



BLACK SEA TRADE AND DEVELOPMENT BANK

**Condensed Interim Financial Statements for the
Six Months Period Ended
30 June 2025**

Together with Auditors' Review Report

Independent Auditor's Review Report

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

Review Report on Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of the Black Sea Trade and Development Bank as of 30 June 2025 and the condensed interim statements of income and comprehensive income, changes in equity and cash flow for the six-month period then ended, as well as the selective explanatory notes, which together comprise the six-month condensed interim financial statements.

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

Scope of Review

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

Conclusion

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

Athens, 18 September 2025

The Certified Public Accountant

Alexandra V. Kostara

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CONDENSED INCOME STATEMENT

For the six months period ended 30 June

Presented in thousands of EUR	Note	Six months to 30 June 2025	Six months to 30 June 2024
Interest and similar income	7	40,208	55,119
Interest and similar expense	8	(14,104)	(21,084)
Net interest income (expense) on derivatives	9	(6,951)	(9,839)
Net interest income		19,153	24,196
Of which: net interest income based on the effective interest rate		36,245	44,831
Net fees and commissions		650	1,656
Dividend income		17	55
Net gains (losses) on derecognition of debt investment securities at fair value through other comprehensive income		(55)	(89)
Net gains (losses) on derecognition of equity investment	15	(261)	-
Net gains from loan sale measured at amortized cost		1,023	-
Realized gains (losses) on derivative instruments		-	(11,375)
Unrealized fair value gains (losses) on derivative instruments		48,652	4,672
Fair value gains (losses) on loans measured at fair value through profit or loss		84	(946)
Foreign exchange income (losses)		(18,759)	28,201
Other income		-	3
Operating income		50,504	46,373
Personnel expenses	10,23	(9,539)	(8,847)
Administrative expenses	10	(2,852)	(2,484)
Depreciation and amortization	17,18	(276)	(238)
Income before expected credit losses		37,837	34,804
Expected credit (losses) gains on loans measured at amortized cost	11	5,374	(8)
Expected credit (losses) gains on guarantees		(1,057)	-
Expected credit (losses) gains on debt investment securities measured at fair value through other comprehensive income	12	600	883
Income for the period		42,754	35,679

The accompanying notes on pages 7 to 32 are an integral part of these financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June

Presented in thousands of EUR	Note	Six months to 30 June 2025	Six months to 30 June 2024
Income for the period		42,754	35,679
Other comprehensive income (expense):			
Items that will not be reclassified subsequently to profit or loss:			
Gains (losses) on equity investments financial assets		94	197
Items that are or may be reclassified subsequently to profit or loss:			
Gains (losses) on investment securities financial assets		(198)	1,134
Gains (losses) on cash flow hedges		4,561	-
Other comprehensive income (expense)		4,457	1,331
Total comprehensive income		47,211	37,010

The accompanying notes on pages 7 to 32 are an integral part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

Presented in thousands of EUR	Note	At 30 June 2025	At 31 December 2024
Assets			
Cash and due from banks		233,138	224,333
Deposits in margin accounts		49,900	94,020
Debt investment securities at fair value through other comprehensive income	12	181,677	94,610
Derivative financial instruments – assets		57,628	15,969
Loans at amortized cost	5,14	1,335,986	1,419,535
Plus: accrued/deferred income	14	25,392	35,447
Less: expected credit losses	5,11	(81,740)	(96,232)
Loans at fair value through profit or loss	14	20,392	20,308
Loans		1,300,030	1,379,058
Equity investments at fair value through other comprehensive income	5,15	6,609	6,625
Other assets	16	23,962	15,908
Property and equipment	17	16,478	12,042
Intangible assets	18	353	381
Right of use assets		114	512
Total Assets		1,869,889	1,843,458
Liabilities			
Amounts due to financial institutions	19	102,009	77,451
Debt evidenced by certificates	19	695,180	737,860
Accrued interest payable	19	7,285	6,868
Borrowings		804,474	822,179
Margin accounts		1,350	-
Derivative financial instruments – liabilities		105,572	112,442
Other liabilities	20	20,235	17,484
Lease liability		22	328
Total liabilities		931,653	952,433
Members' Equity			
Authorized share capital	21	3,450,000	3,450,000
Less: unallocated share capital	21	(1,161,500)	(1,161,500)
Subscribed share capital	21	2,288,500	2,288,500
Less: callable share capital	21	(1,601,950)	(1,601,950)
Paid-in share capital		686,550	686,550
Reserves	22	105,401	100,944
Retained earnings		146,285	103,531
Total members' equity		938,236	891,025
Total Liabilities and Members' Equity		1,869,889	1,843,458
Off-balance-sheet items			
Commitments	5	140,047	61,547

The accompanying notes on pages 7 to 32 are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the six months period ended 30 June

Presented in thousands EUR	Share capital					Retained Earnings	Total
	Subscribed	Callable	Payable	Reserves			
At 31 December 2023	2,288,500	(1,601,950)	-	83,163	89,424	859,137	
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	-	-	-	9,074	(9,074)	-	
At 31 December 2024	2,288,500	(1,601,950)	-	100,944	103,531	891,025	
Income for the period	-	-	-	-	42,754	42,754	
Other comprehensive income:							
Net gains (losses) on financial assets at fair value reserve through OCI	-	-	-	(104)	-	(104)	
Effective portion of cash flow hedges gains (losses)				4,561	-	4,561	
Total comprehensive income for the period	-	-	-	4,457	42,754	47,211	
Members' contributions	-	-	-	-	-	-	
Total contributions	-	-	-	-	-	-	
At 30 June 2025	2,288,500	(1,601,950)	-	105,401	146,285	938,236	

The accompanying notes on pages 7 to 32 are an integral part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the six months period ended 30 June

Presented in thousands of EUR	Note	Six months to 30 June 2025	Six months to 30 June 2024
Cash flows from operating activities			
Net income for the period		42,754	35,679
Adjustment for items in income statement:			
Depreciation and amortization		276	238
Expected credit losses (gains) on loans		(5,374)	8
Expected credit losses (gains) on guarantees		1,057	-
Expected credit losses (gains) on investment securities		(600)	(883)
Realized gains (losses) on disposal of investment securities at FVTOCI		55	89
Fair value (gains) losses on loans at FVTPL		(84)	946
Net losses (gains) from loan sale at amortized cost		(1,023)	-
Net interest income		(26,104)	(34,035)
Realized (gains) losses on derivative instruments		-	11,375
Working capital adjustments:			
Decrease (increase) in loans and advances		21,216	366,713
Decrease (increase) in deposits margin accounts		44,120	(21,420)
Decrease (increase) in other assets		(8,054)	1,895
Increase (decrease) from sale of loan		39,568	-
Increase (decrease) in margin accounts		1,350	(1,540)
Increase (decrease) in other liabilities		2,751	(3,607)
Increase (decrease) in equity investments		(151)	980
Net movement in derivative financial instruments		123	33,717
Interest income received		50,263	62,203
Net cash from / (used in) operating activities		162,143	452,358
Cash flows from investing activities			
Net proceeds from investment securities at FVTOCI		(86,726)	51,279
Purchase of property, software and equipment		(4,684)	(7,390)
Net cash from / (used in) investing activities		(91,410)	43,889
Cash flows from financing activities			
Proceeds from borrowings		127,464	63,018
Repayment of borrowings		(145,877)	(467,700)
Payment of lease liability		(258)	(349)
Interest income paid		(13,687)	(22,959)
Net cash from financing activities		(32,358)	(427,990)
Effect on foreign exchange		69,062	(73,829)
Net increase (decrease) in cash and cash equivalents		107,437	(5,572)
Cash and cash equivalents at beginning of year		274,273	425,390
Cash and cash equivalents at end of period		381,710	419,818

The accompanying notes, on pages 7 to 32 are an integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. ESTABLISHMENT OF THE BANK

Agreement Establishing the Bank

The Black Sea Trade and Development Bank (the 'Bank'), whose headquarters are located at 26th Oktovriou & 1 Limnou Street, Thessaloniki, in the Hellenic Republic, was established as an international financial organization under the Agreement Establishing the Bank dated 30 June 1994 (Establishing Agreement). In accordance with Article 61 of the Establishing Agreement, following the establishment of the Bank, the Establishing Agreement came into force on 24 January 1997. The Bank commenced operations on 1 June 1999.

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

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

Headquarters Agreement

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as published by the International Accounting Standards Board (IASB) and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended 31 December 2024 (last annual financial statements). They do not include all the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual financial statements.

These condensed interim financial statements for the six month period ended 30 June 2025 are approved by the Management Committee and also submitted to the Board of Directors (BoD) in their meeting on 18 September 2025 for their information.

Basis of measurement

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

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

Notes to the Condensed Interim 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 condensed interim financial statements for 2025 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 in these condensed interim financial statements are the same as those applied in the last annual financial statements.

Following amendments to IFRSs have been issued by the International Accounting Standards Board (IASB) as of the date of these financial statements were issued and effective from 1 January 2025:

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. The adoption of the amendment had no material impact on the Bank's financial statements.

Notes to the Condensed Interim Financial Statements

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.

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.

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

Annual improvements:

A few standards amended in order to address inconsistencies among paragraphs of different IFRSs or to provide clarifications, the Bank is examining the impact from the adoption on its financial statements.

3.1 Foreign Currencies

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

		30 June 2025	31 December 2024	30 June 2024
1 EUR	= United States dollar	1.17200	1.03890	1.07050
	= Pound sterling	0.85550	0.82918	0.84638
	= Russian ruble	92.27850	106.10280	90.98740
	= Azerbaijan manat	1.99440	1.77240	1.81700
	= Georgian lari	3.18820	2.93060	3.03100
	= Armenian dram	450.83000	413.89000	415.72000
	= Romanian leu	5.07850	4.97430	4.97730
	= Turkish lira	46.56820	36.73720	35.18680

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

5. FINANCIAL ASSETS AND LIABILITIES

5.1 Fair Value Hierarchy

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

- Level 1: Quoted market prices in active markets for identical (same) assets or liabilities;
- Level 2: Quoted market prices in active markets for similar instruments, or quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The valuation techniques/models used to determine the fair values are the net asset value (NAV), EBITDA multiples and discounted cash flows (DCF) models.

Notes to the Condensed Interim Financial Statements

The tables below identify the Bank's financial instruments measured at fair value on a recurring basis at 30 June 2025 and 31 December 2024. 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	-	57,628	-	57,628
Fair value through profit or loss:				
Loans	-	-	20,392	20,392
Fair value through other comprehensive income:				
Debt investment securities	181,677	-	-	181,677
Equity investments	-	-	6,609	6,609
Derivative financial instruments – liabilities	-	(105,572)	-	(105,572)
At 30 June 2025	181,677	(47,944)	27,001	160,734

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 period.

Presented in EUR (000)	Level 1	Level 2	Level 3	Carrying Amount
Derivative financial instruments – assets	-	15,969	-	15,969
Fair value through profit or loss:				
Loans	-	-	20,308	20,308
Fair value through other comprehensive income:				
Debt investment securities	94,610	-	-	94,610
Equity investments	-	-	6,625	6,625
Derivative financial instruments – liabilities	-	(112,442)	-	(112,442)
At 31 December 2024	94,610	(96,473)	26,933	25,070

Fair Value Measurement in Level 3

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

Presented in EUR (000)	At 30 June 2025	At 31 December 2024
At 1 January	20,308	10,827
Disbursement	-	10,000
Total gains (losses) recognized in the income statement	84	(519)
At end of period/year	20,392	20,308

At 30 June 2025 the fair value of loans through profit or loss is calculated based on a discounted cashflows approach using the applicable effective interest rate.

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

Presented in EUR (000)	At 30 June 2025	At 31 December 2024
At 1 January	6,625	10,665
Disbursements*	200	221
Repayments	(49)	(1,411)
Dissolution of equity investment	(261)	-
Distribution of equity investment	-	(2,865)
Total gains (losses) recognized in other comprehensive income	94	261
Exit at fair value through other comprehensive income	-	(246)
At end of period/year	6,609	6,625

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

Notes to the Condensed Interim Financial Statements

Sensitivity Analysis for Level 3

The table below illustrates the valuation techniques used in the determination of fair values for 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 cashflows approach using the applicable effective interest rate, and for equity investments 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	20,392	1,020	(1,020)
Equity investments	Net asset value and EBITDA multiplies	6,609	330	(330)
At 30 June 2025		27,001	1,350	(1,350)

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 multiplies	6,625	331	(331)
At 31 December 2024		26,933	1,346	(1,346)

Loans at fair value through profit or loss mainly comprise tier 2 subordinate loans. Their fair value is calculated based on a discounted 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 Condensed Interim Financial Statements

The table below classifies the Bank's financial instruments at 30 June 2025 and 31 December 2024 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 30 June 2025			Fair value	Carrying amount
	Level 1	Level 2	Level 3		
Assets					
Cash and due from banks	233,138	-	-	233,138	233,138
Deposits in margin accounts	49,900	-	-	49,900	49,900
Loans at amortized cost	242,165	-	1,091,658	1,333,823	1,335,986
Accrued/deferred income	-	-	25,392	25,392	25,392
Other assets	-	-	23,962	23,962	23,962
Total financial assets	525,203	-	1,141,012	1,666,215	1,668,378
Liabilities					
Borrowings	156,227	535,992	109,294	801,513	804,474
Margin accounts	1,350	-	-	1,350	1,350
Other and lease liabilities	-	-	20,257	20,257	20,257
Total financial liabilities	157,577	535,992	129,551	823,120	826,081

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

Notes to the Condensed Interim Financial Statements

5.2 Credit Risk by Country and Sector

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

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

Presented in EUR (000)	At 30 June 2025		At 31 December 2024	
	Outstanding balance	Undrawn commitments	Outstanding balance	Undrawn commitments
Concentration by instrument				
Loans	1,356,378	75,798	1,439,843	50,812
Equity investments	6,609	5,612	6,625	7,859
Guarantees	-	58,637	-	2,876
At end of period/year	1,362,987	140,047	1,446,468	61,547
Concentration by country				
Albania	14,000	-	14,133	12
Armenia	38,633	9,445	26,874	1,042
Azerbaijan	55,877	-	36,981	12
Bulgaria	154,363	-	154,926	208
Georgia	88,365	2,554	83,294	8,149
Greece	156,234	76,636	157,131	5,378
Moldova	56,663	3,000	57,528	1,858
Romania	153,794	10,666	158,515	36,076
Russia	106,259	-	134,714	443
Turkiye	360,047	4	404,214	4,622
Ukraine	178,752	37,742	218,158	3,747
At end of period/year	1,362,987	140,047	1,446,468	61,547
Concentration by sector				
Consumer discretionary	62,704	-	65,454	-
Consumer staples	147,278	3,000	194,185	4,838
Energy	133,162	-	119,377	-
Financial institutions	313,690	15,001	305,118	27,450
Health care	90,699	-	93,421	-
Industrials	259,774	71,661	300,517	-
Materials	147,370	11,408	158,780	24,883
Real estate	41,407	-	42,045	1,500
Utilities	166,903	38,977	167,571	2,876
At end of period/year	1,362,987	140,047	1,446,468	61,547
Incurred by				
Sovereign	185,744	-	193,012	-
Non-sovereign	1,177,243	140,047	1,253,456	61,547
At end of period/year	1,362,987	140,047	1,446,468	61,547

Notes to the Condensed Interim Financial Statements

5.3 Capital Management

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

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

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

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

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

At the 36th meeting of the BoD in 2008, the operational gearing ratio was set at 100% of the Bank's unimpaired paid-up capital, reserves and surpluses, and the usable portion of the callable capital. This limit on the total amount of operations which includes all callable capital is approximately EUR 2.5 billion.

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

Notes to the Condensed Interim 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)	01.01-30.06.2025			01.01-30.06.2024		
	Lending	Treasury	Total	Lending	Treasury	Total
Income statement						
Interest income	36,245	3,963	40,208	44,831	10,288	55,119
Net fees and commissions	650	-	650	1,656	-	1,656
Other income (loss)	17	(55)	(38)	58	(89)	(31)
Total segment revenues	36,912	3,908	40,820	46,545	10,199	56,744
Interest expense	(13,996)	(108)	(14,104)	(20,925)	(159)	(21,084)
Net interest income (expense) on derivatives	-	(6,951)	(6,951)	-	(9,839)	(9,839)
Gains (losses) on other financial instruments	484	48,652	49,136	(946)	(6,703)	(7,649)
Foreign exchange	-	(18,759)	(18,759)	-	28,201	28,201
Personnel and administrative expenses	(11,998)	(393)	(12,391)	(10,959)	(372)	(11,331)
Depreciation and amortization	(274)	(2)	(276)	(235)	(3)	(238)
Segment income before ECL	11,128	26,347	37,475	13,480	21,324	34,804
Less: expected credit losses	4,679	600	5,279	(8)	883	875
Income for the period	15,807	26,947	42,754	13,472	22,207	35,679

Presented in EUR (000)	30 June 2025			31 December 2024		
	Lending	Treasury	Total	Lending	Treasury	Total
Financial position						
Segment assets	1,347,546	522,343	1,869,889	1,414,526	428,932	1,843,458
At end of period/year			1,869,889			1,843,458
Segment liabilities	824,731	106,922	931,653	839,991	112,442	952,433
Members' equity	-	-	938,236	-	-	891,025
At end of period/year			1,869,889			1,843,458

Notes to the Condensed Interim Financial Statements

7. INTEREST AND SIMILAR INCOME

Interest and similar income are analyzed as follows:

	Six months to 30 June 2025	Six months to 30 June 2024
Presented in EUR (000)		
From loans at amortized cost	35,540	43,619
From due from banks	1,761	3,483
From debt securities at FVTOCI	2,202	6,805
Total interest income for financial instruments not measured at FVTPL	39,503	53,907
From loans at FVTPL	705	1,212
Interest and similar income	40,208	55,119

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

8. INTEREST AND SIMILAR EXPENSE

Interest and similar expense are analyzed as follows:

	Six months to 30 June 2025	Six months to 30 June 2024
Presented in EUR (000)		
From borrowed funds *	2,326	6,492
From issued debt evidenced by certificates	11,670	14,433
From other charges	108	159
Interest and similar expense	14,104	21,084

9. NET INTEREST ON DERIVATIVES

Net interest on derivatives is analyzed as follows:

	Six months to 30 June 2025	Six months to 30 June 2024
Presented in EUR (000)		
Interest on derivatives receivable	13,710	24,652
Interest on derivatives payable	(20,661)	(34,491)
Net interest on derivatives	(6,951)	(9,839)

Notes to the Condensed Interim Financial Statements

10. PERSONNEL AND ADMINISTRATIVE EXPENSES

Administrative expenses are analyzed as follows:

	Six months to 30 June 2025	Six months to 30 June 2024
Presented in EUR (000)		
Salaries and benefits	8,109	7,364
Staff retirement plans	1,430	1,483
Personnel expenses	9,539	8,847
Professional fees and related expenses	768	678
Utilities and maintenance	876	901
Other administrative	1,208	905
Administrative expenses	2,852	2,484

The average number of staff employed during the period was 115 (respective period 2024: 114). The number of staff at 30 June 2025 was 117 (30 June 2024: 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 Note "Other assets".

11. 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.

	Stage 1	Stage 2	Stage 3	Total
Presented in EUR (000)				
At 31 December 2023	1,891	19,934	62,108	83,933
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 adjustment	27	587	1,543	2,157
At 31 December 2024	1,940	35,391	58,901	96,232
New loans originated	394	-	-	394
Sale	-	(181)	-	(181)
Release	(138)	(4,462)	(1,079)	(5,679)
Transfer	-	-	-	-
Impact in net remeasurement	817	(1,462)	(3,698)	(4,343)
Foreign exchange and other adjustments	(87)	(872)	(3,724)	(4,683)
At 30 June 2025	2,926	28,414	50,400	81,740

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 81,740 thousand in the period ended 30 June 2025 (2024: EUR 96,232 thousand) a decrease EUR 14,492 thousand compared to 2024, which is mainly attributable to ECL release amount. 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.

Notes to the Condensed Interim Financial Statements

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

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

Revolving Facilities and Undrawn Commitments

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

The estimate of the ECL on irrevocable loan commitments is consistent with its expectations of drawdowns on that loan commitment. Therefore, the Bank considered (i) the expected portion of the loan commitment that will be drawn down within 12 months of the reporting date when estimating 12-month expected credit losses and (ii) the expected portion of the loan commitment that will be drawn down over the expected life of the reporting date when estimating lifetime expected credit losses. The Bank applies a 50% credit conversion factor to loan undrawn commitments for calculation of expected credit loss, which may also include an ECL on any guarantee. At 30 June 2025 the related amount included in other liabilities is EUR 6,236 thousand for loan commitments of EUR 75,798 thousand (2024: EUR 312 thousand for loan commitments of EUR 50,812 thousand).

Individual Assessments

For the loans for which impairment is assessed on an individual basis as per IFRS 9, the assessment is based on certain assumptions involving optimistic and pessimistic scenarios per the methodology currently applied by the Bank. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty; therefore, the actual outcomes may be significantly different from those projected. The Bank considers these forecasts to represent its best estimate of the future outcomes.

As the situation is changing, especially the status of loans in Ukraine and Russia are subject to regular review. The table below depicts per stage the outstanding balance along with the expected credit loss, which excludes that of undrawn commitments, for the period ended 30 June 2025 of Russian and Ukraine loans as follows:

Russia	Presented in EUR (000)		
	Stage 2	Stage 3	Total
Outstanding balance	57,310	48,949	106,259
Expected credit loss	94	18,734	18,828

Ukraine	Presented in EUR (000)		
	Stage 2	Stage 3	Total
Outstanding balance	139,617	39,135	178,752
Expected credit loss	28,110	29,217	57,327

Notes to the Condensed Interim Financial Statements

Stage Overrides Operations

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

The Bank performed an individual assessment on all these loans and where it was determined that based on the repayments performed by these borrowers, their respective creditworthiness and ability to serve their obligations that the Stage 3 criteria were not met, the Bank reclassified these loans to stage 2.

Total exposure of these loans amounted to EUR 196,927 thousand representing 14.7% of total outstanding loans at amortized cost as of 30 June 2025 and their respective ECL allowance was EUR 33,231 thousand, which includes that of undrawn commitments (2024: EUR 35,195 thousand).

The reason for the transfers to Stage 2 were:

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

12. DEBT INVESTMENT SECURITIES

Debt investment securities are analyzed as follows:

	At 30 June 2025	At 31 December 2024
Presented in EUR (000)		
Gross balance at 1 January	96,475	95,975
Purchase of debt investment securities	646,622	2,135,556
Proceeds from debt investment securities	(559,896)	(2,127,809)
Participation in Ukraine government debt restructuring	-	(7,247)
Gross balance debt investment securities	183,201	96,475
Less: deferred income	(319)	(60)
Less: expected credit losses	(1,205)	(1,805)
Debt investment securities at fair value through OCI	181,677	94,610

By investment type

Bonds	33,105	44,670
Commercial papers	148,572	49,940
Debt investment securities at fair value through OCI	181,677	94,610

The above table 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:

	Stage 1	Stage 2	Stage 3	Total
Presented in EUR (000)				
At 31 December 2023	32	-	957	989
Charge	70	-	746	816
Release	-	-	-	-
At 31 December 2024	102	-	1,703	1,805
Charge	-	-	-	-
Release	(80)	-	(520)	(600)
At 30 June 2025	22	-	1,183	1,205

Total expected credit losses on debt investment securities were EUR 1,205 thousand at 30 June 2025 a net decrease of EUR 600 thousand compared to 31 December 2024, primarily attributed to the decrease in ECL investment securities classified in Stage 3.

Notes to the Condensed Interim Financial Statements

13. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Derivatives can include interest rate and cross currency swaps, forward foreign exchange contracts, interest rate future contracts, and options on interest rates and foreign currencies. Such financial instruments are initially recognized in the statement of financial position (SoFP) at fair value and are subsequently measured at their fair value. They are carried in the SoFP as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in fair value of derivative financial instruments are included in the income statement. Fair values are obtained from quoted market prices to the extent publicly available, discounted cash flows and options pricing models as appropriate.

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

The majority of the Bank's lending activities is at floating rates linked to USD Secured Overnight Financing Rate (Sofr) or Euribor. When lending at a fixed rate the Bank will often use interest rate swaps to produce floating rate interest payments.

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

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

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

Notes to the Condensed Interim Financial Statements

Presented in EUR (000)	At 30 June 2025		
	Notional amount of derivative contracts	Fair Value	
	Assets	Liabilities	
Derivatives held for hedging:			
Derivatives designated and effective as hedging instruments carried at fair value hedges:			
Interest Rate Swaps	201,485	5,432	(43,952)
Cross Currency Swaps	301,101	18,720	(33,268)
Total Derivatives designated in fair value hedges:	502,586	24,152	(77,220)
Derivatives designated and effective as hedging instruments in cash flow hedges:			
Cross Currency Swaps*	-	-	-
Total Derivatives designated in cash flow hedges:	-	-	-
Derivatives held for risk management purposes:			
Interest Rate Swaps	197,662	2,345	(27,618)
Cross Currency Swaps	227,682	29,507	(734)
Forwards	42,662	1,624	-
Total Derivatives held for risk management purposes:	468,006	33,476	(28,352)
Total	970,592	57,628	(105,572)

* As of 30 June 2025, cash flow cross currency swaps do not meet the criteria for cash flow hedge accounting and was discontinued. This derivative is now included within "Derivatives held for risk management purposes".

Notes to the Condensed Interim Financial Statements

Presented in EUR (000)	At 31 December 2024		
	Notional amount of derivative contracts	Fair Value	
	Assets	Liabilities	
Derivatives held for hedging:			
Derivatives designated and effective as hedging instruments carried at fair value hedges:			
Interest Rate Swaps	211,924	-	(40,544)
Cross Currency Swaps	289,578	1,304	(36,803)
Total Derivatives designated in fair value hedges:	501,502	1,304	(77,347)
Derivatives designated and effective as hedging instruments in cash flow hedges:			
Cross Currency Swaps	164,184	10,985	(13)
Total Derivatives designated in cash flow hedges:	164,184	10,985	(13)
Derivatives held for risk management purposes:			
Interest Rate Swaps	203,128	3,680	(29,039)
Cross Currency Swaps	63,716	-	(731)
Forwards	67,379	-	(5,312)
Total Derivatives held for risk management purposes:	334,223	3,680	(35,082)
Total	999,909	15,969	(112,442)

Notes to the Condensed Interim Financial Statements

Fair Value Hedge Accounting for Foreign Currency Risk Component

In this context, the fair value change risk arising from the USD-denominated loans designated as the hedged item is eliminated by establishing an offsetting mechanism with the fair value changes of the currency swaps designated as the hedging instrument, in accordance with IFRS 9 hedge accounting principles.

Within the scope of its fair value risk management strategy related to foreign exchange rate fluctuations, the Bank applies fair value hedge accounting in accordance with IFRS 9 principles. It offsets the unrealized fair value fluctuations arising on the hedging instrument—whose effectiveness has been mathematically demonstrated in line with IFRS 9—against the foreign exchange gains/losses generated by changes in market exchange rates on the notional amounts of its USD-denominated loans, thereby aiming to present a more accurate and meaningful income statement.

Under the established hedge accounting framework, the Bank aims to maintain a hedge ratio of c.a. 130% and hedge effectiveness within the range of 70% to 130%. As of 30 June 2025, the hedge ratio was calculated at 130%, and hedge effectiveness at 86%.

Presented in EUR (000	30-Jun-25
Fair value change in the hedged item attributed to foreign currency risk	(43,683)
Fair value change in the hedging instrument	37,673
Hedge effectiveness ratio	86%
Ineffectiveness	(6,010)
Presented in EUR (000	30-Jun-25
Quantity of the hedged item that the BSTDB actually hedges	408,489
Quantity of the hedged item that the BSTDB actually uses to hedge	313,373
Hedge Ratio	130%

Notes to the Condensed Interim Financial Statements

Fair Value Hedge Accounting

The Bank uses cross currency interest rate swap contracts to hedge the fair value risks arising from fixed-rate foreign currency borrowings that it is obligated to repay in the future under loan and issuance agreements signed for the purpose of financing its operations.

In this context, the fair value fluctuation arising from fixed-rate foreign currency debt instruments designated as the hedged item is eliminated by establishing an offsetting mechanism through the fair value changes of the cross currency interest rate swaps designated as the hedging instrument, in accordance with IFRS 9 hedge accounting principles.

Within the scope of its fair value risk management strategy related to foreign currency exchange and fixed interest rates, the Bank applies fair value hedge accounting in accordance with IFRS 9 principles. It offsets the unrealized fluctuations arising from exchange rate and interest rate movements on the hedging instrument—whose effectiveness has been mathematically demonstrated in compliance with IFRS 9—against the fair value changes resulting from exchange rate and interest rate movements on the hedged item, with the objective of presenting a more accurate and reliable profit and loss statement.

Under the established hedge accounting framework, the Bank aims to maintain a hedge ratio of c.a. 100% and hedge effectiveness within the range of 70% to 130%. As of 30 June 2025, the hedge ratio was calculated at 100%, and hedge effectiveness at 83%.

<u>Presented in EUR (000)</u>	30-Jun-25
Fair value change in the hedged item	12,956
Fair value change in the hedging instrument	(10,708)
Hedge effectiveness ratio	83%
Ineffectiveness	2,248
<u>Presented in EUR (000)</u>	30-Jun-25
Quantity of the hedged item that the BSTDB actually hedges	292,933
Quantity of the hedged item that the BSTDB actually uses to hedge	292,933
Hedge Ratio	100%

Notes to the Condensed Interim Financial Statements

The Bank uses interest rate swap contracts to hedge the fair value risks arising from fixed-rate debt instruments that it is obligated to repay in the future under borrowing and issuance agreements signed for the purpose of financing its operations.

In this context, the fair value fluctuation arising from fixed-rate debt instruments designated as the hedged item is eliminated by establishing an offsetting mechanism through the fair value changes of the interest rate swaps designated as the hedging instrument, in accordance with IFRS 9 hedge accounting principles.

Within the scope of its fair value risk management strategy related to fixed interest rates, the Bank applies fair value hedge accounting in accordance with IFRS 9 principles. It offsets the unrealized fluctuations arising from interest rate movements on the hedging instrument—whose effectiveness has been mathematically demonstrated in compliance with IFRS 9—against the fair value changes resulting from interest rate movements on the hedged item, with the aim of presenting a more accurate and reliable profit and loss statement.

Under the established hedge accounting framework, the Bank aims to maintain a hedge ratio of c.a. 70% and hedge effectiveness within the range of 70% to 130%. As of 30 June 2025, the hedge ratio was calculated at 67%, and hedge effectiveness at 82%.

Presented in EUR (000)	30-Jun-25
Fair value change in the hedged item	1,478
Fair value change in the hedging instrument	(1,207)
Hedge effectiveness ratio	82%
Ineffectiveness	271

Presented in EUR (000)	30-Jun-25
Quantity of the hedged item that the BSTDB actually hedges	80,000
Quantity of the hedged item that the BSTDB actually uses to hedge	120,000
Hedge Ratio	67%

Notes to the Condensed Interim Financial Statements

Forward-looking hedge effectiveness assessment (date: 31 December 2025) presented in EUR (000):

Hedge of Foreign currency risk component of USD loans (Fair value hedge accounting for foreign currency risk)

Change in the fair value of the hedging instrument	55,168
Change in the fair value of the hedged item attributable to the hedged risk (i.e. foreign currency risk)	(67,201)
Forward looking hedge effectiveness ratio	82.1%

Hedge of foreign currency and interest rate risk of fixed rate foreign currency debt instrument (full fair value hedge accounting)

Change in the fair value of the hedging instrument	(9,975)
Change in the fair value of the hedged item	11,981
Forward looking hedge effectiveness ratio	83.3%

Hedge of interest rate risk of fixed rate EUR debt instruments (full fair value hedge accounting)

Change in the fair value of the hedging instrument	(1,207)
Change in the fair value of the hedged item	1,478
Forward looking hedge effectiveness ratio	81.7%

Notes to the Condensed Interim Financial Statements

14. LOANS

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

Presented in EUR (000)	At 30 June 2025	At 31 December 2024
Loans at amortized cost:		
At 1 January	1,454,982	1,622,815
Disbursements	236,785	449,440
Less: repayments	(218,432)	(622,539)
Movement of accrued/deferred income	(10,055)	(22,331)
Sale of loan	(39,568)	-
Foreign exchange and other movements	(62,334)	27,597
Outstanding balance	1,361,378	1,454,982
Less: expected credit losses	(81,740)	(96,232)
Loans at fair value through profit or loss*	20,392	20,308
Loans (net carrying amount)	1,300,030	1,379,058

* See Note 5.1 for further movement of 'loans at fair value through profit or loss'.

15. EQUITY INVESTMENTS

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

Presented in EUR (000)	% of Investment	At 30 June 2025		At 31 December 2024	
		Cost	Fair Value	Cost	Fair value
Access Bank, Azerbaijan	0.58	757	425	852	421
Emerging Europe Accession Fund	10.15	1,110	3,366	1,110	3,501
Rusal	0.01	4	181	4	167
ADM Ceecat Recovery Fund	-	-	-	261	6
Teamnet International	8.33	5,599	-	5,599	-
Natfood	37.98	-	-	-	-
EOS Hellenic Renaissance Fund I	2.01	1,995	2,603	2,029	2,505
EOS Hellenic Renaissance Fund II	2.28	241	34	57	25
Equity investments at fair value though other comprehensive income		9,706	6,609	9,912	6,625

The valuation of such investments, which are unlisted, has been estimated using the most recent management accounts or the latest audited accounts as of 30 June 2025, 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 period there was dissolution of ADM Ceecat Recovery fund the Bank realized a net loss of EUR 261 thousand.

As of 30 June 2025 the Bank has committed amount of EUR 5,612 thousand towards further participation in the above entities. Additional analysis of the equity investment portfolio is presented in the Note 5.2.

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.

Notes to the Condensed Interim Financial Statements

16. OTHER ASSETS

Other assets are analyzed as follows:

Presented in EUR (000)	At 30 June 2025	At 31 December 2024
Advances and prepaid expenses	10,134	2,603
Accrued interest on derivatives	8,162	7,728
Clearinghouse on derivatives	1,422	1,604
Other receivables	331	371
Other prepayments	188	188
Staff loans (see Note 10)	3,505	3,333
Guarantee deposits and non-current	220	81
Other assets	23,962	15,908

17. PROPERTY AND EQUIPMENT

Property and equipment were a total amount of EUR 19,558 thousand (2024: 15,013 thousand) with accumulated depreciation of EUR 3,080 thousand (2024: 2,971 thousand) and net book value of EUR 16,478 thousand (2024: 12,042 thousand). The increase was due to the Bank's new Headquarters building that is under construction commencing from 2024.

18. INTANGIBLE ASSETS

Intangible assets comprising computer software were a total amount of EUR 6,021 thousand (2024: 5,880 thousand) with accumulated amortization of EUR 5,668 thousand (2024: 5,499 thousand) and net book value of EUR 353 thousand (2024: 381 thousand).

Notes to the Condensed Interim Financial Statements

19. BORROWINGS

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

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

Presented in EUR (000)	Average maturity (years)	Approx. average cost (%)	At 30 June 2025		At 31 December 2024	
			Amount used	Amount arranged	Amount used	Amount arranged
Borrowed by						
Amounts borrowed	4.07	2.90	797,189	1,154,089	815,311	1,060,694
Accrued interest payable	-	-	7,285	-	6,868	-
Total	4.07	2.90	804,474	1,154,089	822,179	1,060,694
Denomination by						
Euro	6.79	2.20	265,876	451,274	264,280	365,280
United States dollar	5.49	3.01	80,241	251,743	90,541	234,924
Swiss franc	1.75	0.35	160,528	160,528	159,439	159,439
Romanian lei	0.92	5.99	65,588	65,588	67,293	67,293
Pound sterling	4.12	2.03	58,445	58,445	60,170	60,170
Turkish lira	4.51	36.76	7,731	7,731	9,799	9,799
Georgian lari	2.50	8.16	42,344	42,344	46,066	46,066
Czech koruna	0.75	4.22	48,493	48,493	47,647	47,647
Japanese yen	0.92	0.65	29,556	29,556	30,643	30,643
Australian dollar	4.75	3.03	16,715	16,715	17,664	17,664
Polish zloty	1.25	2.12	16,500	16,500	16,374	16,374
New Zealand dollar	4.25	6.10	5,172	5,172	5,395	5,395
Accrued interest payable	-	-	7,285	-	6,868	-
Total	4.07	2.90	804,474	1,154,089	822,179	1,060,694
Maturity by						
Short-term, within one year	0,83	4.27	168,296	168,296	12,489	12,489
Long-term, over one year	4.90	2.57	628,893	985,793	802,822	1,048,205
Accrued interest payable	-	-	7,285	-	6,868	-
Total	4.07	2.90	804,474	1,154,089	822,179	1,060,694

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

Notes to the Condensed Interim Financial Statements

20. OTHER LIABILITIES

Other liabilities are analyzed as follows:

	At 30 June 2025	At 31 December 2024
Presented in EUR (000)		
Accrued interest on derivatives	13,759	15,455
Suppliers and other accrued expenses	240	1,717
Other	6,236	312
Other liabilities	20,235	17,484

21. SHARE CAPITAL

The share capital is analyzed as follows:

	At 30 June 2025	At 31 December 2024
Presented in EUR (000)		
Authorized share capital	3,450,000	3,450,000
Less: unallocated share capital*	(1,161,500)	(1,161,500)
Subscribed share capital	2,288,500	2,288,500
Less: shares not yet called	(1,601,950)	(1,601,950)
Paid-in share capital	686,550	686,550

* Shares available to new or existing Member States.

22. RESERVES

Total reserves were EUR 105,401 thousand (31 December 2024: EUR 100,944 thousand) and are analyzed as general reserve of EUR 131,562 thousand (31 December 2024: EUR 131,562 thousand), other comprehensive income reserve of EUR -29,758 thousand (31 December 2024: EUR -29,654 thousand) and other reserve of EUR 3,597 thousand (31 December 2024: EUR -964 thousand). The Bank's general reserve is maintained for meeting any unforeseeable risks or contingencies, and the other reserve primarily is the movement in the remeasurements of the Bank's defined benefit pension scheme and cash flow hedging instruments which were discontinued as of 30 June 2025 (see note 13).

23. EMPLOYEE BENEFITS

Under the defined benefit scheme at the end of the period was EUR 960 thousand (2024: net asset EUR 106 thousand) and the amount included in personnel expenses for the period was EUR 719 thousand (30 June 2024: EUR 803 thousand).

Under the defined contribution scheme the amount included in personnel expenses for the period was EUR 711 thousand (30 June 2024: EUR 680 thousand).

Notes to the Condensed Interim Financial Statements

24. RELATED PARTIES

The Bank has the following related parties.

Key Management Personnel

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

The amounts paid to key management personnel during the period were EUR 865 thousand (2024: EUR 697 thousand), of which comprises salary and employee benefits of EUR 744 thousand (2024: EUR 592 thousand) and post-employment benefits of EUR 121 thousand (2024: EUR 105 thousand).

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

25. EVENTS AFTER THE REPORTING PERIOD

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