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BLACK SEA TRADE AND DEVELOPMENT BANK

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**Financial Statements for the Year Ended  
31 December 2024**

**Together with Auditor's Report**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Audit Report of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Black Sea Trade and Development Bank (the Bank), which comprise the statement of financial position as at 31 December 2024 and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Black Sea Trade and Development Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as these have been incorporated into Greek legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We have been independent of the Bank during the whole period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as incorporated into Greek legislation and the ethical requirements in Greece relevant to the audit of the financial statements and we have fulfilled our ethical requirements in accordance with the applicable legislation and the above mentioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters and the assessed risks of material misstatements were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p><b>Expected Credit Loss on Loans at amortized cost</b></p> <p>Loans measured at amortized cost of the Bank amounted to EUR 1,454 million as at 31 December 2024 (EUR 1,622 million as at 31 December 2023) and Expected Credit Losses (“ECL”) to EUR 96 million (EUR 84 million as at 31 December 2023) as presented on the Statement of Financial Position.</p> <p>The Bank measures ECL for loans at amortized cost on a collective basis for stage 1 and stage 2 loans and on an individual basis for stage 3 loans.</p> <p>Measurement of ECL on loans at amortized cost is considered a key audit matter as it involves management judgments and accounting estimates with high degree of estimation uncertainty. Increased uncertainty related to the continuing impact of Russia and Ukraine conflict and the availability of reliable information represented an increased risk in the determination of ECL for loans granted to debtors operating in these countries.</p> <p>Management judgements and accounting estimates, with higher level of subjectivity or complexity relate to:</p> <ul style="list-style-type: none"> <li>• The timely identification of exposures with significant increase in credit risk and credit impaired exposures.</li> <li>• The determination of certain credit risk parameters, such Probability of Default (PD) and Exposure at Default (EAD).</li> <li>• The Identification and appropriateness of management overrides for staging classification of Russian and Ukraine loans to include the impact of the Russian – Ukraine conflict.</li> </ul> <p>Management provided further information about principles and accounting policies for determining the Expected Credit Losses on loans at amortized cost and the management of credit risk in notes 3.6, 5, 12 and 15 to the financial statements.</p>	<p>Based on our risk assessment and following a risk-based approach, we have evaluated the impairment methodologies applied and assumptions made by Management in relation to this key audit matter, which included, <i>inter alia</i>, the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the procedures and evaluated the design and implementation of relevant internal controls within the business process.</li> <li>• We assessed the appropriateness of the Bank’s IFRS 9 impairment methodologies.</li> <li>• With the support of our internal financial risk modeling specialists, where appropriate, we assessed the reasonableness of Management’s assumptions and input data used in the model.</li> <li>• We tested the mechanical elements of the calculations such as the EAD, the PD and stage allocation and reperformed the calculation of the ECL on a sample basis.</li> <li>• We tested the accuracy and completeness of critical data used in the ECL calculation by agreeing a sample of ECL calculation data points to source system or documentation.</li> <li>• On a sample basis we assessed the reasonableness of the estimated expected credit loss for the individually assessed credit impaired exposures. Especially for individually assessed Ukraine-Russian stage 3 loans, we assessed the reasonableness of the assumptions used by Management including the forecasted future cash flows, and debtor’s operations.</li> <li>• We evaluated the completeness and appropriateness of overrides performed by management in relation to the staging classification of Russian and Ukraine loans and critically assessed the significant assumptions used.</li> </ul> <p>We assessed the adequacy and completeness of the Bank’s disclosures in respect of credit risk, structure and quality of loan portfolio and impairment allowance in accordance with IFRS 9.</p>

## **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Bank is responsible for overseeing the Bank's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as these have been incorporated into Greek legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, as these have been incorporated into Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Athens, 11 June 2025

The Certified Public Accountant

**Alexandra Kostara**

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# INCOME STATEMENT

For the year ended 31 December 2024

Presented in thousands of EUR	Note	2024	2023
Interest and similar income	7	85,492	128,536
Interest and similar expense	8	(30,214)	(55,084)
Net interest income (expense) on derivatives	9	(18,891)	(17,400)
<b>Net interest income</b>		<b>36,387</b>	<b>56,052</b>
Of which: net interest income based on the effective interest rate		67,514	107,710
Net fees and commissions	10	1,991	475
Dividend income		55	-
Net gains (losses) on derecognition of debt investment securities at fair value through other comprehensive income	13	(7,247)	(549)
Net (losses) from sale of loans at amortized cost		-	(1,176)
Net gains on derecognized of financial liabilities at amortized cost		-	14,963
Realized gains (losses) on derivative instruments		(15,453)	(13,128)
Unrealized fair value gains (losses) on derivative instruments		12,741	12,207
Fair value gains (losses) on loans measured at fair value through profit or loss		(1,370)	(1,561)
Foreign exchange income (losses)		28,377	(176)
Other income (losses)		(41)	3
<b>Operating income</b>		<b>55,440</b>	<b>67,110</b>
Personnel expenses	11,26	(18,198)	(17,630)
Administrative expenses	11	(5,525)	(4,890)
Depreciation and amortization	18,19	(482)	(456)
<b>Income before expected credit losses</b>		<b>31,235</b>	<b>44,134</b>
Expected credit (losses) gains on loans measured at amortized cost	12	(6,992)	(23,248)
Expected credit (losses) gains on debt investment securities measured at fair value through other comprehensive income	13	(816)	(477)
<b>Income for the year</b>		<b>23,427</b>	<b>20,409</b>

The accompanying notes, on pages 11-73 are an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

Presented in thousands of EUR	Note	2024	2023
Income for the year		23,427	20,409
Other comprehensive income (expense):			
Items that will not be reclassified subsequently to profit or loss:			
Gains (losses) on actuarial defined benefit scheme	24	2,159	(3,274)
Gains (losses) on equity investments financial assets	24	261	(618)
Items that are or may be reclassified subsequently to profit or loss:			
Gains (losses) on investment securities financial assets	24	8,520	4,477
Gains (losses) on cash flow hedges	24	(2,233)	1,786
Other comprehensive income		8,707	2,371
<b>Total comprehensive income</b>		<b>32,134</b>	<b>22,780</b>

The accompanying notes, on pages 11-73 are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

At 31 December 2024

Presented in thousands of EUR	Note	2024	2023
<b>Assets</b>			
Cash and due from banks	25	224,333	375,390
Deposits in margin accounts		94,020	80,120
Debt investment securities at fair value through other comprehensive income	13	94,610	94,986
Derivative financial instruments – assets	14	15,969	35,413
Loans at amortized cost	5,15	1,419,535	1,565,094
Plus: accrued/deferred income	15	35,447	57,721
Less: expected credit losses	5,12	(96,232)	(83,933)
Loans at fair value through profit or loss	15	20,308	10,827
Loans		1,379,058	1,549,709
Equity investments at fair value through other comprehensive income	5,16	6,625	10,665
Other assets	17	15,908	18,413
Property and equipment	18	12,042	332
Intangible assets	19	381	552
Right of use assets	22	512	343
Asset held for sale	28	-	2,962
<b>Total Assets</b>		<b>1,843,458</b>	<b>2,168,885</b>
<b>Liabilities</b>			
Amounts due to financial institutions	20	77,451	115,540
Debt evidenced by certificates	20	737,860	1,052,468
Accrued interest payable	20	6,868	6,476
Borrowings		822,179	1,174,484
Margin accounts		-	1,600
Derivative financial instruments – liabilities	14	112,442	108,998
Other liabilities	21	17,484	24,502
Lease liability	22	328	164
Total liabilities		952,433	1,309,748
<b>Members' Equity</b>			
Authorized share capital	23	3,450,000	3,450,000
Less: unallocated share capital	23	(1,161,500)	(1,161,500)
Subscribed share capital	23	2,288,500	2,288,500
Less: callable share capital	23	(1,601,950)	(1,601,950)
Paid-in share capital		686,550	686,550
Reserves	24	100,944	83,163
Retained earnings		103,531	89,424
<b>Total members' equity</b>		<b>891,025</b>	<b>859,137</b>
<b>Total Liabilities and Members' Equity</b>		<b>1,843,458</b>	<b>2,168,885</b>
<b>Off-balance-sheet items</b>			
Commitments	5	61,547	73,034

The accompanying notes, on pages 11-73 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended 31 December 2024

Presented in thousands EUR	Share capital				Retained Earnings	Total
	Subscribed	Callable	Payable	Reserves		
<b>At 31 December 2022</b>	<b>2,288,500</b>	<b>(1,601,950)</b>	-	<b>80,792</b>	<b>69,015</b>	<b>836,357</b>
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	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>2,288,500</b>	<b>(1,601,950)</b>	-	<b>83,163</b>	<b>89,424</b>	<b>859,137</b>
Income for the year	-	-	-	-	23,427	23,427
Other comprehensive income:						
Net gains (losses) on financial assets at fair value reserve through OCI	-	-	-	8,535	-	8,535
Disposal of equity investment at fair value through OCI	-	-	-	246	(246)	-
Actuarial (losses) gains on defined benefit scheme	-	-	-	2,159	-	2,159
Effective portion of cash flow hedges gains (losses)	-	-	-	(2,233)	-	(2,233)
Total comprehensive income for the year	-	-	-	8,707	23,181	31,888
Members' contributions	-	-	-	-	-	-
Transfer to general reserve	-	-	-	9,074	(9,074)	-
Total contributions	-	-	-	-	-	-
<b>At 31 December 2024</b>	<b>2,288,500</b>	<b>(1,601,950)</b>	-	<b>100,944</b>	<b>103,531</b>	<b>891,025</b>

The accompanying notes, on pages 11-73 are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

Presented in thousands of EUR	Note	2024	2023
<b>Cash flows from operating activities</b>			
Income (loss) for the year		23,427	20,409
Adjustment for items in income statement:			
Depreciation and amortization		481	456
Expected credit losses (gains) on loans		6,923	23,248
Expected credit losses (gains) on investment securities		816	477
Unrealized gains (losses) on disposal of investment securities at FVTOCI		7,247	549
Fair value (gains) losses on loans at FVTPL		518	1,561
Net interest income		(55,278)	(73,452)
Unrealized (gains) losses from debt securities issued		-	(14,963)
Unrealized (gains) losses on derivative instruments		5,031	13,128
Other adjustments		1,360	-
Working capital adjustments:			
Decrease (increase) in loans and advances		137,981	407,540
Decrease (increase) in deposits margin accounts		(13,900)	34,310
Decrease (increase) in other assets		842	656
Increase (decrease) in margin accounts		(1,600)	(12,820)
Increase (decrease) in other liabilities		(1,508)	4,370
Increase (decrease) in equity investments		4,059	1,157
Net movement in derivative financial instruments		-	(20,494)
Interest income received		109,952	145,450
Net cash from / (used in) operating activities		226,351	531,582
<b>Cash flows from investing activities</b>			
Net proceeds from investment securities at FVTOCI		3,946	92,489
Purchase of property, software and equipment		(12,018)	(514)
Net cash from / (used in) investing activities		(8,072)	91,975
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		112,528	209,507
Repayment of borrowings		(465,025)	(948,727)
Payment of lease liability		(672)	(649)
Interest income paid		(29,822)	(68,499)
Net cash from financing activities		(382,991)	(808,368)
Effect on foreign exchange		13,595	(69,546)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(151,117)</b>	<b>(254,357)</b>
Cash and cash equivalents at beginning of year		425,390	679,747
<b>Cash and cash equivalents at end of year</b>	<b>25</b>	<b>274,273</b>	<b>425,390</b>

The accompanying notes, on pages 11-73 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ESTABLISHMENT OF THE BANK

### 1.1 Agreement Establishing the Bank

Black Sea Trade and Development Bank (the "Bank"), whose headquarters are located at 1 Komninos 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, the Russian Federation, Turkiye and Ukraine.

### 1.2 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.

### 1.3 Governing Bodies

Each of the Member States of the Bank is represented on the Board of Governors (BoG), with all powers of the Bank vested in the BoG. With the exception of certain reserved powers, the BoG has delegated the exercise of its powers to the Board of Directors (BoD), while retaining overall authority.

BoG and BoD members can be changed at any time upon the discretion of the respective Member State.

#### 1.3.1 Board of Governors

Country	Governor
Albania	Ms. Adela Xhemali
Armenia	Mr. Arthur Javadyan
Azerbaijan	Mr. Samir Sharifov
Bulgaria	Ms. Lyudmila Petkova
Georgia	Mr. Lasha Khutishvili (Alternate)
Greece	Mr. Nikos Papathanasis
Moldova	Ms. Victora Belous
Romania	Ms. Carmen Moraru
Russia	Mr. Pavel Snisorenko
Turkiye	Mr. Osman Celik
Ukraine	Ms. Yulia Svyrydenko

# Notes to the Financial Statements

## 1.3.2 Board of Directors

Country	Director
Albania	Mr. Besmir Beja
Armenia	Mr. Garegin Gevorgyan
Azerbaijan	Mr. Famil Ismayilov
Bulgaria	Ms. Milena Boikova
Georgia	Ms. Ekaterine Guntsadze
Greece	Mr. Christos Geroulanos
Moldova	Ms. Elena Matveeva
Romania	Ms. Diana Blindu
Russia	Mr. Dmitry Birichevskiy
Turkiye	Mr. Kerem Donmez
Ukraine	Mr. Taras Kachka

## 1.4 Taxation

In accordance with Article 52 of the Establishing Agreement, the Bank, its assets, property, income and its operations and transactions are exempt from all taxation and all customs duties in all Member Countries.

The Bank is also exempt from any obligation for payment, withholding or collection of any tax or duty. Also, no tax shall be levied on salaries or emoluments paid by the Bank to employees. These tax exemptions are also included and elaborated upon in Article 12 of the Headquarters Agreement with the Hellenic Government, ratified by Greek Law 2380/No.38/7.3.1996.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

These financial statements for the year ended 2024 were submitted by the Management Committee to the Board of Directors (BoD) for approval on 11 June 2025 and were approved for issuance on that date.

Pursuant to Article 23 of the Establishing Agreement, these financial statements shall be subject to approval by the Board of Governors (BoG) in their Annual Meeting to be held on 9 July 2025.

#### 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
- Assets Held for Sale.

# Notes to the Financial Statements

## **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 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 December 2024, the Board of Governors approved the Medium-Term Strategy and Business Plan 2023-2026, Phase 2: 2025-2026, thus providing the necessary guidance for the coming two year period, including certain adjustments to the LTSF 2021-2030 in order to update objectives and numeric targets in light of actual developments so as to be appropriate for the current situation of the Bank.

## **3. MATERIAL ACCOUNTING POLICIES**

The material accounting policies applied by the Bank in the preparation of these financial statements are presented in this section. These policies are the same as those applied for the comparative period presented taking into account the amendments to standards which were issued by the International Accounting Standards Board (IASB), which are further analyzed below:

### **3.1 Adoption of New and Amended Standards (IFRS)**

The following amendments to existing IFRSs, effective from 1 January 2024, have been issued by the International Accounting Standards Board ("IASB") and endorsed by the EU as of the date the Annual Financial Statements were issued.:

# Notes to the Financial Statements

## Amendments to Accounting Standards

IAS 1 (Amendment) "Classification of Liabilities as Current or Non-current". The amendment aims to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Moreover, the amendment addresses issues regarding the presentation and disclosures of liabilities for which an entity's right to defer settlement for at least 12 months is subject to the entity complying with specified conditions (covenants) after the reporting period.

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

IAS 7, IFRS 7 (Amendment) "Supplier Finance Arrangements". The amendment aims to add disclosure information about supplier finance arrangements, such as terms and conditions, carrying amount of financial liabilities that are part of such arrangements, ranges of payment due dates and liquidity risk information. The adoption of the above amendment had no impact on the financial statements of the Bank.

## **Amendments to standards that have been issued by the IASB and have been endorsed by the EU, but they are not effective in 2024 nor have they been early adopted by the Bank:**

IAS 21 (Amendment) "Lack of exchangeability". The amendments specify when a currency is exchangeable into another currency and, consequently, when it is not and how an entity determines the exchange rate to apply when a currency is not exchangeable. Additionally, the amendment requires disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. Effective for annual reporting periods beginning on or after 1 January 2025. The Bank anticipates no material impact as a result of adopting the amendments to the standard.

## **New standards and amendments to existing standards that have been issued by the IASB but they have not yet been endorsed by the EU, and therefore they have not been adopted by the Bank:**

IFRS 18 (New IFRS) "Presentation and Disclosure in Financial Statements". The new Standard aims to improve the transparency and comparability of the entities' performance reporting, it has retrospective application and will replace IAS 1 Presentation of Financial Statements. It sets out general and specific requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 19 (New IFRS) "Disclosures: Subsidiaries without Public Accountability". The new Standard specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRSs. It allows subsidiaries with a parent that applies IFRS in its consolidated financial statements to apply IFRS with reduced disclosure requirements. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability, and their parent company applies IFRS in their consolidated financial statements.

IFRS 9, IFRS 7 (Amendment) "Classification, Measurement and Disclosure of financial instruments". The amendments aim to address matters identified post – implementation of the IFRS 9. More specifically, the amendments: a) clarify that an entity is allowed to derecognise a financial liability (or part of it) settled before the actual settlement date under specific conditions when using an electronic payment system, b) provide additional examples regarding the contractual terms which are consistent with a basic lending arrangement and enhance the description of non-recourse features and contractually linked instruments and c) add new disclosures for equity instruments classified at FVTOCI and financial instruments with contingent features.

# Notes to the Financial Statements

IFRS 9, IFRS 7 (Amendment) "Contracts Referencing Nature-dependent Electricity". The amendments aim to enhance the factors an entity shall take under consideration when assessing the own-use exemption of IFRS 9 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent. Moreover, the amendments extend also to hedge accounting and allow an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument. Finally, amendments introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

## Annual Improvements

The standards amended in order to address inconsistencies among paragraphs of different IFRSs or to provide clarifications are:

- IFRS 1 "Hedge accounting by a first-time adopter".
- IFRS 7 "Gain or loss on derecognition".
- IFRS 7 "Disclosure of deferred difference between fair value and transaction price".
- IFRS 7 "Introduction and credit risk disclosures".
- IFRS 9 "Lessee derecognition of lease liabilities".
- IFRS 9 "Transaction price".
- IFRS 10 "Determination of a 'de facto agent'".
- IAS 7 "Cost method".

## 3.2 Foreign Currencies Translation

Foreign currency transactions are initially recorded in EUR by applying to the foreign currency amount the exchange rate between the EUR and the foreign currency at the rate prevailing at the date of transaction. When preparing the financial statements exchange gains and losses arising from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rate at the reporting date. The foreign exchange gain or loss on monetary items is the difference between the amortized cost in Euro at the beginning of the year, adjusted for (i) the effective interest (ii) impairment and (iii) prepayments during the year, and the amortized cost in the foreign currency translated at the exchange rate at the end of the year.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in income statement, except for foreign exchange differences on non-monetary items which are at FVTOCI as equity investments which are recognized in other comprehensive income.

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.

		31 December 2024	31 December 2023
1 EUR	= United States dollar	1.03890	1.10500
	= Pound sterling	0.82918	0.86905
	= Russian ruble	106.10280	100.55060
	= Azerbaijan manat	1.77240	1.88110
	= Georgian lari	2.93060	2.99600
	= Armenian dram	413.89000	447.90000
	= Romanian leu	4.97430	4.97560
	= Turkish lira	36.73720	32.65310

# Notes to the Financial Statements

Though the Bank's economic hedging effectively puts in a position where US dollar assets are practically matched with US dollar liabilities (whether directly or through derivative currency swapping other foreign currency liabilities to US dollar) from a market risk point of view, the Bank has an effect on the income statement from the following: the Bank's assets (loans) and liabilities (issued bonds) are measured at amortized cost, whereas the derivatives (e.g. used for creating the US dollar liabilities from other foreign currencies in which the Bank borrowed) are measured at fair value.

## 3.3 Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, placements with other financial institutions and debt securities with maturities of three months or less from the financial position date. These are highly liquid assets that are readily convertible to a known amount of cash and are subject to insignificant risk of change in value due to the movements in market rates.

## 3.4 Recognition and Initial Measurement, and Derecognition of Financial Instruments

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

### 3.4.1 Date of recognition

Financial assets and liabilities, with the exception of Note 3.5.1, are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchase or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial assets and financial liabilities are measured initially at fair value plus, for an item not at Fair Value Through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Financial assets and financial liabilities at FVTPL are initially recognized at fair value and are thereafter carried at fair value. The fair value of a financial instrument at initial recognition is generally its transaction price.

### 3.4.2 Date of derecognition

The Bank derecognizes a financial asset or a portion of a financial asset when (i) the contractual rights to the cash flow from the financial asset expire (ii) loses control of the contractual rights that comprise the financial asset or a portion of the financial asset or (iii) the Bank retains the right to receive cash flows from the asset, but has assumed the obligation to pay it in full without material delay to a third party under a 'pass through' arrangement. The Bank derecognizes a financial liability when a liability is extinguished, that is when the obligation specified in the contract is discharged, cancelled or expires. The evaluation of the transfer of risks and rewards of ownership precedes the evaluation of the transfer of control for derecognition transactions.

On derecognition of a financial asset, except for equity investments at FVTOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI for investment securities is recognized in income statement.

Any cumulative gain or loss recognized in OCI in respect of equity investments designated as at Fair Value through Other Comprehensive Income (FVTOCI) is not recognized in income statement on derecognition of such investments but are recorded in retained earnings.

## 3.5 Financial Assets

The classification of financial assets defines how existing information is reflected in the financial statements. In particular, the valuation method and the impairment calculation are defined by this classification, which are based on relevant IFRS.

# Notes to the Financial Statements

## 3.5.1 Classification and subsequent measurement

The Bank classifies a financial asset in its financial statements in one of the below three measurement categories:

1. *Financial assets measured at amortized cost (AC)*: this category includes each asset or group of assets for which the Bank's business model constitutes its holding for the purpose of collecting contractual cash flows. Financial assets are classified at AC only if both of the following criteria are met:
  - The objective of the Bank's business model is to hold financial assets in order to collect the contractual cash flows; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI test):

The Bank includes in this category financial assets which are non-derivative with fixed or determinable payments and with fixed maturities meeting the above criteria. They are initially recognized at fair value plus any transaction costs and including any premium or discount that may arise on the date of acquisition. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction. They are subsequently measured at AC using the effective interest method, less any allowance for expected credit losses. All such financial assets are primarily recognized on settlement date.

These financial assets include cash and due from banks, loans and advances that meet the above criteria. Loans and advances are typically recognized when funds are transferred to the customer's account.

2. *Financial assets (debt securities) measured at fair value through other comprehensive income (FVTOCI)*, with gains or losses reclassified on profit or loss on derecognition. The Bank classifies debt instruments (including Euro/US dollar commercial paper (ECP)) at FVTOCI when both of the following conditions are met:
  - The instrument is held within a business model, the objective of which is achieved by both collecting the contractual cash flows and selling financial assets; and
  - The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI test).

FVTOCI debt instruments are subsequently measured at fair value with gains and losses that arise from fluctuations in fair value recognized in OCI. Their fair value is determined by reference to quoted market bid prices. On derecognition cumulative gain or loss previously recognized in OCI are reclassified from OCI to income statement. Foreign exchange gains or losses and interest income calculated using the effective interest rate method are recognized in income statement. All such financial assets are recognized on trade date.

3. *Financial assets (equity instruments) measured at FVTOCI*, with no reclassification of gains or losses to profit or loss on derecognition. For equity investments for which the Bank made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this Standard. These are usually equity instruments that represent a 'strategic investment'. Dividends received are recorded in the income statement.

After initial recognition at fair value, these financial assets are subsequently measured at fair value with all gains and losses arising from changes in fair value (realized and unrealized), including foreign exchange gains and losses, recognized in other comprehensive income, and are not reclassified to income statement.

# Notes to the Financial Statements

For those financial instruments there is no impairment assessment. The fair value for those not purchased from an active market is determined using accepted valuation techniques which use unobservable inputs. These valuation techniques/models used are net asset value, when this is deemed to approximate fair value, and earnings-based valuations using comparable information and discounting cash flows. The Bank's equity investments are included in this category. All such financial assets are recognized on settlement date.

4. *Financial assets measured at FVTPL*: this category includes financial assets that do not meet the criteria to be classified in any of the above categories. These financial assets are initially measured at their fair value and subsequently carried at fair value on the statement of financial position with all changes in fair value gains and losses and foreign exchange gains and losses, recognized in the income statement in the period in which they occur. Transaction costs on these financial assets are expensed in the income statement. Loans that have failed the SPPI test are included in this category.

The Bank has 2 business models (i) hold to collect and (ii) hold to collect and sell. During the current reporting period the Bank had no financial assets within the trading portfolio.

## **3.5.2 Measurement**

The Bank measures financial assets as detailed above at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Financial assets that are subsequently measured at either AC or debt instruments at FVTOCI, are subject to expected credit loss (ECL). Based on the Bank's credit policy, the Bank does not originate credit-impaired financial assets, nor does the Bank purchase credit-impaired assets, exception being a loan (or portion of) would be acquired at a deep discount.

It is Bank's policy financial assets are not reclassified subsequent to their initial recognition.

## **3.5.3 Business model assessment**

The factor of the business model refers, amongst others, to the manner in which the Bank manages its financial assets by classifying them in portfolios that are part of its business model. The adopted business model determines the source of revenue, as it arises from individual portfolios either through the collection of contractual cash flows or from financial assets held to collect and sell.

The assessment of the business model reflects the Bank's strategy under normal business conditions. The assessment is not affected by actions required in 'emergency situations' (e.g.: liquidity needs, non-inherent capital requirements, governmental interference/restrictions, sanctions, or for credit risk, etc.).

In general, the Bank has included the majority of its loan portfolios in the hold-to-collect business model. The assessment of a business model is made within the definition of operational objectives as defined by the Bank's Management, as well as in the operational management of its assets. The assessment is effected at portfolio level rather than at individual asset levels.

The Business Model applied to loan portfolio and treasury portfolio is reassessed at each reporting period. The reassessment of the Business Model has been established in order to determine if evidence initially used has changed. The assessment process applied by the Bank through its business model, based on strategic objectives, classifies its assets in the following three categories in accordance with IFRS 9:

# Notes to the Financial Statements

## i) Hold to collect

The Bank holds financial assets within a business model whose objective is to hold assets in order to collect contractual cash flows that are managed to realize cash flows by collecting contractual payments over the life of the instrument. That is, the Bank manages the assets held within this portfolio to collect those particular contractual cash flows (instead of managing the overall return on the portfolio by both holding and selling assets).

## ii) Hold to collect and sell

The Bank holds financial assets within a business model whose objective is to collect contractual cash flows by both holding and selling financial assets.

## iii) Trading portfolio

The financial assets held for trading are classified as 'Trading portfolio'. The Bank had no financial assets in trading portfolio.

### 3.5.4 Loans

Loans originated by the Bank, is where money is provided directly to the customer. Loans are initially recorded at fair value, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (e.g., front-end and commitment fees) that are regarded as an adjustment to the effective interest rate of the loan, and are subsequently measured at amortized cost using the effective interest rate method.

The Bank classifies in the loan portfolio bonds which are purchased to support the Bank's development impact and such purchases are performed based on the Bank's loan financing criteria and follow the thorough appraisal and approval process of the Bank. Such bonds at 31 December 2024 were a gross amount of EUR 289,628 thousand (2023: EUR 274,233 thousand). Management has concluded that presentation within loans present fairly the Bank's financial position.

Loans that had failed the SPPI test are recognized at fair value and measured at fair value. The fair value can be derived by valuation techniques/models used are discounted payment / cashflows approach using applicable interest rate and net asset value.

## 3.6 Expected Credit Losses (ECL)

### 3.6.1 Financial assets

The Bank records an allowance for expected credit loss for all loans and loans receivables, and other debt instruments held at amortized cost, together with off balance sheet items (loan commitments and financial guarantee contracts). In this section, all referred to as 'financial instruments'. Equity instruments are not subject to impairment.

The basis of inputs and assumptions and the estimation techniques used to apply the requirements in section 5.5. of IFRS 9 are as follows.

## i) Measure the 12-month and lifetime expected credit losses

ECLs are a probability-weighted average estimate of credit losses that reflects the time value of money. Upon initial recognition of the financial instruments, the Bank records a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition, a loss allowance equal to lifetime ECL is recognized, arising from default events that are possible over the expected life of the instrument.

# Notes to the Financial Statements

For the purposes of calculating expected credit losses, the financial instruments are classified in three stages as follows:

- Stage 1: Stage 1 includes performing exposures that do not have significant increase in credit risk since initial recognition. Stage 1 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 12 months.
- Stage 2: 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 the credit risk has improved, and the exposure has been reclassified from stage 3. In this stage lifetime expected credit losses are recognized.
- Stage 3: Stage 3 includes non-performing/credit-impaired exposures. In this stage lifetime expected credit losses are recognized.

There can be transfers of exposures from one stage to another, depending on whether there is a change in the credit risk of that exposure.

## **ii) Basic parameters used for the calculation of expected credit loss**

The calculation of expected credit losses is based on the following parameters:

- Probability of Default (PD) represents the probability that a debtor will default on his debt obligations either over the next twelve months or over the remaining maturity of his debt. In accordance with IFRS 9.
- Exposure at Default (EAD) is defined as the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and undrawn commitments using the credit conversion exposure factor (CCF).
- Loss Given Default (LGD) represents the extent of the loss that the Bank expects for exposures that are in default and is defined as the difference between the contractual cash flows and those that the Bank expects to collect, including collateral amounts. LGD, which is usually expressed as a percentage of the EAD, varies according to the category of the counterparty, the category and priority of the claim, the existence of collateral and other credit enhancements.

The Bank uses information obtained from the Global Emerging Markets (GEMs) database in order to assign LGD to its loan asset classes. GEMs is an International Financial Institution (IFI) wide initiative designed to pool default and recovery rates experienced by IFIs in emerging markets. Treasury asset classes derive their PDs from the assigning rating agency.

## **iii) Determine whether the credit risk of financial instruments has increased significantly since initial recognition**

The Bank assigns credit rating to each loan at inception based on the internal scorecard methodologies for Financial Institutions, Corporates or Project Finance and all loans are subject to annual credit review if rated to a category up to BB+, while all loans below that rating are subject to semi-annual credit review.

At each reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

## Notes to the Financial Statements

Generally, there will be a significant increase in credit risk before a financial asset becomes credit impaired or an actual default occurs. The assessment of significant increase in credit risk is key in transferring an exposure from stage 1 to stage 2 or 3 and the respective change in the ECL measurement from 12-month to lifetime ECL. A combination of quantitative and qualitative factors structured as primary and secondary drivers will be considered and are also supplemented with backstop options. The backstop triggers automatic stage transfers even though the primary and secondary indicators may not trigger such transfer, unless this result is due to a data error, operational issues, or timing difference in applying cash received up to 30 days to the customer account.

For financial guarantee contracts, the date the Bank becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purpose of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in credit risk since initial recognition of a financial guarantee contract, the Bank considers the risk that the specified debtor will default on the contract in line with the above determination for loans.

The assessment of significant increase in credit risk is key in transferring an exposure from Stage 1 to Stage 2 and the respective change in the ECL measurement from 12-month to lifetime ECL.

### **iv) Determine whether a financial asset is lifetime expected losses or credit-impaired**

A financial asset is transitioned to Stage 3 assigned lifetime expected losses when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Generally, there will be a significant increase in credit risk before a financial asset becomes credit-impaired, e.g., is already within Stage 3 and an actual default occurs. Evidence that a financial asset has lifetime expected losses and/or is credit-impaired includes observable data about the following events:

- Is performing but automatically assigned due to significant credit rating downgrades;
- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default (see definition of default);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired.

### **v) Definition of default**

The definition of default used for determining the risk of a default occurring shall be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. The Bank's definition of default is based on the regulatory definition under Article 178 of the 'Regulation (EU) No 575/2013 of the European Parliament and of the Council of the European Union of 26 June 2013 on prudential requirements for credit banks and investment firms and amending Regulation (EU) 648/2012' (CRR). A default is considered to have occurred when either of the following conditions had taken place.

# Notes to the Financial Statements

## a. Qualitative

Unlikeliness to Pay (UTP) criterion: the Bank considers that the obligor is unlikely to pay its credit obligations to the Bank without recourse by the Bank to actions such as realizing security. Below there are some elements that are taken as indications of unlikeliness to pay (in line with CRR (Article 178)).

- The Bank puts the credit obligation on non-accrued status.
- The Bank recognizes a specific credit adjustment resulting from a significant perceived decline in credit quality subsequent to the institution taking on the exposure.
- The Bank has filed for the obligor's bankruptcy or a similar order in respect of an obligor's credit obligation to the Bank, the parent undertaking or any of its subsidiaries.
- The obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of a credit obligation to the Bank, the parent undertaking or any of its subsidiaries.

## b. Quantitative

Past due criterion: the exposure is past due more than 90 days on principal, or considerable other credit, obligation to the Bank.

Impairment losses for guarantees are recognized while a guarantee is in effect and the amounts are determined based on the level of utilization of the guarantee.

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

### **vi) How forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information**

The calculation of Lifetime PDs for each facility is based on macro PD models which have been developed for each Member State of the Bank. The macro PD models incorporate forward-looking macroeconomic variable projections for each Member State. The macro PD models are used to calculate the Lifetime PD curves which are in turn used for the calculation of the Lifetime ECL.

### **vii) Changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes**

The Bank's ECL model, including the Macroeconomic Probability of Default model, Lifetime PD and Expected Credit Loss (ECL) methodologies, were redeveloped by the Bank as of December 2023, and they are encompassed in the Bank's updated integrated 'ECL Tool'. For the calculation of ECL for Stage 3 loans, the LGD has been estimated using individual assessment which take into account certain assumptions involving optimistic and pessimistic internal scenarios where only the most realistic is included in these financial statements. Due to the high uncertainty related to the current geopolitical situation, the status and assumptions behind such operations are subject to regular review. For more information refer to Note "Expected credit losses".

# Notes to the Financial Statements

## 3.6.2 Non-financial assets

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

## 3.6.3 Renegotiated financial assets

For those loans that may be renegotiated in response to an adverse change in the financial condition of the borrower, where the original loan has been significantly amended it will be derecognized and replaced with a new loan. To the extent the original loan is retained, any changes in present value attributable to the modification will be recognized as an adjustment to the carrying value of the asset with the associated gains or losses on modification recognized in the income statement.

## 3.6.4 Write-offs

According to the IFRS 9 (B5.9), the gross carrying amount of a financial asset may be directly reduced when there is no reasonable expectation of recovering the financial asset in its entirety or a portion of it. As such, the Bank may record a write-off of Stage 3 loans. The Bank may also, on an ad-hoc basis, examine the need for any further write-offs of Stage 2 loans if there is relevant evidence (see Note 'Loans').

In the event that further recoveries are made after a financial asset has been written off, these are credited to the income statement as a reversal of previous expected credit losses (write-back).

## 3.6.5 Write-backs

Recoveries (write-backs) of an asset, or part thereof, are credited to the income statement if previously written off for the year was EUR 415 thousand (2023: EUR 428 thousand).

## 3.7 Financial Liabilities

The Bank recognizes a financial liability in its financial statements at the time of the transaction took place. Financial liabilities primarily include (a) borrowings and (b) other liabilities.

### 3.7.1 Borrowings

Borrowing transactions which are amounts due to financial institutions and debts evidence by certificates, are recognized in the statement of financial position at the time the funds are transferred to the Bank. They are measured initially at the fair value of the funds transferred, less any transaction costs. They are subsequently measured at amortized cost unless they qualify for hedge accounting in which case the amortized cost is adjusted for the fair value movements attributable to the the risks being hedged. Interest expense is accrued in the income statement within "Interest expense".

### 3.7.2 Other liabilities

Other liabilities that are not derivatives or designated at FVTPL, are measured at amortized cost. The amounts include accrued finance charges on borrowings and other accounts payable.

## Notes to the Financial Statements

### 3.8 Offsetting of Financial Assets and Liabilities

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

### 3.9 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 (e.g. borrowings), 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 (SOPF) at fair value and are subsequently measured at their fair value. They are carried in the SOPF 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 Euro or US dollar. 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 Euro or US dollar. 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 Euro or US dollar.

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 Euro and US dollar 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.

# Notes to the Financial Statements

The notional amounts and fair values of the derivative instruments are disclosed in Note "Derivative financial instruments". The fair value hierarchy level of derivatives is disclosed in Note "Risk management".

## 3.9.1 Derivatives and hedge accounting

The Bank designates certain derivatives as hedging instruments in respect of foreign currency rate and interest rate risk in fair value or cash flow hedges. The Bank does not apply fair value hedge accounting of portfolio of hedges of interest rate risk. In addition, the Bank does not use the exception to continue using IAS 39 hedge accounting rules, that is the Bank applies IFRS 9 in full.

In accordance with its wider risk management when a hedging relationship meets the specified hedge accounting criteria, it is the Bank's strategy to apply either fair value or cash flow hedges based on the exposure being hedged. Transactions that are entered into in accordance with the Bank's hedging objectives, but do not qualify for hedge accounting, are referred to in these financial statements as economic hedge relationships.

At the inception of the hedge relationship, the Bank formally documents how the hedging relationship meets the hedge accounting criteria, by recording the economic relationship between the hedged item and the hedging instrument, the nature of the risk, the risk management objective and strategy for undertaking the hedge as well as the method that will be used to assess the effectiveness of the hedging relationship. Furthermore, both at the inception and on an ongoing basis (at least on each reporting date or upon significant change, whichever comes first), the Bank documents whether an economic relationship exists between the hedging instrument and the hedged item.

In order the Bank to apply hedge accounting, the following requirements must be met:

- There must be an expectation that the fair value or the cash flows of the hedging instrument and the value or the cash flows of the hedged item, will "systematically" change in response to movements in the same underlying(s) that are economically related, providing a degree of offset between the hedged item and the hedging instrument. The assessment relates to expectations about hedge effectiveness and is only forward-looking.
- The effect of credit risk should not dominate the value changes that result from that economic relationship.
- The weightings of the hedged item and the hedging instrument, which define the hedge ratio of the hedging relationship, are the same as that resulting from the quantity of the hedged item that the Bank actually hedges and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of hedged item.
- If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Bank adjusts the hedge ratio of the hedging relationship by rebalancing the hedge, so that it meets the qualifying criteria again.

For the assessment of hedge effectiveness requirements and when measuring the hedge effectiveness / ineffectiveness, the Bank uses qualitative and supplementary quantitative analysis where applicable. Sources of hedge ineffectiveness between the hedged items and hedging instruments, can arise from:

- Differences in timing of cash flows.
- Different applied discount interest rate curves.
- Non-nil fair value of derivatives at the designation date.
- The effect of changes in counterparties' credit risk on the fair values.

# Notes to the Financial Statements

The Bank discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable) or the hedging instrument expires or is sold, terminated or exercised.

The notional amounts and fair values of the derivative instruments designated are disclosed separately in Note "Derivative financial instruments". Hedge accounting disclosures are provided in Note "Risk management".

## **3.9.1.1 Fair value hedges**

Applying fair value hedge accounting enables the Bank to reduce fair value fluctuations of the recognized fixed rate financial liabilities as if they were floating rate instruments linked to the attributable benchmark rates, thus hedging the exposure that is attributable to interest rate risk/foreign currency risk and could affect reported earnings.

The Bank only hedges changes due to interest rates, such as benchmark rates, which are typically the most significant component of the overall fair value change. The Bank assesses hedge effectiveness by comparing fair value movements of the hedging instruments and the hedged items attributable to changes in these benchmark rates.

For designated and qualifying fair value hedges, the change in the fair value of the qualifying hedging instruments is recognized in profit or loss whereas the carrying value of a hedged item that is not already measured at fair value, is adjusted for the fair value change attributable to the hedged risk in the statement of financial position, with a corresponding entry in profit or loss. The Bank recognizes the hedging gains or losses from the hedging instrument in profit or loss, in the same line as the adjustment for the hedged item ("net fair value gains (losses) on derivative instruments"). Accordingly, any ineffective part is recognized immediately in profit or loss.

Upon discontinuation of hedge accounting, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk, is amortized to profit or loss from that date, based on how the hedged item impacts profit or loss. If the hedged item is derecognized, the unamortized fair value hedge adjustment included in the carrying amount of the hedged item is recognized immediately in profit or loss.

## **3.9.1.2 Cash flow hedges**

Applying cash flow hedge accounting, the Bank hedges the exposure to the variability in cash flows attributable to interest rate risk and foreign exchange risk associated with a recognized liability that could affect reported earnings.

The effective portion of changes in the fair value of the derivative is recognized in Other Comprehensive Income (OCI) and presented in the cash flow hedge reserve within members' equity ('Cash flow hedge reserve'), whereas any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in the cash flow hedge reserve is limited to the cumulative fair value hedge of the hedged item from the inception of the Hedge less any amounts recycled to profit or loss.

For assessing the hedge effectiveness, the hypothetical derivative approach is applied, which involves establishing a notional derivative that would be the ideal hedging instrument for the hedged exposure (i.e. swap with a zero fair value at inception of the hedge relationship with the same critical terms as the hedged items) and then use as a proxy for measuring hedge effectiveness, the comparison between the cumulative changes in the fair value of the hypothetical derivative and the fair value of the actual hedging instrument.

## Notes to the Financial Statements

Provided that the hedged cash flows are no longer expected to occur, then the Bank immediately reclassifies the amount in the cash flow hedge reserve from OCI to profit or loss, however on hedge discontinuations, if the hedged cash flows are still expected to occur, then the amount accumulated in the cash flow hedge reserve is not reclassified until the hedged cash flows affect profit or loss.

### 3.10 Share Capital and Dividends

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

### 3.11 Reserves and Retained Earnings

In accordance with the Establishing Agreement of the Bank the general reserve is created from the profits of the Bank for meeting any unforeseeable risks or contingencies. The revaluation reserve represents the accumulated change in fair value of those financial assets that are measured at fair value through other comprehensive income of the Bank. The retained earnings of the Bank are the accumulated undistributed and unallocated net income over the years.

### 3.12 Income and Expense

Interest income and expense are recognized in the income statement using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

When calculating the EIR for financial instruments other than purchased or originated credit-impaired assets the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not the ECL. For purchased or originated credit-impaired financial assets (POCI), a credit-adjusted EIR is calculated using estimated future cash flows including the ECL. At the reporting date the Bank had no POCI.

The calculation of the EIR includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

#### 1. Amortized cost (AC) and gross carrying amount

The AC of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance. The gross carrying amount of a financial asset is the AC of a financial asset before adjusting for any ECL allowance.

# Notes to the Financial Statements

## 2. Calculation of interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments using the effective interest rate method (EIR). This method is the rate that discounts estimated future receipts or payments, to the gross carrying amount of the financial instrument. The method requires that, in addition to the contractual interest rate attached to a financial instrument, those fees and direct costs associated with the originating the instrument are also recognized as interest income. The EIR is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. Further details are as below.

- b. Loans: represent interest income on loans, however loans that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net balance of the loan. If the loan is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.
- c. Fixed-income debt securities and other: represents interest income on treasury investments.
- d. Interest and similar expense: represent interest expense on all borrowed funds. The majority of the Bank's borrowings are undertaken through the issuance of bonds or private placements.
- e. Net interest income/(expense) on derivatives: represent interest on derivatives using the contractual interest rate. The Bank does not have a trading portfolio.
- f. Fees and commission income and expense that are integral to the EIR: represents loan front-end fees, and to loan commitments are deferred and amortized to interest income over the life of the instrument using the effective interest rate method.

## 3. Other Fees and commission

Other fee and commission income including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognized as the related services are performed.

Fee and commission income from contracts with customers under the scope of IFRS 15 is measured based on the consideration specified in a contract with a customer. The Bank recognizes such revenue when it transfers control over a service to a customer.

## 3.13 Staff Retirement and Termination Benefits

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

- a. The first pillar is a defined post-employment benefit scheme financed entirely by the Bank. The scheme's funding level and the Bank's contributions are determined on the basis of actuarial valuations performed by qualified, independent actuaries on an annual basis at the end of each annual reporting period. The actuarial valuation uses the projected unit credit method and a number of financial and demographic assumptions. The most significant assumptions include age, years of service or compensation, life expectancy, the discount rate, expected salary increases and pension rates. The actuarial liability is the present value of the defined benefit obligation as at the reporting date minus the fair value of the plan assets. The Bank is under the obligation to maintain the scheme fully funded, and to this effect, has always liquidated any past service deficit over the course of the year following the relevant actuarial valuation.

## Notes to the Financial Statements

Actuarial and asset gains or losses are recognized in 'Other comprehensive income', and net gains or losses are included in remeasurements where any change in the effect of the asset ceiling, excluding those amounts that have been already included in personnel expenses, are also included.

- b. The second pillar is a defined post-employment contribution scheme to which both the employee and the Bank contribute equally at a rate of 0-12% of basic salary. The Bank has no obligation to pay further contribution if the employee discontinues their contribution. Each employee determines his/her contribution rate and the mode of investment of the contributions.
- c. The third pillar is a defined contribution scheme funded entirely by each employee, up to 40% of basic salary and is not recorded in the Bank's financial statements.

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

Current service costs in respect of both the pension plan (a) and (b) and EFKA are recognized as an expense in the period which they relate and are included in 'Personnel expenses'.

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

### 3.14 Related Parties

Related parties include entities, which the Bank has the ability to exercise significant influence and significant control in making financial and operational decisions. Related parties include key management personnel, and close family members of key management personnel.

Related parties include special funds that are administered by the Bank.

### 3.15 Property and Equipment

Property and equipment include leasehold improvements and transportation and other equipment. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition. Subsequently to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Costs incurred subsequently to the acquisition of an asset, which is classified as property and equipment are capitalized, only when it is probable that they will result in future economic benefits to the Bank beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

At each reporting date the Bank assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Any gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining their gain or loss on disposal.

Depreciation is provided to write off the cost of each asset to their residual values on a straight-line basis over their estimated useful lives. The annual depreciation rates applied were as follows:

- Transportation vehicles	20.0%
- Furniture and office accessories	20.0%
- Personal computers	33.3%
- Office and telecommunication equipment	20.0%
- Under construction (see Note 18)	-

## Notes to the Financial Statements

### 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 financial 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".

# Notes to the Financial Statements

## 5. RISK MANAGEMENT

The Bank's activities are subject to a variety of risks, some of which are not within the Bank's control: including risks relating to changes in interest rates, foreign exchange rates, declines in liquidity and deterioration in the credit quality of its loan portfolio. The Bank monitors and manages the maturities of its loans, its interest rate and exchange rate exposure, its liquidity position and the credit quality of each individual loan and equity investment in order to minimize the effects of changes in them relative to the Bank's profitability and liquidity position. The BoD has approved risk management policies and guidelines that are delegated to the Management of the Bank for the identification and measurement of risk, as well as being subject to risk limits and controls.

To manage risks the Bank has established an Asset and Liability Committee (ALCO), a Credit Committee (CC) that implement the Bank's credit and lending policies, the Legal Affairs Department, the Risk Management Department and the Financial Analysis Department, which together are responsible for devising, implementing and monitoring the Bank's risk management policies, including financial, credit and market risks.

The ALCO is responsible for monitoring and managing the Bank's overall asset and liability position in accordance with the Bank's treasury policies. It monitors and manages the Bank's liquidity position, maturity gaps, interest income and expense, and the condition of the international financial markets and is responsible for assigning market risk limits. The ALCO consists of members of the Bank's Management and a member of the Treasury Department and has regular monthly meetings.

The Credit Committee is responsible with respect to credit matters. Its key responsibilities include: approval of lending operations for submission to the BoD for final approval, establishing specific parameters (e.g. policies, limits, targets, guidelines) for operational decision-making, approval of changes to the manuals that prescribe how operations are to be analyzed, approved, administered and monitored and approval of any amendments, restructuring and other operation-related matters. The Credit Committee consists of members of the Bank's Management, and has regular meetings as required to monitor and manage overall risk concentration by reference to borrower and industry exposure and critically reviews each individual loan and equity investment proposal made by the lending business areas. A major function of the Credit Committee is to minimize the credit risk presented by each individual loan and equity investment proposal, and the overall portfolio risk of the Bank.

Once an operation is approved and disbursed, it is then monitored to ensure thorough and regular evaluations of its credit quality. Operations are monitored according to a schedule coordinated by the Portfolio Monitoring and Corporate Recovery Department, with inputs from the originating Operation Teams regarding the availability of financial data. Monitoring reports are completed by the Portfolio Monitoring and Corporate Recovery Department based on financial analysis prepared by the Financial Analysis Department. Risk asset reviews, based on the previously mentioned monitoring reports, are performed by the Risk Management Department, and may result in a downgrade or upgrade of an operation's status and, if a significant deterioration is noted, trigger an impairment test.

Should an operation display signs of weakness during the regular monitoring and/or through risk asset reviews, an impairment test is immediately carried out by the Risk Management Department and appropriate remedial actions are taken, as required. These measures include, but are not limited to, a detailed assessment of the financial and operational performance of the operation, additional due diligence, stopping disbursement of any undisbursed amounts, preparation of remedial strategies and carrying out further impairment tests. Besides, in addition to regular site visits carried out by the Operations Teams, such a visit can be conducted by the Portfolio Monitoring and Corporate Recovery Department and, when appropriate, accompanied by the Financial Analysis Department.

For the Bank a conservative approach to risk taking together with effective risk management, are critical to the Bank's continuing operations. The application of sound banking principles in the Bank's credit process seeks to ensure that the significant credit risks are properly identified and managed while other risks resulting from its activities are mitigated to the extent possible.

# Notes to the Financial Statements

Importantly, the Bank is recognized as an international financial institution, and as such can expect to benefit from the preferred creditor status customarily and historically afforded to such institutions. This preferred creditor status serves to provide an additional layer of comfort against the risks of non-payment on sovereign debt or by private sector borrowers as a result of local laws creating a delay or freeze on foreign-currency exchanges. The Bank is exposed to the following risks discussed below.

## Financial Risk

The Bank's exposure to financial risk is through its financial assets and financial liabilities including any receivables from these financial assets. The key aspects of the Bank's financial risk are (i) credit risk (ii) liquidity risk and (iii) market risk.

### a) Credit risk

The Bank is subject to credit risk, which is the risk that customers or counterparties will be unable to meet their obligations as they fall due. Credit risk arises principally from the Bank's lending activities as well as other activities where the Bank is exposed to counterparty default risk. Regular reviews by the departments of Risk Management, Financial Analysis and Portfolio Monitoring and Corporate Recovery are conducted of all exposures within the lending portfolios, typically on a semi-annual basis, though exposures that are perceived to be more vulnerable to possible default are reviewed more frequently.

At each review there is (i) an assessment of whether there has been any change in the risk profile of the exposure (ii) recommendations of actions to mitigate risk and (iii) reconfirming or adjusting the risk ratings, and for equity investments, reviewing of fair value. Where relevant, the level of the expected credit loss is evaluated and reconfirmed or adjusted. Responsibility for operations considered to be in jeopardy may be transferred from the original lending department to a corporate recovery team in order to most effectively manage the restructuring and recovery process.

For credit risks incurred by the Bank's Treasury in its investment and hedging activities, the BoD has approved policies and guidelines for the determination of counterparty and investment exposure limits in bonds, that includes Member State bonds, and euro commercial paper. The Bank's Risk Management Department assigns and monitors these counterparty and issuer credit risk limits. Treasury credit risks are also reviewed on a regular basis by the Bank's ALCO.

For the reporting year derivatives included in the SoFP derivatives financial instruments-assets an amount of EUR 15,969 thousand the corresponding cash collateral received was EUR nil, and derivatives financial instruments-liabilities an amount of EUR 112,442 thousand the corresponding cash collateral received was EUR 94,020 thousand.

The table below summarizes the maximum exposure to credit risk without taking into consideration collateral, other credit enhancements or expected credit loss.

Presented in EUR (000)	Principal type of collateral held	At	
		31 December 2024	31 December 2023
Cash and due from banks		224,333	375,390
Deposits in margin accounts		94,020	80,120
Debt investment securities		94,610	94,986
Derivative financial instruments	Deposits in margin accounts	15,969	35,413
Loans at amortized cost	Sovereign, property, other	1,419,535	1,565,094
Accrued/deferred income		35,447	57,721
Loans at fair value		20,308	10,827
Equity investments		6,625	10,665
Other assets		15,908	18,413
Asset held for sale		-	2,962
<b>On-balance-sheet</b>		<b>1,926,755</b>	<b>2,251,591</b>
Undrawn commitments	Sovereign, property, other	61,547	73,034
<b>Total</b>		<b>1,988,302</b>	<b>2,324,625</b>

## Notes to the Financial Statements

### a1. Analysis by rating agency

The tables below provide an analysis of financial assets, excluding loans which are separately provided below in credit risk analysis. The Bank uses credit ratings per Moody's rating agency in disclosing credit quality. When counterparties do not have ratings per Moody's but, are rated by Standard & Poor's and/or Fitch rating agencies, the ratings are converted to Moody's equivalent as follows.

Presented in EUR (000)	2024					
	Aaa – Aa3	A1 – A3	Baa1 – B3	Caa1 – C3	Unrated	Total
Analysis by Moody's rating						
Cash and bank balances	53,097	119,416	5,145	-	46,675	<b>224,333</b>
Deposits in margin accounts	46,560	47,460	-	-	-	<b>94,020</b>
Debt investment securities	9,517	49,940	30,610	4,543	-	<b>94,610</b>
Derivatives financial instruments	-	-	-	-	15,969	<b>15,969</b>
Equity investments	-	-	-	-	6,625	<b>6,625</b>
Accrued/deferred income	-	-	-	-	35,447	<b>35,447</b>
Other assets	-	-	-	-	15,908	<b>15,908</b>
<b>At 31 December</b>	<b>109,174</b>	<b>216,816</b>	<b>35,755</b>	<b>4,543</b>	<b>120,624</b>	<b>486,912</b>
Of which issued by						
Corporates/governments	9,517	49,940	30,610	4,543	6,625	<b>101,235</b>
Cash deposits at banks	99,657	166,876	5,145	-	46,675	<b>318,353</b>
Other	-	-	-	-	67,324	<b>67,324</b>
<b>At 31 December</b>	<b>109,174</b>	<b>216,816</b>	<b>35,755</b>	<b>4,543</b>	<b>120,624</b>	<b>486,912</b>
Of which classified as						
Fair value through profit or loss	-	-	-	-	15,969	<b>15,969</b>
Fair value through OCI	9,517	49,940	30,610	4,543	6,625	<b>101,235</b>
Amortized cost	99,657	166,876	5,145	-	98,030	<b>369,708</b>
<b>At 31 December</b>	<b>109,174</b>	<b>216,816</b>	<b>35,755</b>	<b>4,543</b>	<b>120,624</b>	<b>486,912</b>

## Notes to the Financial Statements

Presented in EUR (000)	2023					
	Aaa – Aa3	A1 – A3	Baa1 – B3	Caa1 – C3	Unrated	Total
Analysis by Moody's rating						
Cash and bank balances	261,176	60,962	5,565	-	47,687	<b>375,390</b>
Deposits in margin accounts	45,660	34,460	-	-	-	<b>80,120</b>
Debt investment securities	8,686	50,000	31,746	4,554	-	<b>94,986</b>
Derivatives financial instruments	-	-	-	-	35,413	<b>35,413</b>
Equity investments	-	-	-	-	10,665	<b>10,665</b>
Accrued/deferred income	-	-	-	-	57,721	<b>57,721</b>
Other assets	-	-	-	-	18,413	<b>18,413</b>
<b>At 31 December</b>	<b>315,522</b>	<b>145,422</b>	<b>37,311</b>	<b>4,554</b>	<b>169,899</b>	<b>672,708</b>
Of which issued by						
Corporates/governments	8,686	50,000	31,746	4,554	10,665	<b>105,651</b>
Cash deposits at banks	306,836	95,422	5,565	-	47,687	<b>455,510</b>
Other	-	-	-	-	111,547	<b>111,547</b>
<b>At 31 December</b>	<b>315,522</b>	<b>145,422</b>	<b>37,311</b>	<b>4,554</b>	<b>169,899</b>	<b>672,708</b>
Of which classified as						
Fair value through profit or loss	-	-	-	-	35,413	<b>35,413</b>
Fair value through OCI	8,686	50,000	31,746	4,554	10,665	<b>105,651</b>
Amortized cost	306,836	95,422	5,565	-	123,821	<b>531,644</b>
<b>At 31 December</b>	<b>315,522</b>	<b>145,422</b>	<b>37,311</b>	<b>4,554</b>	<b>169,899</b>	<b>672,708</b>

## Notes to the Financial Statements

### a2. Credit risk analysis

The tables below provide an analysis of the Bank's internal expected credit loss rating scale from 1 (lowest risk) to 15 (highest risk) and how it corresponds to the external ratings of Moody's credit rating service.

Risk rating	Internal risk rating category	External rating equivalent	Grade of investment
1	Excellent	Aaa	Investment
1	Very strong	Aa1 – Aa3	Investment
2	Strong	A1 – A3	Investment
3,4,5	Good	Baa1 – Baa3	Investment
6,7,8	Fair	Ba1 – Ba3	Investment
9,10,11	Weak	B1 – B3	Investment
12,13,14	Special attention	Caa1 – Caa3	Classified
15	Expected loss	Ca – C	Classified

### a3. Credit risk in loans portfolio

The following tables presents loans measured at amortized cost by IFRS 9 Stage and credit quality, as well as loans that are measured at fair value through profit or loss by credit quality, at 31 December 2024 and 31 December 2023.

Internal risk rating category	Loans at amortized cost: presented in EUR (000)							
	12-month ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total	ECL allowance			Total
					12-month ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	
Excellent	-	-	-	-	-	-	-	-
Very strong	-	-	-	-	-	-	-	-
Strong	-	-	-	-	-	-	-	-
Good	-	-	-	-	-	-	-	-
Fair	442,507	-	-	442,507	531	-	-	531
Weak	428,047	181,370	-	609,417	1,201	391	-	1,592
Special attention	9,608	252,294	105,709	367,611	208	35,000	58,901	94,109
Expected loss	-	-	-	-	-	-	-	-
<b>At 31 December 2024</b>	<b>880,162</b>	<b>433,664</b>	<b>105,709</b>	<b>1,419,535</b>	<b>1,940</b>	<b>35,391</b>	<b>58,901</b>	<b>96,232</b>

Internal risk rating category	Loans at amortized cost: presented in EUR (000)							
	12-month ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	Total	ECL allowance			Total
					12-month ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	
Excellent	-	-	-	-	-	-	-	-
Very strong	-	-	-	-	-	-	-	-
Strong	-	-	-	-	-	-	-	-
Good	-	-	-	-	-	-	-	-
Fair	633,350	-	-	633,350	702	-	-	702
Weak	313,292	257,801	-	571,093	1,041	194	-	1,235
Special attention	4,525	204,566	151,560	360,651	148	19,740	62,108	81,996
Expected loss	-	-	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>951,167</b>	<b>462,367</b>	<b>151,560</b>	<b>1,565,094</b>	<b>1,891</b>	<b>19,934</b>	<b>62,108</b>	<b>83,933</b>

Internal risk rating category	Loans at fair value: presented in EUR (000)		
	Fair value 2024	Fair value 2023	
Excellent	-	-	-
Very strong	-	-	-
Strong	-	-	-
Good	-	-	-
Fair	20,308	10,827	
Weak	-	-	-
Special attention	-	-	-
Expected loss	-	-	-
<b>At 31 December 2024</b>	<b>20,308</b>		<b>10,827</b>

## Notes to the Financial Statements

### a4. 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.

Presented in EUR (000)	At 31 December 2024		At 31 December 2023	
	Outstanding balance	Undrawn commitments	Outstanding balance	Undrawn commitments
Concentration by instrument				
Loans	1,439,843	50,812	1,575,921	64,829
Equity investments	6,625	7,859	10,665	3,037
Guarantees	-	2,876	-	5,168
<b>At end of year</b>	<b>1,446,468</b>	<b>61,547</b>	<b>1,586,586</b>	<b>73,034</b>
Concentration by country				
Albania	14,133	12	2,543	12
Armenia	26,874	1,042	29,023	75
Azerbaijan	36,981	12	5,431	12
Bulgaria	154,926	208	208,428	39,171
Georgia	83,294	8,149	31,501	4,689
Greece	157,131	5,378	318,029	1,500
Moldova	57,528	1,858	36,771	1,445
Romania	158,515	36,076	173,714	1,599
Russia	134,714	443	162,006	443
Turkiye	404,214	4,622	432,585	806
Ukraine	218,158	3,747	186,555	23,282
<b>At end of year</b>	<b>1,446,468</b>	<b>61,547</b>	<b>1,586,586</b>	<b>73,034</b>
Concentration by sector				
Consumer discretionary	65,454	-	54,264	15,000
Consumer staples	194,185	4,838	137,823	37,866
Energy	119,377	-	91,254	-
Financial institutions	305,118	27,450	188,879	3,037
Health care	93,421	-	98,593	-
Industrials	300,517	-	352,519	3,963
Materials	158,780	24,883	163,392	-
Real estate	42,045	1,500	86,831	8,000
Utilities	167,571	2,876	413,031	5,168
<b>At end of year</b>	<b>1,446,468</b>	<b>61,547</b>	<b>1,586,586</b>	<b>73,034</b>
Incurred by				
Sovereign	193,012	-	367,275	-
Non-sovereign	1,253,456	61,547	1,219,311	73,034
<b>At end of year</b>	<b>1,446,468</b>	<b>61,547</b>	<b>1,586,586</b>	<b>73,034</b>

# Notes to the Financial Statements

## a5. Collateral and credit enhancements

The Bank mitigates credit risk by holding collateral and other credit enhancements against exposure to customers and counterparties where it believes such is necessary. This is defined by the Bank as mechanisms, procedures and assets negotiated in transactions that are meant to protect against loss in case of non-performance. Collateral includes, but is not limited to, material assets, financial instruments, guarantees, covenants and comfort letters.

### Loans and advances

The BoD approved guidelines for taking security under lending operations, set the levels and types of collateral and other credit enhancements recommended for a given risk profile. The main types of collateral that may be obtained by the Bank are: mortgages on properties and equipment, pledges of equity shares and investment instruments, assignment of rights on certain contracts, cash or blocked deposits and other third party guarantees. If necessary, the Bank reassesses the value of collateral in order to determine if additional collateral is needed to be provided by the borrower, or project sponsors to partially mitigate the credit risk for non-sovereign loans. The Bank also benefits from sovereign exposure loans that are fully secured and are included in the collateral portfolio (see Note a4).

Although this collateral is primarily illiquid it is closely correlated to the performance of the relevant loan operating assets, and it does however provide the Bank with some rights and negotiating leverage that help mitigate the overall credit risk. The tables below indicate the amount of identifiable collateral and credit enhancements for loans and the related Stage.

Presented in EUR (000)	2024	2023
Property	409,236	509,530
Debt securities	5,297	2,020
Other	120,727	122,665
Non-sovereign	535,260	634,215
Sovereign	183,962	362,401
<b>Collateral and credit enhancements</b>	<b>719,222</b>	<b>996,616</b>

Presented in EUR (000)	2024	2023
Stage 1 and 2	696,577	882,107
Stage 3	22,645	114,509
<b>Collateral and credit enhancements</b>	<b>719,222</b>	<b>996,616</b>

### Other financial instruments

Collateral held as security for financial assets is determined by the nature of the instrument. Bonds and euro commercial paper held by the Bank as investment securities are generally unsecured. The Bank may hold cash as collateral against its derivative contract counterparties, at 31 December 2024 the Bank had pledged as collateral for derivative transactions a net amount of EUR 94,020 thousand (2023: EUR 78,520 thousand).

# Notes to the Financial Statements

## b) Liquidity risk

Liquidity risk arises in the general funding of the Bank's financing and investment activities and in the management of positions. It concerns the ability of the Bank to fulfill its financial obligations as they become due and is a measure of the extent to which the Bank may require funds to meet those obligations. It involves both the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

The Bank's liquidity policy aims to balance the term and currency structure of the Bank's assets and liabilities. Liquidity management is concentrated on the timing of cash in-flows and out-flows, as well as the adequacy of available cash and liquid securities. The Bank maintains liquid assets at prudential levels to ensure that cash can quickly be made available to honor all its obligations, even under adverse conditions and that the Bank has access to the funds necessary to satisfy customer needs, maturing liabilities and its own working capital requirements. For this, the Bank estimates all expected cash flows from assets and liabilities.

The Bank takes into consideration, to the extent feasible, the guidance documents issued by the Basel Committee on Banking Supervision. The Bank sets limits to control its liquidity risk exposure and vulnerabilities and regularly reviews such limits. The limit framework includes also measures ensuring that in a period of market stress, available liquidity exceeds liquidity needs so that the Bank can continue to operate.

The Bank's commitment to maintaining a strong liquidity position is established in policies approved by the BoD. The liquidity policy requires that the Bank maintain its liquidity position at a minimum of 75% of the following 12 months' net cash requirement, including committed undisbursed project and trade finance loans.

The Bank's liquidity position is monitored regularly, and the ALCO is primarily responsible for the management of liquidity risk and the liquidity profile of the Bank. The Bank's liquid assets are maintained in short-term and negotiable securities that primarily are: (i) cash and bank balances (ii) short-term deposits with counterparties (iii) Euro-denominated commercial paper and (iv) bonds.

The table below presents the maturity profile of the undiscounted cash flows for financial liabilities placed based on the remaining period from the financial position date to the contractual maturity date. It indicates the earliest maturity dates that the Bank's counterparties have the ability to demand repayment.

The figures represent undiscounted cash flows (except for derivatives liabilities), and include estimated interest amounts, and therefore do not match to the statement of financial position.

Contractual maturities for financial liabilities at 31 December 2024 and 31 December 2023 were:

Presented in EUR (000)	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Borrowings	316	10,691	28,247	555,198	337,397	931,849
Derivative financial instruments	-	5,312	-	31,646	75,484	112,442
Other and lease liabilities	-	17,812	-	-	-	17,812
<b>Financial Liabilities at 31 December 2024</b>	<b>316</b>	<b>33,815</b>	<b>28,247</b>	<b>586,844</b>	<b>412,881</b>	<b>1,062,103</b>
Borrowings	-	9,179	453,134	412,150	398,071	1,272,534
Derivative financial instruments	-	82	958	23,439	84,519	108,998
Other and lease liabilities	-	21,859	2,807	-	-	24,666
<b>Financial Liabilities at 31 December 2023</b>	<b>-</b>	<b>31,120</b>	<b>456,899</b>	<b>435,589</b>	<b>482,590</b>	<b>1,406,198</b>

# Notes to the Financial Statements

## c) Market Risk

Market risk is the risk that changes in foreign exchange rates, interest rates or market prices of financial instruments may result in losses to the Bank. Market risk arises on such instruments that are valued at current market prices (mark to market basis) or those valued at cost plus any accrued interest (accruals basis).

The Bank funds its operations by using the Bank's own share capital and by borrowing on the international capital markets. The Bank aims to match, wherever possible, the currencies, tenors and interest rate characteristics of its borrowings with those of its lending portfolios. When necessary, the Bank uses derivative instruments to reduce its exposure to exchange rate and interest rate risks.

The Board has approved risk management policies and limits within which exposure to market risk is monitored, measured and controlled. The ALCO monitors and manages these risks while the asset and liability function within the Treasury Department has primary responsibility for ensuring compliance with these policies and limits.

### c1. Foreign exchange risk

The Bank's risk management policies seek to minimize currency exposures or any unanticipated changes, favorable or unfavorable, in foreign exchange rates that could affect the income statement, by requiring net liabilities in any one currency to be matched closely with net assets in the same currency. The Bank will not take discretionary currency positions. This is achieved primarily by holding or lending the proceeds of the Bank's borrowings in the currencies in which they were borrowed.

The Bank regularly monitors its assets and liabilities in order to ensure the Bank takes no significant foreign exchange risks and, after swap activities, adjusts the net asset currency composition to the Bank's functional currency to maintain a matched foreign exchange position. As a matter of policy, the Bank aims to keep foreign exchange exposure as close to zero as possible, with exceptions to this practice requiring approval from the ALCO. For local currency transactions the Bank matches the operation's currency with borrowings in the same currency, as such there is no material exposure. The tables below provide a currency breakdown of the Bank's assets and liabilities, showing that the effect of any currency fluctuations on the net exposure is minimal.

At 31 December 2024		United States Dollar	Swiss franc	Other	Total
Presented in EUR (000)	Euro				
<b>Assets</b>					
Cash and due from banks	160,778	14,076	-	49,479	<b>224,333</b>
Deposits in margin accounts	94,020	-	-	-	<b>94,020</b>
Debt investment securities	66,124	28,486	-	-	<b>94,610</b>
Derivative financial instruments	1,305	14,664	-	-	<b>15,969</b>
Loans	877,584	511,398	-	50,861	<b>1,439,843</b>
Accrued/deferred income	27,443	8,177	-	(173)	<b>35,447</b>
Expected credit losses on loans	(54,058)	(41,966)	-	(208)	<b>(96,232)</b>
Equity investments	6,037	167	-	421	<b>6,625</b>
Other assets	10,021	3,487	443	1,957	<b>15,908</b>
<b>Total</b>	<b>1,189,254</b>	<b>538,489</b>	<b>443</b>	<b>102,337</b>	<b>1,830,523</b>
<b>Liabilities</b>					
Borrowings	302,128	79,039	168,127	272,885	<b>822,179</b>
Margin accounts	-	-	-	-	-
Derivative financial instruments	63,258	49,184	-	-	<b>112,442</b>
Other and lease liabilities	9,855	6,645	175	1,137	<b>17,812</b>
<b>Total</b>	<b>375,241</b>	<b>134,868</b>	<b>168,302</b>	<b>274,022</b>	<b>952,433</b>
<b>Currency balance at 31 December 2024</b>	<b>814,013</b>	<b>403,621</b>	<b>(167,859)</b>	<b>(171,685)</b>	<b>878,090</b>

## Notes to the Financial Statements

At 31 December 2023		United States Dollar	Swiss franc	Other	Total
Presented in EUR (000)	Euro				
<b>Assets</b>					
Cash and due from banks	253,030	94,629	-	27,731	375,390
Deposits in margin accounts	80,120	-	-	-	80,120
Debt investment securities	68,568	26,418	-	-	94,986
Derivative financial instruments	5,413	29,855	-	145	35,413
Loans	1,127,965	445,416	-	2,540	1,575,921
Accrued/deferred income	49,933	7,801	-	(13)	57,721
Expected credit losses on loans	(53,449)	(30,477)	-	(7)	(83,933)
Equity investments	7,715	2,808	-	142	10,665
Other assets	18,413	-	-	-	18,413
Asset held for sale	2,962	-	-	-	2,962
Total	1,560,670	576,450	-	30,538	2,167,658
<b>Liabilities</b>					
Borrowings	303,137	461,911	162,555	246,881	1,174,484
Margin accounts	1,600	-	-	-	1,600
Derivative financial instruments	74,631	34,367	-	-	108,998
Other and lease liabilities	24,666	-	-	-	24,666
Total	404,034	496,278	162,555	246,881	1,309,748
<b>Currency balance at 31 December 2023</b>	<b>1,156,636</b>	<b>80,172</b>	<b>(162,555)</b>	<b>(216,343)</b>	<b>857,910</b>

### c2. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate, favorably or unfavorably, due to changes in market interest rates. The length of time for which the rate of interest is determined on a financial instrument indicates to what extent it is exposed to that interest rate risk.

The Bank's interest rate risk management activities aim to enhance profitability, by limiting the effect on asset values of adverse interest rate movements in order to increase net interest income by managing interest rate exposure. The majority of the Bank's loan portfolio is variable interest rate and the Bank has a policy aimed at minimizing interest rate mismatches between its assets and liabilities that seeks to ensure that the interest rate payment periods for its liabilities are matched as closely as possible to interest rate payment periods for the Bank's assets. As a matter of policy, the Bank does not take discretionary interest rate positions.

The tables below provide information of the Bank's interest rate risk exposure on non-trading financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorized either on the contractual maturity date of the financial instruments (including derivative financial instruments) or, in the case of instruments that re-price to a market rate of interest before maturity, the next re-pricing date as at the financial position date.

At 31 December 2024	Interest bearing						Non-interest bearing	Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years			
Presented in EUR (000)								
<b>Assets</b>								
Cash and due from banks	224,317	-	-	-	-	-	16	224,333
Deposits in margin accounts	94,020	-	-	-	-	-	-	94,020
Debt investment securities	49,940	-	19,209	21,400	4,061	-	-	94,610
Derivative financial instruments	-	-	-	15,969	-	-	-	15,969
Loans	273,149	148,221	590,365	347,573	80,535	-	-	1,439,843
Equity investments	-	-	-	-	-	6,625	-	6,625
Accrued/deferred income	-	-	-	-	-	35,447	-	35,447
Other assets	-	-	-	-	-	15,908	-	15,908
Total	641,426	148,221	609,574	384,942	84,596	57,996	-	1,926,755
<b>Liabilities</b>								
Borrowings	-	6,634	5,855	463,095	339,727	6,868	-	822,179
Margin accounts	-	-	-	-	-	-	-	-
Derivative financial instruments	-	5,312	-	31,646	75,484	-	-	112,442
Other and lease liabilities	-	-	-	-	-	17,812	-	17,812
Total	-	11,946	5,855	494,741	415,211	24,680	-	952,433
<b>Interest rate risk at 31 December 2024</b>	<b>641,426</b>	<b>136,275</b>	<b>603,719</b>	<b>(109,799)</b>	<b>(330,615)</b>	<b>33,316</b>	<b>974,322</b>	

## Notes to the Financial Statements

At 31 December 2023	Interest bearing					Non-interest bearing	Total
	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years		
<b>Presented in EUR (000)</b>							
<b>Assets</b>							
Cash and due from banks	375,388	-	-	-	-	2	<b>375,390</b>
Deposits in margin accounts	80,120	-	-	-	-	-	<b>80,120</b>
Debt investment securities	50,000	-	3,088	41,898	-	-	<b>94,986</b>
Derivative financial instruments	-	2,402	3,297	27,416	2,298	-	<b>35,413</b>
Loans	209,862	211,035	702,360	373,435	79,229	-	<b>1,575,921</b>
Equity investments	-	-	-	-	-	10,665	<b>10,665</b>
Accrued/deferred income	-	-	-	-	-	57,721	<b>57,721</b>
Other assets	-	-	-	-	-	18,413	<b>18,413</b>
Asset held for sale	2,962	-	-	-	-	-	<b>2,962</b>
<b>Total</b>	<b>718,332</b>	<b>213,437</b>	<b>708,745</b>	<b>442,749</b>	<b>81,527</b>	<b>86,801</b>	<b>2,251,591</b>
<b>Liabilities</b>							
Borrowings	-	6,634	428,758	420,079	312,537	6,476	<b>1,174,484</b>
Margin accounts	-	-	-	-	-	1,600	<b>1,600</b>
Derivative financial instruments	-	82	958	23,439	84,519	-	<b>108,998</b>
Other and lease liabilities	-	-	-	-	-	24,666	<b>24,666</b>
<b>Total</b>	<b>-</b>	<b>6,716</b>	<b>429,716</b>	<b>443,518</b>	<b>397,056</b>	<b>32,742</b>	<b>1,309,748</b>
<b>Interest rate risk at 31 December 2023</b>	<b>718,332</b>	<b>206,721</b>	<b>279,029</b>	<b>(769)</b>	<b>(315,529)</b>	<b>54,059</b>	<b>941,843</b>

### c3. Sensitivity analysis

#### Currency risk sensitivity

The Bank is marginally sensitive to exchange rate fluctuations of the Euro and US dollar. The Bank's paid-in capital is held in Euro and the Bank's loan portfolio is typically denominated around 70% Euro and 30% US dollar currencies, with minor, if any, loans in local currency or are matched with that amount borrowed. In addition, the Bank's administrative expenses are denominated in Euro, and the Bank's income is typically denominated around 70% Euro and 30% US dollar currencies. The Bank has addressed this sensitivity to currency risk by proceeding to increase the percentage of loans denominated in Euro, and therefore increasing its Euro denominated income and would not had a significant impact.

#### Interest rate sensitivity

The Bank's interest rate sensitivity analysis comprises two elements. Firstly, there is the differential between the interest rate the Bank earns on its assets and the cost of borrowing to fund these assets. For this element the Bank does, as closely as possible, match interest rate periods, thus minimizing or even eliminating sensitivity. Secondly, there is the absolute rate earned on assets that are funded by the Bank's member's equity resources. The majority of the Bank's member's equity resources are currently invested in the Bank's loan portfolio at floating rates; therefore, subjecting earnings on member's equity resources to a minor degree of fluctuation.

The table below details the re-pricing gap by currency. A parallel upward or downward shift in the Euro and US dollar curves of 50 basis points would have generated the maximum loss or gain respectively.

Presented in EUR (000)	At	At
	31 December 2024	31 December 2023
Euro	969,144	1,011,000
United States dollar	159,642	(182,000)
<b>Total re-pricing gap</b>	<b>1,128,786</b>	<b>829,000</b>
<b>Shift of 50 basis points in the EUR curve</b>	<b>5,644</b>	<b>4,144</b>

## Notes to the Financial Statements

Under this scenario of an instantaneous parallel shift of interest rates by 50 basis points yield curve, the impact on net interest income and consequently the impact on total comprehensive income would have been as follows.

	At 31 December 2024		
	Financial statement amount	Upward shift	Downward shift
<b>Presented in EUR (000)</b>			
Income for the year	23,427	29,071	17,783
Other comprehensive income	8,707	8,707	8,707
<b>Total comprehensive income</b>	<b>32,134</b>	<b>37,778</b>	<b>26,490</b>

	At 31 December 2023		
	Financial statement amount	Upward shift	Downward shift
<b>Presented in EUR (000)</b>			
Income for the year	20,409	24,553	16,265
Other comprehensive income	2,371	2,371	2,371
<b>Total comprehensive income</b>	<b>22,780</b>	<b>26,924</b>	<b>18,636</b>

### c4. Hedges of interest rate risk and foreign currency risk

#### Fair value hedges

The Bank uses pay floating/receive fixed interest rate and cross-currency interest rate swaps to hedge the interest rate and foreign currency risks, deriving from its issuance of both Euro and denominated in foreign currencies debt (mainly US dollar, Australian dollar and Romanian leu). The Bank hedges interest rate risk to the extent of the benchmark interest rate exposure of the floating leg (mainly Euro, US dollar rates). Provided that the aforementioned exposures satisfy the hedge accounting criteria (see Note 3.9.1), these are designated in fair value hedges.

Upon designation, the fair value change on the qualifying hedging instruments is recognized in profit or loss. Also, the change in fair value of the hedged item attributable to the hedged risk is recognized in the same line item in profit or loss. If the carrying amount of the hedged item is not already measured at fair value (rather measured at cost or amortized cost), then it is adjusted accordingly, with a corresponding entry. The Bank recognizes any ineffective portion of the fair value hedge relationships in income statement.

Upon hedge discontinuation, any hedging adjustment made to a hedged item for which the effective interest method is used, is amortized to income statement, by adjusting the effective interest rate from the date on which amortization begins. If the hedged item is derecognized, then the adjustment is recognized immediately in income statement.

The Bank establishes a hedge ratio 1:1, by aligning the par amount of the fixed-rate liability and the notional amount of the interest rate and cross currency swap designated as a hedging instrument. Note 3.9.1 sets out more details on the accounting policy of the fair value hedges.

## Notes to the Financial Statements

At 31 December 2024 and 31 December 2023, the Bank held the following interest rate and cross currency swaps as hedging instruments in fair value hedges of interest and foreign currency risk.

	At 31 December 2024	
Presented in EUR (000)	1 – 5 years	Over 5 years
<b>Interest Rate Swaps</b>		
Hedge of borrowings / euro notes:		
Nominal amount	10,107	201,817
Average fixed interest rate	2.19%	1.63%
<b>Cross Currency Swaps</b>		
Hedge of borrowing / other notes:		
Nominal amount	239,227	50,351
Average EUR: USD exchange rate	1.65	1.07
Average EUR: AUD exchange rate	4.31	
Average EUR: PLN exchange rate	24.95	
Average EUR: CZK exchange rate	4.97	
Average EUR: RON exchange rate	159.70	
Average EUR: JPY exchange rate	0.85	
Average EUR: GBP exchange rate	34.70	
Average EUR: TRY exchange rate	1.80	

	At 31 December 2023	
Presented in EUR (000)	1 – 5 years	Over 5 years
<b>Interest Rate Swaps</b>		
Hedge of borrowings / euro notes:		
Nominal amount	196,923	1.63%
Average fixed interest rate		
<b>Cross Currency Swaps</b>		
Hedge of borrowing / other notes:		
Nominal amount	167,467	35,311
Average EUR: AUD exchange rate	1.63	
Average EUR: PLN exchange rate	4.39	
Average EUR: CZK exchange rate	24.23	
Average EUR: RON exchange rate	4.97	
Average EUR: JPY exchange rate	156.75	
Average EUR: GBP exchange rate	0.86	

## Notes to the Financial Statements

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2024 and 31 December 2023 were as follows:

Presented EUR (000)		At 31 December 2024					
		Nominal amount	Carrying amount	Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness for 2024	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
				Assets	Liabilities		
Interest rate swaps – hedge of borrowings	211,924	-	40,544	Derivative financial instruments – assets/liabilities	2,636	(301)	Unrealized fair value (losses) on derivative instruments
Cross currency swaps – hedge of borrowings	289,578	1,304	36,803	Derivative financial instruments – assets/liabilities	(7,921)	(893)	Unrealized fair value (losses) on derivative instruments
<b>Total</b>	<b>501,502</b>	<b>1,304</b>	<b>77,347</b>		<b>(5,285)</b>	<b>(1,194)</b>	

Presented EUR (000)		At 31 December 2023					
		Nominal amount	Carrying amount	Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness for 2023	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
				Assets	Liabilities		
Interest rate swaps – hedge of borrowings	196,923	-	43,180	Derivative financial instruments – assets/liabilities	3,809	479	Unrealized fair value (losses) on derivative instruments
Cross currency swaps – hedge of borrowings	202,778	2,261	29,839	Derivative financial instruments – assets/liabilities	(4,803)	2,204	Unrealized fair value (losses) on derivative instruments
<b>Total</b>	<b>399,701</b>	<b>2,261</b>	<b>73,019</b>		<b>(994)</b>	<b>2,683</b>	

## Notes to the Financial Statements

The amounts relating to items designated as hedged items at 31 December 2024 and 31 December 2023 were as follows:

Presented in EUR (000)	At 31 December 2024		
	Carrying amount	Line item in the statement of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness
	<b>Assets</b>	<b>Liabilities</b>	
Euro Notes issued	-	120,000	Borrowings
Other Notes Issued	-	469,518	Borrowings
<b>Total</b>	<b>-</b>	<b>589,518</b>	<b>(22,842)</b>

At 31 December 2024, there were no amounts related to settled swaps.

Presented in EUR (000)	At 31 December 2023		
	Carrying amount	Line item in the statement of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness
	<b>Assets</b>	<b>Liabilities</b>	
Euro Notes issued	-	120,000	Borrowings
Other Notes Issued	-	409,705	Borrowings
<b>Total</b>	<b>-</b>	<b>529,705</b>	<b>(111,365)</b>

### Cash flow hedges

As part of the risk management strategy objective, the Bank also uses pay fixed/receive fixed cross-currency interest rate swaps, in order to hedge the exposure to the variability in cash flows attributable to interest rate risk and foreign exchange risk in respect to its issuance of fixed rate notes denominated in foreign currencies (e.g., Swiss franc, CHF). When such hedging relationships meet the specified hedge accounting criteria, these are designated in cash flow hedges.

Upon designation, the effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognized in Other Comprehensive Income (OCI) and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from the inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit and loss and is included in the "Unrealized fair value gains (losses) on derivative instruments" line item.

The Bank establishes a hedge ratio 1:1, by aligning the par amount of the fixed-rate liability and the notional amount of the interest rate and cross currency swap designated as a hedging instrument. Note 3.9.1 sets out more details on the accounting policy of the cash flow hedges.

## Notes to the Financial Statements

At 31 December 2024, the Bank designated a pay fixed-receive fixed cross-currency interest rate swap (USD: CHF) in cash flow hedge relationship. The hedging instrument's nominal amount was EUR 159,371 thousand (2023: EUR 161,987 thousand), with the corresponding hedged item being Swiss franc notes issued, as included in the Bank's statement of financial position (under "Borrowings" line item). Additionally, another cash flow hedge relationship with a nominal value of EUR 4,813 thousand (2023: nil) was designated with corresponding hedge item being a loan.

For above outstanding hedged designation, the balance in the cash flow hedge reserve amounts to EUR 4,561 thousand loss (2023: EUR 2,328 thousand loss, see Note "Reserves"). At 31 December 2024, there were no amounts related to settled swaps.

### **C5. Equity price risk**

The Bank has a small equity investments portfolio and as such does not have market risk exposure concerning foreign exchange or equity price risk on this portfolio. At 31 December 2024 the Bank's equity investments were classified at FVTOCI.

The Bank takes a long-term approach of its equity investments and has no intention of exiting from any, therefore accepts the short-term volatilities in value from exchange rate and price risk. The Bank expects the effect on net income to be of little to no impact.

Additional sensitivity information for the Bank's equity investments has been included under 'Fair value hierarchy' later in this section and in the Note "Equity investments".

### **Operational Risk**

Like all financial institutions, the Bank is exposed to operational risks arising from its systems and processes. Operational risks include the risks of losses resulting from inadequate or failed internal processes, people, systems, legal, and from external events which could have a negative financial or adverse reputational impact. The Bank has a low tolerance for losses arising from the operational risks the Bank is exposed to.

The Operational Risk Department has oversight on operational risk activities across the Bank. The Bank's operational risk framework is a network of processes, procedures, reports and responsibilities that are used to identify, manage and monitor the operational risks of the Bank. These include committees, working groups, day-to-day practices such as the collection and analysis of key risks, risk of loss incidents and both strategic and work cultural practices. This provides a structured approach to managing operational risk and seeks to apply consistent standards and techniques for evaluating risks across the Bank. The Bank has a comprehensive set of policies and procedures that indicate how operational risks should be managed throughout the Bank.

The sources of operational risk emerge in various ways, including business interruptions, inappropriate behavior of employees (including fraud), failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their contractual arrangements. These events could result in financial losses, as well as reputational damage to the Bank. The Bank's operational risk management focuses on proactive measures to mitigate the operational risk.

Where any incident may occur the Bank systematically collects, analyses and reports data on that incident to ensure the Bank understands the reasons it occurred and how controls can be improved to reduce or better avoid the risk of any future incident.

## Notes to the Financial Statements

The Bank's risk and control assessments of the key operational risks in each business area are comprehensive and primarily bottom-up. They are based on Bank-wide operational risk definitions, that classify risks under a standardized approach, cover the inherent risks of each business area and control function, provide an evaluation of the effectiveness of the controls in place to mitigate these risks, determine the residual risk ratings and require a decision to either accept or remediate any remaining risk.

Concerning cybercrime, which is risk of loss or damage to the Bank's business areas and customers as a result of actions committed or facilitated through the use of networked information systems, the Bank's Information Technologies Department (DIT), and information security policies and procedures ensure that all servers and computers have up to date antivirus software. Backups are made regularly and regular access control checks, system penetration and vulnerability tests along with disaster recovery tests are performed. The Bank's anti-cyberattack controls are checked and aligned with industry best practice by the DIT.

The Bank regularly produces management information reports covering the key inputs and outputs of operational risk. These reports are used to monitor outcomes against agreed targets and tolerance levels. The Bank utilizes the Bank's IT systems and other information tools to ensure operational risks are identified and managed properly.

Overall, the Bank is committed to follow the best practices and market standards in the area of accountability, transparency and business ethics. Due diligence on customers and counterparties takes into consideration the Anti-Fraud Corruption and Monetary Laundering Policy and Know-Your Customer Procedures. The Bank also has a contingency and business continuity plans, and a disaster recovery off-site which aims to ensure the continuity of its operations and protect the interests of all the key stakeholders of the Bank, namely, the member countries, bondholders and other creditors as well as employees and their families, in the event of any disturbance in office locations.

### **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.

## Notes to the Financial Statements

The tables below identify the Bank's financial instruments measured at fair value and on a recurring basis at 31 December 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	-	15,969	-	<b>15,969</b>
Fair value through profit or loss:				
Loans	-	-	20,308	<b>20,308</b>
Fair value through other comprehensive income:				
Debt investment securities	94,610	-	-	<b>94,610</b>
Equity investments	-	-	6,625	<b>6,625</b>
Derivative financial instruments – liabilities	-	(112,442)	-	<b>(112,442)</b>
<b>At 31 December 2024 on recurring basis</b>	<b>94,610</b>	<b>(96,473)</b>	<b>26,933</b>	<b>25,070</b>

Debt investment securities in Level 3 are equivalent to their fair value due to the very short-dated nature of these financial assets.

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 were no transfers between Levels during the year.

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

### 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 31 December 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	(519)	(1,561)
Revaluation gains (losses)	-	(21,271)
<b>At end of year on recurring basis</b>	<b>20,308</b>	<b>10,827</b>

At 31 December 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.

## Notes to the Financial Statements

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 31 December 2024	At 31 December 2023
At 1 January	10,665	12,440
Disbursements*	221	931
Repayments	(1,411)	(2,088)
Distribution of equity investment	(2,865)	-
Total gains (losses) recognized in other comprehensive income	261	(618)
Exit at fair value through other comprehensive income**	(246)	-
<b>At end of year on recurring basis</b>	<b>6,625</b>	<b>10,665</b>

\* 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 31 December 2024 an amount of EUR -246 thousand (2023: nil) was exit of such financial assets and not recycled to the income statement (see Note "Equity investments").

### Sensitivity Analysis for Level 3

The table below illustrates the valuation techniques used in the determination of fair values for loans and equity investments 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 approach 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	20,308	1,015	(1,015)
Equity investments	Net asset value and EBITDA multiples	6,625	331	(331)
<b>At 31 December 2024</b>		<b>26,933</b>	<b>1,346</b>	<b>(1,346)</b>

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 multiples	10,665	533	(533)
<b>At 31 December 2023</b>		<b>24,454</b>	<b>1,223</b>	<b>(1,223)</b>

\* Also includes asset held for sale, loan.

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 period.

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 Financial Statements

## Financial Instruments not Measured at Fair Value

The table below classifies the Bank's financial instruments at 31 December 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, with exception of loans in Stage 3 calculated outstanding amount net of expected credit loss as such loans originated by the Bank had little, if any market activity, are classified in Level 3.

Presented in EUR (000)	At 31 December 2024			Fair value	Carrying amount
	Level 1	Level 2	Level 3		
<b>Assets</b>					
Cash and due from banks	224,333	-	-	<b>224,333</b>	224,333
Deposits in margin accounts	94,020	-	-	<b>94,020</b>	94,020
Loans at amortized cost	234,965	-	1,138,240	<b>1,373,205</b>	1,419,535
Accrued/deferred income	-	-	35,447	<b>35,447</b>	35,447
Other assets	-	-	15,908	<b>15,908</b>	15,908
<b>Total financial assets</b>	<b>553,318</b>	-	<b>1,189,595</b>	<b>1,742,913</b>	<b>1,789,243</b>
<b>Liabilities</b>					
Borrowings	154,988	578,414	84,319	<b>817,721</b>	822,179
Margin accounts	-	-	-	-	-
Other and lease liabilities	-	-	17,812	<b>17,812</b>	17,812
<b>Total financial liabilities</b>	<b>154,988</b>	<b>578,414</b>	<b>102,131</b>	<b>835,533</b>	<b>839,991</b>

Presented in EUR (000)	At 31 December 2023			Fair value	Carrying amount
	Level 1	Level 2	Level 3		
<b>Assets</b>					
Cash and due from banks	375,390	-	-	<b>375,390</b>	375,390
Deposits in margin accounts	80,120	-	-	<b>80,120</b>	80,120
Loans at amortized cost	232,013	-	1,314,832	<b>1,546,845</b>	1,565,094
Accrued/deferred income	-	-	57,721	<b>57,721</b>	57,721
Other assets	-	-	18,413	<b>18,413</b>	18,413
<b>Total financial assets</b>	<b>687,523</b>	-	<b>1,390,966</b>	<b>2,078,489</b>	<b>2,096,738</b>
<b>Liabilities</b>					
Borrowings	500,269	476,723	122,016	<b>1,099,008</b>	1,174,484
Margin accounts	1,600	-	-	<b>1,600</b>	1,600
Other and lease liabilities	-	2,807	21,859	<b>24,666</b>	24,666
<b>Total financial liabilities</b>	<b>501,869</b>	<b>479,530</b>	<b>143,875</b>	<b>1,125,274</b>	<b>1,200,750</b>

# Notes to the Financial Statements

## 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 36<sup>th</sup> 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.

# Notes to the Financial Statements

## 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.

Presented in EUR (000)	2024			2023		
	Lending	Treasury	Total	Lending	Treasury	Total
<b>Income statement</b>						
Interest income	67,514	17,978	85,492	107,710	20,826	128,536
Net fees and commissions	1,809	182	1,991	475	-	475
Other income (losses)	14	(7,247)	(7,233)	3	(549)	(546)
Total segment revenues	69,337	10,913	80,250	108,188	20,277	128,465
Interest expense	(29,943)	(271)	(30,214)	(54,615)	(469)	(55,084)
Net interest income (expense) on derivatives	-	(18,891)	(18,891)	-	(17,400)	(17,400)
Gains (losses) on other financial instruments	(1,370)	(2,712)	(4,082)	(2,737)	14,042	11,305
Foreign exchange	-	28,377	28,377	-	(176)	(176)
Personnel and administrative expenses	(22,883)	(840)	(23,723)	(21,746)	(774)	(22,520)
Depreciation and amortization	(479)	(3)	(482)	(448)	(8)	(456)
Segment income before ECL	14,662	16,573	31,235	28,642	15,492	44,134
Less: expected credit losses	(6,992)	(816)	(7,808)	(23,248)	(477)	(23,725)
<b>Income for the year</b>	<b>7,670</b>	<b>15,757</b>	<b>23,427</b>	<b>5,394</b>	<b>15,015</b>	<b>20,409</b>

Presented in EUR (000)	31 December 2024			31 December 2023		
	Lending	Treasury	Total	Lending	Treasury	Total
<b>Financial position</b>						
Segment assets	1,414,526	428,932	1,843,458	1,582,976	585,909	2,168,885
<b>At end of year</b>			<b>1,843,458</b>			<b>2,168,885</b>
Segment liabilities	839,991	112,442	952,433	1,199,150	110,598	1,309,748
Members' equity	-	-	891,025	-	-	859,137
<b>At end of year</b>			<b>1,843,458</b>			<b>2,168,885</b>

# Notes to the Financial Statements

## Segment Revenues – Geographic

The Bank's revenues arise from the following areas. Revenues are attributed to the area on the basis of an operation's location in which it operates:

	Year to 31 December 2024	Year to 31 December 2023
<b>Presented in EUR (000)</b>		
Albania, Bulgaria and Greece	16,858	25,058
Armenia, Azerbaijan, Georgia and Turkiye	27,090	37,831
Moldova Romania, Russian Federation and Ukraine	25,389	45,299
Treasury	10,913	20,277
<b>Total segment revenues</b>	<b>80,250</b>	<b>128,465</b>

## 7. INTEREST AND SIMILAR INCOME

Interest and similar income are analyzed as follows:

	Year to 31 December 2024	Year to 31 December 2023
<b>Presented in EUR (000)</b>		
From loans at amortized cost	66,234	106,386
From due from banks	6,296	6,689
From debt securities at FVTOCI	11,682	14,137
Total interest income for financial instruments not measured at FVTPL	84,212	127,212
From loans at FVTPL	1,280	1,324
<b>Interest and similar income</b>	<b>85,492</b>	<b>128,536</b>

## 8. INTEREST AND SIMILAR EXPENSE

Interest and similar expense are analyzed as follows:

	Year to 31 December 2024	Year to 31 December 2023
<b>Presented in EUR (000)</b>		
From borrowed funds *	6,292	15,778
From issued debt	23,651	38,837
From other charges	271	469
<b>Interest and similar expense</b>	<b>30,214</b>	<b>55,084</b>

\* For presentation purposes concerning the prior year an amount of EUR 10,878 thousand was reclassified from interest expense from borrowed funds to interest income from loans at amortized cost which represented an adjustment of interest income loss on loans in stage 3, while net interest income remained unchanged was not considered necessary to present a restated income statement.

## 9. NET INTEREST ON DERIVATIVES

Net interest on derivatives is analyzed as follows:

	Year to 31 December 2024	Year to 31 December 2023
<b>Presented in EUR (000)</b>		
Interest on derivatives receivable	38,391	55,472
Interest on derivatives payable	(57,282)	(72,872)
<b>Net interest income (expense) on derivatives</b>	<b>(18,891)</b>	<b>(17,400)</b>

## Notes to the Financial Statements

### 10. NET FEES AND COMMISSIONS

Net fees and commissions are analyzed as follows:

Presented in EUR (000)	Year to 31 December 2024	Year to 31 December 2023
Guarantee fees	147	164
Management fees	212	124
Administration fees	17	14
Surveillance fees	32	51
Participation	182	-
Prepayment / cancellation fees	1,214	21
Other fees	187	101
<b>Net Fees and commissions</b>	<b>1,991</b>	<b>475</b>

### 11. PERSONNEL AND ADMINISTRATIVE EXPENSES

Administrative expenses are analyzed as follows:

Presented in EUR (000)	Year to 31 December 2024	Year to 31 December 2023
Salaries and benefits	15,215	14,935
Staff retirement plans	2,983	2,695
<b>Personnel expenses</b>	<b>18,198</b>	<b>17,630</b>
Professional fees and related expenses	1,466	1,218
Utilities and maintenance	1,806	1,788
Other administrative	2,253	1,884
<b>Administrative expenses</b>	<b>5,525</b>	<b>4,890</b>

The average number of staff employed during the year was 113 (2023: 115). The number of staff at 31 December 2024 was 111 (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 17).

## Notes to the Financial Statements

### 12. EXPECTED CREDIT LOSSES ON LOANS

The table below presents the movement of the Expected Credit Losses arise from Loans measured at amortized cost. A summary of the movements in expected credit loss is as follows.

Presented in EUR (000)	Stage 1	Stage 2	Stage 3	Total
<b>At 31 December 2022</b>	<b>1,202</b>	<b>36,514</b>	<b>68,760</b>	<b>106,476</b>
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
<b>Foreign exchange and other adjustment</b>	<b>(35)</b>	<b>(390)</b>	<b>(436)</b>	<b>(861)</b>
<b>At 31 December 2023</b>	<b>1,891</b>	<b>19,934</b>	<b>62,108</b>	<b>83,933</b>
New loans originated	763	406	-	1,169
Release	(269)	(704)	-	(973)
Transfer	(46)	16,373	(16,327)	-
Impact in net remeasurement	(426)	(1,205)	11,577	9,946
Foreign exchange and other adjustments	27	587	1,543	2,157
<b>At 31 December 2024</b>	<b>1,940</b>	<b>35,391</b>	<b>58,901</b>	<b>96,232</b>

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 96,232 thousand in the year ended 31 December 2024 (2023: EUR 83,933 thousand) an increase EUR 12,299 thousand compared to 2023, which is mainly attributable to ECL charge amounted to EUR 10,098 thousand. 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.

## Notes to the Financial Statements

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, which may also include an ECL on any guarantee. At 31 December 2024 the related amount included in other liabilities is EUR 312 thousand for loan commitments of EUR 50,812 thousand (2023: EUR 3,047 thousand for loan commitments of EUR 64,829 thousand). The ECL released during the current financial year was EUR 3,106 thousand which included in the financial statement line "Expected credit (losses) gains on loans measured at amortized cost".

### 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 year ended 31 December 2024 of Russian and Ukraine loans as follows:

	Presented in EUR (000)		
	Stage 2	Stage 3	Total
Russia			
Outstanding balance	75,240	59,474	134,714
Expected credit loss	142	22,735	22,877
Ukraine	Presented in EUR (000)		
	Stage 2	Stage 3	Total
Outstanding balance	177,054	41,104	218,158
Expected credit loss	34,858	34,591	69,449

### Repayments from Private Sector of Russian Federation

As regards repayments of bona fide loans to private borrowers in the Russian Federation (RF), extended pursuant to the mandate of the international treaty establishing the Bank, which is ratified from all Member States and filed with the United Nations, all of which loans were extended and outstanding prior to February 2022, the Bank has proceeded receiving such either through general licenses under various pragmatically

relevant sanctions regimes, or through a formal clarifying derogation by the relevant European Union Authority for all such, requested for transparency and comfort to counterparties, while preserving the supra-national status of the institution. Similarly, the Bank is unambiguously exempted from any and all moratoria and other restrictions in all its Member States pursuant to fundamental articles in its ratified Establishing Treaty, including capital controls. In the latter respect, the authorities of the RF, though exempting the Bank from such controls, continue to require the borrowers themselves to apply for specific licenses from the appropriate Ministry, and/or Central Bank. In some instances, delays in the above process resulted in credit worthy and willing and able borrowers depositing certain instalments due in a special type of account under RF legislation, known as "S" banking account, until the RF authorities clear their removal. Such monies, for the avoidance of doubt, belong to the Bank.

### 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.

## Notes to the Financial Statements

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 252,294 thousand representing 17.5% of total outstanding loans at amortized cost as of 31 December 2024 and their respective ECL allowance was EUR 35,195 thousand, which includes that of undrawn commitments (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.

### 13. DEBT INVESTMENT SECURITIES

Debt investment securities are analyzed as follows:

Presented in EUR (000)	At 31 December 2024	At 31 December 2023
Gross balance at 1 January	95,975	525,736
Purchase of debt investment securities	2,135,556	2,240,863
Proceeds from debt investment securities	(2,127,809)	(2,670,624)
Participation in Ukraine government debt restructuring*	(7,247)	-
Gross balance debt investment securities	96,475	95,975
Less: deferred income	(60)	-
Less: expected credit losses	(1,805)	(989)
<b>Debt investment securities at fair value through OCI</b>	<b>94,610</b>	<b>94,986</b>

By investment type

Bonds	44,670	44,986
Commercial papers	49,940	50,000
<b>Debt investment securities at fair value through OCI</b>	<b>94,610</b>	<b>94,986</b>

\* In July 2024 Ukraine announced that it reached agreement with members of the creditor committee which comprises some of Ukraine's largest holders of existing sovereign debt as well as other long-term investors, on debt restructuring terms related to such. The Bank was eligible and participated in this debt restructuring completed in September 2024 which incurred a haircut from the exchange net loss of EUR 7,001 thousand (2023: nil).

Presented in EUR (000)	
Nominal value of bonds prior restructuring	14,510
Net loss recognized in income statement	(7,001)
Net loss in fair value through OCI	(1,272)
Fair value of exchange bonds at 31 December 2024	6,237

## Notes to the Financial Statements

The above tables has an analysis of the Bank's debt investment securities at fair value through other comprehensive income. The below table has a 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	70	-	746	816
Release	-	-	-	-
<b>At 31 December 2024</b>	<b>102</b>	<b>-</b>	<b>1,703</b>	<b>1,805</b>

Total expected credit losses on debt investment securities were EUR 1,805 thousand at 31 December 2024 a net increase of EUR 816 thousand compared to previous year, primarily attributed to the increase in ECL investment securities classified in Stage 3.

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

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 31 December 2024		
	Notional amount of derivative contracts	Fair Value	
	Assets	Liabilities	
<b>Derivatives held for hedging:</b>			
<b>Derivatives designated and effective as hedging instruments carried at fair value hedges:</b>			
Interest Rate Swaps	211,924	-	(40,544)
Cross Currency Swaps	289,578	1,304	(36,803)
<b>Total Derivatives designated in fair value hedges:</b>	<b>501,502</b>	<b>1,304</b>	<b>(77,347)</b>
<b>Derivatives designated and effective as hedging instruments in cash flow hedges:</b>			
Cross Currency Swaps	164,184	10,985	(13)
<b>Total Derivatives designated in cash flow hedges:</b>	<b>164,184</b>	<b>10,985</b>	<b>(13)</b>
<b>Derivatives held for risk management purposes:</b>			
Interest Rate Swaps	203,128	3,680	(29,039)
Cross Currency Swaps	63,716	-	(731)
Forwards	67,379	-	(5,312)
<b>Total Derivatives held for risk management purposes:</b>	<b>334,223</b>	<b>3,680</b>	<b>(35,082)</b>
<b>Total</b>	<b>999,909</b>	<b>15,969</b>	<b>(112,442)</b>

## Notes to the Financial Statements

Presented in EUR (000)	At 31 December 2023		
	Notional amount of derivative contracts	Fair Value	
	Assets	Liabilities	
<b>Derivatives held for hedging:</b>			
<b>Derivatives designated and effective as hedging instruments carried at fair value hedges:</b>			
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)
<b>Derivatives designated and effective as hedging instruments in cash flow hedges:</b>			
Cross Currency Swaps	161,987	19,306	-
Total Derivatives designated in cash flow hedges:	161,987	19,306	-
<b>Derivatives held for risk management purposes:</b>			
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)
<b>Total</b>	<b>1,625,118</b>	<b>35,413</b>	<b>(108,998)</b>

The Bank enters into derivatives for risk management purposes and contains derivatives which are designated as hedging instruments in qualifying hedge relationships, more details of which are provided in Note 5. 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. For more information about how the Bank manages its market risks, see Note "Risk management".

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 Financial Statements

### 15. 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 31 December 2024	At 31 December 2023
<b>Loans at amortized cost:</b>		
At 1 January	1,622,815	2,040,986
Disbursements	449,440	220,202
Less: repayments*	(622,539)	(540,795)
Movement of accrued/deferred income	(22,331)	57,721
Sale of loans	-	(116,441)
Transfer to FVTPL	-	(21,271)
<b>Foreign exchange and other movements</b>	<b>27,597</b>	<b>(17,587)</b>
Outstanding balance	1,454,982	1,622,815
Less: expected credit losses	(96,232)	(83,933)
<b>Loans at fair value through profit or loss**</b>	<b>20,308</b>	<b>10,827</b>
<b>Loans (net carrying amount)</b>	<b>1,379,058</b>	<b>1,549,709</b>

\* Does not include amount received from asset held for sale, loan for 2024 (nil 2023).

\*\* See Note c5 for further movement of 'loans at fair value through profit or loss'.

At 31 December 2024 for loans at amortized cost the outstanding balance was EUR 1,454,982 thousand (2023: EUR 1,622,815 thousand). At 31 December 2024 for loans at fair value through profit or loss the Bank had disposed an amount of EUR 21,271 thousand (2023: nil) that had a fair value of nil.

The carrying amount of loans with respect to their related stages and expected credit losses is analyzed:

Presented in EUR (000)	At 31 December 2024	At 31 December 2023
<b>Stage 1</b>	<b>993,719</b>	<b>979,755</b>
New loans originated	368,940	92,941
Transfer/repayment	(464,277)	(79,058)
Less: expected credit losses	(1,940)	(1,891)
<b>Carrying amount</b>	<b>896,442</b>	<b>991,747</b>
<b>Stage 2</b>	<b>469,147</b>	<b>868,963</b>
Transfer/repayment	(21,446)	(399,815)
Less: expected credit losses	(35,391)	(19,934)
<b>Carrying amount</b>	<b>412,310</b>	<b>449,214</b>
<b>Stage 3</b>	<b>160,028</b>	<b>170,997</b>
Transfer/repayment	(51,129)	(10,968)
Less: expected credit losses	(58,901)	(62,108)
<b>Carrying amount</b>	<b>49,998</b>	<b>97,921</b>
<b>Fair value through profit or loss</b>	<b>20,308</b>	<b>10,827</b>
<b>Net carrying amount</b>	<b>1,379,058</b>	<b>1,549,709</b>

Interest is generally based on Euro and US dollar referenced rates plus a margin. Margins are dependent on the risk category of each loan and typically range from 1.5% to 8.0%. Further analysis of the loan portfolio and comparisons are presented in Notes a2, a3 and a4 of Risk Management section.

## Notes to the Financial Statements

### 16. 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.

Presented in EUR (000)	% of Investment	At 31 December 2024		At 31 December 2023	
		Cost	Fair Value	Cost	Fair value
SEAF Caucasus Growth Fund	-	-	-	2,829	2,675
Access Bank, Azerbaijan	0.58	852	421	802	143
Emerging Europe Accession Fund	10.15	1,110	3,501	1,110	3,999
Rusal	0.01	4	167	4	133
ADM Ceecat Recovery Fund	5.59	261	6	1,506	1,403
Teamnet International	8.33	5,599	-	5,599	-
Natfood	37.98	-	-	-	-
EOS Hellenic Renaissance Fund I	2.01	2,029	2,505	2,031	2,312
EOS Hellenic Renaissance Fund II	0.01	57	25	-	-
<b>Equity investments at fair value though other comprehensive income</b>		<b>9,912</b>	<b>6,625</b>	<b>13,881</b>	<b>10,665</b>

The valuation of such investments, which are unlisted, has been estimated using the most recent management accounts or the latest audited accounts as of 31 December 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.

During the year the Bank received dividend income of EUR 55 thousand from its investment in the SEAF Caucasus Growth fund that was derecognized with a fair value approximate to the amount in above table as it ceased operation/within liquidation.

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 year ended 31 December 2024 in retained earnings.

As of 31 December 2024 the Bank has committed amount of EUR 7,859 thousand towards further participation in the above entities. Additional analysis of the equity investment portfolio is presented in the Note "Risk management".

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 nor significant control.

### 17. OTHER ASSETS

Other assets are analyzed as follows:

Presented in EUR (000)	At 31 December 2024	At 31 December 2023
Advances and prepaid expenses	2,603	1,883
Accrued interest on derivatives	7,728	9,391
Clearinghouse on derivatives	1,604	1,522
Other receivables	371	2,015
Other prepayments	188	185
Staff loans (see Note 11)	3,333	3,327
Guarantee deposits and non-current	81	90
<b>Other assets</b>	<b>15,908</b>	<b>18,413</b>

## Notes to the Financial Statements

### 18. PROPERTY AND EQUIPMENT

Property and equipment is analyzed as follows:

Presented in EUR (000)	Buildings (leasehold)	Vehicle	Furniture and office accessories	Computers and office equipment	Under* construction	Total
Cost						
At 31 December 2022	911	150	592	1,824	-	3,477
Additions	2	137	6	75	-	220
Disposals	-	-	(20)	(77)	-	(97)
At 31 December 2023	913	287	578	1,822	-	3,600
Additions	-	-	9	428	11,403	11,840
Disposals	(20)	(105)	(12)	(290)	-	(427)
<b>At 31 December 2024</b>	<b>893</b>	<b>182</b>	<b>575</b>	<b>1,960</b>	<b>11,403</b>	<b>15,013</b>
Accumulated depreciation						
At 31 December 2022	897	135	568	1,612	-	3,212
Charges	10	15	6	122	-	153
Disposals	-	-	(20)	(77)	-	(97)
At 31 December 2023	907	150	554	1,657	-	3,268
Charges	4	33	9	84	-	130
Disposals	(20)	(105)	(12)	(290)	-	(427)
<b>At 31 December 2024</b>	<b>891</b>	<b>78</b>	<b>551</b>	<b>1,451</b>	<b>-</b>	<b>2,971</b>
Net book value						
<b>At 31 December 2024</b>	<b>2</b>	<b>104</b>	<b>24</b>	<b>509</b>	<b>11,403</b>	<b>12,042</b>
At 31 December 2023	6	137	24	165	-	332
At 31 December 2022	14	15	24	212	-	265

\* The Bank's new permanent Headquarters Premises began acquisition/construction agreement in the first half of 2024, and payments are made within scheduled of such agreement with final payment anticipated around end 2025. The amount of contractual commitment for acquisition/construction is approximately EUR 21,000 thousand. Depreciation will commence after available for use and completed agreement.

## Notes to the Financial Statements

### 19. INTANGIBLE ASSETS

Intangible assets comprising computer software is analyzed as follows:

Presented in EUR (000)	Total
Cost	
At 31 December 2022	5408
Additions	294
At 31 December 2023	5,702
Additions	178
<b>At 31 December 2024</b>	<b>5,880</b>
Accumulated amortization	
At 31 December 2022	4,855
Charges	295
At 31 December 2023	5,150
Charges	349
<b>At 31 December 2024</b>	<b>5,499</b>
Net book value	
<b>At 31 December 2024</b>	<b>381</b>
At 31 December 2023	552
At 31 December 2022	553

## Notes to the Financial Statements

### 20. 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.

Presented in EUR (000)	Average maturity (years)	Approx. average cost (%)	At 31 December 2024		At 31 December 2023	
			Amount used	Amount arranged	Amount used	Amount arranged
Borrowed by						
Amounts borrowed	4.55	2.96	815,311	1,060,694	1,168,008	1,198,008
Accrued interest payable	-	-	6,868	-	6,476	-
<b>Total</b>	<b>4.55</b>	<b>2.96</b>	<b>822,179</b>	<b>1,060,694</b>	<b>1,174,484</b>	<b>1,198,008</b>
Denomination by						
Euro	7.09	2.22	264,280	365,280	317,627	347,627
United States dollar	5.99	3.01	90,541	234,924	448,861	448,861
Swiss franc	2.25	0.35	159,439	159,439	162,092	162,092
Romanian lei	1.41	5.02	67,293	67,293	67,263	67,263
Pound sterling	4.62	2.03	60,170	60,170	57,380	57,380
Turkish lira	5.00	36.76	9,799	9,799	-	-
Georgian lari	3.00	8.25	46,066	46,066	-	-
Czech koruna	1.25	4.61	47,647	47,647	48,536	48,536
Japanese yen	1.41	0.65	30,643	30,643	31,946	31,946
Australian dollar	5.25	3.03	17,664	17,664	18,172	18,172
Polish zloty	1.75	2.12	16,374	16,374	16,131	16,131
New Zealand dollar	4.75	6.10	5,395	5,395	-	-
Accrued interest payable	-	-	6,868	-	6,476	-
<b>Total</b>	<b>4.55</b>	<b>2.96</b>	<b>822,179</b>	<b>1,060,694</b>	<b>1,174,484</b>	<b>1,198,008</b>
Maturity by						
Short-term, within one year	059	4.48	12,489	12,489	435,392	435,392
Long-term, over one year	4.65	2.93	802,822	1,048,205	732,616	762,616
Accrued interest payable	-	-	6,868	-	6,476	-
<b>Total</b>	<b>4.55</b>	<b>2.96</b>	<b>822,179</b>	<b>1,060,694</b>	<b>1,174,484</b>	<b>1,198,008</b>

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 Financial Statements

## 21. OTHER LIABILITIES

Other liabilities are analyzed as follows:

Presented in EUR (000)	At 31 December 2024	At 31 December 2023
Accrued interest on derivatives	15,455	17,366
Pension plan obligation	-	2,807
Suppliers and other accrued expenses	1,717	1,282
Other	312	3,047
<b>Other liabilities</b>	<b>17,484</b>	<b>24,502</b>

## 22. LEASE LIABILITY

The Bank has entered into a lease contract only for its Headquarters premises, which includes renewal options and periodic escalation clauses. There are no other commitments at end of year arising from non-cancellable lease contract. On adoption of IFRS 16 the impact in the statement of financial position of the recognition of right-of-use asset and corresponding lease liability, together with the movement for the year, is analyzed as follows:

Presented in EUR (000)	Total
Lease liability at 31 December 2022	277
Renewal of lease term	531
<b>Lease payments recognized in administrative expenses</b>	<b>(644)</b>
Lease liability at 31 December 2023	164
Renewal of lease term	831
<b>Lease payments recognized in administrative expenses</b>	<b>(667)</b>
<b>Lease liability at 31 December 2024</b>	<b>328</b>

IFRS 16 indicates that at the commencement date, the lessee (the Bank) will discount the lease payment using (a) the interest rate implicit in the lease or (b) the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be determined. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow the funds to obtain (i) an asset of a similar value to the underlying asset (ii) over a similar term (iii) with similar security (iv) in a similar economic environment. As the Bank has only one lease arrangement that is nearing maturity, Management concluded that any adjustment or any subsequent interest does not have any material impact on the financial statements.

The Bank presents right-of-use assets separately as property and equipment, and the lease liability separately within payables and accrued interest, in the statement of financial position. Consequently, the Bank recognizes lease payments and interest, if any on the lease liability on a straight-line basis over the period of the lease term, similarly to any benefits received or that are receivable, in the income statement. When a lease is terminated before the lease period has expired, any payments required to be made to the lessor, by way of penalty, are recognized as an expense in the period the termination takes place.

# Notes to the Financial Statements

## 23. SHARE CAPITAL

From the Bank's inception, and in accordance with Article 4 of the Establishing Agreement, the Bank denominated its authorized share capital in the Special Drawing Right (SDR) as defined by the International Monetary Fund (IMF). Resolution 131 of the BoG unanimously adopted the requisite amendments to paragraph 1 of Article 4 and Articles 23 and 24 of the Establishing Agreement, to expressly include among the exclusive powers of the BoG the change of the unit of account of the Bank, and the redenomination of all capital stock of the Bank. These amendments to the Establishing Agreement became effective on 21 June 2013 (the 'Effective Date'). In accordance with such Resolution 131 of the BoG as of the Effective Date the unit of account of the Bank became the EUR and the authorized capital stock of the Bank was redenominated into three billion four hundred and fifty million EUR (3,450,000,000), divided into three million (3,000,000) shares having a par value of one thousand and one hundred and fifty EUR (1,150) each, inclusive of all subscribed and unallocated shares. Accordingly, as of the Effective Date, all outstanding share capital commitments of participating members in respect of their subscribed shares were converted into EUR.

The authorized capital stock of the Bank may be increased at such time and under such terms as may seem advisable.

The Bank's capital stock is divided into paid-in shares (fully paid and payable in installments) and callable shares. Payment for the paid-in shares subscribed to by members was made over a period of years in accordance with Article 6 of the Establishing Agreement for the initial capital raising purpose of the Bank, and as determined in advance by the Bank for capital increases (in the only capital increase of the Bank so far, the structure of payments specified was similar to the one in Article 6). The same Article states that payment of the amount subscribed to in respect of the callable shares is subject to call only as and when required by the Bank to meet its obligations.

Under Article 37 of the Establishing Agreement any member may withdraw from the Bank by transmitting a notice in writing to the Bank at its Headquarters. Withdrawal by a member shall become effective and its membership shall cease on the date specified in its notice, but in no event less than six months after such notice is received by the Bank. However, at any time before the withdrawal becomes finally effective, the member may notify the Bank in writing of the cancellation of its notice of intention to withdraw. Under Article 39 of the Establishing Agreement after the date on which a member ceases membership, it shall remain liable for its direct obligations to the Bank, and also remain responsible for its contingent liabilities to the Bank, incurred as of that date. No member has ever withdrawn its membership, nor has any ever indicated to the Bank it might do so. Were a member to withdraw from the Bank, at the time a member ceases membership, the Bank shall arrange for the repurchase of such a member's shares by the Bank as part of the settlement of accounts with such a member, and be able to impose conditions and set dates pursuant to the same Article 39 of the Establishing Agreement. Any amount due to the member for its shares shall be withheld so long as the member, including its central bank or any of its agencies, has outstanding obligations to the Bank, which may, at the option of the Bank, be applied to any such liability as it matures.

If losses are sustained by the Bank on any guarantees or loans which were outstanding on the date when a member ceased membership and the amount of such losses exceeds the amount of the reserves provided against losses on the date, the member concerned shall repay, upon demand, the amount by which the repurchase price of its shares would have been reduced if the losses had been taken into account when the repurchase price was determined.

Under Article 42 of the Establishing Agreement in the event of termination of the operations of the Bank, the liability of members for the unpaid portion of the subscribed capital of the Bank shall continue until all claims of creditors, including all contingent claims, have been discharged.

All participating members had fully subscribed to the initial authorized share capital in accordance with Article 5 of the Establishing Agreement. Subsequently, at the Sixth Annual Meeting of the Board of Governors held on 6 June 2004 three Member States, Armenia, Georgia and Moldova requested a 50% reduction of their portion of subscribed capital, from 2% to 1% of the initial authorized capital and the BoG approved their request. On 5 October 2008 the new shares pursuant to the capital increase of the Bank were offered in the same structure as the initial authorized share capital, in the amount of EUR 1.15 billion, and were fully subscribed by the Member States.

## Notes to the Financial Statements

Furthermore, Azerbaijan also subscribed to the 3% of the initial authorized share capital that remained unallocated, after the above mentioned participation reduction, while Romania subscribed both to their allocation of new shares and to those that would have been allocated to Georgia had it chosen to participate in the capital increase. This subscription process followed a decision taken by the BoG in December 2007 to triple the Bank's authorized capital to EUR 3.45 billion and to double the subscribed capital to EUR 2.3 billion, while leaving authorized capital of EUR 1.15 billion unallocated. On October 2011 the BoG approved the request from Moldova for a 50% reduction of its portion of subscribed capital, from 1% to 0.5%, and those shares were released to unallocated share capital.

The above share capital is analyzed as follows:

	At 31 December 2024	At 31 December 2023
<b>Presented in EUR (000)</b>		
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-up share capital	686,550	686,550
Advance against future call	-	-
<b>Paid-in share capital</b>	<b>686,550</b>	<b>686,550</b>

\* Shares available to new or existing Member States.

### Initial Capital

In accordance with paragraph 2 under Article 5 of the Establishing Agreement, the initially authorized capital stock was subscribed by and issued to each Member as follows: 10% (EUR 115 million) fully paid and 20% (EUR 230 million) payable by promissory notes or other obligations which were not negotiable and non-interest bearing in eight equal successive annual installments in the years 1998 to 2005.

### Capital Increase

The capital increase of EUR 1.15 billion is divided into EUR 345 million paid in capital and EUR 805 million callable capital. Pursuant to the Board of Governors decision in October 2008, the EUR 345 million paid in portion is divided into 10% (EUR 115 million) fully paid shares in 2010 and 20% (EUR 230 million) payable shares by promissory notes or other obligation issued by members in eight equal successive annual installments in the years 2011 to 2018. As of October 2011, the capital increase was reduced by EUR 11.5 million of the subscribed share capital, due to an approved reduction by the BoG in participation by Moldova.

The initial and capital increase that was issued is analyzed as follows:

	At 31 December 2024		
	Initial capital	Capital increase	Total
<b>Presented in EUR (000)</b>			
Authorized share capital	1,150,000	2,300,000	<b>3,450,000</b>
Less: unallocated share capital	(34,500)	(1,127,000)	<b>(1,161,500)</b>
Subscribed share capital	1,115,500	1,173,000	<b>2,288,500</b>
Less: shares not yet called	(780,850)	(821,100)	<b>(1,601,950)</b>
Paid-up share capital	334,650	351,900	<b>686,550</b>
Advance against future call	40	(40)	-
<b>Paid-in share capital</b>	<b>334,690</b>	<b>351,860</b>	<b>686,550</b>

# Notes to the Financial Statements

## Statement of Subscriptions

A statement of capital subscriptions illustrating the number of shares and the amount subscribed by each member is shown below, including their respective callable, payable and the amount paid. The capital subscription status at the current financial position date is analyzed as follows:

Member	Shares	Subscribed	Callable	Payable	Paid
Member		Presented in EUR (000)			
Albania	40,000	46,000	32,200	-	13,800
Armenia	20,000	23,000	16,100	-	6,900
Azerbaijan	100,000	115,000	80,500	-	34,500
Bulgaria	270,000	310,500	217,350	-	93,150
Georgia	10,000	11,500	8,050	-	3,450
Greece	330,000	379,500	265,650	-	113,850
Moldova	10,000	11,500	8,050	-	3,450
Romania	280,000	322,000	225,400	-	96,600
Russian Fed.	330,000	379,500	265,650	-	113,850
Turkiye	330,000	379,500	265,650	-	113,850
Ukraine	270,000	310,500	217,350	-	93,150
<b>Total</b>	<b>1,990,000</b>	<b>2,288,500</b>	<b>1,601,950</b>	-	<b>686,550</b>

## 24. RESERVES

Reserves are analyzed as follows:

Presented in EUR (000)	General	Revaluation	Other	Total
At 31 December 2022	122,488	(42,294)	598	80,792
Gains (losses) on revaluation of investments	-	3,859	-	3,859
Actuarial (losses) gains on defined benefit scheme	-	-	(3,274)	(3,274)
Gains (losses) on cash flow hedging instruments	-	-	1,786	1,786
Transferred from retained earnings	-	-	-	-
At 31 December 2023	122,488	(38,435)	(890)	83,163
Gains (losses) on revaluation of investments	-	8,781	-	8,781
Actuarial (losses) gains on defined benefit scheme	-	-	2,159	2,159
Gains (losses) on cash flow hedging instruments	-	-	(2,233)	(2,233)
Transferred from retained earnings	9,074	-	-	9,074
<b>At 31 December 2024</b>	<b>131,562</b>	<b>(29,654)</b>	<b>(964)</b>	<b>100,944</b>

### General Reserve

The Bank's general reserve is maintained for meeting any unforeseeable risks or contingencies that do not qualify as provisions for impairment and is normally built-up from those released impairment charges during the year. There was an amount transferred from retained earnings during the year of EUR 9,074 thousand (2023: nil).

### Revaluation Reserve

The revaluation reserve contains fair value movements recognized on the Bank's assets and liabilities that are recorded as other comprehensive income of EUR 8,781 thousand (2023: EUR 3,859 thousand).

## Notes to the Financial Statements

### Other Reserve

The other reserve contains:

- To the remeasurements of the Bank's defined benefit pension scheme of EUR 2,159 thousand (2023: EUR -3,274 thousand).
- The cash flow hedge reserve of EUR -2,233 thousand (2023: EUR 1,786 thousand) and comprises the effective portion of the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges.

### 25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is analyzed as follows:

Presented in EUR (000)	At 31 December 2024	At 31 December 2023
Cash on hand	16	2
Due from banks	224,317	375,388
Investments maturing up to 1 month:		
At fair value through other comprehensive income portfolio	49,940	50,000
Investment maturing from 1 month to 3 months:		
At fair value through other comprehensive income portfolio	-	-
<b>Cash and cash equivalents</b>	<b>274,273</b>	<b>425,390</b>

The commercial papers held in the Bank's portfolio were short-term rated at a minimum of A2 by Standard and Poor's or P2 by Moody's rating agencies, in accordance with the Bank's internal financial policies.

# Notes to the Financial Statements

## 26. EMPLOYEE BENEFITS

### Under the Defined Benefit Scheme

If separated or after the normal retirement age (60 years old), a staff member will be entitled to a full immediate pension equal to 1% of his annual pensionable salary (i.e., average of the two best out of the last five years) multiplied by his/her years of service at the Bank. If separated at or after the early retirement age (55 years old), a staff member will be entitled to a reduced immediate pension, or deferred pension payable from any month until the staff member's normal retirement age. If separated before the early retirement age, a staff member will be entitled to a deferred pension payable from any month between the staff member's early and normal retirement age. Upon separation at any age, a staff member will have a choice between the appropriate type of pension and a lump sum termination benefit.

A qualified actuary performs an actuarial valuation of this scheme at each end of year using the projected unit method, which is rolled forward to the following year accounts. The most recent valuation date was 31 December 2024. The present value of the defined benefit obligation and current service cost was calculated using the projected unit credit method.

	At 31 December 2024	At 31 December 2023
<b>Presented in EUR (000)</b>		
Amounts recognized in the statement of financial position		
Present value of the defined benefit obligations	32,662	30,967
Fair value of plan assets	(32,768)	(28,160)
<b>Net liability at end of the year</b>	<b>(106)</b>	<b>2,807</b>
Amounts recognized in the income statement		
Service cost	1,505	1,361
Net interest on the net defined benefit liability/(asset)	52	(16)
Administration expense	50	50
<b>Total included in personnel expenses</b>	<b>1,607</b>	<b>1,395</b>
Remeasurements recognized in other comprehensive income		
At 31 December	(2,148)	1,126
Liability gain (loss) due to changes in assumptions	1,782	(1,450)
Liability experiences gain (loss) arising during the year	(1,380)	(3,002)
Return on plan assets excluding income statement amounts	1,757	1,178
Total amount recognized in OCI during the year	2,159	(3,274)
<b>Cumulative in other comprehensive income (expense)</b>	<b>11</b>	<b>(2,148)</b>
Principal actuarial assumptions used		
Discount rate	3.51%	3.24%
Expected return on plan assets	3.51%	3.24%
Future salary increase	1.00%	1.00%
Future pension increase	2.00%	2.20%
Average remaining working life of employees	7 years	9 years

The discount rate arises from the yield curves that use data from double A-rated iBoxx bond indices produced by the International Index Company.

The expected return on assets as per provision of the revised IAS 19, has been set equal to the discount rate assumption, i.e. at 3.51% pa.

## Notes to the Financial Statements

The following table presents the major categories and reconciliation of the plan assets (the Fund).

Presented in EUR (000)	At 31 December 2024	At 31 December 2023
Major categories of plan assets		
Cash instruments	7%	6%
Fixed interest	54%	54%
Equities	36%	36%
Other	3%	4%
Reconciliation of plan assets		
Market value at 1 January	28,160	24,084
Expected return	944	899
Contributions paid	2,361	2,483
Benefit pension and lump sum paid to pensioners	(404)	(434)
Expenses	(50)	(50)
Asset gain (loss)	1,757	1,178
<b>Fair value of plan assets</b>	<b>32,768</b>	<b>28,160</b>

The actual investment return on assets of the Fund for the year was 9.8%. The expected return on plan assets has been based on asset structure allowed by the Fund as well as the yield of high quality corporate bonds. The Bank estimate of contributions to be paid in 2025 will not materially differ from those paid in the current year.

The funding status at year end and at the end of the last four years was as follows:

Presented in EUR (000)	2024	2023	2022	2021	2020
Defined benefit obligations	32,662	30,967	24,705	36,375	34,427
Plan assets	(32,768)	(28,160)	(24,084)	(27,691)	(24,198)
Plan deficit (surplus)	(106)	2,807	621	8,684	10,229
<b>Net experience adjustments on plan liabilities (assets)</b>					
	<b>1,380</b>	<b>3,002</b>	<b>1,631</b>	<b>225</b>	<b>(319)</b>

### Sensitivity analysis

Reasonable possible changes at the financial position date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Presented in EUR (000)	At 31 December 2024	At 31 December 2023
Discount rate (1% movement)	Increase (4,040)	Decrease 4,040
Future salary growth (1% movement)	Increase 1,927	Decrease (1,927)
	Increase (2,809)	Decrease 2,809
	Increase 2,788	Decrease (2,788)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown under the Defined Benefit Scheme.

# Notes to the Financial Statements

## Under the Defined Contribution Scheme

Upon separation, a staff member will be entitled to receive in cash the full balance standing to the credit of his/her individual account for the second and third pillars. The pension expense under this scheme was EUR 1,350 thousand (2023: EUR 1,300 thousand) and is included in 'Personnel expenses'.

## Under the Greek State Social Insurance Fund

The pension expense of staff that is alternatively entitled to retirement benefits from this fund was EUR 26 thousand (2023: nil) and is included in 'Personnel expense'.

## 27. 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 year were EUR 1,450 thousand (2023: EUR 1,764 thousand), of which comprises salary and employee benefits of EUR 1,239 thousand (2023: EUR 1,563 thousand) and post-employment benefits of EUR 211 thousand (2023: EUR 201 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.

### Special funds

Special funds are established in accordance with Article 16 of the Establishing Agreement and are administered under the terms of rules and regulations adopted by the Bank. Special Funds are audited on an annual basis and their assets and fund balances are not included in the Bank's statement of financial position. During the year the Bank administered two special funds. Extracts from the audited financial statements are included under the Note 'Summary of special funds'.

## 28. ASSET HELD FOR SALE

At 31 December 2024 the Bank had no asset held-for-sale (2023: EUR 2,962 thousand). During the year the Bank received the previous year's amount from loan sale and any difference is recognized in the income statement within 'fair value gains (losses) on loans measured at fair value through profit or loss'.

Presented in EUR (000)	
Fair value of loan prior to sale	2,962
Net loss recognized in income statement	(851)
Net loan	2,111

## 29. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period that would require disclosure to these financial statements. Events after the reporting period that would require adjustment to these financial statements are those that provide evidence of conditions that existed at 31 December 2024.

Events after the reporting period, that are indicative of conditions that arose thereafter, do not lead to adjustment of the financial statements but are disclosed in the event that they are material.

## Notes to the Financial Statements

### 30. SUMMARY OF SPECIAL FUNDS

#### With the Hellenic Government

The Technical Cooperation Special Fund's objective is to contribute to the economic development of the Black Sea Region's Member Countries. The Fund extends technical assistance grants for preparation of high-quality project documentation including business plans, feasibility studies and financial reporting methods and standards. The movement in the Fund is shown below.

	At 31 December 2024	At 31 December 2023
<b>Presented in EUR (000)</b>		
Statement of movements		
Balance brought forward	8	8
Net income for the year	-	-
Less: disbursements	-	-
<b>Balance of available funds</b>	<b>8</b>	<b>8</b>
Financial position		
Placements with other financial institutions	8	8
<b>Total Assets</b>	<b>8</b>	<b>8</b>
Unallocated fund balance	8	8
<b>Total Liabilities and Contributor Resources</b>	<b>8</b>	<b>8</b>

#### New Permanent Headquarters of the Bank

The Hellenic Government in an expression of support and demonstration of its continuous commitment to the Bank, wishes to contribute for the specific purpose of the Bank acquiring appropriate permanent premises for its Headquarters in Thessaloniki in the Hellenic Republic. The movement in the Fund is shown below.

	At 31 December 2024	At 31 December 2023
<b>Presented in EUR (000)</b>		
Statement of movements		
Balance brought forward	-	-
Contribution	5,000	-
Net income for the year	-	-
Less: disbursements	-	-
<b>Balance of available funds</b>	<b>5,000</b>	-
Financial position		
Placements with other financial institutions	5,000	-
<b>Total Assets</b>	<b>5,000</b>	-
Unallocated fund balance	5,000	-
<b>Total Liabilities and Contributor Resources</b>	<b>5,000</b>	-