The Economic Cooperation Organization
Trade and Development Bank

Financial Statements
As at and for the year ended 31 December 2017
With Independent Auditors' Report Thereon

16 May 2018

This report contains the "Independent Auditors' Report" comprising 3 pages and; the "Financial statements and their explanatory notes" comprising 50 pages.

The Economic Cooperation Organization Trade and Development Bank

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KPMG

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Independent Auditors' Report

To the Board of Directors of The Economic Cooperation Organization Trade and Development Bank,

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Economic Cooperation Organization Trade and Development Bank ("the Bank"), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Alper Güvenç
Partner

16 May2018
İstanbul, Turkey

THE ECONOMIC COOPERATION ORGANIZATION TRADE AND DEVELOPMENT BANK

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

	Notes	31 December 2017	31 December 2016
ASSETS			
Loans and advances to banks	7	341,017	337,111
Loans and advances to customers	8	129,798	110,742
Investment securities: Available-for-sale	9	14,068	16,248
Derivative financial instruments	6	663	238
Property and equipment	10	7,735	9,639
Investment property	11	1,762	-
Intangible assets	12	115	158
Other assets	13	353	239
Total assets		**495,511**	**474,375**
LIABILITIES			
Deposits from banks	14	117,228	109,139
Derivative financial instruments	6	732	2,342
Employee benefits	15	3,073	2,782
Other liabilities	16	1,132	785
Total liabilities		**122,165**	**115,048**
EQUITY			
Share capital	17	319,430	315,150
Revaluation reserves		49	81
Other reserves		44,096	36,622
Retained earnings		9,771	7,474
Total equity		**373,346**	**359,327**
Total liabilities and equity		**495,511**	**474,375**

The accompanying notes form an integral part of these financial statements.

THE ECONOMIC COOPERATION ORGANIZATION TRADE AND DEVELOPMENT BANK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

Profit or Loss	**Notes**	**31 December 2017**	**31 December 2016**
Interest income	18	13,637	11,310
Interest expense	18	(920)	(742)
Net interest income		**12,717**	**10,568**
Fee and commission income	19	346	415
Fee and commission expense	19	(4)	(10)
Net fee and commission income		**342**	**405**
Foreign exchange gain/(loss), net		957	831
Other operating income		92	91
Operating income		**14,108**	**11,895**
Personnel expenses	20	(3,642)	(3,637)
Other administrative expenses	20	(493)	(551)
Depreciation and amortization	10, 11, 12, 20	(202)	(233)
Operating expenses		**(4,337)**	**(4,421)**
Net profit for the period		**9,771**	**7,474**
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Gain/(loss) on available-for-sale financial assets		(32)	163
Re-measurement gain/(loss) on defined benefit plans		-	-
Other comprehensive income		**(32)**	**163**
Total comprehensive income		**9,739**	**7,637**

The accompanying notes form an integral part of these financial statements.

THE ECONOMIC COOPERATION ORGANIZATION TRADE AND DEVELOPMENT BANK

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

	Notes	Share Capital	Revaluation reserves	Other reserves	Retained earnings	Total
1 January 2016		**310,870**	**(82)**	**30,252**	**6,370**	**347,410**
Increase in paid-in share capital	17	4,280	-	-	-	4,280
Appropriation of profit		-	-	6,370	(6,370)	-
Fair value gains on available-for-sale financial assets		-	163	-	-	163
Net profit for the period		-	-	-	7,474	7,474
31 December 2016		**315,150**	**81**	**36,622**	**7,474**	**359,327**
1 January 2017		**315,150**	**81**	**36,622**	**7,474**	**359,327**
Increase in paid-in share capital	17	4,280	-	-	-	4,280
Appropriation of profit		-	-	7,474	(7,474)	-
Fair value gains on available-for-sale financial assets		-	(32)	-	-	(32)
Re-measurement gain/(loss) on defined benefit plans		-	-	-	-	-
Net profit for the period		-	-	-	9,771	9,771
31 December 2017		**319,430**	**49**	**44,096**	**9,771**	**373,346**

The accompanying notes form an integral part of these financial statements.

THE ECONOMIC COOPERATION ORGANIZATION TRADE AND DEVELOPMENT BANK

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

	Notes	31 December 2017	31 December 2016
Cash flows from operating activities:			
Net profit for the period		9,771	7,474
Adjustments for:			
Depreciation and amortization	10, 11, 12, 20	202	233
Accrued interest and expenses		88	(368)
Measurement of derivative financial instruments at fair value	6	(2,035)	1,176
Provision for employee benefit obligations	15	364	370
Effect of exchange rate changes on cash and cash equivalents		(3,191)	(389)
Other non-cash items		(223)	-
Cash flows from operating activities before changes in operating assets and liabilities		**4,976**	**8,496**
Changes in operating assets and liabilities:			
Change in loans and advances to banks		21,346	34,262
Change in loans and advances to customers		(19,147)	(262)
Change in other assets		(227)	175
Change in employee benefits		(198)	295
Change in deposits from banks		8,098	(5,613)
Change in other liabilities		651	(243)
Net cash from/(used in) operating activities		**15,499**	**37,110**
Cash flows from investing activities:			
Purchase of investment securities		(4,422)	(4,295)
Proceeds from investment securities		6,582	16,363
Purchase of property and equipment	10	(10)	-
Purchase of intangible assets	12	(7)	-
Net cash from/(used in) investing activities		**2,143**	**12,068**
Cash flows from financing activities:			
Increase in paid-in share capital	17	4,280	4,280
Net cash from/(used in) financing activities		**4,280**	**4,280**
Net increase/(decrease) in cash and cash equivalents		**21,922**	**53,458**
Effects of exchange-rate changes on cash and cash equivalents		3,191	389
Cash and cash equivalents at the beginning of the period		85,599	31,752
Cash and cash equivalents at the end of the period	**5**	**110,712**	**85,599**

The accompanying notes form an integral part of these financial statements.

NOTE 1 - GENERAL INFORMATION

The Economic Cooperation Organization Trade and Development Bank ("the Bank" or "ETDB") is a multilateral development finance institution established under the Articles of Agreement ("the Agreement") with the mission; to promote and facilitate private and public sector investment, cooperation, development and job creation in member states through joint programs, to foster the growth of intra-regional trade, to contribute to the economic and social development for the welfare of the people in member states and promote good governance and environment consciousness in all efforts and projects.

The status, privileges and immunities of the Bank and persons connected therewith in the Republic of Turkey are defined in the Headquarters Agreement between the ECO Trade and Development Bank and the Government of the Republic of Turkey (the "Headquarters Agreement") signed on 27 December 2006. The Headquarters Agreement was ratified by the Grand National Assembly and the President of the Republic of Turkey by Law No. 5638 and was published in Official Gazette dated 3 July 2007 with No. 26571.

The headquarters address of the Bank is "Bomonti Business Center, Cumhuriyet Mah. Silahşör Caddesi, Yeniyol Sk. No: 8 Kat: 14, 34380 Bomonti Şişli - İstanbul Turkey".

The Management Committee of the Bank decided to submit the financial statements for the year ended 31 December 2017 to the Board of Directors on 16 May 2018.

As of 31 December 2017, the number of employees of the Bank is 44 (31 December 2016: 39).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this financial information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS comprise accounting standards issued by the International Accounting Standards Board ("IASB") and its predecessor body and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and its predecessor body.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New standards and amendments

The Bank has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2017.

- Disclosure Initiative (Amendments to IAS 1 and IAS 7)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- Annual Improvements to IFRS Standards (Amendments to IFRS 12)

(c) New and revised IFRSs in issue but not yet effective

The application of these new standards is not expected to have a material impact on the Bank's financial statements in the period of initial application, except for IFRS 9.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". It also carries forward the guidance on recognition, classification, measurement and derecognition of financial instruments from IAS 39 to IFRS 9. The last version of IFRS 9 includes a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements and also includes guidance issued in previous versions of IFRS 9. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 15 Revenue from Contracts with customers

The new standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating performance obligations for goods and services in a contract and recognition of revenue over time. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Bank does not expect that application of IFRS 15 will have significant impact on its financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 16 Leases

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Bank does not expect that application of IFRS 16 will have significant impact on its financial statements.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. IFRIC 22 is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Bank does not expect that application of IFRIC 22 will have significant impact on its financial statements.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: (i) measurement of cash-settled share-based payments, (ii) classification of share-based payments settled net of tax withholdings; and (iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Bank does not expect that application of these amendments to IFRS 2 will have significant impact on its financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 1 "First Time Adoption of International Financial Reporting Standards"

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters within the context of 'Annual Improvements to IFRSs 2012-2014 Cycle' related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 12 "Disclosure of Interests in Other Entities"

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

IAS 28 "Investments in Associates and Joint Ventures"

The amendment enables when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

(d) Foreign currency translation

i. Functional and presentation currency

In accordance with Article 4 of the Agreement the unit of account of the Bank is ECO Unit ("EU") that is equivalent to one Special Drawing Right ("SDR") of the International Monetary Fund ("IMF").

In accordance with the Article 11 of the Agreement, the Bank's "functional currency" is the SDR and all transactions are recorded in SDR. The Bank's "presentation currency" is ECO Unit ("EU").

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions as provided by the International Monetary Fund (IMF). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Exchange rates used by the Bank at the reporting dates were as follows:

		31 December 2017	31 December 2016
1 EU (SDR) =	United States Dollar	1.4241	1.3443
	Euro	1.1875	1.2753
	Chinese Yuan	9.2734	9.2910
	Japanese Yen	160.785	157.018
	Pound Sterling	1.0540	1.0928
	Turkish Lira	5.3738	4.7343
	Iranian Rial	51,250	43,387
	Pakistani Rupee	156.989	140.903

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Loans and advances

Loans and advances are recorded when the Bank advances money to purchase or originate an unquoted non-derivative receivable from a customer due on fixed or determinable dates and has no intention of trading the receivable. Loans and advances are carried at amortized cost (Notes 7 and 8).

(f) Financial instruments and impairment

i. Recognition

The Bank initially recognizes loans and advances and deposits on the date on which they are originated. All other financial instruments such as derivative financial instruments and available-for-sale financial assets are recognized on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

ii. Classification

The Bank classifies its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available-for-sale, and
- at FVTPL, and within this category as:
  - held for trading; or
  - designated at FVTPL.

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL.

iii. Derecognition

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) consideration received and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

v. Amortized cost measurement

The "amortized cost" of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

vi. Fair value measurement

"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 in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vii. Subsequent measurement

Subsequent to initial recognition, all non-trading financial liabilities, loans and receivables and held-to-maturity investment securities are measured at amortized cost using the effective interest method. Other financial assets, including derivatives shall be measured at their fair values, without any deduction for transaction costs it may incur on sale or other disposal.

The interest calculated using effective interest method is recognized in the statement of profit or loss and other comprehensive income and the gains and losses being the difference between the amortized cost and the fair value of the available-for-sale investment securities are recognized under the equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized.

Deposits from banks are stated at amortized cost, including transaction costs, and any difference between net proceeds and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the financial liability using the effective interest method (Note 13).

viii. Identification and measurement of impairment

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Impairment losses on assets carried at amortized cost are measured as the differential between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognized through the unwinding of the discount.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for the groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

If an available-for-sale investment security is determined to be impaired, the cumulative gain or loss previously recognized under the equity is recognized in the statement of profit or loss and other comprehensive income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Derivative financial instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. The fair values of derivative financial instruments that are quoted in active markets are determined from quoted market prices in active markets including recent market transactions. The fair values of financial derivatives that are not quoted in active markets are determined by using valuation techniques, including discounted cash flow models. Where valuation techniques (for instance, models) are used to determine fair values, they are validated and periodically reviewed. Fair values of derivatives are carried as assets when positive and as liabilities when negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Derivative financial instruments are classified as held for trading (Note 6).

(h) Property and equipment

Property and equipment excluding construction in progress are carried at cost less accumulated depreciation and permanent impairment if any. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful life as follows:

	Useful lives
Equipment	4-5 years
Motor vehicles	5 years
Furniture and fixture	10 years
Buildings (Shell and core)	50 years
Buildings (Interior fit-out)	15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account for the determination of net profit.

Expenses for the repair of property and equipment are charged against income. They are, however, capitalized if they result in an enlargement or substantial improvement of the respective assets (Note 10).

(i) Investment property

Investment property comprises two properties that are leased to a third party and one property held for lease. Investment properties are measured at cost, less accumulated depreciation and impairment losses. Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of investment properties as follows (Note 11):

	Useful lives
Investment property (Shell and core)	50 years
Investment property (Interior fit-out)	15 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Intangible assets

Intangible assets consist of computer software program and licenses. Intangible assets are measured at cost, less accumulated amortization and impairment losses. Amortization is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets (Note 12).

(k) Leasing transactions

i. Leases as lessee

The Bank leases two properties under operating leases for the representative offices in Tehran, Islamic Republic of Iran and Karachi, Islamic Republic of Pakistan. Lease payments are recognized in the statement of profit or loss and other comprehensive income in the period they incur. The Bank does not have assets acquired under finance lease agreements.

ii. Leases as lessor

The Bank holds three properties in its Head-quarters building for lease. Rentals are included in other operating income and maintenance expenses of the idle investment property are included in other administrative expenses.

(l) Impairment of non-financial assets

At each reporting date, the Bank evaluates whether there is any impairment indication on the asset. When an indication of impairment exists, the Bank estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash flows from other assets or group of assets. An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

(m) Taxation

According to Article 12 of Headquarters Agreement dated 27 December 2006, within the scope of its official activities the Bank, its property, movable and immovable, assets income, of whatever nature such as interests, capital gains, currency gains, profits as well as its operations and transactions, purchase of goods and services shall be exempt from all present and future, direct and indirect taxation and duties, including but not limited to Value Added Tax ("VAT"), income tax, withholding tax, stamp duties, Banking and Insurance Transactions Tax ("BITT"), be it of a local or governmental nature.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee benefits

i. Pension plan

The Bank operates a pension plan implemented beginning from 1 October 2008, which includes first pillar as hybrid plan that is comprised of a defined benefit plan and defined contribution plan, second and third pillars as defined contribution plans. The expatriate employees are automatically enrolled in the first pillar whereas participation in the second pillar is at their will. The local employees can also opt for the Bank's pension plan voluntarily in lieu of Turkish State Social Security Plan. All employees are eligible to participate in the third pillar where participation in the first and/or second pillar is not a pre-requisite.

The requirements for the defined benefit part of the first pillar are attaining normal retirement age (which is 60 in accordance with the Pension Plan Policy), participating in the second pillar and transferring at least the amount equal to 90% of the first pillar account balance excluding the investment returns from the second pillar account to the first pillar account. If these requirements are met then the (participant) employee shall be entitled to the following benefits:

- Immediate pension equal to the amount of 1% of the annual average net basic salary of the employee during his/her eligible service period multiplied by number of years in service of the Bank;
- One twelfth of the immediate pension according to the previous paragraph that shall be paid to the employee every month.

The benefit provided will be as a lump sum but with respect to the rates that are linked to the length of the eligible service period for an employee not fulfilling the requirements described above. In case of death before normal retirement age, the benefit will be provided to employee or his/her legal beneficiary as a lump sum up equal to the balance of employee's account. Similarly in case of death of an employee already drawing pension, the full amount of the standing balance will be paid as a lump sum to employee's legal beneficiary.

The pension plan is funded by contributions from employees and by the Bank depending on the type of the plan and with respect to the provisions of the Bank's Pension Plan Policy. Contribution rates to the pension plan are as follows:

Pension contributions of basic salary	Employer %	Employee %
First pillar	12	-
Second pillar	up to 7 (*)	up to 7
Third pillar	-	up to 10

(*) The Bank contributes to the second pillar if and only if employee contributes but at the same matching rate up to 7%.

For the defined benefit part of the hybrid plan, the pension liability is calculated by using the "projected unit credit method" by an independent actuary annually. Under this method, the cost of providing pensions is charged to the statement of profit or loss and other comprehensive income so as to spread the regular cost over the service lives of employees.

The pension liability is measured at the present value of the estimated future cash outflows using interest rates of government securities that have terms to maturity approximately the terms of the related liability. All actuarial gains and losses are recognized in income over the average remaining service lives of the employees (Note 15).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii. Defined contribution plans

The Bank pays contributions to Turkish State Social Security Plan on a mandatory basis for the local employees who do not opt for the Bank's pension plan. Obligations for contributions to defined contribution plans are recognized as personnel expense in the statement of profit or loss and other comprehensive income when they are due. The Bank has no further payment obligations once the contributions have been paid.

iii. Reserve for employee severance indemnity – Defined benefit plan

Provision for employee severance indemnity represents the present value of the estimated total provision of the future probable obligation of entities arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. In accordance with Labour Law in Turkey, entities are required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service.

Provision is made for the present value of the defined benefit obligation calculated using the projected unit credit method. Actuarial gains/losses are recognized under equity.

These financial statements include provision for severance payment only for the six service staff employed by the Bank according to Turkish Labour Law (Note 15).

iv. Annual leave pay liability – Short term employee benefits

The Bank provides annual leave pay provision for the employees under its employee Benefit System Policy. Full-time professional staff members are entitled to an annual leave of fifteen workdays per year with service of less than and including ten years and twenty workdays per year with service after ten years and more. New professional staff members will be eligible for annual leave after six months of service (Note 15).

(o) Provisions, commitments and contingencies

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank are not included in these financial statements and are treated as contingent assets or liabilities (Note 21).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interest income and expense

Interest income and expense are recognized in the statement of profit or loss and other comprehensive income for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts (Note 18).

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(q) Fee and commission income and expense

Fees and commissions are generally recognized in the statement of profit or loss and other comprehensive income on an accrual basis over the life of the transaction to which they refer or on cash basis at the time the service is received/the transaction are performed, whichever is more appropriate.

Front-end fees are recorded under other assets and other liabilities when the Bank has the contractual right to receive. Revenue is accrued over the life of the transaction and debited to other liabilities. Loan commitment fees are recognized on a straight-line basis over the commitment period of the respective loan.

Fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received (Note 19).

(r) Share capital and dividends

In accordance with Article 27 of the Agreement, the Board of Governors shall determine annually what part of the net income of the Bank from ordinary capital operations shall be allocated to reserves, provided that no part of the net income of the Bank shall be distributed to members by way of profit until the General Reserves of the Bank shall have attained the level of 25% of the subscribed capital (Note 17).

(s) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash and balances with banks repayable on demand and money market placements with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments (Note 5).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Segment reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available (Note 22).

(u) Earnings per share

Since the Bank's shares are not traded in a public market and the Bank's financial statements are not filed or not in the process of filing with a securities commission or other regulatory organization for the purpose of issuing shares in a public market, the Bank is not required to disclose basic earnings per share (EPS) information in accordance with IAS 33 "Earnings Per Share".

(v) Comparatives

Comparative figures are reclassified, where necessary, to conform to change, in presentation of the 31 December 2017 financial statements.

(w) Application of IFRS 9 Financial Instruments

The probable impact of application of IFRS 9 on the Bank's financial statements are analysed as follows:

Financial Assets

IFRS 9 contains a new approach regarding the classification and measurement of financial assets that reflects the business model in which the assets are managed and their cash flow characteristics. IFRS 9 contains three main categories of classification for financial assets: valued at amortized cost, valued at fair value with changes in other comprehensive income, and valued at fair value through profit or loss.

It is anticipated that, there might be classifications among the financial assets classified as valued at fair value with changes in other comprehensive income depending on the characteristics of their business models.

Loans and receivables are held to collect contractual cash flows and such cash flows consist of principal and interest collections. The Bank analysed contractual cash flow characteristics of these financial instruments and decided to classify such instruments as financial assets valued at amortised cost. Accordingly, it shall not be possible to classify these financial instruments into a different category.

Based on the analysis carried out up until today, the Bank considers that the new classification requirements under IFRS 9 will not have a significant impact on the balance sheet of the Bank.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Liabilities

IFRS 9 maintains the requirements in IAS 39 for the classification of financial liabilities except for allowing accounting of the fair value changes occurred as a result of changes in a financial liability's own credit risk under other comprehensive income for the liabilities designated for fair value option (applicable for instances not affecting the accounting mismatch at large extent). Based on the evaluation of the Bank, it is not anticipated a significant impact regarding accounting of financial liabilities based on the scope of IFRS 9.

Impairment

IFRS 9 replaces the incurred losses model in IAS 39 with a model of expected credit loss. The new standard establishes three stages impairment model (general model) based on the change in credit quality subsequent to initial recognition.

Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. 12-month expected credit losses are recognised for such financial assets.

Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. Life time expected credit losses are recognised for such financial assets.

Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. Life time expected credit losses are recognised for such financial assets.

The matters which have the most significant impact on IFRS 9 implementation and may change impairment calculations considerably are presented below:

- Assessment of under which conditions there may be significant increase in credit risk,
- Macroeconomic factors, forward looking information and multiple scenarios,
- Maximum contractual period over which it is exposed to credit risk to be considered during measurement of expected credit losses.
- Definition of default

It is not anticipated a significant impact on the total equity as a result of the impairment calculation based expected credit loss model in accordance with IFRS 9. The impact of implementation for this standard is based on the assessments made so far. As of the transition date, it is still ongoing the revisions on the accounting policies, relevant processes and internal controls. Accordingly, there might be changes in the anticipated impact of IFRS 9 on the financials until announcement of the first time adoption financial statement including the opening balance sheet as of 1 January 2018.

Hedge Accounting

The Bank does not apply hedge accounting.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. These disclosures supplement the commentary significant accounting policies (Note 2) and financial risk management (Note 4). Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses on loans and advances: The Bank reviews its loan portfolio to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of loans before the decrease can be identified with an individual loan in that group. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

The Bank has been regularly reviewing its loan portfolio which is comprised of entirely significant loans. As a result of this process and by taking into consideration that there is no non-performing loan history, collective allowances were considered to be not applicable for the time being.

Fair value of assets and liabilities: a number of the Bank's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Management has estimated that the fair value of certain financial instruments is not materially different than their carrying values due to their short term nature.

- The fair value of loans and advances is estimated as the present value of future cash flows, discounted at the sum of spread/margin of the deal and respective base rate at the reporting date.
- The fair value of deposits from banks is estimated as the present value of future cash flows, discounted at the sum of spread/margin of the deal and respective base rate at the reporting date.
- The fair value of derivative financial instruments is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

NOTE 4 - RISK MANAGEMENT

The Bank is committed to actively identify and manage all risks inherent in its activities in order to achieve its mandate and safeguard its capital base. The Bank pays particular attention to managing credit risks in the course of its core activities, market risks in its treasury as along with compliance and operational risks.

The Bank's risk management policies are established for the identification and assessment of the risks, which the Bank may be exposed to and also to set appropriate risk limit controls for monitoring the same.

The financial policies of the Bank approved by the Bank's Board of Directors establish the guiding principles for sound financial management and provide the framework within which the Bank pursues its business objectives.

The Board of Directors has established Asset and Liability Management Committee (ALCO) which is responsible for setting strategic direction in market risk management and transfer pricing. ALCO establishes specific numerical limits, targets, and guidelines within which tactical and operational ALM decision-making must take place.

The Board of Directors has established Credit Committee (CC) which is responsible to guide the Operation Teams through the approval process from Concept Clearance to Final Review, in conformity with the Bank's Operations Cycle Policy. It considers all matters related to the lending operations of the Bank and expresses opinions with respect to the appropriateness of the due diligence and appraisal process.

(a) Credit risk

Credit risk is the probability of a financial loss to the Bank in case counterparty fails to meet its contractual obligations as they fall due and arises principally from the Bank's lending and treasury activities.

In view of the Bank's philosophy of prudent lending, the function of credit risk management has become a critical fulcrum of the Bank's long term vision and success. Credit analysis is conducted by using various information sources and applying qualitative and quantitative methodologies.

The Bank reviews lending operations and manages the main areas of credit risk which are inherent to the lending activities of the Bank in order to ensure that decisions are made in line with the Bank's strategy and that loan applications are prudently reviewed. Lending decisions are made to customers by following the guidelines laid down in various policies and through coordination with other business units to ensure that the loans are made in line with the Bank's overall risk appetite and strategy. All credit applications are evaluated by the Credit Committee which in case of approval elevates the same to the Board of Directors for final approval.

In addition to compliance, the Bank's management also provides oversight and direction to the activities of risk management to ensure that the Bank's risk profile is in line with its strategy and operating environment, in a manner which ensures protection to the shareholders.

The Bank's maximum credit risk is the carrying amounts of each financial asset shown on the statement of financial position.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

The Bank's exposure to credit risk as at 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Loans and advances to banks	341,017	337,111
Loans and advances to customers (*)	129,798	110,742
Investment securities: Available-for-sale	14,068	16,248
Derivative financial instruments	663	238
Total	**485,546**	**464,339**

(*) Financial assets that are past due but not impaired amount to EU 928 thousand (31 December 2016: EU 4,665 thousand). Sovereign guarantees are held as collaterals against such past due project finance loans.

As of 31 December 2017, the Bank has no assets held for resale (31 December 2016: None).

i. *Segment analysis of credit risk exposures:*

The following table breaks down the segment distribution of credit risk exposures.

	31 December 2017	31 December 2016
Treasury portfolio	**184,118**	**196,534**
Financial institutions-Bank placements	169,387	180,048
Investment securities: Available for sale	14,068	16,248
Derivative financial instruments	663	238
Loan portfolio	**301,428**	**267,805**
Financial institutions-Trade finance	91,621	76,239
Financial institutions-SME support program	80,009	80,824
Project finance	75,783	68,511
Customers-Trade finance	54,015	42,231
Total	**485,546**	**464,339**

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

ii. Industry sectors:

The following table breaks down the Bank's credit risk exposure by the industry sector of the transaction.

	31 December 2017		31 December 2016	
	Outstanding	Undrawn commitments	Outstanding	Undrawn commitments
Financial sector	**351,716**	**-**	**348,484**	**7,841**
Bank placements	169,387	-	180,048	-
Financial institutions-Trade finance	91,621	-	76,239	-
Financial institutions-SME SP	80,009	-	80,824	7,841
Investment securities: AFS	10,036	-	11,135	-
Derivative financial instruments	663	-	238	-
Energy	**59,318**	**-**	**40,963**	**10,977**
Customers-Trade finance	28,444	-	26,392	-
Project finance	30,874	-	14,571	10,977
Industry and Trade	**25,571**	**-**	**17,581**	**23,523**
Customers-Trade finance	25,571	-	15,839	23,523
Project finance	-	-	1,742	-
Water, Sanitation, Flood Protection and other Urban Infrastructure Services	**23,938**	**-**	**21,169**	**8,606**
Project finance	23,938	-	21,169	8,606
Agriculture, natural resources, and rural development	**9,469**	**-**	**13,512**	**-**
Project finance	9,469	-	13,512	-
Transportation	**8,224**	**-**	**13,056**	**-**
Project finance	8,224	-	13,056	-
Public sector management	**7,310**	**-**	**9,574**	**-**
Investment securities: AFS (*)	4,032	-	5,113	-
Project finance	3,278	-	4,461	-
Health and Social Protection	**-**	**12,632**	**-**	**-**
Project finance	-	12,632	-	-
Total	**485,546**	**12,632**	**464,339**	**50,947**

(*) Investment securities classified under Public sector management are Government debt securities issued by Islamic Republic of Pakistan.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

iii. Geographical sectors:

The following table breaks down geographical concentrations of the Bank's credit risk exposure.

	31 December 2017		31 December 2016	
	Outstanding	Undrawn commitments	Outstanding	Undrawn commitments
Turkey	**243,574**	**12,632**	**270,064**	**7,841**
Treasury portfolio	119,768	-	131,470	-
Loan portfolio	123,806	12,632	138,594	7,841
Iran	**132,144**	**-**	**87,445**	**43,106**
Treasury portfolio	49,452	-	41,150	-
Loan portfolio	82,692	-	46,295	43,106
Pakistan	**98,285**	**-**	**86,576**	**-**
Treasury portfolio	4,058	-	5,149	-
Loan portfolio	94,227	-	81,427	-
Azerbaijan	**703**	**-**	**1,489**	**-**
Treasury portfolio	-	-	-	-
Loan portfolio	703	-	1,489	-
Other	**10,840**	**-**	**18,765**	**-**
Treasury portfolio	10,840	-	18,765	-
Loan portfolio	-	-	-	-
Total	**485,546**	**12,632**	**464,339**	**50,947**
Treasury portfolio	184,118	-	196,534	-
Loan portfolio	301,428	12,632	267,805	50,947

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

iv. ETDB internal ratings:

The Bank assigns its internal risk rating to all counterparties including borrowers and sovereigns in the Banking and Treasury portfolios and reflects the credit worthiness of counterparties. ETDB internal risk rating depicts the credit worthiness of borrowers on a scale of 1 to 10 with a score of 1 denoting the lowest expectation of default while a score of 10 denotes non-performing.

The table below shows the Bank's internal risk rating from 1 (lowest risk) to 10 (highest risk) and how this maps to the external ratings of Standard & Poor's (S&P).

ETDB risk Rating category	Broader category	ETDB definition	ETDB risk rating	External rating equivalent
1	Standard	Excellent	1.00	AAA
			1.60	AAA
			2.00	AAA
2	Standard	Very strong	2.40	AAA
			2.60	AA+
			3.00	AA
3	Standard	Strong	3.40	AA-
			3.60	A+
			4.00	A
4	Standard	Good	4.40	A-
			4.60	BBB+
			5.00	BBB
5	Standard	Fair	5.40	BBB-
			5.60	BB+
			6.00	BB
6	Standard	Weak	6.40	BB-
			6.60	B+
			7.00	B
7	Watchful	Special attention	7.40	B-
8	Sub-standard	Expected loss/ Impaired	7.60	CCC
9	Doubtful	Expected loss/ Impaired	8.60	CC
10	Non-performing	Expected loss/ Impaired	10.00	D

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

The following table is an analysis of the loan portfolio and the associated impairment provisions for each of the Bank's internal risk rating category.

Risk rating category	Neither past due nor impaired	Past due but not impaired(*)	Total	Portfolio provision for unidentified impairment	Total net of impairment	Total %
	31 December 2017					
2: Very strong	80,860	-	80,860	-	80,860	27%
3: Strong	25,377	-	25,377	-	25,377	8%
4: Good	92,018	-	92,018	-	92,018	31%
5: Fair	85,637	-	85,637	-	85,637	28%
6: Weak	8,067	-	8,067	-	8,067	3%
7: Special attention	8,541	928	9,469	-	9,469	3%
At 31 December 2017	**300,500**	**928**	**301,428**	**-**	**301,428**	**100%**

Risk rating category	Neither past due nor impaired	Past due but not impaired(*)	Total	Portfolio provision for unidentified impairment	Total net of impairment	Total %
	31 December 2016					
2: Very strong	58,367	-	58,367	-	58,367	22%
3: Strong	87,438	-	87,438	-	87,438	33%
4: Good	31,215	-	31,215	-	31,215	11%
5: Fair	63,959	-	63,959	-	63,959	24%
7: Special attention	22,161	4,665	26,826	-	26,826	10%
At 31 December 2016	**263,140**	**4,665**	**267,805**	**-**	**267,805**	**100%**

(*) Financial assets that are past due but not impaired amount to EU 928 thousand (31 December 2016: EU 4,665 thousand). Sovereign guarantees are held as collaterals against such past due project finance loans.

(b) Liquidity risk

Liquidity risk is the probability that the Bank is unable to fund assets or to fulfil its financial obligations on time and/or completely and/or at a reasonable price. The management of the liquidity risk is concentrated on the timing of the cash in-flows and out-flows as well as in the adequacy of the available cash and liquidity securities. The Bank's commitment in maintaining strong liquidity position is established in policies that are approved by the Board of Directors and the due strategic decisions by ALCO.

According to the ALCO approved procedures at all times, the Bank must have at its disposal a liquidity pool large enough to finance new assets or refinance existing assets. Liquidity is maintained at a minimum of 50% of the next 12 months net cash requirements including coverage of committed undisbursed loans. Liquidity risk stress tests are conducted, taking into account payment defaults on assets.

Additionally, the Bank's liquidity is maintained at a minimum of 12% of the total equity plus long term borrowing with remaining time to maturity greater than six months. The Bank's liquid assets are maintained in short term placements.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

The table below analyses the cash flows of the Bank's financial liabilities and financial assets, putting them into relevant maturity groupings based on the remaining period as of reporting date to contractual maturity date:

	31 December 2017						
	Carrying Amount	Up to 1 month	1 to 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Liabilities by type							
Non-derivative liabilities							
Deposits from banks	117.228	(17.179)	(63.611)	(36.805)	-	-	(117.595)
Undrawn loan commitments	-	(12.632)	-	-	-	-	(12.632)
- Banks	-	-	-	-	-	-	-
- Customers	-	(12.632)	-	-	-	-	(12.632)
Total	**117,228**	**(29,811)**	**(63,611)**	**(36,805)**	-	-	**(130,227)**
Derivative liabilities							
Trading FX derivatives	732						
- Outflow		(10.203)	(42.921)	-	-	-	(53.124)
- Inflow		9.981	42.558	-	-	-	52.539
Total	**732**	**(222)**	**(363)**	-	-	-	**(585)**
Assets by type							
Non-derivative assets							
Loans and advances to banks	341.017	67.774	135.909	63.663	76.623	7.769	351.738
Loans and advances to customers	129.798	2.770	5.716	19.434	96.418	17.063	141.401
Investment securities	14.068	-	-	804	16.402	-	17.206
Total	**484,883**	**70,544**	**141,625**	**83,901**	**189,443**	**24,832**	**510,345**
Derivative assets							
Trading FX derivatives	663						
- Outflow		(21.888)	(19.448)	-	-	-	(41.336)
- Inflow		22.287	19.825	-	-	-	42.112
Total	**663**	**399**	**377**	-	-	-	**776**
Net liquidity position		**40,910**	**78,028**	**47,096**	**189,443**	**24,832**	**380,309**

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

	31 December 2016						
	Carrying Amount	Up to 1 month	1 to 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Liabilities by type							
Non-derivative liabilities							
Deposits from banks	109.139	(15.997)	(59.210)	(34.328)	-	-	(109.535)
Undrawn loan commitments	-	(50.947)	-	-	-	-	(50.947)
- Banks	-	(7.841)	-	-	-	-	(7.841)
- Customers	-	(43.106)	-	-	-	-	(43.106)
Total	**109,139**	**(66,944)**	**(59,210)**	**(34,328)**	-	-	**(160,482)**
Derivative liabilities							
Trading FX derivatives	2.342						
- Outflow		(24.963)	(45.795)	-	-	-	(70.758)
- Inflow		23.706	44.772	-	-	-	68.478
Total	**2,342**	**(1,257)**	**(1,023)**	-	-	-	**(2,280)**
Assets by type							
Non-derivative assets							
Loans and advances to banks	337.111	64.600	110.517	25.642	138.788	8.721	348.268
Loans and advances to customers	110.742	6.107	26.835	24.090	48.347	10.578	115.957
Investment securities	16.248	-	-	6.849	10.622	-	17.471
Total	**464,101**	**70,707**	**137,352**	**56,581**	**197,757**	**19,299**	**481,696**
Derivative assets							
Trading FX derivatives	238						
- Outflow		(8.294)	(11.096)	-	-	-	(19.390)
- Inflow		8.392	11.273	-	-	-	19.665
Total	**238**	**98**	**177**	-	-	-	**275**
Net liquidity position		**2,604**	**77,296**	**22,253**	**197,757**	**19,299**	**319,209**

NOTE 4 - RISK MANAGEMENT (Continued)

(c) Market risk

Market risk is the Bank's exposure to market variables such as interest rates and exchange rates as well as bond and equity market prices. Since the Bank's ordinary operations are inherently relatively risky, a conservative and comprehensive risk management framework addressing market risk has been already established with market-standard matching practices.

The Bank aims to match, wherever possible, the currencies, tenor and interest rate characteristics of its borrowing with those of its lending portfolios. When necessary, the Bank uses appropriate derivative instruments to manage its exposure to exchange rate and interest rate risk.

i. Currency risk:

The Bank is exposed to currency risk through transactions (such as financing operations and borrowings) in foreign currencies. The main measurement currencies of its foreign exchange operations are SDR basket currencies namely; Euro, US Dollar, Chinese Yuan, British Pound and Japanese Yen. As the functional currency of the Bank is SDR, the financial statements are affected by changes in the foreign exchange rates against SDR.

Considering the appetite of clients in the member countries only for US Dollar and Euro in loan and treasury operations, the Bank mostly invests in these two currencies. The currency swap and forward transactions are mostly held to provide more liquidity in US Dollar and Euro against Chinese Yuan, British Pound and Japanese Yen.

By policies in place, the Bank monitors the current status of its assets and liabilities in contrast to SDR in order to ensure that it takes foreign exchange risk within the approved limits. For each currency, ALCO has set a limit of ±1.0% of the equity for currency open positions resulted from continuous market movements and/or current cash flow, in order to prevent from repetitive FX transactions which bring unnecessary cost and operational risk. Treasury department is duly responsible to monitor, report to ALCO and regularize any breach of the aforesaid limit.

In order to monitor the foreign currency exposure in each currency, net foreign currency position figures are adjusted by the currency neutral position amounts for each currency based on the allocation of net SDR position by their weights in SDR as of reporting date.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

As at 31 December 2017 and 31 December 2016 the foreign currency position of the Bank is as follows:

	31 December 2017					
	US Dollar	**Euro**	**Other**	**Total foreign currency**	**SDR ("EU")**	**Total**
Assets						
Loans and advances to banks	116,915	224,085	17	341,017	-	341,017
Loans and advances to customers	53,843	75,955	-	129,798	-	129,798
Investment securities	12,314	1,754	-	14,068	-	14,068
Derivative financial instruments	-	-	-	-	663	663
Property and equipment	-	-	-	-	7,735	7,735
Investment property	-	-	-	-	1,762	1,762
Intangible assets	-	-	-	-	115	115
Other assets	19	273	61	353	-	353
Total assets	**183,091**	**302,067**	**78**	**485,236**	**10,275**	**495,511**
Liabilities and Equity						
Deposits from banks	-	117,228	-	117,228	-	117,228
Derivative financial instruments	-	-	-	-	732	732
Employee benefits	3,060	-	13	3,073	-	3,073
Other liabilities	384	718	30	1,132	-	1,132
Equity	15	34	-	49	373,297	373,346
Total liabilities and Equity	**3,459**	**117,980**	**43**	**121,482**	**374,029**	**495,511**
Net balance sheet position	**179,632**	**184,087**	**35**	**363,754**	**(363,754)**	**-**
Off-balance sheet derivative instruments net notional position(*)	(30,089)	(64,371)	94,651	191	-	191
Net foreign currency position	**149,543**	**119,716**	**94,686**	**363,945**	**(363,754)**	**191**
Currency neutral position	**(148,794)**	**(118,465)**	**(96,495)**	**(363,754)**	**363,754**	**-**
FX exposure in notional Ccy (**)	**749**	**1,251**	**(1,809)**	**191**	**-**	**191**

(*) Off-balance sheet derivative instruments net notional position in Chinese Yuan, Pound Sterling and Japanese Yen are EU 39,788 thousand, EU 28,471 thousand and EU 26,392 thousand, respectively.

(**) The total foreign currency exposure in Pound Sterling, Japanese Yen, Chinese Yuan, Turkish Lira, Iranian Rial and Pakistani Rupee are EU (1,186) thousand, EU (531) thousand, EU (122) thousand, EU 12 thousand, EU 12 thousand and EU 6 thousand, respectively.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

	31 December 2016					
	US Dollar	**Euro**	**Other**	**Total foreign currency**	**SDR ("EU")**	**Total**
Assets						
Loans and advances to banks	143,940	193,156	15	337,111	-	337,111
Loans and advances to customers	55,480	55,262	-	110,742	-	110,742
Investment securities	14,645	1,603	-	16,248	-	16,248
Derivative financial instruments	-	-	-	-	238	238
Property and equipment	-	-	-	-	9,639	9,639
Intangible assets	-	-	-	-	158	158
Other assets	37	156	46	239	-	239
Total assets	**214,102**	**250,177**	**61**	**464,340**	**10,035**	**474,375**
Liabilities and Equity						
Deposits from banks	-	109,139	-	109,139	-	109,139
Derivative financial instruments	-	-	-	-	2,342	2,342
Employee benefits	2,782	-	-	2,782	-	2,782
Other liabilities	310	462	13	785	-	785
Equity	-	-	-	-	359,327	359,327
Total liabilities and Equity	**3,092**	**109,601**	**13**	**112,706**	**361,669**	**474,375**
Net balance sheet position	**211,010**	**140,576**	**48**	**351,634**	**(351,634)**	**-**
Off-balance sheet derivative instruments net notional position(*)	(56,835)	(33,313)	88,143	(2,005)	-	(2,005)
Net foreign currency position	**154,175**	**107,263**	**88,191**	**349,629**	**(351,634)**	**(2,005)**
Currency Neutral Position	**(152,388)**	**(106,637)**	**(92,609)**	**(351,634)**	**351,634**	**-**
FX exposure in notional Ccy (**)	**1,787**	**626**	**(4,418)**	**(2,005)**	**-**	**(2,005)**

(*) Off-balance sheet derivative instruments net notional position in Chinese Yuan, Pound Sterling and Japanese Yen are EU 37,148 thousand, EU 26,544 thousand and EU 24,451 thousand, respectively.

(**) The total foreign currency exposure in Japanese Yen, Chinese Yuan, Pound Sterling, Turkish Lira, Pakistani Rupee and Iranian Rial are EU (2,202) thousand, EU (1,149) thousand, EU (1,108) thousand, EU 31 thousand, EU 6 thousand and EU 4 thousand, respectively.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

The currency value of the SDR is determined by summing the values in US Dollar, with market exchange rates of the US Dollar, Euro, Japanese Yen, Pound Sterling and the Chinese Yuan. Therefore, any change in the US Dollar parity of the other currencies effect SDR parities of all the basket currencies. In this respect, foreign currency sensitivity is calculated based on appreciation/depreciation of the US Dollar against other SDR basket currencies with 10 percent. As at 31 December 2017 and 31 December 2016, this would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2017		31 December 2016	
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar	8,489	(9,203)	8,972	(8,560)
Euro	(4,745)	5,073	(4,924)	4,377
Chinese Yuan	(1,595)	1,633	(1,518)	1,742
Pound	(1,120)	1,217	(1,264)	1,033
Japanese Yen	(953)	1,224	(959)	1,176
Total	**76**	**(56)**	**307**	**(232)**

ii. Interest rate risk:

Interest rate risk is defined as "the potential variability in a Bank's net interest income and market value of equity due to changes in the level of market interest rates." The Bank is exposed to the interest rate risk to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different time periods or in different amounts. The objective of the Bank's risk management operations is to avoid from risk/loss by probable market adverse changes in the interest rates of the currencies of the items on the both sides of the statement of financial position as well as off-balance sheet.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for the duration of the liquid portfolio. The goal of interest rate risk management is to reduce effect of interest rate change on its Net Interest Income (NII). ALCO is the monitoring body for compliance with these limits and is assisted by Treasury department in its periodical monitoring activities which is reviewed and discussed by ALCO during its monthly meetings and, if necessary, emergency ALCO Meetings which could be held at very short notice.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

The interest rate profile of the Bank is as follows:

	31 December 2017					
	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Non-interest bearing	Total
Assets						
Loans and advances to banks	79,572	156,131	105,314	-	-	341,017
Loans and advances to customers	13,898	70,990	44,910	-	-	129,798
Investment securities	-	11	117	13,940	-	14,068
Derivative financial instruments	-	-	-	-	663	663
Property and equipment	-	-	-	-	7,735	7,735
Investment property	-	-	-	-	1,762	1,762
Intangible assets	-	-	-	-	115	115
Other assets	-	-	-	-	353	353
Total assets	**93,470**	**227,132**	**150,341**	**13,940**	**10,628**	**495,511**
Liabilities						
Deposits from banks	17,174	63,562	36,492	-	-	117,228
Derivative financial instruments	-	-	-	-	732	732
Employee benefits	-	2,860	-	-	213	3,073
Other liabilities	-	-	-	-	1,132	1,132
Total liabilities	**17,174**	**66,422**	**36,492**	**-**	**2,077**	**122,165**
Net repricing gap	**76,296**	**160,710**	**113,849**	**13,940**	**8,551**	**373,346**

	31 December 2016					
	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Non-interest bearing	Total
Assets						
Loans and advances to banks	82,357	142,774	111,980	-	-	337,111
Loans and advances to customers	9,829	46,973	53,940	-	-	110,742
Investment securities	-	-	6,332	9,916	-	16,248
Derivative financial instruments	-	-	-	-	238	238
Property and equipment	-	-	-	-	9,639	9,639
Intangible assets	-	-	-	-	158	158
Other assets	-	-	-	-	239	239
Total assets	**92,186**	**189,747**	**172,252**	**9,916**	**10,274**	**474,375**
Liabilities						
Deposits from banks	15,993	59,159	33,987	-	-	109,139
Derivative financial instruments	-	-	-	-	2,342	2,342
Employee benefits	-	2,574	-	-	208	2,782
Other liabilities	-	-	-	-	785	785
Total liabilities	**15,993**	**61,733**	**33,987**	**-**	**3,335**	**115,048**
Net repricing gap	**76,193**	**128,014**	**138,265**	**9,916**	**6,939**	**359,327**

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

Sensitivity analysis

For the assessment of the interest rate sensitivity of the Bank ±0.25% shift in the market interest rates were applied to the statement of financial position items which are subject to calculation.

As of reporting date it is assumed that the interest rates are shifted. Hence, the calculated figures do not reflect the effect on current profit or loss and equity if the interest rates during the period would have been different. The table below analyses the effects of ±0.25% shift in interest rates of US Dollar and Euro on profit or loss and equity at the reporting date.

		31 December 2017		**31 December 2016**	
	Applied shock	**Profit or loss**	**Equity (*)**	**Profit or loss**	**Equity (*)**
US Dollar	- 0.25%	(107)	(39)	(116)	(62)
US Dollar	+ 0.25%	107	39	116	64
Euro	- 0.25%	(2)	4	(10)	-
Euro	+ 0.25%	2	(4)	19	10
Total (for negative shocks)		**(109)**	**(35)**	**(126)**	**(62)**
Total (for positive shocks)		**109**	**35**	**135**	**74**

(*) Includes the profit or loss effect.

(d) Operational risk

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk but excludes strategic and reputational risk. Appropriate measures are taken to achieve a high level of operational risk awareness and to enhance the operational risk management. The Bank adopts market best practices and methods to manage and coordinate its operational risks. Key processes for the management of operational risk include, amongst others; establishing the necessary internal controls such as the 'four eyes principle' and proper segregation of duties within Bank departments; the purchase of corporate and property insurance policies to confront potential losses which may occur as a result of various events and natural disasters; and the approval process of new products to identify and assess the operational risk related to each new product, activity, process and system.

NOTE 4 - RISK MANAGEMENT (Continued)

(e) Capital risk management

As a multilateral financial institution, the Bank is not subject to regulatory capital requirements. However, the Bank preserves an actively managed capital to prudently cover risks in its activities. In this respect, the Bank follows sound standards as benchmarks for risk management and capital framework.

The principal sources of capital increase are through payments of the subscribed capital by the shareholders and the retention of the undistributed element of the profit. Pursuant to Article 4 of the Agreement, the capital stock of the Bank can be increased by the vote of the Board of Governors. In accordance with Article 27 of the Agreement, the Board of Governors determine annually what part of the net income of the Bank from ordinary capital operations shall be allocated to reserves, provided that no part of the net income of the Bank shall be distributed to members by way of profit until the General Reserves of the Bank shall have attained the level of 25% of the subscribed capital. In substance, the primary objective of the Bank's capital management is to ensure adequate capital is available to expand the Bank's operations.

(f) Fair value of assets and liabilities

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

The Bank has estimated fair values of financial instruments by using available market information and appropriate valuation methodologies which include credit risk as well. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Bank can realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in other than presentation currency, which are translated at year-end exchange rates, are considered to approximate carrying values.

The fair values of certain assets carried at cost, including cash and other assets amounts are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

The fair values of loans and advances are determined by discounting contractual cash flows with the sum of original spread and the respective base interest rate as of the reporting date.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

Monetary liabilities

The fair values of deposits from banks are determined by discounting contractual cash flows with the sum of original spread and the respective base interest rate as of the reporting date.

As of 31 December 2017 and 31 December 2016, the carrying amounts and fair values of financial instruments are as follows:

	31 December 2017		31 December 2016	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets:				
Loans and advances to banks	340,997	341,017	337,205	337,111
Loans and advances to customers	129,846	129,798	111,348	110,742
Investment securities	14,068	14,068	16,248	16,248
Derivative financial instruments	663	663	238	238
Total financial assets	**485,574**	**485,546**	**465,039**	**464,339**
Financial liabilities:				
Deposits from banks	117,228	117,228	109,184	109,139
Derivative financial instruments	732	732	2,342	2,342
Total financial liabilities	**117,960**	**117,960**	**111,526**	**111,481**

Fair value hierarchy

IFRS 7 requires classification of line items measured at fair value presented in the financial statements according to the defined levels. These levels depend on the observability of data used during fair value calculation; Classification for fair value is generated as followed below:

Level 1: Assets or liabilities; with prices recorded (unadjusted) in active markets for similar instruments.

Level 2: Assets or liabilities; that are excluded in the Level 1 of recorded prices directly observable in active markets.

Level 3: Assets and liabilities; where no observable market data can be used for valuation.

There are not any significant transfers between Level 1 and Level 2 of the fair value hierarchy.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 4 - RISK MANAGEMENT (Continued)

According to these classification principles stated, the Bank's classification of financial assets and liabilities carried at their fair value are as follows:

Assets and liabilities measured at fair value

31 December 2017	Level 1	Level 2(*)	Level 3	Total
Investment Securities: Available-for-sale	14,068	-	-	14,068
Financial assets held for trading				
- Derivatives	-	663	-	663
Total assets	**14,068**	**663**	**-**	**14,731**
Financial liabilities at fair value through profit and loss				
- Derivatives	-	732	-	732
Total liabilities	**-**	**732**	**-**	**732**

31 December 2016	Level 1	Level 2(*)	Level 3	Total
Investment Securities: Available-for-sale	16,248	-	-	16,248
Financial assets held for trading				
- Derivatives	-	238	-	238
Total assets	**16,248**	**238**	**-**	**16,486**
Financial liabilities at fair value through profit and loss				
- Derivatives	-	2,342	-	2,342
Total liabilities	**-**	**2,342**	**-**	**2,342**

(*)Benchmark interest rates and yield curves are used for calculating the fair values of forward positions.

NOTE 5 - CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition:

	31 December 2017	31 December 2016
Loans and advances to banks-demand (Note 7)	1,556	518
Loans and advances to banks-time		
(with original maturity less than three months) (Note 7)	109,156	85,081
Total	**110,712**	**85,599**

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

The Bank utilizes the following derivative instruments:

"Currency forwards" represent commitments to purchase or sell currency, including undelivered spot transactions.

"Currency swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economical exchange of currencies or interest rates. Currency swaps involve the exchange of the principal as well. The Bank risks are represented by the potential cost of replacing the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value and the liquidity of the market. To control the level of risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms.

	31 December 2017		31 December 2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivatives held for trading:				
Currency rate swaps	663	(732)	238	(2,342)
Total derivative assets/(liabilities)	**663**	**(732)**	**238**	**(2,342)**

The notional amounts of derivative transactions are explained in detail in Note 21.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 7 - LOANS AND ADVANCES TO BANKS

As of 31 December 2017 and 31 December 2016, loans and advances to banks are as follows:

	31 December 2017	31 December 2016
Nostro/demand deposits	1,556	518
Money market placements (With original maturity less than three months)	109,156	85,081
Included in cash and cash equivalents	**110,712**	**85,599**
Other loans and advances to banks, gross	230,305	251,512
Less: allowance for impairment	-	-
Loans and advances to banks, net	**341,017**	**337,111**

	31 December 2017	31 December 2016
Current	263,340	241,674
Non-current	77,677	95,437

The following table breaks down loans and advances to banks by product type:

	31 December 2017	31 December 2016
Money market placements	167,831	179,530
Trade finance	91,621	76,239
SME support program	80,009	80,824
Nostro/demand deposits	1,556	518
Loans and advances to banks, net	**341,017**	**337,111**

The Bank has no impaired loans in the loans and advances to banks portfolio (31 December 2016: None). Having a loan portfolio of all significant loans reviewed regularly and no non-performing loan history, the Bank does not book any collective provisions.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 8 - LOANS AND ADVANCES TO CUSTOMERS

As of 31 December 2017 and 31 December 2016, loans and advances to customers are as follows:

	31 December 2017	31 December 2016
Project finance (*)	75,783	68,511
Trade finance	54,015	42,231
Loans and advances to customers, gross	129,798	110,742
Less: allowance for impairment	-	-
Loans and advances to customers, net	**129,798**	**110,742**

(*) Financial assets that are past due but not impaired amount to EU 928 thousand (31 December 2016: EU 4,665 thousand). Sovereign guarantees are held as collaterals against such past due project finance loans.

	31 December 2017	31 December 2016
Current	23,219	60,680
Non-current	106,579	50,062

As of 31 December 2017, loans and advances to customers include loans to governments of member states amounting to EU 31,364 thousand (31 December 2016: EU 30,498 thousand).

The Bank has no impaired loans in the loans and advances to customers portfolio (31 December 2016: None). Having a loan portfolio of all significant loans reviewed regularly and no non-performing loan history, the Bank does not book any collective provisions.

The Bank has collaterals taken against the loans and advances to customers balances. Collaterals include the guarantees given by Governments of Member Countries (excluding loans to governments of member states) and pledged items. The total amount of loans and advances that are collateralized by guarantees of member countries amount to EU 58,399 thousand, guarantees of financial institutions amount to EU 31,037 thousand and pledged items amount to EU 7,818 thousand (31 December 2016: EU 51,913 thousand, None and EU 11,297 thousand respectively).

NOTE 9 - INVESTMENT SECURITIES

Available for sale securities

	31 December 2017	31 December 2016
Financial institutions debt securities	10,390	11,135
Government debt securities	3,678	5,113
Total available-for-sale securities	**14,068**	**16,248**

Available-for-sale investment securities are measured at their fair value. In assessing the fair value of the available-for-sale securities, bid prices quoted as of the reporting date are used.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 10 - PROPERTY AND EQUIPMENT

	31 December 2017	31 December 2016
Cost	8,585	10,429
Accumulated depreciation	(850)	(790)
Net book value	**7,735**	**9,639**

	Land and buildings	Furniture, fixture and equipment	Motor vehicles	Total
31 December 2017				
Net book value at 1 January	**9,570**	**51**	**18**	**9,639**
Addition	-	10	-	10
Disposal	-	(15)	-	(15)
Transfers	(1,767)		-	(1,767)
Depreciation of disposals	-	15	-	15
Depreciation charge	(97)	(33)	(17)	(147)
Net book value at period end	**7,706**	**28**	**1**	**7,735**
31 December 2016				
Net book value at 1 January	**9,672**	**101**	**36**	**9,809**
Addition	-	-	-	-
Disposal	-	(53)	-	(53)
Depreciation of disposals	-	52	-	52
Depreciation charge	(102)	(49)	(18)	(169)
Net book value at period end	**9,570**	**51**	**18**	**9,639**

As of 31 December 2017, property and equipment excluding the motor vehicles were insured against fire, theft and damage to the extent of EU 1,788 thousand. Motor vehicles are insured against accident to the extent of their acquisition cost.

At 31 December 2017, there is no impairment provision on property and equipment (31 December 2016: None).

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 11 - INVESTMENT PROPERTY

	31 December 2017
Net book value at 1 January	-
Reclassification from property and equipment	1,767
Depreciation charge	(5)
Net book value at period end	**1,762**

Investment property comprises three properties in the Bank's Head-quarters building. Two out of the three properties are leased out with an initial non-cancellable period of three years. Rent income from leased out property amount to EU 92 thousand in 2017 (2016: EU 91 thousand).

At 31 December 2017, there is no impairment provision on investment property (31 December 2016: None).

NOTE 12 - INTANGIBLE ASSETS

	31 December 2017	31 December 2016
Cost	451	444
Accumulated amortization	(336)	(286)
Net book value	**115**	**158**

Movements of intangible assets were as follows:

	31 December 2017	31 December 2016
Net book value at 1 January	**158**	**222**
Amortization charge	(50)	(64)
Disposal	-	(24)
Depreciation of disposals	-	24
Additions	7	-
Net book value at period end	**115**	**158**

NOTE 13 - OTHER ASSETS

	31 December 2017	31 December 2016
Receivables from clients (*)	279	162
Pre-paid expenses	45	57
Tax refunds	3	15
Other	26	5
Total	**353**	**239**

(*) According to the loan agreements made with the Bank's clients, the Bank receives over-due interest, front-end fees and commitment fees over the undrawn loan commitments and the expenses related with its loan operations. As of 31 December 2017, the Bank has fee receivables and over-due interest receivables amounting to EU 273 thousand and EU 6 thousand, respectively (31 December 2016: EU 156 thousand fee receivables and EU 6 thousand over-due interest).

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 14 - DEPOSITS FROM BANKS

	31 December 2017	31 December 2016
Deposits from banks in member countries	117,228	109,139
Total deposits from banks	**117,228**	**109,139**
Current	117,228	109,139
Non-current	-	-

Deposits from banks in the amount of EUR 139,117 thousand have original maturity of up to twelve months and weighted average interest rate of 0.59 % (31 December 2016: EUR 139,083 thousand with weighted average interest rate of 0.67%).

NOTE 15 – EMPLOYEE BENEFITS

As of 31 December 2017 and 31 December 2016 employee benefit obligations are as follows:

	31 December 2017	31 December 2016
Pension plan liabilities	2,973	2,682
Annual leave pay liability	87	100
Reserve for employee severance indemnity	13	-
Total	**3,073**	**2,782**

(a) Pension plan liabilities

As of 31 December 2017 and 31 December 2016 pension plan liabilities are as follows:

	31 December 2017	31 December 2016
First pillar	1,194	1,120
Second pillar	1,243	1,163
Third pillar	72	25
Investment returns	372	287
Actuarial (gain)/loss	92	87
Total	**2,973**	**2,682**

According to the Pension Plan Policy of the Bank, an employee shall become entitled to a disability pension from the first pillar if the employee suffers a disability before attaining normal retirement age. If such a disability occurs the employee shall become entitled to disability pension in monthly amounts equals to 25% of the employee's last salary immediately before becoming disabled until the employee's normal retirement age. Nevertheless, the Bank shall continue its contribution for the first pillar for the disabled employee, until reaching normal retirement age on the basis of his/her last salary immediately before becoming disabled. After reaching the employee's normal retirement age the disability pension will cease and, upon the employee's choice it can be replaced by the pension benefits in accordance with the Pension Plan Policy. The time during which the disability pension has been paid will be included in the employee's service at the Bank when calculating the total pension benefits of the employee after reaching normal retirement age.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 15 – EMPLOYEE BENEFITS (Continued)

In this framework, actuarial valuation of the disability pension liability of the Bank has been performed by an independent advisory firm. Actuarial valuations have been performed in accordance with the methods and estimations determined in "International Accounting Standard for Employee Benefits" ("IAS 19"). Movements for the pension plan liabilities are as follows:

	31 December 2017	31 December 2016
1 January	**2,682**	**2,017**
Increase during the year	698	627
Benefits paid	(256)	(57)
Actuarial (gain)/losses for the period	10	14
Foreign exchange movements	(161)	81
At period end	**2,973**	**2,682**

The movement in the defined benefit obligation (disability pension liability) over the period is as follows:

	31 December 2017	31 December 2016
1 January	**87**	**71**
Current service cost	7	17
Interest cost	2	4
Amortization of Unrecognized Actuarial Loss / (Gain)	1	(7)
Foreign exchange movements	(5)	2
At period end	**92**	**87**

The principal actuarial assumptions used were as follows (denominated in USD):

	31 December 2017 (%)	31 December 2016 (%)
Discount rate	4.0	4.7
Price inflation	2.1	2.3
Pay increase	3.6	3.8

Mortality rate

EVK00 standard mortality rates for males and females are used for pre and after retirement mortality. The average life expectancy in years of a pensioner after retiring at age 60 for both men and women on the reporting date are as follows:

	31 December 2017	31 December 2016
Male	21.48	21.48
Female	24.40	24.40

The sensitivity analysis of defined benefit obligation of excess liabilities as of 31 December 2017 is as follows:

Assumption change	Pension excluding in-service disability	Salary continuation
Discount rate +1%	(19.3%)	(8.9%)
Discount rate -1%	25.6%	10.2%

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 15 – EMPLOYEE BENEFITS (Continued)

(b) Annual leave pay liability

The Bank's liability is the sum of the monetary values of each full-time professional staff member's annual leave entitlement which is calculated based on the monthly basic salaries.

Movements for the annual leave pay liability are as follows:

	31 December 2017	31 December 2016
1 January	**100**	**90**
Provision for the period (net)	(13)	11
Foreign exchange movements	-	(1)
At period end	**87**	**100**

(c) Reserve for employee severance indemnity

Under the Turkish Labour Law, employers are required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, who dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of 4,426 (in full TL amount) (31 December 2016: TL 4,297 (in full TL amount)) for each year of service. The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees.

IAS 19 "Employment Benefits" requires actuarial valuation methods to be developed to estimate the entity's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2017
Discount rate (%)	4.67
Turnover rate to estimate the probability of retirement (%)	100.00

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the lower of maximum amount of TL 4,426 effective from 1 January 2017 and gross monthly income of the staff member has been taken into consideration in calculating the reserve for employee termination benefits.

Because of being a multilateral development bank which is operative in different jurisdictions, the necessity of immunity from judicial proceedings has been recognized for the Bank by the Government of Turkey under the provision of the Article 4 of the Headquarters Agreement. Therefore, provision for severance payment is not calculated for the professional staff of the Bank. These financial statements include provision for severance payment only for the service staff employed by the Bank according to Turkish Labour Law.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 15 – EMPLOYEE BENEFITS (Continued)

Movements in the reserve for employment termination benefits are as follows:

	31 December 2017
1 January	-
Transferred liability (*)	10
Benefits paid	-
Current service cost	1
Interest cost	1
Actuarial gain/(loss)	-
Foreign exchange movements	1
At period end	**13**

(*) The Bank decided to terminate the contract regarding administrative office work and take over six employees of the sub-contractor company into its payroll effective from 1 February 2017 with all retrospective legal and contractual rights for the term they provide service to the Bank under Turkish Labour Law.

NOTE 16 - OTHER LIABILITIES

As at 31 December 2017 and 31 December 2016 other liabilities are as follows:

	31 December 2017	31 December 2016
Unearned income (*)	1,105	765
Payables	27	20
Total	**1,132**	**785**

(*) As of 31 December 2017 the Bank deferred the income amounting to EU 1,105 thousand (31 December 2016: EU 765 thousand) from front-end commissions during the tenor specified in the loan agreements made with financial institutions and customers.

NOTE 17 - SHARE CAPITAL AND SHARE PREMIUM

As of 31 December 2017, authorized capital of the Bank is EU 1,089,100 thousand (31 December 2016: EU 1,089,100 thousand) and the subscribed capital is EU 1,089,100 thousand (31 December 2016: EU 1,089,100 thousand) comprising 10,891 shares. Out of the said subscribed capital, EU 762,350 thousand may become callable (31 December 2016: EU 762,350 thousand), upon a unanimous decision of the Board of Governors, by the member countries in such manner and on such terms as deemed fit by the Board of Governors. The paid-in capital of EU 319,430 thousand (31 December 2016: EU 315,150 thousand) is reflected at its cost.

Total share capital paid-in during 2017 amounts to EU 4,280 thousand which was paid by Islamic Republic of Afghanistan, Republic of Azerbaijan and Kyrgyz Republic are EU 2,400 thousand, EU 1,560 thousand and EU 320 thousand, respectively (2016: EU 4,280 thousand which was paid by Islamic Republic of Afghanistan, Republic of Azerbaijan and Kyrgyz Republic are EU 2,400 thousand, EU 1,560 thousand and EU 320 thousand, respectively).

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 17 - SHARE CAPITAL AND SHARE PREMIUM (Continued)

The issued share capitals as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Authorized share capital	1,089,100	1,089,100
Less: unallocated share capital	-	-
Subscribed share capital	**1,089,100**	**1,089,100**
Less: callable share capital	(762,350)	(762,350)
Less: shares called but not yet due	(7,320)	(11,600)
Paid-in share capital	**319,430**	**315,150**

As at 31 December 2017 share capital structure of the Bank showing the number of shares, the amount subscribed by each member, including their respective callable and payable as well as the amount paid-in is as follows:

	Shares	Subscribed	Callable	Payable	Paid-in
Islamic Republic of Iran (*)	3,333	333,333	233,333	-	100,000
Islamic Republic of Pakistan (*)	3,333	333,333	233,333	-	100,000
Republic of Turkey (*)	3,333	333,333	233,333	-	100,000
Islamic Republic of Afghanistan	500	50,000	35,000	4,800	10,200
Republic of Azerbaijan	325	32,500	22,750	1,560	8,190
Kyrgyz Republic	66	6,600	4,600	960	1,040
Total	**10,891**	**1,089,100**	**762,350**	**7,320**	**319,430**

(*) Total number of shares, subscribed capital and callable capital of the three founding members are equal and 10,000; EU 1,000,000 thousand and EU 700,000 thousand, respectively.

NOTE 18 - NET INTEREST INCOME

	31 December 2017	31 December 2016
Interest income on:		
Loans and advances		
- to financial institutions	8,741	7,404
money market placements	*3,048*	*2,925*
other loans and advances	*5,693*	*4,479*
- to customers	4,228	3,086
Investment securities	668	820
Total interest income	**13,637**	**11,310**
Interest expense on:		
Deposits from banks	(795)	(650)
Pension plan liabilities	(125)	(92)
Total interest expense	**(920)**	**(742)**
Net interest income	**12,717**	**10,568**

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 19 - NET FEE AND COMMISSION INCOME

	31 December 2017	31 December 2016
Fee and commission income on loans	346	415
Total fee and commission income	**346**	**415**
Commissions paid to banks	(4)	(10)
Total fee and commission expense	**(4)**	**(10)**
Net fee and commission income	**342**	**405**

NOTE 20 - OPERATING EXPENSES

	31 December 2017	31 December 2016
Salaries and benefits	3,057	3,015
Contributions (*)	567	554
Relocation expenses	17	66
Staff development	1	2
Total personnel expenses	**3,642**	**3,637**
Office occupancy expenses	125	133
Travel and accommodation expenses	99	92
Operational subscriptions expenses	80	79
Equipment, maintenance and support	75	69
Consultant and third party fees	40	100
Communication expenses	21	30
Representation expenses	6	6
Other	47	42
Other administrative expenses	**493**	**551**
Depreciation and amortization (Notes 10, 11 and 12)	202	233
Total operating expenses	**4,337**	**4,421**

(*) Contributions are comprised of staff retirement plan, life insurance and medical insurance contributions made by the Bank on behalf of the employees.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 21 - COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business activities, the Bank undertakes various commitments and incurs certain contingent liabilities that are not presented in the financial statements.

(a) Commitments under derivative instruments

The breakdown of notional amounts of derivative transactions is as follows:

	31 December 2017					
	US Dollar	Euro	Chinese Yuan	British Pound	Japanese Yen	Total
Derivatives held for trading						
Currency rate swaps	-	-	39,788	28,471	26,392	94,651
Total purchases	**-**	**-**	**39,788**	**28,471**	**26,392**	**94,651**
Derivatives held for trading						
Currency rate swaps	(30,089)	(64,371)	-	-	-	(94,460)
Total sales	**(30,089)**	**(64,371)**	**-**	**-**	**-**	**(94,460)**
Off-balance sheet net notional position	**(30,089)**	**(64,371)**	**39,788**	**28,471**	**26,392**	**191**

	31 December 2016					
	US Dollar	Euro	Chinese Yuan	British Pound	Japanese Yen	Total
Derivatives held for trading						
Currency rate swaps	-	-	37,148	26,544	24,451	88,143
Total purchases	**-**	**-**	**37,148**	**26,544**	**24,451**	**88,143**
Derivatives held for trading						
Currency rate swaps	(56,835)	(33,313)	-	-	-	(90,148)
Total sales	**(56,835)**	**(33,313)**	**-**	**-**	**-**	**(90,148)**
Off-balance sheet net notional position	**(56,835)**	**(33,313)**	**37,148**	**26,544**	**24,451**	**(2,005)**

(b) Credit related and other commitments

	31 December 2017	31 December 2016
Credit limit commitments	12,632	50,947
Other commitments	5	8
Total	**12,637**	**50,955**

As at 31 December 2017 the Bank has credit limit commitments to the customers due to project finance amounting EU 12,632 thousand (31 December 2016: Project finance EU 19,583 thousand, trade finance EU 23,523 thousand and SME support program EU 7,841 thousand).

Other commitments comprised of rent guarantees of the Bank for the expatriate staff members.

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 22 - SEGMENT ANALYSIS

The Bank is a multilateral financial institution dedicated to promoting and facilitating private and public sector investments, cooperation and development in member states and fostering the growth of intra-regional trade. The Bank operates in a specific geographical area and the primary reporting format for business segments includes Banking and Treasury operations. Banking activities represent loans to financial institutions for SME support and trade finance, loans to customers for projects, trade and corporate finance. Treasury activities include raising debt finance, investing surplus liquidity, managing the Bank's market risk.

31 December 2017	Banking	Treasury	Total
Interest income	9,921	3,716	13,637
Fee and commission income	346	-	346
Total segment revenues	**10,267**	**3,716**	**13,983**
Interest expense	(407)	(513)	(920)
Fee and commission expense	-	(4)	(4)
Foreign exchange gain	-	957	957
Other operating income	61	31	92
Operating expenses	(3,293)	(1,044)	(4,337)
Segment income before impairment	**6,628**	**3,143**	**9,771**
Net impairment reversal	-	-	-
Net income for the period	**6,628**	**3,143**	**9,771**
Segment assets	**308,071**	**187,440**	**495,511**
Segment liabilities	**36,966**	**85,199**	**122,165**

(Amounts expressed in thousands of ECO Unit ("EU") unless otherwise indicated.)

NOTE 22 - SEGMENT ANALYSIS (Continued)

31 December 2016	Banking	Treasury	Total
Interest income	7,565	3,745	11,310
Fee and commission income	415	-	415
Total segment revenues	**7,980**	**3,745**	**11,725**
Interest expense	(76)	(666)	(742)
Fee and commission expense	-	(10)	(10)
Foreign exchange gain	-	831	831
Other operating income	61	30	91
Operating expenses	(3,335)	(1,086)	(4,421)
Segment income before impairment	**4,630**	**2,844**	**7,474**
Net impairment reversal	-	-	-
Net income for the period	**4,630**	**2,844**	**7,474**
Segment assets	**274,496**	**199,879**	**474,375**
Segment liabilities	**34,307**	**80,741**	**115,048**

NOTE 23 - RELATED PARTY TRANSACTIONS

The Bank has key management personnel as related parties.

The Bank's key management personnel are comprised of the President and two Vice Presidents. They are entitled to a staff compensation package that includes salary, medical and life insurance, participation in the Bank's pension plan and other short term benefits.

The salaries and other benefits paid to key management personnel amount to EU 540 thousand as of 31 December 2017 (31 December 2016: EU 600 thousand). This comprises salary and employee benefits of EU 460 thousand (31 December 2016: EU 518 thousand) and contributions made by the Bank on behalf of the management personnel of EU 80 thousand (31 December 2016: EU 82 thousand). Key management personnel do not receive post-employment benefits like termination benefits, any share-based payments or other long term benefits, except lump sum pension payment.

The members of the Board of Directors are not personnel of the Bank and do not receive any fixed term salaries nor any staff benefits.

NOTE 24 –EVENTS AFTER THE REPORTING PERIOD

None.