Credit Europe Bank N.V.

Interim Condensed Consolidated Financial Statements June 30, 2019

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CREDIT EUROPE BANK N.V.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June, 2019
In thousands of EURO

	Notes	June 30, 2019	December 31, 2018
Assets			
Cash and balances at central banks	4	808,894	651,773
Financial assets at fair value through profit or loss	5	161,058	87,728
- Trading assets		136,314	59,856
-Non-trading assets mandatorily at fair value through PL		24,744	27,872
Financial investments	6	395,640	692,049
Loans and receivables - banks	7	244,833	431,978
Derivative financial instruments	8	151,750	189,861
Loans and receivables - customers	9	2,614,636	2,699,156
Current tax assets		3,588	4,435
Deferred tax assets		46,483	47,537
Other assets	11	69,141	50,909
Inventory	11	62,968	68,941
Investment in associates and joint ventures		6,758	7,129
Property, equipment and investment property		133,653	144,155
Intangible assets		7,260	7,502
Total assets		**4,706,662**	**5,083,153**
Liabilities			
Due to banks	12	254,348	416,497
Derivative financial instruments	8	152,333	182,696
Due to customers	13	3,450,771	3,649,762
Current tax liabilities		2,030	3,633
Other liabilities	14	46,880	47,879
Deferred tax liabilities		28,519	24,674
Sub-total liabilities (excluding subordinated liabilities)		**3,934,881**	**4,325,141**
Subordinated liabilities	15	175,081	173,927
Total liabilities		**4,109,962**	**4,499,068**
Equity			
Equity attributable to owners of the Company		593,494	580,907
Equity attributable to non-controlling interests		3,206	3,178
Total equity	16	**596,700**	**584,085**
Total equity and liabilities		**4,706,662**	**5,083,153**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the period ended June 30, 2019
In thousands of EURO

	Notes	January 1- June 30, 2019	January 1- June 30, 2018
Interest income from financial instruments measured at amortized cost and FVOCI		93,746	129,073
Interest income from financial instruments measured at FVTPL		10,387	13,536
Interest expense from financial instruments measured at amortized cost		(32,385)	(33,087)
Interest expense from financial instruments measured at FVTPL		(11,702)	(15,544)
Net interest income	17	**60,046**	**93,978**
Fees and commissions income		17,611	18,073
Fees and commissions expense		(2,180)	(3,784)
Net fee and commission income	18	**15,431**	**14,289**
Net trading results	19	(14,415)	(26,101)
Net results from investment securities		5,128	11,637
Net results on derecognition of financial assets measured at amortized cost		-	(369)
Other operating income	20	22,145	14,773
Operating income		**12,858**	**(60)**
Net impairment loss on financial assets	10	1,179	(1,939)
Net operating income		**89,514**	**106,268**
Personnel expenses		(29,149)	(27,398)
General and administrative expenses	21	(14,226)	(16,203)
Depreciation and amortization		(6,585)	(5,350)
Other operating expenses	22	(17,387)	(11,569)
Other impairment losses	23	(9,610)	(4,217)
Total operating expenses		**(76,957)**	**(64,737)**
Share of profit of associate		(193)	382
Operating profit before tax		**12,364**	**41,913**
Income tax expense		(4,238)	(11,218)
Profit for the period from continuing operations		**8,126**	**30,695**
Discontinued operations			
Net results before tax from discontinued operations		-	(66,166)
Income tax expense from discontinued operations		-	(2,507)
Net results for the period from discontinued operations		**-**	**(68,673)**
Net results for the period		**8,126**	**(37,978)**
Net results for the period attributable to:			
Equity owners of the Company		8,094	(37,870)
Non-controlling interests		32	(108)

CREDIT EUROPE BANK N.V.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended June 30, 2019
In thousands of EURO

	January 1- June 30, 2019	January 1- June 30, 2018
Net results for the period	**8,126**	**(37,978)**
Other comprehensive income that will be reclassified to the income statement		
Foreign currency translation:		
Net gain/(loss) on hedge of net investments	(1,609)	14,510
Exchange differences on translations of foreign operations	(774)	(13,416)
Net change on foreign currency translation	(2,383)	1,094
Net change on cash flow hedges	-	21
Net change on debt instruments at FVOCI	4,806	(8,450)
Other comprehensive income that will not be reclassified to the income statement		
Net change on other reserve	(61)	18
Net change on equity instruments at FVOCI	2,127	392
Other comprehensive income for the period, net of tax	**4,489**	**(6,925)**
Total comprehensive income for the period, net of tax	**12,615**	**(44,903)**
Attributable to:		
Equity holders of the parent	12,587	(44,828)
Non-controlling interest	28	(75)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended June 30, 2019
In thousands of EURO

	Issued capital	Share premium	Retained earnings	Fair value reserve	Net investment hedge reserve	Cash flow hedge reserve	Foreign currency translation reserve	Total equity attributable to equity owners of the company	Non-controlling interest	Total equity
At January 01, 2019	**563,000**	**163,748**	**19,547**	**(8,583)**	**(94,282)**	**-**	**(62,523)**	**580,907**	**3,178**	**584,085**
Total comprehensive income										
Change in fair value reserve	-	-	-	4,789	-	-	-	**4,789**	17	**4,806**
Change in foreign currency translation reserve	-	-	-	-	-	-	(753)	**(753)**	(21)	**(774)**
Change in net investment hedge reserve	-	-	-	-	(1,609)	-	-	**(1,609)**	-	**(1,609)**
Change in fair value of equity instruments at FVTOCI	-	-	121	2,006	-	-	-	**2,127**	-	**2,127**
Change in other reserve	-	-	(61)	-	-	-	-	**(61)**	-	**(61)**
Profit for the period	-	-	8,094	-	-	-	-	**8,094**	32	**8,126**
Total comprehensive income	**-**	**-**	**8,154**	**6,795**	**(1,609)**	**-**	**(753)**	**12,587**	**28**	**12,615**
At June 30, 2019	**563,000**	**163,748**	**27,701**	**(1,788)**	**(95,891)**	**-**	**(63,276)**	**593,494**	**3,206**	**596,700**

CREDIT EUROPE BANK N.V.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*
For the period ended June 30, 2019
In thousands of EURO

	Issued capital	Share premium	Retained earnings	Fair value reserve	Net investment hedge reserve	Cash flow hedge reserve	Foreign currency translation reserve	Total equity attributable to equity owners of the company	Non-controlling interest	Total equity
At December 31, 2017 (IAS 39)	**653,658**	**163,748**	**476,055**	**(2,462)**	**(105,927)**	**(112)**	**(312,117)**	**872,843**	**1,894**	**874,737**
Impact of adopting IFRS 9	-	-	(56,267)	-	-	-	-	**(56,267)**	(113)	**(56,380)**
At January 01, 2018 (IFRS 9)	**653,658**	**163,748**	**419,788**	**(2,462)**	**(105,927)**	**(112)**	**(312,117)**	**816,576**	**1,781**	**818,357**
Total comprehensive income										
Change in fair value reserve	-	-	-	(8,020)	-	-	-	**(8,020)**	(38)	**(8,058)**
Change in foreign currency translation reserve	-	-	-	-	-	-	(13,487)	**(13,487)**	71	**(13,416)**
Change in net investment hedge reserve	-	-	-	-	14,510	-	-	**14,510**	-	**14,510**
Change in cash flow hedge reserve	-	-	-	-	-	21	-	**21**	-	**21**
Change in other reserve	-	-	18	-	-	-	-	**18**	-	**18**
Profit for the period	-	-	(37,870)	-	-	-	-	**(37,870)**	(108)	**(37,978)**
Total comprehensive income	**-**	**-**	**(37,852)**	**(8,020)**	**14,510**	**21**	**(13,487)**	**(44,828)**	**(75)**	**(44,903)**
Transactions with owners of the Bank										
Disposal of subsidiary without loss of control	-	-	-	-	-	-	-	**-**	699	**699**
Dividends declared and paid	-	-	(2,099)	-	-	-	-	**(2,099)**	-	**(2,099)**
At June 30, 2018	**653,658**	**163,748**	**379,837**	**(10,482)**	**(91,417)**	**(91)**	**(325,604)**	**769,649**	**2,405**	**772,054**

CREDIT EUROPE BANK N.V.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended June 30, 2019
In thousands of EURO

	Notes	January 1- June 30, 2019	January 1- June 30, 2018
Profit for the period from continuing operations		**8,126**	**30,695**
(Loss) for the period from discontinued operations		**-**	**(68,673)**
Adjustments for:			
Net impairment loss on financial assets		(1,179)	1,939
Depreciation and amortization		6,585	5,350
Impairment loss	23	9,610	4,217
Income tax expense		4,238	11,218
Net interest income		(60,046)	(93,978)
Effect of exchange rate differences		572	9,695
Provisions		2,175	(2,065)
Loss on disposal of discontinued operations		-	73,160
		(29,919)	**(28,442)**
Changes in:			
Financial assets mandatorily at fair value through PL		(1,960)	(959)
Loans and receivables - banks		187,145	59,335
Loans and receivables - customers		82,053	293,496
Other assets		22,703	(42,265)
Due to banks		(162,149)	(153,264)
Due to customers		(198,991)	40,088
Other liabilities		(35,724)	22,406
		(106,923)	**218,837**
Net change in financial assets at fair value through PL		(74,498)	12,422
Interest received		109,596	152,055
Interest paid		(35,792)	(49,575)
Income taxes paid		(780)	(3,066)
Net cash used in operating activities		**(138,316)**	**302,231**
Cash flows from investing activities			
Acquisition of financial investments		(1,092,885)	(1,702,962)
Proceeds from sales of financial investments		1,400,361	1,805,851
Acquisition of property and equipment		(964)	(567)
Proceeds from sale of property and equipment		-	18
Acquisition of intangibles		(909)	(1,426)
Acquisition / disposal of subsidiaries		-	564
Net cash used in investing activities		**305,603**	**101,478**
Cash flows from financing activities			
Proceeds from long-term funding		-	3,645
Repayment of long-term funding		-	(348,012)
Interest paid		(6,847)	(10,494)
Dividends paid to shareholders		-	(2,097)
Payment of lease liabilities		(1,373)	-
Net cash from financing activities		**(8,220)**	**(356,958)**
Net cash from continuing operations		**159,067**	**46,751**
Net cash from discontinued operations		**-**	**33,249**
Net change in cash and cash equivalents			
Cash and cash equivalents at January 1		573,123	742,651
Effect of exchange rate fluctuations on cash and cash equivalents held		579	(4,652)
Cash and cash equivalents at June 30	4	**732,769**	**817,999**

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 four branches in the Netherlands, Germany, Belgium and Malta. The Consolidated Financial Statements of the Bank as of June 30, 2019, comprise the figures of the Bank, its subsidiaries and other controlled entities. Together they are referred to as the ‘Bank’.

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 2019.

2. Basis of preparation

The Bank's condensed consolidated interim financial statements as of June 30, 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed consolidated interim 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 2018 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 by the Bank in these condensed consolidated interim financial statements are the same as those applied by the Bank in its consolidated financial statements as at and for the year ended December 31, 2018 with the exception of newly adopted accounting pronouncements outlined in section ' Update to Significant Accounting Policies'.

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

These condensed consolidated interim financial statements were authorized for issue by the Bank's Managing Board and the Supervisory Board on September 05, 2019.

Use of estimates and judgements

The preparation of interim 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 2018 with the exception of newly adopted accounting pronouncements outlined in section ' Update to Significant Accounting Policies'.

For estimates used when measuring the fair values of financial instruments refer to Note 25.

Going concern

The Bank adopted going concern assumption in preparation of the interim condensed consolidated financial statements.

Comparative information

In order to conform to presentation of consolidated statement of income for the year ended 30 June 2019, the Bank has performed below reclassification in the consolidated statement of income for the period ended 30 June 2018.

- As processed within 31 December 2018 annual financial statements, recoveries from written off loans amounting to EUR 2,468 has been reclassified to 'net impairment loss on financial assets' which was previously presented under 'other operating income'.

- As processed within 31 December 2018 annual financial statements, early redemption fee amounting to EUR 2,167 has been reclassified to 'net interest income' and presented in 'Loans and receivables – customers' line in Note 17 which was previously presented under 'fee and commissions income'.

Update to significant accounting policies

In these Condensed Consolidated Financial Statements, the Bank has applied IFRS 16 effective for annual periods beginning on or after 1 January 2019, for the first time. The accounting policies set out below have been applied consistently throughout the Bank.

a) Adoption of IFRS 16 "Leases"

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Bank is the lessor.

The Bank adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 and applied IFRS 16 retrospectively. The Bank assessed the cumulative effect of initially applying the standard and due to immateriality, opening balance of retained earnings was not adjusted at the date of initial application.

The Bank also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	December 31, 2018	**IFRS 16 adoption impact**	**January 1, 2019**
Assets			
Property, plant and equipment	144,155	10,128	154,283
Other assets	50,909	(46)	50,863
Total Assets	**195,064**	**10,082**	**205,146**
Liabilities			
Other liabilities	47,879	10,082	57,961
Total Liabilities	**47,879**	**10,082**	**57,961**

b) Nature of the effect of adoption of IFRS 16

The Bank has lease contracts for various items of property and equipment. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as an operating lease. Any rentals payable are accounted for on a straight-line basis over the lease term and included in ‘general and administrative expenses’. Any prepaid rent and accrued rent were recognised under ‘Other Assets’ and ‘Other Liabilities’, respectively. Upon adoption of IFRS 16, the Bank applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Bank.

Leases previously accounted for as operating leases

The Bank recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of EUR 10,128 were recognised and presented in property plant and equipments line in the statement of financial position. There is no lease assets recognised previously under finance leases.
- Additional lease liabilities of EUR 10,082 (included in Other liabilities) were recognised.
- Rent prepayments of EUR 46 related to previous operating leases were derecognised.
- Since the net effect of these adjustments was immaterial, opening balance of retained earnings was not adjusted.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Operating lease commitments as at 31 December 2018	**11,343**
Weighted average incremental borrowing rate as at 1 January 2019	2.13
Discounted operating lease commitments as at 1 January 2019	**10,968**
Less:	**886**
Commitments relating to short term leases	628
Commitments relating to leases of low value assets	257
Add:	**-**
Commitments relating to leases previously classified as finance leases	-
Payments in optional extension periods not recognised as at 31 December 2018	-
Lease liabilities as at 1 January 2019	**10,082**

c) Summary of new accounting policies

Right of use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment as it is applied to other property, plant and equipment.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank has the option, under some of its leases to lease the assets for additional terms of one to five years. The Bank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Bank's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets					June 30, 2019
	Land and Buildings	Vehicles	Plant and Machinery	Other	Total	Lease Liabilities
As at 1 January 2019	**8,863**	**962**	**240**	**63**	**10,128**	**10,082**
Additions	202	-	-	1	**203**	220
Depreciation expense	(1,281)	(3)	-	(3)	**(1,287)**	-
Interest expense	-	-	-	-	-	68
Payments	-	-	-	-	-	(1,373)
Currency translation differences	(38)	-	-	1	**(37)**	(60)
As at 30 June 2019	**7,746**	**959**	**240**	**62**	**9,007**	**8,937**

As of June 30, 2019 the Bank recognised rent expense from short term leases of EUR 266 and leases of low value assets of EUR 109.

Amendments and interpretations to standard are effective for annual periods beginning after 1 January 2019

The following amendments and interpretation to standard are effective for annual periods beginning after 1 January 2019; however, have no impact on consolidated financial statements of the Bank.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Bank.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

Since the Bank does not have defined contribution scheme, these amendments had no impact on the consolidated financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Bank does not have long-term interests in its associate and joint venture.

IFRIC 23: Uncertainty over income tax treatments

Upon adoption of the Interpretation, the Bank assessed its accounting relating to the uncertain tax positions, particularly those relating to deductibility of interest component of net investment hedge contracts. According to Dutch Corporate Income Tax Act, the results of a hedging activity that has been performed with the intention of hedging currency exchange risk on an investment are exempt under the 'participation exemption rule' provided that procedural arrangements are met. For the years 2016-2017, the Bank concluded that it's probable that the tax authorities will accept tax treatment per the external and internal specialists' assessments. The Bank applied deductibility principle in its tax filings and, as result, the Bank recognized deferred tax asset at an amount of EUR 14,916 as of December 2018. The Bank currently awaits approval of such tax treatment by the Dutch tax authorities.

Although similar deductibility principle is applicable for the periods 2013-2015, retrospective modification of tax filings requires formal application by the Bank and explicit consent by tax authorities. As of 30 June 2019, as no such application has been yet made by the Bank, it's not probable that the tax positions related to years 2013-2015 will be accepted by tax authority. Therefore, no deferred tax asset (maximum exposure to be around EUR 24 million) was recognized by the Bank.

Given that for years 2016-2017 the Bank have already recognized deferred tax as of December 2018 and for the years 2013-2015 no deferred tax asset was recognized as of 30 June 2019, the interpretation did not have an impact on the consolidated financial statements of the Bank.

New standards and interpretations not yet adopted

The following amendments have been issued by the IASB, but have not yet been adopted by the European Union and are therefore not open for early adoption. Amendments to IFRS that are relevant for the Bank are discussed below.

Amendments to IFRS 3: Business combinations

The amendments to IFRS 3 resolve difficulties in determining whether an entity has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after 1 January 2020. The Bank will use the revised IFRS 3 if acquisitions are done with an acquisition date after 1 January 2020.

Amendments to IAS 1 and IAS 8: Definition of material

The amendments to IAS 1 and IAS 8, which will become effective for reporting periods starting on or after 1 January 2020, revise the definition of material and align the definition across other IFRS publications such as IFRS Standards and IFRIC Interpretations. The Bank is currently assessing the impact of the amendments.

Notes to 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 (2018: 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, the Netherlands and Belgium.
- Western Europe wholesale: includes loans to non-retail customers and funds entrusted by non-retail customers in the Netherlands, Germany, Belgium, 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 Dubai, Ukraine and Turkey.

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

3. Segment information *(continued)*

						June 30, 2019
	West Europe Retail	**West Europe Wholesale**	**Romania Retail**	**Romania Wholesale**	**Other**	**Total**
Interest income – external	1,737	75,596	12,054	8,270	6,476	104,133
Interest income – other segments	-	3,079	-	166	950	4,195
Interest revenue	**1,737**	**78,675**	**12,054**	**8,436**	**7,426**	**108,328**
Interest expenses – external	-	(35,642)	(4,595)	(1,702)	(2,148)	(44,087)
Interest expense – other segments	-	(2,197)	-	(785)	(1,213)	(4,195)
Interest expense	-	**(37,839)**	**(4,595)**	**(2,487)**	**(3,361)**	**(48,282)**
Net interest income	**1,737**	**40,836**	**7,459**	**5,949**	**4,065**	**60,046**
Net commission income – external	128	11,089	4,042	(584)	756	15,431
Net commission income – other segments	-	(2,020)	2,574	216	(770)	-
Trading and other income	466	704	1,683	819	9,186	12,858
Net impairment loss on financial assets	164	(1,218)	1,471	1,230	(468)	1,179
Depreciation and amortization expense	(80)	(2,776)	(1,643)	(860)	(1,226)	(6,585)
Other operating expenses	(777)	(40,802)	(7,680)	(6,660)	(14,453)	(70,372)
Share of profit of associate	-	-	-	-	(193)	(193)
Operating profit before taxes	**1,638**	**5,813**	**7,906**	**110**	**(3,103)**	**12,364**
Income tax expense	(401)	(2,491)	(1,005)	(223)	(118)	(4,238)
Profit for the period	**1,237**	**3,322**	**6,901**	**(113)**	**(3,221)**	**8,126**
Other information at 30 June 2019 - Financial position						
Total assets	60,705	3,414,382	363,364	650,650	217,561	4,706,662
Total liabilities	2,454,310	842,539	339,869	350,460	122,784	4,109,962
Investment in associates and joint ventures	-	-	-	-	6,758	6,758
Assets held for sale	-	15,809	-	-	1,507	17,316
Other information at 30 June 2019 - Income statement						
Reversal of impairment allowances no longer required	1,783	2,928	2,446	2,502	45	9,704

3. Segment information *(continued)*

						June 30, 2018
	West Europe Retail	**West Europe Wholesale**	**Romania Retail**	**Romania Wholesale**	**Other**	**Total**
Interest income – external	2,284	113,954	11,927	8,066	6,378	142,609
Interest income – other segments	-	2,682	-	181	99	2,962
Interest revenue	**2,284**	**116,636**	**11,927**	**8,247**	**6,477**	**145,571**
Interest expenses – external	-	(40,458)	(2,663)	(3,210)	(2,300)	(48,631)
Interest expense – other segments	-	(1,273)	-	(780)	(909)	(2,962)
Interest expense	-	**(41,731)**	**(2,663)**	**(3,990)**	**(3,209)**	**(51,593)**
Net interest income	**2,284**	**74,905**	**9,264**	**4,257**	**3,268**	**93,978**
Net commission income – external	286	10,127	3,173	368	335	14,289
Net commission income – other segments	-	(1,147)	1,342	5	(200)	-
Trading and other income	189	(9,659)	1,008	1,014	7,388	(60)
Net impairment loss on financial assets	(44)	(11,036)	7,423	1,684	34	(1,939)
Depreciation and amortization expense	(127)	(2,734)	(884)	(560)	(1,045)	(5,350)
Other operating expenses	(1,166)	(32,727)	(9,570)	(6,971)	(8,953)	(59,387)
Share of profit of associate	-	-	-	-	382	382
Operating profit before taxes	**1,422**	**27,729**	**11,756**	**(203)**	**1,209**	**41,913**
Income tax expense	(372)	(8,078)	(2,585)	(162)	(21)	(11,218)
Profit for the period	**1,050**	**19,651**	**9,171**	**(365)**	**1,188**	**30,695**
Other information at 31 December 2018 - Financial position						
Total assets - continuing operations	68,266	3,703,210	368,000	701,243	242,434	5,083,153
Total liabilities - continuing operations	2,648,592	957,924	344,941	414,029	133,582	4,499,068
Investment in associates and joint ventures	-	-	-	-	7,129	7,129
Assets held for sale	-	-	-	-	1,415	1,415
Other information at 30 June 2018 - Income statement						
Reversal of impairment allowances no longer required	-	20,753	-	5,717	20	26,490

Information about major customers

As of June 30, 2019, there is no single customer revenues from which individually exceeded 10% of total revenue (30 June 2018: 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, 2019	December 31, 2018
Balances with central banks	794,701	633,208
Cash on hand	14,193	18,565
Total	**808,894**	**651,773**

Deposits at central banks include reserve deposits amounting to EUR 76,125 (2018: EUR 78,650), 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, 2019	December 31, 2018
Cash and balances at central banks	808,894	651,773
Less: reserve deposits at central banks	(76,125)	(78,650)
Cash and cash equivalents in the statement of cash flows	**732,769**	**573,123**

5. Financial assets at fair value through profit or loss

	June 30, 2019	December 31, 2018
Financial assets held for trading		
Trading loans	136,162	56,557
Bank bonds	152	3,299
Total financial assets held for trading	**136,314**	**59,856**
Non- trading financial assets mandatorily at FVTPL		
Loans to customers	24,744	27,872
Total non-trading financial assets mandatorily at FVTPL	**24,744**	**27,872**
Total financial assets at fair value through profit or loss	**161,058**	**87,728**

As of June 30, 2019, EUR 152 (2018: EUR 3,299) of the total are listed financial instruments and EUR 160,906 are non-listed financial instruments.

As of June 30, 2019, EUR 70,000 financial asset may be sold or re-pledged under repurchase agreements (2018: 116,640).

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, 2019	December 31, 2018
Financial investments at FVOCI	395,640	692,049
Total	**395,640**	**692,049**

As of June 30, 2019, EUR 13,388 financial assets may be sold or re-pledged under repurchase agreements (2018: EUR 43,482). 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 exchanges where the Bank acts as an intermediary.

	June 30, 2019	December 31, 2018
Government bonds	246,600	292,506
Bank bonds	110,663	203,863
Equities	28,873	25,742
Corporate bonds	9,504	169,938
Total	**395,640**	**692,049**

As of June 30, 2019, EUR 374,745 (2018: EUR 672,935) of the total are listed financial instruments and EUR 20,895 (2018: EUR 19,114) are non-listed financial instruments.

The Bank elected to apply FVOCI option to the equities which are considered as strategic investments, source of stable dividend income and interest retained in former subsidiary.

7. Loans and receivables - banks

	June 30, 2019	December 31, 2018
Placements with other banks	206,959	391,511
Loans and advances	39,202	41,825
Subtotal	**246,161**	**433,336**
Allowances for expected credit losses	(1,328)	(1,358)
Total	**244,833**	**431,978**

Placements with other banks that serve as collateral for derivative transactions and are not freely disposable amount to EUR 28,135 (2018: EUR 26,757).

Changes in allowances for credit losses may be summarized as follows:

	Stage 1	Stage 2	Stage 3	TOTAL
At January 01, 2019	**(433)**	**-**	**(925)**	**(1,358)**
New impairment	(52)	-	-	**(52)**
Reversal of impairment allowances no longer required	82	-	-	**82**
At June 30, 2019	**(403)**	**-**	**(925)**	**(1,328)**

	Stage 1	Stage 2	Stage 3	TOTAL
At December 31, 2017 (IAS 39)	-	-	**(925)**	**(925)**
Impact of adopting IFRS 9	(788)	-	-	**(788)**
At January 01, 2018	**(788)**	**-**	**(925)**	**(1,713)**
New impairment	(284)	-	-	**(284)**
Assets derecognised or matured (excluding write offs)	307	-	-	**307**
Reversal of impairment allowances no longer required	342	-	-	**342**
Exchange differences	(10)	-	-	**(10)**
At December 31, 2018	**(433)**	**-**	**(925)**	**(1,358)**

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, 2019			**December 31, 2018**		
	Notional amount	**Carrying value assets**	**Carrying value liabilities**	**Notional amount**	**Carrying value assets**	**Carrying value liabilities**
Derivatives held for trading						
Interest rate swaps	5,500	351	1,161	125,500	31,298	32,218
Interest rate futures	2,500	-	13	3,100	-	8
Interest rate options (purchased)	60,601	285	-	62,030	1,097	-
Interest rate options (sold)	(60,601)	-	285	(62,030)	-	1,151
Foreign currency swaps	362,514	59,155	57,990	656,357	85,244	81,725
Foreign currency forwards	74,761	359	358	22,140	113	190
Foreign currency options (purchased)	68,826	10,700	-	168,323	19,142	-
Foreign currency options (sold)	(68,826)	-	11,866	(163,954)	-	20,861
Equity options (purchased)	1,758	55	-	2,428	684	-
Equity options (sold)	(1,758)	-	54	(2,428)	-	683
Total	**445,275**	**70,905**	**71,727**	**811,466**	**137,578**	**136,836**
Derivatives in economic hedge relationship						
Interest rate swaps	127,001	35,978	35,322	11,898	2,794	2,970
Foreign currency swaps	1,472,585	34,368	31,704	1,513,554	45,924	39,329
Forwards	170,320	976	1,044	107,305	484	523
Total	**1,769,906**	**71,322**	**68,070**	**1,632,757**	**49,202**	**42,822**
Derivatives in fair value hedge accounting relationships						
Interest rate swaps	442,189	6,397	6,061	351,760	807	1,265
Foreign currency swaps	23,241	2,695	2,781	70,779	1,697	24
Total	**465,430**	**9,092**	**8,842**	**422,539**	**2,504**	**1,289**
Derivatives in net investment hedge accounting relationship						
Foreign currency swaps	298,721	431	3,694	319,421	577	1,749
Total	**298,721**	**431**	**3,694**	**319,421**	**577**	**1,749**
Total Derivatives	**2,979,332**	**151,750**	**152,333**	**3,186,183**	**189,861**	**182,696**

Derivative financial instruments held or issued for trading purposes: Most of the Bank's derivative trading activities relate to asset and liability management of the Bank and deals with customers who are normally laid off with counterparties. The Bank may also take positions with the expectation of profiting from favourable movements in prices, rates on indices.

Derivatives in economic hedge relationships: Included in this classification are any derivatives entered into by the Bank in order to economically hedge 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 or issued 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 year.

June 30, 2019	**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	43,154	-	-	2,586
Fixed rate FVOCI debt instruments	130,667	-	4,436	-
Fixed rate subordinated liabilities	-	158,955	-	4,697
Subtotal	**173,821**	**158,955**	**4,436**	**7,283**
Portfolio fair value hedges				
Fixed rate customer deposits	-	69,140	-	1,085
Subtotal	**-**	**69,140**	**-**	**1,085**
Total	**173,821**	**228,095**	**4,436**	**8,368**

December 31, 2018	**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	94,573	-	-	1,527
Fixed rate FVOCI debt instruments	95,006	-	1,084	-
Fixed rate subordinated liabilities	-	158,118	1,453	-
Subtotal	**189,579**	**158,118**	**2,537**	**1,527**
Portfolio fair value hedges				
Fixed rate customer deposits	-	69,432	-	504
Subtotal	**-**	**69,432**	**-**	**504**
Total	**189,579**	**227,550**	**2,537**	**2,031**

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 is presented as follows:

June 30, 2019		Gains /(losses) attributable to the hedged risk			*June 30, 2018*
Hedged Items	**Hedging Instruments**	**Hedged Items**	**Hedging Instruments**	**Hedge ineffectiveness**	**Hedge ineffectiveness**
Micro fair value hedge relationships					
hedging assets					
Fixed rate corporate loans	Interest rate swaps	195	(209)	(15)	-
Fixed rate corporate loans	Foreign currency contracts	(2,781)	2,695	(86)	(1)
Fixed rate FVOCI debt instruments	Interest rate swaps	4,436	(4,379)	57	13
Subtotal		**1,850**	**(1,893)**	**(44)**	**12**
Micro fair value hedge relationships					
hedging liabilities					
Fixed rate subordinated liabilities*	Interest rate swaps	(4,697)	4,750	53	2,200
Subtotal		**(4,697)**	**4,750**	**53**	**2,200**
Total micro fair value relationships		**(2,848)**	**2,857**	**9**	**2,212**
Portfolio fair value hedge relationships					
Fixed rate customer deposits	Interest rate swaps	(1,085)	1,228	143	109
Subtotal		**(1,085)**	**1,228**	**143**	**109**
Total portfolio fair value hedge relationships		**(1,085)**	**1,228**	**143**	**109**
Total		**(3,933)**	**4,085**	**152**	**2,321**

(*) As of June 30,2018, the hedging gain from initial remeasurement of hedged item amounted to EUR 1,996.

December 31, 2018		Gains /(losses) attributable to the hedged risk		
Hedged Items	**Hedging Instruments**	**Hedged Items**	**Hedging Instruments**	**Hedge ineffectiveness**
Micro fair value hedge relationships				
hedging assets				
Fixed rate corporate loans	Interest rate swaps	123	(198)	(75)
Fixed rate corporate loans	Foreign currency contracts	(1,650)	1,895	245
Fixed rate FVOCI debt instruments	Interest rate swaps	1,084	(1,265)	(181)
Subtotal		**(443)**	**432**	**(11)**
Micro fair value hedge relationships				
hedging liabilities				
Fixed rate subordinated liabilities	Interest rate swaps	1,453	298	1,750
Subtotal		**1,453**	**298**	**1,750**
Total micro fair value relationships		**1,010**	**730**	**1,739**
Portfolio fair value hedge relationships				
Fixed rate customer deposits	Interest rate swaps	(504)	564	60
Subtotal		**(504)**	**564**	**60**
Total portfolio fair value hedge relationships		**(504)**	**564**	**60**
Total		**506**	**1,294**	**1,799**

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

June 30, 2019	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Fixed rate corporate loans						
Interest rate swaps	-	-	-	22,500	-	22,500
Foreign currency contracts	3,307	3,595	4,563	11,777	-	23,242
Fixed rate FVOCI debt instruments						
Interest rate swaps	-	-	-	-	191,394	191,394
Fixed rate subordinated liabilities						
Interest rate swaps	-	-	-	158,089	-	158,089
Fixed rate customer deposits						
Interest rate swaps	-	-	-	70,205	-	70,205
Total	**3,307**	**3,595**	**4,563**	**262,571**	**191,394**	**465,430**

December 31, 2018	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Fixed rate corporate loans						
Interest rate swaps	-	-	-	27,000	-	27,000
Foreign currency contracts	-	3,267	57,101	10,411	-	70,779
Fixed rate FVOCI debt instruments						
Interest rate swaps	-	-	-	-	97,295	97,295
Fixed rate subordinated liabilities						
Interest rate swaps	-	-	-	157,260	-	157,260
Fixed rate customer deposits						
Interest rate swaps	-	-	-	70,205	-	70,205
Total	**-**	**3,267**	**57,101**	**264,876**	**97,295**	**422,539**

-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, 2019
Investments in subsidiaries functional currency of which is:	**Change in fair value of hedged item for ineffectiveness assessment**	**Translation reserve**
USD	929	233
RON	637	(2,644)
CHF	1,339	1,651
UAH	-	627
TRY	323	(559)
Total	**3,228**	**(692)**

		June 30, 2018
Investments in subsidiaries functional currency of which is:	**Change in fair value of hedged item for ineffectiveness assessment**	**Translation reserve**
USD	2,561	668
RUB	(1,471)	(12,807)
RON	1,904	(110)
CHF	1,538	1,153
UAH	(690)	(1,395)
TRY	646	1,394
Total	**4,488**	**(11,096)**

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

June 30, 2019	**Carrying amount of hedging instruments**			**June 30, 2019** Changes in fair value of hedging instruments used for hedging ineffectiveness			**June 30, 2018** Changes in fair value of hedging instruments used for hedging ineffectiveness		
Net investment hedges	Notional amount	Assets	Liabilities	Effective portion recognized in OCI	Hedge ineffectiveness recognized in income statement	Total	Effective portion recognized in OCI	Hedge ineffectiveness recognized in income statement	Total
USD swaps	37,284	222	41	(929)	-	(929)	(2,561)	-	(2,561)
RUB swaps	-	-	-	-	-	-	1,880	(409)	1,471
RON swaps	146,411	(77)	2,053	(637)	-	(637)	(1,625)	(279)	(1,904)
CHF swaps	107,619	21	955	(1,339)	-	(1,339)	(1,538)	-	(1,538)
UAH swaps	-	-	-	-	-	-	690	-	690
TRY swaps	7,407	266	645	705	(1,028)	(323)	(646)	-	(646)
Total	**298,721**	**432**	**3,694**	**(2,200)**	**(1,028)**	**(3,228)**	**(3,800)**	**(688)**	**(4,488)**

December 31, 2018	**Carrying amount of hedging instruments**			**Changes in fair value of hedging instruments used for hedging ineffectiveness**		
Net investment hedges	Notional amount	Assets	Liabilities	Effective portion recognized in OCI	Hedge ineffectiveness recognized in income statement	Total
USD swaps	44,616	397	101	(3,656)	-	(3,656)
RON swaps	155,724	323	988	(4,303)	(343)	(4,646)
CHF swaps	112,185	(141)	498	(2,986)	-	(2,986)
UAH swaps	-	-	-	(2,249)	-	(2,249)
TRY swaps	6,896	(2)	162	1,142	(418)	724
Total	**319,421**	**577**	**1,749**	**(12,052)**	**(761)**	**(12,813)**

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

June 30, 2019

Hedging Instruments	**Less than 1 month**	**1 to 3 months**	**3 to 12 months**	**Total**
USD swaps	15,833	21,451	-	37,284
RON swaps	39,084	40,115	67,212	146,411
CHF swaps	107,619	-	-	107,619
TRY swaps	593	6,814	-	7,407
Total	**163,129**	**68,380**	**67,212**	**298,721**

December 31, 2018

Hedging Instruments	**Less than 1 month**	**1 to 3 months**	**3 to 12 months**	**Total**
USD swaps	19,874	24,742	-	44,616
RON swaps	62,019	83,269	10,436	155,724
CHF swaps	49,790	62,395	-	112,185
TRY swaps	10	6,886	-	6,896
Total	**131,693**	**177,292**	**10,436**	**319,421**

9. Loans and receivables - customers

	June 30, 2019	December 31, 2018
Commercial loans	2,312,357	2,322,574
Consumer loans	273,280	342,366
Credit card loans	89,325	100,631
Finance lease receivables, net	8,370	8,807
Private banking loans	2,145	14,068
Public sector loans	-	74,982
Subtotal	**2,685,477**	**2,863,428**
Individually assessed allowances for expected credit losses	(29,760)	(113,356)
Collectively assessed allowances for expected credit losses	(41,081)	(50,916)
Total	**2,614,636**	**2,699,156**

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

10. Loan impairment charges and allowances

	June 30, 2019				December 31, 2018
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at 1 January	**(16,454)**	**(34,462)**	**(113,356)**	**(164,272)**	**(178,965)**
New impairment	(6,282)	(5,370)	(9,077)	**(20,729)**	**(56,580)**
Assets derecognised or matured (excluding write offs)	418	9,511	2,079	**12,008**	**6,488**
Transfers to Stage 1	(497)	341	156	**-**	**-**
Transfers to Stage 2	717	(964)	247	**-**	**-**
Transfers to Stage 3	9	4,216	(4,225)	**-**	**-**
Reversal of impairment allowances no longer required	3,126	4,034	2,462	**9,622**	**17,146**
Amounts written off	-	-	92,805	**92,805**	**44,840**
Recoveries	-	-	98	**98**	**3,148**
Exchange differences	671	(95)	(949)	**(373)**	**(349)**
Balance at period end	**(18,292)**	**(22,789)**	**(29,760)**	**(70,841)**	**(164,272)**

					June 30, 2018
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January	**(20,403)**	**(49,534)**	**(119,790)**	**-**	**(189,727)**
New impairment	(6,614)	(5,564)	(16,416)	(2,148)	**(30,742)**
Assets derecognised or matured (excluding write offs)	3,166	7,274	3,532	-	**13,972**
Transfers to Stage 1	(621)	158	463	-	**-**
Transfers to Stage 2	645	(1,446)	801	-	**-**
Transfers to Stage 3	18	3,389	(3,407)	-	**-**
Reversal of impairment allowances no longer required	5,290	4,388	2,593	-	**12,271**
Amounts written off	-	-	37,205	-	**37,205**
Exchange differences	(860)	(995)	(740)	-	**(2,595)**
Transfer to financial assets mandatorily at FVTPL	-	-	11,232	-	**11,232**
Balance at period end	**(19,379)**	**(42,330)**	**(84,527)**	**(2,148)**	**(148,384)**

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

	June 30, 2019				June 30, 2018
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Total**
Loans to customers at amortized cost	(2,595)	8,106	(4,441)	1,070	(1,899)
Loans to banks at amortized cost	(68)	-	-	(68)	(21)
Debt securities measured at FVTOCI	137	-	-	137	147
Credit related commitments (non-cash loans)	30	10	-	40	(166)
Net impairment loss on financial instruments	**(2,496)**	**8,116**	**(4,441)**	**1,179**	**(1,939)**

The Mortgage Payment Law ("Dare in Plata" or "DIP"), which came into force in Romania in May 2016, entitled borrowers to request and to compel the lenders to accept a full discharge of mortgage-backed loans against the transfer of title of the mortgaged immoveable property to the lender. On the other hand, The Romanian Constitutional Court declared DIP law as a "hardship" law and reduced its scope to exceptional cases. The Constitutional Court's decision brought clarity to which extent DIP law is applicable for the Bank. The bank considers the impairment impact of DIP law for mortgage loans in Romania.

Loans and receivables written off during the period amounting to EUR 61,605 (2018: EUR 19,363) are still subject to enforcement activity.

11. Other assets and inventories

	June 30, 2019	December 31, 2018
Repossessed assets classified as inventories	62,968	68,941
Receivables from DSB	19,925	15,970
Assets held for sale	17,316	1,415
Contract assets	8,807	13,436
Prepayments to suppliers	4,647	4,629
POS, plastic cards and ATM related receivables	3,559	3,891
Amounts held as guarantee	3,289	2,272
Accounts receivable	2,943	1,564
Tax related receivables	1,943	1,947
Materials and supplies	1,558	3,108
Other assets	5,154	2,677
Total	**132,109**	**119,850**

Assets held for sale and repossessed assets classified as inventories represent collaterals repossessed after clients were not able to meet their payment obligations.

“Assets held for sale” includes four dry bulk carriers (EUR 15,809), for which sale agreement have been already signed (delivery scheduled to be completed by July 2020).

12. Due to banks

	June 30, 2019	December 31, 2018
Time deposits	154,878	198,746
Current accounts	99,470	153,286
Targeted longer term refinancing operations (TLTRO)	-	64,465
Total	**254,348**	**416,497**

The amount of repo transactions in time deposits is EUR 13,389 (2018: EUR 43,488).

13. Due to customers

	June 30, 2019	December 31, 2018
Retail time deposits	1,515,853	1,632,181
Retail saving and demand deposits	1,305,851	1,418,210
Corporate time deposits	330,676	307,128
Corporate demand deposits	298,391	292,243
Total	**3,450,771**	**3,649,762**

As of June 30, 2019, the Bank maintained customer deposit balances of EUR 21,108 (2018: EUR 29,276), which were pledged to the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

As of June 30, 2019, EUR 1,540,625 (2018: EUR 1,680,179) of deposits from customers are expected to be settled more than 12 months after the balance sheet date.

14. Other liabilities

	June 30, 2019	December 31, 2018
Lease liabilities	8,937	-
Litigation provision (*)	8,907	5,753
Advances from customers	6,016	8,335
Accrued expenses	5,362	5,043
Staff related liabilities	4,096	5,071
Payables to suppliers	2,668	5,739
Credit card payables	2,402	1,588
Items in the course of settlement	2,207	754
Non-current tax related payable	1,836	2,379
Deferred income	1,114	948
Provisions	711	1,106
Collaterals received	-	7,421
Other liabilities	2,624	3,742
Total	**46,880**	**47,879**

(*) Provision set for litigations regarding abusive clauses in consumer contracts and commitments given under shipbuilding contracts in which the Bank's subsidiaries, Credit Europe Bank (Romania) SA and Atlas Tersanecilik, respectively, are involved as of June 30, 2019. Further details are provided in Note 26: Commitments and Contingencies.

The table below presents movement in total provisions recognized under both IAS 37 and IFRS 9:

			June 30, 2019
	Litigation	Credit related commitments	Other
At January 1, 2019	**5,753**	**669**	**437**
Addition	5,566	185	3
Provisions used during the year	-	-	(409)
Reversal	(2,370)	(175)	-
Currency translation differences	(42)	7	(6)
At June 30, 2019	**8,907**	**686**	**25**

			June 30, 2018
	Litigation	Credit related commitments	Other
At December 31, 2017	**6,717**	**-**	**692**
Impact of adopting IFRS 9	-	671	-
At January 1, 2018	**6,717**	**671**	**692**
Effect of discontinued operations	-	-	(404)
Addition	869	167	(37)
Reversal	(1,762)	(64)	-
Provisions in relation to discontinued operations	-	-	31,491
Currency translation differences	(18)	75	539
At June 30, 2018	**5,806**	**849**	**32,281**

15. 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.

	Year of maturity	June 30, 2019	December 31, 2018
USD 150 million subordinated notes with a fixed interest rate of 7.25 % p.a.	2027	131,034	130,101
USD 50 million AT1 instrument with a fixed interest rate of 8.95 % p.a.	2022	44,047	43,826
Total		**175,081**	**173,927**

16. Equity

	June 30, 2019	December 31, 2018
Share capital	563,000	563,000
Share premium	163,748	163,748
Retained earnings, net	27,701	19,547
-of which: IFRS 9 impact	*(52,173)*	*(52,173)*
Fair value reserve	(1,788)	(8,583)
Foreign currency translation reserve	(63,276)	(62,523)
Net investment hedge reserve	(95,891)	(94,282)
Equity attributable to owners of the Parent Company	**593,494**	**580,907**
Equity attributable to non-controlling interests	3,206	3,178
Total equity	**596,700**	**584,085**

As of June 30, 2019, the authorized share capital is EUR 1,000 million (2018: EUR 1,000 million) and consists of EUR 1,000 million (2018: EUR 1,000 million) ordinary shares with a face value of EUR 1. The called-up and paid-in capital consists of EUR 563.0 million (2018: EUR 563.0 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 operation.

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.

17. Net interest income

	January 1- June 30, 2019	January 1- June 30, 2018
Interest income from financial instruments measured at amortized cost and FVOCI:	**93,746**	**129,073**
Loans and receivables – customers	85,407	120,774
Financial investments	4,639	6,385
Loans and receivables – banks	3,459	1,496
Interest on financial lease	126	187
Cash and balances at central banks	115	231
Interest income from financial instruments measured at FVTPL:	**10,387**	**13,536**
Derivative financial instruments	7,763	11,794
Financial assets held for trading	1,994	770
Non-trading financial assets mandatorily at FVTPL	630	972
Subtotal	**104,133**	**142,609**
Interest expense from financial instruments measured at amortized cost:	**32,385**	**33,087**
Due to customers	18,466	20,458
Subordinated liabilities	6,806	7,970
Due to banks	5,743	3,780
Cash and balances at central banks	1,302	879
Lease liabilities	68	-
Interest expense from financial instruments measured at FVTPL:	**11,702**	**15,544**
Derivative financial instruments	11,702	15,544
Subtotal	**44,087**	**48,631**
Total	**60,046**	**93,978**

18. Net fee and commission income

	January 1- June 30, 2019	January 1- June 30, 2018
Fee and commission income		
Cash loan fees	4,763	4,152
Letters of credit commissions	4,173	3,168
Credit card fees	3,364	3,884
Payment and transaction services fees	1,218	1,383
Commission on account maintenance	1,192	1,419
Portfolio and other management fees	704	1,548
Insurance related fees	478	632
Letters of guarantee commissions	371	387
Commissions on fund transfers	259	260
Commissions on fiduciary transactions	182	305
Other fees and commissions	907	935
Subtotal	**17,611**	**18,073**
Fee and commission expense		
Credit card fees	1,009	1,445
Payment and transaction services expense	577	944
Account maintenance fees	243	318
Commission paid to intermediaries/retailers	135	179
Other fee and commission expenses	216	898
Subtotal	**2,180**	**3,784**
Total	**15,431**	**14,289**

19. Net trading results

	January 1- June 30, 2019	January 1- June 30, 2018
Foreign exchange	3,675	3,913
Trading loans	1,947	1,712
Debt securities	1,849	(104)
Dividend on FVPL investments	23	-
Loans measured mandatorily at FVTPL	(490)	(1,801)
Derivative financial instruments - hedge accounting	(680)	1,604
Subtotal	**6,324**	**5,324**
Derivative financial instruments - not qualifying for hedge accounting	(20,739)	(31,425)
Total	**(14,415)**	**(26,101)**

20. Other operating income

	January 1- June 30, 2019	January 1- June 30, 2018
Shipping charter and freight income	7,478	6,587
Revenue from shipbuilding activities	7,031	4,972
Income from DSB receivables	3,956	-
Sale of inventory property	1,136	1,129
Rent income	637	510
Sale of assets held for sale	407	355
Other income	1,500	1,220
Total	**22,145**	**14,773**

21. General and administrative expenses

	January 1- June 30, 2019	January 1- June 30, 2018
Rent and maintenance expenses	2,381	3,761
Professional fees and consultancy	2,091	2,411
Communication and information expenses	1,743	1,715
Information technology expenses	1,738	1,803
Membership fees	1,079	1,280
Taxes other than income	885	580
Stationary, office supplies and printing expense	818	650
Legal services expenses	587	573
Security expenses	498	497
Travel and transport expenses	445	402
Cleaning expenses	318	288
Management fees	317	408
Advertising and marketing expenses	263	574
Insurance premiums	198	188
Representative expenses	140	179
Other expenses	725	894
Total	**14,226**	**16,203**

22. Other operating expenses

	January 1- June 30, 2019	January 1- June 30, 2018
Cost of sale from shipbuilding activities	6,235	4,167
Vessels running costs	4,864	5,691
Provision (reversal) / addition	3,588	(710)
Cost of sales - inventory property	1,089	1,063
Fines and penalties	613	287
Claims service expenses	174	302
Other	824	767
Total	**17,387**	**11,567**

23. Other impairment losses

	January 1- June 30, 2019	January 1- June 30, 2018
Property and equipment	8,583	2,902
Assets held for sale	1,001	-
Other	26	1,315
Total	**9,610**	**4,217**

24. Taxation

The Bank recognizes the current and deferred tax consequences of transactions that have been included in the interim 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.

25. Fair value information

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

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

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

Classification of financial assets and liabilities

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

					June 30, 2019
	Trading	**Measured at FVTPL**	**Measured at amortised cost**	**Measured at FVOCI**	**Total carrying amount**
Cash and balances at central banks	-	-	808,894	-	808,894
Financial assets at FVTPL	-	161,058	-	-	161,058
Financial investments	-	-	-	395,640	395,640
Loans and receivables - banks	-	-	244,833	-	244,833
Loans and receivables - customers	-	-	2,615,505	-	2,615,505
Derivative financial instruments	151,750	-	-	-	151,750
Total assets	**151,750**	**161,058**	**3,669,232**	**395,640**	**4,377,680**
Due to banks	-	-	254,348	-	254,348
Due to customers	-	-	3,450,771	-	3,450,771
Derivative financial instruments	152,333	-	-	-	152,333
Subordinated liabilities	-	-	175,081	-	175,081
Total liabilities	**152,333**	**-**	**3,880,200**	**-**	**4,032,533**

					December 31, 2018
	Trading	**Measured at FVTPL**	**Measured at amortised cost**	**Measured at FVOCI**	**Total carrying amount**
Cash and balances at central banks	-	-	651,773	-	651,773
Financial assets at FVTPL	-	87,728	-	-	87,728
Financial investments	-	-	-	692,049	692,049
Loans and receivables - banks	-	-	431,978	-	431,978
Loans and receivables - customers	-	-	2,699,156	-	2,699,156
Derivative financial instruments	189,861	-	-	-	189,861
Total assets	**189,861**	**87,728**	**3,782,907**	**692,049**	**4,752,545**
Due to banks	-	-	416,497	-	416,497
Due to customers	-	-	3,649,762	-	3,649,762
Derivative financial instruments	182,696	-	-	-	182,696
Subordinated liabilities	-	-	173,927	-	173,927
Total liabilities	**182,696**	**-**	**4,240,186**	**-**	**4,422,882**

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 would take them into account 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.

In 2019, there has been no change in valuation techniques and models applied in 2018.

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, 2019	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Trading assets	5	152	-	136,162	136,314
Derivative financial assets	8	-	151,750	-	151,750
Equity instruments measured at FVOCI	6	7,978	-	20,895	28,873
Non-trading assets mandatorily at FVTPL	5	-	-	24,744	24,744
Other financial investments	6	366,767	-	-	366,767
Total		**374,897**	**151,750**	**181,801**	**708,448**
Financial liabilities					
Derivative financial liabilities	8	-	152,333	-	152,333
Total		**-**	**152,333**	**-**	**152,333**

December 31, 2018	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Trading assets	5	3,299	-	56,557	59,856
Derivative financial assets	8	-	189,861	-	189,861
Equity instruments measured at FVOCI	6	6,747	-	18,995	25,742
Non-trading assets mandatorily at FVTPL	5	-	-	27,872	27,872
Other financial investments	6	666,188	-	119	666,307
Total		**676,234**	**189,861**	**103,543**	**969,638**
Financial liabilities					
Derivative financial liabilities	8	-	182,696	-	182,696
Total		**-**	**182,696**	**-**	**182,696**

No financial instruments were transferred from Level 1 to Level 2 of the fair value hierarchy in 2019 (2018: None). No financial instruments were transferred between Level 1 and Level 2 to Level 3 in 2019 (2018: None).

Level 3 Financial assets and liabilities

Security fair value measurements using significant inputs that are unobservable in the market due to limited activity or a less liquid market are classified as Level 3 in the fair value hierarchy. Such measurements include securities valued using internal models, where the unobservable inputs are significant to the overall fair value measurement. As of 30 June 2019, EUR 20,895 securities were classified as Level 3 (2018 : EUR 19,114).

During 2019, 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 (2018: 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 fair value of financial assets, equity and net income.

Non trading assets consist of loans mandatorily at fair value through profit or loss, that are measured at lower of carrying amount or fair value of the collateral determined 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, assets held for sale and some repossessed assets classified as inventory.

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 year 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 23- Other impairment losses.

In 2019, there has been no change in valuation techniques.

As at 30 June 2019, the Bank has no non-financial liabilities measured at fair value (2018: 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	Valuation Technique	Input	Range
Financial assets				
Romania- residential and commercial properties	4,420	Market comparison approach	Price per square meter	730-980 Eur/sqm
		Income capitalization	Unit rental price p.m	9-9.5 Eur/sqm
			Vacancy rate	5%-15%
			Operating expenses p.m	3,000-14,000
			Capitalization rate	9%-10%
Romania- commercial properties	15,033	Market comparison approach	Price per square meter	600 Eur/sqm
		Income capitalization	Unit rental price p.m	7.5 Eur/sqm
			Vacancy rate	10%-20%
			Operating expenses p.m	5,000-34,000
			Capitalization rate	8%-12%
Vessels	1,207	Third party pricing	Broker price	n.a
Loans mandatorily at FVTPL	**24,743**			
Trading loans at FVTPL	**136,163**	Discounted cash flow	Broker price	n.a
Equity instruments measured at FVOCI	**20,895**	Discounted cash flow	Projections of future cash flows Market parameters (country risk premium, currency risk premium, country growth rate, market risk premium)	n.a
Total Level 3 financial assets	**181,801**			
Non-financial assets				
Spain- villa/land Investment Property	11,800	Market comparison approach	Price per square meter	4.300- 4.900 Eur/sqm
			Urban development cost	100/Eur/sqm
			Construction cost	900/Eur/sqm
			Marketing fees	3% of sale price
Turkey- commercial properties Investment Property	2,838	Discounted cash flow	Unit rental price	2.10 -9.50 Eur/sqm/month - 47 Eur/room
			Operating expenses p.m	0.8-1.5 Eur/sqm
			Capitalization rate	7.50%-8%
			Rent increase rate	2.5%-4%
			Renewal costs	1%-2%
Total Level 3 non-financial assets	**14,638**			

Reconciliation of Level 3 financial assets

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the Level 3 of the fair value hierarchy.

				June 30, 2019				December 31, 2018
	Financial Assets-FVOCI	**Financial Assets at FVTPL-Non-Trading**	**Financial Assets at FVTPL-Trading**	**Total**	**Financial Assets-FVOCI**	**Financial Assets at FVTPL-Non-Trading**	**Financial Assets at FVTPL-Trading**	**Total**
Balance at January 1	**19,114**	**27,872**	**56,557**	**103,543**	**119**	**37,167**	**45,185**	**91,929**
Total gains and losses								
- in net trading results	-	(490)	1,947	1,457	-	371	2,927	3,298
- in net interest income	-	630	-	630	-	1,685	-	1,685
- in OCI	-	-	-	-	-	-	-	-
Purchases/additions	-	-	594,867	594,867	18,995	-	644,752	663,747
Settlements/collections	-	(3,167)	(516,628)	(519,795)	-	(12,173)	(636,053)	(648,226)
Exchange differences	1,781	(102)	(580)	1,099	-	822	(254)	568
Balance at the period end	**20,895**	**24,743**	**136,163**	**181,801**	**19,114**	**27,872**	**56,557**	**113,001**

EUR 140 loss included in net trading results relates to unrealized gains and losses from financial assets that are held at the end of the reporting period (2018: 4 gain).

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, 2019	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total fair Values**	**Total carrying amount**
Financial assets						
Cash and balances at central banks	4	-	808,894	-	808,894	808,894
Loans and receivables - banks	7	-	244,549	-	244,549	244,833
Loans and receivables - customers	9	-	-	2,643,398	2,643,398	2,615,505
Total		**-**	**1,053,443**	**2,643,398**	**3,696,841**	**3,669,232**
Financial liabilities						
Due to banks	12	-	253,790	-	253,790	254,348
Due to customers	13	-	3,483,363	-	3,483,363	3,450,771
Subordinated liabilities	15	-	149,964	-	149,964	175,081
Total		**-**	**3,887,117**	**-**	**3,887,117**	**3,880,200**

December 31, 2018	Note	Level 1	Level 2	Level 3	Total fair Values	Total carrying amount
Financial assets						
Cash and balances at central banks	4	-	651,773	-	651,773	651,773
Loans and receivables - banks	7	-	428,122	-	428,122	431,978
Loans and receivables - customers	9	-	-	2,703,018	2,703,018	2,699,156
Total		**-**	**1,079,895**	**2,703,018**	**3,782,913**	**3,782,907**
Financial liabilities						
Due to banks	12	-	415,364	-	415,364	416,497
Due to customers	13	-	3,686,024	-	3,686,024	3,649,762
Subordinated liabilities	15	-	143,799	-	143,799	173,927
Total		**-**	**4,245,187**	**-**	**4,245,187**	**4,240,186**

26. 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, 2019	December 31, 2018
Contingent liabilities with respect to irrevocable letters of credit - import	293,186	204,393
Contingent liabilities with respect to irrevocable letters of credit - export	96,068	111,765
Contingent liabilities with respect to letters of guarantee granted - corporates	79,509	107,263
Contingent liabilities with respect to letters of guarantee granted - banks	11,289	5,874
Contingent liabilities with respect other guarantees	121	694
Total non-cash loans	**480,173**	**429,989**
Credit-card limits	179,914	169,873
Credit-line commitments	69,034	90,352
Other commitments	2,570	220
Total	**731,691**	**690,434**

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 at 30 June 2019, 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 3,982 (2018: EUR 4,940) is already provided for in the consolidated statement of financial position. Additionally, Credit Europe Bank (Romania) S.A. performed a comprehensive assessment for the entire retail loan portfolio in order to determine potential additional contributions in respect of potential litigations to be initiated by customers. As result, as at 30 June 2019, the Bank estimated a contingent liability at amount of EUR 8,170 (2018: EUR 10,084)

27. Related parties

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

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 Mr. Hüsnü Özyeğin 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 Mr. Hüsnü Özyeğin:

				June 30, 2019				December 31, 2018
	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	-	-	-	1,263	-	-	-	1,833
Loans and receivables – customers	25,221	-	-	102,775	25,172	-	-	101,414
Derivative financial instruments	29	20	-	9,763	124	-	-	1,778
Liabilities								
Due to banks	-	-	-	755	-	-	-	29,002
Due to customers	821	16,431	77	73,256	1,939	7,958	57	93,853
Derivative financial instruments	11	1	-	1,259	21	912	-	411
Subordinated liabilities	44,047	-	-	-	43,826	-	-	-
Commitment and contingencies	-	-	-	88	-	-	-	115

All credit risk exposures related to derivate financial instruments are fully collateralized through pledge agreements. As of June 30, 2019, the Bank does not have any Stage 3 provisions regarding related party balances (2018: None).

The income and expenses in respect of related parties included in the financial statements are as follows:

			January 1- June 30, 2019				January 1- June 30, 2018
	Parent Company	**Ultimate Parent Company**	**Other Related Parties**	**Parent Company**	**Ultimate Parent Company**	**Associates and joint ventures**	**Other Related Parties**
Interest income	908	-	749	161	-	982	1,160
Interest expense	(1,963)	(45)	(172)	(1,840)	-	(85)	(69)
Commission income	8	32	238	57	10	-	1,073
Commission expense	-	-	(167)	(115)	-	(725)	(666)
Net trading results	(682)	150	1,473	(403)	(5,970)	-	(1,123)
Other operating income	-	-	937	-	-	279	53
Operating expenses	-	-	(494)	-	-	(777)	(1,041)

Key management is defined as those persons in the Bank's Supervisory and Managing Board. The number of key management personnel is 11 (2018: 11). Key management personnel and their immediate relatives have transactions in the ordinary course of business at commercial interest and commission rates with the Bank. Loans granted to key management are as follows:

	June 30, 2019	**December 31, 2018**
Loans and receivables - customers	29	91

As of June 30, 2019, the Bank does not have any provisions regarding the balances with key management personnel (2018: None). Key management costs, including remuneration and fees for the year ended June 30, 2019 amounted to EUR 2,026 (2018: EUR 2,589). Pension plan contribution amounted to EUR 94 (2018: EUR 63).

28. Risk management

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

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

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

Risk Appetite and Risk Governance

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

Main pillars of the risk appetite are illustrated below:

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

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

- Effective 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 4 times a year and 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 / know-how of the Bank and raises action items / investment plans –where necessary- to reach the desired level.

In line with the ARC recommendations we continued to invest in the Bank's risk management systems in 2019, including but not limited to the streamlining of the credit process, particularly with regard to capital planning, and implementing integrated stress testing tools.

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 fully understand 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

Starting from January 1st 2015, CEB and all its subsidiaries are subject to CRD IV (Capital Requirement Derivative) rules:

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC
- Regulation (EU) no 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

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, 2019	December 31, 2018
Total Equity	**596,700**	**584,085**
- Current year profit (1)	(8,094)	-
- Non-eligible minority interest (2)	(2,348)	(2,582)
Prudential filters		
- Cash flow hedge reserve	(14)	48
- Prudent valuation	(717)	(948)
- Intangible asset (2)	(7,260)	(7,502)
- Deferred tax assets that rely on future profitability and do not arise from temporary differences (2)	(12,427)	(25,003)
- Transitional adjustments to IFRS 9 provisions (85%) (3)	30,964	34,676
Core Tier I	**596,804**	**582,774**
Perpetual Tier I capital	44,047	43,826
Additional Tier I	**44,047**	**43,826**
Total Tier I capital	**640,851**	**626,600**
Tier II capital		
Subordinated capital	130,189	131,050
Total Tier II capital	**130,189**	**131,050**
Total own funds	**771,040**	**757,650**

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

(2) Under CRD IV frame, 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) Transitional adjustment is permitted to apply the calculation by adding 85% IFRS 9 Provisions back to total own funds

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

Solvency ratio	**June 30, 2019**	**December 31, 2018**
Capital ratio	20.79%	19.35%
Tier I ratio	17.28%	16.01%
Core Tier I	16.09%	14.89%
RWA	**3,709,173**	**3,914,512**

Credit risk

Credit risk is defined as the current or prospective threat to the Bank's earnings and capital as a result 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 actively uses collateral management as the major risk mitigation mechanism. Collaterals are managed and followed-up in processes fully supported by the bank's banking system by means of collateral-transaction linkages, blocked accounts and system checking of collateralization.

In particular, specialized lending is run through on collaterals and documentation. Valuation reports, survey report updates, insurance policies management are followed up systematically. Outsourcing is also utilized by Collateral Management Agreements and Collateral Monitoring Agreements with expert collateral management agents who have the management and reporting capabilities on the site of the collateral.

CEB follows legal certainty and operational requirements as a pre-requisite for consideration risk mitigation effects of the collaterals. 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.

Collateral value should not have a material positive correlation with the credit quality of the provider. 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.

Internal Rating Models and Scorecards

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

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

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

Stress testing

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

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

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

28. 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.

	June 30, 2019	December 31, 2018
Balance sheet items		
Balances with central banks	794,701	633,208
Financial assets measured at fair value through profit or loss	161,058	87,728
Financial investments	395,640	692,049
Loans and receivables - banks	246,161	433,336
Loans and receivables - customers	2,685,477	2,863,428
Derivative financial instruments	151,750	189,861
Subtotal	**4,434,787**	**4,899,610**
Off- balance sheet items		
Issued letters of guarantee	90,919	113,831
Issued irrevocable letters of credit	389,254	316,158
Undrawn credit-card limits	179,914	169,873
Total off-balance sheet*	**660,087**	**599,862**
Maximum credit risk exposure	**5,094,874**	**5,499,472**

*Excluding revocable credit line commitments.

The Bank considers items such as ‘other credit commitments and contingent liabilities’ as a part of its maximum credit risk exposure. However, these are not included in tables below since they are composed of credit facilities that are either revocable or can be cancelled unconditionally by the Bank, and therefore bear insignificant credit risk.

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.

28.b. Sector concentration

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

				June 30, 2019		December 31, 2018
	On-balance sheet	**Off-balance sheet**	**Total exposure(*)**	**% of total exposure**	**Total exposure(*)**	**% of total exposure**
Exposure to central governments and financial institutions						
Exposure to central governments and central banks	794,701	-	794,701	69.23%	633,208	53.49%
Exposure to financial institutions	246,161	107,031	353,192	30.77%	550,648	46.51%
Total exposure to central governments and financial institutions	**1,040,862**	**107,031**	**1,147,893**	**100.00%**	**1,183,856**	**100.00%**
Corporate exposure						
Oil & derivatives	263,823	249,797	513,620	19.20%	413,954	15.27%
Real estate	339,018	13,312	352,330	13.17%	228,836	8.43%
Leisure & tourism	327,869	109	327,978	12.26%	318,160	11.73%
Financial services & investments	243,868	-	243,868	9.11%	177,212	6.53%
Construction & installation	210,448	14,215	224,663	8.40%	278,672	10.28%
Shipping & shipyards	172,211	-	172,211	6.44%	223,618	8.25%
Iron & steel	113,345	49,686	163,031	6.09%	189,946	7.00%
Energy & coal	132,484	2,970	135,454	5.06%	144,925	5.34%
Petrochemical, plasticizers & derivatives	65,714	26,885	92,599	3.46%	111,827	4.12%
Fertilizers	78,511	-	78,511	2.93%	79,072	2.92%
Transportation, logistics & warehousing	73,219	320	73,539	2.75%	143,807	5.30%
Soft commodities & agricultural products	37,946	-	37,946	1.42%	46,857	1.73%
Retail	30,851	1,096	31,947	1.19%	33,706	1.24%
Holding	25,221	-	25,221	0.94%	68,497	2.53%
Automotive & Derivatives	17,318	-	17,318	0.65%	10,166	0.37%
Textile, clothing and leather	14,240	1,218	15,458	0.58%	49,299	1.82%
Food, beverage & tobacco	14,926	-	14,926	0.56%	16,732	0.62%
Services	482	-	482	0.02%	465	0.02%
Public loans	-	-	-	-	74,982	2.77%
Other	142,951	11,550	154,501	5.77%	101,040	3.73%
Total exposure to corporate clients and private banking	**2,304,445**	**371,158**	**2,675,603**	**100.00%**	**2,711,773**	**100.00%**
Exposure to retail customers and SMEs						
Exposure to retail customers	112,650	179,947	292,597	51.98%	302,171	47.64%
Exposure secured by residential real estate	249,955	-	249,955	44.42%	310,699	49.01%
Exposure to SME	18,427	1,951	20,378	3.62%	21,335	3.35%
Total exposure to retail customers and SMEs	**381,032**	**181,898**	**562,930**	**100.00%**	**634,205**	**100.00%**
Total credit risk exposure*	**3,726,339**	**660,087**	**4,386,426**	**100.00%**	**4,529,834**	**100.00%**

*Excluding financial assets and derivatives.

The top five industries account for 62.13% (2018: 53.96%) of the total corporate portfolio, reflecting the traditional business areas of the Bank where it possesses strong expertise and profound industry practice.

28.c. Geographical concentration

The following table provides the distribution of the Bank's credit exposure by risk country as of June 30, 2019:

June 30, 2019	Russia	Turkey	Romania	Ukraine	Other emerging markets	Developed markets(*)	Total exposure
Balance sheet items							
Demand deposits with central banks	-	-	169,079	1,851	-	623,771	**794,701**
Financial assets measured at FVTPL	14,443	28,852	18,375	-	80,812	18,576	**161,058**
Financial investments	23,813	-	157,198	5,074	2,255	207,300	**395,640**
Loans and receivables - banks	215	57,939	639	-	16,989	170,379	**246,161**
Loans and receivables - customers	157,602	674,788	653,670	49,009	189,597	960,811	**2,685,477**
Derivative financial instruments	1,005	42,209	8	11	-	108,517	**151,750**
Total balance sheet	**197,078**	**803,788**	**998,969**	**55,945**	**289,653**	**2,089,354**	**4,434,787**
Off-balance sheet items	88	89,462	186,053	131	63,985	320,368	**660,087**
Total credit-risk exposure	**197,166**	**893,250**	**1,185,022**	**56,076**	**353,638**	**2,409,722**	**5,094,874**

The following table provides the distribution of the Bank's credit exposure by risk country as of December 31, 2018:

December 31, 2018	Russia	Turkey	Romania	Ukraine	Other emerging markets	Developed markets(*)	Total exposure
Balance sheet items							
Demand deposits with central banks	-	-	169,966	244	-	462,998	**633,208**
Financial assets measured at FVTPL	-	2,942	18,174	-	55,552	11,060	**87,728**
Financial investments	21,635	-	225,821	3,783	3,570	437,240	**692,049**
Loans and receivables - banks	326	34,788	3,612	-	125,052	269,558	**433,336**
Loans and receivables - customers	175,972	720,485	706,782	49,701	72,192	1,138,296	**2,863,428**
Derivative financial instruments	5,237	36,111	1	42	3	148,467	**189,861**
Total balance sheet	**203,170**	**794,326**	**1,124,356**	**53,770**	**256,369**	**2,467,619**	**4,899,610**
Off-balance sheet items	87	91,689	179,363	137	34,155	294,431	**599,862**
Total credit-risk exposure	**203,257**	**886,015**	**1,303,719**	**53,907**	**290,524**	**2,762,050**	**5,499,472**

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

28.d. Collaterals and other credit enhancements obtained

The Bank's credit policy requires that the loan extension process is 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, 2019**
	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	794,701	-	-	-	-
Financial assets measured at fair value through profit or loss	161,058	7,261	13,398	20,659	13%
Financial investments	395,640	-	-	-	-
Loans and receivables - banks	246,161	351	-	351	0%
Loans and receivables - customers	2,685,477	328,082	993,219	1,321,301	49%
Derivative financial instruments	151,750	-	-	-	-
Total balance sheet	**4,434,787**	**335,694**	**1,006,617**	**1,342,311**	**30%**
Off-balance sheet	660,087	-	-	-	-
Total credit risk exposure	**5,094,874**	**335,694**	**1,006,617**	**1,342,311**	**26%**

Breakdown of collateralized exposure by collateral type					**December 31, 2018**
	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	633,208	-	-	-	-
Financial assets measured at fair value through profit or loss	87,728	11,632	15,021	26,653	30%
Financial investments	692,049	-	-	-	-
Loans and receivables - banks	433,336	117	-	117	0%
Loans and receivables - customers	2,863,428	396,770	870,464	1,267,234	44%
Derivative financial instruments	189,861	2	-	2	-
Total balance sheet	**4,899,610**	**408,521**	**885,485**	**1,294,006**	**26%**
Off-balance sheet	599,862	11,587	1,009	12,596	2%
Total credit risk exposure	**5,499,472**	**420,108**	**886,494**	**1,306,602**	**24%**

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

28.e. Credit quality of financial assets

The following table presents the credit quality of the Bank's financial assets, as of June 30, 2019 and December 31, 2018. In assessing the credit quality of its financial assets, the Bank obtains ratings from eligible credit assessment institutions, namely Fitch, Standard & Poor's (S&P) and Moody's. In order to compare assets, the ratings below were mapped to Fitch's rating scale.

							June 30, 2019
	External rating class						
	AAA / AA-	**A+ / A-**	**BBB+ / BBB-**	**BB+ / B-**	**Below B-**	**No rating**	**Total**
Demand deposits with central banks	623,735	35	169,079	-	1,851	1	**794,701**
Financial assets measured at fair value through profit or loss	-	4,276	34,699	83,925	-	38,158	**161,058**
Financial investments	48,405	84,078	226,691	25,333	5,074	6,059	**395,640**
Loans and receivables - banks	27,648	108,525	4,337	65,938	-	39,713	**246,161**
Loans and receivables - customers	-	241	-	49,804	-	2,635,432	**2,685,477**
Derivative financial instruments	39,625	53,347	2	1,005	3,654	54,117	**151,750**
Off-balance sheet	532	14,572	5,975	68,219	3,744	567,045	**660,087**
Total	**739,945**	**265,074**	**440,783**	**294,224**	**14,323**	**3,340,525**	**5,094,874**

							December 31, 2018
	External rating class						
	AAA / AA-	**A+ / A-**	**BBB+ / BBB-**	**BB+ / B-**	**Below B-**	**No rating**	**Total**
Demand deposits with central banks	462,708	290	169,966	-	244	-	**633,208**
Financial assets measured at fair value through profit or loss	2,147	21,802	21,780	11,700	2,006	28,293	**87,728**
Financial investments	48,677	174,227	244,342	28,110	3,783	192,910	**692,049**
Loans and receivables - banks	61,625	82,859	76,334	86,092	19,248	107,178	**433,336**
Loans and receivables - customers	74,982	-	21,995	25,172	-	2,741,279	**2,863,428**
Derivative financial instruments	13,000	104,491	35	5,346	-	66,989	**189,861**
Off-balance sheet	529	1,130	20,027	80,909	-	497,267	**599,862**
Total	**663,668**	**384,799**	**554,479**	**237,329**	**25,281**	**3,633,916**	**5,499,472**

The assets in the tables above are allocated through the rating bucket following the principles imposed by the Basel II accord. Where multiple credit assessments are available, a 'second worst' is taken into account.

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

Financial investments

As of June 30, 2019, financial investments are fully performing and classified as stage 1.

Loans and receivables - banks

As of June 30, 2019, the total amount of Stage 1 is EUR 245,236 while provision amount is EUR 403 (2018: EUR 432,411 and EUR 433 respectively). Total amount of Stage 3 is EUR 925 which is fully provisioned (2018: EUR 925).

Loans and receivables - customers

The next section provides a detailed overview of the credit quality of the Bank's loans and advances portfolio.
In 2018, 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, provided that 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 exposures (NPE) 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 provisions and collaterals obtained per group.

	Gross loans	Credit loss allowance	Net loans	Financial collateral	Physical collateral	Total collateral	June 30, 2019 Collateral to net loans
Corporate loans	**2,304,445**	**(54,366)**	**2,250,079**	**322,653**	**772,131**	**1,094,784**	**49%**
Stage 1	1,842,009	(16,321)	1,825,688	230,297	586,494	816,791	45%
Stage 2	259,414	(17,965)	241,449	56,913	69,743	126,656	52%
Stage 3	203,022	(20,080)	182,942	35,443	115,894	151,337	83%
Retail loans (incl. mortgages)	**362,605**	**(15,628)**	**346,977**	**5,331**	**203,194**	**208,525**	**60%**
Stage 1	157,014	(1,951)	155,063	4,396	70,755	75,151	48%
Stage 2	139,663	(4,750)	134,913	364	77,031	77,395	57%
Stage 3	65,928	(8,927)	57,001	571	55,408	55,979	98%
SME loans	**18,427**	**(847)**	**17,580**	**98**	**17,894**	**17,992**	**102%**
Stage 1	7,520	(20)	7,500	21	7,450	7,471	100%
Stage 2	7,295	(74)	7,221	77	7,189	7,266	101%
Stage 3	3,612	(753)	2,859	-	3,255	3,255	114%
Total exposure	**2,685,477**	**(70,841)**	**2,614,636**	**328,082**	**993,219**	**1,321,301**	**51%**
Total Stage 3 (NPLs)	272,562	(29,760)	242,802	36,014	174,557	210,571	87%

	Gross loans	Credit loss allowance	Net loans	Financial collateral	Physical collateral	Total collateral	December 31, 2018 Collateral to net loans
Corporate loans	**2,400,467**	**(85,262)**	**2,315,205**	**391,150**	**637,306**	**1,028,456**	**44%**
Stage 1	1,828,671	(13,419)	1,815,252	197,255	461,841	659,096	36%
Stage 2	393,181	(29,557)	363,624	118,501	100,841	219,342	60%
Stage 3	178,615	(42,286)	136,329	75,394	74,624	150,018	110%
Retail loans (incl. mortgages)	**442,997**	**(78,405)**	**364,592**	**5,545**	**213,655**	**219,200**	**60%**
Stage 1	196,782	(2,996)	193,786	4,535	72,997	77,532	40%
Stage 2	118,003	(4,892)	113,111	383	78,878	79,261	70%
Stage 3	128,212	(70,517)	57,695	627	61,780	62,407	108%
SME loans	**19,964**	**(605)**	**19,359**	**75**	**19,503**	**19,578**	**101%**
Stage 1	14,622	(39)	14,583	32	14,518	14,550	100%
Stage 2	1,358	(13)	1,345	18	1,327	1,345	100%
Stage 3	3,984	(553)	3,431	25	3,658	3,683	107%
Total exposure	**2,863,428**	**(164,272)**	**2,699,156**	**396,770**	**870,464**	**1,267,234**	**47%**
Total Stage 3 (NPLs)	310,811	(113,356)	197,455	76,046	140,062	216,108	109%

Further credit quality breakdown of retail loans are as below:

June 30, 2019	Gross loans	Provisions (-)	Net loans	Total collateral	Collateral to net loans
Credit cards	**89,325**	**(3,479)**	**85,846**	**-**	**-**
Stage 1	55,947	(1,533)	54,414	-	-
Stage 2	31,573	(756)	30,817	-	-
Stage 3	1,805	(1,190)	615	-	-
Car loans	**143**	**(143)**	**-**	**19**	**-**
Stage 3	143	(143)	-	19	100%
Mortgage	**249,967**	**(10,175)**	**239,792**	**203,728**	**85%**
Stage 1	83,391	(383)	83,008	70,755	85%
Stage 2	105,498	(3,922)	101,576	77,092	76%
Stage 3	61,078	(5,870)	55,208	55,881	101%
Other retail	**23,170**	**(1,831)**	**21,339**	**4,778**	**22%**
Stage 1	17,676	(35)	17,641	4,396	25%
Stage 2	2,592	(72)	2,520	303	12%
Stage 3	2,902	(1,724)	1,178	79	7%
Total retail exposure	**362,605**	**(15,628)**	**346,977**	**208,525**	**60%**
Total Stage 3 (NPLs)	65,928	(8,927)	57,001	55,979	98%

December 31, 2018	Gross loans	Provisions (-)	Net loans	Total collateral	Collateral to net loans
Credit cards	**100,663**	**(7,996)**	**92,667**	**-**	**-**
Stage 1	84,311	(2,054)	82,257	-	-
Stage 2	9,228	(202)	9,026	-	-
Stage 3	7,124	(5,740)	1,384	-	-
Car loans	**143**	**(143)**	**-**	**21**	**100%**
Stage 3	143	(143)	-	21	100%
Mortgage	**310,699**	**(68,146)**	**242,553**	**214,161**	**88%**
Stage 1	87,779	(885)	86,894	72,997	84%
Stage 2	105,264	(4,631)	100,633	78,930	78%
Stage 3	117,656	(62,630)	55,026	62,234	113%
Other retail	**31,492**	**(2,120)**	**29,372**	**5,018**	**17%**
Stage 1	24,692	(57)	24,635	4,535	18%
Stage 2	3,511	(59)	3,452	331	10%
Stage 3	3,289	(2,004)	1,285	152	12%
Total retail exposure	**442,997**	**(78,405)**	**364,592**	**219,200**	**60%**
Total Stage 3 (NPLs)	128,212	(70,517)	57,695	62,407	108%

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 total amount of NPL as of June 30, 2019 is EUR 272,562 (2018: EUR 310,811). The total NPL ratio as of June 30, 2019, is 10.15% (2018: 10.85%). 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, 2019 is 103% (2018: 122%).

The following tables provide a summary of the Bank's forborne assets as of June 30, 2019 and December 31, 2018:

				June 30, 2019
	Stage 2		Stage 3	
Gross Exposure	**Modification to T&Cs(*)**	**Refinancing**	**Modification to T&Cs(*)**	**Refinancing**
Loans and receivables – banks	**-**	**-**	**-**	**-**
Loans and receivables – customers	**50,579**	**87,594**	**138,404**	**56,114**
Corporate loans	37,928	85,781	116,236	55,657
Retail loans (incl. mortgage)	12,341	1,814	20,032	363
Total exposure	**50,579**	**87,594**	**138,404**	**56,114**

(*) Terms and conditions

				December 31, 2018
	Stage 2		Stage 3	
Gross Exposure	**Modification to T&Cs(*)**	**Refinancing**	**Modification to T&Cs(*)**	**Refinancing**
Loans and receivables – banks	**-**	**-**	**-**	**-**
Loans and receivables – customers	**206,358**	**61,667**	**52,599**	**18,997**
Corporate loans	191,125	59,717	22,826	18,496
Retail loans (incl. mortgage)	14,335	1,950	27,483	403
SME	898	-	2,289	98
Total exposure	**206,358**	**61,667**	**52,599**	**18,997**

(*) Terms and conditions

The evolution of the net NPL ratio after deduction of the provisions can be seen in the below table.

	June 30, 2019	**December 31, 2018**
Loans to Customers (Gross)	2,685,477	2,863,428
NPLs (Gross)	272,562	310,811
Provisions	(70,841)	(164,272)
NPLs (Net)	201,721	146,539
Net NPL ratio	**7.7%**	**5.4%**

In case the Bank considers a loan as uncollectible partially or in full, the associated principal and interest are written-off. Once the exposure is derecognized, both the gross carrying amount of the loan and the corresponding impairment for credit losses are reduced accordingly. In this respect, the exposure amounts disclosed above are gross of any impairment, but net of write-offs.

28.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, 2019
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	2,102,062	8,267	19,384	16,068	158,664	2,304,445
Retail loans and residential mortgage loans	250,640	31,277	13,542	32,501	34,645	362,605
SME loans	12,850	1,744	146	3,694	(7)	18,427
Total loans and advances to customers	**2,365,552**	**41,288**	**33,072**	**52,263**	**193,302**	**2,685,477**

						December 31, 2018
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	2,198,571	34,996	697	4,304	161,899	2,400,467
Retail loans and residential mortgage loans	270,818	27,062	14,084	10,321	120,712	442,997
SME loans	15,764	140	221	111	3,728	19,964
Total loans and advances to customers	**2,485,153**	**62,198**	**15,002**	**14,736**	**286,339**	**2,863,428**

As of June 30, 2019, EUR 2,352,940 (2018: EUR 2,479,466) of total exposure is neither past due nor impaired, EUR 59,975 (2018: EUR 73,150) of total exposure is past due but not impaired.

28.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	Turkey	Ukraine	Other emerging markets	Developed markets	June 30, 2019 Total exposure
Corporate loans	**157,602**	**291,492**	**674,770**	**48,007**	**189,597**	**942,977**	**2,304,445**
Stage 1	130,285	258,905	364,201	27,173	182,409	879,036	**1,842,009**
Stage 2	7,933	16,988	202,589	6,172	-	25,732	**259,414**
Stage 3	19,384	15,599	107,980	14,662	7,188	38,209	**203,022**
Retail loans (incl. mortgages)	**-**	**343,738**	**18**	**1,002**	**-**	**17,847**	**362,605**
Stage 1	-	142,037	11	-	-	14,966	**157,014**
Stage 2	-	137,179	7	168	-	2,309	**139,663**
Stage 3	-	64,522	-	834	-	572	**65,928**
SME loans	**-**	**18,440**	**-**	**-**	**-**	**(13)**	**18,427**
Stage 1	-	7,533	-	-	-	(13)	**7,520**
Stage 2	-	7,295	-	-	-	-	**7,295**
Stage 3	-	3,612	-	-	-	-	**3,612**
Total exposure	**157,602**	**653,670**	**674,788**	**49,009**	**189,597**	**960,811**	**2,685,477**

Gross exposure	Russia	Romania	Turkey	Ukraine	Other emerging markets	Developed markets	December 31, 2018 Total exposure
Corporate loans	**175,972**	**270,819**	**720,452**	**48,660**	**72,192**	**1,112,372**	**2,400,467**
Stage 1	133,898	226,134	346,233	25,634	71,061	1,025,711	**1,828,671**
Stage 2	34,653	27,501	302,736	7,150	-	21,141	**393,181**
Stage 3	7,421	17,184	71,483	15,876	1,131	65,520	**178,615**
Retail loans (incl. mortgages)	**-**	**415,999**	**33**	**1,041**	**-**	**25,924**	**442,997**
Stage 1	-	175,322	18	-	-	21,442	**196,782**
Stage 2	-	114,455	1	244	-	3,303	**118,003**
Stage 3	-	126,222	14	797	-	1,179	**128,212**
SME loans	**-**	**19,964**	**-**	**-**	**-**	**-**	**19,964**
Stage 1	-	14,622	-	-	-	-	**14,622**
Stage 2	-	1,358	-	-	-	-	**1,358**
Stage 3	-	3,984	-	-	-	-	**3,984**
Total exposure	**175,972**	**706,782**	**720,485**	**49,701**	**72,192**	**1,138,296**	**2,863,428**

29. Subsequent events

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

30. List of participations

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

Name	Place	Country	Interest June 30, 2019	Interest December 31, 2018
Credit Europe Bank (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%
Hunter Navigation Ltd.	Msida	Malta	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%
Nomadmed XXI S.L.	Barcelona	Spain	100.00%	100.00%
Mediqueen Maritime Ltd	Msida	Malta	100.00%	100.00%
Medipride Maritime Ltd	Msida	Malta	100.00%	100.00%
Lodestar Maritime Ltd	Msida	Malta	100.00%	100.00%
Medibeauty Maritime Ltd	Msida	Malta	100.00%	100.00%
Mysia Shipping Ltd	Msida	Malta	100.00%	100.00%
Hitit Shipping Ltd	Msida	Malta	100.00%	100.00%
Cappadocia Shipping Ltd	Msida	Malta	100.00%	100.00%
Ziyaret Gayrimenkul Yatirim A.S.	Istanbul	Turkey	100.00%	100.00%
Feniks Gayrimenkul Yatirim A.S.	Istanbul	Turkey	100.00%	100.00%
FMT Holding B.V.	Amsterdam	The Netherlands	100.00%	100.00%
JSC Credit Europe Bank (Ukraine)	Kiev	Ukraine	99.99%	99.99%
Credit Europe Bank (Romania) SA	Bucharest	Romania	99.33%	99.33%
Seyir Gayrimenkul Yatirim A.S.	Istanbul	Turkey	53.00%	53.00%
Stichting Credit Europe Custodian Services	Amsterdam	The Netherlands	100.00%	100.00%
Cirus Holding B.V.	Amsterdam	The Netherlands	50.00%	50.00%
Ikano Finance Holding B.V.	Amsterdam	The Netherlands	50.00%	50.00%
Credit Europe Bank Ltd	Moscow	Russia	10.00%	10.00%

Amsterdam, September 05, 2019

Review report

To: the supervisory board and the managing board of Credit Europe Bank N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Credit Europe Bank N.V., which comprise the condensed consolidated statement of financial position as at 30 June 2019, the condensed consolidated statement of income, the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Amsterdam, 6 September 2019

Ernst & Young Accountants LLP

signed by R. Koekkoek