Credit Europe Bank N.V.

Condensed Consolidated Interim Financial Statements June 30, 2024

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CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended June 30, 2024

In thousands of EURO

	Notes	June 30, 2024	December 31, 2023
Assets			
Cash and balances at central banks	4	1,562,350	1,639,420
Financial assets at FVTPL	5	222,495	197,704
- Trading assets		203,175	171,789
-Non-trading assets mandatorily at FVTPL		19,320	25,915
Financial investments	6	464,745	382,937
Loans and receivables - banks	7	394,974	321,353
Derivative financial instruments	8	132,703	110,215
Loans and receivables - customers	9	2,570,977	2,711,128
Current tax assets		61	61
Deferred tax assets		40,114	55,833
Other assets	11	17,056	63,937
Inventory	11	28,517	30,577
Assets held for sale		977	1,989
Assets in disposal groups held for sale	28	71,531	-
Property and equipment		34,508	59,886
Investment property		3,757	3,664
Intangible assets		9,328	9,919
Total assets		**5,554,093**	**5,588,623**
Liabilities			
Due to banks	12	190,849	505,475
Derivative financial instruments	8	183,915	136,577
Due to customers	13	4,155,895	4,031,242
Current tax liabilities		3,240	4,103
Other liabilities	14	33,704	52,946
Liabilities in disposal groups held for sale	28	25,603	-
Provisions	15	10,003	12,596
Deferred tax liabilities		16,969	18,182
Sub-total liabilities (excluding subordinated liabilities)		**4,620,178**	**4,761,121**
Subordinated liabilities	16	241,019	169,650
Total liabilities		**4,861,197**	**4,930,771**
Equity			
Equity attributable to owners of the Company		677,805	642,572
Equity attributable to non-controlling interests		15,091	15,280
Total equity	17	**692,896**	**657,852**
Total equity and liabilities		**5,554,093**	**5,588,623**

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended June 30, 2024

In thousands of EURO

	Notes	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023*
Interest income from financial instruments measured at amortized cost and		228,361	128,047
Interest income from financial instruments measured at FVTPL		9,257	3,839
Interest expense from financial instruments measured at amortized cost		(84,379)	(49,213)
Net interest income	18	**153,239**	**82,673**
Fees and commissions income		25,624	21,162
Fees and commissions expense		(2,095)	(1,928)
Net fee and commission income	19	**23,529**	**19,234**
Revenue from repossessed assets	22	21,651	13,655
Valuation results and net trading income	20	(66,890)	5,217
Net results from investment securities		379	(3,519)
Other operating income	21	5,366	1,313
Operating income		**(61,145)**	**3,011**
Net impairment result on financial assets	10	15,852	3,438
Net operating income		**153,126**	**122,011**
Personnel expenses		(38,299)	(34,564)
Operating expenses	22	(20,842)	(15,550)
Depreciation and amortization		(4,742)	(5,286)
Expenses related to repossessed assets	21	(21,364)	(11,132)
Other impairment losses		(1,276)	(416)
Total operating expenses		**(86,523)**	**(66,948)**
Share of profit of associate		-	(135)
Operating profit before tax		**66,603**	**54,928**
Income tax result		(17,582)	(14,407)
Net result for the period		**49,021**	**40,521**
Net result for the period attributable to:			
Equity owners of the Company		49,604	40,502
Non-controlling interests		(583)	19

*As restated. Reference is made to Note 2 ‘Basis of preparation’.

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended June 30, 2024

In thousands of EURO

	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023
Net result for the period	**49,021**	**40,521**
Other comprehensive income that will subsequently be reclassified to the income statement		
Foreign currency translation:		
Net result on hedge of net investments	5,679	(5,037)
Exchange differences on translations of foreign operations	(2,913)	3,312
Income tax relating to the above	(25)	3,099
Net change on foreign currency translation	**2,741**	**1,374**
Net change on debt instruments at FVOCI	266	2,986
Other comprehensive income that will not be reclassified to the income statement		
Net change on tangible revaluation reserves	(9)	83
Net change on equity instruments at FVOCI	754	(140)
Other comprehensive income for the period, net of tax	**3,752**	**4,303**
Total comprehensive income for the period, net of tax	**52,773**	**44,824**
Attributable to:		
Equity holders of the parent	52,962	44,859
Non-controlling interest	(189)	(35)

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2024

In thousands of EURO

	Issued capital	Share premium	Retained earnings	Fair value reserve	Net investment hedge reserve	Tangible revaluation reserve	Foreign currency translation reserve	Total equity attributable to equity owners of the company	Non-controlling interest	Total equity
At January 1, 2024	**563,000**	**163,748**	**100,588**	**(5,632)**	**(117,038)**	**(92)**	**(62,002)**	**642,572**	**15,280**	**657,852**
Total comprehensive income										
Change in fair value reserve	-	-	-	270	-	-	-	**270**	(4)	**266**
Change in foreign currency translation reserve	-	-	-	-	-	-	(3,307)	**(3,307)**	394	**(2,913)**
Change in net investment hedge reserve	-	-	-	-	5,654	-	-	**5,654**	-	**5,654**
Change in fair value of equity instruments at FVOCI	-	-	(124)	874	-	-	-	**750**	4	**754**
Change in tangible revaluation reserve	-	-	(396)	-	-	387	-	**(9)**	-	**(9)**
Profit for the period	-	-	49,604	-	-	-	-	**49,604**	(583)	**49,021**
Total comprehensive income	**-**	**-**	**49,084**	**1,144**	**5,654**	**387**	**(3,307)**	**52,962**	**(189)**	**52,773**
Transactions with owners of the Bank										
Dividends declared and paid	-	-	(17,729)	-	-	-	-	**(17,729)**	-	**(17,729)**
At June 30, 2024	**563,000**	**163,748**	**131,943**	**(4,488)**	**(111,384)**	**295**	**(65,309)**	**677,805**	**15,091**	**692,896**

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

For the period ended June 30, 2024

In thousands of EURO

	Issued capital	Share premium	Retained earnings	Fair value reserve	Net investment hedge reserve	Tangible revaluation reserve	Foreign currency translation reserve	Total equity attributable to equity owners of the company	Non-controlling interest	Total equity
At January 1, 2023	**563,000**	**163,748**	**99,833**	**(27,721)**	**(97,556)**	**(16)**	**(83,383)**	**617,905**	**1,712**	**619,617**
Total comprehensive income										
Change in fair value reserve	-	-	-	3,016	-	-	-	**3,016**	(30)	**2,986**
Change in foreign currency translation reserve	-	-	-	-	-	-	3,331	**3,331**	(19)	**3,312**
Change in net investment hedge reserve	-	-	-	-	(1,938)	-	-	**(1,938)**	-	**(1,938)**
Change in fair value of equity instruments at FVOCI	-	-	(15,980)	15,845	-	-	-	**(135)**	(5)	**(140)**
Change in tangible revaluation reserve	-	-	188	-	-	(105)	-	**83**	-	**83**
Profit for the period	-	-	40,502	-	-	-	-	**40,502**	19	**40,521**
Total comprehensive income	**-**	**-**	**24,710**	**18,861**	**(1,938)**	**(105)**	**3,331**	**44,859**	**(35)**	**44,824**
Transactions with owners of the Bank										
Dividends declared and paid	-	-	(21,000)	-	-	-	-	**(21,000)**	-	**(21,000)**
At June 30, 2023	**563,000**	**163,748**	**103,543**	**(8,860)**	**(99,494)**	**(121)**	**(80,052)**	**641,764**	**1,677**	**643,441**

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended June 30, 2024

In thousands of EURO

	Notes	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023*
Profit for the period		**49,021**	**40,521**
Adjustments for:			
Net impairment on financial assets	10	(15,852)	(3,438)
Depreciation and amortization		4,742	5,286
Net impairment on non-financial assets		1,276	416
Income tax expense		17,582	14,407
Net interest income		(153,239)	(79,400)
Effect of exchange rate differences		11,356	(3,873)
Provisions		(3,102)	(3,356)
Loss on disposal of discontinued operations		2,619	-
		(85,597)	**(29,437)**
Changes in:			
Financial assets at fair value through profit or loss		821	-
Loans and receivables - banks		(73,852)	32,119
Loans and receivables - customers		148,160	189,690
Other assets		(15,487)	3,457
Due to banks		(314,626)	(248,975)
Due to customers		124,654	(122,365)
Other liabilities		44,959	(7,740)
		(85,371)	**(153,814)**
Net acquisition/proceeds of financial assets at fair value through profit or loss		(26,145)	19,344
Interest received		232,934	126,436
Interest paid		(71,853)	(51,006)
Income taxes paid		(2,861)	-
Net cash used in operating activities		**(38,893)**	**(88,477)**
Cash flows from investing activities			
Acquisition of financial investments		(178,116)	(92,671)
Proceeds from sales of financial investments		99,242	127,964
Acquisition of property and equipment		(1,642)	(2,297)
Proceeds from sale of property and equipment		259	16,825
Acquisition of intangibles		(1,569)	(1,827)
Dividends received	21(ii)	528	437
Net cash used in investing activities		**(81,297)**	**48,431**
Cash flows from financing activities			
Proceeds from long-term funding		96,358	-
Repayment of long-term funding		(32,219)	-
Dividends paid to shareholders		(17,729)	(21,000)
Payment of lease liabilities		(1,505)	(1,154)
Net cash from financing activities		**44,905**	**(22,154)**
Net cash from operations		**(75,285)**	**(62,200)**
Net change in cash and cash equivalents			
Cash and cash equivalents at January 1		1,603,050	1,067,150
Effect of exchange rate fluctuations on cash and cash equivalents held		(6,679)	(28)
Cash and cash equivalents excluding reserve deposits at central banks at June 30	4	**1,521,086**	**1,004,921**
Reserve deposits at central banks	4	(41,264)	(38,457)
Cash and cash equivalents at June 30	4	**1,479,822**	**966,464**

*As restated. Reference is made to Note 2 ‘Basis of preparation’.

1. Corporate information

General

Credit Europe Bank N.V., herein after ‘the Bank’, is domiciled in Amsterdam, the Netherlands. Credit Europe Bank N.V. comprises three branches in the Netherlands, Germany and Malta. The Condensed Consolidated Financial Statements of the Bank as of June 30, 2024, comprise the figures of the Bank and its subsidiaries. Together they are referred to as the ‘Bank’.

The Bank’s Parent Company is Credit Europe Group N.V., The Netherlands, and the Ultimate Parent Company is FİBA Holding A.Ş., Turkey, both ultimately controlled by Özyeğin family.

The Bank was founded as a specialized trade-finance bank, which aimed to actively participate in the wholesale financing of international trade. In later years, the Bank started retail-banking activities, including savings accounts, mortgage loans, consumer loans and credit cards.

The Bank’s registered office is Karspeldreef 6A, 1101 CJ Amsterdam, Netherlands and Chamber of Commerce registration number is 33256675.

Changes to the Group

As from 1 July the required documents for the legal merger of Credit Europe Bank N.V. (the acquiring company) and Credit Europe Bank (Romania) SA (the disappearing entity) have been made available for inspection at the Dutch Chamber of Commerce. As result of the merger, Credit Europe Bank (Romania) SA is expected to be converted to a branch. On 29 July 2024 DNB issued its approval for the merger and mid-July the required application documents were filed with NBR (their approval is expected in the coming months). The merger is envisaged to be completed by 1 January 2025 at the latest.

2. Basis of preparation

The Bank's condensed consolidated financial statements as of June 30, 2024 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Bank's 2023 consolidated annual financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and accounting principles in Netherlands as embodied in Part 9 of Book 2 of the Netherlands Civil Code.

The accounting policies applied in these condensed consolidated financial statements are the same as those applied by the Bank in its consolidated financial statements as at and for the year ended 31 December 2023, except for the changes as referred to in the 'Update to material accounting policies '. Please refer to 'Update to material accounting policies' for standards that are effective, were endorsed and adopted by the EU for annual periods beginning after 1 January 2024.

Amounts in the notes to condensed consolidated financial statements are in thousands of euros unless otherwise indicated.

These condensed consolidated financial statements were authorized for issue by the Bank's Managing Board and the Supervisory Board on September 13, 2024.

Use of estimates and judgements

The preparation of condensed consolidated financial statements in conformity with IFRS-EU requires the Bank's management to make judgements, estimates and assumptions that affect the application of policies, and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023. However, the recovery scenarios used, and their respective weights are subject to periodic updates, to reflect the most recent economic circumstances.

For estimates used when measuring the fair values of financial instruments refer to Note 24.

Global Outlook

The current economic outlook indicates that the worst is over for the global economy. This is supported by decreases in inflation and expectations of easing monetary policy. Recent inflation declines are due to lower prices for energy and non-energy industrial goods. However, services inflation, which is influenced more by domestic factors, remains persistent and varies in how quickly it is declining across different countries, affecting the timing of central banks' policy rate cuts. Another key factor affecting the outlook is the tightness of the labour market, where strong wage growth in the past few years has elevated business costs and prices. These effects are starting to ease, which is contributing to expectations of interest rate cuts. Yet, concerns about supply chain disruptions from geopolitical tensions are still a major risk. Conflicts in the Red Sea are expected to increase transportation costs and the prices of goods.

At the end of the first half of 2024, the Bank continued to use the same macro models for PD estimations by updating the factor projections. Regulatory LGD values are utilized in provision calculation of corporate portfolio due to insufficient amount of internal data.

For corporate portfolio, the forecast update brings EUR 1.22 million reversal impact as of the implementation date while EUR 0.1 million reversal impact is observed for retail portfolio.

The forward-looking economic variables used in the models remain the same as in the 2023 year-end models, and they can be seen in the below table. Their projections are updated considering the current macro-economic outlook.

Corporate Portfolio

ECL Parameter	Portfolio	Variable
PD	**Balance Sheet Lending & Commercial Real Estate - Turkey**	Turkey Real GDP (%, yearly)
		Turkey Unemployment Rate (%)
	Balance Sheet Lending & Commercial Real Estate - Romania	Romania Real GDP (%, yearly)
		Romania Unemployment Rate (%)
	Balance Sheet Lending & Commercial Real Estate - Rest of the World	Eurozone Real GDP (%, yearly)
		Eurozone Unemployment Rate (%)
	Marine Finance - Tanker Segment	Exports, goods, and services (World, %, yearly)
		Brent Crude Price Index (% change)
	Marine Finance - Other Vessel Types	Exports, goods and services (World, %, yearly)
		Baltic Dry Index (% change)
	Trade Finance -All	Exports, goods and services (World, %, yearly)
		World Real GDP (%, yearly)
		Brent Crude Price Index (% change)

Retail Portfolio

ECL Parameter	Portfolio	Variable
PD	**Credit Cards** **Mortgage** **Multipurpose loans** **SME**	Romania real GDP (%, yearly) Romania Unemploymnt Rate (%) Labour Productivity (%)
LGD unsecured	**Credit Cards**	Romania real GDP (%, yearly) Romania Unemploymnt Rate (%) Labour Productivity (%)
LGD secured	**Mortgage** **Multipurpose loans** **SME**	House Price Index (%)

The Bank performs model monitoring analysis annually and reviews all internal rating models while testing Point in Time PD calibrations semiannually. Furthermore, the Bank revisits its macroeconomic models every 3 years or in case of an existence of validation/back-testing findings. PD calibrations and macroeconomic factor adjustments will be updated again before year-end.

The Bank performs several sensitivity analyses semi-annually to assess the impact of a potential deviation in the underlying assumptions (PD, LGD, macroeconomic scenario weights, macroeconomic variable projections) on impairment levels.

For corporate portfolio, the first sensitivity analysis shows that a 5% increase in the LGD forecasts across the entire portfolio results in a EUR 1.37 million increase in impairment. The second scenario is designed to analyze the impairment impact of 1 notch downgrade throughout the entire corporate portfolio even though it is a very unlikely scenario. Downgrading all ratings by 1-notch results in a EUR 6.69 million increase in impairment. While this extreme scenario increases the PD levels by 150%, it also causes transitions from Stage 1 to Stage 2 for the exposures with lower PDs at origination. The third and fourth scenarios analyze the impact of changing scenario weights and worsening all three scenario projections of macroeconomic variables by 5%, respectively. The third scenario has an impact of EUR 2.27 million provision increase whereas the fourth scenario results in a provision increase of EUR 1.62 million.

Three sensitivity analyses are run for retail portfolio. In the first one, LGDs are increased by 5% for unsecured and secured exposures, and EUR 0.25 million increase in impairment is generated. Second analyze has an assumption of 150% increase of PDs, and results in an impact of EUR 1.5 million increase in impairment, and the last scenario, is represented by 100% weight of pessimistic macroeconomic factors, generates an impact of EUR 0.33 million increase in impairment.

e) Going concern

Having made appropriate enquiries, the Board is satisfied that the Bank as a whole have adequate resources to continue operational businesses for the foreseeable future and therefore continued to adopt the going concern basis in preparing the financial statements.

f) Comparative information

In order to conform to presentation of consolidated financial position for the period ended 30 June 2024, presentation of certain loan origination fees has been changed for the period ended 30 June 2023.
The reclassification resulted as EUR 3,273 decrease of commission income and increase of interest income for the period 1 January 2023 - 30 June 2023.

g) Changes to prior year disclosures

Certain figures reported in the 2023 interim and annual reports have been reclassified for consistency with the presentation applied within these disclosures. These changes are immaterial and presentational in nature and do not change the previously reported financial results for the period ended 30 June 2023 and year ended 31 December 2023 nor the aggregate assets and liabilities, net profit or net cash from continuing operations at that date.

Update to material accounting policies

Amendments and interpretations to standard are effective for annual periods beginning after 1 January 2024

The below new amendments to standards that are effective, endorsed and adopted by the EU for annual periods beginning after 1 January 2024, have been assessed by the Bank and do not have a material impact on the consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent (issued on 23 January 2020); and Non-current Liabilities with Covenants (issued on 31 October 2022)

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)

The Bank has not early adopted any standard, interpretation or amendment which has been issued, but is not yet effective.

Notes to Condensed Consolidated Financial Statements

3. Segment information

Segment information is presented in respect of the Bank's operating segments, for which the Bank assesses performance and accordingly makes resource allocations.

The Bank has five (2023: five) reportable segments (described below), which are the Bank's strategic areas of operation. The strategic areas offer banking and banking related products, and are managed separately to take account of local economic environments, which require different risk management and pricing strategies. For each of the strategic areas, the CFO reviews internal management reports on at least a monthly basis. The following summary describes the operation of each of the Bank's reportable segments:

- Western Europe retail: includes retail loans and funds entrusted by retail customers in Western Europe, including Germany and the Netherlands.
- Western Europe wholesale: includes loans to non-retail customers and funds entrusted by non-retail customers in the Netherlands, Germany, Malta and Switzerland.
- Romania retail: includes retail loans and funds entrusted from retail customers in Romania.
- Romania wholesale: includes loans to non-retail customers and funds entrusted from non-retail customers in Romania.
- Other: includes Bank's operations in Ukraine and Turkey.

Measurement of segment assets and liabilities, and segment income and results is based on the Bank's accounting policies. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3. Segment information *(continued)*

	West Europe Retail	West Europe Wholesale	Romania Retail	Romania Wholesale	Other	June 30, 2024 Total
Interest income – external	12	212,484	16,059	7,059	2,004	237,618
Interest income – other segments	-	1,912	-	690	-	2,602
Interest revenue	**12**	**214,396**	**16,059**	**7,749**	**2,004**	**240,220**
Interest expenses – external	-	(75,072)	(6,381)	(2,382)	(544)	(84,379)
Interest expense – other segments	-	(1,845)	-	(388)	(369)	(2,602)
Interest expense	-	**(76,917)**	**(6,381)**	**(2,770)**	**(913)**	**(86,981)**
Net interest income	**12**	**137,479**	**9,678**	**4,979**	**1,091**	**153,239**
Net commission income – external	6	20,843	2,426	246	8	23,529
Net commission income – other segments	-	135	58	(6)	(187)	-
Revenue from repossessed assets	-	33	382	-	21,236	21,651
Trading and other income	(5)	(63,230)	704	1,682	(296)	(61,145)
Net impairment loss on financial assets	(18)	14,150	812	180	728	15,852
Depreciation and amortization expense	(44)	(2,000)	(1,389)	(751)	(558)	(4,742)
Operating expenses	(467)	(43,457)	(8,233)	(6,824)	(1,436)	(60,417)
Expenses related to repossessed assets	-	(296)	(62)	-	(21,006)	(21,364)
Operating profit before taxes	**(516)**	**63,657**	**4,376**	**(494)**	**(420)**	**66,603**
Income tax expense	165	(16,479)	(941)	69	(396)	(17,582)
Profit for the period	**(351)**	**47,178**	**3,435**	**(425)**	**(816)**	**49,021**
Other information at 30 June 2024 - Financial position						
Total assets	14,233	4,784,837	283,708	363,805	107,510	5,554,093
Total liabilities	2,707,884	1,697,984	223,013	184,635	47,681	4,861,197
Assets held for sale	-	977	-	-	71,531	72,508
Other information at 30 June 2024 - Income statement						
Reversal of impairment allowances no longer required	171	3,421	550	264	680	5,086

3. Segment information *(continued)*

						June 30, 2023
	West Europe Retail	**West Europe Wholesale**	**Romania Retail**	**Romania Wholesale**	**Other**	**Total**
Interest income – external	26	103,141	15,151	11,005	2,563	131,886
Interest income – other segments	-	1,821	-	130	-	1,951
Interest revenue	**26**	**104,962**	**15,151**	**11,135**	**2,563**	**133,837**
Interest expenses – external	-	(38,264)	(6,836)	(3,282)	(831)	(49,213)
Interest expense – other segments	-	(815)	-	(498)	(638)	(1,951)
Interest expense	-	**(39,079)**	**(6,836)**	**(3,780)**	**(1,469)**	**(51,164)**
Net interest income	**26**	**65,883**	**8,315**	**7,355**	**1,094**	**82,673**
Net commission income – external	34	16,535	2,333	342	(10)	19,234
Net commission income – other segments	-	67	47	(12)	(102)	-
Revenue from repossessed assets	-	1,386	150	84	12,035	13,655
Trading and other income	3	54	547	1,972	435	3,011
Net impairment loss on financial assets	(11)	5,086	(3,371)	735	999	3,438
Depreciation and amortization expense	(22)	(1,806)	(1,455)	(845)	(1,158)	(5,286)
Operating expenses	(287)	(34,434)	(8,284)	(6,668)	(857)	(50,530)
Expenses related to repossessed assets	-	(180)	(117)	-	(10,835)	(11,132)
Share of profit of associate	-	(135)	-	-	-	(135)
Operating profit before taxes	**(257)**	**52,456**	**(1,835)**	**2,963**	**1,601**	**54,928**
Income tax expense	83	(14,292)	683	(482)	(399)	(14,407)
Profit for the period	**(174)**	**38,164**	**(1,152)**	**2,481**	**1,202**	**40,521**
Other information at 31 December 2023 - Financial position						
Total assets	15,282	4,729,104	299,091	444,424	100,722	5,588,623
Total liabilities	2,391,378	2,003,661	230,627	264,817	40,288	4,930,771
Assets held for sale	-	1,989	-	-	-	1,989
Other information at 30 June 2023 - Income statement						
Reversal of impairment allowances no longer required	42	1,831	768	1,237	734	4,612

Information about major customers

As of June 30, 2024, there is no single customer revenues from which individually exceeded 10% of total revenue (June 30, 2023: None).

4. Cash and balances at central banks

This item includes cash on hand and deposits with central banks in countries in which the Bank has a presence.

	June 30, 2024	December 31, 2023
Balances with central banks	1,550,816	1,624,603
Cash on hand	11,534	14,817
Total	**1,562,350**	**1,639,420**

Deposits at central banks include reserve deposits amounting to EUR 41,264 (2023: EUR 36,370), which represents the mandatory deposit and is not available in the Bank's day-to-day operations.

Reconciliation of cash and cash equivalents

	June 30, 2024	December 31, 2023
Cash and balances at central banks	1,562,350	1,639,420
Less: reserve deposits at central banks	(41,264)	(36,370)
Cash and cash equivalents in the statement of cash flows	**1,521,086**	**1,603,050**

5. Financial assets at fair value through profit or loss

	June 30, 2024	December 31, 2023
Financial assets held for trading		
Trading loans	137,611	138,289
Government bonds	28,868	13,334
Bank bonds	25,920	4,472
Corporate bonds	10,775	15,694
Total financial assets held for trading	**203,174**	**171,789**
Non- trading financial assets mandatorily at FVTPL		
Loans to customers	15,162	22,241
Equity instruments	4,159	3,674
Total non-trading financial assets mandatorily at FVTPL	**19,321**	**25,915**
Total financial assets at fair value through profit or loss	**222,495**	**197,704**

As of June 30, 2024, EUR 69,721 (2023: EUR 37,173) are listed financial instruments and EUR 152,774 (2023: EUR 160,531) are non-listed financial instruments.

As of June 30, 2024, there is no financial asset that have been sold or re-pledged under repurchase agreements (2023: None).

Gains and losses on changes in fair value of trading and non-trading instruments are recognized in 'net trading results'.

6. Financial investments

	June 30, 2024	December 31, 2023
Financial investments at FVOCI	403,565	322,059
Financial investments at amortized cost	61,180	60,878
Total	**464,745**	**382,937**

As of June 30, 2024, there is no financial asset may have been sold or re-pledged under repurchase agreements (2023: None). These transactions are conducted under terms that are normal and customary to standard lending, and securities borrowing and lending activities, as well as requirements determined by exchange markets where the Bank acts as an intermediary.

	June 30, 2024	December 31, 2023
Government bonds	235,848	304,688
Loans and advances	100,900	39,353
Bank bonds	96,275	18,830
Corporate bonds	20,060	8,271
Equities	11,662	11,795
Total	**464,745**	**382,937**

As of June 30, 2024, EUR 359,310 (2023: EUR 339,297) of the total are listed financial instruments and EUR 105,435 (2023: EUR 43,640) are non-listed financial instruments.

The Bank elected to apply the FVOCI option to the equity investments, which consists of instruments that provide a strategic source of stable dividend income.

As of June 30, 2024, the Bank recognized EUR 528 dividend amount (2023: EUR 590) from equities during the period. The valuation of listed equities is made based on market prices and not-listed equities is made based on net asset value.

7. Loans and receivables – banks

	June 30, 2024	December 31, 2023
Placements with other banks	254,755	259,689
Loans and advances	140,791	61,825
Subtotal	**395,546**	**321,514**
Allowances for expected credit losses	(572)	(161)
Total	**394,974**	**321,353**

Placements with other banks that serve as collateral for derivative transactions and are not freely disposable amount to EUR 41,528 (2023: EUR 16,298).

Changes in loans, impairment charges and allowances are summarized as follows:

	Stage 1		Stage 2		Stage 3		Total	
	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL
At January 1, 2024	**321,514**	**(161)**	**-**	**-**	**-**	**-**	**321,514**	**(161)**
Originated or purchased	87,339	(456)	-	-	-	-	87,339	(456)
Matured or sold	(105,315)	47	-	-	-	-	(105,315)	47
Re-measurement	91,584	(2)	-	-	-	-	91,584	(2)
Exchange differences	424	-	-	-	-	-	424	-
At June 30, 2024	**395,546**	**(572)**	**-**	**-**	**-**	**-**	**395,546**	**(572)**

	Stage 1		Stage 2		Stage 3		Total	
	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL
At January 1, 2023	**461,421**	**(879)**	**-**	**-**	**-**	**-**	**461,421**	**(879)**
Originated or purchased	252,715	(113)	-	-	-	-	252,715	(113)
Matured or sold	(347,285)	626	-	-	-	-	(347,285)	626
Re-measurement	61,773	165	-	-	-	-	61,773	165
At June 30, 2023	**428,624**	**(201)**	**-**	**-**	**-**	**-**	**428,624**	**(201)**

8. Derivative financial instruments

In the ordinary course of business, the Bank enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments depend on movements in price in one or more underlying financial instruments, reference rates or indices. Derivative financial instruments include forwards, swaps, futures, credit default swaps, commodity swaps and options.

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

	June 30, 2024			December 31, 2023		
	Notional amount	**Carrying value assets**	**Carrying value liabilities**	**Notional amount**	**Carrying value assets**	**Carrying value liabilities**
Derivatives held for trading						
Interest rate swaps	178,118	3,809	3,798	140,867	974	967
Interest rate options (purchased)	77,000	1,139	-	80,500	1,101	-
Interest rate options (sold)	(77,000)	-	1,139	(80,500)	-	1,101
Foreign currency swaps	634,514	47,135	45,636	350,626	37,221	37,119
Credit default swaps	111,163	360	82	-	-	-
Foreign currency forwards	391,558	5,775	6,769	174,321	2,768	2,424
Foreign currency futures	960	7	28	40,165	-	343
Foreign currency options (purchased)	146,054	2,515	-	86,380	1,793	-
Foreign currency options (sold)	(153,551)	-	2,540	(86,380)	-	1,801
Commodity options (purchased)	312,868	13,653	-	303,559	17,081	-
Commodity options (sold)	(312,868)	-	13,642	(303,559)	-	17,084
Commodity swaps	61,058	2,094	1,496	48,829	3,242	2,963
Total	**1,369,874**	**76,487**	**75,130**	**754,808**	**64,180**	**63,802**
Derivatives in economic hedge relationship						
Interest rate swaps	3,000	35	35	3,000	87	86
Foreign currency swaps	2,199,167	47,273	87,976	2,181,603	38,817	48,428
Forwards	132,828	-	190	54,310	27	73
Total	**2,334,995**	**47,308**	**88,201**	**2,238,913**	**38,931**	**48,587**
Derivatives in fair value hedge accounting relationships						
Interest rate swaps	1,868,548	1,715	8,698	1,612,354	784	5,270
Total	**1,868,548**	**1,715**	**8,698**	**1,612,354**	**784**	**5,270**
Derivatives in net investment hedge accounting relationship						
Foreign currency swaps	330,148	7,193	11,886	321,381	6,320	18,918
Total	**330,148**	**7,193**	**11,886**	**321,381**	**6,320**	**18,918**
Total Derivatives	**5,903,565**	**132,703**	**183,915**	**4,927,456**	**110,215**	**136,577**

Derivative financial instruments held or issued for trading purposes: A financial asset is held for trading if the Bank acquired it for the purpose of selling in the near future or is part of a portfolio of financial assets subject to trading. Derivative assets are always treated as held for trading unless they are effective hedging instruments.

Derivatives in economic hedge relationships: Most of the Bank's derivatives in economic hedge relationships relate to asset and liability management of the Bank and deals with customers who are normally laid off with counterparties. Included in this classification are any derivatives entered into by the Bank in order to hedge economically its exposures for risk management purposes that are not designated in hedge relationships, as they do not meet the hedge accounting criteria.

Derivative financial instruments held for hedge accounting: As part of its asset and liability management, the Bank uses derivatives for economic hedging purposes in order to reduce its exposure to market risks. This is achieved by hedging specific financial instruments, portfolios of fixed rate financial instruments and forecast transactions, as well as hedging of aggregate financial position exposures. Where possible, the Bank applies hedge accounting.

-Fair value hedges in hedge accounting relationships

Market risk in the banking book is the risk that unfavourable market movements cause the Bank's value or income to fluctuate.

The Bank uses a combination of portfolio (macro) hedges (portion of fixed rate customer deposits) and specific asset or liability (micro) hedges (portion of fixed income portfolio, subordinated loans) to swap fixed interest rates for floating interest rate positions. The resulting interest rate positions, after application of interest rate hedges, are in line with the bank's strategy and risk appetite. In addition, for specific loans, the Bank hedges the changes in the fair value of the foreign currency denominated loans relating to changes in foreign currency exchange rates.

The following table sets out the accumulated fair value adjustments arising from the corresponding continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the period.

June 30, 2024	Carrying amount of hedged items		Accumulated amount of fair value adj. on the hedged items	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Micro fair value hedges				
Fixed rate corporate loans	61,268	-	365	-
Fixed rate FVOCI debt instruments	13,691	-	1,444	-
Fixed rate subordinated liabilities	-	192,632	-	21
Subtotal	**74,959**	**192,632**	**1,809**	**21**
Portfolio fair value hedges				
Fixed rate customer deposits	-	1,576,013	-	8,655
Subtotal	**-**	**1,576,013**	**-**	**8,655**
Total	**74,959**	**1,768,645**	**1,809**	**8,676**

December 31, 2023	Carrying amount of hedged items		Accumulated amount of fair value adj. on the hedged items	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Micro fair value hedges				
Fixed rate corporate loans	40,267	-	95	-
Fixed rate FVOCI debt instruments	30,033	-	757	-
Fixed rate subordinated liabilities	-	139,852	-	483
Subtotal	**70,300**	**139,852**	**852**	**483**
Portfolio fair value hedges				
Fixed rate customer deposits	-	1,416,004	-	4,607
Subtotal	**-**	**1,416,004**	**-**	**4,607**
Total	**70,300**	**1,555,856**	**852**	**5,090**

The following table sets out the outcome of the Bank's hedging strategy, in particular to changes in the fair value of the hedged items and hedging instruments used as the basis for recognising ineffectiveness. Ineffectiveness has been recognised under PL line "Net trading result". Main source of ineffectiveness are the minor notional/schedule/interest rate differences of hedged and hedging items, floating leg of hedging item and the differences in yield curves used for hedged and hedging items during hedge ineffectiveness tests.

January 1, 2024- June 30, 2024		**Gains /(losses) attributable to the hedged risk**		**Hedge ineffectiveness**
Hedged Items	**Hedging Instruments**	**Hedged Items**	**Hedging Instruments**	
Micro fair value hedge relationships ***hedging assets***				
Fixed rate corporate loans	Interest rate swaps	(270)	307	38
Fixed rate FVOCI debt instruments	Interest rate swaps	(687)	591	(96)
Subtotal		**(957)**	**898**	**(58)**
Micro fair value hedge relationships ***hedging liabilities***				
Fixed rate subordinated liabilities	Interest rate swaps	(462)	380	(82)
Subtotal		**(462)**	**380**	**(82)**
Total micro fair value relationships		**(1,419)**	**1,278**	**(140)**
Portfolio fair value hedge relationships				
Fixed rate customer deposits	Interest rate swaps	4,049	(3,807)	241
Subtotal		**4,049**	**(3,807)**	**241**
Total portfolio fair value hedge relationships		**4,049**	**(3,807)**	**241**
Total		**2,630**	**(2,529)**	**101**

January 1, 2023- June 30, 2023		**Gains /(losses) attributable to the hedged risk**		**Hedge ineffectiveness**
Hedged Items	**Hedging Instruments**	**Hedged Items**	**Hedging Instruments**	
Micro fair value hedge relationships ***hedging assets***				
Fixed rate corporate loans	Interest rate swaps	219	(240)	(21)
Fixed rate FVOCI debt instruments	Interest rate swaps	3,358	(3,300)	58
Subtotal		**3,577**	**(3,540)**	**37**
Micro fair value hedge relationships ***hedging liabilities***				
Fixed rate subordinated liabilities	Interest rate swaps	1,033	(1,039)	(6)
Subtotal		**1,033**	**(1,039)**	**(6)**
Total micro fair value relationships		**4,610**	**(4,579)**	**31**
Portfolio fair value hedge relationships				
Fixed rate customer deposits	Interest rate swaps	(1,289)	1,307	18
Subtotal		**(1,289)**	**1,307**	**18**
Total portfolio fair value hedge relationships		**(1,289)**	**1,307**	**18**
Total		**3,321**	**(3,272)**	**49**

The maturity profile of notional amounts of the Bank's hedging instruments used in fair value hedge relationships is as follows:

June 30, 2024	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Fixed rate corporate loans						
Interest rate swaps	-	-	15,926	44,575	-	60,501
Fixed rate FVOCI debt instruments						
Interest rate swaps	-	-	-	6,259	8,890	15,149
Fixed rate subordinated liabilities						
Interest rate swaps	-	-	46,707	144,792	-	191,499
Fixed rate customer deposits						
Interest rate swaps	27,400	127,400	822,300	461,258	163,041	1,601,399
Total	**27,400**	**127,400**	**884,933**	**656,884**	**171,931**	**1,868,548**

December 31, 2023	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Fixed rate corporate loans						
Interest rate swaps	-	-	-	26,543	20,000	46,543
Fixed rate FVOCI debt instruments						
Interest rate swaps	-	-	-	6,063	34,769	40,832
Fixed rate subordinated liabilities						
Interest rate swaps	-	-	45,249	45,249	-	90,498
Fixed rate customer deposits						
Interest rate swaps	43,550	79,599	572,449	537,066	201,817	1,434,481
Total	**43,550**	**79,599**	**617,698**	**614,921**	**256,586**	**1,612,354**

-Net investment hedges

The objective is to protect net asset values of foreign investments of the Bank subsidiaries against unfavourable movements in the fx rates. The change in the value of hedging instrument, with respect to foreign exchange risk, is determined by reference to the functional currency of the Bank (EUR). This hedging objective is consistent with Bank`s overall FX risk management strategy of reducing the variability of its shareholders equity.

Details of the Bank's activities in relation to hedges of its net investment in foreign operations against foreign exchange movements are as follows:

		June 30, 2024
Investments in subsidiaries functional currency of which is:	**Change in fair value of hedged item for ineffectiveness assessment**	**Translation reserve**
USD	660	526
RON	1,823	(1,133)
CHF	(8,175)	(6,035)
UAH	-	(458)
Total	**(5,692)**	**(7,100)**

		December 31, 2023
Investments in subsidiaries functional currency of which is:	**Change in fair value of hedged item for ineffectiveness assessment**	**Translation reserve**
USD	(281)	345
RON	6,682	(1,076)
CHF	6,766	9,307
UAH	-	(536)
Total	**13,167**	**8,040**

Information regarding the foreign currency derivatives used as hedging instruments and hedge effectiveness is as follows:

June 30, 2024	**Carrying amount of hedging instruments**			**Changes in fair value of hedging instruments used for net investment hedge**		
Net investment hedges	Notional amount	Assets	Liabilities	Effective portion recognized in OCI	Hedge ineffectiveness recognized in income statement	Total
USD swaps	19,581	270	679	(660)	-	(660)
RON swaps	152,024	3,800	6,775	(1,823)	-	(1,823)
CHF swaps	158,542	3,124	4,431	8,175	-	8,175
Total	**330,147**	**7,194**	**11,885**	**5,692**	**-**	**5,692**

December 31, 2023	**Carrying amount of hedging instruments**			**Changes in fair value of hedging instruments used for net investment hedge**		
Net investment hedges	Notional amount	Assets	Liabilities	Effective portion recognized in OCI	Hedge ineffectiveness recognized in income statement	Total
USD swaps	17,502	900	287	281	-	281
RON swaps	146,911	2,899	7,074	(6,682)	-	(6,682)
CHF swaps	156,968	2,521	11,557	(6,766)	-	(6,766)
Total	**321,381**	**6,320**	**18,918**	**(13,167)**	**-**	**(13,167)**

The maturity profile of notional amounts of the Bank's hedging instruments used in net investment hedge relationships is as follows:

Hedging Instruments	Less than 1 month	1 to 3 months	3 to 12 months	Total
USD swaps	19,581	-	-	19,581
RON swaps	51,784	38,830	61,410	152,024
CHF swaps	52,963	53,454	52,125	158,542
Total at June 30, 2024	**124,328**	**92,284**	**113,535**	**330,147**

Hedging Instruments	Less than 1 month	1 to 3 months	3 to 12 months	Total
USD swaps	-	17,502	-	17,502
RON swaps	48,204	22,412	76,295	146,911
CHF swaps	116,287	-	40,681	156,968
Total at December 31, 2023	**164,491**	**39,914**	**116,976**	**321,381**

9. Loans and receivables – customers

	June 30, 2024	December 31, 2023
Commercial loans	2,265,853	2,266,819
Consumer loans	186,133	205,376
Credit card loans	100,794	99,038
Public sector loans	50,052	185,381
Finance lease receivables, net	3,060	3,501
Subtotal	**2,605,892**	**2,760,115**
Allowances for expected credit losses	**(34,915)**	**(48,987)**
-Commercial loans	(17,783)	(26,509)
-Consumer loans	(14,565)	(20,691)
-Credit card loans	(2,567)	(1,787)
Total	**2,570,977**	**2,711,128**

No individual loan or receivable has terms and conditions that materially affect the amount, timing or certainty of the consolidated cash flows of the Bank.

10. Loans to customers, impairment charges and allowances

June 30, 2024

	Stage 1		Stage 2		Stage 3		Total	
	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL
Balance at 1 January	**2,489,248**	**(8,937)**	**201,339**	**(14,514)**	**69,528**	**(25,536)**	**2,760,115**	**(48,987)**
Originated or purchased	1,375,708	(717)	1,124	(18)	-	-	**1,376,832**	**(735)**
Matured or sold	(1,432,502)	1,948	(5,402)	159	(12,341)	2,932	**(1,450,245)**	**5,039**
Transfers to Stage 1	74,903	(7,334)	(73,573)	6,865	(1,330)	469	-	-
Transfers to Stage 2	(25,105)	121	28,897	(1,629)	(3,792)	1,508	-	-
Transfers to Stage 3	(14,420)	69	(2,327)	234	16,747	(303)	-	-
Re-measurement	(54,061)	7,554	(4,014)	2,724	(5,404)	(5,067)	**(63,479)**	**5,211**
Amounts written off	-	-	-	-	(5,210)	5,210	**(5,210)**	**5,210**
Exchange differences	(11,495)	61	(558)	109	(68)	(823)	**(12,121)**	**(653)**
Balance at period end	**2,402,276**	**(7,235)**	**145,486**	**(6,070)**	**58,130**	**(21,610)**	**2,605,892**	**(34,915)**

June 30, 2023

	Stage 1		Stage 2		Stage 3		Total	
	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL
Balance at 1 January	**2,133,980**	**(9,448)**	**257,899**	**(19,544)**	**161,602**	**(42,974)**	**2,553,481**	**(71,966)**
Originated or purchased	930,670	(1,427)	406	(13)	1,794	1,402	**932,870**	**(38)**
Matured or sold	(1,007,038)	1,808	(4,219)	1,047	(6,923)	1,130	**(1,018,180)**	**3,985**
Transfers to Stage 1	21,259	(386)	(21,219)	386	(40)	-	-	-
Transfers to Stage 2	(40,587)	310	44,795	(1,070)	(4,208)	760	-	-
Transfers to Stage 3	(2,392)	-	(4,255)	379	6,647	(379)	-	-
Re-measurement	(114,518)	658	(2,205)	(523)	(438)	(3,492)	**(117,161)**	**(3,357)**
Amounts written off	-	-	-	-	(5,408)	5,408	**(5,408)**	**5,408**
Exchange differences	-	(44)	13	(20)	-	(1,517)	**13**	**(1,581)**
Balance at period end	**1,921,374**	**(8,529)**	**271,215**	**(19,358)**	**153,026**	**(39,662)**	**2,345,615**	**(67,549)**

Expected credit loss charges on financial instruments included in the statement of income are as follows:

			January 1, 2024- June 30, 2024		January 1, 2023- June 30, 2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Total**
Loans to customers at amortized cost	11,380	2,547	2,636	16,563	**3,106**
Loans to banks at amortized cost	(411)	-	-	(411)	**514**
Debt securities	(164)	13	-	(151)	**53**
Credit related commitments (non-cash loans)	(149)	-	-	(149)	**(235)**
Net impairment loss on financial instruments	**10,656**	**2,560**	**2,636**	**15,852**	**3,438**

There is no loans and receivables written off during the period (2023: None), which is still subject to enforcement activity.

11. Other assets and inventories

	June 30, 2024*	December 31, 2023
Repossessed assets classified as inventories**	28,517	30,577
Prepayments to suppliers	4,508	8,701
Accounts receivable	2,052	172
POS, plastic cards and ATM related receivables	1,800	1,906
Materials and supplies	1,012	13,236
Receivables from DSB	-	6,259
Contract assets	-	27,006
Other assets ***	7,684	6,657
Total	**45,573**	**94,514**

(*) As of reporting date assets and liabilities of Atlas Shipyard have been reclassified as “Assets and liabilities in disposal groups held for sale”. Please refer to Note 28 for further information.

(**) Repossessed assets classified as inventories include land, commercial and residential real estate amounting to EUR 22.4 million (2023: EUR 24.6 million), and recreational boats amounting to EUR 6.1 million (2023: EUR 6 million).

(***) Includes EUR 2.2 million (2023: EUR 2.2 million) “Cash collateral given” and EUR 1.4 million (2023: EUR: 1.2 million) “Operational tax receivables”.

12. Due to banks

	June 30, 2024	December 31, 2023
Time deposits	151,410	427,391
Current accounts	39,439	78,084
Total	**190,849**	**505,475**

There is no repo amount in time deposits (2023: EUR 191,578).

13. Due to customers

	June 30, 2024	December 31, 2023
Retail time deposits	1,962,239	1,813,885
Retail saving and demand deposits	1,002,174	831,963
Corporate time deposits	691,100	591,130
Corporate demand deposits	500,382	794,264
Total	**4,155,895**	**4,031,242**

As of June 30, 2024, the Bank maintained customer deposit balances of EUR 35,250 (2023: EUR 41,803), which were pledged to the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

As of June 30, 2024, EUR 1,169,927 (2023: EUR 1,181,612) of deposits from customers are expected to be settled in more than 12 months after the balance sheet date.

14. Other liabilities

	June 30, 2024*	December 31, 2023
Lease liabilities	8,254	9,688
Accrued expenses	7,071	6,432
Credit card payables	2,809	2,735
Items in the course of settlement	2,723	2,797
Advances from customers	1,857	20,528
Payables to suppliers	217	2,407
Other liabilities**	10,773	8,359
Total	**33,704**	**52,946**

(*) As of reporting date assets and liabilities of Atlas Shipyard have been reclassified as “Assets and liabilities in disposal groups held for sale”. Please refer to Note 28 for further information.

(**) Includes EUR 3.5 million (2023: EUR 3.1 million) “Non-current tax payables”.

15. Provisions

	June 30, 2024	December 31, 2023
Litigation(*)	2,518	2,835
Staff related	4,701	7,451
- Employee termination benefits	*828*	*690*
- Variable remunerations	*2,126*	*4,907*
- Vacation pay liability	*1,747*	*1,685*
- Other	*-*	*169*
Credit related commitments	2,457	2,271
Other	327	39
Total	**10,003**	**12,596**

(*) Includes EUR 1,955 (2023: EUR 2,118) provision regarding abusive clauses in consumer contracts in which the Bank and the Bank's subsidiary, Credit Europe Bank (Romania) SA, are involved.

The table below presents movement in total provisions:

				June 30, 2024
	Litigation	Staff related	Credit related commitments	Other
At January 1, 2024	**2,835**	**7,451**	**2,271**	**39**
Addition	-	2,574	378	306
Provisions used during the period	-	(3,877)	(9)	(17)
Reversal	(311)	(1,417)	(212)	(7)
Currency translation differences	(6)	(30)	29	6
At June 30, 2024	**2,518**	**4,701**	**2,457**	**327**

				June 30, 2023
	Litigation	Staff related	Credit related commitments	Other
At January 1, 2023	**3,122**	**5,372**	**2,268**	**61**
Addition	125	1,836	304	-
Provisions used during the period	-	(3,459)	-	(23)
Reversal	(609)	(46)	(74)	-
Currency translation differences	(2)	161	(23)	-
At June 30, 2023	**2,636**	**3,864**	**2,475**	**38**

16. Subordinated liabilities

Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities of, respectively, the Bank and other Group companies.

	Maturity Date	First possible call date	June 30, 2024	December 31, 2023
USD 105 million subordinated notes with a fixed interest rate of 9.75 % p.a.	May-34	May 29	99,214	-
USD 101,4 million subordinated notes with a fixed interest rate of 9.62 % p.a.*	Nov-27	Nov-24	95,173	124,325
USD 50 million AT1 instrument with a fixed interest rate of 10.27% p.a.	Perpetual	Dec-24	46,632	45,325
Total			**241,019**	**169,650**

(*) Original principal amount was USD 150 million. USD 13.8 million was bought back in November 2023. USD 34.8 million was bought back in May 2024.

Changes in liabilities arising from financial activities

Subordinated loans	June 30, 2024	June 30, 2023
Balance at the beginning of the period	169,650	188,732
Changes in cash flow		
Proceeds	96,358	-
Repayments	(32,219)	-
Other changes		
Interest expense	9,115	9,066
Interest paid	(7,019)	(8,930)
Change in fair value	462	(1,033)
Foreign exchange movement	4,672	(3,621)
Balance at period end	**241,019**	**184,215**

17. Equity

	June 30, 2024	December 31, 2023
Share capital	563,000	563,000
Share premium	163,748	163,748
Retained earnings*	131,943	100,588
Tangible revaluation reserve	295	(92)
Fair value reserve	(4,488)	(5,632)
Foreign currency translation reserve	(65,309)	(62,002)
Net investment hedge reserve	(111,384)	(117,038)
Equity attributable to owners of the Parent Company	**677,805**	**642,572**
Equity attributable to non-controlling interests	15,091	15,280
Total equity	**692,896**	**657,852**

(*) In March 2024 the Bank paid a dividend of EUR 5.9 million to its direct shareholder, Credit Europe Group N.V., based on previous year's last quarter performance. In June 2024 the Bank paid interim dividend amounting to EUR 11.8 million to its direct shareholder, Credit Europe Group N.V.

As of June 30, 2024, the authorized share capital is EUR 1,000 million (2023: EUR 1,000 million) and consists of EUR 1,000 million (2023: EUR 1,000 million) ordinary shares with a face value of EUR 1. The called-up and paid-in capital consists of 563 million (2023: 563 million) ordinary shares with a face value of EUR 1.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Net Investment hedge reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in hedges of net investment in foreign operations and in cash flow hedges.

Fair value reserves
The fair value reserve includes the cumulative net change in the fair value of debt and equity investments measured at fair value through other comprehensive income including expected credit losses for debt securities.

Tangible revaluation reserve
The tangible revaluation reserve includes the cumulative net revaluation surpluses arising from the revaluation of land and buildings.

18. Net interest income

	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023
Interest income from financial instruments measured at amortized cost and FVOCI	**228,361**	**128,047**
Loans and receivables – customers*	169,956	95,133
Cash and balances at central banks	25,770	14,621
Loans and receivables – banks	18,477	11,647
Financial investments	14,109	6,584
Interest on financial lease	49	62
Interest income from financial instruments measured at FVTPL	**9,257**	**3,839**
Financial assets held for trading	8,801	3,340
Non-trading financial assets mandatorily at FVTPL	456	499
Subtotal	**237,618**	**131,886**
Interest expense from financial instruments measured at amortized cost	**84,379**	**49,213**
Due to customers	69,108	32,681
Subordinated liabilities	10,015	9,319
Due to banks	5,172	7,181
Lease liabilities	84	32
Subtotal	**84,379**	**49,213**
Total	**153,239**	**82,673**

* Reference is made to Note 2-f ‘Comparative Information’. The reclassification resulted as EUR 3,273 decrease of commission income and increase of interest income for the period 1 January 2023 - 30 June 2023.

Interest result on instruments classified at amortised cost and assets measured at FVOCI is presented in ‘Interest income/expense from financial instruments measured at amortized cost and FVOCI’. Interest result on instruments designated and mandatorily at fair value are presented in ‘Interest income/expense from financial instruments measured at FVTPL’.

19. Net fee and commission income

	January 1, 2024-June 30, 2024	**January 1, 2023-June 30, 2023**
Fee and commission income		
Brokerage and advisory fees	9,260	6,109
Financial guarantees and other commitments	8,079	7,529
Credit card fees	3,506	3,221
Cash loan fees*	1,038	642
Commission on account maintenance	711	814
Payment and transaction services fees	510	669
Other fees and commissions	2,520	2,178
Subtotal	**25,624**	**21,162**
Fee and commission expense		
Credit card fees	1,392	1,246
Payment and transaction services expense	192	215
Other fee and commission expenses	511	467
Subtotal	**2,095**	**1,928**
Total	**23,529**	**19,234**

* Reference is made to Note 2-f ‘Comparative Information’. The reclassification resulted as EUR 3,273 decrease of commission income and increase of interest income for the period 1 January 2023 - 30 June 2023.

20. Valuation results and net trading income

	January 1, 2024-June 30, 2024	**January 1, 2023-June 30, 2023**
Foreign exchange	11,257	1,588
Trading loans	1,566	1,772
Non trading financial assets mandatorily at FVTPL	732	167
Derivative financial instruments - hedge accounting*	101	49
Debt securities	(145)	268
Interest rate derivatives	(579)	3,626
Subtotal	**12,932**	**7,470**
Derivative financial instruments - not qualifying for hedge accounting**	(79,822)	(2,253)
of which interest component	*(71,964)*	*(10,201)*
of which MTM component	*(1,770)*	*762*
of which FX component	*(6,088)*	*7,186*
Total	**(66,890)**	**5,217**

(*) Hedge ineffectiveness result. Refer to Note 8 ‘Derivatives’ for details.

(**) Derivatives held as economic hedges (i.e. asset-liability management) include transactions that are entered into in accordance with the Bank’s hedging objectives but do not qualify for hedge accounting. Derivatives held for economic hedge purposes are measured at fair value in the statement of financial position. All gains and losses arising on derivatives held as economic hedge but not designated in a hedge accounting relationship are presented under ‘valuation results and net trading income’.

21. Revenue from repossessed assets and other operating income

i. Revenue from repossessed assets

	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023
Revenue from shipbuilding activities	21,269	11,978
Gain on disposal of repossessed assets	382	1,677
Total	**21,651**	**13,655**

The revenue in the table above relates to assets that the Bank has repossessed as part of the foreclosure of collateral. In the efforts to maximize the proceeds, the Bank operates these assets while optimizing their performance before selling them.

As of reporting date assets and liabilities of Atlas Shipyard have been reclassified as “assets & liabilities in disposal groups held for sale” (refer to Note 28)

The table below includes an overview of revenue and expenses associated with repossessed assets.

	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023
Revenue from repossessed assets	21,651	13,655
Direct materials used in shipbuilding activities	12,981	4,653
Other expenses associated with shipbuilding activities	3,485	4,792
Vessels running costs	1	45
Employee expenses	4,540	1,391
Other (Incl. losses from disposal of repossessed assets)	357	251
Expenses related to repossessed assets	**21,364**	**11,132**
Depreciation	510	1,108
Net impairment result	1,276	416
Expenses related to repossessed assets recognized in other PL items	**1,786**	**1,524**
Net result (pre-tax)	**(1,499)**	**999**

ii. Other operating income

	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023
Recovery from DSB case	3,702	-
Dividend income	528	437
Other income	1,136	876
Total	**5,366**	**1,313**

22. Operating expenses

	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023
Professional fees and consultancy	3,993	2,841
Communication and information expenses	1,792	1,624
Taxes other than income	1,768	1,027
Contributions and subscriptions	1,657	1,537
Rent and maintenance expenses	1,543	1,693
Legal services expenses	1,479	656
Information technology expenses	1,385	1,663
Supervision fees	931	935
Stationary, office supplies and printing expense	340	455
Other expenses*	5,954	3,119
Total	**20,842**	**15,550**

(*) Other expenses mainly consist of security, insurance, advertising, marketing, cleaning, travel and transport related expenses. In addition, in the course of 2024, EUR 2.6 million loss was recognized as result of the recycling of foreign exchange losses following the liquidation of Cirus Holding B.V. and Ikano Finance Holding B.V.

23. Taxation

The Bank recognizes the current and deferred tax consequences of transactions that have been included in the condensed consolidated financial statements using the provisions of the respective jurisdictions' tax laws. Current and deferred taxes are charged or credited to equity if the tax relates to items that are charged or credited directly to equity.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, net operating loss carry-forwards and tax credits. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period that the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Pillar II Assessment

Following the OECD's legislative framework, from 2024, large multinational groups with head offices in the Netherlands must pay income tax at a minimum effective rate of 15% in all operating countries. Countries with effective tax rates below 15% will be subject to an additional top-up tax.

The Bank has reviewed the potential impact and determined that most jurisdictions, including the Netherlands, Germany, Malta, Romania, Ukraine, and Turkey, maintain effective tax rates above the 15% minimum threshold. The bank expects to utilize transitional safe harbor rules in most regions. However, exceptions may include Switzerland, where statutory tax rate is below 15%. The impact in 2024 in terms of additional taxes payable is expected to be limited. As such, the impact on the current tax expense is not disclosed.

With the ongoing implementation of Pillar Two legislations in various jurisdictions, the Bank is closely monitoring these changes to maintain compliance and adjust its strategic approach as necessary.

24. Fair value information

The estimates of fair value are intended to approximate 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. However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities. Fair value of financial assets that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

The estimated fair values of trading financial assets (excluding loans) at fair value through profit or loss, financial investments and debt securities issued are based on quoted market prices at the reporting date without any deduction for transaction costs.

The estimated fair values of all other financial assets and liabilities are calculated using discounted cash flow techniques based on expected future cash flows and discount rates for similar instruments.

Classification of financial assets and liabilities

The table below provides reconciliation between line items in the statement of financial position and categories of financial instruments.

June 30, 2024	Trading	Designated at FVTPL	Measured mandatorily at FVTPL	Measured at amortized cost	Measured at FVOCI	Other amortized costs	Total carrying amount
Cash and balances at central banks	-	-	-	1,562,350	-	-	1,562,350
Financial assets at FVTPL	-	203,175	19,320	-	-	-	222,495
Financial investments	-	-	-	61,180	403,565	-	464,745
Loans and receivables - banks	-	-	-	394,974	-	-	394,974
Loans and receivables - customers	-	-	-	2,570,977	-	-	2,570,977
Derivative financial instruments	132,703	-	-	-	-	-	132,703
Total assets	**132,703**	**203,175**	**19,320**	**4,589,481**	**403,565**	**-**	**5,348,244**
Due to banks	-	-	-	-	-	190,849	190,849
Due to customers	-	-	-	-	-	4,155,895	4,155,895
Derivative financial instruments	183,915	-	-	-	-	-	183,915
Subordinated liabilities	-	-	-	-	-	241,019	241,019
Total liabilities	**183,915**	**-**	**-**	**-**	**-**	**4,587,763**	**4,771,678**

December 31, 2023	Trading	Designated at FVTPL	Measured mandatorily at FVTPL	Measured at amortized cost	Measured at FVOCI	Other amortized costs	Total carrying amount
Cash and balances at central banks	-	-	-	1,639,420	-	-	1,639,420
Financial assets at FVTPL	-	171,789	25,915	-	-	-	197,704
Financial investments	-	-	-	60,878	322,059	-	382,937
Loans and receivables - banks	-	-	-	321,353	-	-	321,353
Loans and receivables - customers	-	-	-	2,711,128	-	-	2,711,128
Derivative financial instruments	110,215	-	-	-	-	-	110,215
Total assets	**110,215**	**171,789**	**25,915**	**4,732,779**	**322,059**	**-**	**5,362,757**
Due to banks	-	-	-	-	-	505,475	505,475
Due to customers	-	-	-	-	-	4,031,242	4,031,242
Derivative financial instruments	136,577	-	-	-	-	-	136,577
Subordinated liabilities	-	-	-	-	-	169,650	169,650
Total liabilities	**136,577**	**-**	**-**	**-**	**-**	**4,706,367**	**4,842,944**

Fair value hierarchy

The fair value hierarchy consists of three levels, depending upon whether fair values are determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have significant impact on the fair value of the instrument (Level 3):

Valuation Models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: This category includes inputs that are quoted market prices (unadjusted) in active markets for identical instruments. These are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Bank's portfolio. Transfers out of Level 1 into Level 2 or Level 3 occur when the Bank establishes that markets are no longer active and therefore unadjusted quoted process are no longer provide reliable pricing information.
- Level 2: This category includes inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: This category includes all instruments where the valuation technique uses inputs based on unobservable data, which could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant, unobservable adjustments or assumptions are required to reflect differences between instruments. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived.

Transfers into and transfers out of fair value hierarchy levels are made on a quarterly basis.

The Bank uses following assumptions to estimate the fair value of financial instruments:

Equity securities: Fair values of publicly traded equity securities are based on quoted market prices where available. In the case of where no quoted market is available, fair value is determined based on quoted prices for similar securities or other valuation techniques. Valuation techniques include discounted cash flow models and transaction multiple methods.

Debt securities: Fair values are based on quoted market prices, where available. Quoted market prices may be obtained from an exchange market, dealer, broker, pricing service or regulatory service. If quoted prices in an active market are not available, fair value is based on an analysis of available market inputs, which may include values obtained from one or more pricing services or by a valuation technique that discounts expected future cash flows using a market interest rate curves, referenced credit spreads and maturity of the investment.

Derivative assets and liabilities: Derivatives are valued using valuation techniques. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. Observable prices or model inputs are usually available in the market for exchange-traded derivatives and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The principal techniques used to value these instruments are based on discounted cash flows, Black-Scholes option models and Monte Carlo simulation. These valuation models calculate the present value of expected future cash flows. Inputs to valuation models are determined from observable market data where possible. The inputs used include prices available from exchanges, dealers, brokers or providers of consensus pricing, yield curves, credit spreads, default rates, recovery rates, volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes, where available.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Bank believes that, a third party market participant consider them in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank entity and the counterparty where appropriate. For measuring derivatives, fair values take into account both credit valuation adjustments (CVA) and debit valuation adjustments (DVA). In assessing the counterparty risk the Bank accounts for the following aspects: the default probability of the counterparty, the default probability of the Bank itself, the nature of transactions and the impact of risk mitigants such as netting and collateralisation for each counterparty individually.

Trading loans measured at fair value through profit or loss: Fair values of loans are determined by reference to similar instruments trading in active markets and valuation models where inputs are unobservable. These models calculate the present value of expected future cash flows. The inputs used include prices available from dealers, brokers or providers of consensus pricing, yield rates and currency exchange rates.

Loans mandatorily at fair value through profit or loss: All financial assets that do not meet a “solely payment of principal and interest” (SPPI) criterion, are classified at initial recognition as fair value through profit or loss.

In 2024, there has been no change in valuation techniques and models.

Valuation framework

The Bank has an established control framework with respect to the measurement of fair values. This framework includes a Product Control function, which is independent of front office management and reports to the Chief Financial Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- analysis and investigation of significant daily valuation movements

When third party confirmation, such as broker quotes or pricing services, is used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to the measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using these quotes.

Significant valuation issues are reported to the Asset Liability Committee (ALCO).

The table below analyses financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

June 30, 2024	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Trading assets	5	65,563	-	137,612	203,175
Derivative financial assets	8	-	132,703	-	132,703
Equity instruments measured at FVOCI	6	7,127	-	4,535	11,662
Non-trading assets mandatorily at FVTPL	5	187	-	19,133	19,320
Other financial investments	6	291,003	-	100,900	391,903
Total		**363,880**	**132,703**	**262,180**	**758,763**
Financial liabilities					
Derivative financial liabilities	8	-	183,915	-	183,915
Total		**-**	**183,915**	**-**	**183,915**

December 31, 2023	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Trading assets	5	33,499	-	138,290	171,789
Derivative financial assets	8	-	110,215	-	110,215
Equity instruments measured at FVOCI	6	7,509	-	4,286	11,795
Non-trading assets mandatorily at FVTPL	5	187	-	25,728	25,915
Other financial investments	6	270,911	-	39,353	310,264
Total		**312,106**	**110,215**	**207,657**	**629,978**
Financial liabilities					
Derivative financial liabilities	8	-	136,577	-	136,577
Total		**-**	**136,577**	**-**	**136,577**

No financial instruments were transferred from Level 1 to neither Level 2 nor Level 3 in 2024 (2023: None). No financial instruments were transferred from Level 2 to Level 3 in 2024 (2023: EUR 1,110).

Level 3 Financial assets and liabilities

Fair value measurements using significant inputs that are unobservable in the market due to limited activity or an illiquid market are classified as Level 3 in the fair value hierarchy. Such measurements include securities valued using internal models or a combination of multiple valuation techniques, such as weighting of internal models and vendor or broker pricing, where the unobservable inputs are significant to the overall fair value measurement. As of June 30, 2024, EUR 8,507 (2023: EUR 7,773) securities were classified as Level 3.

During 2024, there were no financial instruments transferred out of Level 3 to Level 2 due to change in inputs used in measuring the fair value of the assets. (2023: None)

Loans and receivable classified under Level 3 consist of trading loans valued using discounted cash flow technique that incorporate brokers' quotes as indicative value with no attached commitment to transact at that price.

Changes in the unobservable inputs used in the valuation of Level 3 financial assets would not have a significant impact on equity and net income.

Non trading assets consist of loans mandatorily at fair value through profit or loss, that are measured in line with IFRS 13 requirements using the valuation techniques described in the following table.

Fair value measurement of non-financial assets and liabilities

Non-financial assets for which fair value is taken into account as measurement basis comprise of investment properties, land and buildings. Assets held for sale is measured at lower of the carrying amount or fair value less cost to sell.

Independent appraisal reports are used for determination of fair values of those assets that are classified as Level 3 of the fair value hierarchy since the valuation techniques used are mostly based on unobservable inputs.

Unrealised gains and losses during the period that relate to Level 3 non-financial assets have been recognised in the statement of income as follows:

- Changes in fair value of inventory properties are included in other impairment loss.
- Changes in fair value of assets held for sale are included in other impairment loss.

In 2024, there has been no change in valuation techniques.

As at June 30, 2024, the Bank has no non-financial liabilities measured at fair value (2023: None).

Significant unobservable inputs used in determination of Level 3 fair values

The following table presents the valuation techniques and the significant inputs used in determination of fair values in Level 3 measurements.

Category	Carrying amount/fair value(in Eur)	Valuation Technique	Input	Range
Financial assets				
Romania- residential and commercial properties Level-3	1,892	Market comparison approach	Price per square meter	254-1,044 Eur/sqm
		Income capitalization	Unit rental price p.m	7.32-11 Eur/sqm
Loans mandatorily at FVTPL Level-3	13,270	Discounted cash flow	EURIBOR	3.2%-4.3%
Romania- Visa shares	3,971	Third party pricing	Broker price	n.a
Non-trading assets mandatorily at FVTPL	**19,133**			
Trading assets - *Trading loans at FVTPL*	**137,612**	Third party pricing	Broker price	n.a
Other financial investments - *Trading loans at FVOCI*	**100,900**	Third party pricing	Broker price	n.a
Equity instruments measured at FVOCI				
- **Investment fund**	**4,535**	Net asset value	n.a	n.a
Total- Level 3 financial assets	**262,180**			
Non-financial assets				
Western Europe- land/buildings	12,473	Market comparison approach Income capitalization	Price per square meter IRR/Yield	18 Eur/sqm/month 7.35%
Romania- land/ buildings	6,176	Market comparison approach Income capitalization	Price per square meter	350-2,000 Eur/sqm/month
Sub-total land/buildings	**18,649**			
Turkey- commercial properties	3,756	Market comparison approach	Price per square meter	3,382-7,264 Eur/sqm
Sub-total investment properties	**3,756**			
Western Europe- artworks	977	Market comparison approach	n.a	n.a
Sub-total assets held for sale	**977**			
Total Level 3 non-financial assets	**23,382**			

Reconciliation of Level 3 financial assets

The following table shows a reconciliation for fair value measurements in the Level 3 of the fair value hierarchy.

				June 30, 2024					June 30, 2023
	Financial Assets-FVOCI	Financial Assets at FVTPL-Non-Trading	Financial Assets at FVTPL-Trading	Total	Financial Assets-FVOCI	Financial Assets-AHS	Financial Assets at FVTPL-Non-Trading	Financial Assets at FVTPL-Trading	Total
Balance at January 1	**43,639**	**25,728**	**138,290**	**207,657**	**55,988**	**4,538**	**27,819**	**29,885**	**118,230**
Total gains and losses									
- in net trading income	529	732	902	2,163	1,215	-	-	652	1,867
- in net interest income	-	456	4,237	4,693	-	-	499	2,182	2,681
- in OCI	7	-	-	7	3	-	-	-	3
Purchases/additions	64,322	-	273,192	337,514	25,000	-	-	251,419	276,419
Settlements/Collections/Sales	(3,179)	(7,811)	(279,009)	(289,999)	(33,457)	(4,498)	(905)	(249,437)	(288,297)
Transfers to Level 3	-	-	-	-	1,110	-	-	-	1,110
Exchange differences	117	28	-	145	(5)	(40)	(464)	2	(507)
Balance at the period end	**105,435**	**19,133**	**137,612**	**262,180**	**49,854**	**-**	**26,949**	**34,703**	**111,506**

EUR 9 loss included in net trading results relates to unrealized gains and losses from financial assets that are held at the end of the reporting period (2023: EUR 27 gain).

Reconciliation of Level 3 non-financial assets

The following table shows a reconciliation for fair value measurements in the Level 3 non-financial assets.

June 30, 2024	Land&Buildings	Investment properties	Assets held for sale
Balance at the beginning of the period	**42,381**	**3,664**	**1,989**
Addition	736	-	-
Disposals	(23,998)	-	(1,012)
Depreciation	(758)	-	-
Exchange differences	288	93	-
Balance at the period end	**18,649**	**3,756**	**977**

Financial instruments not measured at fair value

The following table compares the carrying amount of financial assets and liabilities not measured at fair value and analyses them by the level in the fair value hierarchy.

June 30, 2024	Note	Level 2	Level 3	Total fair Values	Total carrying amount
Financial assets					
Cash and balances at central banks	4	1,562,350	0	1,562,350	1,562,350
Loans and receivables - banks	7	395,070	0	395,070	394,974
Loans and receivables - customers	9	-	2,570,214	2,570,214	2,570,977
Total		**1,957,420**	**2,570,214**	**4,527,634**	**4,528,301**
Financial liabilities					
Due to banks	12	190,947	0	190,947	190,849
Due to customers	13	4,205,003	0	4,205,003	4,155,895
Subordinated liabilities	16	240,483	0	240,483	241,019
Total		**4,636,433**	**0**	**4,636,433**	**4,587,763**

December 31, 2023	Note	Level 2	Level 3	Total fair Values	Total carrying amount
Financial assets					
Cash and balances at central banks	4	1,639,420	0	1,639,420	1,639,420
Loans and receivables - banks	7	318,763	0	318,763	321,353
Loans and receivables - customers	9	-	2,718,751	2,718,751	2,711,128
Total		**1,958,183**	**2,718,751**	**4,676,934**	**4,671,901**
Financial liabilities					
Due to banks	12	505,483	0	505,483	505,475
Due to customers	13	4,077,672	0	4,077,672	4,031,242
Subordinated liabilities	16	165,760	0	165,760	169,650
Total		**4,748,915**	**0**	**4,748,915**	**4,706,367**

25. Commitments and contingencies

To meet the financial needs of customers, the Bank issues various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognized on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Bank. In many instances, the amount recognized on the statement of financial position for incurred obligations does not represent the loss potential of the arrangement in full.

Letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers, contingent on the failure of the customer to perform under the terms of the contract. Guarantees carry the same credit risk as loans. Credit guarantees can be in the form of bills of exchange, irrevocable letters of credit, advance payment guarantees, or endorsement liabilities from bills rediscounted.

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. With respect to credit risk on commitments to extend the credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

	June 30, 2024	**December 31, 2023**
Contingent liabilities with respect to irrevocable letters of credit - import	690,257	823,327
Contingent liabilities with respect to irrevocable letters of credit - export	270,522	363,464
Contingent liabilities with respect to letters of guarantee granted - corporates	71,722	70,025
Contingent liabilities with respect to letters of guarantee granted - banks	11,781	21,969
Total non-cash loans	**1,044,282**	**1,278,785**
Credit-card limits	220,188	202,381
Credit-line commitments	107,456	65,533
Total	**1,371,926**	**1,546,699**

26. Related parties

The Bank's Parent Company is Credit Europe Group N.V., The Netherlands, and the Ultimate Parent Company is FİBA Holding A.Ş., Turkey, both ultimately controlled by Özyeğin family.

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in financial and operating decisions. The Bank enters into transactions with its Parent company, ultimate parent company and other related parties controlled by Özyeğin family in the ordinary course of business at commercial interest and commission rates. The Bank provides general banking services to related parties including current accounts, time deposits, fx transactions, fiduciary transactions, brokerage activities and custodian services. All loans and advances to related parties are performing advances.

All amounts included in the financial statements stated in the table below relate to Group companies controlled by Özyeğin family:

			June 30, 2024				December 31, 2023
	Parent Company	Ultimate Parent Company	Other Related Parties	Parent Company	Ultimate Parent Company	Associates and joint ventures	Other Related Parties
Assets							
Loans and receivables – banks	-	-	2,181	-	-	-	589
Loans and receivables – customers	-	-	155,640	2	18,256	-	110,371
Derivative financial instruments	-	-	3,723	-	-	-	951
Liabilities							
Due to banks	-	-	468	-	-	-	989
Due to customers	12,439	559	33,558	970	764	136	77,343
Derivative financial instruments	-	-	1,931	-	-	-	466
Subordinated liabilities	145,391	-	-	45,421	-	-	-
Commitment and contingencies	-	-	1,005	-	-	-	1,005

All credit risk exposures related to derivate financial instruments are fully collateralized through pledge agreements. As of June 30, 2024, the Bank does not have any stage 3 provisions regarding related party balances 2023: None).

			January 1, 2024- June 30, 2024				January 1, 2023- June 30, 2023
	Parent Company	Ultimate Parent Company	Other Related Parties	Parent Company	Ultimate Parent Company	Associates and joint ventures	Other Related Parties
Interest income	-	-	13,856	1	-	-	6,582
Interest expense	(3,338)	-	(7,027)	(2,364)	-	-	(4,160)
Commission income	-	-	3,581	8	-	-	1,063
Valuation results and net trading income	-	-	228	(2)	23	-	436
Other operating income	-	-	103	-	-	-	134
Operating expenses	-	-	(641)	-	-	-	(518)
Share of profit of associate	-	-	-	-	-	(135)	-

In the course of 2024, there are no loans sold to related parties (2023: None) in the condensed consolidated statement of income.

Key management is defined as those persons in the Bank's Supervisory and Managing Board. The number of key management personnel is 9 (2023: 9). Key management personnel and their immediate relatives have transactions in the ordinary course of business at commercial interest and commission rates with the Bank. There is no loan granted to key management.

As of June 30, 2024, the Bank does not have any provisions regarding the balances with key management personnel (2023: None). Key management costs, including remuneration and fees for the period ended June 30, 2024 amounted to EUR 2,259 (2023: EUR 1,694). Pension plan contribution amounted to EUR 100 (2023: EUR 76).

27. Risk management

Credit Europe Bank has set policy-level standards in accordance with the regulations of the Dutch Central Bank (De Nederlandsche Bank – DNB) and the guidelines published by the Basel Committee and the European Banking Authority (EBA).

The core elements of the bank's risk management and control framework are:

- Adhering to the risk appetite and strategy set
- Periodically assessing the risk governance structure
- Maintaining capital management in line with the capital strategy
- Managing financial and operational risk in line with the risk appetite and strategy

Risk Appetite and Risk Governance

The risk management philosophy requires direct reporting lines and a clear division of tasks and responsibilities. At the same time, it ensures that bank-wide criteria for acceptance, monitoring, control and management of risks are deeply rooted. We clearly separate risk ownership from business activities.

Main pillars of the risk appetite are illustrated below:

QUALITATIVE	QUANTITATIVE
Governance - Standardized policies, guidelines and limits - Risk tolerance is proposed and executed by the Managing Board upon the approval of the Supervisory Board - Risk appetite in certain geographies and segments is determined in accordance with local presence and expertise - Risk management is centralized and functions independently from the business lines **Reputation** - Ensure high financial reporting transparency and efficient external communications	**Credit risk concentration** - Diversified exposure within different geographies through retail, SME and corporate clients. - Low sovereign exposure **Liquidity** - No risk tolerance for liquidity risk, restrictions on short-term funding and credit-sensitive liabilities - Insignificant liability concentration **Trading and ALM** - Minor sensitivity to trading risk and limited interest rate mismatches in the banking book - No exposure to securitized/re-securitized assets or CDOs

CEB exercises full control over its subsidiaries' business performance and steers their risk appetite. In addition, we employ the following governance structure of risk management:

- Audit & Risk Committees at subsidiary as well as consolidated level;
- Direct reporting of general managers of the banks' subsidiaries to the CEO of CEB;
- Presence of a global CRO function on the Managing Board;
- A uniform credit committee structure at both local and the consolidated level.

The Audit and Risk Committee (ARC) at the consolidated level plays a pivotal role in CEB's risk governance framework. ARC meets four times a year, receives regular reports, and updates on the Bank's actual risk appetite with respect to the approved risk appetite statement. The Committee reviews and monitors the limits for individual types of risks and takes decisions whether principal risks have been properly identified and are being appropriately managed. ARC also makes assessments on the existing risk management capacity / expertise of the Bank and raises action items / investment plans –where necessary- to reach the desired level.

Capital Management

A capital level commensurate with the Bank's risk profile is the key to financial resilience. CEB operates with an optimum level and mix of capital resources. A centralized regulatory/internal capital management model plays a major role in this process. The internal capital model incorporates detailed scenario analyses of key risk factors and their potential effects on income statement and the Bank's capital base under different assumptions. This framework is designed to ensure CEB has sufficient capital resources to meet the capital requirements of DNB, as well as those of local regulators in our operating countries.

It further ensures that we have capital available to meet our own risk appetite and internal guidelines. We place great emphasis on the strength of our capital base as a way to maintain investor, creditor and market confidence, and to sustain future business development.

CEB allocates assets in accordance with the risk-return thresholds defined in our risk appetite statement. Business units are required to understand fully the inherent risk-reward profile of their business and to generate a specific level of return on regulatory/internal capital requirements. The CEB risk strategy has proved its value, not only by providing consistently strong financial results, but also by yielding consistently robust returns on equity.

The Bank's capital-management objectives are to:

- Maintain sufficient capital resources to meet the DNB's minimum regulatory capital requirements.
- Ensure that locally regulated subsidiaries can meet their minimum capital requirements.
- Achieve adequate capital levels to support the bank's risk appetite and internal capital requirements.
- Maintain a strong capital base to reassure investors, creditors and markets, and to sustain future business development.

To support its capital-management objectives, the Bank takes into account:

- Possible volatility in anticipated demand for capital caused by new business opportunities, including acquisitions, or by deterioration in the credit quality of the Bank's assets
- Possible volatility of reported profits and other capital resources compared with forecast.
- Capital ratio sensitivity to foreign-exchange-rate movements.

Regulatory Capital

CEB follows Capital Requirement Directive and Capital Requirement Regulation for Capital Requirement calculation. Related documents are following:

CRD

• Directive 2013/36/EU on access to the activity of credit institution and the prudential supervision of credit institutions and investment firms (CRD IV), 26 June 2013[1]

• DIRECTIVE (EU) 2019/878 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures[2]

CRR

• Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR)[3]

• REGULATION (EU) 2019/876 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012[4]

The Bank applies the standardized approach for credit risk, market risks and operational risk. Banks are expected to meet the capital-requirements constraints imposed by the Basel III accord.

The Bank's total own funds consist of Core Tier I capital (also named as common Equity Tier I, CET 1), Additional Tier I capital (AT 1) and Tier II capital. The various elements making up both components are presented in the table below:

	June 30, 2024	December 31, 2023**
Total Equity*	**679,462**	**643,897**
- Current year profit (1)	(28,567)	(5,902)
- Non-eligible minority interest (2)	(1,398)	(1,014)
Prudential filters		
- Prudent valuation	(882)	(662)
- Intangible asset (2)	(9,328)	(9,870)
- Deferred tax assets that rely on future profitability and do not arise from temporary differences (2)	(31,602)	(48,275)
- CIU Investment deductions	(3,427)	(3,179)
- Backstop deductions (3)	(12,591)	(13,342)
- Repossessed Assets deduction (4)	(7,502)	(1,479)
Core Tier I	**584,165**	**560,174**
Perpetual Tier I capital	46,707	45,325
Additional Tier I	**46,707**	**45,325**
Total Tier I capital	**630,872**	**605,499**
Tier II capital		
Subordinated capital(5)	98,085	72,916
Total Tier II capital	**98,085**	**72,916**
Total own funds	**728,957**	**678,415**

*Different consolidation scopes account for the difference between equity and intangible in own funds from the consolidated financial statements for both periods. 'Own funds' are determined using the prudential consolidation scope, which solely combines financial institutions and excludes SPV companies in accordance with prudential supervision regulations.
**During COREP auditing process, the own funds amount has been updated and corrected for the deferred tax assets deduction.

(1) Based on article 26, point 2 of CRR IV , CEB starts to include interim year profit into Common Equity Tier 1 Capital. DNB granted permission to include 2024 Q1 interim profits in CET1 capital. Therefore , only Q2 interim profit is excluded from common Equity Tier 1 Capital as of June 2024.
(2) Under CRD IV frame, additional items listed below shall be deducted fully to enhance own funds quality:
- Non-eligible minority interest
- Other intangible asset (Non-solvency deductible under Basel II framework)
- Deferred tax assets that rely on future profitability and do not arise from temporary differences

(3) According to CRR, Prudential NPE backstop deduction is applicable for NPLs that were originated after April 2019, whereas CEB conservatively applies this guidance retrospectively to its entire NPL portfolio and deduct the relevant capital amount from its total own funds under the Bank's own initiative in accordance with Article 3 of the CRR as of 2023 June-end.
(4) The aging of repossessed assets is addressed through capital deductions from CEB's own funds under the Bank's own initiative in accordance with Article 3 of the CRR as of 2023 June-end. CEB applies maximum holding periods for repossessed assets and determined specific applicable amount of deduction from CET1 capital separately for each repossessed asset based on CEB NPE strategy policy.
(5) On 24 May 2024, the Existing 150 million USD Instrument lost its capital qualification, while the new USD 105 million T2 capital was included in CEB's own funds.

The Bank and its individually supervised subsidiaries have complied with all externally imposed capital requirements throughout the reporting period and maintained their capital ratios above the regulatory minimum ratios.

Solvency ratio	June 30, 2024	December 31, 2023
Capital ratio	19.53 %	19.31 %
Tier I ratio	16.91 %	17.23 %
Core Tier I	15.65 %	15.94 %
RWA	**3,731,639**	**3,513,435**

Credit risk

Credit risk is defined as the current or prospective threat to the Bank's earnings and capital because of counterparty's failure to comply with financial or other contractual obligations.

Credit risk constitutes the most significant risk of the bank and arises mainly from its trade-finance, lending, treasury, mortgage and leasing businesses.

Concentration limits

The Bank has established maximum concentration limits –in terms of both nominal and capital consumption- over country, industry and single-name concentrations to manage concentration risk in its loan portfolio.

Credit risk is managed by following tools and principles:

Risk mitigation

CEB employs credit risk mitigation strategies to lower the credit risk connected to its credit exposures. These methods generally include the management of collateral and guarantees, the offsetting of financial assets and liabilities, and the enforcement of master netting agreements or comparable instruments by the bank's banking system with means of collateral-transaction linkages.

The conditions that collateral must satisfy in order to qualify for capital reduction are set forth in the Capital Requirements Regulation. The successful and prompt realization of collateral is the goal of these criteria, which include legal certainty for enforceability, collateral assessment, and collateral monitoring. CEB established its Collateral Management Policy that provides a single-view on collateral management within Credit Europe Bank, which contains the eligibility of collateral for risk mitigation as well as certain collateral-related processes such as collateral (re-)valuation, administration and liquidation as well as post mortem analyses.

- For legal certainly for enforceability, Legal department conducts in-depth legal review confirming the enforceability of the collateral arrangements under the law applicable to these arrangements in all relevant jurisdictions.
- For collateral assessment, The Collateral Management Unit monitors timely revaluations according to the specific requirements decided by the Credit Committee and informs Corporate Banking and Corporate Credits to initiate revaluations. The market value of the collateral should be appraised at least annually or more often whenever there is a reason to believe that a significant decrease in its market value has occurred.
- For collateral administration, The Collateral Management Unit, in consultation with Corporate Marketing, Corporate Credits, Treasury and Legal as well as Trade Finance Services and Central Registry. Collateral Management prepares collaterals documentation, maintains collateral bookings for establishing the linkage between risks and collaterals, ensures timely revaluations and insurance coverage of the collateral, is responsible for the release of collateral when advised by Corporate Banking, and facilitates the margin call process for financial institutions.

Internal Rating Models and Scorecards

The Bank borrower rating systems require fundamental credit analysis (corporate) and behavioural inputs (retail) and supplemented by statistical models.

The obligor-rating framework has several building blocks to ensure that qualitative and quantitative risk drivers of corporate default are inherent in the rating process. Since 2011, Internal Rating System model coverage has been extended with new specialized lending models, which ensure more robust estimation of initial risk parameters for transactional lending portfolios. In line with the Bank lending practices, seven sub-classes of specialized lending, namely structured trade finance, marine object finance, marine project (shipbuilding) finance, income producing real estate finance, real estate development finance, object finance and other project finance, are separately identified within the corporate asset class regarding the applied rating criteria. In 2017, the Bank implemented new object finance, real estate finance and balance sheet lending rating models and finalized the process of migration to the 21-grade master scale -which covers both corporate and retail lending.

The Bank has established a centre of excellence for retail risk management responsible for scoring, risk based pricing, algorithm development, stress testing, monitoring and reporting. The centre is composed of highly skilled statisticians, bankers, econometrists, database programmers and risk managers. The team has worked in projects in several countries including Russia, Romania, Germany, Turkey and Belgium. Now through their efforts, all banking entities are taking the right risk with the right interest margin.

Stress testing

The Bank puts stress-testing and capital planning at the centre of its internal capital assessment process. The factual starting point of the capital planning process is the three-year business plan, which reflects the baseline assumptions on the global economy. Macroeconomic assumptions are mainly based on a survey of multiple sources to ensure objectivity and consistency. Then, the Bank identifies the potential threats to its business plan and capital adequacy based on a set of adverse scenarios.

Having a hypothetical stress testing framework, the bank’s stress-testing methodology discourages both under-and over-reliance on internal data. The magnitude of the shocks varied across different portfolios based on their expected default correlation with the systematic risks, which materialize under the adverse scenario.

The Bank’s credit-risk stress tests shock both default- and recovery-related risk parameters. In particular, risk concentrations in the portfolio are penalized with harsher shocks. The Bank’s stress-testing methodology does not aim to make accurate forecasts of the downturns, but instead aims to capture the tail loss by simulating the unexpected and the undesirable.

27. a. Credit exposure

Maximum credit-risk exposure

The Bank identifies its maximum credit exposure as the sum of all transactions that may potentially expose the Bank to credit losses, should the counterparty not fulfil its contractual obligations. The maximum credit exposure presented in the table below comprises on- and off-balance sheet items. Credit exposure is measured without taking account of any collateral held or other credit enhancements.

Maximum credit-risk exposure, net of impairment allowances

On-balance sheet items are presented at their gross carrying amount, gross of impairment allowances. Derivative financial instruments are assessed at fair value of future cash flows.

The off-balance credit risk exposure comprises:

- Letters of guarantee granted and letters of credit issued or confirmed, shown at the maximum amount that the Bank would have to pay if the guarantees or letters of credit are called upon; and,
- Undrawn credit-card limits
- Revocable credit line commitments are excluded, as they do not create credit risk.
- Back-to-back letter of credits are excluded.

	June 30, 2024	December 31, 2023
Balance sheet items		
Balances with central banks	1,550,816	1,624,603
Financial assets measured at fair value through profit or loss	222,495	197,704
Financial investments	464,745	382,937
Loans and receivables - banks	395,546	321,514
Loans and receivables - customers	2,605,892	2,760,115
Derivative financial instruments	132,703	110,215
Subtotal	**5,372,197**	**5,397,088**
Off- balance sheet items		
Issued letters of guarantee	64,976	73,420
Issued irrevocable letters of credit	907,804	1,103,735
Undrawn credit-card limits	220,188	202,381
Other commitments and contingent liabilities	107,456	65,533
Total off-balance sheet	**1,300,424**	**1,445,069**
Maximum credit risk exposure	**6,672,621**	**6,842,157**

Concentration of credit exposure

Concentration risk normally arises when number of counterparties operates in the same geographical region or within the same economic sector, and thus is affected to the same extent as economic, political and other conditions.

27.b. Sector concentration

The Bank monitors its credit exposure within the following counterparty groups: banks and central governments, financial investments, derivatives, corporate customers, retail customers, residential mortgage loans and SME customers. Exposure to corporate customers is presented, broken down by industry, according to the internal sector definitions.

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				June 30, 2024		December 31, 2023
	On-balance sheet	**Off-balance sheet**	**Total exposure**	**% of total exposure**	**Total exposure**	**% of total exposure**
Balances with central banks	1,550,816	-	1,550,816	23.2%	1,649,603	24.1%
Financial assets measured at fair value through profit or loss	222,495	-	222,495	3.3%	197,704	2.9%
Financial investments	464,745	-	464,745	7.0%	382,937	5.6%
Loans and receivables - banks	395,546	330,643	726,189	10.9%	709,763	10.4%
Loans and receivables - customers	2,605,892	969,781	3,575,673	53.6%	3,791,935	55.4%
Loans and receivables - corporate	*2,239,565*	*745,898*	*2,985,463*	*44.7%*	*3,167,213*	*46.3%*
Oil & Derivatives	*396,077*	*478,201*	*874,278*	*13.1%*	*1,036,110*	*15.1%*
Iron-Steel-Metals & Alloys	*269,872*	*137,858*	*407,730*	*6.1%*	*399,373*	*5.8%*
Financial Service & Investment	*349,494*	*1,016*	*350,510*	*5.3%*	*188,327*	*2.8%*
Soft Commodities & Agricultural Products	*268,865*	*10,379*	*279,244*	*4.2%*	*205,630*	*3.0%*
Energy & Coal	*126,855*	*53,659*	*180,514*	*2.7%*	*123,343*	*1.8%*
Shipping & Shipyard	*161,218*	-	*161,218*	*2.4%*	*253,872*	*3.7%*
Real Estate	*169,639*	*78*	*169,717*	*2.5%*	*178,017*	*2.6%*
Leisure & Tourism	*168,300*	-	*168,300*	*2.5%*	*237,839*	*3.5%*
Fertilizers	*59,156*	*10,976*	*70,132*	*1.1%*	*87,078*	*1.3%*
Transportation, Logistics & Warehousing	*53,638*	-	*53,638*	*0.8%*	*58,339*	*0.9%*
Petrochemical, Plasticizers & Derivatives	*12,032*	*39,101*	*51,133*	*0.8%*	*22,324*	*0.3%*
Technology, IT & Electronic Equipment	*47,498*	-	*47,498*	*0.7%*	*96,597*	*1.4%*
Automotive & Derivatives	*32,796*	-	*32,796*	*0.5%*	*17,385*	*0.3%*
Holding	*11,601*	*14,012*	*25,613*	*0.4%*	*12,398*	*0.2%*
Food, Beverage & Tobacco	*12,595*	-	*12,595*	*0.2%*	*6,725*	*0.1%*
Media & Publishing	*10,428*	-	*10,428*	*0.2%*	*10,939*	*0.2%*
Construction & Installation	*6,339*	-	*6,339*	*0.1%*	*6,141*	*0.1%*
Public loans	*50,052*	-	*50,052*	*0.8%*	*185,381*	*2.7%*
Other	*3,336*	*605*	*3,941*	*0.1%*	*19,638*	*0.3%*
Loans and receivables - retail customers and SMEs	*366,327*	*223,883*	*590,210*	*8.8%*	*630,863*	*9.2%*
Exposure to retail customers	*103,113*	*220,216*	*323,329*	*4.8%*	*303,091*	*4.4%*
Exposure secured by residential real estate	*183,814*	-	*183,814*	*2.8%*	*203,716*	*3.0%*
Exposure to SME	*79,400*	*3,667*	*83,067*	*1.2%*	*124,056*	*1.8%*
Derivative financial instruments	*132,703*	-	*132,703*	*2.0%*	*110,215*	*1.6%*
Total credit risk exposure	**5,372,197**	**1,300,424**	**6,672,621**	**100.0%**	**6,842,157**	**100.1%**

The top five industries account for 70.08% (2023: 67.47%) of the total corporate portfolio, reflecting the traditional business areas of the Bank where it possesses strong expertise and profound industry practice.

In line with its Fossil Fuel Policy, the Bank's Coal and Oil & Derivatives exposures only consist of trading activities. The Bank monitors its consolidated Coal exposure, which is presented under Energy & Coal and Iron-Steel-Metal & Alloys sectors. The breakdown of the Bank's total coal exposure is as follows:

				June 30, 2024		December 31, 2023
	On-balance sheet	**Off-balance sheet**	**Total exposure**	**% of total exposure**	**Total exposure**	**% of Total exposure**
Thermal Coal	8,686	43,499	52,185	0.78%	50,467	0.74%
Total	8,686	43,499	52,185	0.78%	**50,467**	**0.74%**

Increasing interest rates has notably impacted the commercial real estate sector (CRE). The surge in interest rates, combined with a reduced demand for office spaces, has led to higher vacancy rates and a decrease in property values. CEB's CRE exposure represents a minor portion of its overall loan portfolio and the allocation to office spaces is even smaller.

The following table presents the real estate type of the Bank's real estate exposures, as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
	Total exposure	**Total exposure**
Retail	58,260	58,275
Residential	56,920	61,717
Office	36,919	40,784
Other & mixed use	17,618	17,241
Total	**169,717**	**178,017**

27.c. Geographical concentration

The following table provides the distribution of the Bank's credit exposure by risk country as of June 30, 2024 and December 31, 2023.

June 30, 2024

	Netherlands	Turkey	Romania	Switzerland	Non - investment grade	Investment grade	Total exposure
Balance sheet items							
Demand deposits with central banks	1,206,987	-	140,636	168,070	22,268	12,855	1,550,816
Financial assets measured at FVTPL	13,269	16,384	1,893	13,009	67,430	110,510	222,495
Financial investments	87,520	14,988	84,176	17,358	54,450	206,253	464,745
Loans and receivables - banks	44,784	14,758	2,874	3,793	131,562	197,775	395,546
Loans and receivables - customers	252,714	510,663	373,449	342,958	201,632	924,476	2,605,892
Derivative financial instruments	106,050	4,417	-	5,943	327	15,966	132,703
Total balance sheet	**1,711,324**	**561,210**	**603,028**	**551,131**	**477,669**	**1,467,835**	**5,372,197**
Off-balance sheet items	47,236	22,733	223,915	157,835	157,227	691,478	1,300,424
Total credit-risk exposure	**1,758,560**	**583,943**	**826,943**	**708,966**	**634,896**	**2,159,313**	**6,672,621**

December 31, 2023

	Netherlands	Turkey	Romania	Switzerland	Non - investment grade	Investment grade	Total exposure
Balance sheet items							
Demand deposits with central banks	1,335,200	-	148,450	107,879	20,191	12,883	1,624,603
Financial assets measured at FVTPL	16,530	-	5,711	-	50,257	125,206	197,704
Financial investments	138,484	1,862	106,387	17,712	17,005	101,487	382,937
Loans and receivables - banks	960	17,041	1,686	68,273	48,470	185,084	321,514
Loans and receivables - customers	235,628	370,559	469,737	245,107	192,871	1,246,213	2,760,115
Derivative financial instruments	83,054	7,572	4	12,165	6	7,414	110,215
Total balance sheet	**1,809,856**	**397,034**	**731,975**	**451,136**	**328,800**	**1,678,287**	**5,397,088**
Off-balance sheet items	148,842	30,153	213,135	287,029	76,249	689,661	1,445,069
Total credit-risk exposure	**1,958,698**	**427,187**	**945,110**	**738,165**	**405,049**	**2,367,948**	**6,842,157**

The Bank`s credit risk exposures in Russia and Ukraine are very limited and under continuous monitoring.
As of June 30, 2024, the Bank`s credit risk exposure in Russia is EUR 8,291 (2023: EUR 4,985).
As of June 30, 2024, the Bank`s credit risk exposure in Ukraine is EUR 30,685 (2023: EUR 26,255).

The following table provides the distribution of the Bank's liabilities including due to banks, due to customers and derivative financial instruments by risk country:

LIABILITY

	Netherlands	Romania	Turkey	Switzerland	Non - investment grade	Investment grade	Total exposure
June 30, 2024	1,091,549	391,380	295,876	383,106	140,222	2,228,526	4,530,659
December 31, 2023	1,121,369	559,201	170,245	671,786	86,961	2,063,732	4,673,294

27.d. Collaterals and other credit enhancements obtained

The Bank's credit policy requires that the loan extension process be conducted with strong evidence of the customer's ability to repay the loan. Collaterals are also actively used for the purposes of credit risk mitigation. In the tables below, collaterals are aggregated into two groups:

- Financial collaterals, which includes any kind of documentary collateral, such as bills of exchange or trade-related promissory notes. Cash collaterals, credit derivatives and other guarantees are also part of this group.
- Physical collaterals mainly comprised of commercial and residential mortgages.

Although the Bank accepts personal and corporate guarantees as collateral, they are not included in the tables below, due to their limited credit risk mitigation ability.

Breakdown of collateralized exposure by collateral type					**June 30, 2024**
	Total exposure, net	**Fair value of financial collaterals**	**Fair value of physical collaterals**	**Total collaterals obtained**	**Collaterals to total net exposure**
Balance sheet					
Demand deposits with central banks	1,550,816	-	-	-	-
Financial assets measured at fair value through profit or loss	222,495	7,925	14,918	22,843	10%
Financial investments	464,745	8,037	-	8,037	2%
Loans and receivables - banks	395,546	10,115	-	10,115	3%
Loans and receivables - customers	2,605,892	385,669	919,034	1,304,703	50%
Derivative financial instruments	132,703	-	-	-	-
Total balance sheet	**5,372,197**	**411,746**	**933,952**	**1,345,698**	**25%**
Off-balance sheet	1,300,424	40,070	16,754	56,824	4%
Total credit risk exposure	**6,672,621**	**451,816**	**950,706**	**1,402,522**	**21%**

Breakdown of collateralized exposure by collateral type					**December 31, 2023**
	Total exposure, net	**Fair value of financial collaterals**	**Fair value of physical collaterals**	**Total collaterals obtained**	**Collaterals to total net exposure**
Balance sheet					
Demand deposits with central banks	1,624,603	-	-	-	-
Financial assets measured at fair value through profit or loss	197,704	-	23,385	23,385	12%
Financial investments	382,937	-	-	-	-
Loans and receivables - banks	321,514	72,181	-	72,181	22%
Loans and receivables - customers	2,760,115	384,451	1,102,138	1,486,589	54%
Derivative financial instruments	110,215	-	-	-	-
Total balance sheet	**5,397,088**	**456,632**	**1,125,523**	**1,582,155**	**29%**
Off-balance sheet	1,445,069	77,720	28,350	106,070	7%
Total credit risk exposure	**6,842,157**	**534,352**	**1,153,873**	**1,688,225**	**25%**

Collaterals for derivative financial instruments consist mostly of the margins called by the Bank for its OTC derivative assets.

27.e. Credit quality of financial assets

The following table presents the credit quality of the Bank's financial assets per external mapped to the Fitch`s credit rating scale, as of June 30, 2024 and December 31, 2023.

	External rating class						June 30, 2024
	AAA / AA-	**A+ / A-**	**BBB+ / BBB-**	**BB+ / B-**	**Below B-**	**No rating**	**Total**
Demand deposits with central banks	1,386,848	1,063	140,636	-	22,269	-	1,550,816
Financial assets measured at fair value through profit or loss	26,360	82,914	2,497	73,843	-	36,881	222,495
Financial investments	190,713	110,496	90,949	62,851	6,310	3,426	464,745
Loans and receivables - banks	33,320	135,381	70,155	108,574	-	48,116	395,546
Loans and receivables - customers	64,064	5,412	-	122,869	-	2,413,547	2,605,892
Derivative financial instruments	47,982	16,016	-	3,032	-	65,673	132,703
Off-balance sheet	12,119	83,919	299,453	95,638	3	809,292	1,300,424
Total	**1,761,406**	**435,201**	**603,690**	**466,807**	**28,582**	**3,376,935**	**6,672,621**

	External rating class						December 31, 2023
	AAA / AA-	**A+ / A-**	**BBB+ / BBB-**	**BB+ / B-**	**Below B-**	**No rating**	**Total**
Demand deposits with central banks	1,454,869	1,093	148,450	-	20,191	-	1,624,603
Financial assets measured at fair value through profit or loss	33,685	55,852	36,751	46,583	-	24,833	197,704
Financial investments	195,519	24,880	113,277	41,660	3,317	4,284	382,937
Loans and receivables - banks	31,026	118,478	28,867	77,778	-	65,365	321,514
Loans and receivables - customers	175,359	-	49,448	25,461	-	2,509,847	2,760,115
Derivative financial instruments	13,796	41,063	245	-	-	55,111	110,215
Off-balance sheet	21,485	182,879	227,608	92,748	1	920,348	1,445,069
Total	**1,925,739**	**424,245**	**604,646**	**284,230**	**23,509**	**3,579,788**	**6,842,157**

Credit risk rating process

In principle, all risk ratings are based on a Risk Rating (PD) Model. The Bank's PD master scale consists of 21 grades (1=highest credit quality, 21=lowest credit quality) for performing loans, and 1 grade (D) for default.

The grades are composed of the following categories:

- Investment grade (1 to 10)
- Non-investment grade (11 to 16)
- Sub-standard (17 to 21)
- Non-performing (D)

The following tables present the credit quality of the Bank's "loans to customers" exposures (including off-balance sheet exposure) by credit risk rating grade, as of June 30, 2024 and December 31, 2023.

June 30, 2024	Stage 1		Stage 2		Stage 3		TOTAL	
Loans and receivables - customers	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL
Investment grade	1,433,097	(847)	10,217	(169)	-	-	1,443,314	(1,016)
Non-investment grade	1,777,924	(5,785)	118,064	(4,440)	-	-	1,895,988	(10,225)
Sub-standard	27,221	(187)	21,501	(1,461)	-	-	48,722	(1,648)
Non-performing	-	-	-	-	58,130	(21,610)	58,130	(21,610)
Non rated	129,519	(416)	-	-	-	-	129,519	(416)
Total	**3,367,761**	**(7,235)**	**149,782**	**(6,070)**	**58,130**	**(21,610)**	**3,575,673**	**(34,915)**

December 31, 2023	Stage 1		Stage 2		Stage 3		TOTAL	
Loans and receivables - customers	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL
Investment grade	1,589,783	(659)	10,701	(97)	-	-	1,600,484	(756)
Non-investment grade	1,677,442	(8,060)	127,527	(6,888)	-	-	1,804,969	(14,948)
Sub-standard	23,142	(144)	65,162	(7,374)	-	-	88,304	(7,518)
Non-performing	217	74	322	(155)	69,528	(25,536)	70,067	(25,617)
Non rated	228,111	(148)	-	-	-	-	228,111	(148)
Total	**3,518,695**	**(8,937)**	**203,712**	**(14,514)**	**69,528**	**(25,536)**	**3,791,935**	**(48,987)**

27.f. Credit quality of financial investments, loans and receivables - banks and loans and advances to customers

Loans and receivables - customers

The next section provides a detailed overview of the credit quality of the Bank's loans and advances portfolio. The bank produced Corporate Credit Exposure Treatment Policy according to the EBA's technical standards. Corporate Credit Exposure Treatment Policy defines the minimum standards for, and establishes a single view, on identification and treatment of non-performing corporate credit exposures in Credit Europe Bank N.V. and all of its subsidiaries. This policy also sets minimum standards and explains the processes to be followed for the identification and treatment of corporate obligors whose creditworthiness and repayment capacity of their performing exposures may potentially deteriorate or have already deteriorated, even though their credit exposures are still performing. Next to that, it describes the processes regarding restructuring, collateral valuation, disposal, provisioning and the write-off of non-performing corporate exposures. The new policy has replaced the existing Loan Assessment and Impairment Policy, the Credit Risk Monitoring Policy and the Write-off Policy.

CEB differentiates between the following categories of assets in the loan portfolio:

- Fully performing: Fully performing exposures are defined as credit exposures that are not past-due or exposures past-due up to 30 days, if there is no significant increase in credit risk since origination. An exposure is past-due when any amount of principal, interest or fee has not been paid at the date it was due. Fully performing exposures correspond to the IFRS 9 Stage 1 classification.
- Underperforming: Underperforming exposures belong to a sub-category of the performing asset class, where the Bank observes a significant increase in credit risk since origination. Underperformance might become evident if an exposure is past-due more than 30 days, subject to forbearance measures, or the assigned PD has increased significantly since the origination of the exposure (measured by CEB's internal PD Master Scale). Underperforming exposures correspond to the IFRS 9 Stage 2 classification.
- Non-performing: Non-performing loans (NPL) are defined as exposures that satisfy either or both of the following criteria:

1. exposures which are more than 90 days past-due;
2. the obligor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of past-due days.

An exposure is past-due only if there is a legal obligation to make a payment and this payment is compulsory. The counting of days past-due starts as soon as any amount of principal, interest or fee has not been paid to CEB at the date this obligation was due.
A non-performing exposure corresponds to the IFRS 9 Stage 3 classification.

Definitions of asset classifications, entry criteria, additional indicators and exit criteria are strengthened and brought in line with the latest regulatory requirements.

The following tables provide a breakdown of the Bank's loans and advances to customers per credit-quality group, defined above. It also shows the allocation of impairments and collaterals obtained per group.

							June 30, 2024
	Gross loans	**ECL**	**Net loans**	**Financial collateral**	**Physical collateral**	**Total collateral**	**Collateral to net loans**
Corporate loans	**2,239,565**	**(15,339)**	**2,224,226**	**376,528**	**685,776**	**1,062,304**	**48%**
Stage 1	2,129,145	(5,336)	2,123,809	346,563	624,365	970,928	46%
Stage 2	87,957	(3,611)	84,346	28,609	40,304	68,913	82%
Stage 3	22,463	(6,392)	16,071	1,356	21,107	22,463	140%
Retail loans (incl. mortgages)	**286,927**	**(17,059)**	**269,868**	**2,362**	**163,947**	**166,309**	**62%**
Stage 1	220,020	(1,664)	218,356	2,161	125,226	127,387	58%
Stage 2	36,423	(1,427)	34,996	178	21,309	21,487	61%
Stage 3	30,484	(13,968)	16,516	23	17,412	17,435	106%
SME loans	**79,400**	**(2,517)**	**76,883**	**6,779**	**69,311**	**76,090**	**99%**
Stage 1	53,111	(235)	52,876	6,779	45,630	52,409	99%
Stage 2	21,106	(1,032)	20,074	-	19,748	19,748	98%
Stage 3	5,183	(1,250)	3,933	-	3,933	3,933	100%
Total exposure	**2,605,892**	**(34,915)**	**2,570,977**	**385,669**	**919,034**	**1,304,703**	**51%**
Total Stage 3 (NPLs)	58,130	(21,610)	36,520	1,379	42,452	43,831	120%

							December 31, 2023
	Gross loans	**ECL**	**Net loans**	**Financial collateral**	**Physical collateral**	**Total collateral**	**Collateral to net loans**
Corporate loans	**2,339,098**	**(23,603)**	**2,315,495**	**372,039**	**811,776**	**1,183,815**	**51%**
Stage 1	2,182,798	(6,710)	2,176,088	339,705	701,298	1,041,003	48%
Stage 2	135,718	(12,346)	123,372	29,567	93,542	123,109	100%
Stage 3	20,582	(4,547)	16,035	2,767	16,936	19,703	123%
Retail loans (incl. mortgages)	**304,383**	**(22,640)**	**281,743**	**2,603**	**191,977**	**194,580**	**69%**
Stage 1	224,496	(1,998)	222,498	2,339	133,632	135,971	61%
Stage 2	38,397	(1,234)	37,163	217	27,550	27,767	75%
Stage 3	41,490	(19,408)	22,082	47	30,795	30,842	140%
SME loans	**116,634**	**(2,744)**	**113,890**	**9,809**	**98,385**	**108,194**	**95%**
Stage 1	81,954	(229)	81,725	9,797	69,271	79,068	97%
Stage 2	27,224	(934)	26,290	12	25,108	25,120	96%
Stage 3	7,456	(1,581)	5,875	-	4,006	4,006	68%
Total exposure	**2,760,115**	**(48,987)**	**2,711,128**	**384,451**	**1,102,138**	**1,486,589**	**55%**
Total Stage 3 (NPLs)	69,528	(25,536)	43,992	2,814	51,737	54,551	124%

The Bank ensures that it allocates sufficient reserves to maintain a high level of provisioning coverage for its non-performing loans (NPL) after taking into account the fair value of collaterals obtained. Thus, the total coverage for Bank's NPL as of June 30, 2024 is 135% (2023:149%).

Further credit quality breakdown of retail loans are as below:

					June 30, 2024
	Gross loans	ECL	Net loans	Total collateral	Collateral to net loans
Credit cards	**100,794**	**(2,568)**	**98,226**	**-**	**-**
Stage 1	87,329	(237)	87,092	-	-
Stage 2	10,606	(321)	10,285	-	-
Stage 3	2,859	(2,010)	849	-	-
Mortgage	**183,814**	**(14,120)**	**169,694**	**163,947**	**97%**
Stage 1	131,174	(1,426)	129,748	125,226	97%
Stage 2	25,312	(916)	24,396	21,309	87%
Stage 3	27,328	(11,778)	15,550	17,412	112%
Other retail	**2,319**	**(371)**	**1,948**	**2,362**	**121%**
Stage 1	1,517	(1)	1,516	2,161	143%
Stage 2	505	(190)	315	178	57%
Stage 3	297	(180)	117	23	20%
Total retail exposure	**286,927**	**(17,059)**	**269,868**	**166,309**	**62%**
Total Stage 3 (NPLs)	30,484	(13,968)	16,516	17,435	106%

					December 31, 2023
	Gross loans	ECL	Net loans	Total collateral	Collateral to net loans
Credit cards	**99,030**	**(1,787)**	**97,243**	**-**	**-**
Stage 1	87,794	(200)	87,594	-	-
Stage 2	8,987	(84)	8,903	-	-
Stage 3	2,249	(1,503)	746	-	-
Mortgage	**203,715**	**(20,426)**	**183,289**	**191,977**	**105%**
Stage 1	135,937	(1,798)	134,139	133,632	100%
Stage 2	29,209	(1,149)	28,060	27,550	98%
Stage 3	38,569	(17,479)	21,090	30,795	146%
Other retail	**1,638**	**(427)**	**1,211**	**2,603**	**215%**
Stage 1	765	-	765	2,339	306%
Stage 2	201	(1)	200	217	109%
Stage 3	672	(426)	246	47	19%
Total retail exposure	**304,383**	**(22,640)**	**281,743**	**194,580**	**69%**
Total Stage 3 (NPLs)	41,490	(19,408)	22,082	30,842	140%

Strong collateralization forms a major component of CEB's risk appetite lending criteria and we believe this substantially mitigates the losses CEB might incur otherwise. The table above shows the collaterals held by the Bank against credit exposures. These valuations are renewed at least annually and conducted mostly by third party appraisers. In certain cases, particularly residential mortgage loans, CEB could employ internal appraisers but ensure that all internal valuations are benchmarked against market prices.

The following tables provide a summary of the Bank's forborne assets as of June 30, 2024 and December 31, 2023:

	Stage 1		Stage 2		Stage 3		June 30, 2024
Gross Exposure	**Modification to T&Cs(*)**	**Refinancing**	**Modification to T&Cs(*)**	**Refinancing**	**Modification to T&Cs(*)**	**Refinancing**	**TOTAL**
Loans and receivables – banks	-	-	-	-	-	-	-
Loans and receivables – customers	**6,908**	**-**	**39,033**	**10,969**	**10,481**	**9,433**	**76,824**
Corporate loans	6,908	-	36,105	10,872	1,717	9,198	64,800
Retail loans (incl. mortgage)	-	-	2,399	97	5,855	235	8,586
SME	-	-	529	-	2,909	-	3,438
Total exposure	**6,908**	**-**	**39,033**	**10,969**	**10,481**	**9,433**	**69,916**

	Stage 1		Stage 2		Stage 3		December 31, 2023
Gross Exposure	**Modification to T&Cs(*)**	**Refinancing**	**Modification to T&Cs(*)**	**Refinancing**	**Modification to T&Cs(*)**	**Refinancing**	**TOTAL**
Loans and receivables – banks	-	-	-	-	-	-	-
Loans and receivables – customers	**-**	**-**	**20,855**	**13,006**	**14,272**	**12,628**	**60,761**
Corporate loans	-	-	18,555	12,907	2,373	12,391	46,226
Retail loans (incl. mortgage)	-	-	2,282	99	7,526	237	10,144
SME	-	-	18	-	4,373	-	4,391
Total exposure	**-**	**-**	**20,855**	**13,006**	**14,272**	**12,628**	**60,761**

(*) Terms and conditions

NPL ratio

Gross NPL ratio of the Bank defined according to the EBA guideline (EBA/GL/2018/06). For the NPL ratio, the gross carrying amount of NPLs and advances is divided by the gross carrying amount of total loans and advances subject to the NPL definition.

						June 30, 2024
	Financial investments at FVOCI - Loans	**Non- trading financial assets mandatorily at FVTPL**	**Loans and receivables - banks**	**Loans and receivables - customers**	**NPL deduction from CET1 (Art.3 of CRR)**	**TOTAL**
Gross exposure	100,900	15,584	329,449	2,605,892	-	**3,051,825**
NPLs (Gross)	-	2,316	-	58,130	(12,591)	**47,855**
Gross NPL ratio						**1.6%**
ECL	-	(423)	(572)	(34,915)	-	**(35,910)**
NPLs (Net)	-	1,893	(572)	23,215	(12,591)	**11,945**
Net NPL ratio						**0.4%**

						December 31, 2023
	Financial investments at FVOCI - Loans	**Non- trading financial assets mandatorily at FVTPL**	**Loans and receivables - banks**	**Loans and receivables - customers**	**NPL deduction from CET1 (Art.3 of CRR)**	**TOTAL**
Gross exposure	39,353	22,881	176,907	2,760,115	-	**2,999,256**
NPLs (Gross)	-	6,351	-	69,528	(13,342)	**62,537**
Gross NPL ratio						**2.1%**
ECL	-	(640)	(161)	(48,987)	-	**(49,788)**
NPLs (Net)	-	5,711	(161)	20,541	(13,342)	**12,749**
Net NPL ratio						**0.4%**

27.g. Aging of loans and advances to customers

The tables below present the Bank's portfolio of loans and advances to customers, broken down by delinquency bucket:

						June 30, 2024
Gross Exposure	**Loans that are not past due**	**Loans less than 30 days past due**	**Loans 30 or more but less than 60 days past due**	**Loans 60 or more but less than 90 days past due**	**Loans 90 days or more past due**	**Total loans to customers**
Corporate loans	2,228,596	176	-	-	10,793	2,239,565
Retail loans and residential mortgage loans	235,209	17,265	5,774	2,635	26,044	286,927
SME loans	71,483	3,175	30	-	4,712	79,400
Total loans and advances to customers	**2,535,288**	**20,616**	**5,804**	**2,635**	**41,549**	**2,605,892**

						December 31, 2023
Gross Exposure	**Loans that are not past due**	**Loans less than 30 days past due**	**Loans 30 or more but less than 60 days past due**	**Loans 60 or more but less than 90 days past due**	**Loans 90 days or more past due**	**Total loans to customers**
Corporate loans	2,312,638	13,244	-	-	13,216	2,339,098
Retail loans and residential mortgage loans	241,344	18,949	5,550	3,773	34,767	304,383
SME loans	106,223	3,586	-	-	6,825	116,634
Total loans and advances to customers	**2,660,205**	**35,779**	**5,550**	**3,773**	**54,808**	**2,760,115**

As of June 30, 2024, EUR 2,521,461 (2023: EUR 2,648,829) of total exposure is neither past due nor impaired, EUR 26,301 (2023: EUR 41,841) of total exposure is past due but not impaired.

27.h. Geographical concentration of loans advanced to customers, broken down by counterparty type

The following tables breaks down customers' loans and receivables by risk country:

							June 30, 2024
Gross exposure	**Netherlands**	**Romania**	**Turkey**	**Switzerland**	**Non - investment grade**	**Investment grade**	**Total exposure**
Corporate loans	**252,631**	**11,239**	**510,568**	**342,591**	**201,598**	**920,938**	**2,239,565**
Stage 1	243,222	7,679	446,816	342,591	185,575	903,262	**2,129,145**
Stage 2	9,409	3,560	56,292	-	1,020	17,676	**87,957**
Stage 3	-	-	7,460	-	15,003	-	**22,463**
Retail loans (incl. mortgages)	**83**	**282,810**	**95**	**367**	**34**	**3,538**	**286,927**
Stage 1	83	216,350	94	354	-	3,139	**220,020**
Stage 2	-	36,164	-	13	-	246	**36,423**
Stage 3	-	30,296	1	-	34	153	**30,484**
SME loans	**-**	**79,400**	**-**	**-**	**-**	**-**	**79,400**
Stage 1	-	53,111	-	-	-	-	**53,111**
Stage 2	-	21,106	-	-	-	-	**21,106**
Stage 3	-	5,183	-	-	-	-	**5,183**
Total exposure	**252,714**	**373,449**	**510,663**	**342,958**	**201,632**	**924,476**	**2,605,892**

							December 31, 2023
Gross exposure	**Netherlands**	**Romania**	**Turkey**	**Switzerland**	**Non - investment grade**	**Investment grade**	**Total exposure**
Corporate loans	**235,606**	**51,974**	**370,469**	**244,749**	**192,834**	**1,243,466**	**2,339,098**
Stage 1	223,898	45,439	245,912	244,749	183,865	1,238,935	**2,182,798**
Stage 2	11,708	6,535	110,866	-	2,078	4,531	**135,718**
Stage 3	-	-	13,691	-	6,891	-	**20,582**
Retail loans (incl. mortgages)	**22**	**301,129**	**90**	**358**	**37**	**2,747**	**304,383**
Stage 1	22	221,827	90	98	-	2,459	**224,496**
Stage 2	-	37,990	-	260	-	147	**38,397**
Stage 3	-	41,312	-	-	37	141	**41,490**
SME loans	**-**	**116,634**	**-**	**-**	**-**	**-**	**116,634**
Stage 1	-	81,954	-	-	-	-	**81,954**
Stage 2	-	27,224	-	-	-	-	**27,224**
Stage 3	-	7,456	-	-	-	-	**7,456**
Total exposure	**235,628**	**469,737**	**370,559**	**245,107**	**192,871**	**1,246,213**	**2,760,115**

28. Assets and liabilities in disposal groups held for sale

On September 1, 2023, the Bank signed an agreement with a third party regarding the sale of its 49% stake in Atlas Tersanecilik Sanayi ve Ticaret A.S. (Atlas) for a consideration of USD 13.7 million. The same agreement stipulates that the sale of the remaining 51% should take place within a three-year period for a consideration of USD 14.3 million (or EUR 13.3 million). The Bank expects that the sale of the remaining 51% will be completed before the year-end. Therefore, as of the reporting date, the assets and liabilities of Atlas have been reclassified as "assets & liabilities in disposal groups held for sale."

As of June 30, 2024, the valuation basis for the assets and liabilities classified as held for sale is the lower of carrying amount (i.e. Atlas's equity attributable to the shareholders of the Bank before impairment) and fair value less cost to sell. Based on internal valuation the Bank assesses the transaction price as close approximation of Atlas's fair value as of reporting date. As result, the difference between the carrying amount (EUR 13.9 million) and fair value less cost to sell (EUR 13.3 million) has been allocated to "property and equipment" and is presented under "other impairment losses" in profit and loss statement.

The major classes of assets and liabilities of Atlas classified as disposal groups held for sale as at 30 June 2024, are as follows:

	June 30, 2024
Assets	
Loans and receivables – banks	232
Property and equipment	24,667
Other intangible assets	48
Other assets (*)	46,584
	71,531
Liabilities	
Other liabilities (**)	25,603

* "Other assets" mainly consists of EUR 29,430 "contract assets", EUR 14,405 "inventories" and EUR 2,526 "advances given".

** "Other liabilities" mainly consist of EUR 19,563 "advances from customers", and EUR 5,097 "payables to suppliers"

29. Subsequent events

There has been no significant subsequent event between the balance sheet date and the date of approval of these accounts, which would be reported by the Bank.

The Bank proposed to distribute an interim dividend as follows:

Net profit	49,604
Q1 interim dividend distributed in June 2024	11,827
Q2 interim dividend distribution of Euro 0.0254 per share	14,284

The interim dividend is distributed pursuant to Article 31 of the Articles of Association of CEB.

30. List of participations

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Parent Company in the form of cash dividends or to repay loans or advances.

Name	Place	Country	Interest June 30, 2024	Interest December 31, 2023
Credit Europe (Dubai) Ltd	Dubai	United Arab Emirates	100.00%	100.00%
Credit Europe Bank (Suisse) SA	Geneva	Switzerland	100.00%	100.00%
Credit Europe Leasing (Ukraine) LLC	Kiev	Ukraine	100.00%	100.00%
Credit Europe Asset Management S.A.	Bucharest	Romania	100.00%	100.00%
Yenikoy Enterprises B.V.	Amsterdam	The Netherlands	100.00%	100.00%
Hitit Shipping Ltd	Msida	Malta	100.00%	100.00%
Cappadocia Shipping Ltd	Msida	Malta	100.00%	100.00%
Angora Yacht Ltd	Msida	Malta	100.00%	100.00%
Feniks Gayrimenkul Yatirim A.S.	Istanbul	Turkey	100.00%	100.00%
JSC Credit Europe Bank (Ukraine)	Kiev	Ukraine	99.99%	99.99%
Credit Europe Bank (Romania) SA	Bucharest	Romania	99.34%	99.34%
Seyir Gayrimenkul Yatirim A.S.	Istanbul	Turkey	53.00%	53.00%
Cirus Holding B.V.	Amsterdam	The Netherlands	-	50.00%
Ikano Finance Holding B.V.	Amsterdam	The Netherlands	-	50.00%

Amsterdam, September 13, 2024

Independent auditor's review report

To: the Shareholder and the Supervisory Board of Credit Europe Bank N.V.

Our conclusion

We have reviewed the accompanying the condensed consolidated interim financial statements for the six-months period ended 30 June 2024 of Credit Europe Bank N.V.(or hereafter: the "Company") based in Amsterdam. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union.

the condensed consolidated interim financial statements comprise:

1. the condensed consolidated statement of financial position as at 30 June 2024;
2. the following statements for the six-months period ended date 30 June 2024: the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows; and
3. the notes comprising material accounting policy information and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

We are independent of Credit Europe Bank N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Managing Board and the Supervisory Board for the condensed consolidated interim financial statements

The Managing Board is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union. Furthermore, the Managing Board is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding in the internal control, as it relates to the preparation of the condensed consolidated interim financial statements;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements;
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements; and

— Considering whether the condensed consolidated interim financial statements and the related disclosures represent the underlying transactions and events in a manner that gives a true and fair view.

Amstelveen, 13 September 2024

KPMG Accountants N.V.

W.G. Bakker RA