EURASIAN DEVELOPMENT BANK

Financial Statements and
Independent Auditor's Report
For the Year ended 31 December 2023

Eurasian Development Bank

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Russell Bedford
taking you further

«Approved», General Director
Russell Bedford A+ Partners IAC LLP
Kudaibergenova Sh. E.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Members of the Council of the Eurasian Development Bank

OPINION

We have audited the accompanying financial statements of Eurasian Development Bank (the "Bank"), which comprise the statement of financial position of the Bank as at 31 December 2023, the statement of profit or loss and other comprehensive income of the Bank for the year 2023, the statement of changes in equity of the Bank for the year 2023, the statement of cash flows of the Bank for 2023, and the notes to the financial statements of the Bank for 2023, including a significant accounting policies.

In our opinion, the accompanying financial statements of the Bank present fairly, in all material respects, the Bank's financial position as at December 31, 2023, its financial results and its cash flows for the year 2023 in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are disclosed in the Auditor's Responsibility for the Audit of the Financial Statements section of this report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (Including International Standards on Independence) adopted by the International Ethics Standards Board for Accountants ("IESBA") (the "IESBA Code") and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Bank's financial statements. These matters were considered in the context of our audit of the Bank's financial statements as a whole and in forming our opinion on those statements, and we do not express a separate opinion on these matters.

Key audit issues	Audit procedures in relation to key audit matters
Internal credit rating model used in estimating expected credit losses ("ECL") in accordance with IFRS 9 Financial Instruments As disclosed in Note 14 of the Bank's financial statements as at 31 December 2023, the Bank recognised total loans to customers of 2,477,821 thousand US dollars with a corresponding provision for ECL of 117,365 thousand US dollars. The measurement of expected credit loss is a complex calculation that requires a number of inputs and assumptions, such as credit rating, probability of default and loss given default. In accordance with IFRS 9, the Bank applies the expected loss model to create an allowance for impairment of financial assets. A key principle of this model is to reflect deterioration in the credit quality of financial assets in a timely manner, taking into account the use of reasonable and verifiable information about past events, current economic conditions and reasonable forecasts of future events and economic conditions, available at the valuation date without undue cost to obtain it; the probabilistic nature of the values obtained as a result of evaluation all possible outcomes; impartiality and balance in relation to the assumptions and judgements used; application of the concept of the time value of money. For loans to customers without an external rating, based on the methodology of an international rating agency (–"Internal models"), which take into account information about current conditions, as well as forecasts of future events. Internal models generate individual credit rating for each counterparty with individual probability of default based on data on financial performance, the operating environment of the Bank's borrowers, macroeconomic indicators, projected cash flows, etc. Judgement was required in evaluating risk parameters such as macroeconomic conditions, projected cash flows, creditworthiness and solvency. Information about expected credit losses is disclosed in Notes 3 "Significant Accounting Policies", 13 "Loans and amounts due from financial institutions" and 14 "Loans to customers" to the financial statements.	Audit procedures performed in this area included: • obtaining an understanding of the procedures and associated controls to assess and monitor the credit rating of the Bank's borrowers; • assessment of the methodology with the requirements outlined in IFRS 9 with involvement of our internal risk advisory specialists; • assessment of the reasonableness of management's assumptions and input data used in the model, including the analysis of the forecasted macroeconomic variables with the involvement of our internal risk advisory specialists; • consideration of the adequacy and completeness of information disclosed by the Bank's on credit risk, the structure and quality of the loan portfolio and provisions for impairment in accordance with IFRS 9, including the impact of economic sanctions against Russia and Belarus.

OTHER INFORMATION

The Bank's management is responsible for the other information. The other information includes the information contained in the Report for 2023, but does not include the financial statements and our auditor's report thereon.

Our opinion on the Bank's financial statements does not cover the other information and we do not provide a conclusion that provides any form of assurance on that information.

In connection with our audit of the Bank's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Bank's financial statements or our knowledge obtained in the audit and whether the other information is otherwise materially misstated. If, based on our work, we conclude that such other information contains a material misstatement, we are required to report that fact. We did not identify any facts that need to be reported in our report.

RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the preparation of the Bank's financial statements.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Bank's financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. In addition, we do the following:

a. identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement from fraud is greater than the risk of not detecting a material misstatement from an error because fraud may include collusion, forgery, omissions, misrepresentations, or circumvention of internal control;
b. obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control system;
c. evaluate the appropriateness of the accounting policies used and the reasonableness of management estimates and related disclosures;
d. conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to be able to continue as a going concern;

e. evaluate the presentation of the financial statements as a whole, structure and content, including disclosures, and whether the financial statements present the underlying transactions and events in a manner that ensures their fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, which constitute the key audit matters included herein. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communicating it.

Bakyt Zhumadylov
Audit engagement manager

Auditor Qualification Certificate
No. MF-0001686 dated 30.06.2021.

Mikhail Bryukhanov
Assignment Partner

Qualification certificate of the auditor No. 06-000025 dated 12/20/2011

Sholpanay Kudaibergenova
General Director
Russell Bedford A+ Partners IAC LLP

State Audit License No. 18013076
issued by the Committee for Internal Government Audit
of the Republic of Kazakhstan Ministry of Finance dated 03.07.2018

February 15, 2024
Almaty, Kazakhstan

EURASIAN DEVELOPMENT BANK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of US Dollars)

	Note	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Interest income, calculated using the effective interest method:				
on Investment portfolio	4	280,402	239,297	203,799
on Treasury portfolio	4	168,105	95,306	52,817
Other interest income on Treasury portfolio	4	12,507	24,408	10,755
Interest expense	4	(271,454)	(259,443)	(197,331)
Net interest income		**189,560**	**99,568**	**70,040**
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	5	85,266	(190,653)	46,491
Net (loss)/gain on transactions in foreign currencies	6	(45,109)	261,317	(43,843)
Net realised (loss)/gain on financial assets at fair value through other comprehensive income	7	(28,559)	(2,664)	9,862
Net (loss)/gain from modification, recognition and derecognition of financial instruments		(11,592)	40,252	5,078
Net gain/(loss) on trading with debt securities issued		297	54,440	(39)
Fee and commission income	8	21,240	25,359	15,009
Fee and commission expense		(4,919)	(2,578)	(977)
Losses on investments in associates		-	(395)	(1,968)
Net loss on disposal of assets held for sale		-	(4,272)	-
Dividend income		-	-	3,332
Net other income/(expense)		24	7	(18)
Net non-interest income		**16,648**	**180,813**	**32,927**
Operating income before provision for expected credit losses		**206,208**	**280,381**	**102,967**
Provision for expected credit losses on interest bearing assets	9	(16,999)	(184,945)	(7,825)
Provision for expected credit losses on guarantees and letters of credit issued	9	(5,466)	(8,125)	(5,235)
Net operating income		**183,743**	**87,311**	**89,907**
Operating expenses	10	(58,551)	(56,655)	(52,787)
NET PROFIT		**125,192**	**30,656**	**37,120**
Earnings per share	22	0.0826	0.0202	0.0245

EURASIAN DEVELOPMENT BANK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(in thousands of US Dollars)

		Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
OTHER COMPREHENSIVE INCOME/(LOSS):				
Treasury portfolio:				
Items that are or may be reclassified subsequently to profit or loss:				
Net unrealised gain/(loss) on revaluation of financial assets at fair value through other comprehensive income		8,555	(48,639)	(18,904)
Net realised loss/(gain) on financial assets at fair value through other comprehensive income transferred to profit or loss	7	28,559	2,665	(9,860)
Items that are or may be reclassified subsequently to profit or loss		**37,114**	**(45,974)**	**(28,764)**
Items that may not be reclassified subsequently to profit or loss:				
Net realised loss on financial assets at fair value through other comprehensive income		6,241	-	-
Items that may not be reclassified subsequently to profit or loss		**6,241**	**-**	**-**
Other comprehensive gain/(loss) on Treasury portfolio		***43,355***	***(45,974)***	***(28,764)***
Investment portfolio:				
Items that are or may be reclassified subsequently to profit or loss:				
Net unrealised loss on revaluation of financial assets at fair value through other comprehensive income		(5,749)	(9,383)	(12,005)
Net realised gain on financial assets at fair value through other comprehensive income transferred to profit or loss	7	-	(1)	(2)
Other comprehensive loss on Investment portfolio		***(5,749)***	***(9,384)***	***(12,007)***
Total items that are or may be reclassified subsequently to profit or loss		***31,365***	***(55,358)***	***(40,771)***
Total items that may not be reclassified subsequently to profit or loss		***6,241***	**-**	**-**
OTHER COMPREHENSIVE INCOME/(LOSS)		**37,606**	**(55,358)**	**(40,771)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**162,798**	**(24,702)**	**(3,651)**

Authorised by the Management of the Bank

15 February 2024
Almaty, Kazakhstan

EURASIAN DEVELOPMENT BANK

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(in thousands of US Dollars)

	Note	31 December 2023	31 December 2022	31 December 2021
ASSETS				
Cash and cash equivalents	11	3,994,289	1,279,281	430,280
Financial assets at fair value through profit or loss:	12	285,546	156,471	79,548
in Treasury portfolio		*272,391*	*140,132*	*78,846*
in Investment portfolio		*13,155*	*16,339*	*702*
Loans and amounts due from financial institutions:	13	534,659	862,270	594,008
in Treasury portfolio		*492,314*	*427,145*	-
in Investment portfolio		*42,345*	*435,125*	*594,008*
Loans to customers	14	2,360,456	2,160,885	1,636,108
Financial assets at fair value through other comprehensive income:	15	672,042	3,539,896	2,585,877
in Treasury portfolio		*201,714*	*2,844,390*	*1,889,906*
in Investment portfolio		*470,328*	*695,506*	*695,971*
Debt securities at amortised cost	16	268,736	384,919	408,680
Investments in associates		24	24	15,221
Property and equipment		12,610	10,583	10,667
Intangible assets		4,275	2,222	1,109
Other assets	17	34,705	32,040	46,697
TOTAL ASSETS		**8,167,342**	**8,428,591**	**5,808,195**
LIABILITIES AND EQUITY				
LIABILITIES:				
Loans and deposits from financial institutions	18	3,090,997	3,165,338	1,616,708
Financial liabilities at fair value through profit or loss	12	199,091	2,956	6,904
Deposits from customers	19	140,195	307,507	284,578
Debt securities issued	20	2,661,484	3,030,076	1,969,518
Other liabilities	21	87,569	86,363	69,256
Total liabilities		**6,179,336**	**6,592,240**	**3,946,964**
EQUITY:				
Share capital:				
Authorised share capital	22	7,000,000	7,000,000	7,000,000
Less: callable share capital	22	(5,484,300)	(5,484,300)	(5,484,300)
Paid-in share capital	22	1,515,700	1,515,700	1,515,700
Reserve fund	22	146,220	146,220	146,220
Technical assistance fund reserve	23	23,731	21,137	15,569
Digital initiative fund reserve	23	872	5,568	4,887
Revaluation deficit for financial assets at fair value through other comprehensive income in Treasury portfolio		(18,604)	(61,959)	(15,985)
Revaluation (deficit)/ reserve for financial assets at fair value through other comprehensive income in Investment portfolio		(9,269)	(3,520)	5,864
Retained earnings		329,356	213,205	188,976
Total equity		**1,988,006**	**1,836,351**	**1,861,231**
TOTAL LIABILITIES AND EQUITY		**8,167,342**	**8,428,591**	**5,808,195**

Authorised by the Management of the Bank

15 February 2024
Almaty, Kazakhstan

EURASIAN DEVELOPMENT BANK

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of US Dollars)

	Share capital			Reserve fund	Technical assistance fund reserve	Digital initiative fund reserve	Revaluation deficit for financial assets at fair value through other comprehensive income in Treasury portfolio	Revaluation deficit for financial assets at fair value through other comprehensive income in Investment portfolio	Retained earnings	Total
	Authorised	Callable	Paid-in							
31 December 2020	**7,000,000**	**(5,484,300)**	**1,515,700**	**146,220**	**23,685**	**10,000**	**12,779**	**17,871**	**155,883**	**1,882,138**
Net profit	-	-	-	-	-	-	-	-	37,120	37,120
Other comprehensive loss	-	-	-	-	-	-	(28,764)	(12,007)	-	(40,771)
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**(28,764)**	**(12,007)**	**37,120**	**(3,651)**
Recognition of Digital initiative fund assets	-	-	-	-	-	-	-	-	860	860
Transfer to Digital initiative fund reserve	-	-	-	-	-	4,887	-	-	(4,887)	-
Allocation of Digital initiative fund reserve	-	-	-	-	-	(10,000)	-	-	-	(10,000)
Allocation of Technical assistance fund reserve	-	-	-	-	(8,116)	-	-	-	-	(8,116)
31 December 2021	**7,000,000**	**(5,484,300)**	**1,515,700**	**146,220**	**15,569**	**4,887**	**(15,985)**	**5,864**	**188,976**	**1,861,231**
Net profit	-	-	-	-	-	-	-	-	30,656	30,656
Other comprehensive loss	-	-	-	-	-	-	(45,974)	(9,384)	-	(55,358)
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**(45,974)**	**(9,384)**	**30,656**	**(24,702)**
Recognition of Digital initiative fund assets	-	-	-	-	-	-	-	-	4,709	4,709
Transfer to Digital initiative fund reserve	-	-	-	-	-	5,568	-	-	(5,568)	-
Allocation of Digital initiative fund reserve	-	-	-	-	-	(4,887)	-	-	-	(4,887)
Transfer to Technical assistance fund	-	-	-	-	5,568	-	-	-	(5,568)	-
31 December 2022	**7,000,000**	**(5,484,300)**	**1,515,700**	**146,220**	**21,137**	**5,568**	**(61,959)**	**(3,520)**	**213,205**	**1,836,351**
Net profit	-	-	-	-	-	-	-	-	125,192	125,192
Other comprehensive income/(loss)	-	-	-	-	-	-	43,355	(5,749)	(6,241)	31,365
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**43,355**	**(5,749)**	**118,951**	**156,557**
Recognition of Digital initiative fund assets	-	-	-	-	-	-	-	-	1,798	1,798
Allocation of Digital initiative fund reserve	-	-	-	-	-	(4,696)	-	-	-	(4,696)
Transfer to Technical assistance fund	-	-	-	-	4,598	-	-	-	(4,598)	-
Allocation to Technical assistance fund	-	-	-	-	(2,004)	-	-	-	-	(2,004)
31 December 2023	**7,000,000**	**(5,484,300)**	**1,515,700**	**146,220**	**23,731**	**872**	**(18,604)**	**(9,269)**	**329,356**	**1,988,006**

Authorised by the Management of the Bank

15 February 2024
Almaty, Kazakhstan

EURASIAN DEVELOPMENT BANK

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of US Dollars)

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received on loans to customers	210,614	134,532	116,146
Interest received on loans and amounts due from financial institutions and cash and cash equivalents	122,373	53,502	18,614
Interest and income received from financial assets at fair value through profit or loss	9,944	20,848	43,306
Interest income received on financial assets at fair value through other comprehensive income	83,464	60,007	93,449
Interest income received on debt securities at amortised cost	15,142	18,668	18,857
Interest paid on loans and deposits from financial institutions	(82,070)	(79,802)	(45,589)
Interest paid on financial liabilities at fair value through profit or loss	(2,506)	(25,569)	(13,492)
Interest paid on deposits from customers	(12,507)	(12,729)	(21,379)
Interest paid on debt securities issued	(164,874)	(111,928)	(105,961)
Fees and commissions received	14,712	20,408	8,155
Fees and commissions paid	(4,941)	(2,343)	(976)
Other income received/(expenses paid)	24	7	(18)
Operating expenses paid	(53,583)	(49,992)	(47,513)
Cash flows from operating activities before changes in operating assets and liabilities	**135,792**	**25,609**	**63,599**
Changes in operating assets			
(Increase)/decrease in loans to customers	(314,100)	(599,842)	386,375
Decrease/(increase) in loans and amounts due from financial institutions	370,790	32,007	(418,012)
Decrease/(increase) in financial assets at fair value through profit or loss	158,992	(257,730)	(12,435)
(Increase)/decrease in other assets	(11,226)	23,196	(19,967)
Changes in operating liabilities			
Increase in deposits from financial institutions	267,068	2,509,391	144,119
(Decrease)/increase in deposits from customers	(151,792)	34,971	(98,549)
(Decrease)/increase in other liabilities	(4,313)	5,771	5,382
Cash flows from operating activities	**451,211**	**1,773,373**	**50,512**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income, Treasury portfolio	(6,923,631)	(18,827,954)	(3,852,142)
Proceeds from sale and redemption of financial assets at fair value through other comprehensive income, Treasury portfolio	9,609,607	17,536,487	3,560,960
Purchase of financial assets at fair value through other comprehensive income, Investment portfolio	(6,290)	(118,009)	(113,104)
Proceeds from sale and redemption of financial assets at fair value through other comprehensive income, Investment portfolio	72,257	21,693	8,270
Purchase of debt securities at amortised cost	-	(159,301)	(141,812)
Proceeds from redemption of debt securities at amortised cost	87,031	91,416	10,500
Purchase of property, equipment and intangible assets	(5,516)	(4,836)	(1,819)
Purchase of investment classified as assets held-for-sale	-	(61,556)	-
Disposal of assets held-for-sale	-	53,479	-
Dividends from investment in associates	-	-	70
Cash flows from/(used in) investing activities	**2,833,458**	**(1,468,581)**	**(529,077)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(in thousands of US Dollars)

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of debt securities (Note 20)	836,890	2,272,015	701,658
Repayments of debt securities (Note 20)	(1,062,781)	(1,082,233)	(397,755)
Proceeds from loans from financial institutions and loans under repurchase agreements (Note 18)	132,544	123,106	92,579
Repayments of loans from financial institutions and loans under repurchase agreements (Note 18)	(80,051)	(830,845)	(123,110)
Repayment of lease liabilities	(2,519)	(3,261)	(2,500)
Cash flows (used in)/from financing activities	**(175,917)**	**478,782**	**270,872**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**3,108,752**	**783,574**	**(207,693)**
Cash and cash equivalents at the beginning of the year	1,279,281	430,280	663,840
Effect of changes in foreign exchange rate on cash and cash equivalents	(393,744)	65,427	(25,867)
Cash and cash equivalents at the end of the year (Note 11)	**3,994,289**	**1,279,281**	**430,280**

Authorised by the Management of the Bank

15 February 2024
Almaty, Kazakhstan

1. BACKGROUND

(a) Principal activities

Eurasian Development Bank ("the Bank") is an international organisation, which was established in accordance with the Agreement Establishing Eurasian Development Bank, entered into between the Russian Federation and the Republic of Kazakhstan on 12 January 2006 ("the Agreement on Incorporation"). The Agreement on Incorporation became effective on 16 June 2006, since its ratification by the Russian Federation and the Republic of Kazakhstan via adoption of relevant laws.

The Bank's membership is open to new participants such that other states and international organisations that have mutual objectives with the Bank. The strategic objective of the Bank is to promote the development of the market economy in its Member states, including their economic growth and the expansion of mutual trade and economic relations through investment activity. The Bank aims to assist Member states in integrating their economies and developing their infrastructure.

In December 2008, the Council of the Bank approved the accession of the Republic of Armenia, the Republic of Belarus and the Republic of Tajikistan to the Agreement on Incorporation.

On 3 April 2009, on 22 June 2009 and 21 June 2010 the Republic of Armenia, the Republic of Tajikistan and the Republic of Belarus, respectively, have fulfilled their respective appropriate domestic procedures related to the ratification of the Agreement on Incorporation of the Bank, made their contributions to the share capital and became Member states of the Bank.

On 28 June 2011, the Council of the Bank approved the accession of the Kyrgyz Republic to the Agreement on Incorporation of the Bank. The Kyrgyz Republic has fulfilled its respective appropriate domestic procedures related to the ratification of the Agreement on Incorporation, made its contribution to the share capital and became Member state of the Bank on 26 August 2011.

As at 31 December 2023, the following states were members of the Bank: the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan.

The Bank's principal activity is an engagement in investment activities for the benefit of socioeconomic development of the Member states. One of the Bank's primary functions is to provide financing for large infrastructure projects in the Member states, which it implements through the provision of loans and debt financing to private and public entities, investing in the equity of customers, participating in, or establishing, private equity funds, providing investment consulting, and providing other financial instruments. The Bank seeks to insure that all its projects are financially viable.

The headquarters of the Bank is located at: 220, Dostyk Avenue, Almaty, the Republic of Kazakhstan. Also the Bank has representative offices in Astana, Bishkek, Dushanbe, Minsk, Moscow, Yerevan and a branch office in St. Petersburg.

(in thousands of US dollars)

1. BACKGROUND, CONTINUED

(a) Principal activities, continued

In accordance with article 31 of the Charter of the Bank, which is an integral part of the Agreement on Incorporation, the Bank possesses immunity against any legal proceedings under the jurisdiction of its Member states, except in cases which do not result from the execution of its powers. Actions may be brought against the Bank only in a court of competent jurisdiction in the territory of a state in which the Bank has its principal or a branch office, a subsidiary bank or a representative office, or has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. Property and assets of the Bank located in Member states shall be immune from search, requisition, attachment, confiscation, expropriation or any other form of taking or foreclosure unless and until a final judgment is delivered against the Bank. The Bank, its income, property, assets, and its operations and transactions carried out in accordance with the Charter of the Bank in the territory of Member states shall be exempt from all taxes, duties, levies or fees, except for charges for specific type of services.

On 30 December 2022, the Council of the Bank unanimously approved a redistribution of the Bank's charter capital among its Member states. In accordance with the Bank's Charter, Council members have obtained necessary authorisations and/or governmental resolutions to vote on this matter. A portion comprising 321,151 shares held by the Russian Federation in the Bank's paid-in capital has been evenly distributed among the other Member states. In April-June 2023 all of the Intergovernmental agreements between the Russian Federation and the other five Member states on redistribution of the Russia owned shares had come into action.

As at 31 December 2023, 2022 and 2021, paid-in share capital of the Bank was owned as follows:

	31 December 2023 %	31 December 2022 %	31 December 2021 %
The Russian Federation	44.79	65.97	65.97
The Republic of Kazakhstan	37.29	32.99	32.99
The Republic of Belarus	5.21	0.99	0.99
The Republic of Tajikistan	4.25	0.03	0.03
The Republic of Armenia	4.23	0.01	0.01
The Kyrgyz Republic	4.23	0.01	0.01
Total	**100.00**	**100.00**	**100.00**

According to the Charter of the Bank, significant decisions like: accession of new Member states, changes in share capital of the Bank, liquidation/suspension of activity of the Bank must be approved by no less than 75% of votes. Also the Council of the Bank elects the Chairman and members of the Management Board and approves/disapproves investment risks, in case if: risk on the counterparty/the group of related counterparties is above 100 million US dollars; aggregate amount of large investment risks is above 300 percent of the Bank's equity; the Bank invests in the non-member states economies; and payback period of investments exceeds 15 years. According to the Charter at least 75% of the shareholders must be present at the Council's meeting. Thus for the decision making on key matters it is required to have ¾ of votes, requiring both the Russian Federation and the Republic of Kazakhstan to vote similarly on most of the key decision of the Council. The Bank does not have an ultimate controlling party. All six Member states have representatives in the Council of the Bank.

The financial statements for the year ended 31 December 2023 were authorised for issue on 15 February 2024 by the management of the Bank.

1. BACKGROUND, CONTINUED

(b) Business environment

The Bank's operations are primarily located in the Member states. Consequently, the Bank is exposed to the economic and financial markets of the Member states that display characteristics of emerging markets. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Member states. In particular, the ongoing geopolitical uncertainty, strengthening economic and financial restrictions against the Russian Federation by the United States, the European Union, the United Kingdom and some other states, and responsive restrictive measures by the Russian Federation against them create risks for the Bank's operating activities. The European Union, the United Kingdom, the United States and some other states have continued to impose sanctions on the Republic of Belarus, restricting the access to capital markets and imported goods, as well as reducing the country's export capacity. Sanction pressure has a negative impact on the economies of the Russian Federation and the Republic of Belarus and on the investment attractiveness of these states. The financial statements reflect the Bank's management assessment of the impact of the Member states' business environment on the operations and financial position of the Bank. The future business environment may differ from the Bank's management assessment.

The state of the global economy in 2023 is characterised by mixed growth dynamics in the largest economies. The United States GDP amounted to 2.5%, while the eurozone grew by 0.5%. Inflation, despite a slowdown in the second half of 2023, is noticeably above target. In the medium term, the United States and eurozone economies will have to function amid weak GDP growth and markedly higher inflation and interest rates than observed during the 2010s. China's economy grew by 5.2% in 2023, the economic activity expanded on the back of higher demand for services, manufacturing investment, and stronger growth in infrastructure spending.

Due to domestic sources of growth, the GDP of the Bank's Member states increased by about 4% in 2023, after a decline of 0.7% in 2022. A quick adjustment of economies to the changed operating environment in 2022 and fiscal policy support in some countries resulted in strong economic performance in the region in 2023. The economies of the Russian Federation and the Republic of Belarus are recovering well after the recession in 2022, the GDP growth was at 3.6% and 3.9% in 2023, respectively. The economies of Central Asia and the Republic of Armenia in 2023 showed high economic activity due to an increase in domestic demand. By the end of 2023, the GDP of the Republic of Armenia increased by 9.4%, the Republic of Kazakhstan - by 5.1%, the Kyrgyz Republic - by 6.2% and the Republic of Tajikistan - by 8.3%.

Inflation on average in the region declined markedly to 7.4% in 2023 after 12.5% in 2022. In the second half of 2023, a number of countries in the region have experienced price pressures due to overheated labor markets and large-scale economic stimulus. At the same time, the increase in interest rates will create conditions for slowing inflation in the region.

In the medium term, the economies of the Bank's Member states are expected to continue to grow, with growth rates approaching to their potential, while a high level of uncertainty remains.

1. BACKGROUND, CONTINUED

(b) Business environment, continued

In order to analyse and project the economic situation in Member states, the Bank uses an integrated model system comprising interrelated models of six states and the external sector. The tool allows the Bank to come up with consistent sets of forecasts of key macroeconomic indicators (GDP, inflation rate, foreign currency exchange rate, interest rate, budget deficit, money transfers) with projections being made on a quarterly basis.

The Bank plans to further refine macroeconomic forecasts and update models to assess the macroeconomic factors of the Member states on the financial results of the Bank.

2. BASIS OF PREPARATION

The Bank has prepared its financial statements on the basis that it will continue to operate as a going concern. The management of the Bank has made an assessment of the Bank's ability to continue as a going concern and is satisfied that it has the resources to continue its business for the foreseeable future. Furthermore, the management of the Bank is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern.

(a) Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The principal accounting policies applied in the preparation of these financial statements are set out below.

(c) Functional and presentation currency

The functional currency of the Bank is the US dollar as it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The US dollar is also the presentation currency for the purposes of these financial statements.

The Bank considered the following factors in determining its functional currency: the Bank is an international organisation, share capital of the Bank is formed in US dollars, funds from financing activities are generated mainly in US dollars, and the majority of the Bank's principal activities are conducted in US dollars.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand, except when otherwise indicated.

(in thousands of US dollars)

2. BASIS OF PREPARATION, CONTINUED

(d) Use of estimates and judgments

The preparation of the Bank's financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, as well as the disclosure of contingent liabilities. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Please see details on critical accounting estimates and judgements in the Note 3 (p).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are applied by the Bank consistently to all periods presented in these financial statements.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Bank using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the exchange rates at the reporting date. The foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value is determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated to the functional currency using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for following foreign currency differences, which are recognised in other comprehensive income: i) arising on the translation of equity instruments at fair value through other comprehensive income unless the difference is due to impairment (in this case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss); ii) arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or iii) qualifying cash flow hedges to the extent that the hedge is effective.

Rates of exchange

The exchange rates used by the Bank in the preparation of the financial statements were as follows:

	31 December 2023	**31 December 2022**	**31 December 2021**
US dollar/1 Kazakhstani tenge ("KZT")	0.00219260	0.00216099	0.00230181
US dollar/1 Russian rouble ("RUB")	0.01112893	0.01403757	0.01340500
US dollar/1 Euro ("EUR")	1.10640000	1.07110000	1.13150000
US dollar/1 Chinese yuan ("CNY")	0.14082000	0.14498000	0.15691000

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Financial instruments

(i) Financial instruments – key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions on similar instruments, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one measurements are at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any provision for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest rate method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Financial instruments, continued

(ii) Financial instruments – initial recognition

Financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, a provision for expected credit loss is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in an immediate accounting loss.

(iii) Financial assets – classification and subsequent measurement – measurement categories

The Bank classifies financial assets in the following measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. The classification and subsequent measurement of debt financial assets depends on: (i) the Bank's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

(iv) Financial assets – classification and subsequent measurement – business model

The business model reflects how the Bank manages the assets in order to generate cash flows – whether the Bank's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at fair value through profit or loss.

The business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Bank undertakes to achieve the objective set out for the portfolio available at the date of the assessment.

An assessment of business models for managing financial assets is performed at the date of initial application of IFRS 9 to determine the classification of a financial asset. The business model is applied retrospectively to all financial assets existing at the date of initial application of IFRS 9. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Financial instruments, continued

(v) Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Bank assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value through profit or loss. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

(vi) Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Bank did not change its business model during the current and comparative period and did not make any reclassifications.

(vii) Financial assets impairment – provision for expected credit loss

The Bank assesses, on a forward-looking basis, the provision for expected credit loss for loans to customers, loans and amounts due from financial institutions and other debt instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and for the exposures arising from loan commitments and financial guarantee and letters of credit. The Bank measures provision for expected credit loss and recognises the provision for expected credit losses at each reporting date.

Debt instruments measured at amortised cost are presented in the statement of financial position net of provisions for expected credit loss. For financial guarantees and letters of credit issued, a separate provision for expected credit loss is recognised as a liability in the statement of financial position. For debt instruments at fair value through other comprehensive income no provision for expected credit losses is recognised in the statement of financial position as the carrying amount is measured at fair value. However, the provision for expected credit losses is included as part of the revaluation amount in the revaluation reserve in equity.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Financial instruments, continued

(viii) Financial assets – write-off

When the Bank has no reasonable expectation of recovering all or part of a financial asset, the Bank may write-off part or all of the financial asset, and/or continue to recognise the financial asset off-balance sheet.

Such an assessment is performed by the Bank for each asset separately. With respect to financial assets transferred to off-balance sheet accounting, the Bank may continue to record them and conduct collection activities in the framework of legal proceedings.

(ix) Financial assets – derecognition

The Bank derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Bank has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale. Please see details on critical judgements over derecognition in the Note 3 (p).

(x) Financial assets – modification

The Bank sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Bank assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Bank derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a significant increase in credit risk has occurred. The Bank also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Bank compares the original and revised expected cash flows whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Bank recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets), and recognises a modification gain or loss in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Financial instruments, continued

(x) Financial assets – modification, continued

The Bank might assess the changes in the contractual terms of the financial assets as a "market-driven" modification if (a) there were no significant increase in credit risk of an asset, (b) the borrower/issuer had contractual rights and practical ability to refinance its debt without significant expenses, (c) the change of interest rate was based in correlation with market pricing. If these conditions are met, then the effect of the change of interest rate is not recognised as modification gain or loss and is carried perspectively. Please see details on critical judgements over modification in the Note 3 (p).

(xi) Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at amortised cost, except for derivatives that are carried at fair value through profit or loss.

(xii) Financial liabilities – derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

An exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(xiii) Financial instruments – statement of financial position lines

Cash and cash equivalents are non-derivative financial assets that are carried at amortised cost in the statement of financial position. Cash and cash equivalents include notes and coins on hand, balances (nostro accounts, term deposits) held with financial institutions, and highly liquid financial assets with original maturities of less than three months (such as reverse repurchase agreements), which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of short-term commitments.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Financial instruments, continued

(xiii) Financial instruments – statement of financial position lines, continued

Loans and amounts due from financial institutions are recorded when the Bank advances money to counterparty financial institutions. Loans and amounts due from financial institutions are carried at amortised cost when: (i) they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit or loss.

Loans to customers are recorded when the Bank advances money to purchase or originate a loan due from a customer. Based on the business model and the cash flow characteristics, the Bank classifies loans to customers into one of the following measurement categories: (i) amortised cost: loans that are held for collection of contractual cash flows and those cash flows represent SPPI and loans that are not voluntarily designated at fair value through profit or loss, and (ii) fair value through profit or loss: loans that do not meet the SPPI test or other criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Repossessed collateral. Repossessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Bank's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

Investments in debt securities. Based on the business model and the cash flow characteristics, the Bank classifies investments in debt securities as carried at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Debt securities are carried at amortised cost if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at fair value through profit or loss in order to significantly reduce an accounting mismatch.

Debt securities are carried at fair value through other comprehensive income if they are held for collection of contractual cash flows and for sale, where those cash flows represent SPPI, and if they are not designated at fair value through profit or loss. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment provision for expected credit losses estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in other comprehensive income. When the debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Investments in debt securities are carried at fair value through profit or loss if they do not meet the criteria for amortised cost or fair value through other comprehensive income. The Bank may also irrevocably designate investments in debt securities at fair value through profit or loss on initial recognition if applying this option significantly reduces an accounting mismatch between financial assets and liabilities being recognised or measured on different accounting bases.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Financial instruments, continued

(xiii) Financial instruments – statement of financial position lines, continued

Investments in equity securities. Financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Bank. Investments in equity securities are measured at fair value through profit or loss, except where the Bank elects at initial recognition to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as fair value through other comprehensive income when those investments are held for strategic purposes other than solely to generate investment returns. When the fair value through other comprehensive income election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Dividends continue to be recognised in profit or loss when the Bank's right to receive payments is established except when they represent a recovery of an investment rather than a return on such investment.

Sale and repurchase agreements and lending of securities. Sale and repurchase agreements ("repo agreements"), which effectively provide a lender's return to the counterparty, are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognised. The corresponding liability is presented within loans and deposits from financial institutions. Securities purchased under agreements to resell ("reverse repo agreements"), which effectively provide a lender's return to the Bank, are recorded as cash and cash equivalents or loans and amounts due from financial institutions, as appropriate. The difference between the sale and repurchase price, adjusted by interest and dividend income collected by the counterparty, is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Loans and deposits from financial institutions. Amounts due to financial institutions are recorded when money or other assets are advanced to the Bank by counterparty financial institutions. These non-derivative liabilities are carried at amortised cost.

Deposits from customers. Customer accounts are non-derivative liabilities to corporate customers and are carried at amortised cost.

Debt securities issued. Debt securities issued consist of bonds issued by the Bank. Debt securities issued are stated at amortised cost. If the Bank purchases its own debt securities, they are removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gain/loss arising from trading with debt securities issued.

Derivative financial instruments include swaps, forwards, futures and spot transactions. Derivatives may be embedded in another contractual arrangement (a "host contract"). An embedded derivative is separated from the host contract and it is accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value with changes in fair value recognised in profit or loss. Derivatives embedded in financial assets or financial liabilities at fair value through profit or loss are not separated.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Financial instruments, continued

(xiv) Financial instruments – hedge accounting

The Bank is exposed to financial risks arising from many aspects of its business and implements different risk management strategies to eliminate or reduce their risk exposures.

The objective of hedge accounting is to represent, in the financial statements, the effect of risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss or other comprehensive income. Hedge accounting is a technique that modifies the normal basis for recognising gains and losses on associated hedging instruments and hedged items, so that both are recognised in profit or loss or other comprehensive income in the same accounting period.

The risk being hedged in a fair value hedge is a change in the fair value of an asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. Changes in fair value might arise through changes in interest rates (for fixed-rate loans), foreign exchange rates, equity prices or commodity prices.

The carrying value of the hedged item is adjusted for fair value changes attributable to the risk being hedged, and those fair value changes are recognised in profit or loss. The hedging instrument is measured at fair value, with changes in fair value also recognised in profit or loss.

The risk being hedged in a cash flow hedge is the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, an unrecognised firm commitment (currency risk only) or a highly probable forecast transaction, and could affect profit or loss.

Future cash flows might relate to existing assets and liabilities, such as future interest payments or receipts on floating rate debt. Future cash flows can also relate to forecast sales or purchases in a foreign currency. Volatility in future cash flows might result from changes in interest rates, exchange rates, equity prices or commodity prices.

Provided the hedge is effective, changes in the fair value of the hedging instrument are initially recognised in other comprehensive income. The ineffective portion of the change in the fair value of the hedging instrument (if any) is recognised directly in profit or loss.

Under IFRS 9, hedge accounting continues to be optional, and Management of the Bank considers the costs and benefits when deciding whether to use it. When the hedge is decided to be used then the Bank cannot discontinue it.

(xv) Financial instruments – Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(c) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Bank's accounting policies. Thereafter generally, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

(d) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and provision for impairment.

Where an item of property and equipment comprises major components having different expected useful lives, they are accounted for as separate items of property and equipment.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated annual depreciation rates are as follows:

Furniture and equipment	16.66-50.00%
Vehicles	25.00%
Office buildings	3.33%

(e) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated annual amortisation rates are 6.67%-50.00%.

(f) Provisions and contingencies

Provisions are recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is probable.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(g) Credit related commitments

In the normal course of business, the Bank enters into credit related commitments, comprising undrawn loan commitments and letters of credit. These commitments represent the Bank's credit agreements to enter into a specific project. Loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at the remaining unamortised balance of the amount at initial recognition.

Financial guarantees. Financial guarantees require the Bank to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the provision for expected credit losses for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, the provision forexpected credit loss is recognised for fees receivable that are recognised in the statement of financial position as an asset.

(h) Share capital

Share capital is recognised at cost.

(i) Taxation

The Bank, its income, property and other assets, and also its operations and transactions carried out in accordance with Agreement on Incorporation on the territory of Member states of the Bank, are exempted from any taxes, levies, duties and other payments, except for that which represent payment for certain types of services.

(j) Income and expense recognition

Interest income and expense are recorded for all debt instruments, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

Commitment fees received by the Bank to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Bank will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Bank does not designate loan commitments as financial liabilities at fair value through profit or loss.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including expected credit losses) to the fair value on initial recognition. As a result, the effective interest is credit-adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(j) Income and expense recognition, continued

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost, net of the expected credit loss provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the amortised cost.

Dividend income is recognised in profit or loss on the date that the dividend is declared.

Fee and commission income is recognised over time on a straight line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Bank.

Other fee and commission income is recognised at a point in time when the Bank satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations.

The Bank recognises right-of-use assets and lease liabilities for lease agreements on office premises. Right-of-use assets are measured at cost at the recognition date. Subsequently the Bank applies a cost model for these assets, thus assets are measured at cost less accumulated depreciation and accumulated impairment loss (if any), and adjusted for any remeasurement of the lease liabilities. At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, otherwise its incremental borrowing rate. Subsequetly the Bank adjusts the lease liability for interest accrued, lease payments according to payment schedule and for any reassessments or lease modifications.

Other operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(k) Fiduciary assets

The Bank provides asset management services that result in the holding of assets on behalf of third parties. These assets and the income arising from them are not included in the Bank's financial statements as they are not assets of the Bank. Commissions received from such business are shown within operational income in profit or loss.

(l) Technical Assistance Fund

The Council of the Bank, in its capacity as representatives of shareholders regularly sets an amount of funds that the Bank might use for Technical assistance fund ("TAF") aims: a) pre-investment research; b) programs of regional integration; and c) research aimed at economic growth, development of market economies and the expansion of mutual trade between Member states, for the benefit of the Member states.

After the Council of the Bank approves funding of specific projects and programs, allocated sums are transferred from reserves into liabilities, which are then used for financig TAF projects and/or for refund of the Bank's expenditures on TAF projects. Any unused amount of TAF is accumulated in equity and liabilities of the Bank and could be used in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(m) Digital Initiatives Fund

The Digital Initiatives Fund's ("DIF") resources are formed from the Bank's own and Donors' recourses and income received from the placement of temporarily free funds of the Donors. The purpose of the DIF is to assist the Bank's Member states in the formation of tools and practices for digital transformation. It includes the integration of informational resources and, participation in project development and financing, including those adopted under the "Main Directions of Digital Agenda of Eurasian Economic Union".

After the Council of the Bank approves funding of specific projects and programs, allocated sums are transferred from reserves into liabilities, which are then used for financig DIF projects and/or for refund of the Bank's expenditures on DIF projects. Any unused amount of DIF is accumulated in equity and liabilities of the Bank and could be used in future periods

(n) Employee benefits

The Bank is exempt from payments of obligatory pension contributions to funds operating in the Member states of the Bank. The Bank provides non-state retirement benefits in accordance with internal regulative documents of the Bank. The retirement savings plans are similar to a defined contribution plan and are recorded as operating expenses in the statement of comprehensive income and as other liabilities in the statement of financial position of the Bank.

The accumulated funds are disbursed to the employee when he/she leaves the Bank or at the date of dismissal (Note 21).

(o) Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing services within a particular economic environment (geographical segment), which is subject to specific risks and rewards. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are ten per cent or more of all the segments are reported separately. The segment operating results are regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance. The Bank recognises geographical segments that are reported in these financial statements.

(p) Critical Accounting Estimates, and Judgements in Applying Accounting Policies

Valuation of expected credit losses

In accordance with the requirements of IFRS 9, the Bank applies the model of expected credit losses for the purpose of reserving of expected credit losses of financial assets. The key principle of this model is the timely reflection of the deterioration in the credit quality of financial assets, taking into account information about past events, current economic conditions, and reasonable forecasts of future events and economic conditions, available on the valuation date without undue cost of effort, probability of the amount determined by assessing the range of possible outcomes, an unbiased and weighted decisions regarding used pre-conditions and judgements, the time value of money.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(p) Critical Accounting Estimates, and Judgements in Applying Accounting Policies, continued

Provision for expected credit losses is formed on the basis of:

- 12 months expected credit losses - for financial assets without evidence of a significant increase in credit risk since the initial recognition;
- lifetime expected credit losses - for financial assets with an evidence of a significant increase in credit risk since the initial recognition or impairment, and for purchased or originated credit-impaired (POCI) financial assets.

In accordance with the general approach, depending on the degree of deterioration in credit risk from the time of initial recognition, financial assets fall into one of the following stages:

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
Initial recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(1) Stage 1 - financial assets for which there was no significant increase in credit risk and for which 12 months expected credit losses are calculated;
(2) Stage 2 - financial assets with a significant increase in credit risk since the initial recognition, but not being defaulted and for which lifetime expected credit losses are calculated;
(3) Stage 3 - financial assets with one or more events of credit-impairment since the initial recognition and for which lifetime expected credit losses are calculated.

Financial assets are classified into different stages based on the results of individual credit risk assessment on a quarterly basis. Credit risk assessment is done via monitoring events that may indicate significant increase in credit risk since the initial recognition and/or credit impairment since the initial recognition.

A financial asset is considered impaired at the time of acquisition or provision when one or more events occur that adversely affect the estimated future cash flows of that financial asset.

Credit rating

Credit rating is the counterparty's long-term international scale credit rating in foreign currency assigned by S&P Global Ratings or its equivalent assigned by another international rating agency, or a credit rating determined through the use of Internal Models in the absence of a credit rating assigned by an international rating agency.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(p) Critical Accounting Estimates, and Judgements in Applying Accounting Policies, continued

Significant increase in credit risk

The Bank recognises a significant increase in credit risk of financial assets in the investment portfolio and in the treasury portfolio if data on one/or more of the following events is observed since the initial recognition:

- payments overdue more than calendar 30 days, but less than calendar 90 days for real sector projects and less than calendar 30 days for financial sector projects and for assets in treasury portfolio;
- downgrade of Credit rating by three or more grades or to «CCC+»;
- downgrade of Credit rating by one or more grades – from the level corresponding to «CCC+» or lower;
- significant breach of terms of agreements that may lead to withdrawal or changes in financial covenants;
- other facts that indicate significant increase of credit risk.

Events of credit impairment

The Bank recognises credit impairment of financial assets in the investment and in the treasury portfolios if data on one/ or more of the following events is observed since the initial recognition:

- payments overdue 90 calendar days and more for real sector projects and 30 calendar days and more for financial sector and for assets in treasury portfolio;
- downgrade of Credit rating to or below «CC»;
- the Bank is forced to restructure financial assets with some economic and/or legal concessions due to financial difficulties of the borrower. Otherwise the Bank wouldn't make such concessions;
- other facts of credit impairment.

A financial asset is considered purchased or originated credit-impaired when one or more of the above listed events occur at the date of recognition of an asset.

Financial assets that the Bank was forced to restructure are classified as credit-impaired until the end of the stabilisation period. The stabilisation period is defined as four consecutive principal repayments made in accordance with the repayment schedule and in no less than a twelve-month period. If the aforementioned conditions are met, and there are no other evident facts of credit impairment, then financial asset is no longer considered within Stage 3.

A sensitivity analyses on ECL effect on loans to customers is disclosed in the Note 14.

Definition of default

Defaulted financial assets are those that have the highest credit risk. Default is actual or expected unfulfillment of terms of financial agreement, with zero probability of full repayment within initially agreed terms. A full/partial impairment loss is expected; modification of an asset is forcibly required, or in case when such modification is not possible enforcement is required to reduce the losses.

Due to the specific character of each of the Bank's financial assets in the investment portfolio, the decision on recognition of default is done by the Management Board of the Bank. Usually this decision is based on the occurrence of the events or events highly possible to occur, which are described above in "Events of credit impairment".

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(p) Critical Accounting Estimates, and Judgements in Applying Accounting Policies, continued

Calculation of expected credit losses

Expected credit losses of the Bank are estimated as result of multiplication of point-in-time probability of default, loss given default (reverse of recovery rate) and exposure at default.

Point-in-time probability of default is estimated on a basis of through-the-cycle probability of default, which is adjusted on the basis of forecasted changes of macroeconomic situation (Bank's expectations on GDP and unemployment rate, World Bank's expectations of changes in energy and non-energy indices). Also few other actual indices that may indicate changes in economic cycle (changes in stock-market indices, estimations that reflect changes of credit ratings of the Bank's borrowers) are considered. Through-the-cycle probability of default is derived from international credit agencies data.

Loss given default for real sector projects is estimated on analysis of historical data of the Bank on defaults and recovery rates, international credit agencies data on recovery rates and calculated loss given default according to Internal models for individual financial assets. Loss given default for financial sector project and for assets in treasury portfolio is estimated based on the data of international rating agencies on recovery ratio (recovery level).

Exposure at default is estimated as sum of financial claims of the Bank minus value of non-operational collateral. The value of non-operational collateral is the sell price (minus transaction costs) discounted for the expected time period of realisation in accordance with pessimistic scenario. Non-operational collateral is non-specialised assets that have sufficient market demand for sale and/or rent.

The Bank estimates probability of default and expected credit losses based on long-term credit rating of the borrower/issuer assigned by international scale in foreign currency, assigned by S&P Global Ratings or equivalent, assigned by another international rating agency. For borrowers/issuers that doesn't have an external credit rating the Bank uses own methodology/models and S&P Global Market Intelligence methodology/models (the "Internal models"), which help to define equivalent rating according to international scale. To assign a rating on the basis of Internal models the Bank analyses wide range of quantitative and qualitative data, including counterparties performance indicators and macroeconomic factors. Probability of borrower's/issuer's default corresponds to assigned rating.

For financial institutions that doesn't have an external credit rating the Bank may use credit rating of parent organisation, guarantor or similar financial institution.

Modification of financial assets

The Bank sometimes revises or otherwise modifies contractual cash flows on financial assets. When this occurs, the Bank assesses whether the new conditions differ significantly from the original conditions. The Bank analyses this, considering, among other things, the following factors:

- if the borrower/issuer has financial difficulties, whether the modification reduces the contractual cash flows to the amounts that the borrower/issuer is expected to pay;
- are there any significant new conditions, such as a return in the form of equity or a share in profits of the borrower/issuer, which significantly affect the degree of risk on the financial asset;

  substantial extension of the term of financial asset, when the borrower/issuer has no financial difficulties;

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(p) Critical Accounting Estimates, and Judgements in Applying Accounting Policies, continued

Modification of financial assets, continued

- significant change in the interest rate;
- change in the currency in which the financial asset is denominated;
- change in guarantees, other collateral or means to reduce credit risk, which significantly affects the credit risk associated with the financial asset.

If the conditions materially differ (change of the currency of the financial asset, or change of net present value of the financial asset by more than 10%), the Bank derecognises the initial financial asset and recognises new financial asset at fair value, and recalculates new effective interest rate for the financial asset. Accordingly, the date of the review is the date of initial recognition for the purpose of calculating the impairment, including for the purpose of determining whether there has been a significant increase in credit risk. However, the Bank also assesses whether a newly recognised financial asset is considered to be credit-impaired at initial recognition, especially in circumstances in which the review is determined by the debtor's/issuer’s inability to make the originally specified payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss from derecognition. If the terms do not differ materially, the revision or modification does not lead to the derecognition and the Bank recalculates the gross book value based on the revised cash flows on the financial asset and recognises profit or loss from the modification. The new gross book value is recalculated by discounting the modified cash flows at the original effective interest rate.

Derecognition of financial assets, except for cases of modification

Financial assets, or part thereof, are derecognised when the contractual rights to receive cash flows from the financial assets have expired or when they were transferred and (or) the Bank transferred a significant portion of all the risks and rewards of ownership or the Bank neither transferred nor retained a substantial portion of all risks and rewards of ownership, and the Bank did not retain control.

The Bank enters into transactions in which it retains its contractual rights to receive cash flows from assets, but has a contractual obligation to pay these cash flows to other companies and transfers substantially all risks and rewards. These transactions are accounted for as "transit" transfers that result in derecognition of financial assets if the Bank:

- has no obligation to pay, except when it receives equivalent amounts from financial assets;
- the Bank is prohibited from selling or pledging financial assets; and
- has an obligation to transfer any cash that it receives from financial assets without significant delay.

The management has not applied any new estimates and judgments, except for applying the model of expected credit losses on financial instruments in accordance with IFRS 9. In the process of estimation expected credit losses the Bank applies its own judgements on a wide variety of macroeconomic factors, including exchange rates, inflation indices, refinancing rates, consumption indices, manufacturer’ prices indices, prices on different raw materials and other indices.

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(q) New and revised IFRS, amendments and interpretations effective from 1 January 2023

In 2023, the Bank has adopted a few amendments to IFRS, including standards and interpretations issued by the International Accounting Standards Board effective for annual periods beginning on or after 1 January 2023. The adoption of these amendments did not have a material impact on the disclosures or amounts recognised in these financial statements.

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - Amendments to IAS 8;
- IFRS 17 - Insurance Contracts;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction, and International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have no impact on the Bank's disclosures of accounting policies and have no impact on the measurement, recognition or presentation of any items in the Bank's financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Bank's financial statements.

IFRS 17 - Insurance Contracts

IFRS 17 Insurance Contracts (IFRS 17) is effective for reporting periods beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (including direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Limited scope exceptions apply.

The amendments had no impact on the Bank's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction, and International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments had no impact on the Bank's financial statements.

(in thousands of US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(r) New and revised IFRS in issue, but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of authorisation of these financial statements are disclosed below.

- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements;
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current.

The amendments are applied for annual periods beginning on or after 1 January 2024, with early application permitted.

The management of the Bank does not expect that the application of these standards and amendments will have a significant impact on the financial statements of the Bank in the future.

4. NET INTEREST INCOME

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Interest income, calculated using the effective interest method, Investment portfolio:			
loans and amounts due from financial institutions	10,858	32,114	11,138
loans to customers	208,432	140,597	137,607
financial assets at fair value through other comprehensive income	61,112	66,586	55,054
Total interest income, calculated using the effective interest method, Investment portfolio	**280,402**	**239,297**	**203,799**
Interest income, calculated using the effective interest method, Treasury portfolio:			
cash and cash equivalents	109,569	22,496	8,562
financial assets at fair value through other comprehensive income	44,996	58,316	35,454
debt securities at amortised cost	13,540	14,494	8,801
Total interest income, calculated using the effective interest method, Treasury portfolio	**168,105**	**95,306**	**52,817**
Other interest income on Treasury portfolio:			
financial assets at fair value through profit or loss	12,507	24,408	10,755
Total other interest income on Treasury portfolio	**12,507**	**24,408**	**10,755**
Total interest income	**461,014**	**359,011**	**267,371**
Interest expense:			
loans and deposits from financial institutions	(83,482)	(76,120)	(49,561)
financial liabilities at fair value through profit or loss	(2,557)	(24,834)	(16,485)
deposits from customers	(12,479)	(12,583)	(21,367)
debt securities issued	(172,936)	(145,906)	(109,918)
Total interest expense	**(271,454)**	**(259,443)**	**(197,331)**
Net interest income	**189,560**	**99,568**	**70,040**

(in thousands of US dollars)

5. NET (LOSS)/GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Treasury portfolio:			
Net (loss)/gain on debt instruments	(362)	40,528	(1,365)
Net gain/(loss) on equity instruments	1,146	(8,315)	(4,026)
Net gain/(loss) on derivative financial instruments	83,654	(222,866)	51,962
	84,438	**(190,653)**	**46,571**
Investment portfolio:			
Net gain/(loss) on financial instruments in investment portfolio	828	-	(80)
	828	-	**(80)**
Total net gain/(loss) on financial assets and liabilities at fair value through profit or loss	**85,266**	**(190,653)**	**46,491**

The Bank enters into most deals with derivative financial instruments with an aim to minimise possible gain/loss from foreign exchange revaluation of its on-balance sheet financial instruments. Consequently, the result of operations with derivative financial instruments should be considered in conjunction with the gain/loss on foreign currency revaluation (Note 6).

6. NET (LOSS)/GAIN ON TRANSACTIONS IN FOREIGN CURRENCIES

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Translation differences, net	(85,730)	244,613	(44,519)
Dealing, net	40,621	16,704	676
Total net (loss)/gain on transactions in foreign currencies	**(45,109)**	**261,317**	**(43,843)**

7. NET REALISED (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Net (loss)/ gain on transactions with debt securities in Treasury portfolio:			
in Treasury portfolio	(28,559)	(2,665)	9,860
in Investment portfolio	-	1	2
Total net realised (loss)/gain on financial assets at fair value through other comprehensive income	**(28,559)**	**(2,664)**	**9,862**

(in thousands of US dollars)

8. FEE AND COMMISSION INCOME

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Trust management fees	13,045	20,379	10,485
Credit related fees	7,769	4,348	3,493
Other fees and commissions	426	632	1,031
Total fee and commission income	**21,240**	**25,359**	**15,009**

9. PROVISION FOR EXPECTED CREDIT LOSSES

The table below represents provision for expected credit losses for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
(Provision for)/reversal of expected credit losses on interest bearing assets:			
Cash and cash equivalents	(445)	(149)	42
Loans and amounts due from financial			
in Treasury portfolio	(28,573)	(51,407)	-
in Investment portfolio	1,485	(4,784)	(6,330)
Loans to customers	5,852	(108,323)	(4,320)
Financial assets at fair value through other comprehensive income			
in Treasury portfolio	1,387	(3,301)	(113)
in Investment portfolio	2,211	(11,045)	3,007
Debt securities at amortised cost	1,084	(5,936)	(111)
Total provision for expected credit losses on interest bearing assets	**(16,999)**	**(184,945)**	**(7,825)**
Provision for expected credit losses on guarantees and letters of credit issued	(5,466)	(8,125)	(5,235)
Total provision for expected credit losses on guarantees and letters of credit issued	**(5,466)**	**(8,125)**	**(5,235)**
Total provision for expected credit losses	**(22,465)**	**(193,070)**	**(13,060)**

The movements in provision for expected credit losses on cash and cash equivalents were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Beginning of the year	(142)	(3)	(45)
Net (charge)/reversal	(445)	(149)	42
Effect of foreign currency movements	17	10	-
End of the year (Note 11)	**(570)**	**(142)**	**(3)**

(in thousands of US dollars)

9. PROVISION FOR EXPECTED CREDIT LOSSES, CONTINUED

The movements in provision on loans and amounts due from financial institutions in the treasury portfolio were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Beginning of the year	(51,407)	-	-
Net charge	(28,573)	(51,407)	-
End of the year (Note 13)	**(79,980)**	**(51,407)**	**-**

The movements in provision for expected credit losses on loans and amounts due from financial institutions in the investment portfolio were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Beginning of the year	(1,756)	(8,692)	(2,391)
Net reversal/(charge)	1,485	(4,784)	(6,330)
Write-offs	-	10,976	-
Effect of foreign currency movements	194	744	29
End of the year (Note 13)	**(77)**	**(1,756)**	**(8,692)**

Table with details on stages is presented in the Note 13.

The movements in provision for expected credit losses on loans to customers were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Beginning of the year	(163,395)	(73,896)	(72,891)
Net reversal/(charge)	5,852	(108,323)	(4,320)
Write-offs	32,532	10,662	-
Effect of foreign currency movements	7,646	8,162	3,315
End of the year (Note 14)	**(117,365)**	**(163,395)**	**(73,896)**

Table with details on stages is presented in the Note 14.

The movements in provision for expected credit losses on debt financial assets at fair value through other comprehensive income in the treasury portfolio were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Beginning of the year	(3,586)	(632)	(536)
Net reversal/(charge)	1,387	(3,301)	(113)
Effect of foreign currency movements	(398)	347	17
End of the year	**(2,597)**	**(3,586)**	**(632)**

(in thousands of US dollars)

9. PROVISION FOR EXPECTED CREDIT LOSSES, CONTINUED

The movements in provision for expected credit losses on debt financial assets at fair value through other comprehensive income in the investment portfolio were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Beginning of the year	(10,939)	(4,282)	(7,282)
Net reversal/(charge)	2,211	(11,045)	3,007
Effect of foreign currency movements	2,022	4,388	(7)
End of the year	**(6,706)**	**(10,939)**	**(4,282)**

The movements in provision for expected credit losses on debt securities at amortised cost were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Beginning of the year	(6,397)	(451)	(343)
Net reversal/(charge)	1,084	(5,936)	(111)
Effect of foreign currency movements	3	(10)	3
End of the year (Note 16)	**(5,310)**	**(6,397)**	**(451)**

The movements in provision for expected credit losses on guarantees and letters of credit issued were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Beginning of the year	(13,555)	(5,719)	(488)
Net charge	(5,466)	(8,125)	(5,235)
Effect of foreign currency movements	1,634	289	4
End of the year (Note 25)	**(17,387)**	**(13,555)**	**(5,719)**

10. OPERATING EXPENSES

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Staff costs and other payments to employees	40,849	40,753	37,552
Depreciation and amortisation	2,727	1,775	1,547
Other operating expenses	14,975	14,127	13,688
Total operating expenses	**58,551**	**56,655**	**52,787**

Other operating expenses include expenses on premises, communication, maintenance of acquired systems and programs and other operating expenses.

(in thousands of US dollars)

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purposes of the statement of cash flows comprise the following:

	31 December 2023	31 December 2022	31 December 2021
Cash and balances with national (central) banks of Member states of the Bank	2,910,627	671,935	1,225
Correspondent accounts with financial institutions	692,956	371,856	93,035
Loans under reverse repurchase agreements with maturity less than three months	350,377	3,439	235,500
Term and demand deposits in financial institutions	40,856	232,151	100,452
Cash on hand	43	42	71
	3,994,859	**1,279,423**	**430,283**
Less: provision for expected credit losses (Note 9)	(570)	(142)	(3)
Total cash and cash equivalents	**3,994,289**	**1,279,281**	**430,280**

The information on credit ratings according to the international rating scale, of counterparties with which the Bank had balances as at 31 December 2023, 2022 and 2021, is presented in the Note 29.

As at 31 December 2023, 2022 and 2021, all cash and cash equivalents were classified within stage 1 of credit quality assessment. There were no movements between stages of credit quality assessment during the years ended 31 December 2023, 2022 and 2021.

Cash and balances with national (central) banks of Member states of the Bank are placed in the national currency of the respective state.

As at 31 December 2023 there were three financial institutions with the outstanding balances over 10% of the Bank's equity (31 December 2022: three financial institutions; 31 December 2021: none).

There were no material non-cash transactions to disclose within the statement of cash flows.

The fair value of assets pledged and carrying amount of loans under reverse repurchase agreements as at 31 December 2023, 2022 and 2021 are as follows:

	31 December 2023		31 December 2022		31 December 2021	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
With pledge credit ratings:						
AA+, AA, AA-	-	-	-	-	50,011	49,872
A+, A, A-	-	-	-	-	50,011	49,466
BBB+, BBB, BBB-	350,377	440,689	3,439	3,288	135,478	130,394
BB+, BB, BB-	-	-	-	-	-	-
	350,377	**440,689**	**3,439**	**3,288**	**235,500**	**229,732**
Less: provision for expected credit losses	-		-		(1)	
Total loans under reverse repurchase agreements with maturity less than three months	**350,377**		**3,439**		**235,499**	

(in thousands of US dollars)

12. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023	31 December 2022	31 December 2021
Financial instruments in treasury portfolio:			
Derivative financial instruments – assets	164,139	22,654	44,017
Debt instrument	108,252	110,076	16,221
Equity instrument	-	7,402	18,608
Total in Treasury portfolio	**272,391**	**140,132**	**78,846**
Financial instruments in investment portfolio	13,155	16,339	702
Total in Investment portfolio	**13,155**	**16,339**	**702**
Financial assets at fair value through profit or loss	**285,546**	**156,471**	**79,548**
Derivative financial instruments – liabilities	(199,091)	(2,956)	(6,904)
Financial liabilities at fair value through profit or loss	**(199,091)**	**(2,956)**	**(6,904)**

As at 31 December 2023, there were no financial instruments in the treasury portfolio used as collateral for loans under repurchase agreements. As at 31 December 2022 debt instruments in the treasury portfolio include instruments used as collateral for loans under repurchase agreements with fair value of 5,335 thousand US dollars (31 December 2021: none) (Note 18).

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount (as a US dollar equivalent) of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

	31 December 2023			31 December 2022			31 December 2021		
	Notional amount	Net fair value		Notional amount	Net fair value		Notional amount	Net fair value	
		Asset	Liability		Asset	Liability		Asset	Liability
Derivative financial instruments:									
Foreign currency forward	4,271,354	161,849	(197,972)	-	-	-	47,000	12	(546)
Foreign currency interest rate swap	76,503	1,284	(61)	78,763	6,034	(89)	556,226	38,146	(2,639)
Foreign currency swap	103,699	962	-	441,991	16,561	(2,178)	243,427	3,496	(610)
Interest rate swap	22,258	44	(1,058)	28,075	59	(689)	68,747	2,363	(3,109)
		164,139	**(199,091)**		**22,654**	**(2,956)**		**44,017**	**(6,904)**

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank.

(in thousands of US dollars)

13. LOANS AND AMOUNTS DUE FROM FINANCIAL INSTITUTIONS

	31 December 2023	31 December 2022	31 December 2021
Treasury portfolio:			
Amounts due from financial institutions	572,294	478,552	-
Less: provisions (Note 9)	(79,980)	(51,407)	-
Total in Treasury portfolio	**492,314**	**427,145**	**-**
Investment portfolio:			
Loans to financial institutions	42,422	436,881	602,700
Less: provision for expected credit losses (Note 9)	(77)	(1,756)	(8,692)
Total in Investment portfolio	**42,345**	**435,125**	**594,008**
Total loans and amounts due from financial institutions	**534,659**	**862,270**	**594,008**

As at 31 December 2023 amounts due from financial institutions in the treasury portfolio are comprised of the Bank's funds on its direct account in Euroclear Bank SA/NV. In 2022 these funds were blocked by Euroclear Bank SA/NV in accordance with the terms of the European Union sanctions against NCO National Settlement Depository JSC. In September 2023 according to the decision of the General Administration of Treasury of the Ministry of Finance of Belgium, these funds were transferred from the Bank's account in NCO National Settlement Depository JSC to the Bank's account directly opened in Euroclear Bank SA/NV.

The table below summarises the movement of loans and amounts due from financial institutions in the investment portfolio during the year ended 31 December 2023:

	Stage 1	Stage 2	Total
Outstanding amount			
As at 1 January 2023	427,804	9,077	436,881
Net redemption	(370,732)	(7,556)	(378,288)
Net change in discounts	96	21	117
Effect of foreign currency movements	(14,746)	(1,542)	(16,288)
As at 31 December 2023	**42,422**	**-**	**42,422**
Provision for expected credit losses			
As at 1 January 2023	(768)	(988)	(1,756)
Net reversal	637	848	1,485
Effect of foreign currency movements	54	140	194
As at 31 December 2023	**(77)**	**-**	**(77)**
Total loans and amounts due from financial institutions	**42,345**	**-**	**42,345**

(in thousands of US dollars)

13. LOANS AND AMOUNTS DUE FROM FINANCIAL INSTITUTIONS, CONTINUED

The table below summarises the movement of loans and amounts due from financial institutions in the investment portfolio during the year ended 31 December 2022:

	Stage 1	Stage 2	Total
Outstanding amount			
As at 1 January 2022	589,811	12,889	602,700
Net redemption	(55,677)	(5,329)	(61,006)
Transfer from Stage 1 to Stage 2	(604)	604	-
Net change in discounts/(premiums)	322	(63)	259
Write-offs	(10,976)	-	(10,976)
Effect of foreign currency movements	(95,072)	976	(94,096)
As at 31 December 2022	**427,804**	**9,077**	**436,881**
Provision for expected credit losses			
As at 1 January 2022	(8,033)	(659)	(8,692)
Net charge	(4,344)	(440)	(4,784)
Transfer from Stage 1 to Stage 2	12	(12)	-
Write-offs	10,976	-	10,976
Effect of foreign currency movements	621	123	744
As at 31 December 2022	**(768)**	**(988)**	**(1,756)**
Total loans and amounts due from financial institutions	**427,036**	**8,089**	**435,125**

The table below summarises the movement of loans and amounts due from financial institutions in the investment portfolio during the year ended 31 December 2021:

	Stage 1	Stage 2	Total
Outstanding amount			
As at 1 January 2021	126,351	61,515	187,866
Net issue/(redemption)	456,542	(37,153)	419,389
Transfer from Stage 2 to Stage 1	11,259	(11,259)	-
Net change in (premiums)/discounts	(320)	42	(278)
Effect of foreign currency movements	(4,021)	(256)	(4,277)
As at 31 December 2021	**589,811**	**12,889**	**602,700**
Provision for expected credit losses			
As at 1 January 2021	(688)	(1,703)	(2,391)
Net (charge)/reversal	(7,128)	798	(6,330)
Transfer from Stage 2 to Stage 1	(245)	245	-
Effect of foreign currency movements	28	1	29
As at 31 December 2021	**(8,033)**	**(659)**	**(8,692)**
Total loans and amounts due from financial institutions	**581,778**	**12,230**	**594,008**

As at 31 December 2023, 2022 and 2021, no loans and amounts due from financial institutions were past due.

As at 31 December 2023, there were no loans and amounts due from financial institutions in the investment portfolio, whose balance exceeds 10% of total equity of the Bank.

(in thousands of US dollars)

13. LOANS AND AMOUNTS DUE FROM FINANCIAL INSTITUTIONS, CONTINUED

As at 31 December 2022, the Bank has loans in the investment portfolio to one financial institution, whose balance exceeds 10% of total equity of the Bank and totals to 281,904 thousand US dollars, this financial institution is a government-owned entity located in the Republic of Kazakhstan and is assigned «BBB» credit rating.

As at 31 December 2021, the Bank has loans in the investment portfolio to one financial institution, whose balance exceeds 10% of total equity of the Bank and totals to 376,817 thousand US dollars, this financial institution is a government-owned entity located in the Republic of Belarus and is assigned «B» credit rating.

The information on credit ratings on loans and amounts due from financial institutions is presented in the Note 29.

As at 31 December 2023, loans and amounts due from financial institutions include accrued interest income amounting to 487 thousand US dollars (31 December 2022: 2,803 thousand US dollars; 31 December 2021: 2,521 thousand US dollars).

14. LOANS TO CUSTOMERS

	31 December 2023	31 December 2022	31 December 2021
Stage 1 loans	2,159,720	1,890,287	1,565,649
Stage 2 loans	300,155	327,874	48,163
Stage 3 loans:			
not overdue	17,946	95,255	25,103
overdue less than 90 days	-	-	49,790
overdue more than 90 days	-	10,864	21,299
	2,477,821	**2,324,280**	**1,710,004**
Less: provision for expected credit losses (Note 9)	(117,365)	(163,395)	(73,896)
Total loans to customers	**2,360,456**	**2,160,885**	**1,636,108**

As at 31 December 2023, 2022 and 2021 there were no overdue loans to customers in Stage 1 and Stage 2.

As at 31 December 2023, there were no loans overdue more than 90 days (31 December 2022: one borrower with outstanding balance of loans of 10,864 thousand US dollars; 31 December 2021: two borrowers with outstanding balance of loans of 21,299 thousand US dollars). As at 31 December 2022 and 2021, these loans were fully provisioned. These projects have impaired due to various reasons, primarily due to the deterioration of market conditions.

As at 31 December 2023 and 2022, the Bank has no borrowers with loans overdue less than 90 days (31 December 2021: one customer with outstanding balance of 49,790 thousand US dollars and provision for expected credit losses of 23,747 thousand US dollars).

(in thousands of US dollars)

14. LOANS TO CUSTOMERS, CONTINUED

The table below summarises the movement of loans to customers during the year ended 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
Outstanding amount				
As at 1 January 2023	1,890,287	327,874	106,119	2,324,280
Net issue/(redemption)	445,384	(81,999)	(55,470)	307,915
Transfer from Stage 1 to Stage 2	(107,318)	107,318	-	-
Transfer from Stage 2 to Stage 1	60,602	(60,602)	-	-
Net change in (premiums)/discounts	78	(905)	1,900	1,073
Write-offs	-	-	(32,532)	(32,532)
Effect of foreign currency movements	(129,313)	8,469	(2,071)	(122,915)
As at 31 December 2023	**2,159,720**	**300,155**	**17,946**	**2,477,821**
Provision for expected credit losses				
As at 1 January 2023	(55,703)	(47,760)	(59,932)	(163,395)
Net (charge)/reversal	(15,261)	5,420	15,693	5,852
Transfer from Stage 1 to Stage 2	19,865	(19,865)	-	-
Transfer from Stage 2 to Stage 1	(6,330)	6,330	-	-
Write-offs	-	-	32,532	32,532
Effect of foreign currency movements	6,860	(1,199)	1,985	7,646
As at 31 December 2023	**(50,569)**	**(57,074)**	**(9,722)**	**(117,365)**
Total loans to customers	**2,109,151**	**243,081**	**8,224**	**2,360,456**

The table below summarises the movement of loans to customers during the year ended 31 December 2022:

	Stage 1	Stage 2	Stage 3	Total
Outstanding amount				
As at 1 January 2022	1,565,649	48,163	96,192	1,710,004
Net issue/(redemption)	624,970	(22,284)	(7,159)	595,527
Transfer from Stage 1 to Stage 2	(323,443)	323,443	-	-
Transfer from Stage 2 to Stage 1	3,763	(3,763)	-	-
Transfer from Stage 2 to Stage 3	-	(14,745)	14,745	-
Net change in (premiums)/discounts	(3,501)	122	11,901	8,522
Write-offs	-	-	(10,662)	(10,662)
Effect of foreign currency movements	22,849	(3,062)	1,102	20,889
As at 31 December 2022	**1,890,287**	**327,874**	**106,119**	**2,324,280**
Provision for expected credit losses				
As at 1 January 2022	(16,235)	(2,084)	(55,577)	(73,896)
Net (charge)/reversal	(91,217)	508	(17,614)	(108,323)
Transfer from Stage 1 to Stage 2	46,917	(46,917)	-	-
Transfer from Stage 2 to Stage 1	(128)	128	-	-
Transfer from Stage 2 to Stage 3	-	498	(498)	-
Write-offs	-	-	10,662	10,662
Effect of foreign currency movements	4,960	107	3,095	8,162
As at 31 December 2022	**(55,703)**	**(47,760)**	**(59,932)**	**(163,395)**
Total loans to customers	**1,834,584**	**280,114**	**46,187**	**2,160,885**

(in thousands of US dollars)

14. LOANS TO CUSTOMERS, CONTINUED

The table below summarises the movement of loans to customers during the year ended 31 December 2021:

	Stage 1	Stage 2	Stage 3	Total
Outstanding amount				
As at 1 January 2021	1,961,400	91,292	118,897	2,171,589
Net redemption	(296,978)	(63,401)	(10,247)	(370,626)
Transfer from Stage 1 to Stage 2	(16,632)	16,632	-	-
Transfer from Stage 2 to Stage 3	-	(48,130)	48,130	-
Transfer from Stage 3 to Stage 2	-	57,594	(57,594)	-
Net change in discounts	7,136	4	106	7,246
Effect of foreign currency movements	(89,277)	(5,828)	(3,100)	(98,205)
As at 31 December 2021	**1,565,649**	**48,163**	**96,192**	**1,710,004**
Provision for expected credit losses				
As at 1 January 2021	(21,159)	(10,740)	(40,992)	(72,891)
Net reversal/(charge)	3,373	4,042	(11,735)	(4,320)
Transfer from Stage 1 to Stage 2	19	(19)	-	-
Transfer from Stage 2 to Stage 3	-	6,306	(6,306)	-
Transfer from Stage 3 to Stage 2	-	(1,952)	1,952	-
Effect of foreign currency movements	1,532	279	1,504	3,315
As at 31 December 2021	**(16,235)**	**(2,084)**	**(55,577)**	**(73,896)**
Total loans to customers	**1,549,414**	**46,079**	**40,615**	**1,636,108**

The Bank estimates loan impairment for its loans to customers based on an analysis of the future cash flows and collateral realisation approach.

The table below summarises the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	31 December 2023	31 December 2022	31 December 2021
Loans collateralised by real estate, equipment and inventories	652,053	661,277	610,231
Loans collateralised by guarantees of:			
financial and commercial organisations	274,745	389,518	261,157
state entities	256,808	144,305	198,358
governments of the Member states of the Bank	-	4,431	25,554
Loans collateralised by future cash inflows from clients' contracts	1,294,215	1,124,749	614,704
	2,477,821	**2,324,280**	**1,710,004**
Less: provision for expected credit losses (Note 9)	(117,365)	(163,395)	(73,896)
Total loans to customers	**2,360,456**	**2,160,885**	**1,636,108**

Recoverability of the above loans is primarily dependent on creditworthiness of the borrowers rather than fair value of collateral, but the Bank considers current value of collateral as one of the factors that reduces the amount of provisions for expected credit losses. In the process of provisions calculation, the Bank doesn't take into consideration operational collateral, which is directly connected with operational activities of the borrower, as its value significantly deteriorates in case of the borrower's default.

(in thousands of US dollars)

14. LOANS TO CUSTOMERS, CONTINUED

The current value of collateral takes into account period of collateral realisation, cost of realisation, liquidity coefficients, therefore, does not equal to fair value of collateral.

As at 31 December 2023, as per the Bank's estimation the fair value of collateral of Stage 3 loans is equal to 27,094 thousand US dollars (31 December 2022: 67,085 thousand US dollars; 31 December 2021: 64,107 thousand US dollars).

The table below presents the economic sector breakdown of the loans:

	31 December 2023	31 December 2022	31 December 2021
Mining	1,008,750	755,438	148,985
Transport	604,725	666,202	670,497
Energy	481,419	596,745	545,023
Chemical industry	189,432	117,589	68,007
Agriculture	140,955	117,980	66,198
Infrastructure	17,946	40,839	53,222
Metallurgy	2,998	4,431	25,553
Machinery	-	-	95,650
Other	31,596	25,056	36,869
	2,477,821	**2,324,280**	**1,710,004**
Less: provision for expected credit losses (Note 9)	(117,365)	(163,395)	(73,896)
Total loans to customers	**2,360,456**	**2,160,885**	**1,636,108**

As at 31 December 2023, loans to customers included accrued interest income amounting to 28,538 thousand US dollars (31 December 2022: 39,145 thousand US dollars; 31 December 2021: 32,232 thousand US dollars). For the year ended 31 December 2023, net unwinding effect (interest income on loans arose from discounting) resulted in gain of 365 thousand US dollars (31 December 2022: 979 thousand US dollars; 31 December 2021: 223 thousand US dollars).

During the year ended 31 December 2023, the Bank has recognised net loss from modification of loans to customers in the amount of 2,227 thousand US dollars (31 December 2022: net gain of 514 thousand US dollars; 31 December 2021: net gain of 5,078 thousand US dollars).

The information on credit ratings on loans to customers is presented in the Note 29.

Concentration of loans to customers

As at 31 December 2023, the Bank has loans to three customers, whose balances exceed 10% of total equity of the Bank, and amount to 396,594 thousand US dollars, 299,967 thousand US dollars and 218,791 thousand US dollars, respectively. The first customer is located in the Republic of Uzbekistan and has credit rating «BB-» according to Internal models, the second - in the Republic of Kazakhstan and has credit rating «B» according to Internal models and the third – in the Russian Federation and has credit rating «B-» according to Internal models.

As at 31 December 2022, the Bank has loans to two customers, whose balances exceed 10% of total equity of the Bank, and amount to 394,612 thousand US dollars and 257,001 thousand US dollars, respectively. The first customer is located in the Republic of Uzbekistan and has credit rating «BB-» according to Internal models, the second customer is located in the Russian Federation and has credit rating «B-» according to Internal models.

(in thousands of US dollars)

14. LOANS TO CUSTOMERS, CONTINUED

As at 31 December 2021, the Bank has loans to one customer, whose balance exceeds 10% of total equity of the Bank, and amounts to 309,029 thousand US dollars. This customer is located in the Russian Federation and has credit rating «BBB-» according to Internal models.

Stress-testing of provisions for expected credit loss

The Bank performs stress-testing of expected credit loss provisions via applying a scenario when all loans that are classified into Stage 1 credit quality category would be reclassified into Stage 2 credit quality category. Subsequently a lifetime expected credit loss provision instead of 12-month portion provision would be required. According to the result of the test, as at 31 December 2023 an increase of 173,191 thousand US dollars in expected credit loss provisions would be required (31 December 2022: 166,146 thousand US dollars; 31 December 2021: 147,557 thousand US dollars).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2023, 2022 and 2021, financial instruments at fair value through other comprehensive income consist of:

	31 December 2023	31 December 2022	31 December 2021
Treasury portfolio:			
Debt instruments	201,714	2,834,577	1,871,331
Equity instruments	-	9,813	18,575
Total in Treasury portfolio	**201,714**	**2,844,390**	**1,889,906**
Investment portfolio:			
Debt instruments	470,328	695,506	695,971
Total in Investment portfolio	**470,328**	**695,506**	**695,971**
Total financial assets at fair value through other comprehensive income	**672,042**	**3,539,896**	**2,585,877**

As at 31 December 2023, debt instruments at fair value through other comprehensive income in the treasury portfolio were not used as collateral for loans under repurchase agreements. As at 31 December 2022, debt instruments at fair value through other comprehensive income in the treasury portfolio include financial assets used as collateral for loans under repurchase agreements with fair value of 96,086 thousand US dollars (31 December 2021: 767,885 thousand US dollars) (Note 18).

(in thousands of US dollars)

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, CONTINUED

The tables below present the breakdown of the debt instruments in the treasury portfolio:

	31 December 2023		31 December 2022		31 December 2021	
	Nominal interest rate	**Fair value**	**Nominal interest rate**	**Fair value**	**Nominal interest rate**	**Fair value**
Bonds issued by non-financial organisations	1.45-20.20%	109,785	1.45-7.45%	115,785	0.00-8.75%	295,708
Bonds issued by governments of Member states of the Bank	7.20-10.50%	54,977	1.13-10.50%	183,902	1.13-10.50%	414,625
Bonds issued by financial institutions	1.26%	36,952	0.00-7.00%	1,584,532	0.00-5.95%	481,072
Bonds issued by foreign state governments	-	-	0.00-0.38%	950,358	0.00-1.75%	679,926
		201,714		**2,834,577**		**1,871,331**

The table below summarises the distribution of debt financial instruments in the treasury portfolio between the stages of credit quality assessment as at 31 December 2023, 2022 and 2021:

	31 December 2023	31 December 2022	31 December 2021
Stage 1	171,307	2,673,570	1,871,331
Stage 2	30,407	161,007	-
	201,714	**2,834,577**	**1,871,331**

During the year ended 31 December 2023 financial instruments in the treasury portfolio with balance value of 35,619 thousand US dollars were moved from Stage 2 to Stage 1 (31 December 2022: 161,007 thousand US dollars – from Stage 1 to Stage 2; 31 December 2022: no movements between the stages).

The information on credit ratings of debt instruments' issuers in the treasury portfolio according to the international rating scale, is presented in the Note 29.

The tables below present the breakdown of the debt instruments in the investment portfolio:

	31 December 2023		31 December 2022		31 December 2021	
	Nominal interest rate	**Fair value**	**Nominal interest rate**	**Fair value**	**Nominal interest rate**	**Fair value**
Bonds issued by non-financial organisations	7.80-21.75%	404,743	4.38-17.95%	543,880	4.38-11.5%	546,781
Bonds issued by governments of Member states of the Bank	6.55-8.50%	46,768	5.40-8.50%	90,782	5.40-8.65%	92,229
Bonds issued by financial institutions	8.00%	18,817	8.00-9.05%	60,844	8.00-9.05%	56,961
		470,328		**695,506**		**695,971**

(in thousands of US dollars)

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, CONTINUED

The table below summarises the distribution of debt financial instruments in the investment portfolio between the stages of credit quality assessment as at 31 December 2023, 2022 and 2021:

	31 December 2023	31 December 2022	31 December 2021
Stage 1	452,387	611,168	695,967
Stage 2	17,941	84,338	-
Stage 3	-	-	4
	470,328	**695,506**	**695,971**

During the year ended 31 December 2023, financial instruments in the investment portfolio with balance value of 18,817 thousand US dollars were moved from Stage 2 to Stage 1.

During the year ended 31 December 2022, financial instruments in the investment portfolio with balance value of 84,338 thousand US dollars were moved from Stage 1 to Stage 2.

During the year ended 31 December 2021, financial instruments in the investment portfolio with balance value of 93,585 thousand US dollars were moved from Stage 2 to Stage 1.

The information on credit ratings of debt instruments' issuers in the investment portfolio is presented in the Note 29.

As at 31 December 2023, debt instruments at fair value through other comprehensive income include accrued interest income amounting to 18,645 thousand US dollars (31 December 2022: 28,760 thousand US dollars; 31 December 2021: 30,509 thousand US dollars).

16. DEBT SECURITIES AT AMORTISED COST

The tables below present the breakdown of the debt instruments at amortised cost in the treasury portfolio:

	31 December 2023		31 December 2022		31 December 2021	
	Nominal interest rate	**Carrying value**	**Nominal interest Rate**	**Carrying value**	**Nominal interest rate**	**Carrying value**
Bonds issued by governments of Member states of the Bank	4.75-12.75%	131,197	4.25-12.75%	203,317	4.25-12.75%	253,455
Bonds issued by non-financial organisations	2.63-4.85%	90,508	2.25-4.85%	135,810	2.25-6.66%	155,676
Bonds issued by foreign state governments	1.50%	52,341	1.50%	52,189	-	-
Bonds issued by financial institutions	-	-	-	-	-	-
		274,046		**391,316**		**409,131**
Less: provision for expected credit losses (Note 9)		(5,310)		(6,397)		(451)
Total debt securities at amortised cost		**268,736**		**384,919**		**408,680**

(in thousands of US dollars)

16. DEBT SECURITIES AT AMORTISED COST, CONTINUED

The table below summarises the distribution of debt securities at amortised cost in the treasury portfolio between the stages of credit quality assessment as at 31 December 2023, 2022 and 2021:

	31 December 2023	31 December 2022	31 December 2021
Stage 1	175,390	171,619	409,131
Stage 2	98,656	219,697	-
	274,046	**391,316**	**409,131**
Less: provision for expected credit losses (Note 9)	(5,310)	(6,397)	(451)
Total debt securities at amortised cost	**268,736**	**384,919**	**408,680**

During the year ended 31 December 2023, debt securities with outstanding balance of 18,015 thousand US dollars included provision for expected credit losses of 168 thousand US dollars were moved from Stage 2 to Stage 1. 31 December 2022: debt securities with outstanding balance of 219,697 thousand US dollars included provision for expected credit losses 5,824 thousand US dollars were moved from Stage 1 to Stage 2 (31 December 2021: no movements between the stages).

The information on credit ratings of debt instruments' issuers according to the international rating scale, is presented in the Note 29.

As at 31 December 2023, debt securities at amortised cost include accrued interest income amounting to 1,663 thousand US dollars (31 December 2022: 4,301 thousand US dollars; 31 December 2021: 2,130 thousand US dollars).

As at 31 December 2023 and 2022, debt instruments at amortised cost were not used as a collateral for loans under repurchase agreements. As at 31 December 2021, debt instruments at amortised cost with fair value of 211,773 thousand US dollars were used as a collateral for loans under repurchase agreements (Note 18).

17. OTHER ASSETS

	31 December 2023	31 December 2022	31 December 2021
Other financial assets:			
Receivables and accrued commission income	12,747	18,914	14,164
Receivables on Donation agreement	-	-	23,823
Total other financial assets	**12,747**	**18,914**	**37,987**
Other non-financial assets:			
Right-of-use assets	9,042	2,099	3,168
Receivables and non-financial assets under DIF's projects	8,253	5,639	2,179
Prepaid expenses	1,850	1,192	1,310
Other debtors	2,826	4,210	2,114
	21,971	**13,140**	**8,771**
Less: provision	(13)	(14)	(61)
Total other non-financial assets	**21,958**	**13,126**	**8,710**
Total other assets	**34,705**	**32,040**	**46,697**

Receivables and other assets under DIF's projects represent prepaid expenses for development of digital projects and received rights on intellectual property on DIF's projects.

(in thousands of US dollars)

18. LOANS AND DEPOSITS FROM FINANCIAL INSTITUTIONS

	31 December 2023	31 December 2022	31 December 2021
Correspondent accounts of financial institutions	2,371,271	1,267,181	22,031
Loans from financial institutions	555,765	522,556	602,306
Short-term deposits from financial institutions	163,961	1,263,843	77,692
Loans under repurchase agreements	-	111,758	914,679
	3,090,997	**3,165,338**	**1,616,708**

The Bank has signed several loan agreements to receive financing from different financial institutions to fund its investment projects. Due to the terms of such agreements, the Bank shall comply with the covenants such as maintaining financial stability, non-payment clauses, cross-default, encumbrances, court proceedings and some others. As at 31 December 2023, 2022 and 2021, the Bank was in compliance with all assigned covenants.

The Bank concludes repurchase agreement operations in order to satisfy its needs in liquidity. As at 31 December 2022 debt securities in the treasury portfolio with fair value of 101,421 thousand US dollars were used as a collateral for loans under repurchase agreements (31 December 2021: debt securities in the treasury portfolio with fair value of 979,658 thousand US dollars).

As at 31 December 2023, loans and deposits from financial institutions included accrued interest payable amounting to 10,686 thousand US dollars (31 December 2022: 9,753 thousand US dollars; 31 December 2021: 12,914 thousand US dollars).

Maturities of amounts of loans and deposits from financial institutions are included in the Note 29 under liquidity risk.

The reconciliation of long-term loans from financial institutions and loans under repurchase agreements movement to cash flows arising from financing activities in 2023, 2022 and 2021 is as follows:

	31 December 2023	31 December 2022	31 December 2021
At the beginning of the year	522,556	1,371,504	1,397,052
Cash inflow	132,544	123,106	92,579
Cash outflow	(80,051)	(830,845)	(123,110)
Foreign exchange and interest accrued movement	(19,284)	(141,209)	4,983
At the end of the year	**555,765**	**522,556**	**1,371,504**

19. DEPOSITS FROM CUSTOMERS

The table below presents the breakdown of the deposits from customers:

	31 December 2023	31 December 2022	31 December 2021
Deposits from customers	114,924	163,138	150,096
Current accounts	25,271	144,369	134,482
	140,195	**307,507**	**284,578**

As at 31 December 2023, 2022 and 2021, all deposits were from customers, based in the Member states of the Bank.

(in thousands of US dollars)

20. DEBT SECURITIES ISSUED

The table below presents the breakdown of the debt securities issued:

	31 December 2023	31 December 2022	31 December 2021
Debt securities issued			
in US dollar	839,136	746,422	608,928
in Russian roubles	808,755	1,397,750	444,065
in Kazakhstani tenge	499,673	370,657	578,218
in Chinese yuan	268,077	275,629	-
in Euro	245,843	239,618	338,307
Total debt securities issued	**2,661,484**	**3,030,076**	**1,969,518**

During 2023, the Bank raised funding by placing bonds on debt capital markets. In particular, the Bank placed on the Moscow Exchange ("MOEX") four issues of ruble bonds in the amount of 39 billion Russian rubles (468,462 thousand in US dollars equivalent), three issues were placed on the Kazakhstan Exchange ("KASE"), two of which were denominated in Kazakhstani tenge in the amount of 75 billion Kazakhstani tenge (166,049 thousand US dollars equivalent), and one dollar denominated issue in the amount of 90,000 thousand US dollars. An issue of dollar bonds in the amount of 50,000 thousand US dollars was placed on the Astana International Exchange ("AIX"). Also in 2023 the Bank raised funds in the Republic of Armenia for the first time by placing a debut issue of bonds with listing on the Armenian Stock Exchange in the amount of 20,000 thousand US dollars.

In 2023, the Bank redeemed several issues of the its bonds: five Russian rouble denominated issues placed on MOEX for a total amount of 63 billion Russian roubles (865,064 thousand in US dollars equivalent), a Kazakhstani tenge denominated issue placed on KASE with a nominal value of 20 billion Kazakhstani tenge (41,706 thousand in US dollars equivalent), and a US dollar denominated notes placed on AIX with a nominal value of 100,000 thousand US dollars.

As at 31 December 2023, debt securities issued included accrued interest payable amounting to 46,599 thousand US dollars (31 December 2022: 53,880 thousand US dollars; 31 December 2021: 28,334 thousand US dollars).

The reconciliation of debt securities issued movement to cash flows arising from financing activities in 2023, 2022 and 2021 is as follows:

	31 December 2023	31 December 2022	31 December 2021
At the beginning of the year	3,030,076	1,969,518	1,719,552
Cash inflow	836,890	2,272,015	701,658
Cash outflow	(1,062,781)	(1,082,233)	(397,755)
Interest accrued movement	(148,229)	25,546	(17,103)
Foreign exchange movement	5,528	(154,770)	(36,834)
At the end of the year	**2,661,484**	**3,030,076**	**1,969,518**

(in thousands of US dollars)

21. OTHER LIABILITIES

	31 December 2023	31 December 2022	31 December 2021
Other financial liabilities:			
Lease liabilities	7,668	1,381	2,569
Prepayments for trust management service	1,351	11,785	3,966
Other	2,067	3,002	2,639
	11,086	**16,168**	**9,174**
Other non-financial liabilities:			
Payables to employees	35,869	34,428	31,391
Provisions for expected credit losses on guarantees and letters of credit issued	17,387	13,555	5,719
Resources for DIF's projects	11,632	8,704	9,140
Resources for TAF's projects	8,968	9,996	11,687
Other	2,627	3,512	2,145
	76,483	**70,195**	**60,082**
Total other liabilities	**87,569**	**86,363**	**69,256**

Payables to employees include the Bank's liabilities under the pension program. These liabilities on retirement savings are estimated using time and interest discount factors. The reconciliation between nominal amount and carrying amount is as follows:

Date	Nominal amount	Time discount factor*	Interest discount factor**	Carrying amount
31 December 2023	25,211	2.20 years	4.794%	22,690
31 December 2022	23,176	2.30 years	4.629%	20,788
31 December 2021	22,047	4.20 years	1.204%	20,970

* Time discount factor is estimated as a half of an average term of employment
** Interest discount factor is equal to US dollar mid-swap interest rate at time discount factor.

22. SHARE CAPITAL

On 30 December 2022, the Council of the Bank unanimously approved a redistribution of the Bank's share capital among its Member states. In accordance with the Bank's Charter, Council members have obtained necessary authorisations and/or governmental resolutions to vote on this matter. A portion comprising 321,151 shares held by the Russian Federation in the Bank's paid-in capital has been evenly distributed among the other Member states. In April-June 2023 all of the Intergovernmental agreements between the Russian Federation and the other five Member states on redistribution of the Russia owned shares had come into action.

As at 31 December 2023, 2022 and 2021, the authorised share capital consists of 7,000,000 common shares with a nominal value of 1,000 US dollars each. One paid-in share represents one voting right. One paid-in share represents one voting right. Shares, payable on call, have a nominal value of 1,000 US dollars each. In accordance with the terms and conditions for subscription to additional shares, in case of the lack of monetary resources to perform its commitments and obligations, the Bank has the right to request payment of capital, payable on call, after initiating an extraordinary meeting of the Council of the Bank.

(in thousands of US dollars)

22. SHARE CAPITAL, CONTINUED

	31 December 2023		
	Authorised share capital	Callable share capital	Paid-in share capital
The Russian Federation	4,296,749	(3,617,900)	678,849
The Republic of Kazakhstan	2,374,451	(1,809,300)	565,151
The Republic of Belarus	133,300	(54,300)	79,000
The Republic of Tajikistan	66,100	(1,600)	64,500
The Republic of Armenia	64,700	(600)	64,100
The Kyrgyz Republic	64,700	(600)	64,100
	7,000,000	**(5,484,300)**	**1,515,700**

	31 December 2022 and 2021		
	Authorised share capital	Callable share capital	Paid-in share capital
The Russian Federation	4,617,900	(3,617,900)	1,000,000
The Republic of Kazakhstan	2,309,300	(1,809,300)	500,000
The Republic of Belarus	69,300	(54,300)	15,000
The Republic of Tajikistan	2,100	(1,600)	500
The Republic of Armenia	700	(600)	100
The Kyrgyz Republic	700	(600)	100
	7,000,000	**(5,484,300)**	**1,515,700**

Earnings per one paid-in share for years ended 31 December 2023, 2022 and 2021 are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Net profit attributable to the Member states of the Bank	125,192	30,656	37,120
Weighted average number of paid-in shares	1,515,700	1,515,700	1,515,700
Earnings per one paid-in share	**0.0826**	**0.0202**	**0.0245**

As at 31 December 2023, 2022 and 2021 the Bank's reserve fund comprised 146,220 thousand US dollars. The Bank has established a reserve fund that represents a segregation of a portion of its retained earnings. The Council of the Bank annually takes decision on the distribution of net profit to the reserve fund. Upon resolution of the Council of the Bank, profit is subject to distribution among the Bank's member only after the reserve fund reaches fifteen percent of the Bank's share capital. After that happens any such distributions could be made to participants proportionately based upon the number of the shares.

(in thousands of US dollars)

23. TECHNICAL ASSISTANCE FUND AND DIGITAL INITIATIVE FUND RESERVES

	Technical Assistance Fund reserve	Digital Initiative Fund reserve
31 December 2020	23,685	10,000
Allocation of TAF reserve	(8,116)	-
Transfer from Retained earnings to DIF reserve	-	4,887
Allocation of DIF reserve	-	(10,000)
31 December 2021	**15,569**	**4,887**
Transfer from Retained earnings to TAF reserve	5,568	-
Transfer from Retained earnings to DIF reserve	-	5,568
Allocation of DIF reserve	-	(4,887)
31 December 2022	**21,137**	**5,568**
Transfer from Retained earnings to TAF reserve	4,598	-
Allocation of TAF reserve	(2,004)	-
Allocation of DIF reserve	-	(4,696)
31 December 2023	**23,731**	**872**

The purpose of TAF is to effectively assist to strategic objective of the Bank via financing events aimed for preparation and implementation of investment projects, supporting programs of regional integration, carrying out cross-state, interstate, industrial and innovation researches aimed at economic growth, development of market economies, expansion of mutual trade between Member states and other measures related to the mission of the Bank.

The purpose of DIF is to assist the Bank's Member states in creating digital transformation tools and practices by integrating information resources and participating in the development and financing of projects, including those implemented under the EAEU digital agenda.

The Council of the Bank has decided to separate TAF and DIF reserves as individual parts of the equity of the Bank via transferring funds from retained earnings. After the Council of the Bank approves funding of specific TAF/DIF projects and programs, allocated sums are transferred from the equity reserve into liabilities.

The amount of resources available for the TAF and the DIF programs and allocated for specific projects/programs are set by the Council of the Bank on a regular basis. The unused part of the reserves is accumulated and could be used in future periods.

24. CAPITAL RISK MANAGEMENT

The Bank manages its capital to ensure that the Bank will be able to continue as a going concern while improving its performance through the optimisation of debt and equity.

The objective of the Bank's share capital is to cover potential losses from its operations. In accordance with the Bank's internal policies, the equity should exceed 16% of the sum of credit, market and operational risks, estimated as per the Basel II Standardised approach. As at 31 December 2023, 2022 and 2021, the Bank was in compliance with its internal policy requirements. The Bank is not a subject of local banking regulation in Member states.

The capital structure of the Bank consists of equity attributable to Member states, comprising share capital, reserves and retained earnings as disclosed in the statements of changes in equity.

(in thousands of US dollars)

24. CAPITAL RISK MANAGEMENT, CONTINUED

The Assets and Liabilities Management Committee ("ALMC") reviews the capital structure on a monthly basis. As a part of this review, the ALMC considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the ALMC the Management Board of the Bank makes decisions over the issue of new debt or the redemption of existing debt. Changes in the share capital of the Bank are approved by the Council of the Bank.

25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the statement of financial position.

The Bank's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments. The Bank plans to fund these commitments primarily with debt securities issued. As at 31 December 2023, the maximum credit risk exposure on unused credit lines amounts to 1,114,411 thousand US dollars (31 December 2022: 971,112 thousand US dollars; 31 December 2021: 1,222,498 thousand US dollars).

The Bank uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 31 December 2023, 2022 and 2021, the nominal or contractual amounts are:

	31 December 2023 Nominal amount	31 December 2022 Nominal amount	31 December 2021 Nominal amount
Guarantees and letters of credit issued	425,689	375,205	127,111
Contingent liabilities:			
on loans and credit lines	1,114,411	971,112	1,222,498
on guarantees and letters of credit	246,222	232,910	180,316
Total contingent liabilities and credit commitments	**1,786,322**	**1,579,227**	**1,529,925**

The table below summarises the distribution of issued guarantees and letters of credit between the stages of credit quality assessment as at 31 December 2023:

	Stage 1	Stage 2	Total
Guarantees and letters of credit issued	335,423	90,266	425,689
Less: provision for expected credit losses (Note 9)	(11,067)	(6,320)	(17,387)
Total guarantees and letters of credit issued	**324,356**	**83,946**	**408,302**

During the year ended 31 December 2023 guarantees and letters of credit issued with outstanding amount of 90,266 thousand US dollars and 6,320 thousand US dollars of provision for expected credit losses were transferred from Stage 1 to Stage 2.

As at 31 December 2022 and 2021 all guarantees and letters of credit issued were in Stage 1, provision for expected credit losses totaled to 13,555 thousand US dollars and 5,719 thousand US dollars, respectively. No movements between stages of credit quality assessment were made during the years ended 31 December 2022 and 2021.

25. COMMITMENTS AND CONTINGENCIES, CONTINUED

The Bank doesn't create a provision for expected credit losses on commitments on loans and unused credit lines, commitments on guarantees and letters of credit, because there are no automatic issues on them. Whenever the Bank receives a request from a customer for a new loan tranche/guarantee or letter of credit, it is reviewed each time on an individual and independent basis. The procedure of issuing includes an updated review of current financial position of a customer by Credit and risk management department, Security and Compliance department, and Law department of the Bank and is similar to the procedure of initial approval of credit line. As the Bank on a regular basis declines part of the requests for new tranches/guarantees or letters of credit, the Bank considers that the new issue is debatable, and makes a provision for expected credit losses only after transfer of funds to the borrower within the loan commitments or issue of guarantees/letters of credit.

Capital commitments

As at 31 December 2023, 2022 and 2021, the Bank had no capital commitments.

Fiduciary activities

The Bank provides trust services to Eurasian Fund for Stabilisation and Development (the "Fund"), whereby it holds and manages assets or invests funds received in various financial instruments as a Manager of Fund. The Bank is not responsible with its own property under obligations it has entered into on behalf of Fund Members within the scope of carrying out Fund operations, except in cases when by entering into such obligations the Bank has violated the provisions of Fund Documents.

Insurance

The insurance industry in Member states is in a developing state and many forms of insurance protection are not yet generally available. The Bank does not have full insurance coverage of the risks that may arise for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Bank property or relating to the Bank's operations. The Bank bears a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

Litigations

In the ordinary course of business, the Bank is subject to legal actions and complaints, however in accordance with the Agreement on Incorporation the Bank possesses immunity against any legal proceedings in the territories of the Member states, except in cases which do not result from its execution of its powers. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial conditions of the results of future operations of the Bank.

(in thousands of US dollars)

26. TRANSACTIONS WITH RELATED PARTIES

Related parties and transactions with related parties are assessed in accordance with IAS 24 *"Related Party Disclosures"*. As discussed in the Note 1, the Bank's operations include the financing of projects within its Member states, which include projects undertaken by governmental entities. Accordingly, the Bank enters into numerous transactions with related parties as a result of its ownership by the Member states. The Bank decided not to apply the exemption from disclosure of individually insignificant transactions and balances with the government and parties that are related to the entity because the Member states have control, joint control or significant influence over such party.

(a) Transactions with key management

The remuneration of key management personnel included in staff costs and other payments to employees (Note 10) was as follows:

	Transactions with key management	**Total category as per financial statements caption**
Year ended 31 December 2023	8,243	40,849
Year ended 31 December 2022	7,527	40,753
Year ended 31 December 2021	6,882	37,552

The outstanding balances as at 31 December 2023, 2022 and 2021 for transactions with the key management personnel are as follows:

Statement of Financial Position	**31 December 2023**	**31 December 2022**	**31 December 2021**
Short-term payments to employees	2,118	1,436	3,398
Retirement savings	2,805	2,171	1,715

(b) Transactions with other related parties

According to IAS 24 *Related Party Disclosures* other related parties of the Bank comprise the Russian Federation and the Republic of Kazakhstan, national companies and other organisations controlled by these Member states. The Russian Federation and the Republic of Kazakhstan have significant influence over the Bank. At the same time, the Russian Federation and the Republic of Kazakhstan have control over companies, which are related parties of the Bank.

The Bank did not use the exemption on disclosure of government related entities.

(in thousands of US dollars)

26. TRANSACTIONS WITH RELATED PARTIES, CONTINUED

(b) Transactions with other related parties, continued

The outstanding balances as at 31 December 2023, 2022 and 2021 and related profit or loss amounts of transactions for the years ended 31 December 2023, 2022 and 2021 with other related parties are as follows:

	31 December 2023	31 December 2022	31 December 2021
Statement of financial position			
ASSETS			
Cash and cash equivalents:	**2,835,061**	**522,638**	**267,640**
in US dollars	80	22,095	117,104
in Russian rouble	2,603,690	362,714	13,872
in Kazakhstani tenge	128,294	12,217	136,562
in Euro	-	-	78
in other currencies	103,366	125,635	25
less: provision for expected credit losses	(369)	(23)	(1)
Financial assets at fair value through profit or loss:			
in Treasury portfolio:	**207,768**	**117,538**	**34,921**
in US dollars	196,143	100,643	18,635
in Russian rouble	11,625	16,895	16,286
Loans and amounts due from financial institutions:			
in Investment portfolio:	**42,345**	**405,000**	**72,469**
in US dollars	-	-	2,665
in Russian rouble	33,585	392,355	47,195
in Kazakhstani tenge	8,837	13,062	18,549
in Euro	-	-	4,271
less: provision for expected credit losses	(77)	(417)	(211)
Loans to customers, investment portfolio:	**716,041**	**607,748**	**686,617**
in US dollars	102,384	30,388	39,233
in Russian rouble	282,503	279,942	329,120
in Kazakhstani tenge	77,332	51,963	22,609
in Euro	172,255	292,369	300,798
in other currencies	125,932	-	-
less: provision for expected credit losses	(44,365)	(46,914)	(5,143)
Financial assets at fair value through other comprehensive income:			
in Treasury portfolio:	**148,756**	**259,032**	**623,125**
in US dollars	84,970	47,952	351,878
in Russian rouble	25,343	100,682	46,046
in Kazakhstani tenge	38,443	43,106	143,932
in Euro	**-**	67,292	81,269
Financial assets at fair value through other comprehensive income:			
in Investment portfolio:	**351,450**	**642,811**	**621,384**
in US dollars	-	36,643	44,079
in Russian rouble	47,645	212,226	201,114
in Kazakhstani tenge	303,805	393,942	376,191
Debt securities at amortised cost:	**116,347**	**228,538**	**329,449**
in US dollars	99,205	175,787	271,741
in Russian rouble	21,374	28,001	25,734
in Euro	-	30,336	32,349
less: provision for expected credit losses	(4,232)	(5,586)	(375)
Investments in associates:	**-**	**-**	**15,197**
in US dollars	-	-	15,197
Other assets:	**11,074**	**15,092**	**9,840**
in US dollars	10,988	15,089	9,821
in Russian rouble	85	-	13
in Kazakhstani tenge	1	9	10
in Euro	-	2	4
less: provision for expected credit losses	-	(8)	(8)

(in thousands of US dollars)

26. TRANSACTIONS WITH RELATED PARTIES, CONTINUED

(b) Transactions with other related parties, continued

	31 December 2023	31 December 2022	31 December 2021
Statement of financial position			
LIABILITIES			
Loans and deposits from financial institutions:	**2,278,943**	**1,220,426**	**206,386**
in US dollars	-	738,904	4,508
in Russian rouble	2,183,941	158,738	58,495
in Kazakhstani tenge	95,002	220,205	143,383
in Euro	-	102,579	-
Financial liabilities at fair value through profit or loss:	**63,413**	**2,812**	**1,689**
in US dollars	63,308	2,745	1,608
in Russian rouble	105	67	81
Deposits from customers:	**41,581**	**60,979**	**191,841**
in US dollars	20	41,033	3,880
in Russian rouble	3,291	235	53
in Kazakhstani tenge	36,612	19,711	187,908
in other currencies	1,658	-	-
Debt securities issued:	**1,056,112**	**1,852,212**	**562,767**
in US dollars	361,523	564,220	**-**
in Russian rouble	328,341	897,419	188,250
in Kazakhstani tenge	141,910	159,915	374,517
in other currencies	224,338	230,658	-
Other liabilities:	**1,581**	**12,447**	**4,973**
in US dollars	1,367	11,785	4,195
in Russian rouble	186	593	677
in Kazakhstani tenge	14	21	6
in Euro	14	48	95
Guarantees received:	**328,958**	**127,847**	**529,105**
in US dollars	159,000	-	44,296
in Russian rouble	168,005	104,657	349,688
in Kazakhstani tenge	1,953	23,190	29,525
in Euro	-	-	105,596
Contingent liabilities and credit commitments:	**607,604**	**395,014**	**665,134**
in US dollars	292,981	154,942	108,564
in Russian rouble	200,932	130,059	327,915
in Kazakhstani tenge	100,099	68,039	-
in Euro	13,592	41,974	228,655

(in thousands of US dollars)

26. TRANSACTIONS WITH RELATED PARTIES, CONTINUED

(b) Transactions with other related parties, continued

	For the year ended 31 December 2023	For the year ended 31 December 2022	For the year ended 31 December 2021
Statement of profit or loss			
Interest income, calculated using the effective interest method:			
on Investment portfolio	114,116	127,594	85,896
on Treasury portfolio	25,801	30,088	45,923
Other interest income on Treasury portfolio	10,701	16,971	1,694
Interest expense	(130,123)	(119,461)	(68,587)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(162,320)	31,085	(3,221)
Net gain/(loss) on transactions in foreign currencies	48,881	141,048	(43,877)
Net realised (loss)/gain on financial assets at fair value through other comprehensive income	(13,749)	(2,502)	8,884
Net loss from modification, recognition and derecognition of financial instruments	(11,252)	(949)	-
Fee and commission income	12,464	11,359	11,190
Fee and commission expense	(333)	(662)	(233)
Losses from investments in associates	-	(395)	(1,968)
Dividend income	-	-	3,332
Reversal of/(provision for) expected credit losses on interest bearing assets	4,206	(62,207)	1,664
Net operating (loss)/income	**(101,608)**	**171,969**	**40,697**

(in thousands of US dollars)

27. SEGMENT REPORTING

Segment information for the geographical segments of the Bank as at and for the year ended 31 December 2023 is set out below:

	Russia	Kazakhstan	Belarus	Other Member states	Non-member states	Total
Interest income, calculated using the effective interest method:						
on Investment portfolio	68,530	154,583	8,828	7,573	40,888	280,402
on Treasury portfolio	98,151	25,757	2,318	1,778	40,101	168,105
Other interest income on Treasury portfolio	9,484	1,217	-	-	1,806	12,507
Interest expense	(124,638)	(72,546)	(10,374)	(522)	(63,374)	(271,454)
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	49,566	(5,753)	43,958	1,601	(4,106)	85,266
Net (loss)/gain on transactions in foreign currencies	(25,584)	13,008	(37,346)	(104)	4,917	(45,109)
Net realised loss on financial assets at fair value through other comprehensive income	(13,534)	(144)	(417)	-	(14,464)	(28,559)
Net loss from modification, recognition and derecognition of financial instruments	(9,705)	(1,887)	-	-	-	(11,592)
Net gain/(loss) on trading with debt securities issued	(20)	-	-	-	317	297
Fee and commission income	17,785	570	2,238	204	443	21,240
Fee and commission expense	(4,203)	(564)	(5)	(11)	(136)	(4,919)
Net other income	18	4	-	2	-	24
(Provision for)/reversal expected credit losses on interest bearing assets	(9,196)	(8,233)	9,415	(9,335)	350	(16,999)
(Provision for)/reversal of expected credit losses on guarantees and letters of credit issued	(4,794)	42	(439)	-	(275)	(5,466)
Net operating income	**51,860**	**106,054**	**18,176**	**1,186**	**6,467**	**183,743**
Cash and cash equivalents	3,613,255	239,616	73,698	40,267	27,453	3,994,289
Financial assets at fair value through profit or loss:	271,719	11,581	962	-	1,284	285,546
in Treasury portfolio	*258,564*	*11,581*	*962*	-	*1,284*	*272,391*
in Investment portfolio	*13,155*	-	-	-	-	*13,155*
Loans and amounts due from financial institutions:	4,427	47,269	-	-	482,963	534,659
in Treasury portfolio	*4,427*	*4,924*	-	-	*482,963*	*492,314*
in Investment portfolio	-	*42,345*	-	-	-	*42,345*
Loans to customers	518,085	1,266,830	101,993	76,954	396,594	2,360,456
Financial assets at fair value through other comprehensive income:	149,459	467,690	17,941	-	36,952	672,042
in Treasury portfolio	*66,027*	*98,735*	-	-	*36,952*	*201,714*
in Investment portfolio	*83,432*	*368,955*	*17,941*	-	-	*470,328*
Debt securities at amortised cost	112,299	37,454	-	10,887	108,096	268,736
Investments in associates	1	23	-	-	-	24
Property, equipment and intangible assets	2,447	14,299	13	126	-	16,885
Other assets	30,264	1,787	447	393	1,814	34,705
Total assets	**4,701,956**	**2,086,549**	**195,054**	**128,627**	**1,055,156**	**8,167,342**
Total liabilities	**4,297,056**	**874,385**	**383,341**	**47,043**	**577,511**	**6,179,336**
Contingent liabilities and credit commitments	**811,767**	**561,388**	**178,636**	**199,138**	**35,393**	**1,786,322**
Capital expenditure	**1,505**	**4,000**	**-**	**11**	**-**	**5,516**
Depreciation and amortisation	**605**	**2,045**	**11**	**66**	**-**	**2,727**

(in thousands of US dollars)

27. SEGMENT REPORTING, CONTINUED

Segment information for the geographical segments of the Bank as at and for the year ended 31 December 2022 is set out below:

	Russia	Kazakhstan	Belarus	Other Member states	Non-member states	Total
Interest income, calculated using the effective interest method:						
on Investment portfolio	99,697	121,026	11,844	4,237	2,493	239,297
on Treasury portfolio	18,214	25,388	2,202	978	48,524	95,306
Other interest income on Treasury portfolio	15,440	1,531	-	-	7,437	24,408
Interest expense	(112,235)	(70,684)	(3,889)	(1,743)	(70,892)	(259,443)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(149,586)	12,024	(583)	(6,216)	(46,292)	(190,653)
Net gain on transactions in foreign currencies	242,590	4,298	1,417	6,390	6,622	261,317
Net realised (loss)/gain on financial assets at fair value through other comprehensive income	(1,790)	(426)	-	2	(450)	(2,664)
Net gain/(loss) from modification, recognition and derecognition of financial instruments	40,477	-	-	-	(225)	40,252
Net (loss)/gain on trading with debt securities issued	(1)	343	-	-	54,098	54,440
Fee and commission income	21,132	1,017	2,689	77	444	25,359
Fee and commission expense	(1,294)	(671)	(4)	(12)	(597)	(2,578)
Losses on investments in associates	(395)	-	-	-	-	(395)
Net loss on disposal of assets held for sale	(4,272)	-	-	-	-	(4,272)
Net other income/(expense)	5	12	-	-	(10)	7
Provision for expected credit losses on interest bearing assets	(154,855)	(6,799)	(13,970)	(5,934)	(3,387)	(184,945)
(Provision for)/reversal of expected credit losses on guarantees and letters of credit issued	(7,310)	(136)	979	-	(1,658)	(8,125)
Net operating income/(loss)	**5,817**	**86,923**	**685**	**(2,221)**	**(3,893)**	**87,311**
Cash and cash equivalents	370,174	280,035	181,194	1,538	446,340	1,279,281
Financial assets at fair value through profit or loss:	117,712	16,836	15,889	-	6,034	156,471
in Treasury portfolio	*101,373*	*16,836*	*15,889*	-	*6,034*	*140,132*
in Investment portfolio	*16,339*	-	-	-	-	*16,339*
Loans and amounts due from financial institutions:	435,235	404,999	-	22,036	-	862,270
in Treasury portfolio	*427,145*	-	-	-	-	*427,145*
in Investment portfolio	*8,090*	*404,999*	-	*22,036*	-	*435,125*
Loans to customers	774,519	832,702	94,369	64,683	394,612	2,160,885
Financial assets at fair value through other comprehensive income:	315,759	665,752	23,494	-	2,534,891	3,539,896
in Treasury portfolio	*170,820*	*138,679*	-	-	*2,534,891*	*2,844,390*
in Investment portfolio	*144,939*	*527,073*	*23,494*	-	-	*695,506*
Debt securities at amortised cost	213,874	54,683	-	10,303	106,059	384,919
Investments in associates	1	23	-	-	-	24
Property, equipment and intangible assets	1,091	11,503	20	191	-	12,805
Other assets	24,058	4,531	701	277	2,473	32,040
Total assets	**2,252,423**	**2,271,064**	**315,667**	**99,028**	**3,490,409**	**8,428,591**
Total liabilities	**3,410,638**	**833,048**	**888,073**	**112,143**	**1,348,338**	**6,592,240**
Contingent liabilities and credit commitments	**832,560**	**330,230**	**169,563**	**232,717**	**14,157**	**1,579,227**
Capital expenditure	**529**	**1,724**	**20**	**80**	**-**	**2,353**
Depreciation and amortisation	**373**	**1,328**	**6**	**68**	**-**	**1,775**

(in thousands of US dollars)

27. SEGMENT REPORTING, CONTINUED

Segment information for the geographical segments of the Bank as at and for the year ended 31 December 2021 is set out below:

	Russia	Kazakhstan	Belarus	Other Member states	Non-member states	Total
Interest income, calculated using the effective interest method:						
on Investment portfolio	81,796	96,930	22,626	2,447	-	203,799
on Treasury portfolio	18,149	31,875	55	62	2,676	52,817
Other interest income on Treasury portfolio	970	724	-	-	9,061	10,755
Interest expense	(42,078)	(84,201)	(32)	(91)	(70,929)	(197,331)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(1,779)	(1,169)	-	(2)	49,441	46,491
Net loss on transactions in foreign currencies	(2,264)	(265)	(3)	(5)	(41,306)	(43,843)
Net realised gain/(loss) on financial assets at fair value through other comprehensive income	9,979	(174)	5	3	49	9,862
Net gain /(loss) from modification, recognition and derecognition of financial instruments	5,753	(675)	-	-	-	5,078
Net loss on trading with debt securities issued	(39)	-	-	-	-	(39)
Fee and commission income	11,583	681	2,086	1	658	15,009
Fee and commission expense	(239)	(112)	(3)	(2)	(621)	(977)
Losses on investments in associates	(1,968)	-	-	-	-	(1,968)
Dividend income	3,332	-	-	-	-	3,332
Net other income/(expense)	-	5	-	(28)	5	(18)
(Provision for)/reversal of expected credit losses on interest bearing assets	(15,875)	4,053	3,734	280	(17)	(7,825)
Reversal of/(provision for) expected credit losses on guarantees and letters of credit issued	425	-	(5,660)	-	-	(5,235)
Net operating income/(loss)	**67,745**	**47,672**	**22,808**	**2,665**	**(50,983)**	**89,907**
Cash and cash equivalents	17,215	253,626	106	428	158,905	430,280
Financial assets at fair value through profit or loss:	19,402	16,226	-	-	43,920	79,548
in Treasury portfolio	*18,700*	*16,226*	-	-	*43,920*	*78,846*
in Investment portfolio	*702*	-	-	-	-	*702*
Loans and amounts due from financial institutions:	107,314	65,645	381,812	39,237	-	594,008
in Investment portfolio	*107,314*	*65,645*	*381,812*	*39,237*	-	*594,008*
Loans to customers	954,294	588,082	78,830	14,902	-	1,636,108
Financial assets at fair value through other comprehensive income:	641,068	690,803	29,527	13,479	1,211,000	2,585,877
in Treasury portfolio	*502,657*	*176,249*	-	-	*1,211,000*	*1,889,906*
in Investment portfolio	*138,411*	*514,554*	*29,527*	*13,479*	-	*695,971*
Debt securities at amortised cost	355,825	52,855	-	-	-	408,680
Investments in associates	15,198	23	-	-	-	15,221
Property, equipment and intangible assets	929	10,663	6	178	-	11,776
Other assets	17,286	1,924	829	399	26,259	46,697
Total assets	**2,128,531**	**1,679,847**	**491,110**	**68,623**	**1,440,084**	**5,808,195**
Total liabilities	**685,114**	**1,050,223**	**6,593**	**20,416**	**2,184,618**	**3,946,964**
Contingent liabilities and credit commitments	**640,751**	**378,324**	**332,466**	**178,384**	**-**	**1,529,925**
Capital expenditure	**692**	**1,210**	**1**	**172**	**-**	**2,075**
Depreciation and amortisation	**295**	**1,205**	**4**	**43**	**-**	**1,547**

Segment performance information is presented to the management of the Bank for decision making in the way it is disclosed above. The Bank believes that more detailed disclosure of segment information will not have significant impact on segment performance of the Bank.

(in thousands of US dollars)

27. SEGMENT REPORTING, CONTINUED

The Bank operates in the Russian Federation, the Republic of Kazakhstan, the Republic of Belarus and other countries. In presenting geographical information the allocation of revenue is based on the geographical location of customers and assets. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Bank's executives, and for which discrete financial information is available. The functions of the executives are performed by the Management Board of the Bank.

External operating income, assets, liabilities and capital expenditure have generally been allocated based on the domicile of the counterparty. Tangible assets (cash on hand, premises and equipment) have been allocated based on the country in which they are physically held.

There are no intersegment revenues. Information on major customers is disclosed in Notes 13 and 14.

The table below provides a reconciliation between the amounts of net operating income disclosed in segment performance tables and net profit of the Bank:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
Net operating income	**183,743**	**87,311**	**89,907**
Operating expenses	(58,551)	(56,655)	(52,787)
Net profit	**125,192**	**30,656**	**37,120**

For the years ended 31 December 2023, 2022 and 2021, there were no loans to customers with interest income exceeding 10% of total interest income.

The Bank also allocates assets and liabilities in investment and treasury portfolios, which is another segment reporting form. Refer to the Note 29.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determining fair values

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Bank could realise in a market exchange from the sale of its full holdings of a particular instrument.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy in the Note 3. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

(b) Valuation of financial instruments

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair value using valuation techniques.

Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other observable information used in estimating discount rates, bond and equity prices and foreign currency exchange rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting in an arm's length transaction.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Instruments involving significant unobservable inputs are presented by certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

(in thousands of US dollars)

28. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

(b) Valuation of financial instruments, continued

The table below analyses financial instruments measured at fair value at 31 December 2023, 2022 and 2021, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

	Level 1	Level 2	Level 3	As at 31 December 2023 Total
Financial assets at fair value through profit or loss:				
in Treasury portfolio	15,523	256,868	-	272,391
in Investment portfolio	-	-	13,155	13,155
Financial assets at fair value through other comprehensive income:				
in Treasury portfolio	161,263	40,451	-	201,714
in Investment portfolio	110,524	359,804	-	470,328
Financial liabilities at fair value through profit or loss	-	(199,091)	-	(199,091)

	Level 1	Level 2	Level 3	As at 31 December 2022 Total
Financial assets at fair value through profit or loss:				
in Treasury portfolio	-	140,132	-	140,132
in Investment portfolio	-	-	16,339	16,339
Financial assets at fair value through other comprehensive income:				
in Treasury portfolio	676,800	2,167,590	-	2,844,390
in Investment portfolio	-	695,506	-	695,506
Financial liabilities at fair value through profit or loss	-	(2,956)	-	(2,956)

(in thousands of US dollars)

28. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

(b) Valuation of financial instruments, continued

	Level 1	Level 2	Level 3	As at 31 December 2021 Total
Financial assets at fair value through profit or loss:				
in Treasury portfolio	-	78,846	-	78,846
in Investment portfolio	-	-	702	702
Financial assets at fair value through other comprehensive income:				
in Treasury portfolio	1,433,450	456,456	-	1,889,906
in Investment portfolio	260,066	435,901	4	695,971
Financial liabilities at fair value through profit or loss	-	(6,904)	-	(6,904)

The following table shows reconciliation for the years ended 31 December 2023, 2022 and 2021 for fair value measurements in Level 3 of the fair value hierarchy, in the investment portfolio:

	Level 3		
	Year ended 31 December 2023	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Financial assets at fair value through profit or loss			
Balance at beginning of the year	16,339	702	4,818
Revaluation	(3,184)	-	(80)
Initial recognition	-	15,637	-
Redemption of instruments, net	-	-	(4,036)
Balance at end of the year	**13,155**	**16,339**	**702**
Financial assets at fair value through other comprehensive income			
Balance at the beginning of the year	-	4	5
Revaluation	-	(4)	(1)
Balance at end of the year	**-**	**-**	**4**

The Bank uses "Discounted Cash Flow" approach to value the financial instruments at Level 3. Under any scenario the above estimate is sensitive to changes in the market parameters and future expectations and may result in a change of the carrying value of the financial instruments within a one-year horizon.

(in thousands of US dollars)

28. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

(b) Valuation of financial instruments, continued

The table below analyses the fair value of financial instruments that are not measured at fair value on a recurring basis (but fair value disclosures are required) as at 31 December 2023, 2022 and 2021:

				As at 31 December 2023	
	Level 1	**Level 2**	**Level 3**	**Total fair value**	**Total carrying amount**
Financial assets:					
Cash and cash equivalents	-	391,231	3,603,058	3,994,289	3,994,289
Loans and amounts due from financial institutions:	-	-	531,645	531,645	534,659
in Treasury portfolio	-	-	492,314	492,314	492,314
in Investment portfolio	-	-	39,331	39,331	42,345
Loans to customers	-	-	2,345,236	2,345,236	2,360,456
Debt securities at amortised cost	208,824	51,012	-	259,836	268,736
Other financial assets	-	-	12,747	12,747	12,747
Financial liabilities:					
Loans and deposits from financial institutions	-	-	3,030,134	3,030,134	3,090,997
Deposits from customers	-	-	128,917	128,917	140,195
Debt securities issued	-	463,465	2,088,807	2,552,272	2,661,484
Other financial liabilities	-	-	11,086	11,086	11,086

				As at 31 December 2022	
	Level 1	**Level 2**	**Level 3**	**Total fair value**	**Total carrying amount**
Financial assets:					
Cash and cash equivalents	-	235,590	1,043,691	1,279,281	1,279,281
Loans and amounts due from financial institutions:	-	-	859,630	859,630	862,270
in Treasury portfolio	-	-	*427,145*	*427,145*	*427,145*
in Investment portfolio	-	-	*432,485*	*432,485*	*435,125*
Loans to customers	-	-	2,203,447	2,203,447	2,160,885
Debt securities at amortised cost	49,169	307,156	-	356,325	384,919
Other financial assets	-	-	18,914	18,914	18,914
Financial liabilities:					
Loans and deposits from financial institutions	-	-	3,100,332	3,100,332	3,165,338
Deposits from customers	-	-	298,752	298,752	307,507
Debt securities issued	-	1,785,770	1,201,824	2,987,594	3,030,076
Other financial liabilities	-	-	16,168	16,168	16,168

				As at 31 December 2021	
	Level 1	**Level 2**	**Level 3**	**Total fair value**	**Total carrying amount**
Financial assets:					
Cash and cash equivalents	-	335,950	94,330	430,280	430,280
Loans and amounts due from financial institutions:					
in Investment portfolio	-	-	597,863	597,863	594,008
Loans to customers	-	-	1,662,536	1,662,536	1,636,108
Debt securities at amortised cost	-	455,231	-	455,231	408,680
Other financial assets	-	-	37,987	37,987	37,987
Financial liabilities:					
Loans and deposits from financial institutions	-	-	1,594,569	1,594,569	1,616,708
Deposits from customers	-	-	282,592	282,592	284,578
Debt securities issued	-	1,968,301	-	1,968,301	1,969,518
Other financial liabilities	-	-	9,174	9,174	9,174

29. RISK MANAGEMENT

(a) Risk management organisational structure

To achieve its strategic goals the Bank faces risks which arise due to insufficiency and asymmetry of data, non-linear and contradictory nature of economical and other processes, random elements, and other factors.

Establishment and development of effective and integral risk management system, which is an important part of corporate governance system of the Bank, is a key aspect of long-term financial stability of the Bank.

The main purpose of risk management system of the Bank is provision of rational confidence that strategic goals of the Bank would be achieved without detriment to continuity of its operations and financial stability.

Risk management is conducted by (i) the Council, (ii) the Management Board, (iii) ALMC, (iv) the Credit Committee, (v) the Credit and risk management department, (vi) the Assets and liabilities management department, (vii) the Internal audit department, and other Committees and departments of the Bank which together are responsible for devising and implementing the Bank's risk management policies, including credit, market, operational and liquidity risks. In order to manage risks the responsible departments of the Bank prepare required management reports to the Bank's Committees on a regular basis.

(i) The Council

The Council participates in the risk management of the Bank by:

- determining major direction of business and the Strategy of the Bank;
- approving the Bank's Investments regulations;
- approving the Bank's investment projects within its limits in accordance with the Investment regulations;
- approving the Bank's financial ratios within its limits in accordance with the Internal and financial ratios regulations; and
- approving planned annual budget for upcoming year.

(ii) The Management Board

The Management Board is responsible for the overall supervision of risk management of the Bank, including:

- development and realisation of Bank's activity programme, including Investment activity, aimed at achieving strategic goals of the Bank;
- approving risk management rules and regulations of the Bank, including interaction guidelines for different departments of the Bank;
- approving the Bank's investment projects within its limits in accordance with the Investment regulations;
- approving the Bank's financial ratios within its limits in accordance with the internal and financial ratios regulations; and
- creation of collective bodies/committees of the Bank and approving their capabilities.

29. RISK MANAGEMENT, CONTINUED

(a) Risk management organisational structure, continued

(iii) ALMC

ALMC is a permanent collective body reporting to the Management Board which is responsible for setting and implementing the Bank's assets and liabilities management policy, liquidity, market risks, and profitability management policy.

(iv) Credit Committee

The Credit Committee is a permanent collective body reporting to the Management Board which reviews each investment project and makes decisions within its limits. Investment projects beyond Credit Committee limits are reviewed and decisions are made by the Management Board.

(v) Credit and risk management department

The Credit and risk management department executes:

- identification and assessment of credit risk of each individual investment project proposal and makes recommendations to the Credit Committee for associated credit risks reduction;
- administrating and monitoring of each individual investment project including monitoring of changes in credit risk accepted by the Bank;
- assessment and monitoring of collateral;
- loans and other financial assets classification and provisions for expected credit losses calculation;
- analysis of counterparties and securities issuers risks within treasury operations; monitoring compliance with limits;
- stress-testing of of the Bank's risk positions;
- preparation and presentation of analytical information on the risk management.

(vi) Assets and liabilities management department

The Assets and liabilities management department is responsible for evaluation and monitoring of interest rate and liquidity risks, including gap-analysis of these risks, and preparation of management reports and recommendations.

(vii) Internal audit department

The Internal audit department executes independent assessment of the effectiveness of risk management system.

(b) Credit risk

Credit risk is a possibility of financial losses, emerging from non-fulfillment of contractual obligations by the borrowers/issuers.

The Bank separates its assets into two portfolios which are the investment portfolio and the treasury portfolio. The purpose of this separation is to provide management of the Bank information about the portfolios' assets structure as these portfolios pursue different aims of the Bank and are managed differently. The sources of credit risk are the investment portfolio of the Bank, comprised mainly of loans/credit lines to borrowers and securities, and the treasury portfolio, comprised mainly of cash and cash equivalents, securities, interbank loans, reverse REPO operations and derivative financial instruments.

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Assets in the investment portfolio pursue the strategic objectives of the Bank based on its mandate. These assets must conform with the Investment regulations, which set out the main principles that guide the Bank when considering investment projects. Origination and acquisition of these assets must be approved by the Credit Committee, the Management Board and, in certain cases, the Council of the Bank.

Assets in the treasury portfolio are intended to protect equity of the Bank from the influence of risk factors, and to maintain sufficient level of liquidity. Assets in the treasury portfolio are managed in accordance with the Investment declaration, the Market and liquidity risks management rules and other internal guidelines. These assets are managed by the Treasury department, overviewed and controlled by the ALMC.

The Committees of the Bank manage the credit risk through consideration and approval investment projects and limits, monitor realisation of projects and compliance with the limits, and take corrective actions where needed.

The Bank pays close attention to control credit concentration risks. In accordance with the internal regulations the maximum exposure on a single borrower or a group of related borrowers cannot be more than 25 per cent of the Bank's equity.

Information on the structure of the portfolios is presented below:

	Current investment portfolio	Treasury Portfolio	Unallocated	31 December 2023 Total
Cash and cash equivalents	-	3,994,289	-	3,994,289
Financial assets at fair value through profit or loss:	13,155	272,391	-	285,546
in Treasury portfolio	-	*272,391*	-	*272,391*
in Investment portfolio	*13,155*	-	-	*13,155*
Loans and amounts due from financial institutions:	42,345	492,314	-	534,659
in Treasury portfolio	-	*492,314*	-	*492,314*
in Investment portfolio	*42,345*	-	-	*42,345*
Loans to customers	2,360,456	-	-	2,360,456
Financial assets at fair value through other comprehensive income:	470,328	201,714	-	672,042
in Treasury portfolio	-	*201,714*	-	*201,714*
in Investment portfolio	*470,328*	-	-	*470,328*
Debt securities at amortised cost	-	268,736	-	268,736
Investments in associates	24	-	-	24
Property, equipment and intangible assets	-	-	16,885	16,885
Other assets	-	-	34,705	34,705
	2,886,308	**5,229,444**	**51,590**	**8,167,342**
Adjustment to CIP*	100,364	-	(100,364)	-
Total assets	**2,986,672**	**5,229,444**	**(48,774)**	**8,167,342**
Total liabilities	**-**	**2,873,864**	**3,305,472**	**6,179,336**
Contingent liabilities and credit commitments	1,786,322	-	-	-
Total current investment portfolio	**4,772,994**			

*According to the internal policies, the Bank allocates balance of current investment portfolio based on the nominal values, excluding provision for expected credit losses, accrued interest and unamortised premiums and discounts.

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

	Current investment portfolio	Treasury Portfolio	Unallocated	31 December 2022 Total
Cash and cash equivalents	-	1,279,281	-	1,279,281
Financial assets at fair value through profit or loss:	16,339	140,132	-	156,471
in Treasury portfolio	-	*140,132*	-	*140,132*
in Investment portfolio	*16,339*	-	-	*16,339*
Loans and amounts due from financial institutions:	435,125	427,145	-	862,270
in Treasury portfolio	-	*427,145*	-	*427,145*
in Investment portfolio	*435,125*	-	-	*435,125*
Loans to customers	2,160,885	-	-	2,160,885
Financial assets at fair value through other comprehensive income:	695,506	2,844,390	-	3,539,896
in Treasury portfolio	-	*2,844,390*	-	*2,844,390*
in Investment portfolio	*695,506*	-	-	*695,506*
Debt securities at amortised cost	-	384,919	-	384,919
Investments in associates	24	-	-	24
Property, equipment and intangible assets	-	-	12,805	12,805
Other assets	-	-	32,040	32,040
	3,307,879	**5,075,867**	**44,845**	**8,428,591**
Adjustment to CIP*	128,326	-	(128,326)	-
Total assets	**3,436,205**	**5,075,867**	**(83,481)**	**8,428,591**
Total liabilities	**-**	**2,953,246**	**3,638,994**	**6,592,240**
Contingent liabilities and credit commitments	1,576,488	-	2,739	1,579,227
Total current investment portfolio	**5,012,693**			

	Current investment portfolio	Treasury Portfolio	Unallocated	31 December 2021 Total
Cash and cash equivalents	-	430,280	-	430,280
Financial assets at fair value through profit or loss:	702	78,846	-	79,548
in Treasury portfolio	-	*78,846*	-	*78,846*
in Investment portfolio	*702*	-	-	*702*
Loans and amounts due from financial institutions:	594,008	-	-	594,008
in Investment portfolio	*594,008*	-	-	*594,008*
Loans to customers	1,636,108	-	-	1,636,108
Financial assets at fair value through other comprehensive income:	695,971	1,889,906	-	2,585,877
in Treasury portfolio	-	*1,889,906*	-	*1,889,906*
in Investment portfolio	*695,971*	-	-	*695,971*
Debt securities at amortised cost	-	408,680	-	408,680
Investments in associates	15,221	-	-	15,221
Property, equipment and intangible assets	-	-	11,776	11,776
Other assets	-	-	46,697	46,697
	2,942,010	**2,807,712**	**58,473**	**5,808,195**
Adjustment to CIP*	46,804	-	(46,804)	-
Total assets	**2,988,814**	**2,807,712**	**11,669**	**5,808,195**
Total liabilities	**-**	**1,021,306**	**2,925,658**	**3,946,964**
Contingent liabilities and credit commitments	1,523,835	-	6,090	1,529,925
Total current investment portfolio	**4,512,649**			

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Credit risk in the investment project financing

Risk management process during financing of investment projects consists of the following stages: risk identification, risk assessment, control and monitoring of risks.

At risk identification stage the Bank prepares a list of risks and their description. For these purposes the Bank defines following general list of risks that might affect the overall credit risk of an investment project:

- infrastructural risks;
- engineering and project risks;
- constructional and completion risks;
- resources supply risks;
- operational risks and risks related to effectiveness (technology, expenditure and management);
- industry risks;
- currency risks;
- interest rate risks;
- compliance risks;
- legal risks;
- social and ecological risks;
- country (political) risks.

A further analysis of identified risks is conducted to determine the probability of risk events occurrence (risk level) and possible consequences (financial losses). Valuation of identified risks is based on Internal models, which include analysis of wide range of quantative and quality parameters. At this stage the Bank prepares individual counter measures for identified and evaluated risks (risk acceptance «as is», risk rejection, risk diminution, full or partial risk transfer) and sets up a list of covenants for early risk detection that is used for control and monitoring of risks.

At the project approval stage, based on the presentation and preliminary decision of the Credit Committee, either the Management Board or the Council of the Bank (in case if credit exposure on a single borrower or a group of related borrowers exceeds 100,000 thousand US dollars) within the limits of their powers, reviews and approves investment projects and makes decisions on any changes and addenda to the existing agreements.

At the stage of control and monitoring of risks the Bank keeps watch over parameters (covenants) which represent early risk change detection framework and on a regular basis revises risk level of investment projects. For this purpose, Internal models are used. In case of significant increase of risk level of investment projects, the Bank prepares risk reduction measures.

For classification of financial assets by credit ratings the Bank primarily uses external long-term credit rating of the borrower/issuer by international scale in currency assigned by international credit rating agencies. In case of absence or withdrawal of external credit rating, the Bank uses credit rating by international scale of the borrower/issuer estimated in accordance with Internal models.

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Credit risk in the investment project financing, continued

The following tables show financial assets in the investment portfolio by Credit ratings, as at 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
Loans and amounts due from financial institutions:				
with credit ratings BBB+, BBB, BBB-	33,584	-	-	33,584
with credit ratings BB+, BB, BB-	8,837	-	-	8,837
with credit ratings CCC+, CCC, CCC-	1	-	-	1
	42,422	**-**	**-**	**42,422**
Less: provision for expected credit losses (Note 9)	(77)	-	-	(77)
Total loans and amounts due from financial institutions	**42,345**	**-**	**-**	**42,345**

	Stage 1	Stage 2	Stage 3	Total
Loans to customers:				
with credit ratings BBB+, BBB, BBB-	131,259	-	-	131,259
with credit ratings BB+, BB, BB-	524,053	-	-	524,053
with credit ratings B+, B, B-	1,332,456	257,137	-	1,589,593
with credit ratings CCC+, CCC, CCC-	171,952	43,018	-	214,970
with credit ratings CC, C, D	-	-	17,946	17,946
	2,159,720	**300,155**	**17,946**	**2,477,821**
Less: provision for expected credit losses (Note 9)	(50,569)	(57,074)	(9,722)	(117,365)
Total loans to customers	**2,109,151**	**243,081**	**8,224**	**2,360,456**

	Stage 1	Stage 2	Stage 3	Total
Financial assets at fair value through other comprehensive income:				
with credit ratings BBB+, BBB, BBB-	124,780	-	-	124,780
with credit ratings BB+, BB, BB-	226,668	-	-	226,668
with credit ratings B+, B, B-	100,939	-	-	100,939
with credit ratings CCC+, CCC, CCC-	-	17,941	-	17,941
Total financial assets at fair value through other comprehensive income	**452,387**	**17,941**	**-**	**470,328**

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Credit risk in the investment project financing, continued

The following tables show financial assets in the investment portfolio by Credit ratings, as at 31 December 2022:

	Stage 1	Stage 2	Stage 3	Total
Loans and amounts due from financial institutions:				
with credit ratings BBB+, BBB, BBB-	392,355	-	-	392,355
with credit ratings BB+, BB, BB-	13,062	605	-	13,667
with credit ratings B+, B, B-	21,387	-	-	21,387
with credit ratings CCC+, CCC, CCC-	1,000	8,472	-	9,472
	427,804	**9,077**	**-**	**436,881**
Less: provision for expected credit losses (Note 9)	(768)	(988)	-	(1,756)
Total loans and amounts due from financial institutions	**427,036**	**8,089**	**-**	**435,125**

	Stage 1	Stage 2	Stage 3	Total
Loans to customers:				
with credit ratings BBB+, BBB, BBB-	47,059	-	-	47,059
with credit ratings BB+, BB, BB-	829,964	-	-	829,964
with credit ratings B+, B, B-	917,548	224,655	-	1,142,203
with credit ratings CCC+, CCC, CCC-	95,716	103,219	-	198,935
with credit ratings CC, C, D	-	-	106,119	106,119
	1,890,287	**327,874**	**106,119**	**2,324,280**
Less: provision for expected credit losses (Note 9)	(55,703)	(47,760)	(59,932)	(163,395)
Total loans to customers	**1,834,584**	**280,114**	**46,187**	**2,160,885**

	Stage 1	Stage 2	Stage 3	Total
Financial assets at fair value through other comprehensive income:				
with credit ratings BBB+, BBB, BBB-	172,356	-	-	172,356
with credit ratings BB+, BB, BB-	325,517	60,845	-	386,362
with credit ratings B+, B, B-	113,295	-	-	113,295
with credit ratings CCC+, CCC, CCC-	-	23,493	-	23,493
Total financial assets at fair value through other comprehensive income	**611,168**	**84,338**	**-**	**695,506**

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Credit risk in the investment project financing, continued

The following tables show financial assets in the investment portfolio by Credit ratings, as at 31 December 2021:

	Stage 1	Stage 2	Stage 3	Total
Loans and amounts due from financial institutions:				
with credit ratings BBB+, BBB, BBB-	47,932	-	-	47,932
with credit ratings BB+, BB, BB-	113,120	-	-	113,120
with credit ratings B+, B, B-	428,759	12,889	-	441,648
	589,811	**12,889**	**-**	**602,700**
Less: provision for expected credit losses (Note 9)	(8,033)	(659)	-	(8,692)
Total loans and amounts due from financial institutions	**581,778**	**12,230**	**-**	**594,008**

	Stage 1	Stage 2	Stage 3	Total
Loans to customers:				
with credit ratings BBB+, BBB, BBB-	462,958	-	-	462,958
with credit ratings BB+, BB, BB-	508,966	17,006	-	525,972
with credit ratings B+, B, B-	593,725	31,157	-	624,882
with credit ratings CC, C, D	-	-	96,192	96,192
	1,565,649	**48,163**	**96,192**	**1,710,004**
Less: provision for expected credit losses (Note 9)	(16,235)	(2,084)	(55,577)	(73,896)
Total loans to customers	**1,549,414**	**46,079**	**40,615**	**1,636,108**

	Stage 1	Stage 2	Stage 3	Total
Financial assets at fair value through other comprehensive income:				
with credit ratings BBB+, BBB, BBB-	244,733	-	-	244,733
with credit ratings BB+, BB, BB-	295,201	-	-	295,201
with credit ratings B+, B, B-	156,033	-	-	156,033
with credit ratings CC, C, D	-	-	4	4
Total financial assets at fair value through other comprehensive income	**695,967**	**-**	**4**	**695,971**

As at 31 December 2023 and 2022 weighted average credit rating of financial assets in the investment portfolio was «B+» (31 December 2021: «BB-»).

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Credit risk in the treasury portfolio

For credit risk management of financial assets in the treasury portfolio the Bank uses a system of limits for the structure of portfolio, different types of financial instruments and individual limits for counterparties/issuers. Structural limits are set by the Management Board, other limits are set by ALMC. In a process of setting limits, the Bank conducts necessary procedures (analysis) of acceptability of credit risk of potential counterparties/issuers.

At the stage of control and monitoring of risks the Bank keeps watch on limits and adjusts them if necessary.

The following tables detail the credit ratings of financial assets in the treasury portfolio of the Bank by credit ratings assigned by the international credit rating agencies as at 31 December 2023, 2022 and 2021:

	31 December 2023	31 December 2022	31 December 2021
Cash and cash equivalents:			
with credit ratings AA+, AA, AA-	163	412	50,174
with credit ratings A+, A, A-	27,290	445,929	208,515
with credit ratings BBB+, BBB, BBB-	234,275	150,884	153,222
with credit ratings BB+, BB, BB-	1,512	73	15,154
with credit ratings B+, B, B-	38,821	908	455
with credit ratings CC, C, D	73,734	181,237	-
not rated	3,619,064	499,980	2,763
	3,994,859	**1,279,423**	**430,283**
Less: provision for expected credit losses (Note 9)	(570)	(142)	(3)
Total cash and cash equivalents	**3,994,289**	**1,279,281**	**430,280**

	31 December 2023	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss:			
with credit ratings A+, A, A-	1,284	6,034	43,920
with credit ratings BBB+, BBB, BBB-	11,581	16,836	16,313
with credit ratings BB+, BB, BB-	-	-	5
with credit ratings CC, C, D	-	15,889	-
not rated	259,526	93,971	-
Total financial assets at fair value through profit or loss	**272,391**	**132,730**	**60,238**

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Credit risk in the treasury portfolio, continued

	31 December 2023	31 December 2022	31 December 2021
Loans and amounts due from financial institutions:			
with credit ratings AA+, AA, AA-	557,824	4,302	-
with credit ratings A+, A, A-	5,119	5,119	-
not rated	9,351	469,131	-
	572,294	**478,552**	**-**
Less: provisions (Note 9)	(79,980)	(51,407)	-
Total loans and amounts due from financial institutions	**492,314**	**427,145**	**-**

	31 December 2023	31 December 2022	31 December 2021
Debt instruments at fair value through other comprehensive income:			
with credit ratings AAA	-	848,559	25,044
with credit ratings AA+, AA, AA-	36,952	1,500,120	982,525
with credit ratings A+, A, A-	-	186,211	203,418
with credit ratings BBB+, BBB, BBB-	54,977	138,680	658,337
with credit ratings BB+, BB, BB-	43,759	-	2,007
not rated	66,026	161,007	-
Total debt instruments at fair value through other comprehensive income	**201,714**	**2,834,577**	**1,871,331**

	31 December 2023	31 December 2022	31 December 2021
Debt securities at amortised cost:			
with credit ratings AA+, AA, AA-	52,341	52,189	-
with credit ratings BBB+, BBB, BBB-	21,374	28,001	397,872
with credit ratings BB+, BB, BB-	16,148	26,769	11,259
with credit ratings B+, B, B-	67,512	64,660	-
not rated	116,671	219,697	-
	274,046	**391,316**	**409,131**
Less: provision for expected credit losses (Note 9)	(5,310)	(6,397)	(451)
Total debt securities at amortised cost	**268,736**	**384,919**	**408,680**

Financial assets in the treasury portfolio that have more than one credit rating are disclosed by the lowest of ratings.

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Maximum exposure

The maximum exposure to credit risk is generally reflected in the carrying amounts of debt financial assets on the statement of financial position and unused credit lines. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from unused credit lines at the reporting date is presented in the Note 25.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Bank’s statement of financial position, or
- are subject to an enforceable master arrangements or similar agreements that cover similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative agreements and global master repurchase agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below unless they are offset in the statement of financial position.

The Bank enters into derivative transactions primarily with the aim of mitigating/hedging its market risks. These operations might carry some credit risk for the Bank. The Bank’s derivative transactions that are not transacted on the exchange are entered into under International Derivative Swaps and Dealers Association (“ISDA”) Master Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In order to minimise its credit risk these agreements usually have a collateral clause if threshold limits are breached. In the event of an early termination due to a termination event and/or, an event of default, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement transactions.

The Bank’s similar financial instruments are covered by global master repurchase agreements with netting terms similar to those of ISDA Master Agreements.

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Offsetting financial assets and financial liabilities, continued

The above ISDA and similar master arrangements do not meet the offsetting criteria in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties. In addition, the Bank and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The tables below show financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements as at 31 December 2023, 2022 and 2021:

31 December 2023			**Related amounts not offset in the statement of financial position**	
Types of financial assets/liabilities	**Gross amounts of recognised financial asset/ liability**	**Net and gross amount of financial assets/ liabilities presented in the statement of financial position**	**Financial instruments / collateral received**	**Net amount**
Derivative assets	164,139	164,139	-	164,139
Loans under reverse repurchase agreements	350,377	350,377	(350,377)	-
Total financial assets	**514,516**	**514,516**	**(350,377)**	**164,139**
Derivatives liabilities	(199,091)	(199,091)	-	(199,091)
Total financial liabilities	**(199,091)**	**(199,091)**	**-**	**(199,091)**

31 December 2022			**Related amounts not offset in the statement of financial position**	
Types of financial assets/liabilities	**Gross amounts of recognised financial asset/ liability**	**Net and gross amount of financial assets/ liabilities presented in the statement of financial position**	**Financial instruments / collateral received**	**Net amount**
Derivative assets	22,654	22,654	-	22,654
Loans under reverse repurchase agreements	3,439	3,439	(3,439)	-
Total financial assets	**26,093**	**26,093**	**(3,439)**	**22,654**
Derivatives liabilities	(2,956)	(2,956)	-	(2,956)
Loans under repurchase agreements	(111,758)	(111,758)	111,758	-
Total financial liabilities	**(114,714)**	**(114,714)**	**111,758**	**(2,956)**

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(b) Credit risk, continued

Offsetting financial assets and financial liabilities, continued

31 December 2021			Related amounts not offset in the statement of financial position	
Types of financial assets/liabilities	**Gross amounts of recognised financial asset/ liability**	**Net and gross amount of financial assets/ liabilities presented in the statement of financial position**	**Financial instruments / collateral received**	**Net amount**
Derivative assets	44,017	44,017	-	44,017
Loans under reverse repurchase agreements	235,500	235,500	(235,500)	-
Total financial assets	**279,517**	**279,517**	**(235,500)**	**44,017**
Derivatives liabilities	(6,904)	(6,904)	-	(6,904)
Loans under repurchase agreements	(914,679)	(914,679)	914,679	-
Total financial liabilities	**(921,583)**	**(921,583)**	**914,679**	**(6,904)**

(c) Liquidity risk

Liquidity risk is a possibility of financial losses, emerging from insufficiency of funds to fulfil the Bank’s financial obligations as they actually fall due.

Liquidity risk arises in the general funding of the Bank’s investment activities and in the management of positions. This risk involves both the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

The Bank maintains liquid assets in amount sufficient to ensure that cash can quickly be made available to honor all of its obligations, even under adverse conditions. The ALMC is primarily responsible for the management of liquidity risk and the liquidity profile of the Bank.

The Council of the Bank set the minimum level of liquid assets in the treasury portfolio being not less than 1-year projected net loan disbursements (loans disbursed less repayments and tied financing), if greater than zero, plus the volume of annual financial debt service. This limit is reviewed on a quarterly basis.

An amount of liquid assets in the treasury portfolio is the sum of assets in the treasury portfolio less than assets that were deemed as illiquid, treasury liabilities including deposits from customers. Compliance with liquidity ratio is one of the key management objectives of the Bank.

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(c) Liquidity risk, continued

The monitoring of liquidity risk is done by the Bank on a continuous basis. The ALMC manages this risk through analysis of assets and liabilities maturity. The Assets and liabilities management department of the Bank monitors liquidity indicators and conducts gap analysis taking in consideration possible changes in a composition of assets and liabilities of the Bank. Such analysis is conducted on a semi-monthly basis and is reviewed on ALMC meetings. Based on the results of these reviews ALMC makes decisions on liquidity risk management, including decisions to borrow funds on financial markets.

An analysis of the liquidity risk, based on the contractual dates of repayment of financial assets and liabilities, is presented in the following table.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2023 Total
FINANCIAL ASSETS:							
Cash and cash equivalents	4.11%	391,231	-	-	-	-	391,231
Financial assets at fair value through profit or loss:		-	1,308	22	8,616	98,306	108,252
in Treasury portfolio	*14.47%*	*-*	*1,308*	*22*	*8,616*	*98,306*	*108,252*
Loans and amounts due from financial institutions:		1	2,426	13,464	26,454	-	42,345
in Investment portfolio	*8.54%*	*1*	*2,426*	*13,464*	*26,454*	*-*	*42,345*
Loans to customers	9.19%	91,737	35,325	417,181	1,286,730	529,483	2,360,456
Financial assets at fair value through other comprehensive income:		11,655	19,241	57,412	379,312	204,422	672,042
in Treasury portfolio	*5.03%*	*11,655*	*16,860*	*695*	*120,691*	*51,813*	*201,714*
in Investment portfolio	*9.87%*	*-*	*2,381*	*56,717*	*258,621*	*152,609*	*470,328*
Debt securities at amortised cost	4.76%	-	837	5,921	251,761	10,217	268,736
Total interest bearing financial assets		**494,624**	**59,137**	**494,000**	**1,952,873**	**842,428**	**3,843,062**
Cash and cash equivalents		3,603,058	-	-	-	-	3,603,058
Financial assets at fair value through profit or loss:		18,212	63,426	81,217	14,439	-	177,294
in Treasury portfolio		*18,212*	*63,426*	*81,217*	*1,284*	*-*	*164,139*
in Investment portfolio		*-*	*-*	*-*	*13,155*	*-*	*13,155*
Loans and amounts due from financial institutions:		-	-	492,314	-	-	492,314
in Treasury portfolio		*-*	*-*	*492,314*	*-*	*-*	*492,314*
Other financial assets		-	-	12,747	-	-	12,747
Total financial assets		**4,115,894**	**122,563**	**1,080,278**	**1,967,312**	**842,428**	**8,128,475**
FINANCIAL LIABILITIES:							
Loans and deposits from financial institutions	1.47%	2,540,341	32,287	72,273	300,665	145,431	3,090,997
Deposits from customers	4.69%	84,647	-	325	27,993	27,230	140,195
Debt securities issued*	7.76%	12,356	15,989	529,289	2,103,850	-	2,661,484
Other financial liabilities		396	413	2,001	4,858	-	7,668
Total interest bearing financial liabilities		**2,637,740**	**48,689**	**603,888**	**2,437,366**	**172,661**	**5,900,344**
Financial liabilities at fair value through profit or loss		31,478	62,355	105,197	61	-	199,091
Other financial liabilities		-	-	3,418	-	-	3,418
Total financial liabilities		**2,669,218**	**111,044**	**712,503**	**2,437,427**	**172,661**	**6,102,853**
Liquidity gap		**1,446,676**	**11,519**	**367,775**	**(470,115)**	**669,767**	

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(c) Liquidity risk, continued

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2022 Total
FINANCIAL ASSETS:							
Cash and cash equivalents	1.28%	235,590	-	-	-	-	235,590
Financial assets at fair value through profit or loss:		-	1,313	825	3,950	103,988	110,076
in Treasury portfolio	*13.98%*	-	*1,313*	*825*	*3,950*	*103,988*	*110,076*
Loans and amounts due from financial institutions:		282,525	7,586	32,463	112,551	-	435,125
in Investment portfolio	*9.12%*	*282,525*	*7,586*	*32,463*	*112,551*	-	*435,125*
Loans to customers	8.65%	75,850	25,595	293,165	1,344,579	421,696	2,160,885
Financial assets at fair value through other comprehensive income:		*2,196,146*	*82,199*	*221,614*	*738,856*	*291,268*	*3,530,083*
in Treasury portfolio	*3.67%*	*2,192,551*	*78,922*	*123,237*	*377,549*	*62,318*	*2,834,577*
in Investment portfolio	*9.92%*	*3,595*	*3,277*	*98,377*	*361,307*	*228,950*	*695,506*
Debt securities at amortised cost	3.97%	59	837	16,820	277,856	89,347	384,919
Total interest bearing financial assets		**2,790,170**	**117,530**	**564,887**	**2,477,792**	**906,299**	**6,856,678**
Cash and cash equivalents		1,043,691	-	-	-	-	1,043,691
Financial assets at fair value through profit or loss:		*671*	*16,592*	*7,402*	*21,730*	-	*46,395*
in Treasury portfolio		*671*	*15,890*	*7,402*	*6,093*	-	*30,056*
in Investment portfolio		-	*702*	-	*15,637*	-	*16,339*
Loans and amounts due from financial institutions:		-	-	427,145	-	-	427,145
in Treasury portfolio		-	-	*427,145*	-	-	*427,145*
Financial assets at fair value through other comprehensive income:		-	-	9,813	-	-	9,813
in Treasury portfolio		-	-	*9,813*	-	-	*9,813*
Other financial assets		-	-	18,914	-	-	18,914
Total financial assets		**3,834,532**	**134,122**	**1,028,161**	**2,499,522**	**906,299**	**8,402,636**
FINANCIAL LIABILITIES:							
Loans and deposits from financial institutions	2.09%	2,623,724	55,709	53,144	294,880	137,881	3,165,338
Deposits from customers	3.21%	244,398	1,053	30,663	20,095	11,298	307,507
Debt securities issued*	7.02%	117,341	633,186	343,009	1,936,540	-	3,030,076
Other financial liabilities		81	267	610	423	-	1,381
Total interest bearing financial liabilities		**2,985,544**	**690,215**	**427,426**	**2,251,938**	**149,179**	**6,504,302**
Financial liabilities at fair value through profit or loss		2,177	-	-	779	-	2,956
Other financial liabilities		-	-	14,787	-	-	14,787
Total financial liabilities		**2,987,721**	**690,215**	**442,213**	**2,252,717**	**149,179**	**6,522,045**
Liquidity gap		**846,811**	**(556,093)**	**585,948**	**246,805**	**757,120**	

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(c) Liquidity risk, continued

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2021 Total
FINANCIAL ASSETS:							
Cash and cash equivalents	1.72%	335,950	-	-	-	-	335,950
Financial assets at fair value through other comprehensive income:		-	-	15	-	16,206	16,221
in Treasury portfolio	*7.88%*	-	-	*15*	-	*16,206*	*16,221*
Loans and amounts due from financial institutions:		216	40,688	71,751	481,353	-	594,008
in Investment portfolio	*3.34%*	*216*	*40,688*	*71,751*	*481,353*	-	*594,008*
Loans to customers	7.17%	60,937	15,129	214,357	894,084	451,601	1,636,108
Financial assets at fair value through other comprehensive income:		134,785	210,532	781,041	820,047	620,897	2,567,302
in Treasury portfolio	*1.61%*	*134,785*	*206,908*	*745,969*	*611,708*	*171,961*	*1,871,331*
in Investment portfolio	*9.09%*	-	*3,624*	*35,072*	*208,339*	*448,936*	*695,971*
Debt securities at amortised cost	2.15%	62	20,080	39,439	166,415	182,684	408,680
Total interest bearing financial assets		**531,950**	**286,429**	**1,106,603**	**2,361,899**	**1,271,388**	**5,558,269**
Cash and cash equivalents		94,330	-	-	-	-	94,330
Financial assets at fair value through profit or loss:		1,996	702	44,217	14,357	2,055	63,327
in Treasury portfolio		*1,996*	-	*44,217*	*14,357*	*2,055*	*62,625*
in Investment portfolio		-	*702*	-	-	-	*702*
Financial assets at fair value through other comprehensive income:		-	-	18,575	-	-	18,575
in Treasury portfolio		-	-	*18,575*	-	-	*18,575*
Other financial assets		-	-	37,987	-	-	37,987
Total financial assets		**628,276**	**287,131**	**1,207,382**	**2,376,256**	**1,273,443**	**5,772,488**
FINANCIAL LIABILITIES:							
Loans and deposits from financial institutions	3.19%	119,584	159,496	275,298	882,878	179,452	1,616,708
Deposits from customers	6.97%	137,840	5,570	106,332	29,391	5,445	284,578
Debt securities issued*	5.97%	16,582	69,097	707,301	1,169,045	7,493	1,969,518
Other financial liabilities	6.88%	71	558	1,638	302	-	2,569
Total interest bearing financial liabilities		**274,077**	**234,721**	**1,090,569**	**2,081,616**	**192,390**	**3,873,373**
Financial liabilities at fair value through profit or loss		31	610	1,651	4,144	468	6,904
Other financial liabilities		-	-	6,605	-	-	6,605
Total financial liabilities		**274,108**	**235,331**	**1,098,825**	**2,085,760**	**192,858**	**3,886,882**
Liquidity gap		**354,168**	**51,800**	**108,557**	**290,496**	**1,080,585**	

*For the purpose of liquidity calculations, the maturity of debt securities issued is taken according to next put option dates (if any).

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(c) Liquidity risk, continued

A further analysis of the liquidity risk is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded in the statement of financial position as the presentation below includes a maturity analysis for financial assets and liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognised in the statement of financial position under the effective interest rate method.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2023 Total
FINANCIAL ASSETS:						
Cash and cash equivalents	3,994,612	-	-	-	-	3,994,612
Financial assets at fair value through profit or loss:	18,212	65,954	85,056	47,487	128,076	344,785
in Treasury portfolio	*18,212*	*65,954*	*85,056*	*34,332*	*128,076*	*331,630*
in Investment portfolio	-	-	-	*13,155*	-	*13,155*
Loans and amounts due from financial institutions:	1	2,677	508,331	29,050	-	540,059
in Treasury portfolio	-	-	*492,314*	-	-	*492,314*
in Investment portfolio	*1*	*2,677*	*16,017*	*29,050*	-	*47,745*
Loans to customers	93,360	56,915	608,041	1,746,853	717,804	3,222,973
Financial assets at fair value through other comprehensive income:	11,814	20,896	98,877	546,363	317,140	995,090
in Treasury portfolio	*11,814*	*17,629*	*6,778*	*147,232*	*65,273*	*248,726*
in Investment portfolio	-	*3,267*	*92,099*	*399,131*	*251,867*	*746,364*
Debt securities at amortised cost	-	1,244	18,578	288,006	12,240	320,068
Other financial assets	-	-	12,747	-	-	12,747
Total financial assets	**4,117,999**	**147,686**	**1,331,630**	**2,657,759**	**1,175,260**	**9,430,334**
FINANCIAL LIABILITIES:						
Loans and deposits from financial institutions	2,540,495	35,590	97,164	402,696	204,573	3,280,518
Financial liabilities at fair value through profit or loss	31,478	62,355	105,197	61	-	199,091
Deposits from customers	84,899	458	2,374	34,559	31,015	153,305
Debt securities issued	14,868	27,219	668,513	2,518,760	-	3,229,360
Other financial liabilities	396	418	5,445	4,861	-	11,120
Total financial liabilities	**2,672,136**	**126,040**	**878,693**	**2,960,937**	**235,588**	**6,873,394**
Net position	**1,445,863**	**21,646**	**452,937**	**(303,178)**	**939,672**	**2,556,940**
Contingent liabilities and credit commitments	332,711	323,948	538,148	468,520	122,995	1,786,322

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(c) Liquidity risk, continued

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2022 Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,279,295	-	-	-	-	1,279,295
Financial assets at fair value through profit or loss:	671	19,120	11,540	52,308	157,040	240,679
in Treasury portfolio	*671*	*18,418*	*11,540*	*36,671*	*157,040*	*224,340*
in Investment portfolio	-	*702*	-	*15,637*	-	*16,339*
Loans and amounts due from financial institutions:	281,378	8,589	469,592	131,453	-	891,012
in Treasury portfolio	-	-	*427,145*	-	-	*427,145*
in Investment portfolio	*281,378*	*8,589*	*42,447*	*131,453*	-	*463,867*
Loans to customers	79,258	48,851	430,749	1,807,375	689,897	3,056,130
Financial assets at fair value through other comprehensive income:	2,197,345	88,884	286,455	972,957	447,576	3,993,217
in Treasury portfolio	*2,196,575*	*81,588*	*144,853*	*445,001*	*85,130*	*2,953,147*
in Investment portfolio	770	7,296	141,602	527,956	362,446	1,040,070
Debt securities at amortised cost	63	1,244	31,244	344,497	74,484	451,532
Other financial assets	-	-	18,914	-	-	18,914
Total financial assets	**3,838,010**	**166,688**	**1,248,494**	**3,308,590**	**1,368,997**	**9,930,779**
FINANCIAL LIABILITIES:						
Loans and deposits from financial institutions	2,624,664	56,989	63,460	340,532	148,879	3,234,524
Financial liabilities at fair value through profit or loss	2,177	-	-	779	-	2,956
Deposits from customers	244,774	1,567	32,808	26,772	13,713	319,634
Debt securities issued	118,993	656,029	434,633	2,209,778	-	3,419,433
Other financial liabilities	82	292	15,454	419	-	16,247
Total financial liabilities	**2,990,690**	**714,877**	**546,355**	**2,578,280**	**162,592**	**6,992,794**
Net position	**847,320**	**(548,189)**	**702,139**	**730,310**	**1,206,405**	**2,937,985**
Contingent liabilities and credit commitments	43,436	201,013	445,295	776,643	112,840	1,579,227

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(c) Liquidity risk, continued

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2021 Total
FINANCIAL ASSETS:						
Cash and cash equivalents	430,517	-	-	-	-	430,517
Financial assets at fair value through profit or loss:	1,996	702	46,312	19,132	22,851	90,993
in Treasury portfolio	*1,996*	*-*	*46,312*	*19,132*	*22,851*	*90,291*
in Investment portfolio	*-*	*702*	*-*	*-*	*-*	*702*
Loans and amounts due from financial institutions:	218	42,384	87,055	514,964	-	644,621
in Investment portfolio	*218*	*42,384*	*87,055*	*514,964*	*-*	*644,621*
Loans to customers	63,063	24,246	298,975	1,188,358	580,127	2,154,769
Financial assets at fair value through other comprehensive income:	134,975	216,878	877,878	1,167,235	624,026	3,020,992
in Treasury portfolio	*134,975*	*209,503*	*782,956*	*663,500*	*185,799*	*1,976,733*
in Investment portfolio	*-*	*7,375*	*94,922*	*503,735*	*438,227*	*1,044,259*
Debt securities at amortised cost	66	20,326	57,635	229,871	199,728	507,626
Other financial assets	-	-	37,987	-	-	37,987
Total financial assets	**630,835**	**304,536**	**1,405,842**	**3,119,560**	**1,426,732**	**6,887,505**
FINANCIAL LIABILITIES:						
Loans and deposits from financial institutions	119,655	163,408	285,881	989,703	196,022	1,754,669
Financial liabilities at fair value through profit or loss	31	610	1,651	4,144	468	6,904
Deposits from customers	135,511	7,549	117,013	35,646	7,961	303,680
Debt securities issued	19,526	77,496	777,248	1,269,018	-	2,143,288
Other financial liabilities	72	577	8,275	308	-	9,232
Total financial liabilities	**274,795**	**249,640**	**1,190,068**	**2,298,819**	**204,451**	**4,217,773**
Net position	**356,040**	**54,896**	**215,774**	**820,741**	**1,222,281**	**2,669,732**
Contingent liabilities and credit commitments	1,045	175,331	386,535	927,591	39,423	1,529,925

The Bank plans to manage its maturity position through the issuance of debt securities and attraction of other borrowed funds. Also financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are eligible to be sold if required for liquidity purposes. Most of the commitments have a number of requirements before been issued. Also in some cases the Bank has an option to withdraw or delay issue of loan.

(d) Market risk

Market risk covers interest rate risk, currency and price risks. In order to measure price and currency risks the Bank uses a Value-at-Risk (VAR) methodology. In order to measure interest rate risk the Bank assesses its sensitivity to changes in interest rates. The Bank uses a system of limits to manage these risks.

Derivative financial instruments may be used for full or partial hedging, reducing the effect of market risks or open positions, subject to the restrictions imposed by the Investment Declaration. The Bank may open short positions only for the purposes of hedging or risk-reducing transactions.

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(d) Market risk, continued

Interest rate sensitivity

Interest rate risk is a possibility of financial losses, emerging from negative changes in market interest rates on balance and off-balance positions of the Bank.

The ALMC of the Bank manages interest rate risk through the management of interest-sensitive asset and liability positions of the Bank, and controls risk from changes in market interest rates through setting limits on the maximum amount of interest rate risk accepted by the Bank. The Bank's Assets and liabilities management department together with the Treasury department monitors interest rate risk, estimates sensitivity of the Bank's financial position in relation to changes in interest rates and the influence of changes in interest rates on the net profit of the Bank.

The Bank conducts a regular analysis of interest rate risk in order to maintain this type of risk at an adequate level and control its impact on the Bank's financial indicators. To analyse the level of interest rate risk, the Bank uses gap analysis and the Economic Value of Equity (EVE) method, which assess the Bank's assets and liabilities in terms of sensitivity to changes in interest rates. In order to manage interest rate risk, the Bank sets limits for negative financial result in case of interest rates change. The analysis is carried out by the Assets and liabilities management department, general management and setting of limits – by ALMC.

The following table details the Bank's sensitivity to a 3% increase and decrease in the interest rates in 2023, 2022 and 2021. This is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates. The sensitivity analysis includes only outstanding financial assets and liabilities with variable interest rates.

An analysis of sensitivity of net profit and equity to changes in interest rates (repricing risk) based on a simplified scenario of a 300 basis points (bps) symmetrical fall or rise in all yield curves and positions of variable interest rate assets and liabilities existing as at 31 December 2023, 2022 and 2021 is as follows:

	As at 31 December 2023		As at 31 December 2022		As at 31 December 2021	
	Interest rate +3%	**Interest rate -3%**	**Interest rate +3%**	**Interest rate -3%**	**Interest rate +3%**	**Interest rate -3%**
Financial assets:						
Loans and amounts due from financial institutions:						
in Investment portfolio	-	-	2,674	(2,674)	15,214	(12,615)
Loans to customers	45,545	(45,545)	43,890	(43,890)	29,834	(25,538)
Financial liabilities:						
Loans from financial institutions	(5,725)	5,725	(10,050)	10,050	(5,580)	2,422
Net impact on net profit and equity	**39,820**	**(39,820)**	**36,514**	**(36,514)**	**39,468**	**(35,731)**

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(d) Market risk, continued

Interest rate sensitivity, continued

An analysis of sensitivity of equity as a result of changes in the financial assets at fair value through other comprehensive income due to changes in the interest rates based on positions existing as at 31 December 2023, 2022 and 2021, and a simplified scenario of a 300 bp symmetrical fall or rise in all yield curves is as follows:

	As at 31 December 2023		As at 31 December 2022		As at 31 December 2021	
	Interest rate +3%	Interest rate -3%	Interest rate +3%	Interest rate -3%	Interest rate +3%	Interest rate -3%
Financial assets at fair value through other comprehensive income:						
in Treasury portfolio	(23,502)	16,706	(53,498)	39,818	(95,522)	105,376
in Investment portfolio	(16,817)	120,924	(91,879)	89,166	(116,778)	103,607
Net impact on equity	**(40,319)**	**137,630**	**(145,377)**	**128,984**	**(212,300)**	**208,983**

Currency risk

Currency risk is a possibility of financial losses, emerging from negative changes in foreign exchange rates. The Bank is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

Currency risk analysis is conducted by reviewing of open currency positions in different currencies. Potential changes in the balance sheet structure are also taken into account. The Bank sets limits on the open currency position in each single currency and in aggregate for all currencies. The maximum amount of any currency position of the Bank may not exceed 10% of the Bank's equity capital in any one currency or 20% of the Bank's equity capital in all currencies. The Treasury department manages currency risk through the management of the open currency positions, which enables the Bank to minimise losses from significant fluctuations of exchange rates of foreign currencies. The Credit and risk management department monitors the currency risk limits set by the Management Board of the Bank and ALMC on a daily basis.

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(d) Market risk, continued

Currency risk, continued

The Bank's exposure to foreign currency exchange rate risk is presented in the table below:

	US dollars	Kazakh-stani tenge	Russian rouble	Euro	Other curren-cies	31 December 2023 Total
Financial assets:						
Cash and cash equivalents	382,842	128,422	3,262,851	38,656	181,518	3,994,289
Financial assets at fair value through profit or loss:	260,372	-	24,780	-	394	285,546
in Treasury portfolio	260,372	-	11,625	-	394	272,391
in Investment portfolio	-	-	13,155	-	-	13,155
Loans and amounts due from financial institutions:	461,498	8,814	38,389	25,958	-	534,659
in Treasury portfolio	461,498	-	4,858	25,958	-	492,314
in Investment portfolio	-	8,814	33,531	-	-	42,345
Loans to customers	1,166,325	172,619	503,826	356,524	161,162	2,360,456
Financial assets at fair value through other comprehensive income:	131,748	378,571	155,543	6,180	-	672,042
in Treasury portfolio	131,748	38,443	25,343	6,180	-	201,714
in Investment portfolio	-	340,128	130,200	-	-	470,328
Debt securities at amortised cost	247,388	-	21,348	-	-	268,736
Investments in associates	24	-	-	-	-	24
Other financial assets	12,360	-	185	-	202	12,747
Total financial assets	**2,662,557**	**688,426**	**4,006,922**	**427,318**	**343,276**	**8,128,499**
Financial liabilities:						
Loans and deposits from financial institutions	238,512	126,985	2,378,570	238,920	108,010	3,090,997
Financial liabilities at fair value through profit or loss	198,925	-	105	61	-	199,091
Deposits from customers	5,799	71,298	47,321	12,786	2,991	140,195
Debt securities issued	839,136	499,673	808,755	245,843	268,077	2,661,484
Other financial liabilities	2,377	319	8,306	29	55	11,086
Total financial liabilities	**1,284,749**	**698,275**	**3,243,057**	**497,639**	**379,133**	**6,102,853**
OPEN BALANCE SHEET POSITION	**1,377,808**	**(9,849)**	**763,865**	**(70,321)**	**(35,857)**	**2,025,646**
Net spot and derivative financial instruments position	586,224	(5)	(740,228)	63,092	44,411	(46,506)
TOTAL OPEN POSITION	**1,964,032**	**(9,854)**	**23,637**	**(7,229)**	**8,554**	**1,979,140**
Contingent liabilities and credit commitments	991,732	37,165	568,592	29,552	159,281	1,786,322

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(d) Market risk, continued

Currency risk, continued

	US dollars	Kazakh-stani tenge	Russian rouble	Euro	Other curren-cies	31 December 2022 Total
Financial assets:						
Cash and cash equivalents	438,854	12,235	367,487	33,488	427,217	1,279,281
Financial assets at fair value through profit or loss:	123,324	-	32,532	-	615	156,471
in Treasury portfolio	*122,622*	-	*16,895*	-	*615*	*140,132*
in Investment portfolio	*702*	-	*15,637*	-	-	*16,339*
Loans and amounts due from financial institutions:	445,197	13,587	402,095	1,391	-	862,270
in Treasury portfolio	*423,573*	-	*2,181*	*1,391*	-	*427,145*
in Investment portfolio	*21,624*	*13,587*	*399,914*	-	-	*435,125*
Loans to customers	765,926	217,486	642,786	498,659	36,028	2,160,885
Financial assets at fair value through other comprehensive income:	2,577,056	466,249	336,402	95,085	65,104	3,539,896
in Treasury portfolio	*2,540,413*	*43,106*	*100,682*	*95,085*	*65,104*	*2,844,390*
in Investment portfolio	*36,643*	*423,143*	*235,720*	-	-	*695,506*
Debt securities at amortised cost	326,856	-	27,972	30,091	-	384,919
Investments in associates	24	-	-	-	-	24
Other financial assets	15,895	1,038	68	1,648	265	18,914
Total financial assets	**4,693,132**	**710,595**	**1,809,342**	**660,362**	**529,229**	**8,402,660**
Financial liabilities:						
Loans and deposits from financial institutions	1,752,889	300,838	335,606	609,268	166,737	3,165,338
Financial liabilities at fair value through profit or loss	2,800	-	67	89	-	2,956
Deposits from customers	153,253	56,980	62,302	34,971	1	307,507
Debt securities issued	746,422	370,657	1,397,750	239,618	275,629	3,030,076
Other financial liabilities	12,200	383	3,336	150	99	16,168
Total financial liabilities	**2,667,564**	**728,858**	**1,799,061**	**884,096**	**442,466**	**6,522,045**
OPEN BALANCE SHEET POSITION	**2,025,568**	**(18,263)**	**10,281**	**(223,734)**	**86,763**	**1,880,615**
Net spot and derivative financial instruments position	(82,637)	(109)	(34,821)	227,255	(90,068)	19,620
TOTAL OPEN POSITION	**1,942,931**	**(18,372)**	**(24,540)**	**3,521**	**(3,305)**	**1,900,235**
Contingent liabilities and credit commitments	662,260	90,538	715,539	55,425	55,465	1,579,227

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(d) Market risk, continued

Currency risk, continued

	US dollars	Kazakh-stani tenge	Russian rouble	Euro	Other curren-cies	31 December 2021 Total
Financial assets:						
Cash and cash equivalents	232,329	137,081	15,569	43,751	1,550	430,280
Financial assets at fair value through profit or loss:	60,170	-	16,873	-	2,505	79,548
in Treasury portfolio	*59,468*	-	*16,873*	-	*2,505*	*78,846*
in Investment portfolio	*702*	-	-	-	-	*702*
Loans and amounts due from financial institutions:	120,027	19,235	59,376	395,370	-	594,008
in Investment portfolio	*120,027*	*19,235*	*59,376*	*395,370*	-	*594,008*
Loans to customers	112,459	255,805	700,898	566,946	-	1,636,108
Financial assets at fair value through other comprehensive income:	1,555,353	551,703	280,718	111,267	86,836	2,585,877
in Treasury portfolio	*1,497,794*	*143,932*	*50,077*	*111,267*	*86,836*	*1,889,906*
in Investment portfolio	*57,559*	*407,771*	*230,641*	-	-	*695,971*
Debt securities at amortised cost	350,658	-	25,706	32,316	-	408,680
Investments in associates	15,221	-	-	-	-	15,221
Other financial assets	34,498	1,110	332	1,753	294	37,987
Total financial assets	**2,480,715**	**964,934**	**1,099,472**	**1,151,403**	**91,185**	**5,787,709**
Financial liabilities:						
Loans and deposits from financial institutions	190,762	156,738	388,824	642,200	238,184	1,616,708
Financial liabilities at fair value through profit or loss	3,844	-	2,931	129	-	6,904
Deposits from customers	34,292	214,484	26,340	9,462	-	284,578
Debt securities issued	608,928	578,218	444,065	338,307	-	1,969,518
Other financial liabilities	5,567	372	2,712	415	108	9,174
Total financial liabilities	**843,393**	**949,812**	**864,872**	**990,513**	**238,292**	**3,886,882**
OPEN BALANCE SHEET POSITION	**1,637,322**	**15,122**	**234,600**	**160,890**	**(147,107)**	**1,900,827**
Net spot and derivative financial instruments position	334,027	(5,676)	(279,829)	(158,775)	149,202	38,949
TOTAL OPEN POSITION	**1,971,349**	**9,446**	**(45,229)**	**2,115**	**2,095**	**1,939,776**
Contingent liabilities and credit commitments	584,899	36,717	569,017	295,075	44,217	1,529,925

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(d) Market risk, continued

Currency risk sensitivity

The following table details the Bank's sensitivity to a 15% increase and decrease in US Dollar/Russian rouble and US Dollar/Kazakhstani tenge exchange rates as at 31 December 2023, 2022 and 2021, respectively and a 10% increase and decrease in the US Dollar/Euro exchange rate. These sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for respective changes in currency rates as at 31 December 2023, 2022 and 2021.

Impact on net profit and equity based on asset values as at 31 December 2023, 2022 and 2021:

	US Dollar/ Russian rouble					
	As at 31 December 2023		As at 31 December 2022		As at 31 December 2021	
	+15%	-15%	+15%	-15%	+15%	-15%
Impact on net profit	3,546	(3,546)	(3,681)	3,681	(6,784)	6,784
Impact on equity	3,546	(3,546)	(3,681)	3,681	(6,784)	6,784

	US Dollar/ Kazakhstani tenge					
	As at 31 December 2023		As at 31 December 2022		As at 31 December 2021	
	+15%	-15%	+15%	-15%	+15%	-15%
Impact on net profit	(1,479)	1,479	(2,756)	2,756	1,417	(1,417)
Impact on equity	(1,479)	1,479	(2,756)	2,756	1,417	(1,417)

	US Dollar/ Euro					
	As at 31 December 2023		As at 31 December 2022		As at 31 December 2021	
	+10%	-10%	+10%	-10%	+10%	-10%
Impact on net profit	(1,084)	1,084	352	(352)	212	(212)
Impact on equity	(1,084)	1,084	352	(352)	212	(212)

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Bank's assets and liabilities are actively managed. Additionally, the financial position of the Bank may vary at the time that any actual market movement occurs. For example, the Bank's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value in the statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(d) Market risk, continued

Currency risk sensitivity, continued

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

(e) Presentation of financial instruments by measurement category

The following tables provide a reconciliation of financial assets with these measurement categories as of 31 December 2023, 2022 and 2021:

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	31 December 2023 Total
Cash and cash equivalents	-	-	3,994,289	3,994,289
Financial assets at fair value through profit or loss:	285,546	-	-	285,546
in Treasury portfolio	*272,391*	-	-	*272,391*
in Investment portfolio	*13,155*	-	-	*13,155*
Loans and amounts due from financial institutions:	-	-	534,659	534,659
in Treasury portfolio	-	-	*492,314*	*492,314*
in Investment portfolio	-	-	*42,345*	*42,345*
Loans to customers	-	-	2,360,456	2,360,456
Financial assets at fair value through other comprehensive income:	-	672,042	-	672,042
in Treasury portfolio	-	*201,714*	-	*201,714*
in Investment portfolio	-	*470,328*	-	*470,328*
Debt securities at amortised cost	-	-	268,736	268,736
Other financial assets	-	-	12,747	12,747

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	31 December 2022 Total
Cash and cash equivalents	-	-	1,279,281	1,279,281
Financial assets at fair value through profit or loss:	156,471	-	-	156,471
in Treasury portfolio	*140,132*	-	-	*140,132*
in Investment portfolio	*16,339*	-	-	*16,339*
Loans and amounts due from financial institutions:	-	-	862,270	862,270
in Treasury portfolio	-	-	*427,145*	*427,145*
in Investment portfolio	-	-	*435,125*	*435,125*
Loans to customers	-	-	2,160,885	2,160,885
Financial assets at fair value through other comprehensive income:	-	3,539,896	-	3,539,896
in Treasury portfolio	-	*2,844,390*	-	*2,844,390*
in Investment portfolio	-	*695,506*	-	*695,506*
Debt securities at amortised cost	-	-	384,919	384,919
Other financial assets	-	-	18,914	18,914

(in thousands of US dollars)

29. RISK MANAGEMENT, CONTINUED

(e) Presentation of financial instruments by measurement category, continued

	Fair value through profit or loss	**Fair value through other comprehensive income**	**Amortised cost**	**31 December 2021 Total**
Cash and cash equivalents	-	-	430,280	430,280
Financial assets at fair value through profit or loss:	79,548	-	-	79,548
in Treasury portfolio	*78,846*	-	-	*78,846*
in Investment portfolio	*702*	-	-	*702*
Loans and amounts due from financial institutions:	-	-	594,008	594,008
in Investment portfolio	-	-	*594,008*	*594,008*
Loans to customers	-	-	1,636,108	1,636,108
Financial assets at fair value through other comprehensive income:	-	2,585,877	-	2,585,877
in Treasury portfolio	-	*1,889,906*	-	*1,889,906*
in Investment portfolio	-	*695,971*	-	*695,971*
Debt securities at amortised cost	-	-	408,680	408,680
Other financial assets	-	-	37,987	37,987

As at 31 December 2023, 2022 and 2021, all of the Bank's financial liabilities, except for derivative financial instruments measured at fair value through profit or loss, were carried at amortised cost.