,381	60,199

Stage Overrides Operations

Since the beginning of the geopolitical conflict the country credit risk ratings of both Ukraine and Russia have been downgraded and thus in accordance with the Bank's credit risk policy, 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 155,607 thousand representing 12.9% of total outstanding loans at amortized cost as of 30 June 2024 and their respective ECL allowance was EUR 15,065 thousand, which includes that of undrawn commitments (31 December 2023: EUR 22,710 thousand).

The reason for the transfers to Stage 2 were:

- Continuing of operations.
- No deferrals/ significant change of original repayment plan/ prolongation of original maturity are foreseen.

12. DEBT INVESTMENT SECURITIES

Debt investment securities are analyzed as follows:

Presented in EUR (000)	At 30 June 2024	At 31 December 2023
Gross balance at 1 January	95,975	525,736
Purchase of debt investment securities	1,217,023	2,240,863
Proceeds from debt investment securities	(1,268,303)	(2,670,624)
Gross balance debt investment securities	44,695	95,975
Less: expected credit losses	(106)	(989)
Debt investment securities at fair value through OCI	**44,589**	**94,986**

By investment type

Bonds	44,695	45,595
Commercial papers	-	50,380
Less: expected credit losses	(106)	(989)
Debt investment securities at fair value through OCI	**44,589**	**94,986**

The above tables set out an analysis of the Bank's debt investment securities at fair value through other comprehensive income.

The below movement in allowance for expected credit losses is as follows:

Presented in EUR (000)	Stage 1	Stage 2	Stage 3	Total
At 31 December 2022	44	-	468	512
Charge	-	-	489	489
Release	(12)	-	-	(12)
At 31 December 2023	32	-	957	989
Charge	-	-	-	-
Release	(3)	-	(880)	(883)
At 30 June 2024	**29**	**-**	**77**	**106**

Total expected credit losses on debt investment securities were EUR 106 thousand at period ended 30 June 2024 a net decrease of EUR 883 thousand compared to previous year, primarily attributed to the redemption of investment securities classified in Stage 3.

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 Secured Overnight Financing Rate (Sofr) 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.

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.

	At 30 June 2024		
Presented in EUR (000)	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	199,402	-	(47,669)
Cross currency swaps	205,818	1,610	(35,639)
Total derivatives designated in fair value hedges:	**405,220**	**1,610**	**(83,308)**
Derivatives designated and effective as hedging instruments in cash flow hedges:			
Cross currency swaps	155,699	11,681	-
Total derivatives designated in cash flow hedges:	**155,699**	**11,681**	**-**
Derivatives held for risk management purposes:			
Interest rate swaps	271,573	8,649	(34,891)
Cross currency swaps	67,976	63	(1,479)
Forwards	130,780	-	(4,955)
Total Derivatives held for risk management purposes:	**470,329**	**8,712**	**(41,325)**
Total	**1,031,248**	**22,003**	**(124,633)**

Presented in EUR (000)	At 31 December 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	196,923	-	(43,180)
Cross currency swaps	202,778	2,261	(29,839)
Total derivatives designated in fair value hedges:	**399,701**	**2,261**	**(73,019)**
Derivatives designated and effective as hedging instruments in cash flow hedges:			
Cross currency swaps	161,987	19,306	-
Total derivatives designated in cash flow hedges:	**161,987**	**19,306**	**-**
Derivatives held for risk management purposes:			
Interest rate swaps	276,154	11,299	(34,462)
Cross currency swaps	437,231	145	(1,435)
Forwards	190,045	2,402	(82)
Cap/floor	160,000	-	-
Total derivatives held for risk management purposes:	**1,063,430**	**13,846**	**(35,979)**
Total	**1,625,118**	**35,413**	**(108,998)**

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.

Notes to the Condensed Interim Financial Statements

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 2024	At 31 December 2023
Loans at amortized cost:		
At 1 January	1,565,094	2,040,986
Disbursements	53,798	220,202
Less: repayments	(428,042)	(540,795)
Sale of loans	-	(116,441)
Transfer to FVTPL	-	(21,271)
Foreign exchange and other movements	13,995	(17,587)
Outstanding balance	1,204,845	1,565,094
Plus: accrued/deferred income	20,245	27,718
Less: expected credit losses	(86,079)	(83,933)
Loans at fair value through profit or loss:		
Outstanding balance	41,271	31,271
Fair value adjustment	(20,539)	(20,444)
Loans (net carrying amount)	**1,159,743**	**1,519,706**

At 30 June 2024 the outstanding balance of loans at amortized cost was EUR 1,204,845 thousand (2023: EUR 1,565,094 thousand). For the period ended 30 June 2024 the amount of accrued interest receivable pertaining to loans was EUR 29,853 thousand (2023: 30,003 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 2024		At 31 December 2023	
Presented in EUR (000)	% of Investment	Cost	Fair Value	Cost	Fair value
SEAF Caucasus Growth Fund	-	-	-	2,829	2,675
Access Bank, Azerbaijan	0.49	831	269	802	143
Emerging Europe Accession Fund	10.15	1,110	3,699	1,110	3,999
Rusal	0.01	4	121	4	133
ADM Ceecat Recovery Fund	5.75	376	245	1,506	1,403
Teamnet International	8.33	5,599	-	5,599	-
Natfood	37.98	-	-	-	-
EOS Hellenic Renaissance Fund	2.01	2,180	2,437	2,031	2,312
Equity investments at fair value though other comprehensive income		**10,100**	**6,771**	**13,881**	**10,665**

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 2024, 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.

On disposal or exit of an equity investment for those at fair value through other comprehensive income, the cumulative gain or loss is realized with a corresponding reversal of the unrealized gain or loss that was recorded prior to the exit from that investment, is not recycled to the income statement but included in retained earnings. An amount of EUR (-246) thousand has been recognized in the period ended 30 June 2024 in retained earnings.

As of 30 June 2024 the Bank has a committed amount of EUR 7,908 thousand towards further participation in the above entities.

None of the Bank's equity investments were accounted for as an investment in an associate under IAS 28 as the Bank does not exert significant influence.

16. OTHER ASSETS

Other assets are analyzed as follows:

Presented in EUR (000)	At 30 June 2024	At 31 December 2023
Advances and prepaid expenses	2,056	1,883
Accrued interest on derivatives	8,659	10,913
Other prepayments	69	185
Staff loans	3,603	3,327
Guarantee deposits and non-current	116	90
Other assets	**14,503**	**16,398**

17. PROPERTY AND EQUIPMENT

Property and equipment were a total amount of EUR 10,923 thousand (2023: 3,600 thousand) with accumulated depreciation of EUR 3,226 thousand (2023: 3,268 thousand) and net book value of EUR 7,697 thousand (2023: 332 thousand). The increase was due to the Bank's new Headquarters building that is under construction commencing from 2024.

18. INTANGIBLE ASSETS

Intangible assets comprising computer software were a total amount of EUR 5,769 thousand (2023: 5,702 thousand) with accumulated amortization of EUR 5,317 thousand (2023: 5,150 thousand) and net book value of EUR 452 thousand (2023: 552 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 2024		At 31 December 2023	
Presented in EUR (000)	Average maturity (years)	Approx. average cost (%)	Amount used	Amount arranged	Amount used	Amount arranged
Borrowed by						
Amounts borrowed	4.91	2.43	763,618	793,618	1,168,008	1,198,008
Accrued interest payable	-	-	4,601	-	6,476	-
Total	**4.91**	**2.43**	**768,219**	**793,618**	**1,174,484**	**1,198,008**
Denomination by						
Euro	7.21	2.55	291,742	321,742	317,627	347,627
United States dollar	6.67	2.62	78,256	78,256	448,861	448,861
Swiss franc	2.75	0.35	155,785	155,785	162,092	162,092
Romanian lei	1.92	5.29	67,251	67,251	67,263	67,263
Pound sterling	5.12	2.03	58,932	58,932	57,380	57,380
Czech koruna	1.75	5.70	47,952	47,952	48,536	48,536
Japanese yen	1.92	0.65	29,053	29,053	31,946	31,946
Australian dollar	5.75	3.03	18,402	18,402	18,172	18,172
Polish zloty	2.25	2.12	16,245	16,245	16,131	16,131
Accrued interest payable	-	-	4,601	-	6,476	-
Total	**4.91**	**2.43**	**768,219**	**793,618**	**1,174,484**	**1,198,008**
Maturity by						
Short-term, within one year	0.44	4.92	62,089	62,089	435,392	435,392
Long-term, over one year	5.33	2.23	701,529	731,529	732,616	762,616
Accrued interest payable	-	-	4,601	-	6,476	-
Total	**4.91**	**2.43**	**768,219**	**793,618**	**1,174,484**	**1,198,008**

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.

Notes to the Condensed Interim Financial Statements

20. OTHER LIABILITIES

Other liabilities are analyzed as follows:

Presented in EUR (000)	At 30 June 2024	At 31 December 2023
Accrued interest on derivatives	15,833	17,366
Pension plan obligation	1,807	2,807
Suppliers and other accrued expenses	954	1,282
Other	2,301	3,047
Other liabilities	**20,895**	**24,502**

21. SHARE CAPITAL

The share capital is analyzed as follows:

Presented in EUR (000)	At 30 June 2024	At 31 December 2023
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 84,494 thousand (2023: 83,163 thousand) and are analyzed as general reserve of EUR 122,488 thousand (2023: 122,488 thousand), other comprehensive income reserve of EUR -37,104 thousand (2023: -38,435 thousand) and other reserve of EUR -890 thousand (2023: -890 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 liability at the end of the period was EUR 1,807 thousand (2023: net liability EUR 2,807 thousand) and the amount included in personnel expenses for the period was EUR 803 thousand (30 June 2023: EUR 698 thousand).

Under the defined contribution scheme the amount included in personnel expenses for the period was EUR 680 thousand (30 June 2023: EUR 655 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 697 thousand (2023: EUR 947 thousand), of which comprises salary and employee benefits of EUR 592 thousand (2023: EUR 847 thousand) and post-employment benefits of EUR 105 thousand (2023: EUR 100 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.