Report on Review of Interim Financial Information of

International Investment Bank

for the six months ended 30 June 2024

August 2024

Report on Review of Interim Financial Information of International Investment Bank

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Report on Review of Interim Financial Information

To the Board of Governors of
International Investment Bank

Introduction

We have reviewed the accompanying interim condensed separate financial statements of International Investment Bank, which comprise the interim separate statement of financial position as at 30 June 2024 and the interim separate income statement, interim separate statement of comprehensive income, interim separate statement of changes in equity and interim separate statement of cash flows for the six-month period then ended, and selected explanatory notes ("interim financial information").

Management of International Investment Bank is responsible for the preparation and presentation of this interim separate financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim separate financial information based on our review.

Scope of review

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

NEW CHALLENGES
NEW SOLUTIONS

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Afanasieva Maria Alekseevna
Partner
TSATR – Audit Services Limited Liability Company

23 August 2024

Details of the auditor

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 75.
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the entity

Name: International Investment Bank
International Investment Bank is an international organization established on the basis of the Agreement Establishing the International Investment Bank dated 10 July 1970, registered with the United Nations Secretariat on 1 December 1971 under number 11417.
Address: Russia 107078, Moscow, Mashi Poryvaevoy street, 7.

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

At 30 June 2024

(Thousands of euros)

	Note	*30 June 2024 (unaudited)*	*31 December 2023*
Assets			
Cash and cash equivalents	5	92,117	103,589
Deposits with banks and other financial institutions	6	219,906	149,780
Derivative financial assets	7	–	1,216
Securities at fair value through other comprehensive income	8	160,299	152,776
Securities at amortized cost	9	32,708	31,947
Loans to banks	10	92,028	98,909
Loans to customers	11	355,652	371,294
Investment in subsidiary	2	145	145
Investment property		32,253	32,194
Property, equipment and intangible assets		57,578	58,367
Other assets	12	123,522	102,748
Total assets		**1,166,208**	**1,102,965**
Liabilities			
Due to banks and other financial institutions		50	50
Derivative financial liabilities	7	450	995
Current customer accounts		4,389	4,016
Long-term loans of banks	14	46,869	43,699
Debt securities issued	15	651,945	641,034
Other liabilities	12	126,295	103,542
Total liabilities		**829,998**	**793,336**
Equity	17		
Authorized capital		2,000,000	2,000,000
Less: unallocated capital		(1,385,000)	(1,385,000)
Subscribed capital		**615,000**	**615,000**
Less: callable capital		(507,184)	(507,184)
Paid-in capital		**107,816**	**107,816**
Contributions of withdrawn members	17	208,308	208,308
Subordinated perpetual deposit	16	111,013	111,008
Revaluation reserve for securities at fair value through other comprehensive income		2,394	(2,160)
Revaluation reserve for property and equipment		6,488	6,488
Cash flow hedge reserve	7	(5,589)	(9,085)
Accumulated loss less net loss for the period		(112,746)	(44,692)
Net profit/(loss) for the period		18,526	(68,054)
Total equity		**336,210**	**309,629**
Total equity and liabilities		**1,166,208**	**1,102,965**

Signed and authorized for release on behalf of the Management Board of the Bank

Georgy Potapov — Chairperson of the Management Board

Demchigjav Molomjamts — Deputy Chairperson of the Management Board

23 August 2024

INTERIM SEPARATE INCOME STATEMENT

Six months ended 30 June 2024

(Thousands of euros)

		For six months ended 30 June (unaudited)	
	Note	***2024***	***2023***
Interest income calculated using the EIR method	20	28,756	25,405
Other interest income	20	–	3,498
Interest expense calculated using the EIR method	20	(9,119)	(18,035)
Other interest expense	20	–	(2,585)
Net interest income		**19,637**	**8,283**
Net allowance for credit losses on financial instruments	5-6,8-13	(6,348)	(39,405)
Net interest loss after allowance for loan impairment		**13,289**	**(31,122)**
Fee and commission income		17	74
Fee and commission expense		(254)	(521)
Net fee and commission (expense)/income		**(237)**	**(447)**
Net gains/(losses) from operations with foreign currencies and derivatives	21	9,223	(9,460)
Net losses from operations with investments at fair value through profit or loss		–	(35)
Net losses from operations with investments at fair value through other comprehensive income		(82)	(1,588)
Net losses from operations with investments at amortized cost		–	(8,096)
Income from lease of investment property	19	1,259	1,359
Gains from revaluation of investment property		32	–
Other income/(expense)		50	(1,147)
Net non-interest income/(loss)		**10,482**	**(18,967)**
Operating income/(loss)		**23,534**	**(50,536)**
General and administrative expenses	22	(4,946)	(8,585)
Net gains/(losses) from sale of loans to customers		–	1,471
Other operating expenses on banking operations		(62)	(69)
Operating expenses		**(5,008)**	**(7,183)**
Net income/(loss) for the period		**18,526**	**(57,719)**

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2024

(Thousands of euros)

		For six months ended 30 June (unaudited)	
	Note	***2024***	***2023***
Net income/(loss) for the period		**18,526**	**(57,719)**
Other comprehensive income/(loss)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Net change in the fair value of debt instruments at fair value through other comprehensive income	17	4,962	6,696
Net unrealized income/(loss) on cash flow hedges	7	3,496	14,551
Change in the allowance for expected credit losses related to securities at fair value through other comprehensive income	8-11	(408)	16,976
Accrued interest on subordinated perpetual deposit	16	5	3
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**8,055**	**38,226**
Other comprehensive income		**8,055**	**38,226**
Total comprehensive income/(loss) for the period		**26,581**	**(19,493)**

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2024

(Thousands of euros)

	Authorized capital	*Unallocated capital*	*Callable capital*	*Subordinated perpetual deposit*	*Contributions of withdrawn members*	*Revaluation reserve for securities*	*Revaluation reserve for property and equipment*	*Cash flow hedge reserve*	*Retained earnings*	*Total equity*
At 1 January 2023	**2,000,000**	**(875,500)**	**(697,376)**	**–**	**–**	**(31,956)**	**7,898**	**(30,882)**	**(44,692)**	**327,492**
Loss for the period	–	–	–	–	–	–	–	–	(57,719)	**(57,719)**
Other comprehensive income	–	–	–	3	–	23,672	–	14,551	–	**38,226**
Total comprehensive income/(loss)	**–**	**–**	**–**	**3**	**–**	**23,672**	**–**	**14,551**	**(57,719)**	**(19,493)**
Contributions to capital (Note 17)	–	–	(161,348)	–	–	–	–	–	–	**(161,348)**
Contributions of withdrawn members (Note 17)	–	(172 752)	172,752	–	92,348	–	–	–	–	**92,348**
Subordinated perpetual deposit (Note 16)	–	–	–	69,000	–	–	–	–	–	**69,000**
At 30 June 2023 (unaudited)	**2,000,000**	**(1,048,252)**	**(685,972)**	**69,003**	**92,348**	**(8,284)**	**7,898**	**(16,331)**	**(102,411)**	**307,999**
At 1 January 2024	**2,000,000**	**(1,385,000)**	**(507,184)**	**111,008**	**208,308**	**(2,160)**	**6,488**	**(9,085)**	**(112,746)**	**309,629**
Profit for the period	–	–	–	–	–	–	–	–	18,526	**18,526**
Other comprehensive income	–	–	–	5	–	4,554	–	3,496	–	**8,055**
Total comprehensive income	**–**	**–**	**–**	**5**	**–**	**4,554**	**–**	**3,496**	**18,526**	**26,581**
At 30 June 2024 (unaudited)	**2,000,000**	**(1,385,000)**	**(507,184)**	**111,013**	**208,308**	**2,394**	**6,488**	**(5,589)**	**(94,220)**	**336,210**

The accompanying notes 1-27 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CASH FLOWS

Six months ended 30 June 2024

(Thousands of euros)

		For six months ended 30 June (unaudited)	
	Note	***2024***	***2023***
Cash flows from operating activities			
Interest, fees and commissions received		14,761	15,847
Interest, fees and commissions paid		(261)	(1,695)
Realized losses from operations with foreign currencies and derivatives		–	(25,860)
Cash flows from lease of investment property	19	1,415	1,359
General and administrative expenses		(4,005)	(7,110)
Other operating income on banking operations		257	390
Cash flows from operating activities before changes in operating assets and liabilities		**12,167**	**(17,069)**
Net (increase)/decrease in operating assets			
Deposits with banks and other financial institutions		(29,966)	344
Loans to banks	10	9,030	6,358
Loans to customers	11	19,056	117,713
Other assets		298	369
Net increase/(decrease) in operating liabilities			
Due to banks and other financial institutions		–	(39,206)
Current customer accounts		193	(6,693)
Other liabilities		106	286
Net cash flows from operating activities		**10,884**	**62,102**
Cash flows from investing activities			
Interest received		2,990	866
Purchase of investments at fair value through profit or loss		–	(361)
Purchase of securities at fair value through other comprehensive income	8	(48,042)	(17,270)
Proceeds from sale and redemption of securities at fair value through other comprehensive income	8	18,411	58,907
Acquisition of investment property		(27)	(32)
Acquisition of property, equipment and intangible assets		(122)	(395)
Net cash flows from investing activities		**(26,790)**	**41,715**
Cash flows from financing activities			
Interest paid		(4,657)	(12,229)
Long-term interbank financing repaid	14	–	(4,000)
Debt securities issued	15	–	40,277
Redemption and repurchase of debt securities	15	–	(245,021)
Net cash flows from financing activities		**(4,657)**	**(220,973)**
Effect of exchange rate changes on cash and cash equivalents		8,650	(5,343)
Net decrease in cash and cash equivalents		**(11,913)**	**(122,499)**
Cash and cash equivalents, beginning		104,113	163,697
Cash and cash equivalents	5	**92,200**	**41,198**
Less: allowance for impairment cash and cash equivalents		(83)	(18)
Cash and cash equivalents, ending	5	**92,117**	**41,180**

The accompanying notes 1-27 are an integral part of these interim condensed separate financial statements.

(Thousands of euros)

1. Principal activities

The International Investment Bank (the "Bank" or the "IIB") was founded in 1970 and has operated since 1 January 1971.

The Bank is an international institution operating on the basis of the intergovernmental agreements: 1) Agreement Establishing the International Investment Bank (the "Agreement on the establishment") and its Charter; as well as the agreements with host countries: 2) Agreement between the Government of the Russian Federation and IIB regarding the seat of IIB in the Russian Federation of 11 February 2020 (was ratified on 4 February 2021) and 3) Agreement between IIB and the Government of Hungary regarding the Headquarters of IIB in Hungary of 5 February 2019 (entered into force on 28 April 2019). The Agreement on the establishment was ratified by the member countries of the Bank and registered with the Secretariat of the United Nations in December 1971. On 18 August 2018, the revised Agreement on the establishment and Charter, approved by the Protocol Amending the Agreement Establishing the International Investment Bank and its Charter of 8 May 2014, became effective and applicable. Since 9 April 2024, the amendment to the IIB Charter is applied, establishing the Bank's seat in Moscow, Russian Federation. The Bank is primarily engaged in lending for national and cross-border investment projects in its member countries and for other purposes defined by Agreement Establishing the IIB and its Charter. The Bank also performs transactions with securities and foreign currencies.

On 12 April 2023 U.S. designated IIB to the OFAC SDN list and imposed blocking sanctions against the Bank. As a result, the Bank has been completely deprived from ability to conduct operations in the territory of the European Union and with European entities:

- Opportunities to work in Europe with accounts in euros and currencies of other participating countries (except Russia) are blocked;
- Due to a unilateral expansive interpretation of restrictions imposed on the Bank, all banks in Europe have closed/blocked IIB's accounts (Note 6);
- The Bank didn't pay its bonds denominated in Czech crowns, Hungarian forints, Romanian lei and euro due to the refusal of the paying agent (Citibank N.A., London) to accept the funds (Note 15) and/or refusal of European financial institutions to execute the Bank`s payment instructions for the purpose of repayment of obligations to IIB`s investors.

Since operations in EU and in European currencies were suspended, in order to ensure financial sustainability of the Bank, IIB managed to accumulate a significant RUB-liquidity buffer (Note 23).

Following the withdrawal of five states from the Bank, the Bank is in the process of winding down its operations in connection to those former member countries, to the extent possible under blocking sanctions of the U.S. and unavailability of financial infrastructure in the EU jurisdictions.

IIB faced technical difficulties in receipt of funds related to unilateral actions of European financial institutions that stopped providing payment infrastructure. IIB issues waivers to clients with prolongation of payments terms on a case-by-case basis when it is technically impossible to effect such payments.

The Bank reiterates its commitment to the high international standards on financial markets and confirms firm determination to fulfil its obligations towards investors. After the necessary conditions would appear, the Bank intends to fulfill its obligations towards investors, counterparties and stakeholders.

Five European states ceased to be the members of IIB in 2023 (Czech Republic on 27 January 2023, Slovakia on 29 January 2023, Romania on 9 June 2023, Bulgaria on 15 August 2023, Hungary on 19 October 2023), the shares of these states in the paid-up capital of the Bank have been respectively discontinued (Note 17). Following the Resolution of the Board of Governors (30 January 2023) aimed at restructuring of the Bank's paid-up capital, the Bank converted part of the Russian Federation's share in the paid-up capital into a subordinated perpetual deposit (Note 16).

On 8 May 2024, International Investment Bank submitted a formal Petition for Removal of International Investment Bank and JSC "IIB Capital" from OFAC SDN list.

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(Thousands of euros)

1. Principal activities (continued)

Member countries of the Bank

The member countries of the Bank include (share in the paid-in capital of the Bank, %):

Member countries	*30 June 2024, %*	*31 December 2023, %*
Russian Federation	84.056	84.056
Republic of Cuba	7.662	7.662
Mongolia	4.879	4.879
Socialist Republic of Vietnam	3.403	3.403
	100.000	**100.000**

Conditions of the Bank's financial and business operations in the member countries

In its member countries, the Bank is not subject to taxation and enjoys all privileges available to diplomatic representations.

The Bank is not subject to regulation by the Central Banks of the member countries, including the country of its seat.

Due to the termination of Hungary's membership in the International Investment Bank, the basis for further operation of the Bank from its headquarters in Budapest and in the European Union has been exhausted. The Bank was compelled to relocate its operations, functions and decision-making activities from Hungary to its Russian office. Since 9 April 2024, the amendment to the IIB Charter is applied, establishing the Bank's seat in to Moscow, Russian Federation.

Business environment in the member countries

Economic and political development of the Bank's member countries affects the activities of enterprises operating in these countries. Considering this fact, the Bank performs its operations with reference to the local specifics of its member countries to ensure overall assessment and control of credit and operational risks.

The accompanying separate financial statements reflect the management's assessment of the impact of the member countries' business environment on the results of operations and financial position of the Bank. Future evolution of the conditions in which the Bank operates may differ from the assessment made by the management for the purposes of these separate financial statements.

Russian economy continues to grow at a steady pace, backed by government spending, high consumer sentiment and growth in household incomes. Investment demand is supported by budget incentives and corporate profits. The growth trajectory of the Russian economy is expected to persist, which naturally expands the demand for investments and, as a result, provides new opportunities for the Bank.

2. Basis of preparation

General

The Bank, as a parent company, prepares the interim condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") approved by the International Accounting Standards Board. The consolidated financial statements of the IIB Group for the six months ended 30 June 2024 was signed and authorized for release on behalf of the Management Board of the Bank on 23 August 2024.

These interim condensed separate financial statements have been prepared for the six months ended 30 June 2024 in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* approved by the International Accounting Standards Board.

The interim condensed separate financial statements do not include all the information and disclosures required in the annual separate financial statements, and should be read in conjunction with the Bank's annual separate financial statements as at 31 December 2023.

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(Thousands of euros)

2. Basis of preparation (continued)

Going concern

Management prepared these interim condensed separate financial statements on a going concern basis. In making this judgment, management considered the Bank's interim separate financial position, current intentions, profitability of operations and available financial resources. Currently the Bank is unable to perform its obligations to European creditors due to technical limitations; however, the Bank's assets in the European Union are sufficient to meet its obligations. The Bank fulfills its obligations in the Russian Federation. The Bank relies on the support of current shareholders.

Subsidiary

As at 30 June 2024, the Bank is parent company of the Group, which owns JSC IIB Capital (the Bank's 100% subsidiary) established in 2012 to deal with issues related to IIB activities in Russia including provision of trustee services to the Bank.

Investments in a subsidiary are recognized at cost. Management regularly performs valuation of net assets of the subsidiary and, when necessary, provides for impairment.

Basis of measurement

These interim condensed separate financial statements have been prepared under the historical cost convention with the exception of the financial instruments under fair value convention, the changes of which are translated through profit or loss account for the period, financial instruments at fair value through other comprehensive income and buildings in the property, equipment and investment property stated at revalued amounts.

Functional and presentation currency

The euro ("EUR") is the Bank's functional and presentation currency as it reflects the economic substance of the underlying operations conducted by the Bank and circumstances affecting its operations, because most financial assets and financial liabilities as well as income and expenses of the Bank are denominated in EUR.

These interim condensed separate financial statements are presented in thousands of euro (EUR), unless otherwise indicated.

3. Summary of accounting policies

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Bank's annual separate financial statements for the year ended 31 December 2023, except for the adoption of new Standards effective as of 1 January 2024. The nature and the effect of these changes are disclosed below. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new standards, amendments and interpretations became effective on 1 January 2024:

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In January 2020 and October 2022, the International Accounting Standards Board (IASB) issued amendments to IAS 1 *Presentation of Financial Statements* to clarify the requirements for classifying liabilities as current or non-current, including non-current liabilities with covenants. The amendments clarify that:

- Where a right to defer settlement of a liability arising from a loan arrangement for at least twelve months is conditional on compliance with covenants in future periods (future covenants), this right exists even if such future covenants are not complied with at the reporting date.
- Management expectations of the likelihood of using the deferral do not affect the existence of the right. A liability is classified as non-current at the reporting date even if settlement of the liability has occurred in the period after the reporting date but before the issue of financial statements.

(Thousands of euros)

3. Summary of accounting policies (continued)

Changes in accounting policies (continued)

- Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the option is classified as an equity instrument and reported separately from the liability as an equity component in accordance with IAS 32 *Financial Instruments: Presentation*.

In addition, the amendments introduce the requirement to disclose additional information about liabilities arising from loan arrangements if the entity classifies such liabilities as non-current and its right to defer settlement of these liabilities is conditional on its compliance with covenants within twelve months after the reporting date.

4. Significant accounting judgments and estimates

Assumptions and estimation uncertainty

In the process of applying the Bank's accounting policies, management has made its professional judgments, used several assumptions and estimates on determining the amounts of assets and liabilities recognized in the interim condensed separate financial statements, which have the most significant effect on the amounts recognized in the separate financial statements and the carrying amount of assets and liabilities in the following financial year. Estimates and assumptions are continuously assessed on the basis of management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

When measuring expected credit losses, the Bank considers reasonable and supportable information on current and expected future economic conditions. As such, the Bank regularly updates macroeconomic scenarios and models used to measure key components, which are considered when determining expected credit losses. The Bank revised its macroeconomic projections in the models of macroeconomic adjustments while estimating the expected credit losses. The Bank prepared forecasts for each macroeconomic region up to 2-years into the future considering two different scenarios. Expected credit losses were estimated considering the availability of state reserves to support economic measures, differentiated effect of changes on various industries and specifics of the bank's assets subject to provisioning in accordance with IFRS 9. The specified changes resulted in adjusted provisions.

The measurement of expected credit loss allowance for financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Several significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Bank makes estimates and judgments, which are constantly analyzed based on statistical data, actual and forecast information, as well as management experience, including expectations regarding future events that are reasonable in current circumstances.

In particular, information on significant areas of estimation uncertainty and critical judgments in applying accounting policies is presented in the following notes:

- Note 7 − Derivative financial instruments;
- Note 8 − Securities at fair value through other comprehensive income;
- Note 10 − Loans to banks;
- Note 11 − Loans to customers;
- Note 18 − Commitments and contingencies.

(Thousands of euros)

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2024 (unaudited)	*31 December 2023*
Cash on hand	**400**	**577**
Nostro accounts with banks and other financial institutions		
Without credit ratings	89,332	50,256
Total nostro accounts with banks and other financial institutions	**89,332**	**50,256**
Short-term deposits with banks		
Without credit ratings	2,468	53,280
Total short-term deposits with banks	**2,468**	**53,280**
Less: allowance for impairment cash and cash equivalents	(83)	(524)
Cash and cash equivalents	**92,117**	**103,589**

Nostro accounts without international credit ratings is cash on account in bank in Russian Federation.

Cash and cash equivalents are neither impaired, nor past due.

An analysis of changes in the ECL allowances during the six months ended 30 June 2024 and 30 June 2023 are as follows:

Allowance for ECL at 1 January 2024	**524**
New purchased or originated assets	894
Assets derecognized or redeemed	(1,355)
Foreign exchange differences	20
At 30 June 2024 (unaudited)	**83**

Allowance for ECL at 1 January 2023	**9**
New purchased or originated assets	202
Assets derecognized or redeemed	(189)
Foreign exchange differences	(4)
At 30 June 2023 (unaudited)	**18**

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(Thousands of euros)

6. Deposits with banks and other financial institutions

Deposits with banks and other financial institutions are presented based on contractual terms and include the following items:

	30 June 2024 (unaudited)	*31 December 2023*
Restricted cash		
Credit rating from BBB- to BBB+	36,372	30,343
Credit rating BB+	43,305	43,328
Without credit ratings	132,960	96,818
Total restricted cash	**212,637**	**170,489**
Term deposits up to 1 year		
Without credit ratings	33,583	–
Total term deposits up to 1 year	**33,583**	**–**
Term deposits over 1 year		
Credit rating from AA- to AA+	2,240	2,240
Total term deposits over 1 year	**2,240**	**2,240**
Less: allowance for impairment deposits with banks and other financial institutions	(28,554)	(22,949)
Deposits with banks and other financial institutions	**219,906**	**149,780**

Restricted cash is cash held on accounts in the Bank's depositary partner and restricted for use by Euroclear (the payment agent PJSK Rosbank) and other companies. As of 30 June 2024 the Bank created provision in amount of EUR 27,959 thousand (31 December 2023: EUR 22,949 thousand).

Movements in the ECL related to deposits with banks and other financial institutions for the six months ended 30 June 2024 and the six months ended 30 June 2023 are as follows:

	Stage 1	*Stage 2*	*Total*
Allowance for ECL at 1 January 2024	**–**	**22,949**	**22,949**
New purchased or originated assets	1,672	6,370	**8,042**
Assets derecognized or redeemed	(1,130)	(1,509)	**(2,639)**
Foreign exchange differences	53	149	**202**
At 30 June 2024 (unaudited)	**595**	**27,959**	**28,554**

	Stage 1	*Stage 2*	*Total*
Allowance for ECL at 1 January 2023	**42**	**–**	**42**
New purchased or originated assets	7,148	–	**7,148**
Assets derecognized or redeemed	(1,374)	–	**(1,374)**
Transfers to Stage 2	(13,506)	13,506	**–**
Changes to inputs used for ECL calculations	7,929	–	**7,929**
Foreign exchange differences	53	–	**53**
At 30 June 2023 (unaudited)	**292**	**13,506**	**13,798**

As at 30 June 2024, in addition to term deposits above EUR 34,967 thousand (31 December 2023: EUR 34,967 thousand) were due to the Bank from the Central Bank of Cuba. This amount was fully provisioned (31 December 2023: EUR 34,967 thousand).

Concentration of deposits with banks and other financial institutions

As at 30 June 2024, besides deposits with the Central Bank of Cuba, the Bank had deposits of a single counterparty (31 December 2023: single counterparty) accounting for over 10% of the Bank's total deposits with banks and other financial institutions and amounting to EUR 33,583 thousand in total (31 December 2023: EUR 2,240 thousand).

(Thousands of euros)

7. Derivative financial instruments

The Bank performs operations with currency and other derivative financial instruments, which are generally traded in an over-the-counter market with professional market counterparties on standardized contractual terms and conditions. Derivative financial instruments have either potentially favorable terms (and are assets) or potentially unfavorable conditions (and are liabilities) as a result of fluctuations in exchange rates or other variable factors associated with these instruments. The fair value of derivative financial instruments can vary significantly depending on the potentially favorable and unfavorable conditions.

The table below shows the fair value of derivative financial instruments as at 30 June 2024 and 31 December 2023 and notional amounts of term contracts for the purchase and sale of foreign currency specifying contractual exchange rates.

	30 June 2024				
	Nominal amount		*Weighted average exchange rate*	*Fair value*	
	Purchase	*Sale*		*Assets*	*Liabilities*
Derivative financial assets and liabilities at fair value through profit or loss					
Swaps	EUR 5,633 thousand	USD 6,500 thousand	1.15	–	450
Derivative financial instruments				**–**	**450**

	31 December 2023				
	Nominal amount		*Weighted average exchange rate*	*Fair value*	
	Purchase	*Sale*		*Assets*	*Liabilities*
Derivative financial assets and liabilities at fair value through profit or loss					
Swaps	EUR 13,881 thousand	USD 16,500 thousand	1.19	–	995
	EUR 11,074 thousand	RUB 1,000,000 thousand	90.30	1,216	–
Derivative financial instruments				**1,216**	**995**

Micro-cash flow hedges

Micro-cash flow hedge relationships relate to distinctly identifiable assets or liabilities, hedged by one, or a few, hedging instruments.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized in the separate income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the separate income statement.

In March 2022 net present values of derivatives hugely declined due to sharp drop of RUB/EUR rate. This situation lead to the necessity to provide additional collateral. In order to keep acceptable level of liquidity the Bank accepted initiative of two counterparties to discontinue derivative deals. In April 2023, the Bank accepted the initiative of five more counterparties. By 31 December 2023, all hedge accounting was discontinued. As at 30 June 2024, all remaining cash flow hedge reserve of EUR (5,589) thousand refers to a hedge relationship that has been early discontinued (31 December 2023: EUR (9,085) thousand). This amount is to be written off linearly until the initial maturity date of the hedged item.

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(Thousands of euros)

8. Securities at fair value through other comprehensive income

Securities at fair value through other comprehensive income comprise:

	30 June 2024 (unaudited)	*31 December 2023*
Owned by the Bank		
Listed debt securities at fair value through other comprehensive income		
Government bonds of member countries		
Without credit ratings	6,972	9,391
Government bonds of non-member countries		
Credit rating from A- to A+	13,929	13,794
Credit rating from BBB- to BBB+	4,177	4,103
Credit rating from BB- to BB+	17,164	16,938
Government bonds	**42,242**	**44,226**
Corporate bonds		
Rated by international rating agencies		
Credit rating AAA	14,883	14,087
Credit rating from AA- to AA+	11,700	11,177
Credit rating from A- to A+	13,068	12,823
Credit rating from BBB- to BBB+	–	36,986
Credit rating from BB- to BB+	10,004	10,006
Rated by national rating agencies		
Credit rating from A- to A+	8,253	–
Credit rating from BBB- to BBB+	545	–
No credit rating	59,604	23,471
Corporate bonds	**118,057**	**108,550**
Total listed debt securities at fair value through other comprehensive income	**160,299**	**152,776**
Securities at fair value through other comprehensive income	**160,299**	**152,776**

Securities at fair value through other comprehensive income in the amount EUR-equivalent 93,178 thousand (31 December 2023: EUR-equivalent 119,913 thousand) are held on accounts in the Bank's depositary partner and restricted for use by Euroclear and other foreign depositaries. As of 30 June 2024 the Bank created provision in amount of EUR 9,811 thousand (31 December 2023: EUR 12,938 thousand).

Movements in the ECL related to securities at fair value through other comprehensive income for the six months ended 30 June 2024 and the six months ended 30 June 2023 are as follows:

	Stage 1	*Stage 2*	*Total*
Allowance for ECL at 1 January 2024	**1,005**	**12,938**	**13,943**
New purchased or originated assets	2,042	827	**2,869**
Assets derecognized or redeemed	(779)	(4,794)	**(5,573)**
Changes to inputs used for ECL calculations	777	493	**1,270**
Foreign exchange differences	217	347	**564**
At 30 June 2024 (unaudited)	**3,262**	**9,811**	**13,073**

	Stage 1	*Stage 2*	*Total*
Allowance for ECL at 1 January 2023	**131**	**–**	**131**
New purchased or originated assets	142	–	**142**
Assets derecognized or redeemed	(1,243)	–	**(1,243)**
Transfers to Stage 2	(12,334)	12,334	**–**
Changes to inputs used for ECL calculations	13,535	–	**13,535**
Foreign exchange differences	19	–	**19**
At 30 June 2023 (unaudited)	**250**	**12,334**	**12,584**

(Thousands of euros)

8. Securities at fair value through other comprehensive income (continued)

Government bonds comprise EUR- denominated securities issued and guaranteed by the Ministries of Finance of the countries. The bonds mature in 2025-2030 (31 December 2023: maturing in 2025-2030). The annual coupon rate for these bonds varies from 0.1% to 7.2% (31 December 2023: from 0.1% to 7.2%).

Corporate bonds comprise bonds issued by large companies and banks of the member countries of the Bank, as well as international companies and development banks with goals and missions similar to those of the Bank. The bonds mature in 2024-2034 (31 December 2023: maturing in 2024-2033). The annual coupon rate for these bonds varies from 0.5% to 18.2% (31 December 2023: from 0.5% to 17.3%).

9. Securities at amortized cost

Securities at amortized cost comprise:

	30 June 2024 (unaudited)	*31 December 2023*
Corporate bonds		
Credit rating AAA	15,594	15,039
Without credit ratings	20,282	20,542
Corporate bonds	**35,876**	**35,581**
Less: allowance for impairment securities at amortized cost	(3,168)	(3,634)
Listed debt securities at amortized cost	**32,708**	**31,947**

Securities at amortized cost are held on accounts in the Bank's depositary partner and restricted for use by Euroclear and other foreign depositaries.

Movements in the ECL related to securities at amortized cost for the six months ended 30 June 2024 and the six months ended 30 June 2023 are as follows:

	Stage 1	*Stage 2*	*Total*
Allowance for ECL at 1 January 2024	**1,820**	**1,814**	**3,634**
Changes to inputs used for ECL calculations	(558)	22	**(536)**
Foreign exchange differences	–	70	**70**
At 30 June 2024 (unaudited)	**1,262**	**1,906**	**3,168**

	Stage 1	*Stage 2*	*Total*
Allowance for ECL at 1 January 2023	**906**	–	**906**
Assets derecognized or redeemed	(198)	–	**(198)**
Transfers to Stage 2	(1,628)	1,628	**–**
Changes to inputs used for ECL calculations	2,746	–	**2,746**
Foreign exchange differences	15	–	**15**
At 30 June 2023 (unaudited)	**1,841**	**1,628**	**3,469**

Corporate bonds comprise investment grade bonds issued by large companies and banks of the member countries of the Bank, as well as international companies and development banks with goals and missions similar to those of the Bank. The bonds mature in 2025-2027 (31 December 2023: 2025-2027). The coupon rate for these bonds varies from 2.1% to 2.2% (31 December 2023: 2.1% to 2.2%).

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(Thousands of euros)

10. Loans to banks

The Bank provided long-term loans to borrowers operating in the following countries:

	30 June 2024 (unaudited)	*31 December 2023*
Long-term loans to banks		
Republic of Cuba	50,066	50,069
Mongolia	21,631	30,371
Socialist Republic of Vietnam	21,033	19,477
Long-term loans to banks	**92,730**	**99,917**
Less: allowance for impairment of loans to banks	(702)	(1,008)
Loans to banks	**92,028**	**98,909**

Movements in the ECL related to long-term loans to banks for the six months ended 30 June 2024 and the six months ended 30 June 2023 are as follows:

Long-term loans to banks	*Stage 1*	*Stage 2*	*Total*
Allowance for ECL at 1 January 2024	**1,008**	**–**	**1,008**
New purchased or originated assets	37	–	**37**
Assets derecognized or redeemed (excluding write-offs)	(258)	(116)	**(374)**
Transfer to Stage 2	(386)	386	**–**
Changes to inputs used for ECL calculations	–	2	**2**
Foreign exchange differences	26	3	**29**
At 30 June 2024 (unaudited)	**427**	**275**	**702**

Long-term loans to banks	*Stage 1*	*Total*
Allowance for ECL at 1 January 2023	**2,481**	**2,481**
New purchased or originated assets	191	**191**
Assets derecognized or redeemed (excluding write-offs)	(193)	**(193)**
Changes to inputs used for ECL calculations	(966)	**(966)**
Foreign exchange differences	(25)	**(25)**
At 30 June 2023 (unaudited)	**1,488**	**1,488**

As at 30 June 2024, there were no overdue loans to banks (31 December 2023: no overdue).

Modified and restructured loans to banks

For the six months 2024, there were no modifications of a loan agreement to bank (In 2023: no modifications).

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(Thousands of euros)

10. Loans to banks (continued)

Allowance for impairment of loans to banks

A reconciliation of the allowance for ECL related to the impairment of loans to banks by country for the six months ended 30 June 2024 and the six months ended 30 June 2023 are as follows:

	Mongolia	*Socialist Republic of Vietnam*	*Republic of Cuba*	*Total*
Allowance for ECL at 1 January 2024	**642**	**209**	**157**	**1,008**
Net reversal of impairment allowance for ECL during the period	(196)	(139)	–	**(335)**
Foreign exchange differences	25	4	–	**29**
At 30 June 2024 (unaudited)	**471**	**74**	**157**	**702**

	Mongolia	*Socialist Republic of Vietnam*	*Republic of Cuba*	*Total*
Allowance for ECL at 1 January 2023	**973**	**159**	**1,349**	**2,481**
Net reversal of impairment allowance for ECL during the period	(843)	(121)	(4)	**(968)**
Foreign exchange differences	(22)	(3)	–	**(25)**
At 30 June 2023 (unaudited)	**108**	**35**	**1,345**	**1,488**

Analysis of collateral for loans to banks

The following table provides an analysis of the portfolio of trade financing loans and long-term loans to banks by type of collateral as at 30 June 2024 and 31 December 2023.

	30 June 2024 (unaudited)		*31 December 2023*	
	Loans to banks, net of allowance for impairment	*Share in the total loans, %*	*Loans to banks, net of allowance for impairment*	*Share in the total loans, %*
State guarantees	49,910	54.4	49,913	50.5
Uncollateralized part of the loans	42,118	45.6	48,996	49.5
Loans to banks	**92,028**	**100.0**	**98,909**	**100.0**

The amounts shown in the table above represent the carrying amount of the portfolio of long-term loans to banks and do not necessarily represent the fair value of the collateral.

Concentration of long-term loans to banks

As at 30 June 2024, long-term loans and trade financing loans to three banks (31 December 2023: three banks) with a total amount of loans to each of them exceeding 10% of total loans to banks were recorded on the Bank's separate statement of financial position. As at 30 June 2024, the total amount of such major loans was EUR 74,569 thousand (31 December 2023: EUR 75,208 thousand) and allowances of EUR 499 thousand (31 December 2023: EUR 598 thousand) were made for them.

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(Thousands of euros)

11. Loans to customers

The Bank issued loans to customers domiciled in the following countries:

	30 June 2024 (unaudited)	*31 December 2023*
Owned by the Bank		
Loans to customers at amortized cost		
Russian Federation	57,166	73,745
Romania	56,760	54,734
Hungary	51,327	51,673
Republic of Bulgaria	41,254	46,569
Mongolia	31,270	30,505
Republic of Ecuador	27,609	25,965
Republic of Italy	16,229	15,765
Czech Republic	15,840	15,545
Cyprus	13,464	12,997
Kingdom of the Netherlands	6,749	6,861
Socialist Republic of Vietnam	3,158	3,039
Slovak Republic	298	296
Total loans to customers at amortized cost	**321,124**	**337,694**
Loans to customers at fair value through other comprehensive income		
Republic of Bulgaria	22,859	22,041
Romania	19,295	19,432
Republic of Ireland	16,068	12,610
Total loans to customers at fair value through other comprehensive income	**58,222**	**54,083**
Less: allowance for impairment of loans to customers	(23,694)	(20,483)
Loans to customers	**355,652**	**371,294**

All the borrowers domiciled in the European countries have no technical ability to fulfil obligations towards the Bank. The Bank issues waivers to customers with prolongation of terms of payments.

Movements in the ECL related to loans to customers at amortized cost for the six months ended 30 June 2024 and the six months ended 30 June 2023 are as follows:

Loans to customers at amortized cost	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Allowance for ECL at 1 January 2024	**6,599**	**13,884**	**–**	**20,483**
New purchased or originated assets	129	104	37	**270**
Assets derecognized or redeemed (excluding write-offs)	(739)	(270)	–	**(1,009)**
Transfers to Stage 2	(13)	13	–	**–**
Transfers to Stage 3	–	(4,221)	4,221	**–**
Effect on ECL at the year-end due to transfers between stages during the year	–	2,720	–	**2,720**
Changes to inputs used for ECL calculations	–	1,309	–	**1,309**
Foreign exchange differences	113	(191)	(1)	**(79)**
At 30 June 2024 (unaudited)	**6,089**	**13,348**	**4,257**	**23,694**

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(Thousands of euros)

11. Loans to customers (continued)

Loans to customers at amortized cost	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Allowance for ECL at 1 January 2023	**7,519**	**295**	**18,447**	**26,261**
New purchased or originated assets	691	9	564	**1,264**
Assets derecognized or redeemed (excluding write-offs)	(3,735)	–	–	**(3,735)**
Transfers to Stage 2	(9,272)	9,272	–	**–**
Effect on ECL at the year-end due to transfers between stages during the year	–	381	–	**381**
Changes to contractual cash flows due to modifications not resulting in derecognition	24	–	–	**24**
Changes to inputs used for ECL calculations	9,284	–	–	**9,284**
Sale of loan	–	–	(18,902)	**(18,902)**
Foreign exchange differences	(230)	–	(109)	**(339)**
At 30 June 2023 (unaudited)	**4,281**	**9,957**	**–**	**14,238**

Movements in the ECL related to loans to customers at fair value through other comprehensive income for the six months ended 30 June 2024 and the six months ended 30 June 2023 are as follows:

Loans to customers at fair value through other comprehensive income	***Stage 2***	***Total***
Allowance for ECL at 1 January 2024	**5,195**	**5,195**
New purchased or originated assets	653	**653**
Assets derecognized or redeemed (excluding write-offs)	(308)	**(308)**
Changes to models and inputs used for ECL calculations	55	**55**
Foreign exchange differences	62	**62**
At 30 June 2024 (unaudited)	**5,657**	**5,657**

Loans to customers at fair value through other comprehensive income	***Stage 1***	***Stage 2***	***Total***
Allowance for ECL at 1 January 2023	**490**	**–**	**490**
Assets derecognized or redeemed (excluding write-offs)	(52)	–	**(52)**
Transfers to Stage 2	(5,013)	5,013	**–**
Changes to inputs used for ECL calculations	4,575	–	**4,575**
At 30 June 2023 (unaudited)	**–**	**5,013**	**5,013**

The information on overdue loans to customers as at 30 June 2024 is provided below:

	30 June 2024 (unaudited)
Total loans with overdue principal and/or interest	5,278
Less: allowance for impairment of loans to customers	(3,959)
Overdue loans to customers	**1,320**

Modified and restructured loans to customers

For the six months 2024, the Bank has modified the terms and conditions of several loans to customers however effect from these modifications was insignificant (2023: several modifications have been performed however effect from these modifications was insignificant).

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(Thousands of euros)

11. Loans to customers (continued)

Allowance for impairment of loans to customers

A reconciliation of the allowance for ECL related to the impairment of loans to customers by country for the six months ended 30 June 2024 and for the six months ended 30 June 2023 are as follows:

	Russian Federation	*Mongolia*	*Socialist Republic of Vietnam*	*Other*	*Total*
Allowance for ECL at 1 January 2024	**4,366**	**975**	**366**	**14,776**	**20,483**
Net (reversal)/charge of impairment allowance for ECL during the year	(680)	24	4	3,942	**3,290**
Foreign exchange differences	144	–	13	(236)	**(79)**
At 30 June 2024 (unaudited)	**3,830**	**999**	**383**	**18,482**	**23,694**

	Russian Federation	*Republic of Bulgaria*	*Hungary*	*Mongolia*	*Socialist Republic of Vietnam*	*Other*	*Total*
Allowance for ECL at 1 January 2023	**23,846**	**47**	**270**	**896**	**36**	**1,166**	**26,261**
Net (reversal)/charge of impairment allowance for ECL during the year	(1,488)	(22)	6,694	(28)	(34)	2,096	**7,218**
Sale of loan	(18,902)	–	–	–	–	–	**(18,902)**
Foreign exchange differences	(405)	–	66	2	–	(2)	**(339)**
At 30 June 2023 (unaudited)	**3,051**	**25**	**7,030**	**870**	**2**	**3,260**	**14,238**

The following table provides an analysis of the customer loan portfolio, net of allowance for impairment, by types of collateral as at 30 June 2024 and 31 December 2023:

	30 June 2024 (unaudited)		*31 December 2023*	
	Loans to customers less impairment allowance	*Share in the total loans, %*	*Loans to customers less impairment allowance*	*Share in the total loans, %*
Pledge of real property (mortgage) and title	59,947	16.9	69,872	18.8
State guarantees	24,848	7.0	25,953	7.0
Pledge of equipment and goods in turnover	17,651	4.9	21,652	5.8
Pledge of rights of claim	7,777	2.2	13,901	3.7
Pledge of shares	2,841	0.8	2,842	0.8
Uncollateralized part of the loans	242,588	68.2	237,074	63.9
Loans to customers	**355,652**	**100.0**	**371,294**	**100.0**

The collateral of loans to customers by country for the six months ended 30 June 2024 is as follows:

	30 June 2024 (unaudited)			
	Russian Federation	*Mongolia*	*Other*	*Total*
Pledge of real property (mortgage) and title	12,668	6,693	40,586	**59,947**
State guarantees	–	–	24,848	**24,848**
Pledge of equipment and goods in turnover	–	9,266	8,385	**17,651**
Pledge of rights of claim	110	–	7,667	**7,777**
Pledge of shares	–	370	2,471	**2,841**
Loans to customers	**12,778**	**16,329**	**83,957**	**113,064**

(Thousands of euros)

11. Loans to customers (continued)

Allowance for impairment of loans to customers (continued)

The amounts shown in the table above represent the carrying amount of the customer loan portfolio and do not necessarily represent the fair value of the collateral. As at 30 June 2024, the Bank has not recognized a loss allowance of one loan (31 December 2023: one loan) because of the collateral. This loan comprised EUR 14,437 thousand (31 December 2023: EUR 14,040 thousand) in total.

Concentration of loans to customers

As at 30 June 2024, the Bank has one loan to customer (31 December 2023: one loan) with a total amount exceeding 10% of total loans to customers were recorded on the Bank's separate statement of financial position. The total amount of such major loan was EUR 54,702 thousand (31 December 2023: EUR 61,118 thousand) and allowances of EUR 3,619 thousand (31 December 2023: EUR 3,797 thousand) were made for it.

Analysis of loans to customers by industry

The Bank issued loans to borrowers operating in the following industries:

	30 June 2024 (unaudited)	***31 December 2023***
Production and transmission of electricity and gas	79,485	82,822
Leasing	72,613	78,864
Food and beverage	41,197	40,006
Financial services	39,480	45,256
Real estate	31,583	32,191
Textile manufacture	23,706	23,151
Production of vehicles	16,229	15,765
Manufacturing of electrical equipment	15,840	15,545
Agriculture	14,437	14,040
Software engineering	13,464	12,997
Communications	12,717	12,785
Metallurgic industry	7,564	7,354
Postal activities	5,278	5,080
Manufacturing of paper and paper products	3,288	3,348
Water collection, treatment and supply	2,465	2,573
	379,346	**391,777**
Less: allowance for impairment of loans to customers	(23,694)	(20,483)
Loans to customers	**355,652**	**371,294**

The borrowers operating in the financial services industry are represented by special purposes entities financing and developing projects on the territories of other countries.

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(Thousands of euros)

12. Other assets and liabilities

Other assets comprise:

	30 June 2024 (unaudited)	*31 December 2023*
Financial assets		
Settlements on bank transactions	120,157	102,176
Accounts receivable on business operations	2,917	268
Other financial assets	111	13
	123,185	**102,457**
Less allowance for impairment of financial assets	(304)	(275)
Total financial assets	**122,881**	**102,182**
Non-financial assets		
Total non-financial assets	**641**	**566**
Other assets	**123,522**	**102,748**

An analysis of changes in the ECL allowances during the six months ended 30 June 2024 the six months ended 30 June 2023 are as follows:

Financial assets	*Total*
Allowance for ECL at 1 January 2024	**275**
New purchased or originated assets	44
Assets derecognized or redeemed (excluding write-offs)	(21)
Foreign exchange differences	6
At 30 June 2024 (unaudited)	**304**

Financial assets	*Total*
Allowance for ECL at 1 January 2023	**190**
New purchased or originated assets	16
Assets derecognized or redeemed (excluding write-offs)	(43)
Foreign exchange differences	(6)
At 30 June 2023 (unaudited)	**157**

Other liabilities comprise:

	30 June 2024 (unaudited)	*31 December 2023*
Financial liabilities		
Settlements on bank transactions	122,291	100,138
Other accounts payable on business operations	1,753	1,742
Other accounts payable on bank transactions	62	113
Total financial liabilities	**124,106**	**101,993**
Non-financial liabilities		
Settlements with employees	1,470	822
Allowance for ECL on credit-related commitments	714	714
Other non-financial liabilities	5	13
Total non-financial liabilities	**2,189**	**1,549**
Other liabilities	**126,295**	**103,542**

(Thousands of euros)

13. Allowances for expected credit losses

The table below shows (decrease)/increase of allowances for ECL on financial instruments recorded in profit or loss for the six months ended 30 June 2024 and six months ended 30 June 2023:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Cash and cash equivalents	5	(461)	–	–	**(461)**
Deposits with banks and other financial institutions	6	542	4,861	–	**5,403**
Securities at fair value through other comprehensive income	8	2,040	(3,474)	–	**(1,434)**
Securities at amortized cost	9	(558)	22	–	**(536)**
Loans to banks	10	(221)	(114)	–	**(335)**
Loans to customers	11	(610)	4,262	37	**3,689**
Financial assets	12	1	21	–	**22**
Total allowance for ECL for the six months ended 30 June 2024 (unaudited)		**733**	**5,578**	**37**	**6,348**

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Cash and cash equivalents	5	13	–	–	**13**
Deposits with banks and other financial institutions	6	13,703	–	–	**13,703**
Securities at fair value through other comprehensive income	8	12,434	–	–	**12,434**
Securities at amortized cost	9	2,548	–	–	**2,548**
Loans to banks	10	(968)	–	–	**(968)**
Loans to customers	11	10,787	390	564	**11,741**
Financial assets	12	(2)	–	(25)	**(27)**
Non-financial liabilities (allowance for ECL on credit-related commitments)	12, 18	(39)	–	–	**(39)**
Total allowance for ECL for the six months ended 30 June 2023 (unaudited)		**38,476**	**390**	**539**	**39,405**

Movements in allowances for ECL on financial instruments for the six months ended 30 June 2024 and six months ended 30 June 2023 were as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Allowance for ECL at 1 January 2024	**11,673**	**56,900**	**35,119**	**103,692**
New purchased or originated assets	4,826	8,074	37	**12,937**
Assets derecognized or redeemed (excluding write-offs)	(4,870)	(7,148)	–	**(12,018)**
Transfers to Stage 2	(399)	399	–	**–**
Transfers to Stage 3	–	(4,221)	4,221	**–**
Effect on ECL at the year-end due to transfers between stages during the year	–	2,722	–	**2,722**
Changes to models and inputs used for ECL calculations	777	1,930	–	**2,707**
Foreign exchange differences	429	440	5	**874**
At 30 June 2024 (unaudited)	**12,436**	**59,096**	**39,382**	**110,914**

(Thousands of euros)

13. Allowances for expected credit losses (continued)

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Allowance for ECL at 1 January 2023	11,910	295	53,600	65,805
New purchased or originated assets	8,431	9	564	9,004
Assets derecognized or redeemed (excluding write-offs)	(7,082)	–	(25)	(7,107)
Transfers to Stage 2	(41,753)	41,753	–	–
Effect on ECL at the year-end due to transfers between stages during the year	–	381	–	381
Changes to contractual cash flows due to modifications not resulting in derecognition	24	–	–	24
Changes to inputs used for ECL calculations	37,103	–	–	37,103
Sale of loan	–	–	(18,902)	(18,902)
Translation differences	(172)	–	(115)	(287)
At 30 June 2023 (unaudited)	**8,461**	**42,438**	**35,122**	**86,021**

14. Long-term loans of banks

As at 30 June 2024, the Bank had long-term loan from the New Development Bank in the amount of USD 44,110 thousand (EUR 41,239 thousand) (31 December 2023: EUR 38,131 thousand) and from the KDB Bank in the amount of HUF 2,339 million (EUR 5,630 thousand) (31 December 2023: EUR 5,568 thousand).

15. Debt securities issued

Debt securities issued comprise:

	Interest rate, % p.a.	*Maturity*	*30 June 2024 (unaudited)*	*31 December 2023*
CZK-denominated bonds	1.50-4.00	2023-2027	217,912	218,177
RON-denominated bonds	0.00-4.95	2023-2025	134,922	134,466
RUB-denominated bonds	0.01-7.75	2025-2027	133,716	120,957
EUR-denominated bonds	0.00-0.95	2023-2041	105,047	104,888
HUF-denominated bonds	1.90-2.25	2023-2024	60,348	62,546
Debt securities issued			**651,945**	**641,034**

The Bank was deprived of the technical ability to work and fulfill its obligations in Europe due to unilateral actions of European financial institutions, US sanctions and the designation of the Bank to the US OFAC SDN list.

On 26 April 2024 the Bank was unable to repay bonds in amount CZK 3,862,500 thousand (EUR 153,566 thousand), on 18 March 2024 the Bank was unable to repay bonds in amount HUF 8,661,500 thousand (EUR 22,028 thousand), on 2 February 2024 the Bank was unable to repay bonds in amount EUR 25,030 thousand, on 29 January 2024 the Bank was unable to repay coupons in amount CZK 36,000 thousand (EUR 1,455 thousand) and RON 5,198 thousand (EUR 1,044 thousand), on 25 January 2024 the Bank was unable to repay bonds in amount EUR 285 thousand.

On 19 October 2023, the Bank was unable to repay bonds and coupon in amount RON 207,800 thousand (EUR 41,794 thousand); on 16 October 2023, the Bank was unable to repay bonds in amount EUR 50,000 thousand; on 7 October 2023, the Bank was unable to repay bonds and coupon in amount RON 351,536 thousand (EUR 70,810 thousand); on 28 September 2023, the Bank was unable to repay bonds and coupon in amount HUF 15,337 million (EUR 39,241 thousand); on 26 May 2023, the Bank was unable to repay bonds in amount CZK 621,000 thousand (EUR 26,227 thousand); on 26 April 2023, the Bank was unable to repay coupon in amount CZK 56,250 thousand (EUR 2,278 thousand).

On the 16 May 2023, the Bank repaid bonds in amount RUB 7,000 million (EUR 83,391 thousand).

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(Thousands of euros)

15. Debt securities issued (continued)

On 5 April 2023, the Bank issued bonds in amount RUB 3,500 million (EUR 40,277 thousand) with the maturity of 3 years, coupon of 9.45% p.a. On 3 May 2023, the Bank repaid bonds in amount RUB 3,500 million (EUR 39,513 thousand).

On 10 March 2023, the Bank repaid bonds in amount RUB 6,698 million (EUR 83,429 thousand).

On 24 March 2023, the Bank repaid bonds in amount RON 190,531 thousand (EUR 38,485 thousand).

The Bank primarily used the proceeds from issuance of debt instruments and placement of bonds to expand its loan portfolio and establish additional liquidity buffers.

16. Subordinated perpetual deposit

Subordinated perpetual deposit consisted of the following:

	30 June 2024 (unaudited)	*31 December 2023*
Subordinated perpetual deposit	111,013	111,008
Subordinated perpetual deposit	**111,013**	**111,008**

On 30 January 2023, the Board of Governors approved restructuring of the Bank's paid-in capital. Following this decision, the Bank converted part of the Russian Federation's share into a subordinated perpetual deposit of EUR 111,000 thousand with an interest rate of 0.01 p.a.

17. Equity

Subscribed and paid-in capital

On 18 August 2018, new statutory documents of the International Investment Bank entered into force. Pursuant to the amended statutory documents, the Bank's authorized capital amounts to EUR 2,000,000 thousand (31 December 2023: EUR 2,000,000 thousand), which represents the Bank's equity stated in the Agreement on the Establishment of the International Investment Bank.

Five European states ceased to be the members of IIB in 2023 (Czech Republic on 27 January 2023, Slovakia on 29 January 2023, Romania on 9 June 2023, Bulgaria on 15 August 2023, Hungary on 19 October 2023), the shares of these states in the paid-in capital of the Bank have been respectively discontinued. In January 2023, the Board of Governors approved governing principles for settlement of mutual obligations between the Bank and the withdrawing members. Each settlement with each of the withdrawing members shall be conducted in form of an international treaty signed between the Bank and each of the withdrawing members. The Bank continues to account contributions of former members in capital, since at the reporting date no agreements have been signed and the amount of liabilities has not been determined.

As at 30 June 2024, the unpaid portion of the Bank's authorized capital consists of the callable capital (unpaid portion of the quotas allocated among members of the Bank) in the amount of EUR 507,184 thousand (31 December 2023: EUR 507,184 thousand) and the amount of unallocated capital (quotas that are available to new or existing Member countries) totaling EUR 1,385,000 thousand (31 December 2023: EUR 1,385,000 thousand).

The paid-in capital of the International Investment Bank totaled EUR 107,816 thousand (31 December 2023: EUR 107,816 thousand).

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(Thousands of euros)

17. Equity (continued)

Revaluation reserve for securities at fair value through other comprehensive income, cash flow hedge reserve and revaluation reserve for property and equipment

Changes in the revaluation reserve for securities at FVOCI and cash flow hedge reserve, and revaluation reserve for property and equipment were as follows:

	Revaluation reserve for securities	*Cash flow hedge reserve*	*Revaluation reserve for property and equipment*
At 1 January 2023	**(31,956)**	**(30,882)**	**7,898**
Net change in the fair value of securities at FVOCI	5,108	–	–
Change in the allowance for ECL on securities at FVOCI	16,976	–	–
Reclassification of accumulated losses from disposal of debt securities at fair value through other comprehensive income to the separate income statement	1,588	–	–
Effective portion of changes in fair value arising from CCIRS	–	3,833	–
Net amount reclassified to net losses from operations with foreign currencies and derivatives	–	10,718	–
At 30 June 2023 (unaudited)	**(8,284)**	**(16,331)**	**7,898**
At 1 January 2024	**(2,160)**	**(9,085)**	**6,488**
Net change in the fair value of securities at FVOCI	4,962	–	–
Change in the allowance for ECL on securities at FVOCI	(408)	–	–
Net amount reclassified to net losses from operations with foreign currencies and derivatives	–	3,496	–
At 30 June 2024 (unaudited)	**2,394**	**(5,589)**	**6,488**

Revaluation reserve for securities

The revaluation reserve for securities records fair value changes of financial assets at FVOCI.

Revaluation reserve for property and equipment

The revaluation reserve for property and equipment is used to record increases in the fair value of buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognized in equity.

Cash flow hedge reserve

Cash flow hedge reserve is used to record the portion of the cumulative gain or loss on a hedging instrument that is determined to be an effective hedge. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in Net losses from operations with foreign currencies and derivatives in the Income statement.

18. Commitments and contingencies

Legal

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or the results of future operations of the Bank. In accordance with the Agreement on the Establishment of the Bank, its assets (irrespective of their location) enjoy immunities from any administrative and legal claims.

The Bank takes all necessary legal and other actions to collect the bad debt and to realize respective repossession rights. When the estimated amount of costs resulting from the Bank's further actions to collect bad debt and/or realize respective repossession rights is higher than the amount collected and also when the Bank holds necessary and sufficient documents and/or regulations issued by the governmental authorities, it decides to write off such bad debt against the respective provision.

(Thousands of euros)

18. Commitments and contingencies (continued)

Insurance

The Bank obtained insurance coverage for a group of buildings, equipment and car park as well as liability insurance against damages caused by operating assets of a hazardous nature. However, the Bank did not obtain insurance coverage related to temporarily discontinued operations or the Bank's obligations to third parties.

Taxation

The IIB is an international institution operating on the basis of the Intergovernmental Agreement on the Establishment of the International Investment Bank (the "Agreement") and the Statute that constitutes an integral part of the Agreement. Pursuant to the Agreement, the Bank and its Branch are exempt from any national or local direct taxes or duties effective in the territories of its member states.

Credit-related commitments

At any time the Bank may have outstanding commitments to extend loans. These commitments take the form of approved loan agreements. As at 30 June 2024, credit-related commitments of the Bank comprised credit-related commitments such as undrawn loan facilities.

The primary purpose of credit-related commitments is to ensure that funds are available to customers as required. Guarantees issued, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Undrawn loan facilities represent unused portions of funds to be issued as loans.

Credit-related commitments are presented in the table below as at 30 June 2024 and 31 December 2023:

	30 June 2024 (unaudited)	*31 December 2023*
Undrawn loan facilities	15,440	15,440
	15,440	**15,440**
Less: allowance for impairment of credit-related commitments	(714)	(714)
Credit-related commitments	**14,726**	**14,726**

19. Leases

Bank as lessor

The Bank provides its investment property for operating leases. As at 30 June 2024, the Bank's non-cancelable operating lease rentals amount to EUR 1,537 thousand to be settled within 1 month − 1 year and EUR 40 thousand to be settled within 1-2 year (31 December 2023: EUR 668 thousand and will be settled within 1 month − 1 year).

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(Thousands of euros)

20. Interest income and interest expenses

Net interest income comprises:

	Six months ended 30 June (unaudited)	
	2024	***2023***
Interest income		
Interest income calculated using the EIR method		
Loans to customers	11,259	14,088
Deposits with banks and other financial institutions, including cash and cash equivalents	9,328	5,809
Loans to banks	3,597	3,535
Securities at fair value through other comprehensive income	4,262	1,459
Securities at amortized cost	310	347
Other	–	167
Other interest income		
Cross-currency interest rate swaps covering long-term currency risks	–	3,405
Investments at fair value through profit or loss	–	93
Total interest income	**28,756**	**28,903**
Interest expenses		
Interest expenses calculated using the EIR method		
Debt securities issued	(7,196)	(16,038)
Long-term loans of banks	(1,872)	(1,895)
Current customer accounts	(45)	(68)
Subordinated perpetual deposit	(6)	(3)
Other	–	(31)
Other interest expenses		
Cross-currency interest rate swaps covering long-term currency risks	–	(2,585)
Total interest expenses	**(9,119)**	**(20,620)**
Net interest income	**19,637**	**8,283**

21. Net losses from operations with foreign currencies and derivatives

Net losses from operations with foreign currencies and derivatives comprise:

	Six months ended 30 June (unaudited)	
	2024	***2023***
Derivative financial instruments and operations with foreign currencies		
Net losses from operations with foreign currencies and derivatives	(117)	(14,586)
Net gains/(losses) from revaluation of derivative financial instruments	(4,167)	2,645
Total derivative financial instruments and operations with foreign currencies	**(4,284)**	**(11,941)**
Translation differences		
Net gains/(losses) from revaluation of assets and liabilities in foreign currencies	13,507	2,481
Net losses from operations in foreign currencies and with derivatives	**9,223**	**(9,460)**

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(Thousands of euros)

22. General and administrative expenses

General and administrative expenses comprise:

	Six months ended 30 June (unaudited)	
	2024	***2023***
Employee compensations and employment taxes	3,404	5,882
Depreciation and disposal of property, equipment and intangible assets	847	923
IT expenses, inventory and occupancy expenses	425	1,196
Professional services	184	309
Expenses related to business travel, representative and accommodation expenses	35	57
Other	51	218
General and administrative expenses	**4,946**	**8,585**

23. Risk management

Risk management framework

The Bank's risk management policy is based on the conservative assessment approach and is mainly aimed at the mitigation of the adverse impact of risks on the Bank's results, i.e. on the safety and reliability of fund allocation while maintaining the reasonable level of profitability. The conservative assessment approach assumes that the Bank does not enter into potential transactions with a high or undeterminable risk level, regardless of profitability.

The Bank's risk management activities are intended to:

- Identify, analyze and manage risks faced by the Bank;
- Establish ratios and limits that restrict the level of the appropriate types of risks;
- Monitor the level of the risk and its compliance with established limits;
- Develop and implement regulative and methodological documents as well as software applications that ensure professional risk management for the bank transactions.

Risk management policies and procedures are reviewed regularly to reflect changing circumstances on global financial markets.

Risk management system

Integrated into the whole vertical organizational structure of the Bank and all areas of the Bank's activities, the risk management system makes it possible to identify in a timely manner and effectively manage different types of risks.

Risk management involves all of the Bank's divisions in evaluating, assuming, and controlling risks ("Three lines of defense"):

- Risk-taking (1st line of defense): the Bank's divisions directly preparing and conducting transactions are involved in the identification, assessment, and monitoring of risks and comply with internal regulations on risk management, as well as give due consideration to the risk level in the preparation of transactions.
- Risk management (2nd line of defense): the division responsible for risk management develops risk management tools and methodology, assesses and monitors the risk level, prepares reports on risks, carries out risk aggregation, and calculates the amount of total capital requirements.
- Internal audit (3rd line of defense): independent quality assessment for existing risk management processes, identification of violations, and proposals for the improvement of the risk management system.

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(Thousands of euros)

23. Risk management (continued)

Risk management system (continued)

The Bank identifies the following major risks inherent in its various activities:

- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk.

Credit risk

Credit risk is the risk that the Bank will incur a loss because its counterparty fails to discharge its contractual financial obligations to the Bank, or discharges them in an untimely fashion or not in full. Credit risk arises principally from loans and advances to customers and banks and other on and off balance sheet credit exposures. For risk reporting purposes, the Bank considers and consolidates all elements of potential credit risk exposures such as individual borrower or counterparty default risk.

The Bank creates an allowance for a financial instrument in accordance with IFRS 9 that represents its estimates of losses on such a financial instrument. A financial instrument can be written off against the related allowance for expected credit losses only upon permission of the IIB's Board of Governors and where the financial instrument is determined as uncollectable and all necessary steps to collect the financial instrument are completed. Such decision is made after consideration of the information on significant changes in counterparty's financial position such as inability to repay the financial instrument and when proceedings from disposal of the collateral are insufficient to cover the debt amount in full.

The total amount of the impairment allowance is approved by the Management Board on a monthly basis.

The tables below provide an analysis of the Bank's internal expected credit loss rating scale as of 30 June 2024 and how it correspond to the external ratings of the S&P credit rating service.

Internal assessment	*External ratings equivalent*	*Internal ratings equivalent*
Excellent	AAA-AA-	A1-A3
Very strong	A+-A-	A4-A6
Strong	BBB+-BBB-	A7-A9
Good	BB+-BB-	B1-B3
Fair	B+-B-	B4-B6
Special attention	CCC+-CCC-	C1-C3
Expected loss	CC-D	SD-D

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(Thousands of euros)

23. Risk management (continued)

Credit risk (continued)

The table provides overview of the exposure amount and allowance for credit losses by long-term loans to banks (Note 10) and loans to customers (Note 11) class broken down into stages as per IFRS 9 requirements as at 30 June 2024 and 31 December 2023:

30 June 2024	*Amount*				*Allowance for impairment*			
Internal risk rating category	*Stage 1*	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Long-term loans to banks								
Good	–	12,064	–	**12,064**	–	72	–	**72**
Fair	12,440	18,161	–	**30,601**	271	203	–	**474**
Special attention	50,066	–	–	**50,066**	157	–	–	**157**
Loans to customers at amortized cost								
Strong	–	47,124	–	**47,124**	–	7,060	–	**7,060**
Good	–	65,628	–	**65,628**	–	1,637	–	**1,637**
Fair	23,493	100,895	–	**124,388**	1,575	4,650	–	**6,225**
Special attention	78,408	–	5,278	**83,686**	4,514	–	3,959	**8,473**
Expected loss	–	–	298	**298**	–	–	298	**298**
Loans to customers at fair value through other comprehensive income								
Good	–	42,153	–	**42,153**	–	3,692	–	**3,692**
Fair	–	16,068	–	**16,068**	–	1,964	–	**1,964**
	164,407	**302,093**	**5,576**	**472,076**	**6,517**	**19,278**	**4,257**	**30,052**

31 December 2023	*Amount*				*Allowance for impairment*			
Internal risk rating category	*Stage 1*	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Long-term loans to banks								
Good	11,157	–	–	**11,157**	137	–	–	**137**
Fair	38,691	–	–	**38,691**	714	–	–	**714**
Special attention	50,069	–	–	**50,069**	157	–	–	**157**
Loans to customers at amortized cost								
Strong	–	47,439	–	**47,439**	–	7,055	–	**7,055**
Good	–	70,508	–	**70,508**	–	1,629	–	**1,629**
Fair	48,889	71,159	–	**120,048**	1,547	2,363	–	**3,910**
Special attention	94,323	5,080	–	**99,403**	5,052	2,541	–	**7,593**
Expected loss	–	296	–	**296**	–	296	–	**296**
Loans to customers at fair value through other comprehensive income								
Good	–	41,473	–	**41,473**	–	3,674	–	**3,674**
Fair	–	12,610	–	**12,610**	–	1,521	–	**1,521**
	243,129	**248,565**	**–**	**491,694**	**7,607**	**19,079**	**–**	**26,686**

Liquidity risk

Liquidity risk is the risk of loss resulting from the Bank's inability to meet its payment obligations in full when they fall due under normal and stress circumstances. Liquidity risk results from an improper balance between the Bank's financial assets and financial liabilities by period and amount (including due to untimely discharge of its financial obligations by one or several counterparties of the Bank) and/or an unforeseen need of immediate and simultaneous discharge of its financial obligations.

Liquidity management is an integral part of the general policy for the Bank's assets and liabilities management (ALM) and operates within the established limits and restrictions related to the management of risks (liquidity, interest rate and currency risk) and the Bank's balance sheet items, and in accordance with the documents of planning.

Procedures for the Bank's liquidity position management, ensuring the Bank's ability to meet its obligations in full and on a timely basis and efficient resources management, are stipulated in the Regulations for IIB's Liquidity Position Management that enables the development of the liquidity position management function provided for by IIB's Assets and Liabilities Management Policy, as an integral part of the general function of the Bank's management.

(Thousands of euros)

23. Risk management (continued)

Liquidity risk (continued)

The Bank manages its liquidity position in accordance with planning horizons (up to 12 months) and possible scenarios of movements in the liquidity position (stable, stressed).

The main instrument of liquidity position management under the stable scenario is a Plan of Cash Flows defining the cash flow by balance sheet product/instrument and taking into account the plan of future financial operations. The Bank determines the balance sheet gaps, payment schedule and need for financing of future operations based on the Plan of Cash Flows.

The Bank has implemented a liquidity buffer to manage the Bank's liquidity under the stressed scenario. Application of the liquidity buffer enables the Bank to promptly monitor the sustainability and stability of the Bank's balance sheet structure in case of a liquidity shortage that is critical to the Bank's solvency.

The liquidity buffer is formed primarily of liquidity reserves, namely nostro accounts and deposits with banks and other financial institutions. The Bank calculates its liquidity reserves as at the reporting date and for the next twelve monthly reporting dates (forecast). The liquidity buffer may be used to close the negative net position. As at 30 June 2024, the liquidity buffer amounts to EUR 192.7 million (31 December 2023: EUR 136.8 million).

Credit-related commitments of the Bank are stated in accordance with contractual maturities in the table presented below. Where there is no contractual schedule of credit-related commitments, these obligations are included into the earliest date on which the client can demand their execution. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	30 June 2024 (unaudited)	***31 December 2023***
1 to 3 months	6,726	–
1 to 5 years	8,000	14,726
Credit-related commitments	**14,726**	**14,726**

On 30 June 2024 credit-related commitment in the amount of EUR 8,000 thousand is included in the term of 1 to 5 years, however the Bank is deprived of the technical ability to work and fulfill the commitment to this counterparty (31 December 2023: EUR 14,726 thousand is included in the term of 1 to 5 years based on professional judgment and experience of relationship with the counterparty).

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(Thousands of euros)

23. Risk management (continued)

Liquidity risk (continued)

The following table provides an analysis of financial assets and liabilities on the basis of the remaining period from the reporting date to the contractual maturity date.

	30 June 2024 (unaudited)								*31 December 2023*					
	Less than 1 month	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Past due*	*Not stated maturity**	*Total*	*Less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Not stated maturity**	*Total*
Financial assets														
Cash and cash equivalents	92,117	–	–	–	–	–	–	**92,117**	83,837	19,752	–	–	–	**103,589**
Deposits with banks and other financial institutions	11,199	21,789	–	–	–	–	186,918	**219,906**	–	–	–	–	149,780	**149,780**
Derivative financial assets	–	–	–	–	–	–	–	**–**	–	–	–	–	1,216	**1,216**
Securities at fair value through other comprehensive income	231	513	30,650	33,069	2,658	–	93,178	**160,299**	32,863	–	–	–	119,913	**152,776**
Securities at amortized cost	–	–	43	18,977	–	–	13,688	**32,708**	–	–	243	18,479	13,225	**31,947**
Loans to banks	–	2,881	1,867	57,331	–	–	29,949	**92,028**	3,268	3,899	22,317	66,788	2,637	**98,909**
Loans to customers	9,425	10,572	21,308	79,355	–	1,320	233,672	**355,652**	3,873	10,351	23,821	60,864	272,385	**371,294**
Other financial assets	75	–	375	73	–	–	122,358	**122,881**	35	–	29	13	102,105	**102,182**
Total financial assets	**113,047**	**35,755**	**54,243**	**188,805**	**2,658**	**1,320**	**679,763**	**1,075,591**	**123,876**	**34,002**	**46,410**	**146,144**	**661,261**	**1,011,693**
Financial liabilities														
Due to banks and other financial institutions	–	–	–	–	–	–	(50)	**(50)**	–	–	–	–	(50)	**(50)**
Derivative financial liabilities	–	–	–	–	–	–	(450)	**(450)**	–	–	–	–	(995)	**(995)**
Current customer accounts	(4,389)	–	–	–	–	–	–	**(4,389)**	(4,016)	–	–	–	–	**(4,016)**
Long-term loans of banks	–	–	–	–	–	–	(46,869)	**(46,869)**	–	–	–	–	(43,699)	**(43,699)**
Debt securities issued	–	–	(133,662)	(54)	–	–	(518,229)	**(651,945)**	–	–	(1,698)	(119,258)	(520,078)	**(641,034)**
Other financial liabilities	(164)	(1)	(426)	(736)	–	–	(122,779)	**(124,106)**	(261)	(21)	(529)	(626)	(100,556)	**(101,993)**
Total financial liabilities	**(4,553)**	**(1)**	**(134,088)**	**(790)**	**–**	**–**	**(688,377)**	**(827,809)**	**(4,277)**	**(21)**	**(2,227)**	**(119,884)**	**(665,378)**	**(791,787)**
Net position	**108,494**	**35,754**	**(79,845)**	**188,015**	**2,658**	**1,320**	**(8,614)**	**247,782**	**119,599**	**33,981**	**44,183**	**26,260**	**(4,117)**	**219,906**
Accumulated net position	**108,494**	**144,248**	**64,403**	**252,418**	**255,076**	**256,396**	**247,782**		**119,599**	**153,580**	**197,763**	**224,023**	**219,906**	

* The assets and liabilities from the liquidity risk analysis with not stated maturity include financial instruments with no technical ability to receive and make payments due to US sanctions and the designation of IIB to the US OFAC SDN list.

(Thousands of euros)

23. Risk management (continued)

Market risk

Market risk is the risk that the Bank may incur losses due to adverse fluctuations in the market rate of financial instruments, interest rates, foreign exchanges, and securities' prices. Market risk includes equity risk on securities, interest rate risk and currency risk.

The Bank is exposed to market risk due to open positions in currency. Equity risk on securities arises from open positions in debt and equity instruments, which are exposed to general and specific market changes.

Currency risk and price risk

Currency risk is the risk of loss resulting from adverse changes in exchange rates with respect to the Bank's open positions in foreign currencies. Price risk is the risk that the fair values of securities decrease as a result of changes in the levels of indices and the value of individual securities.

The Bank has assets and liabilities denominated in several foreign currencies. The financial position and the cash flows are exposed to the effects of fluctuations in foreign currency exchange rates. Non-monetary financial instruments and financial instruments denominated in functional currency are not exposed to currency risk. The Bank's exposure to currency risk as at 30 June 2024 and 31 December 2023 are presented below:

	30 June 2024 (unaudited)						
	EUR	***USD***	***RUB***	***HUF***	***RON***	***Other currencies***	***Total***
Non-derivative financial assets							
Cash and cash equivalents	3	8	92,106	–	–	–	**92,117**
Deposits with banks and other financial institutions	47,036	86,539	32,988	17,102	35,574	667	**219,906**
Securities at fair value through other comprehensive income	66,595	23,080	70,624	–	–	–	**160,299**
Securities at amortized cost	19,020	13,688	–	–	–	–	**32,708**
Long-term loans to banks	49,910	42,118	–	–	–	–	**92,028**
Loans to customers	246,339	43,688	22,684	28,304	14,637	–	**355,652**
Other financial assets	56,770	9,684	97	3,421	52,909	–	**122,881**
Total non-derivative financial assets	**485,673**	**218,805**	**218,499**	**48,827**	**103,120**	**667**	**1,075,591**
Non-derivative financial liabilities							
Due to banks and other financial institutions	(50)	–	–	–	–	–	**(50)**
Current customer accounts	(4,386)	(3)	–	–	–	–	**(4,389)**
Long-term loans of banks	–	(41,240)	–	(5,629)	–	–	**(46,869)**
Debt securities issued	(105,047)	–	(133,716)	(60,348)	(134,922)	(217,912)	**(651,945)**
Other financial liabilities	(61,858)	(49,437)	(12,417)	(394)	–	–	**(124,106)**
Total non-derivative financial liabilities	**(171,341)**	**(90,680)**	**(146,133)**	**(66,371)**	**(134,922)**	**(217,912)**	**(827,359)**
Net balance sheet position (excluding derivative financial instruments)	**314,332**	**128,125**	**72,366**	**(17,544)**	**(31,802)**	**(217,245)**	**248,232**
Derivative financial instruments							
Claims	5,633	–	41	–	–	–	**5,674**
Liabilities	–	(6,077)	(41)	–	–	–	**(6,118)**
Net balance sheet position, including derivative financial instruments	**319,965**	**122,048**	**72,366**	**(17,544)**	**(31,802)**	**(217,245)**	**247,988**

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(Thousands of euros)

23. Risk management (continued)

Market risk (continued)

	31 December 2023						
	EUR	***USD***	***RUB***	***HUF***	***RON***	***Other currencies***	***Total***
Non-derivative financial assets							
Cash and cash equivalents	3	8	103,578	−	−	−	**103,589**
Deposits with banks and other financial institutions	40,609	55,078	−	17,812	35,608	673	**149,780**
Securities at fair value through other comprehensive income	65,310	51,348	36,118	−	−	−	**152,776**
Securities at amortized cost	18,722	13,225	−	−	−	−	**31,947**
Long-term loans to banks	49,913	48,996	−	−	−	−	**98,909**
Loans to customers	250,055	41,235	35,730	28,968	15,306	−	**371,294**
Other financial assets	36,335	9,319	61	3,532	52,935	−	**102,182**
Total non-derivative financial assets	**460,947**	**219,209**	**175,487**	**50,312**	**103,849**	**673**	**1,010,477**
Non-derivative financial liabilities							
Due to banks and other financial institutions	(50)	−	−	−	−	−	**(50)**
Current customer accounts	(4,014)	(2)	−	−	−	−	**(4,016)**
Long-term loans of banks	−	(38,131)	−	(5,568)	−	−	**(43,699)**
Debt securities issued	(104,888)	−	(120,957)	(62,546)	(134,466)	(218,177)	**(641,034)**
Other financial liabilities	(61,791)	(38,449)	(1,361)	(392)	−	−	**(101,993)**
Total non-derivative financial liabilities	**(170,743)**	**(76,582)**	**(122,318)**	**(68,506)**	**(134,466)**	**(218,177)**	**(790,792)**
Net balance sheet position (excluding derivative financial instruments)	**290,204**	**142,627**	**53,169**	**(18,194)**	**(30,617)**	**(217,504)**	**219,685**
Derivative financial instruments							
Claims	24,936	−	−	−	−	−	**24,936**
Liabilities	−	(14,865)	(9,850)	−	−	−	**(24,715)**
Net balance sheet position, including derivative financial instruments	**315,140**	**127,762**	**43,319**	**(18,194)**	**(30,617)**	**(217,504)**	**219,906**

24. Fair value measurements

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined by the Bank using available market information, where it exists, and appropriate valuation methodologies. However, professional judgment is necessarily required to interpret market data to determine the fair value. While management has used available market information in estimating the fair value of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs which have a significant effect on the recognized fair value that are not based on observable market data.

(Thousands of euros)

24. Fair value measurements (continued)

Fair value hierarchy (continued)

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of their nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy. The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 30 June 2024 and 31 December 2023:

	30 June 2024 (unaudited)			
	Level 1	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Government bonds at fair value through other comprehensive income	6,972	35,270	−	**42,242**
Corporate bonds at fair value through other comprehensive income	60,149	57,908	−	**118,057**
Loans to customers at fair value through other comprehensive income	−	58,222	−	**58,222**
Investment property	−	−	32,253	**32,253**
Property and equipment − buildings	−	−	54,050	**54,050**
Liabilities measured at fair value				
Derivative financial liabilities	−	450	−	**450**
Assets for which fair values are disclosed				
Cash and cash equivalents	−	−	92,117	**92,117**
Deposits with banks and other financial institutions	−	−	219,906	**219,906**
Securities at amortized cost	−	28,879	−	**28,879**
Loans to banks at amortized cost	−	−	99,290	**99,290**
Loans to customers at amortized cost	9,881	−	250,291	**260,172**
Liabilities for which fair values are disclosed				
Due to banks and other financial institutions	−	−	50	**50**
Current customer accounts	−	−	4,389	**4,389**
Long-term loans of banks	−	−	46,869	**46,869**
Debt securities issued	−	115,776	517,935	**633,711**

	31 December 2023			
	Level 1	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Derivative financial assets	−	1,216	−	**1,216**
Government bonds at fair value through other comprehensive income	44,226	−	−	**44,226**
Corporate bonds at fair value through other comprehensive income	53,766	54,784	−	**108,550**
Loans to customers at fair value through other comprehensive income	54,083	−	−	**54,083**
Investment property	−	−	32,194	**32,194**
Property and equipment − buildings	−	−	54,429	**54,429**
Liabilities measured at fair value				
Derivative financial liabilities	−	995	−	**995**
Assets for which fair values are disclosed				
Cash and cash equivalents	577	103,012	−	**103,589**
Deposits with banks and other financial institutions	−	−	149,780	**149,780**
Securities at amortized cost	26,607	−	−	**26,607**
Loans to banks at amortized cost	−	−	108,796	**108,796**
Loans to customers at amortized cost	55,990	−	226,734	**282,724**
Liabilities for which fair values are disclosed				
Due to banks and other financial institutions	−	−	50	**50**
Current customer accounts	−	−	4,016	**4,016**
Long-term loans of banks	−	−	43,699	**43,699**
Debt securities issued	−	106,859	520,794	**627,653**

(Thousands of euros)

24. Fair value measurements (continued)

Fair value hierarchy (continued)

Transfers between the levels of the fair value hierarchy are deemed to have made as at the end of the reporting period. Fair value of securities, worth of EUR 58,222 thousand, that are held on accounts in the Bank's depositary partner and are restricted for use by Euroclear and other foreign depositaries were transferred from Level 1 to Level 2 during the six months ended 30 June 2024. There were no transfers of financial instruments between Level 1 and Level 2 in the year ended 31 December 2023.

Set out below is a comparison of the carrying amounts and fair values of the Bank's financial instruments that are recorded in the separate financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	30 June 2024 (unaudited)			*31 December 2023*		
	Carrying amount	*Fair value*	*Unrecognized gain/(loss)*	*Carrying amount*	*Fair value*	*Unrecognized gain/(loss)*
Financial assets						
Cash and cash equivalents	92,117	92,117	–	103,589	103,589	–
Deposits with banks and other financial institutions	219,906	219,906	–	149,780	149,780	–
Securities at amortized cost	32,708	28,879	(3,829)	31,947	26,607	(5,340)
Loans to banks at amortized cost	92,028	99,290	7,262	98,909	108,796	9,887
Loans to customers at amortized cost	297,430	260,172	(37,258)	317,211	282,724	(34,487)
Financial liabilities						
Due to banks and other financial institutions	50	50	–	50	50	–
Current customer accounts	4,389	4,389	–	4,016	4,016	–
Long-term loans of banks	46,869	46,869	–	43,699	43,699	–
Debt securities issued	651,945	633,711	18,234	641,034	627,653	13,381
Total unrecognized change in unrealized fair value			**(15,591)**			**(16,559)**

Changes in Level 3 assets and liabilities at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 assets and liabilities that are recorded at fair value:

	At 1 January 2024	*Losses recorded in profit or loss / other comprehensive income*	*Additions/ (disposals)*	*At 30 June 2024 (unaudited)*
Assets				
Property and equipment – buildings	54,429	(420)	41	54,050
Investment property	32,194	32	27	32,253
Total	**86,623**	**(388)**	**68**	**86,303**

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(Thousands of euros)

24. Fair value measurements (continued)

Changes in Level 3 assets and liabilities at fair value (continued)

	At 1 January 2023	*Losses recorded in profit or loss / other comprehensive income*	*Additions/ (disposals)*	*At 30 June 2023 (unaudited)*
Assets				
Property and equipment − buildings	56,579	(432)	64	56,211
Investment property	33,360	−	32	33,392
Total	**89,939**	**(432)**	**96**	**89,603**

25. Segment information

For management purposes, the Bank identifies the following three operating segments based on its lines of services:

Credit investment activity	Investment banking services, including long-term corporate and interbank financing.
Treasury	Operations in financial markets, transactions with securities, derivative financial instruments and foreign currency, and liquidity management.
Other operations	Operational leasing services, other operations.

Management monitors the operating results of its business separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the separate financial statements. The following table presents income, profit, assets and liabilities of the Bank's operating segments:

30 June 2024 (unaudited)	*Credit investment activity*	*Treasury*	*Other operations*	*Total*
Income				
External customers				
Interest income calculated using the EIR method	14,855	13,889	12	**28,756**
Fee and commission income	17	−	−	**17**
Net gains/(losses) from operations with foreign currencies and derivatives	−	9,196	27	**9,223**
Income from lease of investment property	−	−	1,259	**1,259**
Income from revaluation of investment property	−	−	32	**32**
Other segment income/(expense)	45	−	4	**49**
Total income	**14,917**	**23,085**	**1,334**	**39,336**
Interest expenses calculated using the EIR method	(4,428)	(4,691)	−	**(9,119)**
Net allowance for credit losses on financial instruments	(3,125)	(3,201)	(22)	**(6,348)**
Fee and commission expense	(3)	(155)	(96)	**(254)**
Net gains/(losses) from operations with investments at fair value through other comprehensive income	−	(82)	−	**(82)**
Other segment expenses	−	−	(62)	**(62)**
Segment results	**7,361**	**14,956**	**1,154**	**23,471**
Other unallocated expenses				(4,946)
Gains for the period				**18,525**
Total segment assets	**447,792**	**509,422**	**208,994**	**1,166,208**
Total segment liabilities	**341,447**	**362,482**	**126,069**	**829,998**

(Thousands of euros)

25. Segment information (continued)

30 June 2023 (unaudited)	*Credit investment activity*	*Treasury*	*Other operations*	*Total*
Income				
External customers				
Interest income calculated using the EIR method	17,623	7,777	5	**25,405**
Other interest income	–	3,498	–	**3,498**
Fee and commission income	74	–	–	**74**
Income from lease of investment property	–	–	1,359	**1,359**
Net income from sale of loans to customers	1,471	–	–	**1,471**
Other segment income/(expense)	(768)	(394)	15	**(1,147)**
Total income	**18,400**	**10,881**	**1,379**	**30,660**
Interest expenses calculated using the EIR method	(9,134)	(8,901)	–	**(18,035)**
Other interest expenses	–	(2,585)	–	**(2,585)**
Net allowance for credit losses on financial instruments	1,060	(40,493)	28	**(39,405)**
Fee and commission expense	(5)	(286)	(230)	**(521)**
Net losses from operations with foreign currencies and derivatives	–	(9,409)	(51)	**(9,460)**
Net losses from operations with investments at fair value through profit or loss	–	(35)	–	**(35)**
Net losses from operations with investments at fair value through other comprehensive income	–	(1,588)	–	**(1,588)**
Net losses from operations with investments amortized cost	(4,813)	(3,283)	–	**(8,096)**
Other segment expenses	(13)	–	(56)	**(69)**
Segment results	**5,495**	**(55,699)**	**1,070**	**(49,134)**
Other unallocated expenses				**(8,585)**
Losses for the period				**(57,719)**
Development portfolio	518,046	78,799	–	**596,845**
Other segment assets	–	324,821	95,843	**420,664**
Total segment assets	**518,046**	**403,620**	**95,843**	**1,017,509**
Total segment liabilities	**356,112**	**351,218**	**2,180**	**709,510**
Other segment information				
Capital expenditures	–	–	8	**8**

During the six months ended 30 June 2024, the Bank's revenue from lease operations with two external counterparties (six months ended 30 June 2023: two external counterparties) exceeded 20% of the Bank's total revenue (six months ended 30 June 2024: EUR 836 thousand; six months ended 30 June 2023: EUR 862 thousand).

Geographical information

Allocation of the Bank's revenue from transactions with external customers based on the location of these customers for the six months ended 30 June 2024 and six months ended 30 June 2023 are presented in the table below:

	30 June 2024 (unaudited)			*30 June 2023 (unaudited)*		
	Member countries	*Other countries*	*Total*	*Member countries*	*Other countries*	*Total*
Interest income calculated using the EIR method	19,520	9,236	**28,756**	15,081	10,324	**25,405**
Income from lease of investment property	1,202	57	**1,259**	1,359	–	**1,359**
Other interest income	–	–	**–**	93	3,405	**3,498**

During the six months ended 30 June 2024 interest income calculated using the EIR method of member countries include revenue from transactions with customers from Russian Federation EUR 15,159 thousand (six months ended 30 June 2023: Russian Federation EUR 7,159 thousand). Non-current assets of the Bank are located in member countries.

(Thousands of euros)

25. Segment information (continued)

Geographical information (continued)

Information on risk concentration by geographical region is based on the geographical location of the Bank's counterparties. The geographical concentration of the Bank's financial assets and liabilities as at 30 June 2024 and 31 December 2023 are presented below:

	30 June 2024						
	Russian Federation	*Mongolia*	*Socialist Republic of Vietnam*	*Republic of Cuba*	*Withdrawn members*	*Other European and other countries*	*Total*
Financial assets							
Cash and cash equivalents	92,117	–	–	–	–	–	**92,117**
Deposits with banks and other financial institutions	145,007	–	–	–	66,953	7,946	**219,906**
Securities at fair value through other comprehensive income	67,121	–	–	–	14,181	78,997	**160,299**
Securities at amortized cost	19,020	–	–	–	–	13,688	**32,708**
Long-term loans to banks	–	21,160	20,958	49,910	–	–	**92,028**
Loans to customers	53,367	30,271	2,772	–	194,256	74,986	**355,652**
Other financial assets	292	30	5	–	4,753	117,801	**122,881**
Financial assets	**376,924**	**51,461**	**23,735**	**49,910**	**280,143**	**293,418**	**1,075,591**
Financial liabilities							
Due to banks and other financial institutions	–	–	–	–	–	(50)	**(50)**
Derivative financial liabilities	–	–	–	–	–	(450)	**(450)**
Long-term loans of banks	–	–	–	–	(5,629)	(41,240)	**(46,869)**
Debt securities issued	(133,716)	–	–	–	(518,229)	–	**(651,945)**
Other financial liabilities	(664)	(727)	–	–	(394)	(122,321)	**(124,106)**
Financial liabilities	**(134,380)**	**(727)**	**–**	**–**	**(524,252)**	**(164,061)**	**(823,420)**

	31 December 2023						
	Russian Federation	*Mongolia*	*Socialist Republic of Vietnam*	*Republic of Cuba*	*Withdrawn members*	*Other European and other countries*	*Total*
Financial assets							
Cash and cash equivalents	103,012	–	–	–	577	–	**103,589**
Deposits with banks and other financial institutions	80,360	–	–	–	61,474	7,946	**149,780**
Derivative financial assets	–	–	–	–	–	1,216	**1,216**
Securities at fair value through other comprehensive income	32,863	–	–	–	14,109	105,804	**152,776**
Securities at amortized cost	18,722	–	–	–	–	13,225	**31,947**
Long-term loans to banks	–	29,728	19,268	49,913	–	–	**98,909**
Loans to customers	69,379	29,530	2,673	–	197,855	71,857	**371,294**
Other financial assets	24	15	4	–	4,161	97,978	**102,182**
Financial assets	**304,360**	**59,273**	**21,945**	**49,913**	**278,176**	**298,026**	**1,011,693**
Financial liabilities							
Due to banks and other financial institutions	–	–	–	–	–	(50)	**(50)**
Derivative financial liabilities	–	–	–	–	–	(995)	**(995)**
Long-term loans of banks	–	–	–	–	(5,568)	(38,131)	**(43,699)**
Debt securities issued	(120,957)	–	–	–	(520,077)	–	**(641,034)**
Other financial liabilities	(559)	–	–	–	(1,378)	(100,056)	**(101,993)**
Financial liabilities	**(121,516)**	**–**	**–**	**–**	**(527,023)**	**(139,232)**	**(787,771)**

Other countries include non-member countries.

(Thousands of euros)

26. Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 *Related Party Disclosures*. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions and settlements with related parties were carried out on conditions similar to those which prevail in transactions between independent parties.

Volumes of related party transactions, outstanding balances at 30 June 2024 and 31 December 2023, and related expenses and income for the six months ended 30 June 2024 and six months ended 30 June 2023 are as follows:

		Carrying amount	
	Related party	***30 June 2024 (unaudited)***	***31 December 2023***
Separate statement of financial position			
Current customer accounts	Key management personnel	2,122	1,959
Other liabilities	Key management personnel	58	172
Other liabilities	Subsidiary	213	232

		Expense	
		Six months ended 30 June	
	Related party	***2024 (unaudited)***	***2023 (unaudited)***
Separate income statement			
Interest expenses on current customer accounts	Key management personnel	(23)	(16)
Net interest expense after allowance for loan impairment		**(23)**	**(16)**
Expenses from operating activities		**(23)**	**(16)**
Employee benefits	Key management personnel	(505)	(570)
Compensation for travel expenses and medical insurance	Key management personnel	(14)	(72)
Professional services	Subsidiary	(172)	(256)
Operating expenses		**(691)**	**(898)**
Net expense for the period		**(714)**	**(914)**

In the ordinary course of business, the Bank mainly carries out transactions with entities from the Bank member countries. In the ordinary course of business, the Bank also engages into contractual relationships with government-related organizations. Balances and income from operations with government and government-related organizations are as follows:

	30 June 2024 (unaudited)	***31 December 2023***
Separate statement of financial position		
Securities at fair value through other comprehensive income	15,617	26,001
Securities at amortized cost	19,020	18,722
Loans to banks	49,909	49,913
Loans to customers	51,083	57,321

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(Thousands of euros)

26. Related party disclosures (continued)

	Six months ended 30 June	
	2024 (unaudited)	***2023 (unaudited)***
Separate income statement		
Interest income calculated using the EIR method	5,413	5,458
Net (losses)/gains from operations with investments at fair value through profit or loss	–	(123)
Net (losses)/gains from operations with securities at fair value through other comprehensive income	(140)	–
Other expenses	–	(5)

27. Capital adequacy

The capital adequacy ratio is the most important financial indicator characterizing the credibility of credit institutions and is estimated as the ratio of the capital base to risk-weighted assets expressed as a percentage. Approval of the capital adequacy ratio is the exclusive competency of the IIB's Board of Governors.

The Basel Committee on Banking Supervision recommends maintaining the ratio of capital to risk-weighted assets ("capital adequacy ratio") above the prescribed minimum level. As at 30 June 2024, this minimum level was 8% (31 December 2023: 8%).

Besides, taking into account the Bank's status as a multilateral development institution and the structure of the Bank's member countries, the IIB's Board of Governors set the capital adequacy ratio at the level of not less than 25% as at 30 June 2024 (31 December 2023: 25%).

The following table shows the composition of the Bank's capital position calculated in accordance with the Basel Accord (Basel II) as at 30 June 2024 and 31 December 2023.

	30 June 2024 (unaudited)	***31 December 2023***
Capital		
Tier 1 capital	221,758	203,232
Tier 2 capital	119,896	115,414
Total regulatory capital	**341,654**	**318,646**
Risk-weighted assets		
Credit risk	688,088	667,693
Market risk	426,665	370,960
Operational risk	53,417	53,888
Total risk-weighted assets	**1,168,170**	**1,092,541**
Total capital expressed as a percentage of risk-weighted assets, % ("capital adequacy ratio")	29.25%	29.17%
Total tier 1 capital expressed as a percentage of risk-weighted assets, % ("tier 1 capital adequacy ratio")	18.98%	18.60%

(End).