BLACK SEA TRADE AND DEVELOPMENT BANK

Financial Statements for the Year Ended 31 December 2022

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

Report on the Audit 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 2022 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 a summary of significant accounting policies.

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 2022, 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.

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<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Expected Credit Loss on Loans at amortized cost</td></tr>
<tr><td>Loans at amortized cost of the Bank amounted to EUR 2,041 million as at 31 December 2022 (EUR 2,329 million as at 31 December 2021) and Expected Credit Losses (“ECL”) to EUR 106 million (EUR 44 million as at 31 December 2021) as presented on the Statement of Financial Position.

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.

The estimation of ECL on loans at amortized cost is considered a key audit matter as it involves management judgment and high degree of estimation uncertainty. Increased uncertainty related to the continuing impact of Russia’s invasion in Ukraine and the availability of reliable information represented an increased risk in the determination of ECL for loans granted to debtors operated at these countries.

Management judgements and accounting estimates, with higher degree of subjectivity or complexity relate to:

• The timely identification of exposures with significant increase in credit risk and credit impaired exposures.
• The determination of certain credit risk parameters, such Probability of Default (PD) and Exposure at Default (EAD).

•The inputs and the assumptions used to determine the macroeconomic factors, the scenarios and scenario weights used to estimate the impact of the multiple economic scenarios.
• The Identification and appropriateness of management overrides for staging classification of Russian and Ukraine loans to include the impact of the Russian – Ukraine conflict.
• For Stage 3 loans granted to debtors operates in Ukraine the most significant assumptions and Management judgements relate to:
a) the incorporation of the impact of Russia-Ukraine war in the assessment of future cash flows
b) the valuation of collaterals
c) the reliability of available information
d) reasonableness of the weightings of different scenarios for the assessment of individually assessed loans.
Management provided further information about principles and accounting policies for determining the allowance for impairment on loans at amortized cost and the management of credit risk in notes 3.6, 5, 12 and 15 to the financial statements.</td><td>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, inter alia, the following audit procedures:

- we obtained an understanding of the procedures and evaluated the design and implementation of relevant internal controls within the business process.
- we assessed the appropriateness of the Bank’s IFRS 9 impairment methodologies.
- with the support of our internal financial risk modeling specialists, we assessed the reasonableness of Management’s assumptions and input data used in the model, including the analysis of the forecasted macroeconomic variables. 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.
- 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 systems or documentation.
- 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 stage 3 loans, we assessed the reasonableness of the assumptions used by Management including the forecasted future cash flows, debtor’s operations, the reasonableness of the judgment management applied in the war scenarios used and weighting applied to them, the existence of collaterals and reasonableness of the valuation used.
- 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.

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.</td></tr>
</table>

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, 8 June 2023

The Certified Public Accountant

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INCOME STATEMENT

For the year ended 31 December 2022

Presented in thousands of EUR	Note	2022	2021
Interest and similar income	7	151,268	105,171
Interest and similar expense	8	(59,021)	(58,492)
Net interest income (expense) on derivatives	9	4,388	13,799
Net interest income		**96,635**	**60,478**
Of which: net interest income based on the effective interest rate		142,967	97,702
Net fees and commissions	10	1,937	1,971
Net gains from equity investments through profit or loss		-	182
Net gains on derecognition of debt investment securities at fair value through other comprehensive income		139	4,855
Realized gains on derivative instruments		6,386	-
Unrealized fair value (losses) on derivative instruments		(21,880)	(16,602)
Fair value gains (losses) on loans measured at fair value through profit or loss		336	683
Fair value (losses) on equity investments measured at fair value through profit or loss		(791)	-
Foreign exchange (losses) income		(18,980)	(559)
Other (losses) income		(10)	(4)
Operating income		**63,772**	**51,004**
Personnel expenses	11,26	(18,197)	(16,352)
Administrative expenses	11	(4,853)	(4,574)
Depreciation and amortization	18,19	(339)	(478)
Income before expected credit losses		**40,383**	**29,600**
Expected credit (losses) gains on loans measured at amortized cost	12	(68,085)	11,882
Expected credit gains (losses) on debt investment securities measured at fair value through other comprehensive income	13	116	2,415
Income (loss) for the year		**(27,586)**	**43,897**

The accompanying notes, on pages 11 to 77 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

Presented in thousands of EUR	Note	2022	2021
Income (loss) for the year		(27,586)	43,897
Other comprehensive income (expense):			
Items that will not be reclassified subsequently to profit or loss:			
Gains (losses) on Actuarial defined benefit scheme	24	8,178	2,310
Gains (losses) on equity investments financial assets	24	(5,527)	6,047
Items that are or may be reclassified subsequently to profit or loss:			
Gains (losses) on investment securities financial assets	24	(18,550)	(9,747)
Gains (losses) on cash flow hedges	24	(3,621)	(493)
Other comprehensive (expense) income		(19,520)	(1,883)
Total comprehensive income (loss)		**(47,106)**	**42,014**

The accompanying notes, on pages 11 to 77 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2022

Presented in thousands of EUR	Note	2022	2021
Assets			
Cash and due from banks	25	208,338	170,175
Deposits in margin accounts		114,430	30,740
Debt investment securities at fair value through other comprehensive income	13	525,224	652,448
Derivative financial instruments – assets	14	42,338	24,279
Loans at amortized cost	5,15	2,040,986	2,329,424
Less: accrued/deferred income	15	26,458	(14,700)
Less: expected credit losses	5,12	(106,476)	(44,223)
Loans at fair value through profit or loss	15	15,350	15,014
Loans		1,976,318	2,285,515
Equity investments at fair value through profit or loss		-	791
Equity investments at fair value through other comprehensive income	5,16	12,440	24,986
Equity investments at fair value		12,440	25,777
Accrued interest receivable	15	38,054	27,181
Other assets	17	17,054	18,181
Property and equipment	18	265	368
Intangible assets	19	553	200
Right of use assets	22	451	245
Total Assets		**2,935,465**	**3,235,109**
Liabilities			
Short-term	20	-	167,756
Amounts due to financial institutions	20	413,485	438,293
Debt evidenced by certificates	20	1,493,157	1,657,416
Accrued interest payable	20	9,013	10,936
Borrowings		1,915,655	2,274,401
Margin accounts		14,420	16,590
Derivative financial instruments – liabilities	14	148,624	45,869
Other liabilities	21	20,132	12,484
Lease liability	22	277	43
Total liabilities		2,099,108	2,349,387
Members' Equity			
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	80,792	100,312
Retained earnings		69,015	98,860
Total members' equity		836,357	885,722
Total Liabilities and Members' Equity		**2,935,465**	**3,235,109**
Off-balance-sheet items			
Commitments	5	118,937	237,471

The accompanying notes, on pages 11 to 77 are an integral part of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended 31 December 2022

Presented in thousands EUR	Share capital					
	Subscribed	Callable	Payable	Reserves	Retained Earnings	Total
At 31 December 2020	**2,288,500**	**(1,601,950)**	**-**	**58,298**	**98,860**	**843,708**
Income for the year	-	-	-	-	43,897	43,897
Other comprehensive income:						
Net gains (losses) on financial assets at fair value reserve through OCI	-	-	-	(3,700)	-	(3,700)
Actuarial (losses) gains on defined benefit scheme	-	-	-	2,310	-	2,310
Effective portion of cash flow Hedges (losses) gains	-	-	-	(493)	-	(493)
Total comprehensive income for the year	-	-	-	(1,883)	43,897	42,014
Members' contributions	-	-	-	-	-	-
Transfer to general reserve	-	-	-	43,897	(43,897)	-
Total contributions	-	-	-	43,897	(43,897)	-
At 31 December 2021	**2,288,500**	**(1,601,950)**	**-**	**100,312**	**98,860**	**885,722**
Income (loss) for the year	-	-	-	-	(27,586)	(27,586)
Other comprehensive income:						
Net (losses) gains on financial assets at fair value reserve through OCI	-	-	-	(26,336)	-	(26,336)
Disposal of equity investments at fair value through OCI (see Note 16)	-	-	-	2,259	(2,259)	-
Actuarial gains (losses) on defined benefit scheme	-	-	-	8,178	-	8,178
Effective portion of cash flow hedges (losses) gains	-	-	-	(3,621)	-	(3,621)
Total comprehensive income (loss) for the year	-	-	-	(19,520)	(29,845)	(49,365)
Members' contributions	-	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-
At 31 December 2022	**2,288,500**	**(1,601,950)**	**-**	**80,792**	**69,015**	**836,357**

The accompanying notes, on pages 11 to 77 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Presented in thousands of EUR	Note	2022	2021
Cash flows from operating activities			
Income for the year		(27,586)	43,897
Adjustment for items in income statement:			
Depreciation and amortization		339	478
Expected credit losses (gains) on loans		68,085	(11,882)
Expected credit t losses (gains) on investment securities		(116)	(2,415)
Fair value losses (gains) on loans at FVTPL		(336)	(683)
Fair value losses (gains) on equity investments at FVTPL		791	-
Net interest income		(92,247)	(46,679)
Realized (gains) on disposal investment securities at FVTOCI		(139)	(4,855)
Realized losses (gains) losses on derivative instruments		(6,386)	-
Cash generated from (used for) operations:			
Proceeds from repayment of loans		614,609	903,419
Proceeds from repayment of equity investments		5,684	7,169
Funds advanced for loans		(246,115)	(1,072,130)
Funds advanced for equity investments		(924)	(460)
Net movement in derivative financial instruments		62,816	35,958
Working capital adjustments:			
Interest income received		140,395	101,502
Interest income paid		(60,944)	(56,940)
Decrease (increase) in deposit margin accounts		(83,690)	(4,500)
Decrease (increase) in other assets		1,127	(6,464)
Increase (decrease) in margin accounts		(2,170)	(6,330)
Increase (decrease) in other and lease liabilities		7,882	(1,442)
Increase (decrease) in accrued/deferred income		(41,158)	887
Net cash from / (used in) operating activities		339,917	(121,470)
Cash flows from investing activities			
Net proceeds from investment securities at FVTOCI		126,828	49,481
Purchase of property, software and equipment		(613)	(320)
Net cash from / (used in) investing activities		126,215	49,161
Cash flows from financing activities			
Proceeds from borrowings		326,811	1,677,859
Repayment of borrowings		(684,688)	(1,306,724)
Net cash from financing activities		(357,877)	371,135
Net increase (decrease) in cash and cash equivalents		**108,255**	**298,826**
Cash and cash equivalents at beginning of year		571,492	272,666
Cash and cash equivalents at end of year	25	**679,747**	**571,492**

The accompanying notes, on pages 11 to 77 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 Komninon Street, Thessaloniki, in the Hellenic Republic, was established as an international financial organization under the Agreement Establishing the Bank dated 30 June 1994 (‘Establishing Agreement’). In accordance with Article 61 of the Establishing Agreement, following the establishment of the Bank the Establishing Agreement came into force on 24 January 1997. The Bank commenced operations on 1 June 1999.

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

As at financial position date the Bank's shareholders comprised of the following 11 countries: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, 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. Koba Gvenetadze
Greece	Mr. Adonis-Spyridon Georgiadis
Moldova	Mr. Dumitru Budianschi
Romania	Mr. Alin Chitu
Russia	Mr. Timur Maksimov
Turkiye	Mr. Murat Zaman
Ukraine	Ms. Yuliia Svyrydenko

1.3.2 Board of Directors

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

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 2022 were submitted by the Management Committee to the Board of Directors (BoD) for approval on 2 June 2023 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 6 July 2023.

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

Functional and presentation currency

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

Use of Estimates and Judgments

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

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

Further and in support of the new LTSF, the Board of Governors has approved an increase to the subscribed capital of the Bank, to take place over the period 2023-2030.

In March 2023 the Board of Governors concluded its special meeting dedicated to the evaluation of subscriptions received from Member States on the new round of capital increase and allocation of subscribed capital. The results of the subscription showed strong shareholder support with the offer being oversubscribed. Ten Member States participated, while two of them oversubscribed. The Board of Governors decided, in line with the provisions of the "Capital Contribution Strategy and Technical Parameters for Capital Subscription", to allocate in the first step to the Member States that qualify without any regulatory concern the number of shares corresponding to the share they owned in the capital of the Bank immediately prior to the offer for subscription. 578,016 shares were allocated amounting to EUR 664.7 million. Final decision on allocation of shares, payment and transfer of voting rights will be decided in the second step of the process, at the Annual Meeting in July 2023.

The financial statements for 2022 have been prepared on a going concern basis. As the Bank maintains its operational capacity and retains its strong capital position and liquidity position (31 December 2022 of EUR 850,420 thousand, SoFP), 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.

The Bank had no exposure to Silicon Valley Bank, Signature Bank nor Credit Suisse Bank (exception of one financial derivative at 31 December 2022 fair value of EUR 12,422 thousand which matures within the first half 2023).

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

A summary of the Bank's accounting policies applied 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)

New standards and amendments to standards which were issued by the International Accounting Standards Board (IASB), applied on 1 January 2022:

- **IAS 16: Property, Plant and Equipment**

  IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The adoption did not have any material impact on the Bank's financial statements.

- **IAS 37: Provisions, Contingent Liabilities and Contingent Assets**

  IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable). Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The adoption did not have any material impact on the Bank's financial statements.

- **IAS 41: Agriculture**

  IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The adoption did not have any impact on the Bank's financial statements.

- **IFRS 1: First-time Adoption of International Financial Reporting Standards**

  FRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. This is not applicable to the Bank.

- **IFRS 3: Business Combinations**

  IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. The adoption did not have any impact on the Bank's financial statements.

New standards and amendments to standards which were issued by the International Accounting Standards Board (IASB), applied on or after 1 January 2023:

- **IAS 1: Presentation of Financial Statements**

  IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. Effective January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption is not expected to have any material impact on the Bank's financial statements.

- **IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors**

  IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. Effective January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption is not expected to have any material impact on the Bank's financial statements.

- **IAS 12: Income Taxes**

  IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test. First effective as Canadian GAAP under Part I for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. This is not applicable to the Bank.

- **IFRS 16: Leases**

  IFRS 16 "Leases" specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. The amendments were effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The adoption is not expected to have any material impact on the Bank's financial statements.

- **IFRS 17: Insurance Contracts**

  IFRS 17 "Insurance Contracts" establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.] Effective January 1, 2021. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The adoption is not expected to have any material impact on the Bank's financial statements.

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

			31 December 2022	31 December 2021
	=	United States dollar	1.06660	1.13260
	=	Pound sterling	0.88693	0.84028
	=	Russian ruble	76.07650	85.30040
1 EUR	=	Azerbaijan manat	1.81140	1.92650
	=	Georgian lari	2.88320	3.50400
	=	Armenian dram	420.06000	542.61000
	=	Romanian leu	4.94950	4.94900

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 (i) 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.

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 recognized when funds are transferred to the customer's account.

2. *Financial assets 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 decided to make an irrevocable initial recognition of value (on a financial instrument-by-instrument basis), subsequent changes in fair value will be presented in other comprehensive income (OCI). This option applies to instruments that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination (to which IFRS 3 –Business Combinations– applies). 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. 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 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 3 business models as explained below.

3.5.2 Measurement

The Bank measures financial assets at fair value on initial recognition, as detailed above. In the event the Bank considers that the fair value on initial recognition differs from the transaction price, that difference is recognized as a gain or loss on initial recognition but only if the fair value is based on a requested active market price for identical assets or is based on a valuation technique using data solely from identified markets. In all other cases, the difference between the transaction price and the fair value is deferred and is only recognized in the income statement when the inputs become observable, or when the instrument is derecognized.

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 those loans (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, except in the period after the Bank would change the business model for managing such financial assets that would be extremely infrequent and on a portfolio basis that would no longer meet the Bank's operational priorities. Emergency situations or to comply with new regulatory guidelines does not constitute a change in the business model (see below business model).

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 the sale of financial assets or the combination of the above.

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.). Also, Management decisions taken to comply with new regulatory guidelines are not included in the assessment.

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, treasury portfolio and equity investment 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:

i) Hold to collect

Each asset or group of assets for which the Bank's business model recommends that it be held for the purpose of collecting contractual cash flows is appropriately classified as AC, FVTOCI or FVTPL.

ii) Hold to collect and sell

Each asset or group of assets for which the Bank's business model recommends that it be held for the purpose of collecting contractual cash flows and selling them when the strategic planning of their acquisition has been achieved is classified as 'Hold to collect and sell'.

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 borrower. 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. syndication commission, front-end, commitment fees and handling charges) 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 loan category bonds which are purchased with a view of a 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 2022 were a gross amount of EUR 331,807 thousand (2021: EUR 294,330 thousand). Management has concluded that presentation within loans present fairly the Bank's financial position.

Loans that are designated as at FVTPL are recognized at fair value and carried at fair value. The fair value can be derived by models incorporate market data pertaining to interest rates, a borrower's credit rating, underlying assets and discounted cash flows.

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 are as follows in their related sections.

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.

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 have 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. The credit rating is primary input to the PD which is calculated based on statistical model and incorporates macroeconomic projections.

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 probability of default (PD) of the financial instrument as at the reporting date with the probability of default (PD) of the financial instrument as at the date of initial recognition, that is indicative of significant increases in credit risk since initial recognition.

In order to determine whether there has been a significant increase in the credit risk since origination, and hence transition to Stage 2, a combination of quantitative and qualitative risk metrics are used. All loans with at least a 3-notch downgrade on the Bank's internal ratings scale since origination, all loans for which the contractual payments are overdue by between 31 and 90 days inclusive, as well as all loans placed on the 'watch list' are transferred to Stage 2.

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.

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 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

For the calculation of ECL for Stage 1 and 2 loans, there is no change to the estimation technique made during the reporting year. For the calculation of ECL for Stage 3 loans, the LGD has been estimated using individual assessment impairment tests which take into account certain assumptions involving optimistic and pessimistic scenarios. 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 12 “Expected Credit Losses”.

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 costs of disposal and of the value in use (as calculated from the net cash flows). If the carrying value of an intangible asset exceeds its recoverable value, then an impairment loss is recorded in the income statement.

3.6.3 Renegotiated financial assets

When necessary, the Bank seeks to restructure a financial asset that may involve extending the payment arrangements and the agreement of new loan terms and conditions. The Bank may renegotiate the contractual terms of financial asset for a number of reasons, including changing market conditions (e.g., interest rates, governmental interference), retention not related to potential credit deterioration, retention related to credit deterioration, but generally in response to an adverse change or requirement in the financial condition of the borrower.

For loans that are modified the Bank recalculates the gross book value based on the revised cash flows on the financial asset and recognizes the profit or loss from the modification in income statement. The new gross book value is recalculated by discounting the modified cash flows at the original effective interest rate.

Modifications occur when the contractual cash flows of a financial asset are renegotiated or otherwise modified. Some modifications result in derecognition of the existing asset and recognition of a new asset with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded, while other modifications do not result in derecognition. Modifications that result in derecognition are considered to be substantial modifications. A significant or substantial change is defined when the customer enters into a new loan contract (i.e., completely new product and new pricing) that has a different interest rate type, loan amount, term period (temporary term extension is excluded), and/or customer (e.g., from single customer to joint or change in one of the joint customer names).

A distressed restructuring is an indication of unlikeliness to pay where this is likely to result in a diminished financial obligation caused by the material (change in the net present value of the asset by more than 10%) forgiveness, or postponement of either principal, interest or, where relevant fees. Distressed restructuring occurs when forbearance measures have been extended towards a debtor. Therefore, those forborne exposures where the forbearance measures are likely to result in a diminished financial obligation are classified as defaulted. Restructured operations will be considered cured and normalized after two successful repayments (average of 6 months per repayment) and could therefore be subject to a Stage movement.

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.

3.6.5 Write-backs

Recoveries (write-backs) of an asset, or part thereof, are credited to the income statement if previously written off.

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 to 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.

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 Financial Instruments

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

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

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

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

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

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

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

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

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

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

The notional amounts and fair values of the derivative instruments are disclosed in Note 14. The fair value hierarchy level of derivatives is disclosed in Note 5.

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, as set out in Note 5, 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.

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 14. Hedge accounting disclosures are provided in Note 5.

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 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.

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 Financial Guarantees

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

3.11 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. 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%

3.12 Intangible Assets

Intangible assets comprise software expenditures and other intangible assets. These assets are amortized on a straight-line basis over the best estimate of their useful lives, which is software for desktops of three years and software for servers of five years. At each reporting date, management reviews intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. An impairment loss is made if the carrying amount exceeds the recoverable amount.

3.13 Right of Use Assets

Right-of-use assets comprise those assets that the Bank, as the lessee, has control of the underlying assets during the term of the lease. Control is considered to exist if the Bank has:

i. The right to obtain substantially all of the economic benefits from the use of an identified asset; and
ii. The right to direct the use of that asset.

The Bank provides for the recognition of a right-of-use asset and a lease liability upon lease commencement in case that there is a contract, or part of a contract, that conveys to the Bank the right to use an asset for a period of time in exchange for a consideration. More details are provided within the lease accounting policy Note 3.21.

3.14 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.

3.15 Provisions

The Bank records provisions for present obligations and risks when the following circumstances exist (a) there is an existing legal or constructive obligation as a result of past events (b) for the obligation to be settled an outflow of resources embodying economic benefits is present and (c) a reliable estimate of the amount of the obligation can be made. For provisions that will be settled in a period more than 12 months after the reporting period the respective amounts could be discounted to present value.

3.16 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.

3.17 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 is the accumulated undistributed and unallocated net income over the years.

3.18 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.

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:

- 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.

- Fixed-income debt securities and other: represents interest income on treasury investments.

- 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.

- Net interest income/(expense) on derivatives: represent interest on derivatives using the contractual interest rate. The Bank does not have a trading portfolio.

- Fees and commission income and expense that are integral to the EIR: represents fees and direct costs relating to a loan origination or acquiring an investment security, financing or restructuring 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.

A contract with a customer that results in a recognized financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

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 revenue when it transfers control over a service to a customer. The adoption of IFRS 15 had no impact on the Bank's financial statements as the execution and completion of the transaction requested by a customer is done at point in time, and this is consistent with the Bank's existing accounting policy.

4. Interest rate benchmark reform

At present the Bank is continuing the usage of Libor as the interest rate benchmark of which the Bank is exposed to, as there is uncertainty to the timing and precise form of the new benchmark that has yet to be finalized.

- According to the announcements of the Financial Conduct Authority (FCA), the end of 2021 brought to a close the first major phase of LIBOR cessation with 24 of the 35 LIBOR settings ceasing. Furthermore, the continuation of some USD LIBOR settings through 30 June 2023 is intended only to support the transition of legacy products.

- With regard to new industry developments, on 23 November 2022 the FCA announced a consultation on their proposal to require LIBOR's administrator, IBA, to continue to publish the 1-, 3- and 6- month USD LIBOR settings under a different calculation methodology known as “synthetic” until the end of September 2024 for legacy contracts only.

3.19 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.

   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.

3.20 Related Parties

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

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

3.21 Leases – the Bank as a Lessee

On 1 January 2019 the Bank adopted IFRS 16, 'Leases'. This Standard has established the principles for the recognition, measurement and presentation of leases, and provides a single lessee accounting model that is required at the commencement date of the lease. The objective is to report information that (a) faithfully represents lease transactions and (b) provides a basis for the amount, timing and uncertainty of cash flows arising from leases. The Bank as a lessee is required to recognize right-of-use assets (representing the Bank's right to use the underlying leased assets) and a lease liability (representing the Bank's obligation to make lease payments), in the statement of financial position.

The Bank's leases for right-of-use assets are initially recognized and measured at cost similarly to other non-financial assets, and the lease liability is initially recognized and measured at the present value of future lease payments that are not paid at that date similarly to other financial liabilities. The lease payments can be discounted using the interest rate implicit in the lease, if such is available, or alternatively the Bank's incremental borrowing rate. The Bank will apply this measurement – except for those with lease term of 12 months or less, making use of the shot-term leases and leases of low value, exemptions under this Standard.

Regarding subsequent measurement, the Bank acting as a lessee, has applied the cost model for the measurement of the right-of-use asset; where this asset is measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for the remeasurement of the lease liability. The lease liability is measured by increasing the carrying amount to reflect any interest on it and that is separately recognized as an expense; the lease liability's carrying amount is reduced to reflect the lease payments made. In case of any reassessments (e.g., a change in future lease payments resulting from a change in an index or rate used to determine those payments) or lease modifications (e.g., a change in the lease term, lease conditions or any penalty) specified, the carrying amount of the lease liability will be remeasured to reflect revised lease payments.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

   A number of critical accounting estimates are therefore made in the calculation of expected credit losses for loans as follows:

   - Criteria used for staging assessment of loans and advances.
   - Assumptions for future cashflows of individually assessed loan exposures.
   - The input and assumptions used to estimate the impact of multiple economic scenarios.

For the majority of Stage 3 loans the LGD has been estimated using individual assessment impairment exercises. Such estimates are based on discounted cash flow approach incorporating certain assumptions and available information including information relating to collaterals liquidation. For more information refer to Note 12 “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 of Project Implementation and Monitoring Department, with inputs from the originating Operation Teams regarding the availability of financial data. Monitoring reports are completed by the Bank's Project Implementation and Monitoring 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 Project Implementation and Monitoring 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.

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 Project Implementation and Monitoring 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 42,338 thousand the corresponding cash collateral received was EUR 14,420 thousand, and derivatives financial instruments-liabilities an amount of EUR 148,624 thousand the corresponding cash collateral received was 114,430 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 2022	At 31 December 2021
Cash and due from banks		208,338	170,175
Deposits in margin accounts		114,430	30,740
Debt investment securities		525,224	652,448
Derivative financial instruments	Deposits in margin accounts	42,338	24,279
Loans	Sovereign, property, other	2,056,336	2,344,438
Equity investments		12,440	25,777
Accrued interest receivable		38,054	27,181
Other assets		17,054	18,181
On-balance-sheet		**3,014,214**	**3,293,219**
Undrawn commitments	Sovereign, property, other	118,937	237,471
Total		**3,133,151**	**3,530,690**

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, in accordance with their Moody's (or if not by Moody's than the equivalent of Standard and Poor's or Fitch) rating, as follows.

	2022					
Presented in EUR (000)	Aaa – Aa3	A1 – A3	Baa1 – B3	Caa1 – C3	Unrated	**Total**
Analysis by Moody's rating						
Cash and bank balances	91,647	94,789	12,671	-	9,231	**208,338**
Deposits in margin accounts	-	106,350	8,080	-	-	**114,430**
Debt investment securities	8,857	466,258	46,237	3,872	-	**525,224**
Derivatives financial instruments		-	-	-	42,338	**42,338**
Equity investments	-	-	-	-	12,440	**12,440**
Accrued interest receivable	-	-	-	-	38,054	**38,054**
Other assets	-	-	-	-	17,054	**17,054**
At 31 December	**100,504**	**667,397**	**66,988**	**3,872**	**119,117**	**957,878**
Of which issued by						
Corporates/governments	8,857	466,258	46,237	3,872	12,440	**537,664**
Cash deposits at banks	91,647	201,139	20,751	-	9,231	**322,768**
Other	-	-	-	-	97,446	**97,446**
At 31 December	**100,504**	**667,397**	**66,988**	**3,872**	**119,117**	**957,878**
Of which classified as						
Fair value through profit or loss	-	-	-		42,338	**42,338**
Fair value through OCI	8,857	466,258	46,237	3,872	12,440	**537,664**
Amortized cost	91,647	201,139	20,751	-	64,339	**377,876**
At 31 December	**100,504**	**667,397**	**66,988**	**3,872**	**119,117**	**957,878**

	2021					
Presented in EUR (000)	Aaa – Aa3	A1 – A3	Baa1 – B3	Caa1 – C3	Unrated	**Total**
Analysis by Moody's rating						
Cash and bank balances	170,175	-	-	-	-	**170,175**
Deposits in margin accounts	20,100	10,640	-	-	-	**30,740**
Debt investment securities	9,063	553,167	90,218	-	-	**652,448**
Derivatives financial instruments		-	-	-	24,279	**24,279**
Equity investments	-	-	-	-	25,777	**25,777**
Accrued interest receivable	-	-	-	-	27,181	**27,181**
Other assets	-	-	-	-	18,181	**18,181**
At 31 December	**199,338**	**563,807**	**90,218**	**-**	**95,418**	**948,781**
Of which issued by						
Corporates/governments	9,063	553,167	90,218	-	25,777	**678,225**
Cash deposits at banks	190,275	10,640	-	-	-	**200,915**
Other	-	-	-	-	69,641	**69,641**
At 31 December	**199,338**	**563,807**	**90,218**	**-**	**95,418**	**948,781**
Of which classified as						
Fair value through profit or loss	-	-	-	-	25,070	**25,070**
Fair value through OCI	9,063	553,167	90,218	-	24,986	**677,434**
Amortized cost	190,275	10,640	-	-	45,362	**246,277**
At 31 December	**199,338**	**563,807**	**90,218**	**-**	**95,418**	**948,781**

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 2022 and 31 December 2021.

	Loans at amortized cost: presented in EUR (000)							
					ECL allowance			
Internal risk rating category	12-month ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	**Total**	12-month ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	**Total**
Excellent	-	-	-	**-**	-	-	-	**-**
Very strong	-	-	-	**-**	-	-	-	**-**
Strong	-	-	-	**-**	-	-	-	**-**
Good	-	-	-	**-**	-	-	-	**-**
Fair	586,023	-	18,375	**604,398**	508	-	6,092	**6,600**
Weak	383,524	290,177	-	**673,701**	628	1,082	-	**1,710**
Special attention	10,208	578,786	147,490	**736,484**	66	35,432	41,281	**76,779**
Expected loss	-	-	26,403	**26,403**	-	-	21,387	**21,387**
At 31 December 2022	**979,755**	**868,963**	**192,268**	**2,040,986**	**1,202**	**36,514**	**68,760**	**106,476**

	Loans at amortized cost: presented in EUR (000)							
					ECL allowance			
Internal risk rating category	12-month ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	**Total**	12-month ECL Stage 1	Lifetime ECL Stage 2	Lifetime ECL Stage 3	**Total**
Excellent	-	-	-	**-**	-	-	-	**-**
Very strong	-	-	-	**-**	-	-	-	**-**
Strong	-	-	-	**-**	-	-	-	**-**
Good	3,053	-	-	**3,053**	1	-	-	**1**
Fair	827,702	-	-	**827,702**	729	-	-	**729**
Weak	1,141,657	153,694	19,247	**1,314,598**	4,226	175	8,297	**12,698**
Special attention	6,073	126,321	20,036	**152,430**	27	444	3,327	**3,798**
Expected loss	-	-	31,641	**31,641**	-	-	26,997	**26,997**
At 31 December 2021	**1,978,485**	**280,015**	**70,924**	**2,329,424**	**4,983**	**619**	**38,621**	**44,223**

	Loans at fair value: presented in EUR (000)	
Internal risk rating category	Fair value 2022	Fair value 2021
Excellent	-	-
Very strong	-	-
Strong	-	-
Good	10,610	10,004
Fair	-	-
Weak	-	-
Special attention	4,740	5,010
Expected loss	-	-
At 31 December	**15,350**	**15,014**

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.

	At 31 December 2022		At 31 December 2021	
Presented in EUR (000)	Outstanding balance	Undrawn commitments	Outstanding balance	Undrawn commitments
Concentration by instrument				
Loans	2,056,336	73,360	2,344,438	208,203
Equity investments	12,440	4,000	25,777	6,833
Guarantees	-	41,577	-	22,435
At end of year	**2,068,776**	**118,937**	**2,370,215**	**237,471**
Concentration by country				
Albania	10,392	12	29,673	27
Armenia	79,225	90	108,823	4,507
Azerbaijan	12,649	12	49,438	12
Bulgaria	259,364	12,542	248,397	57,946
Georgia	49,635	6,229	52,921	20,004
Greece	277,790	60,316	335,926	100,192
Moldova	52,768	1,012	48,686	27
Romania	202,202	11,693	224,213	29,055
Russia	400,994	17,943	477,945	8,236
Turkiye	460,510	806	507,258	5,459
Ukraine	263,247	8,282	286,935	12,006
At end of year	**2,068,776**	**118,937**	**2,370,215**	**237,471**
Concentration by sector				
Consumer discretionary	85,484	8,000	91,695	8,659
Consumer staples	218,057	7,808	217,544	20,000
Energy	55,818	52,026	57,251	92,395
Financial institutions	322,594	5,000	541,638	23,609
Health care	107,946	-	107,456	4,616
Industrials	407,969	4,526	510,462	4,526
Information technology	-	-	3,976	-
Materials	316,205	-	318,048	26,488
Real estate	95,901	-	99,736	25,954
Telecom services	-	-	-	-
Utilities	458,802	41,577	422,409	31,224
At end of year	**2,068,776**	**118,937**	**2,370,215**	**237,471**
Incurred by				
Sovereign	340,570	41,050	356,314	95,669
Non-sovereign	1,728,206	77,887	2,013,901	141,802
At end of year	**2,068,776**	**118,937**	**2,370,215**	**237,471**

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)	2022	2021
Property	671,202	704,050
Debt securities	2,020	2,020
Other	115,448	112,021
Non-sovereign	788,670	818,091
Sovereign	381,620	451,983
Collateral and credit enhancements	**1,170,290**	**1,270,074**

Presented in EUR (000)	2022	2021
States 1 and 2	1,008,496	1,231,210
Stage 3	161,794	38,864
Collateral and credit enhancements	**1,170,290**	**1,270,074**

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 also hold collateral in ‘S’ banking accounts in the Russian Federation. The Bank may hold cash as collateral against its derivative contract counterparties, at 31 December 2022 the Bank had pledged as collateral for derivative transactions a net amount of EUR 100,010 thousand (2021: EUR 14,150 thousand).

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 50% 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 investment grade rated counterparties (iii) Euro-denominated commercial paper issued by investment grade parties and (iv) investment grade 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 2022 and 31 December 2021 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	-	21,837	410,287	1,157,106	513,647	**2,102,877**
Derivative financial instruments	-	-	9,841	18,609	120,174	**148,624**
Other and lease liabilities	-	19,788	621	-	-	**20,409**
Financial Liabilities at 31 December 2022	**-**	**41,625**	**420,749**	**1,175,715**	**633,821**	**2,271,910**
Borrowings	22,073	60,808	330,493	1,371,971	690,781	**2,476,126**
Derivative financial instruments	-	1,854	3,087	14,732	26,196	**45,869**
Other and lease liabilities	-	3,843	8,684	-	-	**12,527**
Financial Liabilities at 31 December 2021	**22,073**	**66,505**	**342,264**	**1,386,703**	**716,977**	**2,534,522**

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 2022 Presented in EUR (000)	Euro	United States Dollar	Swiss franc	Other	**Total**
Assets					
Cash and due from banks	118,008	68,658	-	21,672	**208,338**
Deposits in margin accounts	114,430	-	-	-	**114,430**
Debt investment securities	354,329	170,895	-	-	**525,224**
Derivative financial instruments	14,632	27,414	-	292	**42,338**
Loans	1,338,099	684,297	-	33,940	**2,056,336**
Accrued/deferred income	31,187	(4,595)	-	(134)	**26,458**
Expected credit t losses on loans	(78,976)	(27,451)	-	(49)	**(106,476)**
Equity investments	8,167	4,187	-	86	**12,440**
Accrued interest receivable	24,470	13,327	-	257	**38,054**
Other assets	17,054	-	-	-	**17,054**
Total	1,941,400	936,732	-	56,064	**2,934,196**
Liabilities					
Borrowings	362,009	845,357	356,556	351,733	**1,915,655**
Margin accounts	14,420	-	-	-	**14,420**
Derivative financial instruments	118,097	30,527	-	-	**148,624**
Other and lease liabilities	20,409	-	-	-	**20,409**
Total	514,935	875,884	356,556	351,733	**2,099,108**
Currency balance at 31 December 2022	**1,426,465**	**60,848**	**(356,556)**	**(295,669)**	**835,088**

At 31 December 2021 Presented in EUR (000)	Euro	United States dollar	Swiss franc	Other	Total
Assets					
Cash and due from banks	79,921	88,793	-	1,461	**170,175**
Deposits in margin accounts	30,740	-	-	-	**30,740**
Debt investment securities	375,444	277,004	-	-	**652,448**
Derivative financial instruments	7,914	15,394	-	971	**24,279**
Loans	1,565,941	703,859	-	74,638	**2,344,438**
Deferred income	(9,724)	(4,694)	-	(282)	**(14,700)**
Expected credit t losses on loans	(38,510)	(1,574)	-	(4,139)	**(44,223)**
Equity investments	12,588	13,109	-	80	**25,777**
Accrued interest receivable	12,830	8,103	-	6,248	**27,181**
Other assets	18,181	-	-	-	**18,181**
Total	2,055,325	1,099,994	-	78,977	**3,234,296**
Liabilities					
Borrowings	443,098	998,702	339,530	493,071	**2,274,401**
Margin accounts	16,590	-	-	-	**16,590**
Derivative financial instruments	29,261	16,608	-	-	**45,869**
Other and lease liabilities	12,527	-	-	-	**12,527**
Total	501,476	1,015,310	339,530	493,071	**2,349,387**
Currency balance at 31 December 2021	**1,553,849**	**84,684**	**(339,530)**	**(414,094)**	**884,909**

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 2022	Interest bearing						
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	Non-interest bearing	Total
Assets							
Cash and due from banks	208,331	-	-	-	-	7	**208,338**
Deposits in margin accounts	114,430	-	-	-	-	-	**114,430**
Debt investment securities	55,000	416,409	10,963	42,852	-	-	**525,224**
Derivative financial instruments	-	-	15,814	20,716	5,808	-	**42,338**
Loans	482,932	362,423	514,753	466,353	229,875	-	**2,056,336**
Equity investments	-	-	-	-	-	12,440	**12,440**
Accrued interest receivable	-	-	-	-	-	38,054	**38,054**
Other assets	-	-	-	-	-	17,054	**17,054**
Total	860,693	778,832	541,530	529,921	235,683	67,555	**3,014,214**
Liabilities							
Borrowings	-	326,629	477,763	742,366	359,877	9,020	**1,915,655**
Margin accounts	-	-	-	-	-	14,420	**14,420**
Derivative financial instruments	-	-	9,841	18,609	120,174	-	**148,624**
Other and lease liabilities	-	-	-	-	-	20,409	**20,409**
Total	-	326,629	487,604	760,975	480,051	43,849	**2,099,108**
Interest rate risk at 31 December 2022	**860,693**	**452,203**	**53,926**	**(231,054)**	**(244,368)**	**23,706**	**915,106**

At 31 December 2021 Presented in EUR (000)	Interest bearing 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	Non-interest bearing	Total
Assets							
Cash and due from banks	170,174	-	-	-	-	1	**170,175**
Deposits in margin accounts	-	-	-	-	-	30,740	**30,740**
Debt investment securities	166,545	242,122	123,561	120,220	-	-	**652,448**
Derivative financial instruments	-	-	-	23,782	497	-	**24,279**
Loans	436,401	429,322	667,522	811,193	-	-	**2,344,438**
Equity investments	-	-	-	-	-	25,777	**25,777**
Accrued interest receivable	-	-	-	-	-	27,181	**27,181**
Other assets	-	-	-	-	-	18,181	**18,181**
Total	773,120	671,444	791,083	955,195	497	101,880	**3,293,219**
Liabilities							
Borrowings	22,073	266,343	450,956	1,524,093	-	10,936	**2,274,401**
Margin accounts	-	-	-	-	-	16,590	**16,590**
Derivative financial instruments		1,854	3,087	14,732	26,196	-	**45,869**
Other and lease liabilities	-	-	-	-	-	12,527	**12,527**
Total	22,073	268,197	454,043	1,538,825	26,196	40,053	**2,349,387**
Interest rate risk at 31 December 2021	**751,047**	**403,247**	**337,040**	**(583,630)**	**(25,699)**	**61,827**	**943,832**

c3. Sensitivity analysis

Currency risk sensitivity

The Bank is marginally sensitive to exchange rate fluctuations of the US dollar and the Euro. The Bank's paid-in capital is held in Euro and the Bank's loan portfolio is typically denominated as 60% Euro, 30% US dollar and 10% other local currencies. In addition, the Bank's administrative expenses are denominated in Euro, and the Bank's income is typically denominated as 60% Euro, 30% US dollar and 10% other local currency. The Bank has addressed this sensitivity to currency risk by increasing its 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 EUR and USD curves of 50 basis points would have generated the maximum loss or gain respectively.

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
Euro	1,709,000	2,142,000
United States dollar	(457,000)	(973,000)
Total re-pricing gap	1,252,000	1,169,000
Shift of 50 basis points in the EUR curve	**6,262**	**5,846**

The impact on net interest income (NII) is calculated under the scenario of an instantaneous parallel shift of interest rates by 50 basis points yield curve. At 31 December 2022 the impact on NII under this scenario would had decreased net loss to EUR -21,324 thousand or increased net loss to EUR -33,848 thousand (2021: increased net income to EUR 49,743 thousand or decreased net income to EUR 38,051 thousand).

Consequently, the impact on other comprehensive income as the fair value movement would had decreased total comprehensive loss to EUR -41,659 thousand or increased total comprehensive loss to EUR -54,183 thousand (2021: increased total comprehensive income to EUR 47,860 thousand or decreased total comprehensive income to EUR 36,168 thousand).

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 USD, AUD and RON). The Bank hedges interest rate risk to the extent of the benchmark interest rate exposure of the floating leg (mainly Euribor, USD Libor). 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 (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 profit or loss, 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 profit or loss.

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.

At 31 December 2022, the Bank held the following interest rate and cross currency swaps as hedging instruments in fair value hedges of interest and foreign currency risk.

Presented in EUR (000)	**At 31 December 2022**	
	1–5 years	Over 5 years
Interest Rate Swaps		
Hedge of borrowings / euro notes:		
Nominal amount		199,692
Average fixed interest rate		1.63%
Cross Currency Swaps		
Hedge of borrowings / other notes:		
Nominal amount	95,020	75,491
Average EUR: AUD exchange rate		1.57
Average EUR: PLN exchange rate	4.64	
Average EUR: CZK exchange rate	24.49	
Average EUR: RON exchange rate	4.95	
Average EUR: GBP exchange rate		0.86

Presented in EUR (000)	At 31 December 2021	
	1–5 years	Over 5 years
Interest Rate Swaps		
Hedge of borrowings / euro notes:		
Nominal amount		120,000
Average fixed interest rate		1.44%
Cross Currency Swaps		
Hedge of borrowings / other notes:		
Nominal amount	15,848	19,330
Average EUR: AUD exchange rate		1.56
Average EUR: PLN exchange rate	4.60	

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2022 and 31 December 2021 were as follows:

Presented EUR (000)	At 31 December 2022						
	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 2022	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
		Assets	**Liabilities**				
Interest rate swaps – hedge of borrowings	199,692	-	53,107	Derivative financial instruments – assets/liabilities	(46,989)	(384)	Unrealized fair value (losses) on derivative instruments
Cross currency swaps – hedge of borrowings	170,511	3,914	29,865	Derivative financial instruments – assets/liabilities	(22,775)	-	Unrealized fair value (losses) on derivative instruments
Total	**370,203**	**3,914**	**82,972**		**(69,764)**	**(384)**	

Presented EUR (000)	At 31 December 2021						
	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 2021	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
		Assets	**Liabilities**				
Interest rate swaps – hedge of borrowings	120,000	-	6,118	Derivative financial instruments – assets/liabilities	(6,118)	(471)	Unrealized fair value (losses) on derivative instruments
Cross currency swaps – hedge of borrowings	35,178	-	3,176	Derivative financial instruments – assets/liabilities	(3,176)	1,389	Unrealized fair value (losses) on derivative instruments
Total	**155,178**	**-**	**9,294**		**(9,294)**	**918**	

The amounts relating to items designated as hedged items at 31 December 2022 and 31 December 2021 were as follows:

Presented in EUR (000)	At 31 December 2022			
	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
	Assets	**Liabilities**		
Euro Notes issued	-	120,000	Borrowings	29,941
Other Notes Issued	-	402,534	Borrowings	30,311
Total	**-**	**522,534**		**60,252**

Presented in EUR (000)	At 31 December 2021			
	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
	Assets	**Liabilities**		
Euro Notes issued	-	114,353	Borrowings	5,647
Other Notes Issued	-	30,612	Borrowings	4,566
Total	**-**	**144,965**		**10,213**

At 31 December 2022, there were no amounts related to settled swaps.

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., 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 (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.

At 31 December 2022, 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 152,331 thousand (2021: EUR 143,177 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).

For this outstanding hedged designation, the balance in the cash flow hedge reserve amounts to EUR 4,114 thousand loss (2021: EUR 493 thousand loss, see Note 24).

At 31 December 2022, 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 significant market risk exposure concerning foreign exchange or equity price risk on this portfolio. At 31 December 2022 the Bank's equity investments are 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 Compliance and Operational Risk Management Department (DCR) 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 damages 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.

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 standardize 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 the above financial instruments measured at fair value, the Bank uses IFRS 13 specifies classification of fair values on the basis of a three-level hierarch 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. These inputs have created the following fair value hierarchy for determining and disclosing.

- Level 1: Quoted market prices in active markets for identical assets or liabilities. This level includes equity investments on stock exchanges and listed debt investment securities held at fair value through other comprehensive income.

- Level 2: Includes financial instruments valued using: quoted market prices in active markets for similar instruments; 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. The Bank uses widely recognized valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgement and estimation. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. This level includes derivative financial instruments.

- 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. This level includes loans and equity investments held at fair value through profit or loss, and equity investments held at fair value through other comprehensive income.

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 2022 and 31 December 2021. 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	-	42,338	-	**42,338**
Fair value through profit or loss:				
Loans	-	-	15,350	**15,350**
Equity investments	-	-	-	**-**
Fair value through other comprehensive income:				
Debt investment securities	527,652	-	-	**527,652**
Equity investments	-		12,440	**12,440**
Derivative financial instruments – liabilities	-	(148,624)	-	**(148,624)**
At 31 December 2022 on recurring basis	**527,652**	**(106,286)**	**27,790**	**449,156**

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

Presented in EUR (000)	Level 1	Level 2	Level 3	**Carrying Amount**
Derivative financial instruments – assets	-	24,279	-	**24,279**
Fair value through profit or loss:				
Loans	-	-	15,014	**15,014**
Equity investments	-	-	791	**791**
Fair value through other comprehensive income:				
Debt investment securities	652,448	-	-	**652,448**
Equity investments	-		24,986	**24,986**
Derivative financial instruments – liabilities	-	(45,869)	-	**(45,869)**
At 31 December 2021 on recurring basis	**652,448**	**(21,590)**	**40,791**	**671,649**

Fair Value Measurement in Level 3

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

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
At 1 January	15,014	12,525
Disbursements	-	1,806
Total gains (losses) recognized in the income statement	336	683
At end of year on recurring basis	**15,350**	**15,014**

At 31 December 2022 the fair value of loans through profit or loss EUR 15,350 thousand is calculated based on a discounted payment / cashflows approach using the applicable effective interest rate.

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

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
At 1 January	25,777	26,310
Total gains (losses) recognized in the income statement	(791)	-
Total gains (losses) recognized in other comprehensive income	(5,527)	6,047
Disbursements*	924	460
Repayments	(5,684)	(7,169)
Foreign exchange adjustments	-	129
Disposal/exit of equity investments at fair value through OCI**	(2,259)	-
At end of year on recurring basis	**12,440**	**25,777**

* 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 2022 an amount of EUR 1,444 thousand (2021: nil) was disposal/exit of such financial assets and not recycled to the income statement (see Note 16).

Sensitivity Analysis for Level 3

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

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

Presented in EUR (000)	Valuation techniques	Carrying amount	Favorable change	Unfavorable change
Loans	Discounted cash flows models	15,014	751	(751)
Equity investments	Net asset value and EBITDA multiplies	25,777	1,289	(1,289)
At 31 December 2021		**40,791**	**2,040**	**(2,040)**

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

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

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

Financial Instruments not Measured at Fair Value

The table below classifies the Bank's financial instruments that were not carried at fair value into three levels reflecting the relative reliability of the measurement bases, with level 1 as the most reliable.

	At 31 December 2022				
Presented in EUR (000)	Level 1	Level 2	Level 3	**Fair value**	Carrying amount
Assets					
Cash and due from banks	208,338	-	-	**208,338**	208,338
Deposits in margin accounts	114,430	-	-	**114,430**	114,430
Loans at amortized cost	235,370	-	1,677,062	**1,912,432**	2,040,986
Accrued interest receivable	-	-	38,054	**38,054**	38,054
Other assets	-	-	17,054	**17,054**	17,054
Total financial assets	**558,138**	**-**	**1,732,170**	**2,290,308**	**2,418,862**
Liabilities					
Borrowings	778,768	564,814	369,209	**1,712,791**	1,915,655
Margin accounts	14,420	-	-	**14,420**	14,420
Other and lease liabilities	-	621	19,788	**20,409**	20,409
Total financial liabilities	**793,188**	**565,435**	**388,997**	**1,747,620**	**1,950,484**

	At 31 December 2021				
Presented in EUR (000)	Level 1	Level 2	Level 3	**Fair value**	Carrying amount
Assets					
Cash and due from banks	170,175	-	-	**170,175**	170,175
Deposits in margin accounts	30,740	-	-	**30,740**	30,740
Loans at amortized cost	300,761	-	2,035,094	**2,335,855**	2,329,424
Accrued interest receivable	-	-	27,181	**27,181**	27,181
Other assets	-	-	18,181	**18,181**	18,181
Total financial assets	**501,676**	**-**	**2,080,456**	**2,582,132**	**2,575,701**
Liabilities					
Borrowings	463,456	1,836,108	-	**2,299,564**	2,274,401
Margin accounts	16,590	-	-	**16,590**	16,590
Other and lease liabilities	-	8,684	3,843	**12,527**	12,527
Total financial liabilities	**480,046**	**1,844,792**	**3,843**	**2,328,681**	**2,303,518**

Financial instruments whose values are based on quoted prices for the same instrument in active markets are classified in Level 1. Financial instruments that can trade in markets, which are not considered to be active, but are valued based or alternatively supported by observable inputs are classified in Level 2. Financial instruments that have significant unobservable inputs, and as observable prices are not available the Bank uses valuation techniques to derive the fair value are classified in Level 3. The valuation technique used within Level 3 is discounted cash flows at end of year, 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.

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

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

6. OPERATING SEGMENTS

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

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

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

	2022			2021		
Presented in EUR (000)	Lending	Treasury	Total	Lending	Treasury	Total
Income statement						
Interest income	142,967	8,301	151,268	97,702	7,469	105,171
Net fees and commissions	1,937	-	1,937	1,971	-	1,971
Other income (loss)	(10)	139	129	178	4,855	5,033
Total segment revenues	144,894	8,440	153,334	99,851	12,324	112,175
Interest expense	(58,205)	(816)	(59,021)	(57,491)	(1,001)	(58,492)
Net interest income (expense) on derivatives	-	4,388	4,388	-	13,799	13,799
Gains (losses) on other financial instruments	(455)	(15,494)	(15,949)	683	(16,602)	(15,919)
Foreign exchange	-	(18,980)	(18,980)	-	(559)	(559)
Personnel and administrative expenses	(21,954)	(1,096)	(23,050)	(19,312)	(1,614)	(20,926)
Depreciation and amortization	(331)	(8)	(339)	(466)	(12)	(478)
Segment income before ECL	63,949	(23,566)	40,383	23,265	6,335	29,600
Less: ECL / fair value (losses)	(68,085)	116	(67,969)	11,882	2,415	14,297
Income (loss) for the year	**(4,136)**	**(23,450)**	**(27,586)**	**35,147**	**8,750**	**43,897**

	31 December 2022			31 December 2021		
Presented in EUR (000)	Lending	Treasury	Total	Lending	Treasury	Total
Financial position						
Segment assets	2,045,135	890,330	2,935,465	2,357,467	877,642	3,235,109
At end of year			**2,935,465**			**3,235,109**
Segment liabilities	1,936,064	163,044	2,099,108	2,286,928	62,459	2,349,387
Members' equity	-	-	836,357	-	-	885,722
At end of year			**2,935,465**			**3,235,109**

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:

Presented in EUR (000)	Year to 31 December 2022	Year to 31 December 2021
Albania, Bulgaria and Greece	30,805	22,589
Armenia, Azerbaijan, Georgia and Turkiye	46,234	34,104
Moldova Romania, Russian Federation and Ukraine	67,855	43,158
Treasury	8,440	12,324
Total segment revenues	**153,334**	**112,175**

7. INTEREST AND SIMILAR INCOME

Interest and similar income are analyzed as follows:

Presented in EUR (000)	Year to 31 December 2022	Year to 31 December 2021
From loans at amortized cost	142,263	97,124
From due from banks	915	88
From debt securities at FVTOCI	7,386	7,381
Total interest income for financial instruments not measured at FVTPL	150,564	104,593
From loans at FVTPL	704	578
Interest and similar income	**151,268**	**105,171**

8. INTEREST AND SIMILAR EXPENSE

Interest and similar expense are analyzed as follows:

Presented in EUR (000)	Year to 31 December 2022	Year to 31 December 2021
From borrowed funds	13,212	6,916
From issued debt	44,993	50,575
From other charges	816	1,001
Interest and similar expense	**59,021**	**58,492**

9. NET INTEREST ON DERIVATIVES

Net interest on derivatives is analyzed as follows:

Presented in EUR (000)	Year to 31 December 2022	Year to 31 December 2021
Interest on derivatives receivable	49,445	47,766
Interest on derivatives payable	(45,057)	(33,967)
Net interest on derivatives	**4,388**	**13,799**

10. NET FEES AND COMMISSIONS

Net fees and commissions are analyzed as follows:

Presented in EUR (000)	Year to 31 December 2022	Year to 31 December 2021
Guarantee fees	622	484
Management fees	401	538
Administration fees	56	50
Participation fees	-	398
Surveillance fees	44	37
Prepayment / cancellation fees	577	298
Other fees	237	166
Net Fees and commissions	**1,937**	**1,971**

11. PERSONNEL AND ADMINISTRATIVE EXPENSES

Administrative expenses are analyzed as follows:

Presented in EUR (000)	Year to 31 December 2022	Year to 31 December 2021
Salaries and benefits	14,674	12,770
Staff retirement plans	3,523	3,582
Personnel expenses	**18,197**	**16,352**
Professional fees and related expenses	1,271	1,568
Utilities and maintenance	1,730	1,523
Other administrative	1,852	1,483
Administrative expenses	**4,853**	**4,574**

The average number of staff employed during the year was 117 (2021: 117). The number of staff at 31 December 2022 was 117 (2021: 118). 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).

12. EXPECTED CREDIT LOSSES ON LOANS

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

Presented in EUR (000)	Stage 1	Stage 2	Stage 3	Total
At 31 December 2020	15,499	3,055	37,383	55,937
New loans originated	1,519	-	-	1,519
Release	(4,652)	(2,652)	(1,299)	(8,603)
Transfer	(248)	248	-	-
Impact in net remeasurement (including change in models)	(7,400)	-	2,602	(4,798)
Charge (release) for the year	(10,781)	(2,404)	(1,303)	(11,882)
Foreign exchange and other adjustments	265	(32)	(65)	168
At 31 December 2021	4,983	619	38,621	44,223
New loans originated	288	-	-	288
Release	(180)	(40)	(1,342)	(1,562)
Transfer	(3,623)	3,010	613	-
Impact in net remeasurement (including change in models)	(315)	33,377	36,297	69,359
Charge (release) for the year	(3,830)	36,347	35,568	68,085
Write-offs/ recoveries	-	-	(5,284)	(5,284)
Foreign exchange and other adjustments	49	(452)	(145)	(548)
At 31 December 2022	**1,202**	**36,514**	**68,760**	**106,476**

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

Total expected credit losses on loans were EUR 106,476 thousand in the year ended 31 December 2022 (2021: EUR 44,223 thousand), a net increase of EUR 62,253 thousand compared to 2021. This increase in Expected Credit Loss (ECL) is 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.

Stage 3 loans include an amount of EUR 8,278 thousand in gross balance and EUR 6,181 thousand in ECL which represents the additional portion of a loan which the Bank has purchased.

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

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

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

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

Revolving Facilities and Undrawn Commitments

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

The estimate of the ECL on irrevocable loan commitments is consistent with its expectations of drawdowns on that loan commitment. Therefore, the Bank considered (i) the expected portion of the loan commitment that will be drawn down within 12 months of the reporting date when estimating 12-month expected credit losses and (ii) the expected portion of the loan commitment that will be drawn down over the expected life of the reporting date when estimating lifetime expected credit losses. At 31 December 2022 the related amount included in other liabilities of expected credit losses was EUR 1,154 thousand for loan commitments of EUR 73,360 thousand (2021: EUR 59 thousand for loan commitments of EUR 208,203 thousand).

Individual Assessment Impairment Tests

As the situation is changing, the status of loans to Ukraine and Russia are subject to regular review. For the loans for which impairment is assessed on an individual basis, the assessment is based on certain assumptions concerning the outcome of the conflict involving optimistic and pessimistic scenarios with the methodology currently applied by the Bank to be adjusted as a result of the high level of uncertainty related to the current geopolitical situation. At 31 December 2022 the outstanding balance loans in Ukraine that were individually assessed an amount of EUR 147,357 thousand and the ECL of EUR 42,408 thousand. 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. In the case of loans to Ukraine and Russia, this resulted in additional Stage 2 and Stage 3 ECL of EUR 74,005 thousand compared to 2021. According to the worst case scenario of the Bank the impact in the Expected Credit Losses of Stage 3 would amount up to EUR 98,760 thousand.

The table below depicts per stage the outstanding balance along with the ECL in EUR thousand for the year ended 31 December .2022 of Russian and Ukraine loans as follows:

Ukraine	Stage 2	Stage 3
Outstanding Balance	115,654	147,357
ECL	28,145	42,408

Russia	Stage 2	Stage 3
Outstanding Balance	395,885	-
ECL	7,183	-

Valuation of Collateral in Ukraine

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

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

Override Operations

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

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 511,539 thousand representing 25% of total outstanding loans at amortized cost as of 31 December 2022 and their respective ECL allowance was EUR 35,328 (31 December 2021: EUR 1,994 thousand).

As regards (p)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 UN, 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 EU 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" account, until the RF authorities clear their removal. Such monies, for the avoidance of doubt, belong to the Bank. The reason for the transfers to Stage 2 were:

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

13. DEBT INVESTMENT SECURITIES

Debt investment securities are analyzed as follows:

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
Bonds	61,906	136,760
Commercial papers	466,258	516,316
Debt investment securities gross balance	528,164	653,076
Less: expected credit losses	(512)	(628)
Debt investment securities at fair value through OCI	**527,652**	**652,448**

The above table sets out an analysis of the Bank's debt investment securities at fair value through other comprehensive income for the reported years, and the respective rating categories are indicated within Note 5 a1. Analysis by rating agency. The above movement in allowance for expected credit losses is as follows:

Presented in EUR (000)	Total
At 31 December 2020	3,043
Release	(2,415)
At 31 December 2021	628
Release	(116)
At 31 December 2022	**512**

Total Expected credit losses on debt investment securities were EUR 512 thousand in the year ended 31 December 2022 a decrease of EUR 116 thousand compared to 2021, which is due to the decrease in such investments held by the Bank.

Notes to the Financial Statements

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.

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

Presented in EUR (000)	At 31 December 2021 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	120,000	-	(6,118)
Cross Currency Swaps	35,178	-	(3,176)
Total Derivatives designated in fair value hedges:	155,178	-	(9,294)
Derivatives designated and effective as hedging instruments in cash flow hedges:			
Cross Currency Swaps	143,177	231	-
Total Derivatives designated in cash flow hedges:	143,177	231	-
Derivatives held for risk management purposes:			
Interest Rate Swaps	379,262	15	(16,969)
Cross Currency Swaps	1,061,402	23,934	(19,606)
Forwards	-	-	-
Cap/floor	160,000	99	-
Total Derivatives held for risk management purposes:	1,600,664	24,048	(36,575)
Total	**1,899,019**	**24,279**	**(45,869)**

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 5.

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.

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 2022	At 31 December 2021
Loans at amortized cost:		
At 1 January	2,329,424	2,030,396
Disbursements	246,115	1,072,130
Less: repayments	(594,078)	(833,928)
Write-offs	(4,469)	-
Foreign exchange movements	63,994	60,826
Outstanding disbursements	2,040,986	2,329,424
Less: accrued/deferred income	26,458	(14,700)
Less: expected credit losses	(106,476)	(44,223)
Loans at fair value through profit or loss:		
Outstanding disbursements	19,705	19,705
Fair value adjustment	(4,355)	(4,691)
Loans (net carrying amount)	**1,976,318**	**2,285,515**

At 31 December 2022 the principal amount of outstanding disbursements was EUR 2,060,691 thousand (2021: EUR 2,349,129 thousand). For the year ended 31 December 2022 the amount of accrued interest receivable pertaining to loans was EUR 36,612 thousand (2021: 25,260 thousand).

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

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
Stage 1	1,689,735	1,385,983
New loans originated	61,441	664,414
Transfer	(771,422)	(71,912)
Less: accrued/deferred income	26,458	(14,700)
Less: expected credit losses	(1,202)	(4,983)
Carrying amount	1,005,010	1,958,802
Stage 2	240,251	208,103
Transfer	628,712	71,912
Less: expected credit losses	(36,514)	(619)
Carrying amount	832,449	279,396
Stage 3	49,560	70,924
Transfer	142,709	-
Less: expected credit losses	(68,760)	(38,621)
Carrying amount	123,509	32,303
Fair value through profit or loss	15,350	15,014
Net carrying amount	**1,976,318**	**2,285,515**

Interest is generally based on Libor for USD loans and Euribor for EUR loans 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.

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.

		At 31 December 2022		At 31 December 2021	
Presented in EUR (000)	% of Investment	Cost	Fair Value	Cost	Fair value
Balkan Accession Fund	-	-	-	-	791
At fair value through profit or loss		-	-	-	791
SEAF Caucasus Growth Fund	21.39	4,741	3,984	5,631	5,494
Access Bank, Azerbaijan	0.05	833	86	783	81
A-Park Kaluga, Russia	-	-	-	1,714	980
Emerging Europe Accession Fund	10.15	1,164	5,107	2,064	6,865
Rusal	0.01	4	203	4	363
ADM Ceecat Recovery Fund	5.75	1,647	1,645	3,750	3,190
European Virgin Fund	-	-	-	724	7,251
Teamnet International	8.33	5,599	-	5,599	-
Natfood	37.98	-	-	-	-
EOS Hellenic Renaissance Fund	2.01	1,242	1,415	544	762
At fair value through other comprehensive income		15,230	12,440	20,813	24,986
Equity investments at fair value		**15,230**	**12,440**	**20,813**	**25,777**

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 2022, as Management considers that these provide the best available estimate of the investments' fair value. The techniques applied to perform these valuations include equity calculations based on EBITDA and market data.

On disposal or exit of an equity investment for those at fair value through other comprehensive income, the cumulative gain or loss is realized with a corresponding reversal of the unrealized gain or loss that was recorded prior to the exit from that investment, is not recycled to the income statement but included in retained earnings an amount loss of EUR -2,259 thousand.

As of 31 December 2022 the Bank has a committed amount of EUR 4,000 thousand towards further participation in the above entities. Further analysis of the equity investment portfolio is presented in the Note "Risk management".

As of 31 December 2022 the Bank has few equity investments where it holds slightly more than 20 per cent of the investee share capital, but does not exert significant influence, hence the investments are not accounted for as an investment in an associate under IAS 28.

17. OTHER ASSETS

Other assets are analyzed as follows:

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
Advances and prepaid expenses	2,782	3,508
Accrued interest on derivatives*	9,980	9,486
Other prepayments	185	187
Staff loans (see Note 11)	4,029	4,930
Guarantee deposits and non-current	78	70
Other assets	**17,054**	**18,181**

* For a better presentation, the Bank reclassified derivatives accruals (Asset and Liability) which now appear separately in caption "Accrued interest on derivatives" and "Accrued Interest and Deferrals on Derivatives". These reclassifications were applied retrospectively. However, considering that the total equity of the Bank remains unchanged and the reclassifications were done for the purpose of better analysis of the Balance Sheet items, it was not considered necessary to present a restated balance sheet at the beginning of the comparative period.

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	Total
Cost					
At 31 December 2020	885	150	643	1,943	3,621
Additions	22	-	12	154	188
Disposals	-	-	(5)	(24)	(29)
At 31 December 2021	907	150	650	2,073	3,780
Additions	4	-	2	103	109
Disposals	-	-	(60)	(352)	(412)
At 31 December 2022	**911**	**150**	**592**	**1,824**	**3,477**
Accumulated depreciation					
At 31 December 2020	874	108	561	1,649	3,192
Charges	13	18	29	189	249
Disposals	-	-	(5)	(24)	(29)
At 31 December 2021	887	126	585	1,814	3,412
Charges	10	9	43	150	212
Disposals	-	-	(60)	(352)	(412)
At 31 December 2022	**897**	**135**	**568**	**1,612**	**3,212**
Net book value					
At 31 December 2022	**14**	**15**	**24**	**212**	**265**
At 31 December 2021	20	24	65	259	368
At 31 December 2020	11	42	82	294	429

19. INTANGIBLE ASSETS

Intangible assets comprising computer software is analyzed as follows:

Presented in EUR (000)	Total
Cost	
At 31 December 2020	4,772
Additions	132
At 31 December 2021	4,904
Additions	504
At 31 December 2022	**5,408**
Accumulated amortization	
At 31 December 2020	4,474
Charges	230
At 31 December 2021	4,704
Additions	151
At 31 December 2022	**4,855**
Net book value	
At 31 December 2022	**553**
At 31 December 2021	200
At 31 December 2020	298

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.

			At 31 December 2022		At 31 December 2021	
Presented in EUR (000)	Average maturity (years)	Approx. average cost (%)	Amount used	Amount arranged	Amount used	Amount arranged
Borrowed by						
Amounts borrowed	3.70	3.16	1,906,642	1,956,642	2,263,465	2,360,389
Accrued interest payable	-	-	9,013	-	10,936	-
Total	**3.70**	**3.16**	**1,915,655**	**1,956,642**	**2,274,401**	**2,360,389**
Denomination by						
Euro	8.03	2.25	360,840	410,840	440,525	537,449
United States dollar	2.29	4.09	842,330	842,330	994,362	994,362
Swiss franc	2.10	0.41	355,589	355,589	339,004	339,004
Romanian lei	3.42	6.43	67,616	67,616	200,985	200,985
Azerbaijan manat	0.67	7.50	5,521	5,521	5,191	5,191
Georgian lari	0.50	9.96	17,342	17,342	18,550	18,550
Pound sterling	6.62	2.03	56,195	56,195	59,285	59,285
Czech koruna	2.14	8.13	87,079	87,079	84,480	84,480
Hungarian forint	0.83	2.52	44,902	44,902	48,755	48,755
Japanese yen	3.42	0.65	35,487	35,487	38,266	38,266
Australian dollar	7.25	3.03	18,786	18,786	18,834	18,834
Polish zloty	3.75	2.12	14,955	14,955	15,228	15,228
Accrued interest payable	-	-	9,013	-	10,936	-
Total	**3.70**	**3.16**	**1,915,655**	**1,956,642**	**2,274,401**	**2,360,389**
Maturity by						
Short-term, within one year	0.57	2.91	365,361	365,361	364,302	364,302
Long-term, over one year	4.43	3.22	1,541,281	1,591,281	1,899,163	1,996,087
Accrued interest payable	-	-	9,013	-	10,936	-
Total	**3.70**	**3.16**	**1,915,655**	**1,956,642**	**2,274,401**	**2,360,389**

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.

21. OTHER LIABILITIES

Other liabilities are analyzed as follows:

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
Social insurance fund (EFKA) contributions	2	2
Accrued interest on derivatives*	17,269	2,227
Pension plan obligation	621	8,684
Suppliers and other accrued expenses	1,086	1,512
Other	1,154	59
Other liabilities	**20,132**	**12,484**

* For a better presentation, the Bank reclassified derivatives accruals (Asset and Liability) which now appear separately in caption "Accrued interest on derivatives" and "Accrued Interest and Deferrals on Derivatives". These reclassifications were applied retrospectively. However, considering that the total equity of the Bank remains unchanged and the reclassifications were done for the purpose of better analysis of the Balance Sheet items, it was not considered necessary to present a restated balance sheet at the beginning of the comparative period.

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 2020	383
Renewal of lease term	349
Lease payments recognized in administrative expenses	(689)
Lease liability at 31 December 2021	43
Renewal of lease term	926
Lease payments recognized in administrative expenses	(692)
Lease liability at 31 December 2022	**277**

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 a 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.

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.

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:

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
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	-	-
Paid-in share capital	**686,550**	**686,550**

* 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 2022		
Presented in EUR (000)	Initial capital	Capital increase	**Total**
Authorized share capital	1,150,000	2,300,000	**3,450,000**
Less: unallocated share capital	(34,500)	(1,127,000)	**(1,161,500)**
Subscribed share capital	1,115,500	1,173,000	**2,288,500**
Less: shares not yet called	(780,850)	(821,100)	**(1,601,950)**
Paid-up share capital	334,650	351,900	**686,550**
Advance against future call	40	(40)	**-**
Paid-in share capital	**334,690**	**351,860**	**686,550**

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:

		Subscribed	Callable	Payable	Paid
Member	Shares	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
Total	**1,990,000**	**2,288,500**	**1,601,950**	**-**	**686,550**

24. RESERVES

Reserves are analyzed as follows:

Presented in EUR (000)	General	Revaluation	Other	Total
At 31 December 2020	78,591	(14,517)	(5,776)	58,298
Gains (losses) on revaluation of investments	-	(3,700)	-	(3,700)
Actuarial (losses) gains on defined benefit scheme	-	-	2,310	2,310
Gains (losses) on cash flow hedging instruments	-	-	(493)	(493)
Transferred from retained earnings	43,897	-	-	43,897
At 31 December 2021	122,488	(18,217)	(3,959)	100,312
Gains (losses) on revaluation of investments	-	(24,077)	-	(24,077)
Actuarial (losses) gains on defined benefit scheme	-	-	8,178	8,178
Gains (losses) on cash flow hedging instruments	-	-	(3,621)	(3,621)
Transferred from retained earnings	-	-	-	-
At 31 December 2022	**122,488**	**(42,294)**	**598**	**80,792**

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. The amount transferred from retained earnings of 31 December 2022 was EUR nil (2021: EUR 43,897 thousand).

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 -24,077 thousand (2021: EUR -3,700 thousand).

Other Reserve

The other reserve contains:

- To the remeasurements of the Bank's defined benefit pension scheme of EUR 8,178 thousand (2021: EUR 2,310 thousand).

- The cash flow hedge reserve of EUR -3,621 thousand (2021: -493 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 2022	At 31 December 2021
Cash on hand	7	1
Due from banks	208,331	170,174
Investments maturing up to 1 month:		
At fair value through other comprehensive income portfolio	55,000	165,049
Investment maturing from 1 month to 3 months:		
At fair value through other comprehensive income portfolio	416,409	236,268
Cash and cash equivalents	**679,747**	**571,492**

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.

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 2022. The present value of the defined benefit obligation and current service cost was calculated using the projected unit credit method.

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
Amounts recognized in the statement of financial position		
Present value of the defined benefit obligations	24,705	36,375
Fair value of plan assets	(24,084)	(27,691)
Net liability at end of the year	**621**	**8,684**
Amounts recognized in the income statement		
Service cost	2,182	2,353
Net interest on the net defined benefit liability/(asset)	96	76
Administration expense	50	50
Total included in personnel expenses	**2,328**	**2,479**
Remeasurements recognized in other comprehensive income		
At 31 December	(7,053)	(9,363)
Liability gain (loss) due to changes in assumptions	13,609	905
Liability experiences gain (loss) arising during the year	(1,631)	(225)
Return on plan assets excluding income statement amounts	(3,799)	1,630
Total amount recognized in OCI during the year	8,179	2,310
Cumulative in other comprehensive income (expense)	**1,126**	**(7,053)**
Principal actuarial assumptions used		
Discount rate	3.60%	1.22%
Expected return on plan assets	3.60%	1.22%
Future salary increase	1.00%	1.00%
Future pension increase	2.45%	2.10%
Average remaining working life of employees	9 years	10 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 3.60% pa.

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

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
Major categories of plan assets		
Cash instruments	11%	15%
Fixed interest	47%	45%
Equities	37%	36%
Other	5%	4%
Reconciliation of plan assets		
Market value at 1 January	27,691	24,198
Expected return	346	199
Contributions paid	2,212	1,714
Benefit pensions and lump sum paid to pensioners	(2,316)	-
Expenses	(50)	(50)
Asset gain (loss)	(3,799)	1,630
Fair value of plan assets	**24,084**	**27,691**

The actual investment return on assets of the Fund for the year was -12.1%. 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 2023 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)	2022	2021	2020	2019	2018
Defined benefit obligations	24,705	36,375	34,427	30,736	24,445
Plan assets	(24,084)	(27,691)	(24,198)	(23,200)	(20,474)
Plan deficit (surplus)	621	8,684	10,229	7,536	3,971
Net experience adjustments on plan liabilities (assets)	**1,631**	**225**	**(319)**	**296**	**359**

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.

	At 31 December 2022		At 31 December 2021	
Presented in EUR (000)	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2,755)	2,755	(3,631)	3,631
Future salary growth (1% movement)	1,932	(1,932)	2,627	(2,627)

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.

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 1,192 thousand (2021: EUR 1,093 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 3 thousand (2021: EUR 10 thousand) 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 1,703 thousand (2021: EUR 1,337 thousand), of which comprises salary and employee benefits of EUR 1,496 thousand (2021: EUR 1,126 thousand) and post-employment benefits of EUR 207 thousand (2021: EUR 211 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 one special fund. Extracts from the audited financial statements are included under the Note 'Summary of special funds'.

Notes to the Financial Statements

28. EVENTS AFTER THE REPORTING PERIOD

There have been no material events since the reporting period that would require adjustment 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 2022.

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.

29. 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.

Presented in EUR (000)	At 31 December 2022	At 31 December 2021
Statement of movements		
Balance brought forward	8	8
Net income (loss) for the year	-	-
Less: disbursements	-	-
Balance of available funds	**8**	**8**
Financial position		
Placements with other financial institutions	8	8
Total Assets	**8**	**8**
Unallocated fund balance	8	8
Total Liabilities and Contributor Resources	**8**	**8**