Credit Europe Bank N.V.

Condensed Consolidated Interim Financial Statements June 30, 2023

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CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended June 30, 2023

In thousands of EURO

	Notes	June 30, 2023	December 31, 2022
Assets			
Cash and balances at central banks	4	1,043,378	1,103,693
Financial assets at FVTPL	5	75,132	94,633
- Trading assets		48,009	66,659
-Non-trading assets mandatorily at FVTPL		27,123	27,974
Financial investments	6	346,365	383,370
Loans and receivables - banks	7	428,423	460,542
Derivative financial instruments	8	119,828	112,997
Loans and receivables - customers	9	2,299,233	2,481,515
Current tax assets		648	70
Deferred tax assets		70,467	80,785
Other assets	11	52,930	45,665
Inventory	11	33,387	34,562
Assets held for sale		2,889	19,413
Property and equipment		64,552	66,867
Investment property		3,704	3,760
Intangible assets		8,026	7,892
Total assets		**4,548,962**	**4,895,764**
Liabilities			
Due to banks	12	192,261	441,236
Derivative financial instruments	8	153,226	150,560
Due to customers	13	3,294,653	3,417,018
Current tax liabilities		2,817	1,564
Other liabilities	14	50,056	47,309
Provisions	15	9,013	10,823
Deferred tax liabilities		18,248	18,905
Sub-total liabilities (excluding subordinated liabilities)		**3,720,274**	**4,087,415**
Subordinated liabilities	16	185,247	188,732
Total liabilities		**3,905,521**	**4,276,147**
Equity			
Equity attributable to owners of the Company		641,764	617,905
Equity attributable to non-controlling interests		1,677	1,712
Total equity	17	**643,441**	**619,617**
Total equity and liabilities		**4,548,962**	**4,895,764**

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended June 30, 2023

In thousands of EURO

	Notes	January 1- June 30, 2023	January 1- June 30, 2022
Interest income from financial instruments measured at amortized cost and		124,774	66,615
Interest income from financial instruments measured at FVTPL		3,839	3,293
Interest expense from financial instruments measured at amortized cost		(49,213)	(20,766)
Net interest income	18	**79,400**	**49,142**
Fees and commissions income		24,435	19,742
Fees and commissions expense		(1,928)	(2,049)
Net fee and commission income	19	**22,507**	**17,693**
Revenue from repossessed assets	22	13,655	19,972
Net trading results	20	5,217	8,927
Net results on derecognition of financial assets measured at amortized cost	21	-	(2,435)
Net results from investment securities		(3,519)	(15,318)
Other operating income	22	1,313	3,197
Operating income		**3,011**	**(5,629)**
Net impairment result on financial assets	10	3,438	(4,980)
Net operating income		**122,011**	**76,198**
Personnel expenses		(34,564)	(30,425)
Core operating expenses	23	(15,159)	(13,557)
Depreciation and amortization		(5,286)	(6,435)
Other operating expenses	24	(391)	(2,693)
Expenses related to repossessed assets	22	(11,132)	(18,637)
Other impairment losses	25	(416)	(589)
Total operating expenses		**(66,948)**	**(72,336)**
Share of profit of associate		(135)	(2,449)
Operating profit before tax		**54,928**	**1,413**
Income tax result		(14,407)	3,118
Net result for the period		**40,521**	**4,531**
Net result for the period attributable to:			
Equity owners of the Company		40,502	4,513
Non-controlling interests		19	18

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended June 30, 2023

In thousands of EURO

	January 1- June 30, 2023	January 1- June 30, 2022
Net result for the period	**40,521**	**4,531**
Other comprehensive income that will be reclassified to the income statement		
Foreign currency translation:		
Net result on hedge of net investments	(5,037)	6,968
Exchange differences on translations of foreign operations	3,312	(9,113)
Income tax relating to the above	3,099	(1,315)
Net change on foreign currency translation	**1,374**	**(3,460)**
Net change on debt instruments at FVOCI	2,986	(6,435)
Other comprehensive income that will not be reclassified to the income statement		
Net change on tangible revaluation reserves	83	(235)
Net change on equity instruments at FVOCI	(140)	(16,690)
Other comprehensive income for the period, net of tax	**4,303**	**(26,820)**
Total comprehensive income for the period, net of tax	**44,824**	**(22,289)**
Attributable to:		
Equity holders of the parent	44,859	(22,238)
Non-controlling interest	(35)	(51)

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2023

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 CHANGES IN EQUITY *(CONTINUED)*

For the period ended June 30, 2023

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 December 31, 2021	**563,000**	**163,748**	**92,863**	**(4,793)**	**(93,013)**	**467**	**(71,511)**	**650,761**	**1,731**	**652,492**
IAS 29 impact	-	-	7,816	-	-	-	-	**7,816**	-	**7,816**
At January 1, 2022	**563,000**	**163,748**	**100,679**	**(4,793)**	**(93,013)**	**467**	**(71,511)**	**658,577**	**1,731**	**660,308**
Total comprehensive income										
Change in fair value reserve	-	-	-	(6,405)	-	-	-	**(6,405)**	(30)	**(6,435)**
Change in foreign currency translation reserve	-	-	-	-	-	-	(9,068)	**(9,068)**	(45)	**(9,113)**
Change in net investment hedge reserve	-	-	-	-	5,653	-	-	**5,653**	-	**5,653**
Change in fair value of equity instruments at FVOCI	-	-	(1,102)	(15,594)	-	-	-	**(16,696)**	6	**(16,690)**
Change in tangible revaluation reserve	-	-	-	-	-	(235)	-	**(235)**	-	**(235)**
Profit for the period	-	-	4,513	-	-	-	-	**4,513**	18	**4,531**
Total comprehensive income	**-**	**-**	**3,411**	**(21,999)**	**5,653**	**(235)**	**(9,068)**	**(22,238)**	**(51)**	**(22,289)**
Transactions with owners of the Bank										
Dividends declared and paid	-	-	(37,397)	-	-	-	-	**(37,397)**	-	**(37,397)**
At June 30, 2022	**563,000**	**163,748**	**66,693**	**(26,792)**	**(87,360)**	**232**	**(80,579)**	**598,942**	**1,680**	**600,622**

CREDIT EUROPE BANK N.V.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended June 30, 2023

In thousands of EURO

	Notes	January 1- June 30, 2023	January 1- June 30, 2022
Profit for the period		**40,521**	**4,531**
Adjustments for:			
Net impairment on financial assets	10	(3,438)	4,980
Depreciation and amortization		5,286	6,435
Net impairment on non-financial assets	25	416	589
Income tax expense		14,407	(3,118)
Net interest income		(79,400)	(49,142)
Effect of exchange rate differences		(3,873)	12,072
Provisions		(3,356)	(2,193)
		(29,437)	**(25,846)**
Changes in:			
Financial assets mandatorily at fair value through profit or loss		-	(15,747)
Net change in financial assets at fair value through profit or loss	5	19,344	41,726
Loans and receivables - banks		32,119	39,585
Loans and receivables - customers		189,690	(96,014)
Other assets		3,457	93,631
Due to banks		(248,975)	(192,277)
Due to customers		(122,365)	182,788
Other liabilities		(7,740)	22,510
		(134,470)	**76,202**
Interest received		126,436	70,650
Interest paid		(51,006)	(17,769)
Income taxes refund/(paid)		-	(58)
Net cash used in operating activities		**(88,477)**	**103,179**
Cash flows from investing activities			
Acquisition of financial investments		(92,671)	(567,485)
Proceeds from sales of financial investments		127,964	549,267
Acquisition of property and equipment		(2,297)	(958)
Proceeds from sale of property and equipment		16,825	633
Acquisition of intangibles		(1,827)	(510)
Dividends received	22(ii)	437	596
Net cash used in investing activities		**48,431**	**(18,457)**
Dividends paid to shareholders		(21,000)	(37,397)
Payment of lease liabilities		(1,154)	(1,020)
Net cash from financing activities		**(22,154)**	**(38,417)**
Net cash from operations		**(62,200)**	**46,304**
Net change in cash and cash equivalents			
Cash and cash equivalents at January 1		1,067,150	892,553
Effect of exchange rate fluctuations on cash and cash equivalents held		(28)	4,476
Cash and cash equivalents at June 30	4	**1,004,921**	**943,333**

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, 2023, comprise the figures of the Bank, its subsidiaries and associates. 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., Turkiye, 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

There is no significant change to the Group within 2023.

2. Basis of preparation

The Bank's condensed consolidated financial statements as of June 30, 2023 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 2022 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 2022. Please refer to 'Update to significant accounting policies' for standards that are effective, were endorsed and adopted by the EU for annual periods beginning after 1 January 2023.

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 15, 2023.

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 2022. 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 27.

Global Outlook

Over the past three years, the global economy has faced a series of negative shocks caused by various factors, including the COVID-19 pandemic and the Ukraine-Russia conflict. The current economic outlook is uncertain due to persistent inflation and the aggressive tightening of monetary policy aimed at combating inflation. The rapid increase in interest rates has placed certain financial institutions under pressure and raised concerns about financial stability. As global financial conditions become more restrictive, slower economic growth is anticipated for many countries in 2023. It will be essential for policymakers to take actions effectively, ensuring continued support for economic growth, while addressing issues like inflation and debt sustainability to foster a stable and resilient global economic outlook.

In the first half of 2023, the Bank continued to use the same macro model scenarios and factor projections that were used at the end of 2022. That said, management overlays have been reviewed and updated where necessary to reflect the most recent macro-economic outlook in the first half of 2023. All modelled results are closely examined on case-by-case basis to determine the necessity for using management overlays in order to incorporate risk, which is not fully captured by the models. The Bank keeps applying positive management overlay to the ratings of 3 customer as of June end, with provision impact amounting to EUR 0.71 million. Besides rating overlays, LGD value of a performing Russian corporate exposure is stressed due to Russia/Ukraine war, and its impact is around EUR 0.69 million. This brings total management overlay impact on performing corporate portfolio to EUR 0.03 million as of June end.

Factor projections under multiple economic outlook scenarios and management overlays will be revisited in the last quarter of 2023 and will be updated based on the global developments in 2023. The table below shows the projections for the model parameters under three scenarios and their weights as of June 30, 2023, which are the same parameters of December 31, 2022.

		June 30, 2023					
		2023	2024	2025	2026	2027	Assigned Weighting
Balance Sheet Lending - Turkey / PD							
Upside	Government budget value (Turkey, % of GDP)	-4.7%	-3.9%	-3.0%	-2.0%	-1.3%	15%
	Base Rate (Turkey, lagged)	10.0%	25.0%	20.0%	12.5%	10.0%	
Base Case	Government budget value (Turkey, % of GDP)	-5.6%	-4.9%	-4.2%	-3.5%	-2.8%	55%
	Base Rate (Turkey, lagged)	12.0%	30.0%	30.0%	20.0%	15.0%	
Downside	Government budget value (Turkey, % of GDP)	-7.0%	-6.5%	-5.9%	-5.2%	-4.4%	30%
	Base Rate (Turkey, lagged)	13.0%	50.0%	50.0%	30.0%	25.0%	
Balance Sheet Lending - Rest of World / PD							
Upside	Volume of exports (Emerging and Developing Europe, % GDP)	49.2%	50.7%	51.9%	54.0%	55.1%	15%
	Volume of exports (Advanced Economies, % GDP)	30.5%	31.2%	32.2%	33.0%	33.6%	
Base Case	Volume of exports (Emerging and Developing Europe, % GDP)	48.3%	49.4%	49.9%	51.3%	52.0%	55%
	Volume of exports (Advanced Economies, % GDP)	29.6%	30.1%	30.8%	31.2%	31.4%	
Downside	Volume of exports (Emerging and Developing Europe, % GDP)	47.1%	46.4%	46.6%	47.1%	47.9%	30%
	Volume of exports (Advanced Economies, % GDP)	28.2%	28.4%	28.7%	29.2%	29.6%	
Commercial Real Estate / PD							
Upside	Unemployment rate (Romania, %)	5.1%	4.5%	4.3%	4.1%	3.9%	15%
	CPI Growth(Euro area, %) - lagged	7.5%	3.8%	1.9%	1.5%	1.7%	
Base Case	Unemployment rate (Romania, %)	5.8%	5.1%	4.9%	4.7%	4.5%	55%
	CPI Growth(Euro area, %) - lagged	8.0%	6.0%	4.5%	3.4%	2.5%	
Downside	Unemployment rate (Romania, %)	7.3%	5.8%	5.5%	5.3%	5.1%	30%
	CPI Growth(Euro area, %) - lagged	8.8%	7.7%	6.7%	5.0%	3.8%	
Marine Finance - Tanker Segment / PD							
Upside	Volume of exports (world) (Percent change)	8.2%	11.8%	13.1%	12.2%	11.2%	15%
	Crude oil price (US Dollars/Barrel)	88.1	77.9	70.6	65.1	65.0	
Base Case	Volume of exports (world) (Percent change)	6.0%	9.3%	11.0%	10.1%	9.2%	55%
	Crude oil price (US Dollars/Barrel)	102.2	95.5	91.5	89.3	85.0	
Downside	Volume of exports (world) (Percent change)	2.2%	5.4%	7.6%	6.7%	5.8%	30%
	Crude oil price (US Dollars/Barrel)	149.8	129.8	114.9	104.9	100.0	
Marine Finance - Other Vessel Types / PD							
Upside	Volume of exports (world) (Percent change)	8.2%	11.8%	13.1%	12.2%	11.2%	15%
	Baltic Dry Index	2583	2970	3416	3928	4517	
Base Case	Volume of exports (world) (Percent change)	6.0%	9.3%	11.0%	10.1%	9.2%	55%
	Baltic Dry Index	2001	2152	2313	2486	2673	
Downside	Volume of exports (world) (Percent change)	2.2%	5.4%	7.6%	6.7%	5.8%	30%
	Baltic Dry Index	1413	1448	1484	1521	1559	

The Bank performs validation and back-testing analysis annually and reviews all internal rating models, IFRS9 ECL calculation assumptions including the point-in-time PD calibrations and macroeconomic models that are used for forward looking adjustments. Based on the half-year back-testing results, macro models related to forward-looking adjustments will be updated in the last quarter of 2023, where deemed necessary. Due to point-in-time (PIT) calibration philosophy, all portfolios will be recalibrated to current forward-looking PIT PD levels 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. The first sensitivity analysis shows that a 5% increase in the LGD forecasts across the entire portfolio results in EUR 3.0 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 EUR 11.5 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 pessimistic scenario projections of macroeconomic variables by 25%, respectively. The third scenario has an impact of EUR 0.9 million provision increase whereas the fourth scenario results in a provision increase of EUR 3.0 million.

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.

Update to significant accounting policies

Amendments and interpretations to standard are effective for annual periods beginning after 1 January 2023

The below new amendments to standards that are effective, endorsed and adopted by the EU for annual periods beginning after 1 January 2023, 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 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021)
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023)
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

New standards and interpretations not yet adopted

A number of new amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Bank has not early adopted any of the forthcoming amended standards in preparing these condensed consolidated financial statements.

The following amendments to standards are effective and endorsed by the EU for annual periods beginning after 1 January 2024.

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

The Bank is assessing the expected impact of adopting this standard on its consolidated financial statements.

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

The Bank is assessing the expected impact of adopting this standard on its consolidated financial statements.

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 (2022: 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 Turkiye.

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)*

						June 30, 2023
	West Europe Retail	West Europe Wholesale	Romania Retail	Romania Wholesale	Other	Total
Interest income – external	723	99,171	15,151	11,005	2,563	128,613
Interest income – other segments	-	1,821	-	130	-	1,951
Interest revenue	**723**	**100,992**	**15,151**	**11,135**	**2,563**	**130,564**
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	**723**	**61,913**	**8,315**	**7,355**	**1,094**	**79,400**
Net commission income – external	53	19,789	2,333	342	(10)	22,507
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	-	57	547	1,972	435	3,011
Net impairment loss on financial assets	-	5,075	(3,371)	735	999	3,438
Depreciation and amortization expense	(11)	(1,817)	(1,455)	(845)	(1,158)	(5,286)
Other operating expenses	(193)	(34,528)	(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	**572**	**51,627**	**(1,835)**	**2,963**	**1,601**	**54,928**
Income tax expense	(183)	(14,026)	683	(482)	(399)	(14,407)
Profit for the period	**389**	**37,601**	**(1,152)**	**2,481**	**1,202**	**40,521**
Other information at 30 June 2023 - Financial position						
Total assets	15,918	3,621,760	309,755	512,717	88,812	4,548,962
Total liabilities	2,079,255	1,266,058	251,397	268,732	40,079	3,905,521
Assets held for sale	-	2,889	-	-	-	2,889
Other information at 30 June 2023 - Income statement						
Reversal of impairment allowances no longer required	42	1,831	768	1,237	734	4,612

3. Segment information *(continued)*

						June 30, 2022
	West Europe Retail	**West Europe Wholesale**	**Romania Retail***	**Romania Wholesale**	**Other**	**Total**
Interest income – external	66	50,983	10,829	6,847	1,183	69,908
Interest income – other segments	-	2,904	-	6	1	2,911
Interest revenue	**66**	**53,887**	**10,829**	**6,853**	**1,184**	**72,819**
Interest expenses – external	-	(15,950)	(3,575)	(1,109)	(132)	(20,766)
Interest expense – other segments	-	(549)	-	(709)	(1,653)	(2,911)
Interest expense	**-**	**(16,499)**	**(3,575)**	**(1,818)**	**(1,785)**	**(23,677)**
Net interest income	**66**	**37,388**	**7,254**	**5,035**	**(601)**	**49,142**
Net commission income – external	(1)	14,893	2,523	170	108	17,693
Net commission income – other segments	-	33	38	(1)	(70)	-
Revenue from repossessed assets	-	6,694	2,314	368	10,597	19,973
Trading and other income	19	(9,263)	1,093	1,276	1,245	(5,630)
Net impairment loss on financial assets	7	(5,530)	4,149	212	(3,818)	(4,980)
Depreciation and amortization expense	(39)	(3,234)	(1,256)	(724)	(1,182)	(6,435)
Other operating expenses	(366)	(30,905)	(7,374)	(6,912)	(1,707)	(47,264)
Expenses related to repossessed assets	-	(7,542)	(1,674)	-	(9,421)	(18,637)
Share of profit of associate	-	-	-	-	(2,449)	(2,449)
Operating profit before taxes	**(314)**	**2,534**	**7,067**	**(576)**	**(7,298)**	**1,413**
Income tax expense	100	4,480	(1,024)	(438)	-	3,118
Profit for the period	**(214)**	**7,014**	**6,043**	**(1,014)**	**(7,298)**	**4,531**
Other information at 31 December 2022 - Financial position						
Total assets	16,570	3,869,324	312,294	620,677	76,899	4,895,764
Total liabilities	2,087,891	1,563,370	265,926	328,259	30,701	4,276,147
Assets held for sale	-	19,412	-	-	-	19,412
Other information at 30 June 2022 - Income statement						
Reversal of impairment allowances no longer required	171	4,418	1,952	816	-	7,357

Information about major customers

As of June 30, 2023, there is no single customer revenues from which individually exceeded 10% of total revenue (June 30, 2022: 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, 2023	December 31, 2022
Balances with central banks	1,030,954	1,090,112
Cash on hand	12,424	13,581
Total	**1,043,378**	**1,103,693**

Deposits at central banks include reserve deposits amounting to EUR 38,457 (2022: EUR 36,543), 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, 2023	December 31, 2022
Cash and balances at central banks	1,043,378	1,103,693
Less: reserve deposits at central banks	(38,457)	(36,543)
Cash and cash equivalents in the statement of cash flows	**1,004,921**	**1,067,150**

5. Financial assets at fair value through profit or loss

	June 30, 2023	December 31, 2022
Financial assets held for trading		
Trading loans	34,703	29,885
Corporate bonds	13,306	-
Government bonds	-	36,774
Total financial assets held for trading	**48,009**	**66,659**
Non- trading financial assets mandatorily at FVTPL		
Loans to customers	23,569	24,973
Equity instruments	3,554	3,001
Total non-trading financial assets mandatorily at FVTPL	**27,123**	**27,974**
Total financial assets at fair value through profit or loss	**75,132**	**94,633**

As of June 30, 2023, EUR 16,861 (2022: EUR 39,774) are listed financial instruments and EUR 58,271 (2022: EUR 54,859) are non-listed financial instruments.

As of June 30, 2023, there is no financial asset that have been sold or re-pledged under repurchase agreements (2022: 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, 2023	December 31, 2022
Financial investments at FVOCI	284,592	321,900
Financial investments at amortized cost	61,773	61,470
Total	**346,365**	**383,370**

As of June 30, 2023, there is no financial asset may have been sold or re-pledged under repurchase agreements (2022: EUR 58,021). 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, 2023	December 31, 2022
Government bonds	272,950	269,777
Loans and advances	45,757	53,088
Bank bonds	14,382	19,802
Equities	9,730	10,997
Corporate bonds	3,546	29,706
Total	**346,365**	**383,370**

As of June 30, 2023, EUR 296,511 (2022: EUR 326,585) of the total are listed financial instruments and EUR 49,854 (2022: EUR 56,786) 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.

The Bank’s equity investments as of June 30, 2023 and December 31, 2022 are listed as below:

			June 30, 2023
Name of the investment	**Carrying amount**	**Dividend recognized during the period**	**Valuation**
Rabo49 - CET 1 perpetual bond	3,124	95	Based on quoted market prices
Other	6,606	342	Based on quoted market prices
Total	**9,730**	**437**	

			December 31, 2022
Name of the investment	**Carrying amount**	**Dividend recognized during the period**	**Valuation**
Rabo49 - CET 1 perpetual bond	4,649	476	Based on quoted market prices
CEB Russia - minority share	-	4,065	Discounted cash flow
Other	6,348	642	Based on quoted market prices
Total	**10,997**	**5,183**	

7. Loans and receivables – banks

	June 30, 2023	December 31, 2022
Placements with other banks	384,565	312,223
Loans and advances	44,059	149,198
Subtotal	**428,624**	**461,421**
Allowances for expected credit losses	(201)	(879)
Total	**428,423**	**460,542**

Placements with other banks that serve as collateral for derivative transactions and are not freely disposable amount to EUR 32,391 (2022: EUR 29,409).

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, 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
Exchange differences	-	-	-	-	-	-	-	-
At June 30, 2023	**428,624**	**(201)**	**-**	**-**	**-**	**-**	**428,624**	**(201)**

	Stage 1		Stage 2		Stage 3		Total	
	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL
At January 1, 2022	**283,583**	**(196)**	**-**	**-**	**-**	**-**	**283,583**	**(196)**
Originated or purchased	137,246	(227)	-	-	-	-	137,246	(227)
Matured or sold	(172,973)	110	-	-	-	-	(172,973)	110
Re-measurement	(4,585)	(6)	-	-	-	-	(4,585)	(6)
Exchange differences	850	-	-	-	-	-	850	-
At June 30, 2022	**244,121**	**(319)**	**-**	**-**	**-**	**-**	**244,121**	**(319)**

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, 2023			**December 31, 2022**		
	Notional amount	**Carrying value assets**	**Carrying value liabilities**	**Notional amount**	**Carrying value assets**	**Carrying value liabilities**
Derivatives held for trading						
Interest rate swaps	43,682	1,514	1,514	583,869	11,042	11,042
Interest rate options (purchased)	80,500	2,124	-	-	-	-
Interest rate options (sold)	(80,500)	-	2,124	-	-	-
Foreign currency swaps	192,556	38,591	36,464	154,183	25,099	23,600
Foreign currency forwards	123,916	11,684	11,338	178,315	6,643	6,060
Foreign currency futures	44,127	-	99	-	-	-
Foreign currency options (purchased)	115,620	1,333	-	200,643	12,986	-
Foreign currency options (sold)	(115,568)	-	1,359	(199,987)	-	12,977
Equity options (purchased)	192,284	15,685	-	8,093	1,223	-
Equity options (sold)	(192,284)	-	15,685	(8,093)	-	1,223
Commodity swaps	47,069	6,724	5,999	11,458	691	501
Total	**451,402**	**77,655**	**74,582**	**928,481**	**57,684**	**55,403**
Derivatives in economic hedge relationship						
Interest rate swaps	3,000	120	107	3,000	120	119
Foreign currency swaps	1,388,808	28,983	35,070	1,437,923	45,211	53,022
Forwards	313,856	6,247	6,039	123,504	942	932
Total	**1,705,664**	**35,350**	**41,216**	**1,564,427**	**46,273**	**54,073**
Derivatives in fair value hedge accounting relationships						
Interest rate swaps	1,022,850	2,891	24,292	641,419	7,011	29,751
Total	**1,022,850**	**2,891**	**24,292**	**641,419**	**7,011**	**29,751**
Derivatives in net investment hedge accounting relationship						
Foreign currency swaps	323,854	3,932	13,136	408,907	2,029	11,333
Total	**323,854**	**3,932**	**13,136**	**408,907**	**2,029**	**11,333**
Total Derivatives	**3,503,770**	**119,828**	**153,226**	**3,543,234**	**112,997**	**150,560**

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, 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	28,448	-	-	240
Fixed rate FVOCI debt instruments	17,962	-	-	3,760
Fixed rate subordinated liabilities	-	154,550	1,033	-
Subtotal	**46,410**	**154,550**	**1,033**	**4,000**
Portfolio fair value hedges				
Fixed rate customer deposits	-	860,317	20,927	-
Subtotal	**-**	**860,317**	**20,927**	**-**
Total	**46,410**	**1,014,867**	**21,960**	**4,000**

December 31, 2022	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 FVOCI debt instruments	58,618	-	-	7,118
Subtotal	**58,618**	**-**	**-**	**7,118**
Portfolio fair value hedges				
Fixed rate customer deposits	-	520,419	22,216	-
Subtotal	**-**	**520,419**	**22,216**	**-**
Total	**58,618**	**520,419**	**22,216**	**7,118**

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- 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**

January 1- June 30, 2022		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	Foreign currency contracts	859	(1,058)	(199)
Fixed rate FVOCI debt instruments	Interest rate swaps	(3,435)	2,832	(603)
Subtotal		**(2,576)**	**1,774**	**(802)**
Micro fair value hedge relationships ***hedging liabilities***				
Fixed rate subordinated liabilities	Interest rate swaps	2,786	(2,894)	(108)
Subtotal		**2,786**	**(2,894)**	**(108)**
Total micro fair value relationships		**210**	**(1,120)**	**(910)**
Portfolio fair value hedge relationships				
Fixed rate customer deposits	Interest rate swaps	10,804	(10,826)	(22)
Subtotal		**10,804**	**(10,826)**	**(22)**
Total portfolio fair value hedge relationships		**10,804**	**(10,826)**	**(22)**
Total		**11,014**	**(11,946)**	**(932)**

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

June 30, 2023	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Fixed rate corporate loans					
Interest rate swaps	-	-	37,160	-	37,160
Fixed rate FVOCI debt instruments					
Interest rate swaps	-	-	6,148	15,350	21,498
Fixed rate subordinated liabilities					
Interest rate swaps	-	-	91,768	-	91,768
Fixed rate customer deposits					
Interest rate swaps	49,854	298,668	326,039	197,863	872,424
Total	**49,854**	**298,668**	**461,115**	**213,213**	**1,022,850**

December 31, 2022	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Fixed rate corporate loans					
Interest rate swaps	-	-	42,468	-	42,468
Fixed rate FVOCI debt instruments					
Interest rate swaps	-	-	6,265	66,905	73,170
Fixed rate customer deposits					
Interest rate swaps	-	102,270	173,294	250,217	525,781
Total	**-**	**102,270**	**222,027**	**317,122**	**641,419**

-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, 2023
Investments in subsidiaries functional currency of which is:	**Change in fair value of hedged item for ineffectiveness assessment**	**Translation reserve**
USD	(3)	314
RON	4,758	(607)
CHF	(13)	925
UAH	-	(193)
TRY	(2,872)	2,865
Total	**1,870**	**3,304**

		December 31, 2022
Investments in subsidiaries functional currency of which is:	**Change in fair value of hedged item for ineffectiveness assessment**	**Translation reserve**
USD	(832)	(648)
RON	11,691	(172)
CHF	7,416	6,659
UAH	19	(1,955)
TRY	(780)	(2,837)
Total	**17,514**	**1,047**

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

June 30, 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	5,563	1	32	3	-	3
RON swaps	156,016	2,651	8,442	(4,758)	-	(4,758)
CHF swaps	155,592	1,244	4,646	13	-	13
TRY swaps	6,683	36	16	2,872	-	2,872
Total	**323,854**	**3,932**	**13,136**	**(1,870)**	**-**	**(1,870)**

December 31, 2022	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	10,537	112	56	832	-	832
RON swaps	248,410	594	6,501	(11,691)	-	(11,691)
CHF swaps	145,355	903	4,375	(7,416)	-	(7,416)
UAH swaps	-	-	-	(19)	-	(19)
TRY swaps	4,605	420	401	780	-	780
Total	**408,907**	**2,029**	**11,333**	**(17,514)**	**-**	**(17,514)**

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	-	5,563	-	5,563
RON swaps	-	18,159	137,857	156,016
CHF swaps	-	38,383	117,209	155,592
TRY swaps	6,683	-	-	6,683
Total at June 30, 2023	**6,683**	**62,105**	**255,066**	**323,854**

Hedging Instruments	Less than 1 month	1 to 3 months	3 to 12 months	Total
USD swaps	-	10,537	-	10,537
RON swaps	22,175	81,559	144,676	248,410
CHF swaps	-	27,337	118,018	145,355
TRY swaps	4,605	-	-	4,605
Total at December 31, 2022	**26,780**	**119,433**	**262,694**	**408,907**

9. Loans and receivables – customers

	June 30, 2023	December 31, 2022
Commercial loans	1,883,243	2,227,712
Consumer loans	219,604	231,937
Public sector loans	170,129	-
Credit card loans	89,815	89,397
Finance lease receivables, net	3,937	4,366
Private banking loans	54	69
Subtotal	**2,366,782**	**2,553,481**
Allowances for expected credit losses	**(67,549)**	**(71,966)**
-Commercial loans	(43,657)	(48,325)
-*Consumer loans*	(22,706)	(22,924)
-*Credit card loans*	(1,186)	(717)
Total	**2,299,233**	**2,481,515**

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.

Details of finance lease receivables are summarized below:

	June 30, 2023	December 31, 2022
Not later than 1 year	1,081	1,081
Later than 1 year and not later than 5 years	3,110	3,601
Gross lease receivables	**4,191**	**4,682**
Not later than 1 year	(105)	(118)
Later than 1 year and not later than 5 years	(149)	(198)
Unearned interest income	**(254)**	**(316)**
Finance lease receivables, net	**3,937**	**4,366**

10. Loans to customers, impairment charges and allowances

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	(93,351)	658	(2,205)	(523)	(438)	(3,492)	**(95,994)**	**(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	**1,942,541**	**(8,529)**	**271,215**	**(19,358)**	**153,026**	**(39,662)**	**2,366,782**	**(67,549)**

June 30, 2022

	Stage 1		Stage 2		Stage 3		Total	
	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL	Gross loans	ECL
Balance at 1 January	**2,347,783**	**(10,251)**	**267,092**	**(21,546)**	**196,302**	**(26,366)**	**2,811,177**	**(58,163)**
Originated or purchased	1,379,693	(2,103)	1,788	-	1,525	4	**1,383,006**	**(2,099)**
Matured or sold	(1,230,668)	2,229	(16,410)	2,076	(8,629)	2,939	**(1,255,707)**	**7,244**
Transfers to Stage 1	17,495	(404)	(16,286)	275	(1,209)	130	-	**1**
Transfers to Stage 2	(17,403)	210	21,849	(2,752)	(4,825)	885	**(379)**	**(1,657)**
Transfers to Stage 3	(16,662)	2	(7,176)	628	23,838	(629)	-	**1**
Re-measurement	(483)	(591)	(30,157)	3,637	2,741	(11,350)	**(27,899)**	**(8,304)**
Amounts written off	-	-	-	-	(2,225)	1,421	**(2,225)**	**1,421**
Exchange differences	227	576	49	(68)	15	(6,907)	**291**	**(6,399)**
Balance at period end	**2,479,982**	**(10,332)**	**220,749**	**(17,750)**	**207,533**	**(39,873)**	**2,908,264**	**(67,955)**

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

			January 1- June 30, 2023		January 1- June 30, 2022
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Total**
Loans to customers at amortized cost	(777)	171	3,712	3,106	**(4,252)**
Loans to banks at amortized cost	514	-	-	514	**(110)**
Debt securities measured at FVOCI	53	-	-	53	**(22)**
Credit related commitments (non-cash loans)	(266)	31	-	(235)	**(596)**
Net impairment loss on financial instruments	**(476)**	**202**	**3,712**	**3,438**	**(4,980)**

There is no loans and receivables written off during the period (2022: None), which are still subject to enforcement activity.

11. Other assets and inventories

	June 30, 2023	**December 31, 2022**
Repossessed assets classified as inventories*	33,387	34,562
Contract assets	15,048	11,734
Prepayments to suppliers	10,933	10,231
Materials and supplies	8,583	2,700
Receivables from DSB	6,259	6,259
POS, plastic cards and ATM related receivables	4,310	3,703
Accounts receivable	1,955	3,781
Other assets **	5,842	7,257
Total	**86,317**	**80,227**

(*) Repossessed assets classified as inventories includes land, commercial and residential real estate amounting to EUR 27.3 million (2022: EUR 28.6 million), and recreational boats amounting to EUR 6.1 million (2022: EUR 6 million).

(**) Includes EUR 2.2 million (2022: EUR 2.4 million) “Cash collateral given” and EUR 1 million (2022: EUR: 1 million) “Operational tax receivables”.

12. Due to banks

	June 30, 2023	December 31, 2022
Current accounts	98,276	150,512
Time deposits	93,985	290,724
Total	**192,261**	**441,236**

There is no repo amount in time deposits (2022: EUR 58,021).

13. Due to customers

	June 30, 2023	December 31, 2022
Retail time deposits	1,538,870	1,266,435
Retail saving and demand deposits	814,328	1,073,066
Corporate demand deposits	625,411	801,633
Corporate time deposits	316,044	275,884
Total	**3,294,653**	**3,417,018**

As of June 30, 2023, the Bank maintained customer deposit balances of EUR 56,242 (2022: EUR 71,105), which were pledged to the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

As of June 30, 2023, EUR 1,119,351 (2022: EUR 1,187,616) of deposits from customers are expected to be settled in more than 12 months after the balance sheet date.

14. Other liabilities

	June 30, 2023	December 31, 2022
Advances from customers	18,941	13,956
Lease liabilities	10,825	11,089
Accrued expenses	7,456	4,207
Credit card payables	2,686	2,625
Items in the course of settlement	1,235	5,410
Other liabilities*	8,913	10,022
Total	**50,056**	**47,309**

(*) Includes EUR 2.5 million (2022: EUR 2.4 million) “Non-current tax payables” and EUR 2.9 million (2022: EUR 1.7 million) “Payables to suppliers”.

15. Provisions

	June 30, 2023	December 31, 2022
Litigation(*)	2,636	3,122
Staff related	3,864	5,372
- Employee termination benefits	*1,813*	*1,653*
- Bonus provision	*1,646*	*2,348*
- Vacation pay liability	*128*	*128*
- Other	*277*	*1,243*
Credit related commitments	2,475	2,268
Other	38	61
Total	**9,013**	**10,823**

(*) Provision set for litigations regarding abusive clauses in consumer contracts in which the Bank's and the Bank's subsidiary, Credit Europe Bank (Romania) SA, are involved as of June 30, 2023. Further details are provided in Note 28: Commitments and Contingencies.

The table below presents movement in total provisions:

				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**

				June 30, 2022
	Litigation	Staff related	Credit related commitments	Other
At January 1, 2022	**3,955**	**4,524**	**1,452**	**32**
Addition	137	1,280	1,252	6
Provisions used during the period	-	(1,624)	-	-
Reversal	(516)	(878)	-	-
Currency translation differences	19	(168)	5	1
At June 30, 2022	**3,595**	**3,134**	**2,709**	**39**

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, 2023	December 31, 2022
USD 150 million subordinated notes with a fixed interest rate of 9.62 % p.a.	November 2023	November 2023	139,201	141,802
USD 50 million AT1 instrument with a fixed interest rate of 10.27% p.a.	Perpetual	December 2023	46,046	46,930
Total			**185,247**	**188,732**

Changes in liabilities arising from financial activities

Subordinated loans	June 30, 2023	June 30, 2022
Balance at the beginning of the period	188,732	176,891
Interest expense	9,066	7,044
Interest paid	(8,930)	(7,194)
Foreign exchange movement	(3,621)	16,548
Balance at period end	**185,247**	**193,289**

17. Equity

	June 30, 2023	December 31, 2022
Share capital	563,000	563,000
Share premium	163,748	163,748
Retained earnings*	103,543	99,833
Tangible revaluation reserve	(121)	(16)
Fair value reserve	(8,860)	(27,721)
Foreign currency translation reserve	(80,052)	(83,383)
Net investment hedge reserve	(99,494)	(97,556)
Equity attributable to owners of the Parent Company	**641,764**	**617,905**
Equity attributable to non-controlling interests	1,677	1,712
Total equity	**643,441**	**619,617**

(*) In March 2023 the Bank paid EUR 21 million dividend to its direct shareholder, Credit Europe Group N.V.

As of June 30, 2023, the authorized share capital is EUR 1,000 million (2022: EUR 1,000 million) and consists of EUR 1,000 million (2022: EUR 1,000 million) ordinary shares with a face value of EUR 1. The called-up and paid-in capital consists of 563.0 million (2022: 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- June 30, 2023	January 1- June 30, 2022
Interest income from financial instruments measured at amortized cost and FVOCI	**124,774**	**66,615**
Loans and receivables – customers	91,860	61,726
Cash and balances at central banks	14,621	740
Loans and receivables – banks	11,647	1,319
Financial investments	6,584	2,753
Interest on financial lease	62	77
Interest income from financial instruments measured at FVTPL	**3,839**	**3,293**
Financial assets held for trading	3,340	2,745
Non-trading financial assets mandatorily at FVTPL	499	548
Subtotal	**128,613**	**69,908**
Interest expense from financial instruments measured at amortized cost	**49,213**	**20,766**
Due to customers	32,681	9,819
Subordinated liabilities	9,319	5,326
Due to banks	7,181	3,521
Lease liabilities	32	30
Cash and balances at central banks	-	2,070
Subtotal	**49,213**	**20,766**
Total	**79,400**	**49,142**

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’.

Interest paid on assets with a negative interest yield is classified as interest expense. Interest received from liabilities with a negative interest yield is classified as interest income.

19. Net fee and commission income

	January 1- June 30, 2023	January 1- June 30, 2022
Fee and commission income		
Letters of credit commissions	7,529	7,367
Portfolio and other management fees	6,109	379
Cash loan fees	3,915	5,155
Credit card fees	3,221	3,095
Commission on account maintenance	814	975
Payment and transaction services fees	669	854
Other fees and commissions	2,178	1,917
Subtotal	**24,435**	**19,742**
Fee and commission expense		
Credit card fees	1,246	1,275
Payment and transaction services expense	215	298
Other fee and commission expenses	467	476
Subtotal	**1,928**	**2,049**
Total	**22,507**	**17,693**

20. Net trading results

	January 1- June 30, 2023	January 1- June 30, 2022
Interest rate derivatives	3,626	15,034
Foreign exchange	2,924	43,547
Trading loans	1,772	1,885
Debt securities	268	(326)
Non trading financial assets mandatorily at FVTPL	167	-
Derivative financial instruments - hedge accounting	(1,287)	(932)
Subtotal	**7,470**	**59,208**
Derivative financial instruments - not qualifying for hedge accounting	(2,253)	(50,281)
of which interest component	*(10,201)*	*(8,397)*
of which MTM component	*762*	*684*
of which FX component	*7,186*	*(42,567)*
Total	**5,217**	**8,927**

21. Net results on derecognition of financial assets measured at amortized cost

As of June 30, 2023, there is no transaction gain or loss (2022: 2,435 loss) is recognized due to sale of the risk portfolio.

22. Revenue from repossessed assets and other operating income

i. Revenue from repossessed assets

	January 1- June 30, 2023	**January 1- June 30, 2022**
Revenue from shipbuilding activities	11,978	10,597
Gain on disposal of repossessed assets	1,677	2,681
Shipping charter and freight income	-	6,694
Total	**13,655**	**19,972**

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. While it is the Bank's intention to sell these assets, they do not yet meet the requirements to be presented as assets held for sale under IFRS 5 and consequently present revenue as revenue from discontinued operations. As of June 30, 2023, the total amount of work in progress relating to the shipbuilding activities amounts to EUR 0.8 million, whereas EUR 18.6 million in advance payments was received.

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

	January 1-June 30, 2023	January 1-June 30, 2022
Revenue from repossessed assets	13,655	19,972
Other expenses associated with shipbuilding activities	4,792	4,376
Direct materials used in shipbuilding activities	4,653	4,114
Employee expenses	1,391	931
Vessels running costs	45	6,602
Other (Incl. losses from disposal of repossessed assets)	251	2,614
Expenses related to repossessed assets	**11,132**	**18,637**
Depreciation	1,108	2,843
Net impairment result (Note 25)	416	589
Expenses related to repossessed assets recognized in other PL items	**1,524**	**3,432**
Net result (pre-tax)	**999**	**(2,097)**

ii. Other operating income

	January 1-June 30, 2023	January 1-June 30, 2022
Dividend income	437	596
Other income	876	2,601
Total	**1,313**	**3,197**

23. Core operating expenses

	January 1- June 30, 2023	January 1- June 30, 2022
Professional fees and consultancy	2,841	2,618
Rent and maintenance expenses	1,693	1,453
Information technology expenses	1,663	1,576
Communication and information expenses	1,624	1,599
Contributions and subscriptions	1,537	1,186
Taxes other than income	1,027	668
Supervision fees	935	940
Legal services expenses	656	727
Stationary, office supplies and printing expense	455	459
Other expenses*	2,728	2,331
Total	**15,159**	**13,557**

(*) Other core operating expenses mainly consist of security, insurance, advertising, marketing, cleaning, travel and transport related expenses.

24. Other operating expenses

	January 1- June 30, 2023	January 1- June 30, 2022
Provision losses	20	544
Fines and penalties	-	208
Other	371	1,941
Total	**391**	**2,693**

25. Other impairment losses

	January 1- June 30, 2023	January 1- June 30, 2022
Repossessed assets classified as inventories	416	589
Total	**416**	**589**

26. 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.

27. 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.

	Trading	Designated at FVTPL	Measured mandatorily at FVTPL	Measured at amortized cost	Measured at FVOCI	Other amortized costs	Total carrying amount June 30, 2023
Cash and balances at central banks	-	-	-	1,043,378	-	-	1,043,378
Financial assets at FVTPL	-	48,009	27,123	-	-	-	75,132
Financial investments	-	-	-	61,773	284,592	-	346,365
Loans and receivables - banks	-	-	-	428,423	-	-	428,423
Loans and receivables - customers	-	-	-	2,299,233	-	-	2,299,233
Derivative financial instruments	119,828	-	-	-	-	-	119,828
Total assets	**119,828**	**48,009**	**27,123**	**3,832,807**	**284,592**	**-**	**4,312,359**
Due to banks	-	-	-	-	-	192,261	192,261
Due to customers	-	-	-	-	-	3,294,653	3,294,653
Derivative financial instruments	153,226	-	-	-	-	-	153,226
Subordinated liabilities	-	-	-	-	-	185,247	185,247
Total liabilities	**153,226**	**-**	**-**	**-**	**-**	**3,672,161**	**3,825,387**

	Trading	Designated at FVTPL	Measured mandatorily at FVTPL	Measured at amortized cost	Measured at FVOCI	Other amortized costs	Total carrying amount December 31, 2022
Cash and balances at central banks	-	-	-	1,103,693	-	-	1,103,693
Financial assets at FVTPL	-	66,659	27,974	-	-	-	94,633
Financial investments	-	-	-	61,470	321,900	-	383,370
Loans and receivables - banks	-	-	-	460,542	-	-	460,542
Loans and receivables - customers	-	-	-	2,481,515	-	-	2,481,515
Derivative financial instruments	112,997	-	-	-	-	-	112,997
Total assets	**112,997**	**66,659**	**27,974**	**4,107,220**	**321,900**	**-**	**4,636,750**
Due to banks	-	-	-	-	-	441,236	441,236
Due to customers	-	-	-	-	-	3,417,018	3,417,018
Derivative financial instruments	150,560	-	-	-	-	-	150,560
Subordinated liabilities	-	-	-	-	-	188,732	188,732
Total liabilities	**150,560**	**-**	**-**	**-**	**-**	**4,046,986**	**4,197,546**

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 2023, 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, 2023	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Trading assets	5	13,306	-	34,703	48,009
Derivative financial assets	8	-	119,828	-	119,828
Equity instruments measured at FVOCI	6	5,633	-	4,097	9,730
Non-trading assets mandatorily at FVTPL	5	174	-	26,949	27,123
Other financial investments	6	176,757	52,348	45,757	274,862
Total		**195,870**	**172,176**	**111,506**	**479,552**
Financial liabilities					
Derivative financial liabilities	8	-	153,226	-	153,226
Total		**-**	**153,226**	**-**	**153,226**

December 31, 2022	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Trading assets	5	36,774	-	29,885	66,659
Derivative financial assets	8	-	112,997	-	112,997
Equity instruments measured at FVOCI	6	7,299	797	2,900	10,996
Equity instruments classified as AHS		-	-	4,538	4,538
Non-trading assets mandatorily at FVTPL	5	155	-	27,819	27,974
Other financial investments	6	169,997	87,819	53,088	310,904
Total		**214,225**	**201,613**	**118,230**	**534,068**
Financial liabilities					
Derivative financial liabilities	8	-	150,560	-	150,560
Total		**-**	**150,560**	**-**	**150,560**

No financial instruments were transferred from Level 1 to Level 2 in 2023 (2022: 87,819).
No financial instruments were transferred from Level 1 to Level 3 in 2023 (2022: 2,846).
EUR 1,110 financial instruments were transferred from Level 2 to Level 3 in 2023 (2022: None).

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, 2023, EUR 7,477 (2022: EUR 10,284) securities were classified as Level 3.

During 2023, 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. (2022: 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 investment properties are included in other impairment loss.
- Changes in fair value of assets held for sale are included in other impairment loss.

For the amounts recognized in the statement of income, reference is made to Note 25: Other impairment loss.

In 2023, there has been no change in valuation techniques.

As at June 30, 2023 the Bank has no non-financial liabilities measured at fair value (2022: 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	1,836	Market comparison approach	Price per square meter	1,020-1,080 Eur/sqm
		Income capitalization	Unit rental price p.m	9-10 Eur/sqm
			Vacancy rate	10%
			Operating expenses p.m	5,913-10,356 Eur
			Capitalization rate	8%
Romania- commercial properties Level-3	5,290	Market comparison approach	Price per square meter	211 Eur/sqm
		Income capitalization	Unit rental price p.m	6.5 Eur/sqm
			Vacancy rate	7%-15%
			Operating expenses p.m	4,000-52,219
			Capitalization rate	8.5%
Romania- visa shares	3,380	Third party pricing	Broker price	n.a
Loans mandatorily at FVTPL Level-3	16,443	Discounted cash flow	EURIBOR	-0.51%-1.65%
Non-trading assets mandatorily at FVTPL	**26,949**			
Trading assets - *Trading loans at FVTPL*	**34,703**	Third party pricing	Broker price	n.a
Other financial investments - *Trading loans at FVOCI*	**45,757**	Third party pricing	Broker price	n.a
Equity instruments measured at FVOCI	**4,097**	Net asset value	n.a	n.a
Total- Level 3 financial assets	**111,506**			
Non-financial assets				
Western Europe- land/buildings	14,375	Market comparison approach Income capitalization	Price per square meter IRR/Yield	17 Eur/sqm/month 6.40%
Romania- land/ buildings	6,848	Market comparison approach Income capitalization	Price per square meter	350-2,000 Eur/sqm/month
Turkiye- shipyard	23,544	Income approach Market comparison approach Cost approach	Terminal growth rate Discount rate	2.10% 19.20%
Sub-total land/buildings	**44,767**			
Turkiye- commercial properties	3,704	Market comparison approach	Price per square meter	3.300 – 7.491 Eur/sqm
Sub-total investment properties	**3,704**			
Western Europe- artworks	2,889	Market comparison approach	n.a	n.a
Ukraine- commercial and residential properties	528	Market comparison approach	n.a	n.a
Sub-total assets held for sale	**3,417**			
Total Level 3 non-financial assets	**51,888**			

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, 2023					June 30, 2022
	Financial Assets-FVOCI	**Financial Assets-AHS**	**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	**55,988**	**4,538**	**27,819**	**29,885**	**118,230**	**139,467**	**-**	**13,140**	**65,457**	**218,064**
Total gains and losses										
- in net trading results	1,215	-	-	652	1,867	957	-	-	1,189	2,146
- in net interest income	-	-	499	2,182	2,681	-	-	548	2,118	2,666
- in OCI	3	-	-	-	3	(6,397)	-	-	-	(6,397)
Purchases/additions	25,000	-	-	251,419	276,419	-	-	16,600	148,345	164,945
Settlements/Collections/Sales	(33,457)	(4,498)	(905)	(249,437)	(288,297)	(56,263)	-	-	(192,290)	(248,553)
Transfers to Level 3	1,110	-	-	-	1,110	-	-	-	-	-
Transfers between financial asset classes	-	-	-	-	-	(6,351)	6,351	-	-	-
Exchange differences	(5)	(40)	(464)	2	(507)	465	-	359	45	869
Balance at the period end	**49,854**	**-**	**26,949**	**34,703**	**111,506**	**71,878**	**6,351**	**30,647**	**24,864**	**133,740**

EUR 27 gain included in net trading results relates to unrealized gains and losses from financial assets that are held at the end of the reporting period (2022: EUR 6 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, 2023	Land&Buildings	Investment properties	Assets held for sale
Balance at the beginning of the period	**45,695**	**3,760**	**14,875**
Addition	26	-	-
Disposals	(160)	-	(11,514)
Depreciation	(345)	-	-
Exchange differences	(450)	(56)	56
Balance at the period end	**44,767**	**3,704**	**3,417**

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, 2023	Note	Level 2	Level 3	Total fair Values	Total carrying amount
Financial assets					
Cash and balances at central banks	4	1,043,378	-	1,043,378	1,043,378
Loans and receivables - banks	7	428,517	-	428,517	428,423
Loans and receivables - customers	9	-	2,285,356	2,285,356	2,299,233
Total		**1,471,895**	**2,285,356**	**3,757,251**	**3,771,034**
Financial liabilities					
Due to banks	12	192,166	-	192,166	192,261
Due to customers	13	3,313,895	-	3,313,895	3,294,653
Subordinated liabilities	16	174,815	-	174,815	185,247
Total		**3,680,876**	**-**	**3,680,876**	**3,672,161**

December 31, 2022	Note	Level 2	Level 3	Total fair Values	Total carrying amount
Financial assets					
Cash and balances at central banks	4	1,103,693	-	1,103,693	1,103,693
Loans and receivables - banks	7	460,710	-	460,710	460,542
Loans and receivables - customers	9	-	2,456,593	2,456,593	2,481,515
Total		**1,564,403**	**2,456,593**	**4,020,996**	**4,045,750**
Financial liabilities					
Due to banks	12	441,083	-	441,083	441,236
Due to customers	13	3,431,115	-	3,431,115	3,417,018
Subordinated liabilities	16	179,862	-	179,862	188,732
Total		**4,052,060**	**-**	**4,052,060**	**4,046,986**

28. 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, 2023	**December 31, 2022**
Contingent liabilities with respect to irrevocable letters of credit - import	566,509	641,662
Contingent liabilities with respect to irrevocable letters of credit - export	213,219	170,663
Contingent liabilities with respect to letters of guarantee granted - corporates	65,913	91,747
Contingent liabilities with respect to letters of guarantee granted - banks	2,008	58,302
Total non-cash loans	**847,649**	**962,374**
Credit-card limits	196,027	188,004
Credit-line commitments	120,252	67,023
Total	**1,163,928**	**1,217,401**

Litigation claims

Litigation is a common occurrence in the banking industry due to the nature of the business. The Bank has an established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the Bank makes adjustments to account for any adverse effects the claims might have on its financial standing.

As a bank with a banking license, CEB is from time to time investigated by regulatory authorities or subject to other claims or litigations proceedings. Estimating the financial impact thereof requires judgment. Provisions for these matters (if any) are determined based on CEB’s best estimate based on the current facts and circumstances, the actual outcome could however deviate. On the basis of legal advice, taking into consideration the facts known, CEB is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated results.

As at June 30, 2023, the Bank and the Bank’s subsidiary, Credit Europe Bank (Romania) S.A., are involved in number of litigations regarding abusive clauses in consumer contracts, for which provision at amount of EUR 1,915 (2022: EUR 1,960) is already provided for in the consolidated statement of financial position.

29. 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., Turkiye, 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, 2023				December 31, 2022
	Parent Company	Ultimate Parent Company	Associates and joint ventures	Other Related Parties	Parent Company	Ultimate Parent Company	Associates and joint ventures	Other Related Parties
Assets								
Loans and receivables – banks	-	-	-	413	-	-	-	3,719
Loans and receivables – customers	-	-	-	129,833	-	-	-	132,528
Derivative financial instruments	-	-	-	2,521	74	-	-	4,937
Liabilities								
Due to banks	-	-	-	429	-	-	-	1,240
Due to customers	194	655	110	29,631	256	689	28	69,184
Derivative financial instruments	-	-	-	4,385	12	-	-	160
Subordinated liabilities	46,046	-	-	-	46,930	-	-	-
Commitment and contingencies	-	-	-	1,007	-	-	-	950

All credit risk exposures related to derivate financial instruments are fully collateralized through pledge agreements. As of June 30, 2023, the Bank does not have any stage 3 provisions regarding related party balances (2022: None).

				January 1-June 30, 2023				January 1-June 30, 2022
	Parent Company	Ultimate Parent Company	Associates and joint ventures	Other Related Parties	Parent Company	Ultimate Parent Company	Associates and joint ventures	Other Related Parties
Interest income	1	-	-	6,582	224	-	-	2,714
Interest expense	(2,364)	-	-	(4,160)	(2,038)	-	-	(1,737)
Commission income	8	-	-	1,063	6	8	-	181
Commission expense	-	-	-	-	-	-	-	(48)
Net trading results	(2)	23	-	436	(85)	-	-	(64)
Other operating income	-	-	-	134	-	-	-	84
Operating expenses	-	-	-	(518)	-	-	-	(426)
Share of profit of associate	-	-	(135)	-	-	-	(2,449)	-

In the course of 2023, there is no loan sold to related parties (2022: EUR 26,186), and profit or loss recognized (2022: 2,435 loss) in the condensed consolidated statement of income. Pricing of the loans has been determined in accordance with arm's length principle.

Key management is defined as those persons in the Bank's Supervisory and Managing Board. The number of key management personnel is 8 (2022: 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, 2023, the Bank does not have any provisions regarding the balances with key management personnel (2022: None). Key management costs, including remuneration and fees for the period ended June 30, 2023 amounted to EUR 1,694 (2022: EUR 1,486). Pension plan contribution amounted to EUR 76 (2022: EUR 74).

30. 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

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

QUANTITATIVE

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, 2023	December 31, 2022
Total Equity	**643,441**	**619,617**
- Current year profit (1)	(40,502)	(39,369)
- Non-eligible minority interest (2)	(1,246)	(1,247)
Prudential filters		
- Prudent valuation	(486)	(571)
- Intangible asset (2)	(8,026)	(7,892)
- Deferred tax assets that rely on future profitability and do not arise from temporary differences (2)	(43,884)	(51,667)
- CIU Investment deductions	(2,986)	(2,900)
- Backstop deductions(4)	(19,323)	-
- Repossessed Assets deduction(5)	(3,591)	-
- Transitional adjustments to IFRS 9 provisions (3)	-	8,584
Core Tier I	**523,397**	**524,555**
Perpetual Tier I capital	46,046	46,930
Additional Tier I	**46,046**	**46,930**
Total Tier I capital	**569,443**	**571,485**
Tier II capital		
Subordinated capital	110,122	112,202
Total Tier II capital	**110,122**	**112,202**
Total own funds	**679,565**	**683,687**

(1) Current year profit is excluded from total own funds based on article 26, point 2 of CRR IV

(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) The IFRS 9 provisions transitional adjustment has been fully implemented as of the beginning of 2023. The impact of IFRS 9 provisions is fully accounted for CEB's total own funds. As of year-end 2022, transitional adjustment is permitted to apply the calculation by adding 25% IFRS 9 provisions back to total own funds.

(4) 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.

(5) 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.

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, 2023	December 31, 2022
Capital ratio	22.13%	19.81%
Tier I ratio	18.55%	16.55%
Core Tier I	17.05%	15.20%
RWA	**3,070,314**	**3,452,069**

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, Turkiye 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.

30. 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, 2023	December 31, 2022
Balance sheet items		
Balances with central banks	1,030,954	1,090,112
Financial assets measured at fair value through profit or loss	75,132	94,633
Financial investments	346,365	383,370
Loans and receivables - banks	428,624	461,421
Loans and receivables - customers	2,366,782	2,553,481
Derivative financial instruments	119,828	112,997
Subtotal	**4,367,685**	**4,696,014**
Off- balance sheet items		
Issued letters of guarantee	67,921	150,049
Issued irrevocable letters of credit	771,923	704,025
Undrawn credit-card limits	196,027	188,004
Other commitments and contingent liabilities	120,252	67,023
Total off-balance sheet	**1,156,123**	**1,109,101**
Maximum credit risk exposure	**5,523,808**	**5,805,115**

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.

30.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.

				June 30, 2023		December 31, 2022
	On-balance sheet	**Off-balance sheet**	**Total exposure**	**% of total exposure**	**Total exposure**	**% of total exposure**
Balances with central banks	1,030,954	70,884	1,101,838	19.9%	1,115,112	19.2%
Financial assets measured at fair value through profit or loss	75,132	-	75,132	1.4%	94,633	1.6%
Financial investments	346,365	-	346,365	6.3%	383,370	6.6%
Loans and receivables - banks	428,624	218,077	646,701	11.7%	695,500	12.0%
Loans and receivables - customers	2,366,782	867,162	3,233,944	58.5%	3,403,503	58.6%
Loans and receivables - corporate	*1,914,123*	*660,121*	*2,574,244*	*46.6%*	*2,869,581*	*49.4%*
Oil & Derivatives	*234,835*	*445,982*	*680,817*	*12.3%*	*835,880*	*14.4%*
Iron-Steel-Metals & Alloys	*200,384*	*106,841*	*307,225*	*5.6%*	*289,483*	*5.0%*
Shipping & Shipyard	*249,287*	*17,404*	*266,691*	*4.8%*	*343,650*	*5.9%*
Leisure & Tourism	*243,161*	*17*	*243,178*	*4.4%*	*275,436*	*4.7%*
Energy & Coal	*132,400*	*49,624*	*182,024*	*3.3%*	*150,318*	*2.6%*
Real Estate	*170,871*	*78*	*170,949*	*3.1%*	*209,380*	*3.6%*
Financial Service & Investment	*142,748*	*3,696*	*146,444*	*2.7%*	*148,645*	*2.6%*
Soft Commodities & Agricultural Products	*139,925*	*6,295*	*146,220*	*2.6%*	*174,331*	*3.0%*
Transportation, Logistics & Warehousing	*68,538*	*-*	*68,538*	*1.2%*	*50,470*	*0.9%*
Technology, IT & Electronic Equipment	*32,681*	*-*	*32,681*	*0.6%*	*80,663*	*1.4%*
Petrochemical, Plasticizers & Derivatives	*13,836*	*8,134*	*21,970*	*0.4%*	*29,704*	*0.5%*
Automotive & Derivatives	*18,555*	*-*	*18,555*	*0.3%*	*30,502*	*0.5%*
Fertilizers	*16,604*	*-*	*16,604*	*0.3%*	*123,309*	*2.1%*
Paper and Pulp & Forestry	*10,558*	*4,443*	*15,001*	*0.3%*	*2,004*	*0.0%*
Food, Beverage & Tobacco	*3,118*	*11,103*	*14,221*	*0.3%*	*11,286*	*0.2%*
Holding	*11,281*	*975*	*12,256*	*0.2%*	*11,543*	*0.2%*
Media & Publishing	*11,237*	*-*	*11,237*	*0.2%*	*12,727*	*0.2%*
Construction & Installation	*6,856*	*1,970*	*8,826*	*0.2%*	*11,314*	*0.2%*
Public loans	*170,129*	*-*	*170,129*	*3.1%*	*-*	*-*
Other	*37,119*	*3,559*	*40,678*	*0.7%*	*78,936*	*1.4%*
Loans and receivables - retail customers and SMEs	*452,659*	*207,041*	*659,700*	*11.9%*	*533,922*	*9.2%*
Exposure to retail customers	*93,080*	*196,057*	*289,137*	*5.2%*	*279,841*	*4.8%*
Exposure secured by residential real estate	*216,103*	*-*	*216,103*	*3.9%*	*229,098*	*3.9%*
Exposure to SME	*143,476*	*10,984*	*154,460*	*2.8%*	*24,983*	*0.4%*
Derivative financial instruments	*119,828*	*-*	*119,828*	*2.2%*	*112,997*	*1.9%*
Total credit risk exposure	**4,367,685**	**1,156,123**	**5,523,808**	**100.0%**	**5,805,115**	**100.0%**

The top five industries account for 65.26% (2022: 68.09%) 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, 2023		December 31, 2022
	On-balance sheet	**Off-balance sheet**	**Total exposure**	**% of total exposure**	**Total exposure**	**% of Total exposure**
Thermal Coal	47,179	54,310	101,489	1.84%	67,019	1.15%
Metallurgical Coal	36,538	0	36,538	0.66%	38,595	0.66%
Total	**83,717**	**54,310**	**138,027**	**2.50%**	**105,614**	**1.82%**

30.c. Geographical concentration

The following table provides the distribution of the Bank's credit exposure by risk country as of June 30, 2023 and December 31, 2022.

							June 30, 2023
	Russia	**Turkiye**	**Romania**	**Ukraine**	**Other emerging markets**	**Developed markets(*)**	**Total exposure**
Balance sheet items							
Demand deposits with central banks	-	-	58,992	24,455	-	947,507	1,030,954
Financial assets measured at FVTPL	-	-	6,836	-	34,703	33,593	75,132
Financial investments	-	-	126,017	345	51,868	168,135	346,365
Loans and receivables - banks	239	31,045	21,214	-	201,989	174,137	428,624
Loans and receivables - customers	30,850	352,732	580,167	3,555	410,352	989,126	2,366,782
Derivative financial instruments	38	19,193	1	-	31	100,565	119,828
Total balance sheet	**31,127**	**402,970**	**793,227**	**28,355**	**698,943**	**2,413,063**	**4,367,685**
Off-balance sheet items	-	48,547	226,306	17	484,463	396,790	1,156,123
Total credit-risk exposure	**31,127**	**451,517**	**1,019,533**	**28,372**	**1,183,406**	**2,809,853**	**5,523,808**

							December 31, 2022
	Russia	**Turkiye**	**Romania**	**Ukraine**	**Other emerging markets**	**Developed markets(*)**	**Total exposure**
Balance sheet items							
Demand deposits with central banks	-	-	89,022	20,378	-	980,712	1,090,112
Financial assets measured at FVTPL	-	1,990	7,982	-	27,896	56,765	94,633
Financial investments	-	298	159,385	381	52,790	170,516	383,370
Loans and receivables - banks	3,496	116,756	40,119	-	123,652	177,398	461,421
Loans and receivables - customers	31,071	308,760	632,337	5,978	443,702	1,131,633	2,553,481
Derivative financial instruments	-	35,634	33	-	937	76,393	112,997
Total balance sheet	**34,567**	**463,438**	**928,878**	**26,737**	**648,977**	**2,593,417**	**4,696,014**
Off-balance sheet items	-	41,618	217,379	17	225,841	624,246	1,109,101
Total credit-risk exposure	**34,567**	**505,056**	**1,146,257**	**26,754**	**874,818**	**3,217,663**	**5,805,115**

* Developed countries represent advanced economies published by International Monetary Fund.

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

	Russia	Turkiye	Romania	Ukraine	Other emerging markets	Developed markets*	Total exposure
June 30, 2023	104	153,111	496,998	18,403	256,041	2,715,483	3,640,140
December 31, 2022	46	142,827	575,698	15,231	420,061	2,854,951	4,008,814

* Developed countries represent advanced economies published by International Monetary Fund.

30.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, 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	1,030,954	-	-	-	-
Financial assets measured at fair value through profit or loss	75,132	-	26,015	26,015	35%
Financial investments	346,365	-	-	-	-
Loans and receivables - banks	428,624	463	-	463	0%
Loans and receivables - customers	2,366,782	498,305	907,728	1,406,033	59%
Derivative financial instruments	119,828	-	-	-	-
Total balance sheet	**4,367,685**	**498,768**	**933,743**	**1,432,511**	**33%**
Off-balance sheet	1,156,123	17,404	-	17,404	2%
Total credit risk exposure	**5,523,808**	**516,172**	**933,743**	**1,449,915**	**26%**

Breakdown of collateralized exposure by collateral type					December 31, 2022
	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	1,090,112	-	-	-	-
Financial assets measured at fair value through profit or loss	94,633	-	21,772	21,772	23%
Financial investments	383,370	-	-	-	-
Loans and receivables - banks	461,421	713	-	713	0%
Loans and receivables - customers	2,553,481	422,379	1,200,294	1,622,673	64%
Derivative financial instruments	112,997	-	-	-	-
Total balance sheet	**4,696,014**	**423,092**	**1,222,066**	**1,645,158**	**35%**
Off-balance sheet	1,109,101	12,643	-	12,643	1%
Total credit risk exposure	**5,805,115**	**435,735**	**1,222,066**	**1,657,801**	**29%**

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

30.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, 2023 and December 31, 2022.

							June 30, 2023
	External rating class						
	AAA / AA-	A+ / A-	BBB+ / BBB-	BB+ / B-	Below B-	No rating	Total
Demand deposits with central banks	946,472	1,035	58,992	-	24,455	-	1,030,954
Financial assets measured at fair value through profit or loss	13,306	-	24,565	10,138	-	27,123	75,132
Financial investments	129,044	19,418	130,166	40,722	345	26,670	346,365
Loans and receivables - banks	57,152	90,941	21,293	175,808	-	83,430	428,624
Loans and receivables - customers	170,129	-	40,946	-	-	2,155,707	2,366,782
Derivative financial instruments	39,827	19,567	434	-	-	60,000	119,828
Off-balance sheet	558	75,745	18,390	116,337	-	945,093	1,156,123
Total	**1,356,488**	**206,706**	**294,786**	**343,005**	**24,800**	**3,298,023**	**5,523,808**

							December 31, 2022
	External rating class						
	AAA / AA-	A+ / A-	BBB+ / BBB-	BB+ / B-	Below B-	No rating	Total
Demand deposits with central banks	979,760	952	89,022	-	20,378	-	1,090,112
Financial assets measured at fair value through profit or loss	36,774	-	-	29,886	-	27,973	94,633
Financial investments	92,607	24,451	188,529	47,416	381	29,986	383,370
Loans and receivables - banks	64,165	139,922	45,591	184,858	1,360	25,525	461,421
Loans and receivables - customers	-	-	37,470	-	-	2,516,011	2,553,481
Derivative financial instruments	18,546	17,246	304	-	-	76,901	112,997
Off-balance sheet	48,711	27,764	44,256	50,767	-	937,603	1,109,101
Total	**1,240,563**	**210,335**	**405,172**	**312,927**	**22,119**	**3,613,999**	**5,805,115**

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, 2023 and December 31, 2022.

June 30, 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	973,994	(600)	11,467	(516)	-	-	985,461	(1,116)
Non-investment grade	1,593,586	(7,836)	137,838	(7,083)	-	-	1,731,424	(14,919)
Sub-standard	15,262	(93)	127,999	(11,759)	-	-	143,261	(11,852)
Non-performing	-	-	-	-	154,974	(39,662)	154,974	(39,662)
Non rated	218,824	-	-	-	-	-	218,824	-
Total	**2,801,666**	**(8,529)**	**277,304**	**(19,358)**	**154,974**	**(39,662)**	**3,233,944**	**(67,549)**

December 31, 2022	**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	1,112,632	(915)	479	(4)	-	-	1,113,111	(919)
Non-investment grade	1,809,813	(8,334)	151,234	(8,254)	-	-	1,961,047	(16,588)
Sub-standard	4,750	(199)	126,930	(11,286)	-	-	131,680	(11,485)
Non-performing	-	-	-	-	163,543	(42,974)	163,543	(42,974)
Non rated	34,122	-	-	-	-	-	34,122	-
Total	**2,961,317**	**(9,448)**	**278,643**	**(19,544)**	**163,543**	**(42,974)**	**3,403,503**	**(71,966)**

30.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.

	Gross loans	ECL	Net loans	Financial collateral	Physical collateral	Total collateral	June 30, 2023 Collateral to net loans
Corporate loans	**1,914,123**	**(40,298)**	**1,873,825**	**373,029**	**701,640**	**1,074,669**	**57%**
Stage 1	1,678,839	(7,107)	1,671,732	292,576	568,363	860,939	51%
Stage 2	138,095	(13,143)	124,952	13,999	104,006	118,005	94%
Stage 3	97,189	(20,048)	77,141	66,454	29,271	95,725	124%
Retail loans (incl. mortgages)	**309,183**	**(23,892)**	**285,291**	**3,539**	**201,463**	**205,002**	**72%**
Stage 1	159,018	(493)	158,525	1,190	74,904	76,094	48%
Stage 2	102,274	(4,866)	97,408	1,037	88,675	89,712	92%
Stage 3	47,891	(18,533)	29,358	1,312	37,884	39,196	134%
SME loans	**143,476**	**(3,359)**	**140,117**	**121,737**	**4,625**	**126,362**	**90%**
Stage 1	104,684	(929)	103,755	90,625	3,633	94,258	91%
Stage 2	30,846	(1,349)	29,497	26,628	326	26,954	91%
Stage 3	7,946	(1,081)	6,865	4,484	666	5,150	75%
Total exposure	**2,366,782**	**(67,549)**	**2,299,233**	**498,305**	**907,728**	**1,406,033**	**61%**
Total Stage 3 (NPLs)	153,026	(39,662)	113,364	72,250	67,821	140,071	124%

	Gross loans	ECL	Net loans	Financial collateral	Physical collateral	Total collateral	December 31, 2022 Collateral to net loans
Corporate loans	**2,207,808**	**(47,747)**	**2,160,061**	**417,484**	**957,797**	**1,375,281**	**64%**
Stage 1	1,946,003	(8,769)	1,937,234	332,718	802,390	1,135,108	59%
Stage 2	153,468	(13,946)	139,522	15,714	118,602	134,316	96%
Stage 3	108,337	(25,032)	83,305	69,052	36,805	105,857	127%
Retail loans (incl. mortgages)	**321,334**	**(23,732)**	**297,602**	**3,384**	**220,027**	**223,411**	**75%**
Stage 1	168,291	(453)	167,838	3,161	77,714	80,875	48%
Stage 2	102,516	(5,527)	96,989	193	97,407	97,600	101%
Stage 3	50,527	(17,752)	32,775	30	44,906	44,936	137%
SME loans	**24,339**	**(487)**	**23,852**	**1,511**	**22,470**	**23,981**	**101%**
Stage 1	19,686	(226)	19,460	1,511	17,948	19,459	100%
Stage 2	1,915	(71)	1,844	-	1,785	1,785	97%
Stage 3	2,738	(190)	2,548	-	2,737	2,737	107%
Total exposure	**2,553,481**	**(71,966)**	**2,481,515**	**422,379**	**1,200,294**	**1,622,673**	**65%**
Total Stage 3 (NPLs)	161,602	(42,974)	118,628	69,082	84,448	153,530	129%

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, 2023 is 135% (2022:132%).

Further credit quality breakdown of retail loans are as below:

					June 30, 2023
	Gross loans	ECL	Net loans	Total collateral	Collateral to net loans
Credit cards	**89,815**	**(1,186)**	**88,629**	**-**	**-**
Stage 1	78,975	(235)	78,740	-	-
Stage 2	9,045	(95)	8,950	-	-
Stage 3	1,795	(856)	939	-	-
Mortgage	**216,103**	**(22,474)**	**193,629**	**201,463**	**104%**
Stage 1	77,559	(252)	77,307	74,904	97%
Stage 2	92,917	(4,756)	88,161	88,675	101%
Stage 3	45,627	(17,466)	28,161	37,884	135%
Other retail	**3,265**	**(232)**	**3,033**	**3,539**	**117%**
Stage 1	2,484	(6)	2,478	1,190	48%
Stage 2	312	(15)	297	1,037	349%
Stage 3	469	(211)	258	1,312	509%
Total retail exposure	**309,183**	**(23,892)**	**285,291**	**205,002**	**72%**
Total Stage 3 (NPLs)	47,891	(18,533)	29,358	39,196	134%

					December 31, 2022
	Gross loans	ECL	Net loans	Total collateral	Collateral to net loans
Credit cards	**89,397**	**(717)**	**88,680**	**-**	**-**
Stage 1	86,135	(198)	85,937	-	-
Stage 2	2,097	(29)	2,068	-	-
Stage 3	1,165	(490)	675	-	-
Mortgage	**229,097**	**(22,776)**	**206,321**	**220,057**	**107%**
Stage 1	80,254	(250)	80,004	77,714	97%
Stage 2	99,967	(5,481)	94,486	97,407	103%
Stage 3	48,876	(17,045)	31,831	44,936	141%
Other retail	**2,840**	**(239)**	**2,601**	**3,354**	**129%**
Stage 1	1,902	(5)	1,897	3,161	167%
Stage 2	452	(17)	435	193	44%
Stage 3	486	(217)	269	-	-
Total retail exposure	**321,334**	**(23,732)**	**297,602**	**223,411**	**75%**
Total Stage 3 (NPLs)	50,527	(17,752)	32,775	44,936	137%

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, 2023 and December 31, 2022:

							June 30, 2023
	Stage 1		Stage 2		Stage 3		
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	**1,311**	**-**	**19,967**	**616**	**44,198**	**60,443**	**126,535**
Corporate loans	-	-	11,279	516	29,222	60,202	101,219
Retail loans (incl. mortgage)	1,311	-	8,286	100	10,156	241	20,094
SME	-	-	402	-	4,820	-	5,222
Total exposure	**1,311**	**-**	**19,967**	**616**	**44,198**	**60,443**	**126,535**

							December 31, 2022
	Stage 1		Stage 2		Stage 3		
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	**547**	**-**	**25,194**	**820**	**40,424**	**62,915**	**129,900**
Corporate loans	-	-	12,944	-	27,459	62,650	103,053
Retail loans (incl. mortgage)	547	-	12,207	211	11,227	244	24,436
SME	-	-	43	609	1,738	21	2,411
Total exposure	**547**	**-**	**25,194**	**820**	**40,424**	**62,915**	**129,900**

(*) 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, 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	45,757	25,150	322,708	2,366,782	-	**2,760,397**
NPLs (Gross)	-	8,418	-	153,026	(19,323)	**142,121**
Gross NPL ratio						**5.1%**
ECL	-	(1,582)	(201)	(67,549)	-	**(69,332)**
NPLs (Net)	-	6,836	-	85,477	-	**72,789**
Net NPL ratio						**2.6%**

						December 31, 2022
	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	53,088	26,070	343,162	2,553,481	-	**2,975,801**
NPLs (Gross)	-	9,078	-	161,602	-	**170,680**
Gross NPL ratio	-	-	-	-	-	**5.7%**
ECL	-	(1,097)	-	(71,966)	-	**(73,063)**
NPLs (Net)	-	7,981	-	89,636	-	**97,617**
Net NPL ratio	-	-	-	-	-	**3.3%**

30.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, 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	1,889,500	-	1,233	-	23,390	1,914,123
Retail loans and residential mortgage loans	236,902	18,036	8,303	4,420	41,522	309,183
SME loans	135,048	1,355	-	76	6,997	143,476
Total loans and advances to customers	**2,261,450**	**19,391**	**9,536**	**4,496**	**71,909**	**2,366,782**

						December 31, 2022
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	2,173,650	1,640	104	6,062	26,352	2,207,808
Retail loans and residential mortgage loans	245,998	18,233	7,922	18,404	30,777	321,334
SME loans	20,901	1,730	19	1,689	-	24,339
Total loans and advances to customers	**2,440,549**	**21,603**	**8,045**	**26,155**	**57,129**	**2,553,481**

As of June 30, 2023, EUR 2,186,018 (2022: EUR 2,362,151) of total exposure is neither past due nor impaired, EUR 27,684 (2022: EUR 29,762) of total exposure is past due but not impaired.

30.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:

Gross exposure	Russia	Romania	Turkiye	Ukraine	Other emerging markets	Developed markets	Total exposure
							June 30, 2023
Corporate loans	**30,850**	**129,453**	**352,645**	**3,515**	**410,349**	**987,311**	**1,914,123**
Stage 1	-	121,756	180,231	-	408,197	968,655	**1,678,839**
Stage 2	9,192	7,697	106,736	-	2,152	12,318	**138,095**
Stage 3	21,658	-	65,678	3,515	-	6,338	**97,189**
Retail loans (incl. mortgages)	**-**	**307,238**	**87**	**40**	**3**	**1,815**	**309,183**
Stage 1	-	157,872	86	-	3	1,057	**159,018**
Stage 2	-	101,560	-	-	-	714	**102,274**
Stage 3	-	47,806	1	40	-	44	**47,891**
SME loans	**-**	**143,476**	**-**	**-**	**-**	**-**	**143,476**
Stage 1	-	104,684	-	-	-	-	**104,684**
Stage 2	-	30,846	-	-	-	-	**30,846**
Stage 3	-	7,946	-	-	-	-	**7,946**
Total exposure	**30,850**	**580,167**	**352,732**	**3,555**	**410,352**	**989,126**	**2,366,782**

Gross exposure	Russia	Romania	Turkiye	Ukraine	Other emerging markets	Developed markets	Total exposure
							December 31, 2022
Corporate loans	**31,071**	**287,546**	**308,671**	**5,933**	**443,702**	**1,130,885**	**2,207,808**
Stage 1	-	250,439	135,307	-	441,360	1,118,897	**1,946,003**
Stage 2	9,449	29,854	106,621	-	2,342	5,202	**153,468**
Stage 3	21,622	7,253	66,743	5,933	-	6,786	**108,337**
Retail loans (incl. mortgages)	**-**	**320,452**	**89**	**45**	**-**	**748**	**321,334**
Stage 1	-	167,688	89	-	-	514	**168,291**
Stage 2	-	102,305	-	-	-	211	**102,516**
Stage 3	-	50,459	-	45	-	23	**50,527**
SME loans	**-**	**24,339**	**-**	**-**	**-**	**-**	**24,339**
Stage 1	-	19,686	-	-	-	-	**19,686**
Stage 2	-	1,915	-	-	-	-	**1,915**
Stage 3	-	2,738	-	-	-	-	**2,738**
Total exposure	**31,071**	**632,337**	**308,760**	**5,978**	**443,702**	**1,131,633**	**2,553,481**

31. Subsequent events

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. for consideration of USD 13.7 million. The transaction is expected to be completed before year end which would result in around EUR 2 million loss.

The Bank proposed to distribute an interim dividend over the first six months of 2023, as follows:

Net profit	40,502
Interim dividend distribution of Euro 0.0360 per share	20,251

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

32. 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, 2023	Interest December 31, 2022
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	Turkiye	100.00%	100.00%
Etkin Deger Gayrimenkul Yatirim A.S.	Istanbul	Turkiye	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	Turkiye	53.00%	53.00%
Cirus Holding B.V.	Amsterdam	The Netherlands	50.00%	50.00%
Ikano Finance Holding B.V.	Amsterdam	The Netherlands	50.00%	50.00%
Ziyaret Gayrimenkul Yatirim A.S.	Istanbul	Turkiye	-	100.00%
Angora 1 Shipping Ltd	Msida	Malta	-	100.00%
Angora 4 Shipping Ltd	Msida	Malta	-	100.00%
Mysia Shipping Ltd	Msida	Malta	-	100.00%

Amsterdam, September 15, 2023

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 condensed consolidated interim financial statements 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 adopted by the European Union.

The condensed consolidated interim financial statements comprise:

1 the condensed consolidated statement of financial position as at 30 June 2023;

2 the following statements for six-months period ended 30 June 2023: 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 of a summary of the accounting policies 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 adopted by the European Union. Furthermore, the Managing Board is responsible for such internal control as it determines is necessary to enable the preparation of 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 limited assurance 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 of 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 have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, 15 September 2023

KPMG Accountants N.V.

N.C. Paping RA