

Credit Europe Bank N.V.  
Amsterdam, The Netherlands

**Condensed Consolidated  
Interim Financial Statements  
June 30, 2010**

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**Credit Europe Bank N.V.**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As of June 30, 2010**

**(Unless otherwise stated all amounts are in thousands of euros)**

	Notes	June 30, 2010	December 31, 2009
<b>Assets</b>			
Cash and balances at central banks	4	1,474,762	1,596,422
Financial assets at fair value through profit or loss	5	982,092	995,730
Financial investments	6	995,335	1,117,840
Loans and receivables – banks	7	643,849	615,514
Loans and receivables – customers	8	5,269,839	5,218,687
Derivative financial instruments	10	333,307	202,266
Equity accounted investment		125	125
Property and equipment		82,172	82,502
Intangible assets		25,719	22,369
Deferred tax assets		10,056	8,189
Current tax assets		34,175	18,851
Other assets	11	111,675	77,116
<b>Total assets</b>		<b>9,963,106</b>	<b>9,955,611</b>
<b>Liabilities</b>			
Due to banks	12	1,174,824	1,317,185
Due to customers	13	6,742,406	7,223,360
Derivative financial instruments	10	555,564	198,625
Issued debt securities and other borrowed funds	14	423,124	214,338
Deferred tax liabilities		14,224	29,472
Current tax liabilities		20,654	1,929
Other liabilities	15	114,160	109,126
<b>Total liabilities (excluding subordinated liabilities)</b>		<b>9,044,956</b>	<b>9,094,035</b>
Subordinated liabilities	16	251,481	223,490
<b>Total liabilities</b>		<b>9,296,437</b>	<b>9,317,525</b>
<b>Equity</b>			
Share capital	17	399,500	399,500
Share premium		163,748	163,748
Retained earnings		184,759	135,482
Profit for the period		47,695	49,277
Fair value reserve		(3,609)	(2,321)
Translation reserve		(51,138)	(107,245)
Hedge reserve		(93,541)	(17,963)
<b>Equity attributable to shareholders of the Parent Company</b>		<b>647,414</b>	<b>620,478</b>
Equity attributable to minority interests		19,255	17,608
<b>Total equity</b>		<b>666,669</b>	<b>638,086</b>
<b>Total equity and liabilities</b>		<b>9,963,106</b>	<b>9,955,611</b>
Commitment and contingencies	29	964,123	738,787

**Credit Europe Bank N.V.**

**CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT**

**For the period ended June 30, 2010**

**(Unless otherwise stated all amounts are in thousands of euros)**

	Notes	January 1- June 30, 2010	January 1- June 30, 2009
Interest and similar income		420,355	574,695
Interest expense and similar charges		(251,677)	(410,765)
<b>Net interest income</b>	19	<b>168,678</b>	<b>163,930</b>
Fees and commissions income		46,823	37,590
Fees and commissions expense		(8,990)	(10,551)
<b>Net fee and commission income</b>	20	<b>37,833</b>	<b>27,039</b>
Net trading income/(expense)	21	5,660	43,029
Results from financial transactions	22	14,629	3,896
Other operating income		8,082	3,785
<b>Operating income</b>		<b>28,371</b>	<b>50,710</b>
Credit loss charges	9	(57,373)	(83,517)
<b>Net operating income</b>		<b>177,509</b>	<b>158,162</b>
Personnel expenses	23	(62,965)	(61,694)
General and administrative expenses	24	(43,534)	(46,100)
Depreciation and amortization		(7,072)	(8,112)
Other operating expenses		(1,146)	(1,693)
Other impairment loss	25	(1,110)	(25)
<b>Total operating expenses</b>		<b>(115,827)</b>	<b>(117,624)</b>
<b>Share of profit of associate</b>		971	-
<b>Operating profit before tax</b>		<b>62,653</b>	<b>40,538</b>
Income tax expense		(13,699)	(12,883)
<b>Profit for the period</b>		<b>48,954</b>	<b>27,655</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company		47,695	27,295
Minority interests		1,259	360
<b>Earnings per share attributable to equity holders of the Parent Company (in euros)</b>	27		
Basic		0.11939	0.0683
Diluted		0.11939	0.0683

**Credit Europe Bank N.V.**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the period ended June 30, 2010**

**(Unless otherwise stated all amounts are in thousands of euros)**

	<b>January 1- June 30, 2010</b>	<b>January 1- June 30, 2009</b>
Profit for the period	48,954	27,655
Foreign currency translation differences for foreign operations	56,133	(26,062)
Net change in fair value of available-for-sale assets	(1,360)	7,810
Net loss on hedges of net investments in foreign operations	(75,578)	(26,009)
Revaluation of property, plant and equipment	-	72
Cash flow hedges:		
– effective portion of changes in fair value	-	(9,881)
Net change in fair value of available-for-sale transferred to profit and loss	(14,629)	(3,896)
Other comprehensive income for the period	(35,434)	(57,966)
<b>Total comprehensive income for the period</b>	<b>13,520</b>	<b>(30,311)</b>
<b>Attributable to:</b>		
– owners of the company	12,307	(30,457)
– non-controlling interest	1,213	146
<b>Total comprehensive income for the period</b>	<b>13,520</b>	<b>(30,311)</b>

Credit Europe Bank N.V.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the period ended June 30, 2010**  
 (Unless otherwise stated all amounts are in thousands of euros)

Attributable to equity holders of the Parent Company

	<i>Issued capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Fair value reserve</i>	<i>Net investment hedge reserve</i>	<i>Cash flow hedge reserve</i>	<i>Translation reserve</i>	<i>Total</i>	<i>Minority interest</i>	<i>Total equity</i>
<b>At January 1, 2010</b>	<b>399,500</b>	<b>163,748</b>	<b>184,759</b>	<b>(2,321)</b>	<b>(17,963)</b>	-	<b>(107,245)</b>	<b>620,478</b>	<b>17,608</b>	<b>638,086</b>
Net gains on available-for-sale financial assets	-	-	-	(1,288)	-	-	-	(1,288)	(72)	(1,360)
Foreign currency translation	-	-	-	-	-	-	56,107	56,107	26	56,133
Net gain on net investment hedge	-	-	-	-	(75,578)	-	-	(75,578)	-	(75,578)
Profit for the year	-	-	47,695	-	-	-	-	47,695	1,259	48,954
<b>Total income and expense for the year recognized directly in equity</b>	-	-	<b>47,695</b>	<b>(1,288)</b>	<b>(75,578)</b>	-	<b>56,107</b>	<b>26,936</b>	<b>1,213</b>	<b>28,149</b>
Share capital	-	-	-	-	-	-	-	-	656	656
Retained earning	-	-	-	-	-	-	-	-	(237)	(237)
Transfer to/from share premium	-	-	-	-	-	-	-	-	15	15
<b>At June 30, 2010</b>	<b>399,500</b>	<b>163,748</b>	<b>232,454</b>	<b>(3,609)</b>	<b>(93,541)</b>	-	<b>(51,138)</b>	<b>647,414</b>	<b>19,255</b>	<b>666,669</b>

	<i>Issued capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Fair value reserve</i>	<i>Net investment hedge reserve</i>	<i>Cash flow hedge reserve</i>	<i>Translation reserve</i>	<i>Total</i>	<i>Minority interest</i>	<i>Total equity</i>
<b>At January 1, 2009</b>	<b>399,500</b>	<b>162,321</b>	<b>141,764</b>	<b>(10,205)</b>	<b>29,065</b>	<b>10,496</b>	<b>(84,915)</b>	<b>648,026</b>	<b>22,983</b>	<b>671,009</b>
Net gains on available-for-sale financial assets	-	-	-	7,791	-	-	-	7,791	19	7,810
Foreign currency translation	-	-	-	-	-	-	(26,308)	(26,308)	246	(26,062)
Net gain on hedge	-	-	-	-	(25,567)	(9,881)	-	(35,448)	(442)	(35,890)
Profit for the year	-	-	27,295	-	-	-	-	27,295	360	27,655
Addition to reserve on tangibles	-	-	109	-	-	-	-	109	(37)	72
<b>Total income and expense for the year recognized directly in equity</b>	-	-	<b>27,404</b>	<b>7,791</b>	<b>(25,567)</b>	<b>(9,881)</b>	<b>(26,308)</b>	<b>(26,561)</b>	<b>146</b>	<b>(26,415)</b>
Share capital	-	-	-	-	-	-	-	-	(5,344)	(5,344)
Retained earnings	-	-	-	-	-	-	-	-	(1,177)	(1,177)
Transfer to/from share premium	-	1,427	-	-	-	-	-	1,427	(21)	1,406
Dividends paid	-	-	(6,805)	-	-	-	-	(6,805)	-	(6,805)
<b>At June 30, 2009</b>	<b>399,500</b>	<b>163,748</b>	<b>162,363</b>	<b>(2,414)</b>	<b>3,498</b>	<b>615</b>	<b>(111,223)</b>	<b>616,087</b>	<b>16,587</b>	<b>632,674</b>

**Credit Europe Bank N.V.**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the period ended June 30, 210**  
**(Unless otherwise stated all amounts are in thousands of euros)**

	Notes	January 1- June 30, 2010	January 1- June 30, 2009
<b>Operating activities</b>			
Profit for the period		48,954	27,655
Adjustments for significant non-cash items included in income		65,555	91,654
Depreciation and amortization		7,072	8,112
Credit loss charges	8	57,373	83,517
Other impairment loss	25	1,110	25
<b>Movements in operating assets and liabilities</b>			
Net change in financial assets at fair value through profit or loss		13,638	(884,778)
Net change in loans and receivables – banks		(18,771)	(6,453)
Net change in loans and receivables – customers		(53,635)	(94,421)
Net change in other assets		(183,902)	(1,693)
<b>Total movements in operating assets</b>		<b>(242,670)</b>	<b>(987,345)</b>
Net change in due to banks		(143,906)	(98,630)
Net change in due to customers		(493,601)	1,444,708
Net change in other liabilities		361,719	(48,359)
<b>Total movements in operating liabilities</b>		<b>(275,788)</b>	<b>1,297,719</b>
Net interest income		(168,678)	(163,930)
Interest and dividends received		355,902	555,692
Interest paid		(237,485)	(458,519)
Taxes paid		(18,902)	(9,155)
<b>Cash flow from operating activities</b>		<b>(473,112)</b>	<b>353,771</b>
<b>Investing activities</b>			
Purchases of financial investments	6	(389,702)	(601,006)
Sales and redemption of financial investments	6	538,286	119,052
Acquisition of property and equipment		(6,742)	-
Sale of property and equipment		-	787
Acquisition of intangibles		(3,350)	(6,033)
<b>Cash flows from investing activities</b>		<b>138,492</b>	<b>(487,200)</b>
<b>Financing activities</b>			
Issuance of other long-term funding		208,786	-
Dividends paid		-	(6,805)
<b>Cash flow from financing activities</b>		<b>208,786</b>	<b>(6,805)</b>
<b>Movement in cash and cash equivalents</b>		<b>(125,834)</b>	<b>(140,234)</b>
Cash and cash equivalents at January 1		1,596,422	1,964,800
Net foreign exchange difference		4,174	(26,932)
<b>Cash and cash equivalents at December 31</b>	4	<b>1,474,762</b>	<b>1,797,634</b>

## **Credit Europe Bank N.V.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As of and for the period ended June 30, 2010 (Unless otherwise stated all amounts are in thousands of euros)**

#### **1. Corporate information**

##### **General**

Credit Europe Bank N.V. (CEB NV), which was established in 1994 as Finansbank (Holland) N.V., is the Parent Company of Credit Europe Bank N.V. consolidated group of companies ('the Bank') and is domiciled in Amsterdam, the Netherlands. The Condensed Consolidated Interim Financial Statements of the Bank as of June 30, 2010, incorporate figures of the Parent Company and its controlled entities.

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 accounting policies set out below have been applied consistently to all periods presented in these Condensed Consolidated Interim Financial Statements and in preparing an opening International Financial Reporting Standards (IFRS) balance sheet at January 1, 2005, for the transition to IFRS, as adopted by the European Union (EU).

The Condensed Consolidated Interim Financial Statements of CEB N.V. as of and for the period ended June 30, 2010, are available upon request from the Company's registered office at Karspeldreef 6A, 1101 CJ Amsterdam, or at [www.crediteurope.nl](http://www.crediteurope.nl).

#### **2. Summary of significant accounting policies**

##### **Basis of Measurement**

The Bank's condensed consolidated interim financial statements as of June 30, 2010, have been prepared in accordance with IAS 34 "Interim Financial Reporting".

Except as described below, the accounting policies applied by Credit Europe Bank N.V. in these condensed consolidated interim financial statements are the same as those applied by the Credit Europe Bank N.V. in its consolidated financial statements as at and for the year ended 31 December 2009.

The condensed consolidated financial statements are prepared on the historical cost basis, except for available-for-sale investments, derivative financial instruments and financial assets and liabilities designated at fair value through profit and loss, that have been measured at fair value.

The Bank made some reclassifications in the financial statements as of June 30, 2009, to present comparable results. In this regard:

- The fees paid to intermediaries, amounting to EUR 3,065, have been reclassified from 'commission expense' to 'interest expense' for the period ended June 30, 2009.

## Credit Europe Bank N.V.

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS** **As of and for the period ended June 30, 2010** **(Unless otherwise stated all amounts are in thousands of euros)**

#### 3. Segment information

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

The Bank has eight reportable segments (described below), which are the group'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, such as consumer 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 those above the SME loan limits in the Netherlands, Germany, Belgium, Malta and Switzerland,
- Eastern Europe retail: Includes retail loans, including consumer loans and funds entrusted from retail customers in Eastern Europe, Russia, Romania and Ukraine.
- Eastern Europe wholesale: Includes loans to non-retail customers and those above the SME loan limits in Russia, Romania and Ukraine.
- Eastern Europe leasing: Includes leasing activities in Russia, Romania and Ukraine.
- Eastern Europe SME: Includes loans to small- and medium-sized business sector in Russia, Romania and Ukraine.
- Dubai Wholesale: Includes loans to corporate clients.

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.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit and loss since January 1, 2009.

**Credit Europe Bank N.V.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**As of and for the period ended June 30, 2010**  
**(Unless otherwise stated all amounts are in thousands of euros)**

**June 30, 2010**

	<b>West Europe Retail</b>	<b>West Europe Wholesale</b>	<b>East Europe Retail</b>	<b>East Europe Wholesale</b>	<b>East Europe Leasing</b>	<b>East Europe SME</b>	<b>Dubai Wholesale</b>	<b>Other</b>	<b>Group</b>
Interest income – external	18,676	205,718	83,972	83,950	9,902	11,239	6,898	-	420,355
Interest income – other segments	4,818	58,309	-	2,718	29	-	-	-	65,874
Interest revenue	23,494	264,027	83,972	86,668	9,931	11,239	6,898	-	486,229
Interest expenses – external	(8,706)	(202,434)	(8,351)	(29,342)	(226)	(1,754)	(864)	-	(251,677)
Interest expense – other segments	(4,818)	(30,199)	-	(24,262)	(5,715)	-	-880	-	(65,874)
Interest expense	(13,524)	(232,633)	(8,351)	(53,604)	(5,941)	(1,754)	(1,744)	-	(317,551)
Net commission income – external	4,095	14,158	11,749	3,663	(4)	3,020	1,152	-	37,833
Net commission income – other segments	-	(2,865)	600	2,265	-	-	-	-	-
Trading and Other Income	123	7,598	5,717	12,294	1,181	909	549	-	28,371
Credit loss charges	(7,010)	(8,166)	(18,804)	(9,432)	(5,765)	(8,196)	-	-	(57,373)
Depreciation and amortization expense	-153	(1,807)	(3,066)	(1,377)	(79)	(477)	(113)	-	(7,072)
Other material non-cash items	-	-	-	(365)	-	-	-	-	-365
Other operating expenses	(6,020)	(27,158)	(47,164)	(17,132)	(1,866)	(7,550)	(1,500)	-	(108,390)
Equity accounted earnings	-	1,416	(445)	-	-	-	-	-	971
<b>Operating profit before taxes</b>	<b>1,005</b>	<b>14,570</b>	<b>24,208</b>	<b>22,980</b>	<b>(2,543)</b>	<b>(2,809)</b>	<b>5,242</b>	<b>-</b>	<b>62,653</b>
Income tax expense	(220)	(4,902)	(103)	(8,859)	3	382	-	-	(13,699)
<b>Profit for the year</b>	<b>785</b>	<b>9,668</b>	<b>24,105</b>	<b>14,121</b>	<b>(2,540)</b>	<b>(2,427)</b>	<b>5,242</b>	<b>-</b>	<b>48,954</b>

*Other information at 31 December 2009*

Total assets	778,036	6,518,112	1,131,375	949,464	193,325	179,169	213,625	-	9,963,106
Total liabilities	997,618	6,397,267	585,253	1,151,256	21,054	89,929	54,060	-	9,296,437
Equity accounted investees	-	-	-	-	-	-	-	125	125

**June 30, 2009**

	<b>West Europe Retail</b>	<b>West Europe Wholesale</b>	<b>East Europe Retail</b>	<b>East Europe Wholesale</b>	<b>East Europe Leasing</b>	<b>East Europe SME</b>	<b>Dubai Wholesale</b>	<b>Other</b>	<b>Group</b>
Interest income – external	42,277	312,554	116,078	65,732	12,723	17,893	7,438	-	574,695
Interest income – other segments	8,892	98,344	8,010	5,426	1,649	-	-	-	122,321
Interest revenue	51,169	410,898	124,088	71,158	14,372	17,893	7,438	-	697,016
Interest expenses – external	(28,139)	(327,194)	(30,889)	(20,755)	(308)	(3,414)	(66)	-	(410,765)
Interest expense – other segments	(18,667)	(44,263)	(24,693)	(23,223)	(8,657)	-	(2,818)	-	(122,321)
Interest expense	(46,806)	(371,457)	(55,582)	(43,978)	(8,965)	(3,414)	(2,884)	-	(533,086)
Net commission income – external	641	9,877	8,460	5,609	29	2,281	142	-	27,039
Net commission income – other segments	(130)	(547)	301	376	-	-	-	-	-
Trading and Other Income	(879)	28,057	10,543	11,358	(309)	969	971	-	50,710
Credit loss charges	(3,167)	(17,241)	(41,842)	(8,193)	(4,939)	(8,135)	-	-	(83,517)
Depreciation and amortization expense	4	(1,476)	(3,860)	(1,658)	(108)	(910)	(104)	-	(8,112)
Other material non-cash items	(171)	-	-	-	23	-	-	-	(148)
Other operating expenses	(2,608)	(28,315)	(49,427)	(16,557)	(2,271)	(8,990)	(1,196)	-	(109,364)
Equity accounted earnings	-	-	-	-	-	-	-	-	-
<b>Operating profit before taxes</b>	<b>(1,947)</b>	<b>29,796</b>	<b>(7,319)</b>	<b>18,115</b>	<b>(2,168)</b>	<b>(306)</b>	<b>4,367</b>	<b>-</b>	<b>40,538</b>
Income tax expense	(688)	(8,659)	(17)	(2,927)	(592)	-	-	-	(12,883)
<b>Profit for the year</b>	<b>(2,635)</b>	<b>21,137</b>	<b>(7,336)</b>	<b>15,188</b>	<b>(2,760)</b>	<b>(306)</b>	<b>4,367</b>	<b>-</b>	<b>27,655</b>

*Other information at 31 December 2009*

Total assets	867,396	5,879,156	1,044,321	1,563,917	196,830	192,024	211,967	-	9,955,611
Total liabilities	1,809,523	5,806,486	697,053	882,252	7,506	100,244	14,461	-	9,317,525
Equity accounted investees	-	-	-	-	-	-	-	125	125

## Credit Europe Bank N.V.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As of and for the period ended June 30, 2010 (Unless otherwise stated all amounts are in thousands of euros)

#### 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, 2010	December 31, 2009
Balances at central bank	1,432,116	1,558,207
Cash on hand	42,646	38,215
<b>Total</b>	<b>1,474,762</b>	<b>1,596,422</b>

Deposits at central banks include reserve deposits amounting to EUR 175,331 (2009: EUR 211,201), which represents the mandatory deposit and is not available in the Bank's day-to-day operations.

#### 5. Financial assets at fair value through profit or loss

As of June 30, 2010 and December 31, 2009, financial assets at fair value through profit or loss comprised the following:

	June 30, 2010	December 31, 2009
Financial assets held for trading		
Government bonds and T-Bills	726,315	690,619
Bank bonds	153,773	298,470
Corporate bonds	9,633	6,113
Equity instruments – listed	448	528
Trading loans	91,923	-
<b>Total(*)</b>	<b>982,092</b>	<b>995,730</b>

(\*) EUR 890,149 (2009: EUR 925,901) of the total is listed securities and EUR 20 (2009: EUR 69,829) is non-listed securities.

The financial assets that the Bank has pledged as collateral for liabilities or contingent liabilities amounts to EUR 861,107 (2009: EUR 749,048).

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.

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

#### Reclassification out of trading assets

Pursuant to the amendments to IAS 39 and IFRS 7, the Bank reclassified certain trading assets to held-to-maturity and available-for-sale securities. The Bank identified financial assets eligible under amendments, for which it had changed its intent such that it no longer held these financial assets for the purpose of selling in the short term. For trading assets identified for reclassification, the Bank determined that deterioration of financial markets during the third quarter constituted rare circumstances that permit reclassification out of the trading category.

Under IAS 39 amended, the reclassifications were made with effect from 10/21/2008 at fair value at 07/01/2008. The tables below sets out the financial assets reclassified and their carrying and fair values:

**Credit Europe Bank N.V.**

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	<b>June 30, 2010</b>		<b>December 31, 2009</b>	
	Carrying value	Fair value	Carrying value	Fair value
Trading assets reclassified to held-to-maturity securities	3,186	3,395	13,358	14,298
Trading assets reclassified to available-for-sale	5,064	5,064	4,324	4,324

**6. Financial investments**

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Available-for-sale financial investments	647,887	651,688
Held-to-maturity financial investments	347,448	466,152
<b>Total</b>	<b>995,335</b>	<b>1,117,840</b>

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>Available-for-sale portfolio</b>		
Bank bonds	367,477	133,590
Government bonds and T-Bills	146,682	428,017
Corporate bonds	107,075	53,131
Loans	26,645	36,942
Equities – listed bonds	8	8
<b>Total (*)</b>	<b>647,887</b>	<b>651,688</b>

(\*) EUR 519,717 (2009: EUR 468,266) of the total is listed securities and EUR 128,171 (2009: EUR 183,422) is non-listed loans.

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>Held-to-maturity portfolio</b>		
Bank bonds	205,454	270,362
Corporate bonds	78,446	81,638
Government bonds and T-Bills	63,548	114,152
<b>Total</b>	<b>347,448</b>	<b>466,152</b>

As of June 30, 2010, EUR 130,513 of the financial investments that have been pledged or resold (2009: EUR 240,050).

The movement in investment securities may be summarized for 2010 and 2009 as follows:

	<b>Available-for-sale</b>	<b>Held-to-maturity</b>
At January 1, 2010	651,688	466,152
Exchange differences and monetary loss on monetary assets	25,466	4,278
Additions	389,267	435
Disposals (sale and redemption)	(417,038)	(121,248)
Impairment losses	-	(2,169)
Gains/(losses) from changes in fair value	(1,496)	-
<b>At June 30, 2010</b>	<b>647,887</b>	<b>347,448</b>

## Credit Europe Bank N.V.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	Available-for-sale	Held-to-maturity
At January 1, 2009	103,881	282,839
Exchange differences and monetary loss on monetary assets	(1,079)	(2,328)
Additions	890,506	364,713
Disposals (sale and redemption)	(348,785)	(174,064)
Impairment losses	(653)	(5,008)
Gains/(losses) from changes in fair value	7,818	-
<b>At December 31, 2009</b>	<b>651,688</b>	<b>466,152</b>

#### 7. Loans and receivables – banks

	June 30, 2010	December 31, 2009
Placement with other banks	536,689	500,875
Loans and advances	101,751	109,733
Other	18,489	20,472
<b>Subtotal</b>	<b>656,929</b>	<b>631,080</b>
Allowances for impairment	(13,080)	(15,566)
<b>Total</b>	<b>643,849</b>	<b>615,514</b>

‘Placement with other banks’ does not include any receivables with regard to securities that have been acquired in reverse repo transactions (2009: EUR 128,321).

Margin accounts that are not available in the Bank’s day-to-day operations amount to EUR 315,260 (2009: EUR 110,962).

For details on significant concentration, see risk management section, note 32.

#### 8. Loans and receivables – customers

	June 30, 2010	December 31, 2009
Commercial	3,382,683	3,355,134
Consumer	1,632,028	1,644,029
Finance lease receivables, net	156,340	173,000
Credit cards	190,596	183,834
Private customers	61,824	52,459
<b>Subtotal</b>	<b>5,423,471</b>	<b>5,408,456</b>
Allowances for impairment (-)	(153,632)	(189,769)
<b>Total (*)</b>	<b>5,269,839</b>	<b>5,218,687</b>

(\*) None of these loans are subordinated.

No individual loan or receivable has terms and conditions that materially affect the amount, timing or certainty of the consolidated cash flow of the Bank. For details on significant concentration, see the risk management section, note 32.

Loans to customers do not include any amount related to the receivables with regard to securities that have been acquired in reverse repo transactions (December 31, 2009: None).

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Details of finance lease receivables are summarized below:

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Not later than 1 year	41,944	29,914
Later than 1 year and not later than 5 years	102,345	132,429
Later than 5 years	36,103	35,544
<b>Gross lease receivables</b>	<b>180,392</b>	<b>197,887</b>
Not later than 1 year	(1,859)	(610)
Later than 1 year and not later than 5 years	(11,929)	(14,481)
Later than 5 years	(10,264)	(9,796)
<b>Unearned interest income</b>	<b>(24,052)</b>	<b>(24,887)</b>
<b>Finance receivables, net</b>	<b>156,340</b>	<b>173,000</b>

**9. Loan impairment charges and allowances**

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Balance at January 1	205,335	164,763
New impairment allowances	81,751	188,727
Reversal of impairment allowances no longer required	(25,551)	(31,603)
Currency translation differences	16,953	(4,576)
Amounts written off	(110,780)	(108,992)
Recoveries of amounts previously written off (-)	(996)	(2,984)
<b>Balance</b>	<b>166,712</b>	<b>205,335</b>
Consumer loans	65,212	78,810
Commercial loans	59,932	84,024
Credit cards	13,486	17,883
Loans to banks	13,080	15,566
Private customers	152	176
Finance lease receivables	14,850	8,876
<b>Total</b>	<b>166,712</b>	<b>205,335</b>
<b>Credit loss charges in profit and loss statements</b>		<b>2010</b>
New impairment allowances		81,751
Reversal of impairment allowances no longer required		(25,551)
Recoveries of amounts previously written off (-)		(996)
<b>Credit loss charge (*)</b>		<b>55,204</b>

(\*) EUR 2,169 of the credit loss charges in profit and loss statement is related to the financial investments in held-to-maturity.

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## Individually assessed allowances for impairment

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Balance at January 1	73,406	59,723
New impairment allowances	32,239	69,712
Reversal of impairment allowances no longer required	(11,064)	(23,439)
Currency translation differences	5,913	(2,261)
Amounts written off	(52,691)	(27,479)
Recoveries of amounts previously written off (-)	(594)	(2,850)
<b>Balance</b>	<b>47,209</b>	<b>73,406</b>

## Collectively assessed allowances for impairment

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Balance at January 1	131,929	105,040
New impairment allowances	49,512	119,015
Reversal of impairment allowances no longer required	(14,487)	(8,164)
Currency translation differences	11,040	(2,315)
Amounts written off	(58,089)	(81,513)
Recoveries of amounts previously written off (-)	(402)	(134)
<b>Balance</b>	<b>119,503</b>	<b>131,929</b>

## 10. 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 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.

Trading portfolio derivative financial instruments:

	<b>June 30, 2010</b>			<b>December 31, 2009</b>		
	<b>Notional amounts</b>	<b>Fair values</b>		<b>Notional amounts</b>	<b>Fair values</b>	
		<b>Assets</b>	<b>Liabilities</b>		<b>Assets</b>	<b>Liabilities</b>
Derivatives held for trading						
Interest rate derivatives – OTC						
Swaps	1,130,565	23,334	28,388	1,267,739	384	-
Credit default swaps (protection purchased)	134,463	2,601	528	224,471	-	2,613
Credit default swaps (protection sold)	(220,031)	563	1,424	(90,240)	144	-
Futures	-	-	-	(556,800)	2,775	-
<b>Subtotal</b>	<b>1,044,997</b>	<b>26,498</b>	<b>30,340</b>	<b>845,170</b>	<b>3,303</b>	<b>2,613</b>

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	June 30, 2010			December 31, 2009		
	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Currency derivatives – OTC						
Swaps	5,731,255	111,546	296,824	8,153,321	161,032	147,524
Forwards	841,933	13,526	4,215	744,804	523	588
Options (purchased)	5,515,897	84,810	-	3,002,151	25,020	-
Options (sold)	(2,912,270)	-	86,100	(3,084,420)	-	24,526
<b>Subtotal</b>	<b>9,176,815</b>	<b>209,882</b>	<b>387,139</b>	<b>8,815,856</b>	<b>186,575</b>	<b>172,638</b>
Other derivatives						
Equity options (purchased)	900,431	65,566	-	479,509	12,336	-
Equity options (sold)	(880,763)	-	65,566	(479,509)	-	12,336
Future options (purchased)	6,470,064	1,140	-	-	-	-
Future options (sold)	(6,470,060)	-	1,185	-	-	-
<b>Subtotal</b>	<b>19,672</b>	<b>66,706</b>	<b>66,751</b>	<b>-</b>	<b>12,336</b>	<b>12,336</b>
<b>Total derivatives</b>	<b>10,241,484</b>	<b>303,086</b>	<b>484,230</b>	<b>9,661,026</b>	<b>202,214</b>	<b>187,587</b>

*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 favorable movements in prices, rates on indices.

*Forwards and futures:* Forwards and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customized contracts transacted in the over-the-counter market. Future contracts are transacted in standardized amounts on regulated exchanges and are subject to daily cash-margin requirements.

*Swaps:* Swaps are contractual agreements between two parties to exchange movements in interest or foreign-currency rates or equity indices based on specified notional amounts.

*Credit-default swap:* A credit-default swap (CDS) is a swap designed to transfer the credit risk of fixed-income products from one party to the other. It is an agreement between a protection buyer and a protection seller whereby the buyer pays a periodic fee in return for a contingent payment by the seller upon a credit event (such as a certain default) happening in the reference entity.

*Options:* Options are contractual agreements that convey the right, but not the obligation for the purchaser, either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

## Derivatives held for risk management

### Net investment hedges

The Bank uses forwards and swaps to hedge the foreign-currency-translation risk on its net investment in foreign subsidiaries.

The fair value of derivatives designated as net investment hedges are as follows:

Instrument type:	Assets	Liabilities	Assets	Liabilities
	June 30, 2010		December 31, 2009	
Foreign-exchange forwards and swaps	30,221	71,334	52	11,038

During 2010 and 2009, no losses relating to the ineffective portion of net investment hedges were recognized in profit and loss.

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11. Other assets

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Assets held for sale(*)	49,795	37,142
Prepayments and advance payments to suppliers	33,648	15,448
Various receivables	8,576	8,821
Tax related receivables	2,484	2,416
Amounts held as guarantee	2,011	1,395
Amounts received for collection	1,500	2,436
ATM settlements	1,101	2,466
POS, debit card and credit card related receivables	784	1,089
Deferred merchant fees paid	584	510
Stationary and office supplies	454	995
Other assets	10,738	4,398
<b>Total</b>	<b>111,675</b>	<b>77,116</b>

(\*) 'Assets held for sale' represents ships and residential real estate held as collateral.

12. Due to banks

This item comprises amounts due to banking institutions.

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Time deposits	990,410	938,752
Current accounts	184,414	142,685
Syndication loan	-	210,982
Other	-	24,766
<b>Total</b>	<b>1,174,824</b>	<b>1,317,185</b>

The amount of repo transactions in time deposits is EUR 100,402 (2009: EUR 122,323).

13. Due to customers

This item comprises amounts due to non-banking customers.

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Consumer deposits	3,657,112	3,824,611
Saving accounts	2,035,141	2,388,880
Corporate deposits	667,323	727,627
Current accounts	382,830	282,242
<b>Total</b>	<b>6,742,406</b>	<b>7,223,360</b>

As of June 30, 2010, the Bank maintained customer deposit balances of EUR 100,810 (2009: EUR 152,913), which were blocked by the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

As of June 30, 2010, EUR 1,755,100 (2009: EUR 2,270,206) of deposits from customers are expected to be settled more than 12 months after the balance sheet date.

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**14. Debt securities issued and other borrowed funds**

Issued debt securities and other borrowed funds, as of June 30, 2010:

<b>Principal amount</b>	<b>Original currency</b>	<b>Interest rate</b>	<b>Opening date</b>	<b>Maturity date</b>	<b>Effective interest rate</b>	<b>Amount</b>
122,239 <sup>(1)</sup>	USD	9.00%	October 21, 2009	October 25, 2012	9.16%	102,654
104,488 <sup>(2)</sup>	RUB	11.50%	June 24, 2008	June 28, 2011	10.37%	100,072
244,479 <sup>(3)</sup>	USD	7.75%	May 20, 2010	May 20, 2013	7.88%	218,824
1,306	RUB	7.00%	March 31, 2010	October 1, 2010	6.50%	1,327
183	RUB	7.00%	June 15, 2010	September 15, 2010	7.00%	183
64	Other currencies	0.00%		No maturity	0.00%	64
						<b>423,124</b>

Issued debt securities and other borrowed funds, as of December 31, 2009:

<b>Principal amount</b>	<b>Original currency</b>	<b>Interest rate</b>	<b>Opening date</b>	<b>Maturity date</b>	<b>Effective interest rate</b>	<b>Amount</b>
104,123 <sup>(1)</sup>	USD	9.00%	October 21, 2009	October 25, 2012	9.15%	107,477
81,105 <sup>(4)</sup>	RUB	10.00%	February 7, 2007	February 3, 2010	10.05%	84,212
173,539 <sup>(5)</sup>	USD	7.50%	April 13, 2007	April 13, 2010	7.58%	20,579
92,691 <sup>(2)</sup>	RUB	9.00%	June 24, 2008	June 28, 2011	9.23%	2,070
						<b>214,338</b>

(1) Amounting to USD 150 million participation notes listed on the London Stock Exchange.

(2) Amounting to RUB 4,000 million participation notes listed on the Micex (Moscow Interbank Currency Stock Exchange).

(3) Amounting to USD 300 million participation notes listed on the London Stock Exchange

(4) Amounting to RUB 3,500 million participation notes listed on the Micex (Moscow Interbank Currency Stock Exchange).

(5) Amounting to USD 230 million participation notes listed on the London Stock Exchange.

The Bank did not have any defaults on principal, interest or other breaches with respect to its debt securities during 2010 and 2009.

**15. Other liabilities**

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Payables	41,845	35,915
Deferred payment liability under letters of credit(*)	34,682	38,604
Accrued expenses	26,467	23,223
Other liabilities	9,008	11,378
Advances from customers	2,158	6
<b>Total</b>	<b>114,160</b>	<b>109,126</b>

(\*) This liability relates to deferred payments in relation to contractual agreements as set in letters of credit provided to or received from customers.

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16. Subordinated liabilities

Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities of, respectively, the Bank and other Group companies. These liabilities qualify as capital, taking into account remaining maturities, for the purpose of determining the consolidated capital adequacy ratio for the Dutch Central Bank (De Nederlandsche Bank – DNB).

The following table analyses the subordinated liabilities:

Principal amount (millions)	Original currency	Opening date	Maturity date	June 30, 2010	December 31, 2009
				Amount	Amount
125,8 <sup>(1)</sup>	USD	June 30, 2010	Perpetual	102,509	-
125,8 <sup>(2)</sup>	USD	April 26, 2007	June 30, 2010	-	87,714
60 <sup>(3)</sup>	EUR	September 1, 2005	September 1, 2015	60,008	60,018
33,7 <sup>(4)</sup>	USD	October 2, 2008	October 2, 2018	27,889	23,736
33,7 <sup>(4)</sup>	USD	September 30, 2008	September 30, 2018	27,498	23,429
21	USD	September 28, 2007	September 28, 2017	17,117	14,582
20 <sup>(5)</sup>	USD	October 30, 2008	October 30, 2018	16,460	14,011
				<b>251,481</b>	<b>223,490</b>

<sup>(1)</sup> Perpetual Tier 1 capital issued at June 30, 2010, right after the early payment of the subordinated liability at June 30, 2010. The interest rate is 11.5 % per annum until December 30, 2015. Interest will be paid semi-annually.

<sup>(2)</sup> The loan was converted from EUR 100 million to USD 125,8 million as of November 12, 2008.

The interest rate is Libor plus 2.50% per annum until October 2012 and Libor plus 3.00% per annum thereafter. It has been early paid at June 30, 2010.

<sup>(3)</sup> The subordinated bond is listed on the Luxembourg stock exchange. Interest will be payable quarterly in arrears. The interest rate is Euribor plus 3.00% per annum until September 2010 and Euribor plus 3.50% per annum thereafter. Early redemption is allowed in September 2010.

<sup>(4)</sup> Interest rate is Libor plus 5% per annum until October 2013 and Libor plus 5.5% per annum thereafter. The decision to convert the loans of EUR 25 million each to USD 33.7 million was agreed as of April 2, 2009.

<sup>(5)</sup> Interest rate is Libor plus 5% per annum until October 2013 and Libor plus 5.5% per annum thereafter.

The Bank has not had any defaults on principal, interest or other breaches with respect to its subordinated liabilities during 2010 and 2009.

17. Capital and reserves

As of June 30, 2010, the authorized share capital is EUR 1,000 million (2009: EUR 1,000 million) and consists of EUR 1,000 million (2009: EUR 1,000 million) ordinary shares with a face value of EUR 1. The called-up and paid-in capital consists of 399.5 million (2009: 399.5 million) ordinary shares with a face value of EUR 1.

Translation reserve

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

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the Bank's net investments in foreign operations hedges and cash flow hedges.

Fair value reserves

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments, excluding impairment losses, until the investment is derecognized or impaired.

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**18. Securitizations**

In the ordinary course of business, the Bank enters into transactions that result in the transfer of financial assets to third parties or special-purpose entities. The information below sets out the extent of such transfers to the Bank's retained interest in transferred assets.

Transferred assets	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Credit Europe Bank Consumer Finance SA	118,111	151,888
<b>Total</b>	<b>118,111</b>	<b>151,888</b>

**Credit Europe Bank Consumer Finance SA**

The Bank has transferred part of its Germany- and Belgium-generated retail loans and advances to Credit Europe Bank Consumer Finance SA. The Bank has retained substantially all of the credit risk associated with the transferred assets, and for that purpose, the bank consolidated Credit Europe Bank Consumer Finance SA. Transferred assets are classified under 'loans and receivables – customers' in this Condensed Consolidated Interim Financial Statement.

**19. Net interest income**

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b>Interest income from:</b>		
Loans and receivables – customers	262,692	298,659
Derivative financial instruments	80,307	180,645
Financial investments	40,750	21,984
Loans and receivables – banks	15,567	49,056
Leasing	9,901	9,958
Financial assets held for trading	8,990	9,062
Cash and balances at central banks	2,148	5,331
<b>Subtotal</b>	<b>420,355</b>	<b>574,695</b>
<b>Interest expense from:</b>		
Due to customers	122,874	145,188
Derivative financial instruments	100,178	178,437
Due to banks	13,018	70,567
Issued debt securities	11,098	11,336
Subordinated liabilities	4,509	5,237
<b>Subtotal</b>	<b>251,677</b>	<b>410,765</b>
<b>Total</b>	<b>168,678</b>	<b>163,930</b>

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b>Net interest income from:</b>		
Loans and receivables/ liabilities at amortized cost	139,055	130,900
Held-to-maturity investments	18,384	16,868
Financial assets or liabilities at fair value through profit or loss	(10,881)	11,270
Available-for-sale financial assets	22,120	4,892
<b>Total</b>	<b>168,678</b>	<b>163,930</b>

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20. Net fee and commission income

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b>Fee and commission income</b>		
Credit cards	6,875	4,670
Cash loan	6,826	4,901
Insurance related commissions	6,812	2,782
Payment and transaction services fees	4,924	5,754
Letter of credits	3,675	2,999
Letter of guarantees	2,722	2,264
Commission on account maintenance	2,158	3,682
Early redemption fees	1,967	895
Foreign exchange transactions	1,662	1,926
Commissions on fiduciary transactions	1,305	765
Cash withdrawal fees	1,174	1,518
Commissions for fund transfer	976	599
Fees from retailers	512	802
Other	5,235	4,033
<b>Subtotal</b>	<b>46,823</b>	<b>37,590</b>
<b>Fee and commission expense</b>		
Commission paid to intermediaries/retailers	2,142	4,199
Payment and transaction services expense	1,456	2,555
Insurance related fees	1,161	1,617
Credit card fees	2,230	1,141
Documentary services fee	71	170
Account maintenance fees	169	116
Other fee and commission expenses	1,761	753
<b>Subtotal</b>	<b>8,990</b>	<b>10,551</b>
<b>Total</b>	<b>37,833</b>	<b>27,039</b>

21. Net trading income/(expense)

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Securities	20,621	14,688
Foreign exchange gain	5,330	143
Trading loans	4,308	4,577
Derivatives	(24,599)	23,621
<b>Total</b>	<b>5,660</b>	<b>43,029</b>

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Financial assets (or liabilities) at fair value through profit or loss	-	-
Held for trading	5,660	43,029
<b>Total</b>	<b>5,660</b>	<b>43,029</b>

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22. Results from financial transactions

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Net gain from the disposal of HTM	8,070	-
Net gain/(loss) from the disposal of available-for-sale investments	6,559	3,896
<b>Total</b>	<b>14,629</b>	<b>3,896</b>

Included within this line are the amounts transferred from equity to the profit and loss statement on the derecognizing of available-for-sale investments.

23. Personnel expenses

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Wages and salaries	50,156	48,361
Social security and federal budget payments	6,229	7,931
Retirement benefit costs	3,274	2,651
Other employee costs	3,306	2,751
<b>Total</b>	<b>62,965</b>	<b>61,694</b>

Average number of employees		
Banking activities – Netherlands	266	315
Banking activities – foreign countries	4,913	5,107

The retirement-benefit costs relate to EUR 3,274 (2009: EUR 2,651) for a defined-benefit plan. The bank has no defined-contribution program. The assets of the schemes are held separately from those of the Bank in funds under the control of insurance companies.

24. General and administrative expenses

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Rent and maintenance expenses	21,462	18,837
Taxes other than income	3,982	3,927
Communication and information expenses	3,864	6,520
Consultancy expenses	2,262	2,634
Stationary, office supplies and printing expense	2,154	2,113
Travel and transport expenses	1,795	1,282
Professional fees	1,360	2,210
Information technology expenses	1,202	1,266
Security expenses	1,175	1,710
Advertising and marketing expenses	1,134	1,862
Insurance premiums	512	676
Other expenses	2,632	3,063
<b>Total</b>	<b>43,534</b>	<b>46,100</b>

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25. Other impairment loss

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Non-cash loans	998	-
Property, plant and equipment	112	-
Other	-	25
<b>Total</b>	<b>1,110</b>	<b>25</b>

26. Taxation

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

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

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

27. Earnings per share

The calculations for basic and diluted earnings per share are presented in the following table.

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Profit for the year attributable to shareholders of the Parent Company	47,695	27,295
Weighted average number of ordinary shares outstanding	399,500	399,500
Diluted number of ordinary shares	399,500	399,500
Basic earnings per ordinary share	0.11939	0.0683
Fully diluted earnings per ordinary share from continuing operations	0.11939	0.0683

28. Fair value information

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

The estimated fair values of financial instruments have been determined using available market information by the Bank, and where it exists, appropriate valuation methodologies. However, judgment is necessarily required to interpret market data and determine the estimated fair value.

The Bank measures fair values using the following hierarchy of method:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. 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.

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The following table compares the carrying amount of financial assets and liabilities measured at cost to estimated fair values:

<b>June 30, 2010</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Trading assets	5	890,168	91,924	-	982,092
Derivative assets held for risk management	10	91,637	241,670	-	333,307
Investment securities	6	459,438	188,449	-	647,887
<b>Total</b>		<b>1,441,243</b>	<b>522,043</b>	<b>-</b>	<b>1,963,286</b>
<b>Financial liabilities</b>					
Derivative assets held for risk management	10	90,604	464,960	-	555,564
<b>Total</b>		<b>90,604</b>	<b>464,960</b>	<b>-</b>	<b>555,564</b>
<b>December 31, 2009</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Trading assets	5	995,730	-	-	995,730
Derivative assets held for risk management	10	14,636	187,630	-	202,266
Investment securities	6	607,294	44,394	-	651,688
<b>Total</b>		<b>1,617,660</b>	<b>232,024</b>	<b>-</b>	<b>1,849,684</b>
<b>Financial liabilities</b>					
Derivative assets held for risk management	10	15,270	183,355	-	198,625
<b>Total</b>		<b>15,270</b>	<b>183,355</b>	<b>-</b>	<b>198,625</b>

No securities were transferred from Level 1 to Level 2 of the fair-value hierarchy in 2010.

## 29. 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 balance sheet, they do contain credit risk and are, therefore, part of the overall risk of the Bank. In many instances, the amount recognized on the balance sheet 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.

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	June 30, 2010	December 31, 2009
Contingent liabilities with respect to letters of guarantee granted – non-banks	219,998	191,105
Contingent liabilities with respect to irrevocable letters of credit – import	179,730	118,481
Contingent liabilities with respect to letters of guarantee granted – banks	109,383	25,693
Contingent liabilities with respect to irrevocable letters of credit – export	27,840	35,378
Contingent liabilities with respect to acceptance credits	1	1,847
Contingent liabilities with respect other guarantees	2,173	1,188
<b>Total non-cash loans</b>	<b>539,125</b>	<b>373,692</b>
Credit-card limits	110,069	98,259
Credit-line commitments	314,929	266,836
<b>Total</b>	<b>964,123</b>	<b>738,787</b>

#### 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 of June 30, 2010, the Bank's management is unaware of any significant actual, pending or threatened claims against the Bank.

#### Lease commitments

The Group leases a number of buildings and cars under operating leases. Non-cancelable operating lease rentals are payable as follows:

Operating lease commitment – bank as lessee and rent commitments	June 30, 2010	December 31, 2009
Not later than 1 year	11,668	11,679
Later than 1 year and not later than 5 years	19,217	24,403
Later than 5 years	2,210	3,232
<b>Total</b>	<b>33,095</b>	<b>39,314</b>

#### 30. Related parties

The Bank's ultimate Parent Company is FIBA Holding A.S., a Turkish joint-stock company ultimately controlled by a single individual, Mr Hüsnü Özyeğin. All amounts stated in the table below relate to Group companies controlled by 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 and other subsidiaries of the Bank's ultimate Parent Company, directors and senior management in the ordinary course of business at commercial interest and commission rates. All loans and advances to related parties are performing advances, and are free of any provision for possible credit losses. The period-end balances in respect of related parties included in the financial statements are as follows:

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	<b>June 30, 2010</b>		<b>December 31, 2009</b>	
	<b>Parent Company</b>	<b>Other related parties(*)</b>	<b>Parent Company</b>	<b>Other related parties(*)</b>
<b>Assets</b>				
Loans and receivables – customers	2,758	63,322	4,011	120,757
Derivative financial instruments	1,356	103,645	-	160
<b>Liabilities</b>				
Due to customers	28,637	214,363	5,852	170,008
Derivative financial instruments	122	52,453	-	3,204
Other liabilities	-	75	-	74
Subordinated liabilities	102,510	88,971	87,715	75,758
Commitment and contingencies	-	4,355	-	3,240

(\*) Related parties that are not consolidated in the financial statements

The Bank does not have any provisions regarding related party balances as of June 30, 2010 (2009: None)

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

	<b>June 30, 2010</b>		<b>June 30, 2009</b>	
	<b>Parent Company</b>	<b>Other related parties(*)</b>	<b>Parent Company</b>	<b>Other related parties(*)</b>
Interest income	69	11,981	156	27,072
Interest expense	(1,360)	(10,974)	(1,846)	(19,877)
Commission income	100	1,832	158	1,500
Net trading income	507	12,782	(139)	(16,704)
Other operating income	-	39	-	9
General and administrative expenses	-	-	-	(178)

(\*) Related parties not consolidated in the financial statements

Key management personnel and their immediate relatives have transacted with the Bank during the period as follows:

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Mortgage lending and other secured loans	2,363	1,189
Credit cards	11	731
Other loans	9,427	17,039

The Bank does not have any provisions regarding the balances with key management personnel as of June 30, 2010 (2009: None).

Key management costs, including remuneration and fees for the period ended amounted to EUR 1,590 (2009: EUR 1,313). Pension plan contribution amounted to EUR 76 (2009: EUR 58). Key management is defined as those persons in the consolidated Supervisory and Managing Boards.

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31. Intra-Group balances

Intra-group balances that are eliminated during consolidation process:

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>Assets</b>		
Financial assets designated at fair value through profit or loss	1,336	94,140
Financial investments	50,912	138,736
Loans and receivables – banks	1,362,692	1,412,557
Loans and receivables – customers	293,161	357,169
Derivative financial instruments	50,336	21,803
Other assets	26,527	23,325
<b>Liabilities</b>		
Due to banks	1,502,435	1,587,337
Due to customers	35,783	37,539
Derivative financial instruments	50,336	21,803
Issued debt securities	154,462	377,727
Other liabilities	41,948	23,324
Commitments and contingencies	92,438	54,909
	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Interest income	65,874	122,321
Interest expense	(65,874)	(122,321)
Commission income	2,957	1,026
Commission expense	(2,957)	(1,026)

32. Risk management

In 2010, the Bank further strengthened its Group risk-management function with additional expertise and clearer reporting lines, which have enabled centralized measuring, monitoring and controlling of risks at the Bank and at other organizational levels. The division has sub-functions, including Credit Risk and Capital Management, and Market Risk and Treasury Risk Control. Operational Risk Management is handled by the Corporate Information Security Division.

Risk consolidation is conducted by the Group Risk Management Division (GRMD), which is responsible for measuring and monitoring risks at the consolidated level. GRMD operates under the supervision of the Chief Credit and Risk Officer (CCRO) and the CFO, who are members of the Group Risk Management Committee (GRMC). The CCRO is responsible for handling the credit-, operational- and legal-risk framework. This includes approving and implementing related policies and procedures at Bank level, controlling the credit-decision process and monitoring rating models. Market and liquidity risks and capital-planning processes, including capital-adequacy reporting, are the responsibilities of the CFO.

Consolidated credit-risk reports are conducted on a monthly basis and contain detailed analyses of the portfolio structure, asset impairments and concentration risks. Consolidated market-risk and liquidity-gap reports are prepared on a monthly basis. VaR and liquidity positions are reported to the Managing Board daily.

Risk strategy

During its 15 years of operations, the Bank has created an important and valuable franchise with sustainable growth, low leverage and a strict adherence to pure lending activities. Currently, the Bank has a presence in 11 countries, with over 200 branches and three million customers. With the Dutch Central Bank (De Nederlandsche Bank – DNB) as consolidating supervisor, the Bank has established a sound risk-management and compliance framework in accordance with DNB supervision guidelines not only in the Netherlands, but also in all countries where the Bank is present.

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The Bank annually rolls over its business plan and risk strategy for the next three years, albeit with a far longer-term vision in mind. However, there have been no material changes in the Bank's risk strategy in 2010. The Bank continued to extend its profound expertise in cross-border banking, with a special emphasis on diversified local operations and centralized oversight. This risk strategy proved itself by providing consistently strong financial results and yielding firm returns on equity.

**Capital management**

In its pursuit to maximize shareholder value, the Bank operates with an optimum level, and mix, of capital resources, and adopts a centralized regulatory/internal capital-management model. Decisions on the allocation of capital resources, conducted as part of the risk-strategy review, are based on returns on regulatory capital and a number of other factors.

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.

**Solvency supervision**

The Bank and all its subsidiaries are regulated by DNB, which consequently acts as the home regulator for Basel II compliance.

BIS has improved and modified the set of rules regarding solvency requirements, set out in the 1988 Basel Capital Accord, aiming to promote a more forward-looking approach to capital management.

The Basel II framework provides more sophisticated and risk-sensitive approaches for assessing the risks. In addition, capital requirements for operational risks are being introduced for the first time:

Overview of approaches proposed by Basel II Accord for Capital Calculation

<b>Credit risk</b>	<b>Market risk</b>	<b>Operational risk</b>
Standardized approach	Standardized approach	Basic-indicator approach
Foundation internal-rating-based approach	Internal-models approach	Standardized approach
Advanced internal-rating-based approach	-	Advanced measurement approach

Per January 1, 2008, the Bank applies the standardized approach for credit and market risks, and the basic-indicator approach for operational risk. Banks are expected to meet the capital-requirements constraints imposed by the Basel II accord. These are a minimum capital ratio of 8%, which is a ratio of total own funds to total risk-weighted assets (RWA), and minimum Tier I ratio of 4% (a ratio of Tier I capital to total RWA).

The Bank's total own funds consist of Tier I capital (also referred as 'core capital') and Tier II capital (or 'supplementary capital'). The various elements making up both components are presented in the table below:

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Composition of total own funds	June 30, 2010	December 31, 2009
Tier I capital		
– paid up share capital	399,500	399,500
– share premium	163,748	163,748
– eligible reserves (including retained earnings)	35,671	5,546
– fair value reserves (*)	(24)	(219)
– minority interests	19,255	17,608
– income from current year	47,695	49,277
– other Tier 1 instruments	102,509	-
Deductions from Tier I capital(**)	(16,280)	(12,975)
Total Tier I capital	752,074	622,485
Tier II capital		
– subordinated capital	148,972	223,490
– revaluation reserves	4,728	4,728
Deductions from Tier II capital(**)	(1,510)	(1,246)
Total Tier II capital	152,190	226,972
Total own funds	904,264	849,457

(\*) Fair value reserves have been adjusted for the fair value of interest bearing instruments that shall not be included into total own funds in any way, as laid down in the Dutch 'Financial Supervision Act'.

(\*\*) Deductions from total own funds includes goodwill and other solvency deductible intangible assets, as well as participations held in insurance and other entities, which are not subject to banking supervision

The terms and conditions of the main features included in the Bank's total own funds can be found in notes 16 and 17.

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

Solvency ratio	June 30, 2010	December 31, 2009
Capital ratio	12.56%	12.57%
Tier I ratio	10.44%	9.21%

The DNB also sets capital requirements in excess of the minimum Basel II requirements. A key input to this process is the Bank's Internal Capital Adequacy Assessment Process (ICAAP). The Bank submitted its ICAAP document to the DNB in 2009.

#### 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.

Credit risk is managed by following tools and principles:

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**Risk mitigation**

Corporate credit risk is subject to capital allocation and risk limits for mitigation purposes. These limits start at the borrower limit and evolve into portfolio-level concentration limits. The Bank actively uses collateral management as a risk-management and mitigation tool. Credit limits are extended as secured and unsecured. Secured lines are against cash and equivalent types of collateral while unsecured lines are against all other types of collateral, including all mortgages, equipment, personal guarantees and leased assets that are specifically stated on the credit-approval form. Secured collaterals are managed and followed up in processes fully supported by the Bank's corporate system by means of collateral-transaction linkages, blocked accounts and system checking of collateralization. The Transactions and Collateral Management Department is organized as a separate department for collateral management for all types of lending. Transactional lending is especially run through on collaterals and documentation. Valuation reports, survey report updates and insurance-policy management are followed up systematically. Mainly related to trade finance, 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. As a principle, the value of the collateral should not have a material positive correlation with the credit quality of the provider for the risk-mitigation effect to be considered.

The Bank has established maximum concentration limits covering country and single-name concentration to manage concentration risk in its loan portfolio. In addition, the Bank ensures that single-name concentrations (including top 10 and 20) are under certain thresholds with respect to Tier 1 equity.

**Credit ratings**

In 2009, the Bank introduced its new 12-grade corporate rating scale across the Bank. Enhancements made on the internal rating systems can be seen as a milestone in the Bank's ongoing improvements to its credit-risk-management capabilities. However, a limited credit history imposed a big challenge for quantification and validation of risk parameters to date; continuing efforts and dedication in 2010 will enable the Bank to make more robust estimations of the risk parameters and to take a big step towards its destination of a full economic-capital model. During this journey, transition to the Internal Ratings-Based Approach will likely be a natural place for regulatory and economic-capital requirements to converge.

**Stress testing**

The Bank puts stress testing and capital planning at the centre of its internal capital-assessment process. These tools help the Bank identify potential threats to its business plan and capital adequacy. The Bank's stress-testing methodology discourages both under- and over-reliance on internal data. Creating scenarios based on hypothetical assumptions are more appropriate because scenarios based solely on internal data may fail to capture tail-loss events and systematic-risk factors. The fact that Bank has a limited credit-data history supports this approach. Internal data is used to define the current risk characteristics of the portfolio.

The Bank's credit-risk stress tests shock both default- and recovery-related risk parameters. Moreover, risk concentrations in the portfolio are more harshly shocked, even without a relevant negative outlook. 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. From this point of view, the Bank's stress-testing approach is more closely aligned with hypothetical than historical data.

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#### 32.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 fulfill 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 carrying amount, net 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 and other credit commitments and contingent liability. The maximum exposure for these items is the full unused portion of the committed facilities.

	June 30, 2010	December 31, 2009
<b>Balance sheet items</b>		
Balances with central banks	1,432,116	1,558,207
Financial assets designated at fair value through profit or loss	982,092	995,730
Financial investments	995,335	1,117,840
Loans and receivables – banks	643,849	615,514
Loans and receivables – customers	5,269,839	5,218,687
Derivative financial instruments	333,307	202,266
<b>Total balance sheet</b>	<b>9,656,538</b>	<b>9,708,244</b>
<b>Off- balance sheet items</b>		
Issued letters of guarantee	331,554	217,986
Issued irrevocable letters of credit	207,571	155,706
Undrawn credit-card limits	110,069	98,259
Other commitments and contingent liabilities	314,929	266,836
<b>Total off-balance sheet</b>	<b>964,123</b>	<b>738,787</b>
<b>Maximum credit risk exposure</b>	<b>10,620,661</b>	<b>10,447,031</b>

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.

#### 32.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.

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			June 30, 2010		December 31, 2009	
	On-balance sheet	Off-balance sheet(*)	Total exposure	% of total exposure	Total exposure(*)	% of total exposure
<b>Exposure to central governments and financial institutions</b>						
Exposure to central governments and central banks	2,389,261	-	2,389,261	58.24%	2,805,863	65.39%
Exposure to financial institutions	1,571,737	141,545	1,713,282	41.76%	1,484,779	34.61%
<b>Total exposure to central governments and financial institutions</b>	<b>3,960,998</b>	<b>141,545</b>	<b>4,102,543</b>	<b>100.00%</b>	<b>4,290,642</b>	<b>100.00%</b>
<b>Corporate exposure</b>						
Shipping & shipyards	525,256	34,015	559,271	13.61%	467,995	12.34%
Iron & steel	450,928	66,099	517,027	12.58%	460,176	12.13%
Real estate	466,487	28,719	495,206	12.05%	462,723	12.20%
Construction & installation	257,740	72,584	330,324	8.04%	324,072	8.54%
Tourism	284,141	14,338	298,479	7.26%	259,351	6.84%
Energy/coal	254,962	26,007	280,969	6.84%	188,587	4.97%
Financial services & investments	179,884	129	180,013	4.38%	87,252	2.30%
Petrochemical, plasticizers & derivatives	119,295	53,696	172,991	4.21%	172,450	4.55%
Transportation & logistics	147,839	2,376	150,215	3.66%	75,731	2.00%
Retail	105,436	17,662	123,098	3.00%	152,533	4.02%
Automotive & derivatives	110,455	4,729	115,184	2.80%	118,714	3.13%
Holding	89,094	15,464	104,558	2.54%	115,699	3.05%
Oil & derivatives	73,039	25,870	98,909	2.41%	74,501	1.96%
Textiles, clothing & ready-to-wear	87,197	3,367	90,564	2.20%	109,735	2.89%
Food, beverage & tobacco	74,193	367	74,560	1.81%	74,157	1.96%
Soft commodities & agricultural products	59,558	198	59,756	1.45%	24,116	0.64%
Media & publishing	51,824	6,948	58,772	1.43%	52,564	1.39%
Machinery – office & optical equipment	35,015	3,679	38,694	0.94%	39,600	1.04%
Services	35,986	562	36,548	0.89%	130,526	3.44%
Telecommunications	32,054	179	32,233	0.78%	24,281	0.64%
Electronic equipment	25,407	2,352	27,759	0.68%	26,887	0.71%
Paper & pulp	23,378	3,508	26,886	0.65%	41,898	1.10%
Fertilizers	9,405	-	9,405	0.23%	6,982	0.18%
Leasing	5,611	-	5,611	0.14%	37,354	0.98%
International trade	-	3,000	3,000	0.07%	12,322	0.32%
Factoring	-	-	-	-	14,157	0.37%
Other	209,055	10,263	219,318	5.35%	238,803	6.31%
<b>Total exposure to corporate clients and private banking</b>	<b>3,713,239</b>	<b>396,111</b>	<b>4,109,350</b>	<b>100.00%</b>	<b>3,793,166</b>	<b>100.00%</b>
<b>Exposure to retail customers and SMEs</b>						
Exposure to retail customers	1,083,294	110,069	1,193,363	56.99%	1,188,749	56.70%
Exposure secured by residential real estate	656,780	-	656,780	31.37%	636,025	30.34%
Exposure to SME	242,227	1,469	243,696	11.64%	271,613	12.96%
<b>Total exposure to retail customers and SMEs</b>	<b>1,982,301</b>	<b>111,538</b>	<b>2,093,839</b>	<b>100.00%</b>	<b>2,096,387</b>	<b>100.00%</b>
<b>Total credit risk exposure</b>	<b>9,656,538</b>	<b>649,194</b>	<b>10,305,732</b>	<b>100.00%</b>	<b>10,180,195</b>	<b>100.00%</b>

(\*) Excluding other credit commitments and contingent liabilities.

88.54% (2009: 93.45%) of corporate exposure is composed of loans and receivables to corporate customers. The rest is distributed between debt instruments issued by corporate clients and derivative instruments held for trading. The top five industries account for 53.54% (2009: 52.05%) of the total corporate portfolio, reflecting the traditional business areas of the Bank where it possesses strong expertise and profound industry practice.

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32.c. Geographical concentration

The following table provides the distribution of the Bank's credit exposure by risk country, as of June 30, 2010:

	<b>June 30, 2010</b>						
	<b>Russia</b>	<b>Romania</b>	<b>Turkey</b>	<b>Ukraine</b>	<b>Other emerging markets</b>	<b>Developed markets</b>	<b>Total exposure</b>
Balance sheet items							
Demand deposits with central banks	26,989	93,285	-	673	-	1,311,169	1,432,116
Financial assets designated at fair value through profit or loss	75,683	448	63,650	831	1,450	840,030	982,092
Financial investments	485,473	187,027	104,348	51,534	29,390	137,563	995,335
Loans and receivables – banks	9,266	4,126	30,888	24,972	28,543	546,054	643,849
Loans and receivables – customers	1,421,767	1,397,951	1,266,141	90,572	53,252	1,040,156	5,269,839
Derivative financial instruments	375	1,454	46,740	-	29	284,709	333,307
Total balance sheet	2,019,553	1,684,291	1,511,767	168,582	112,664	4,159,681	9,656,538
Off-balance sheet items(*)	84,319	94,030	137,070	916	42,715	290,144	649,194
<b>Total credit-risk exposure</b>	<b>2,103,872</b>	<b>1,778,321</b>	<b>1,648,837</b>	<b>169,498</b>	<b>155,379</b>	<b>4,449,825</b>	<b>10,305,732</b>

(\*) Excluding other credit commitments and contingent liabilities.

The following table provides the distribution of the Bank's credit exposure by risk country, as of June 30, 2010:

	<b>December 31, 2009</b>						
	<b>Russia</b>	<b>Romania</b>	<b>Turkey</b>	<b>Ukraine</b>	<b>Other emerging markets</b>	<b>Developed markets</b>	<b>Total exposure</b>
Balance sheet items							
Demand deposits with central banks	13,448	126,103	-	5,136	-	1,413,520	1,558,207
Financial assets designated at fair value through profit or loss	11,983	528	9,484	-	10,307	963,428	995,730
Financial investments	392,640	188,342	87,833	34,438	92,580	322,007	1,117,840
Loans and receivables – banks	24,804	48,335	82,157	13,203	12,152	434,863	615,514
Loans and receivables – customers	1,238,842	1,507,659	1,371,863	101,719	85,447	913,157	5,218,687
Derivative financial instruments	256	1,357	65,187	-	24	135,442	202,266
Total balance sheet	1,681,973	1,872,324	1,616,524	154,496	200,510	4,182,417	9,708,244
Off-balance sheet items(*)	71,578	108,176	110,479	7,566	27,567	146,585	471,951
<b>Total credit-risk exposure</b>	<b>1,753,551</b>	<b>1,980,500</b>	<b>1,727,003</b>	<b>162,062</b>	<b>228,077</b>	<b>4,329,002</b>	<b>10,180,195</b>

(\*) Excluding other credit commitments and contingent liabilities

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#### 32.d. Credit quality of financial assets

The following table presents the credit quality of the Bank's financial assets, as of June 30, 2010. 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, 2010						Total
	External rating class						
	AAA / AA-	A+ / A-	BBB+ / BBB-	BB+ / B-	Below B-	No rating	
Demand deposits with central banks	1,311,168	-	26,989	-	-	93,959	1,432,116
Financial assets designated at fair value through profit or loss	766,297	68,993	63,925	82,408	20	449	982,092
Financial investments	42,441	65,983	438,467	222,765	4,877	220,802	995,335
Loans and receivables – banks	256,845	266,625	14,414	56,619	3,791	45,555	643,849
Derivative financial instruments	72,561	82,569	10,059	1,477	-	166,641	333,307
<b>Total</b>	<b>2,449,312</b>	<b>484,170</b>	<b>553,854</b>	<b>363,269</b>	<b>8,688</b>	<b>527,406</b>	<b>4,386,699</b>

	December 31, 2009						Total
	External rating class						
	AAA / AA-	A+ / A-	BBB+ / BBB-	BB+ / B-	Below B-	No rating	
Demand deposits with central banks	1,413,520	-	13,447	131,240	-	-	1,558,207
Financial assets designated at fair value through profit or loss	920,390	45,167	19,085	10,522	38	528	995,730
Financial investments	147,378	188,424	398,834	189,532	2,353	191,319	1,117,840
Loans and receivables – banks	146,188	239,297	61,810	96,200	15,942	56,077	615,514
Derivative financial instruments	72,611	47,138	164	30,570	-	51,783	202,266
<b>Total</b>	<b>2,700,087</b>	<b>520,026</b>	<b>493,340</b>	<b>458,064</b>	<b>18,333</b>	<b>299,707</b>	<b>4,489,557</b>

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.

As follows from the tables above, 79.5% (2009: 82.7%) of the Bank's financial assets falls in the investment-grade category. The Bank includes assets with a credit assessment equal to BBB-/Baa3 or above in terms of Fitch/Moody's rating scales in the investment-grade category.

The total amount of impaired assets included in the tables above is EUR 22,649 (2009: EUR 40,712). The total amount of provisions allocated for these assets is EUR 14,178 (2009: EUR 18,803), while EUR 13,080 is allocated for loans to banks (2009: EUR 15,566) and EUR 1,098 for securities (2009: EUR 3,237). Impaired assets are concentrated in the categories 'Below B-' and 'No rating'.

#### Loans and receivables – customers

The next section provides a detailed overview of the credit quality of the Bank's loans and advances portfolio. In 2009, the Bank adjusted its Loan Assessment and Impairment Policy to align its definitions to the industry practices and regulatory requirements. The Bank believes that the new classification of 'loan portfolio', which is based on the respective recovery capabilities and debtors' creditworthiness levels, provides a more detailed and transparent overview of the portfolio's credit quality.

According to the new policy, the bank differentiates between the following categories of assets in the loan portfolio:

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- Standard (performing) loans covers corporate (retail/SME) loans on which payments are made according to the contractual terms, repayment problems are not expected in the future and which are totally recoverable (collectable).
- Watch List (sub-standard loans) is for corporate loans where problems with principal or interest payments are not necessarily present yet, but which require close monitoring due to negative trends in the debtors' payment capability or cash-flow positions, for instance. Corporate loans experiencing delays of contractual payments of less than 90 days or credit-quality deterioration in terms of internal rating.
- Non-Performing Loans (NPL) includes loans and receivables with limited (doubtful) recovery prospects. These clients:
  - have limited means for total recovery because their repayment capacity is inadequate to cover payments on respective terms; they are likely to lead to losses if these problems are not solved; or,
  - are in a situation where full or partial recovery prospects are fully dependent on the outcome of the liquidation of the underlying assets or recourse to the guarantor; or,
  - have suffered significant credit quality deterioration; or,
  - have delayed the capital and/or interest payments for more than 90 days as of the day of their payment date
- Delinquent Loans are retail loans (including SME loans and the residential-mortgage portfolio) with a delay in contractual payment of no more than 90 days (also shown on Watch List).

**Impairment allowances**

The Bank aims to maintain sufficient reserves to cover its incurred losses. According to its policy, the Bank differentiates between:

- Provisions for individually assessed assets
- Provisions for collectively assessed assets.

All Watch List and NPL customers are analyzed individually, regardless of size. Standard (performing) loans are subject to individual assessment only if they are deemed 'significant'. The 'significance criterion' is established at Group level, and amounts to EUR 1 million. In terms of individual assessment, the trigger point for impairment is formal classification of an account as exhibiting serious financial problems and where any further deterioration is likely to lead to failure. Two key inputs to the cash-flow calculation are the valuation of all security and collateral and the timing of all asset realizations.

Retail exposure is solely subject to collective assessment, regardless of exposure size.

The Bank calculates collective impairment allowances for retail portfolios using the dynamic statistical model, based on analysis of the portfolio's default and recovery rates according to historical data. The same approach is implemented across the Bank's entities, with adjustment for specific local conditions. The methodology was first implemented in 2008 and remained unchanged in 2009 and 2010.

**32.e. Credit quality of loans and advances to customers**

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.

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June 30, 2010

	Gross loans	Provisions for individually assessed assets (-)	Provisions for collectively assessed assets (-)	Net loans	Financial collateral	Physical collateral	Total collateral	Collaterals to total loans
Corporate loans	3,339,139	(23,489)	(28,775)	3,286,875	340,318	2,011,283	2,351,601	72%
Standard loans	3,163,533	(3,213)	(18,978)	3,141,342	339,078	1,867,427	2,206,505	70%
Watch List	89,049	(8,183)	(7,355)	73,511	-	67,808	67,808	92%
NPL	86,557	(12,093)	(2,442)	72,022	1,240	76,048	77,288	107%
Retail loans (incl. mortgages)	1,818,685	(823)	(77,126)	1,740,736	247,533	945,493	1,193,026	69%
Performing loans	1,571,260	-	(14,308)	1,556,952	198,207	817,866	1,016,073	65%
Watch List	124,523	(28)	(3,358)	121,137	27,675	68,819	96,494	80%
NPL	122,902	(795)	(59,460)	62,647	21,651	58,808	80,459	128%
SME loans	265,647	(9,817)	(13,602)	242,228	2,461	195,964	198,425	82%
Performing loans	184,570	(1,059)	(2,311)	181,200	2,080	131,007	133,087	73%
Watch List	35,209	-	(2,395)	32,814	252	32,683	32,935	100%
NPL	45,868	(8,758)	(8,896)	28,214	129	32,274	32,403	115%
<b>Total exposure</b>	<b>5,423,471</b>	<b>(34,129)</b>	<b>(119,503)</b>	<b>5,269,839</b>	<b>590,312</b>	<b>3,152,740</b>	<b>3,743,052</b>	<b>71%</b>
Total NPL	255,327	(21,646)	(70,798)	162,883	23,020	167,130	190,150	117%

December 31, 2009

	Gross loans	Provisions for individually assessed assets (-)	Provisions for collectively assessed assets (-)	Net loans	Financial collateral	Physical collateral	Total collateral	Collaterals to total loans
Corporate loans	3,291,631	(43,542)	(23,975)	3,224,114	730,905	1,554,262	2,285,167	71%
Standard loans	3,092,338	(562)	(12,620)	3,079,156	728,623	1,455,695	2,184,318	71%
Watch List	121,507	(19,091)	(11,355)	91,061	1,147	66,599	67,746	74%
NPL	77,786	(23,889)	-	53,897	1,135	31,968	33,103	61%
Retail loans (incl. mortgages)	1,822,456	(901)	(95,040)	1,726,515	313,013	905,193	1,218,206	71%
Performing loans	1,532,296	-	(7,761)	1,524,535	265,157	772,831	1,037,988	68%
Watch List	157,342	-	(12,101)	145,241	29,427	74,529	103,956	72%
NPL	132,818	(901)	(75,178)	56,739	18,429	57,833	76,262	134%
SME loans	294,369	(13,397)	(12,914)	268,058	1,682	217,351	219,033	82%
Performing loans	189,316	-	(795)	188,521	1,387	134,361	135,748	72%
Watch List	64,664	(432)	(1,883)	62,349	295	58,820	59,115	95%
NPL	40,389	(12,965)	(10,236)	17,188	-	24,170	24,170	141%
<b>Total exposure</b>	<b>5,408,456</b>	<b>(57,840)</b>	<b>(131,929)</b>	<b>5,218,687</b>	<b>1,045,600</b>	<b>2,676,806</b>	<b>3,722,406</b>	<b>71%</b>
Total NPL	250,993	(37,755)	(85,414)	127,824	19,564	113,971	133,535	104%

In the table above, the fair value of collaterals is capped at transactional outstanding. In general, the Bank attracts collaterals at a value exceeding the risk amount to secure itself against possible drops in collateral value due to market fluctuations.

The total amount of NPL as of June 30, 2010 is EUR 255,327 (2009: EUR 250,993). The total NPL ratio as of June 30, 2010, is 4.71% (2009: 4.64%). Total impaired assets under loans and advance customers are EUR 278,012 (2009: EUR 304,625). 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 in June 30, 2010 is 116.74% (2009: 104.73%).

As of June 30, 2010, the total net amount of restructured loans comprises EUR 318,783 (2009: EUR 262,932).

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32.f. 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:

	<b>June 30, 2010</b>					
	<b>Loans that are not past due</b>	<b>Loans less than 30 days past due</b>	<b>Loans 30 or more but less than 60 days past due</b>	<b>Loans 60 or more but less than 90 days past due</b>	<b>Loans 90 days or more past due</b>	<b>Total loans to customers</b>
<b>Net exposure</b>						
Corporate loans	3,076,957	55,430	19,954	54,915	79,619	3,286,875
Retail loans and residential mortgage loans	1,506,467	121,317	33,767	16,535	62,650	1,740,736
SME loans	151,335	26,255	8,967	18,740	36,931	242,228
<b>Total loans and advances to customers</b>	<b>4,734,759</b>	<b>203,002</b>	<b>62,688</b>	<b>90,190</b>	<b>179,200</b>	<b>5,269,839</b>

	<b>December 31, 2009</b>					
	<b>Loans that are not past due</b>	<b>Loans less than 30 days past due</b>	<b>Loans 30 or more but less than 60 days past due</b>	<b>Loans 60 or more but less than 90 days past due</b>	<b>Loans 90 days or more past due</b>	<b>Total loans to customers</b>
<b>Net exposure</b>						
Corporate loans	3,009,078	64,346	55,497	39,885	55,308	3,224,114
Retail loans and residential mortgage loans	1,524,075	95,777	34,855	15,069	56,739	1,726,515
SME loans	186,174	44,310	8,907	11,479	17,188	268,058
<b>Total loans and advances to customers</b>	<b>4,719,327</b>	<b>204,433</b>	<b>99,259</b>	<b>66,433</b>	<b>129,235</b>	<b>5,218,687</b>

32.g. Geographical concentration of loans advanced to customers, broken down by counterparty type

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

	<b>June 30, 2010</b>						
	<b>Russia</b>	<b>Romania</b>	<b>Turkey</b>	<b>Ukraine</b>	<b>Other emerging markets</b>	<b>Developed markets</b>	<b>Total exposure</b>
<b>Net exposure</b>							
Corporate loans	731,671	429,421	1,266,141	66,214	53,228	740,200	3,286,875
Standard loans	729,220	368,959	1,229,051	51,931	42,373	719,808	3,141,342
Watch List	2,451	10,964	23,794	5,094	10,855	20,353	73,511
NPL	-	49,498	13,296	9,189	-	39	72,022
Retail loans (incl. mortgages)	610,597	814,755	-	15,404	24	299,956	1,740,736
Performing loans	599,568	694,804	-	13,345	6	249,229	1,556,952
Watch List loans	-	73,376	-	305	18	47,438	121,137
NPL	11,029	46,575	-	1,754	-	3,289	62,647
SME loans	79,499	153,775	-	8,954	-	-	242,228
Performing loans	76,005	98,679	-	6,516	-	-	181,200
Watch List loans	-	32,331	-	483	-	-	32,814
NPL	3,494	22,765	-	1,955	-	-	28,214
<b>Total exposure</b>	<b>1,421,767</b>	<b>1,397,951</b>	<b>1,266,141</b>	<b>90,572</b>	<b>53,252</b>	<b>1,040,156</b>	<b>5,269,839</b>

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	December 31, 2009						
					Other emerging markets	Developed markets	Total exposure
<b>Net exposure</b>	<b>Russia</b>	<b>Romania</b>	<b>Turkey</b>	<b>Ukraine</b>			
Corporate loans	610,394	502,383	1,371,863	80,094	85,447	573,933	3,224,114
Standard loans	599,798	428,525	1,350,530	66,414	71,426	562,463	3,079,156
Watch List	10,596	44,657	10,268	6,678	8,895	9,967	91,061
NPL	-	29,201	11,065	7,002	5,126	1,503	53,897
Retail loans (incl. mortgages)	546,183	828,105	-	13,003	-	339,224	1,726,515
Performing loans	499,564	696,862	-	11,199	-	316,910	1,524,535
Watch List loans	33,613	92,320	-	803	-	18,505	145,241
NPL	13,006	38,923	-	1,001	-	3,809	56,739
SME loans	82,265	177,171	-	8,622	-	-	268,058
Performing loans	77,774	103,625	-	7,122	-	-	188,521
Watch List loans	3,387	58,810	-	152	-	-	62,349
NPL	1,104	14,736	-	1,348	-	-	17,188
<b>Total exposure</b>	<b>1,238,842</b>	<b>1,507,659</b>	<b>1,371,863</b>	<b>101,719</b>	<b>85,447</b>	<b>913,157</b>	<b>5,218,687</b>

### 32. h. Liquidity risk

The Bank defines liquidity risk as the current or prospective risk to earnings and capital arising from an institution's inability to meet its liabilities when they come due. Liquidity risk arises from inability to manage unplanned decreases or changes in funding sources and the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Bank monitors its liquidity position on a daily basis and conducts regular liquidity stress testing. The Bank identifies the following items as the key liquidity-risk drivers:

- **Withdrawal of deposits:** The Bank should withstand a severe meltdown in its non-maturity deposits through deploying its available liquid assets. The severity is defined as a 40% loss in the saving-account balance in a period of one month.
- **Erosion in value of liquid assets:** The Bank applies a 75% haircut for the securities that are not eligible for re-financing through the European Central Bank (ECB). The remaining qualifying securities are taken into account after adding nominal 5% on top of the existing haircuts applied by the ECB. The policy also incorporates a scenario of material price drops, which in return further decrease the re-financing capacity.
- **Erosion in value of liquid assets:** The Bank applies a 75% haircut for the securities that are not eligible for re-financing through the European Central Bank (ECB). The remaining qualifying securities are considered after applying certain haircuts according to their external ratings.
- **Additional collateral requirements:** The Bank has sensitivity to certain FX parities due to its involvement in swap markets. The Bank might face intensive margin calls from the counterparties if certain FX rates move in the adverse direction. The Bank measures the required liquidity under worse-than-expected FX market conditions.

The Board and senior management ensure that the Bank's funding strategy and its implementation are consistent with their expressed risk tolerance. The board delegates responsibility for establishing specific liquidity-risk policies and practices to the Asset/Liability Committee (ALCO). ALCO is responsible for ensuring that measurement systems adequately identify and quantify the Bank's liquidity exposure and that reporting systems communicate accurate and relevant information about the level and sources of that exposure.

Any violation of the liquidity policy and predefined limits is reported to ALCO. In the case of limit excess during market turmoil, ALCO calls an immediate meeting to discuss options to bring the liquidity to its desired levels. This can include slowing down and/or ceasing to enter into new commitments, selling assets from trading and AFS portfolios, and increasing spreads to attract new long-term funds on the consumer and corporate sides, as defined in the Bank's contingency-funding plan. To mitigate liquidity risk, the Bank diversifies funding sources as customer deposits and funds borrowed from abroad and it keeps certain level of assets as cash and cash equivalents.

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Liquidity gaps as a result of size and maturity mismatches in assets and liabilities also generate liquidity risk. Liquidity-gap analysis is done on a monthly basis, to be submitted to ALCO, or more frequently when required. It distributes all on-balance sheet assets' and liabilities' expected cash flows in predefined maturity bands according to remaining contractual maturity.

In its second consultation paper, 'International Framework for Liquidity Risk Measurement, Standards and Monitoring', the Basel Committee proposes a strengthened liquidity framework which introduces quantitative standards for funding and liquidity. The two proposed measures are a 30-day liquidity coverage ratio designed to ensure short-term resilience to liquidity disruptions and a longer-term structural liquidity ratio to address liquidity mismatches and promote the use of stable funding sources. Our interim impact study found that CEB NV is well above the proposed thresholds, verifying CEB NV's strong liquidity position.

June 30, 2010

Based on remaining maturity	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
<b>Assets</b>						
Cash and balances at central banks	1,474,762	-	-	-	-	1,474,762
Financial assets designated at fair value through profit or loss	611,329	150,421	100,000	25,928	94,414	982,092
Financial investments	186,444	71,016	25,196	104,610	608,069	995,335
Loans and receivables – banks	571,674	24,916	14,754	28,893	3,612	643,849
Loans and receivables – customers	807,213	542,103	315,783	604,234	3,000,506	5,269,839
Tangible and intangible assets	-	-	-	-	107,891	107,891
Other assets	183,405	92,245	62,150	91,629	59,909	489,338
<b>Total assets</b>	<b>3,834,827</b>	<b>880,701</b>	<b>517,883</b>	<b>855,294</b>	<b>3,874,401</b>	<b>9,963,106</b>

<b>Liabilities</b>						
Due to banks	657,777	197,203	238,347	50,186	31,311	1,174,824
Due to customers	1,543,963	608,464	981,480	1,853,399	1,755,100	6,742,406
Issued debt securities	34	210	1,331	-	421,549	423,124
Other liabilities	229,421	108,076	80,939	160,564	125,602	704,602
<b>Total liabilities (excluding subordinated liabilities)</b>	<b>2,431,195</b>	<b>913,953</b>	<b>1,302,097</b>	<b>2,064,149</b>	<b>2,333,562</b>	<b>9,044,956</b>
Subordinated liabilities	719	27	-	-	250,735	251,481
<b>Total liabilities</b>	<b>2,431,914</b>	<b>913,980</b>	<b>1,302,097</b>	<b>2,064,149</b>	<b>2,584,297</b>	<b>9,296,437</b>

<b>Cumulative Liquidity gap</b>	<b>1,402,913</b>	<b>1,369,634</b>	<b>585,420</b>	<b>(623,435)</b>	<b>666,669</b>	<b>666,669</b>
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December 31, 2009

Based on remaining maturity	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
<b>Assets</b>						
Cash and balances at central banks	1,596,422	-	-	-	-	1,596,422
Financial assets designated at fair value through profit or loss	245,166	287	500,000	200,000	50,277	995,730
Financial investments	340,941	70,278	86,791	53,363	566,467	1,117,840
Loans and receivables – banks	491,058	45,039	42,651	4,685	32,081	615,514
Loans and receivables – customers	1,066,008	753,838	480,301	572,082	2,346,458	5,218,687
Tangible and intangible assets	-	-	-	-	104,871	104,871
Other assets	95,208	101,603	32,043	18,005	59,688	306,547
<b>Total assets</b>	<b>3,834,803</b>	<b>971,045</b>	<b>1,141,786</b>	<b>848,135</b>	<b>3,159,842</b>	<b>9,955,611</b>

<b>Liabilities</b>						
Due to banks	301,572	15,842	690,420	282,129	27,222	1,317,185
Due to customers	1,765,054	888,133	1,149,719	1,150,248	2,270,206	7,223,360
Issued debt securities	-	84,212	20,579	-	109,547	214,338
Other liabilities	148,120	79,640	46,074	20,474	44,844	339,152
<b>Total liabilities (excluding subordinated liabilities)</b>	<b>2,214,746</b>	<b>1,067,827</b>	<b>1,906,792</b>	<b>1,452,851</b>	<b>2,451,819</b>	<b>9,094,035</b>
Subordinated liabilities	865	30	-	-	222,595	223,490
<b>Total liabilities</b>	<b>2,215,611</b>	<b>1,067,857</b>	<b>1,906,792</b>	<b>1,452,851</b>	<b>2,674,414</b>	<b>9,317,525</b>

<b>Cumulative Liquidity gap</b>	<b>1,619,192</b>	<b>1,522,380</b>	<b>757,374</b>	<b>152,658</b>	<b>638,086</b>	<b>638,086</b>
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32. i. Market risks

Market risk is defined as the current or prospective threat to the Bank's earnings and capital as a result of adverse market movements in market prices (security and derivative prices, as well as interest rates and foreign exchange rates) or in parameters such as volatility and correlations. The trading portfolio includes financial instruments, such as securities, derivatives and FI loans, which are exposed to short-term price/interest-rate fluctuations. Eligible positions should be inline with the guidelines and principles set out in the market-risk policy. No eligible positions and financial instruments approved by ALCO are monitored within the scope of the banking book. Inline with its business plan, the Bank has a 'fair' risk appetite in market risk. The Bank aims to regularly measure and monitor its market risk associated with adverse market movements affecting the trading components of its Treasury and FI portfolio. It measures its market risk using different approaches – standard and internal models.

Bank risk tolerance in the form of limits is determined to manage market risk efficiently and keep it within these limits. Risk limits, such as the Value-at-Risk (VaR) limit, notional limits and sensitivity limits, are set by considering the primary risk factors. In case of a limit breach, ALCO is convened to determine strategy and take necessary actions to restore the outstanding exposure within limits in a certain period of time.

The Bank measures the market risk of its trading book and the foreign-exchange risk of its banking book by using an internal model, based on VaR methodology. VaR defines the maximum loss not exceeded with a given probability over a given period of time under normal market conditions. However, this approach fails to capture exceptional losses under extreme market conditions; that is why market risk measurement is complemented by periodic stress-testing analysis.

The internal VaR model is used only for risk-monitoring purposes and not for regulatory capital purposes. Regulatory capital for market risk is calculated and reported quarterly according to the Standard Approach, as specified in the DNB's market-risk regulations.

The Monte Carlo Method simulations method is used starting from April 2010, while Historical simulation method is in place before that. The current portfolio is valued by modeling the instruments' prices in the portfolio using stochastic processes. The volatilities and correlations in the pricing models are determined historically from the relevant risk factors over the previous one year period. Each simulation makes a stress scenario that will result in a possible return. The VaR is calculated by getting the percentile of possible loss corresponding to the given confidence interval.

The internal limit for the 10-day trading portfolio, with VaR at 99%-confidence interval, is EUR 12.5 million. This implies that the diversified VaR from foreign-exchange risk and interest-rate risk in the trading book should not exceed this level.

Other market risks, such as liquidity, re-pricing and interest-rate risk, on the banking book are measured and monitored through sensitivity and gap analyses, detailed in subsequent sections.

Value-at-risk of trading units	Total	Diversification effect	Interest-rate risk	Foreign-exchange risk
Average	5,570	85.80%	6,051	3,916
Maximum	10,595	63.71%	13,966	8,045
Minimum	2,277	57.73%	2,646	1,527
Period-end	4,686	57.73%	2,646	4,746

Stressed Value-at-Risk, a measure proposed by BIS in 'Revisions to the Basel II market risk framework' (BIS, July 2009), is a replication of the usual VaR, with the only difference being the market-data window. The Bank has chosen a period of high financial stress for its incremental market-risk measure: August 2008 – August 2009. The other parameters are identical to those used for regular VaR reporting: Historical Simulation method/Monte Carlo simulations, 99% confidence interval, daily returns and also the portfolio.

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**32.j. Interest-rate risk in the banking book**

One of the Bank's major risks under Pillar II is the interest-rate risk on the banking book. The Bank defines interest-rate risk as the current or prospective risk to earnings and capital arising from adverse movements in interest rates. The trading book is also subject to interest-rate risk, but this type of risk is dealt with under the Market Risk: Value-at-Risk section. Subsidiaries are not allowed to carry interest-rate positions and are expected to transfer their positions to the parent Bank, where centralized ALM and funding principles are in place. The Bank has a 'minor' risk tolerance towards interest-rate risk in its banking book.

The Bank's interest-rate risk is monitored for the banking book by means of static-re-pricing-gap and interest-rate-sensitivity analyses once a month at all levels and for each major currency in use. Interest-rate sensitivity on the banking book is calculated according to the economic-value approach, and is reported on a monthly basis at Bank and Group levels to the Risk Management Committee and the Treasury Department.

For the re-pricing gap, any mismatch exceeding 15% of equity for maturities longer than six months is hedged, unless otherwise approved by ALCO. For the maturity gap, the consolidated gap should not be negative for the first six months, unless otherwise approved by ALCO.

Interest-rate sensitivity in the banking book is calculated according to the economic-value approach. All future cash flows, arising solely from on- and off- balance sheet assets and liabilities are discounted back to their present values with zero-coupon yield curves to see the impact of interest-rate changes on the economic value of the Bank. The impact of the curve with the maximum net gain or loss compared to a benchmark curve is analyzed.

Interest-rate sensitivity in the banking book is measured by means of PV01 method. The PV01 method is based on flat upward shifts of each currency's yield curve in magnitudes of one basis point. The economic value impact of these shifts on the banking book is then analyzed. PV01 analysis is complemented with 200-basis-points (bps) scenarios, which consist of the parallel shifts of the yield curves by shifting short-term rates and long-term rates for each individual currency.

The impact of the curve with the maximal net gain or loss compared to a benchmark curve is then analyzed.

In 2010 the Bank is considering automating its reporting and increasing the depth of its analysis by efficiently capturing all of the major sources of interest-rate risk, such as basis risk (arising from different interest-rate benchmarks), interest-rate-re-pricing risk, yield-curve risk (risk related to the changes in the shape and the slope of the yield curve) and embedded options.

Determination of economic internal capital to be set aside to cover potential interest-rate risk in the banking book is based on a Historical Simulation method. Historical economic values of the current banking book are calculated by discounting the re-pricing gaps in each of the major currencies with historical month-end zero-coupon swap curves in pre-defined maturity buckets. Once historical economic values are obtained, an economic value change distribution is created using a rolling window of one year.

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	June 30, 2010						
	Up to 1 month	1–3 months	3–6 months	6–12 months	Over 1 year	Non–interest bearing items(*)	Total
<b>Assets</b>							
Cash and balances at central banks	1,474,762	-	-	-	-	-	1,474,762
Financial assets designated at fair value through profit or loss	603,415	267,663	23,572	54,606	31,412	1,424	982,092
Financial investments	27,563	111,361	124,065	209,401	521,313	1,632	995,335
Loans and receivables – banks	341,503	26,574	12,132	26,013	2,060	235,567	643,849
Loans and receivables – customers	1,113,149	716,391	812,602	561,917	1,413,727	652,053	5,269,839
Tangible and intangible assets	-	-	-	-	-	107,891	107,891
Other assets	216	-	-	-	-	489,122	489,338
<b>Total assets</b>	<b>3,560,608</b>	<b>1,121,989</b>	<b>972,371</b>	<b>851,937</b>	<b>1,968,512</b>	<b>1,487,689</b>	<b>9,963,106</b>
<b>Liabilities</b>							
Due to banks	625,020	17,256	389,874	4,333	11,322	127,019	1,174,824
Due to customers	2,690,220	325,732	374,829	1,131,613	1,736,081	483,931	6,742,406
Issued debt securities and other borrowed funds	34	210	1,331	-	421,549	-	423,124
Other liabilities	16	-	-	-	11,006	693,580	704,602
<b>Total liabilities (excluding subordinated liabilities)</b>	<b>3,315,290</b>	<b>343,198</b>	<b>766,034</b>	<b>1,135,946</b>	<b>2,179,958</b>	<b>1,304,530</b>	<b>9,044,956</b>
Subordinated liabilities	43,796	17,114	87,498	-	102,477	596	251,481
<b>Total liabilities</b>	<b>3,359,086</b>	<b>360,312</b>	<b>853,532</b>	<b>1,135,946</b>	<b>2,282,435</b>	<b>1,305,126</b>	<b>9,296,437</b>
<b>Off-balance interest-sensitivity gap</b>	<b>241,500</b>	<b>(147,869)</b>	<b>(27,048)</b>	<b>(66,862)</b>	<b>(64,718)</b>	<b>-</b>	<b>(64,997)</b>
<b>Net gap</b>	<b>443,022</b>	<b>613,808</b>	<b>91,791</b>	<b>(350,871)</b>	<b>(378,641)</b>	<b>-</b>	<b>419,109</b>

(\*) Non-interest-bearing items are not taken into account in the net gap.

	December 31, 2009						
	Up to 1 month	1–3 months	3–6 months	6–12 months	Over 1 year	Non–interest bearing items(*)	Total
<b>Assets</b>							
Cash and balances at central banks	1,596,422	-	-	-	-	-	1,596,422
Financial assets designated at fair value through profit or loss	20,038	33,396	6,365	238,203	697,200	528	995,730
Financial investments	81,559	117,969	118,006	57,437	732,538	10,331	1,117,840
Loans and receivables – banks	374,577	58,374	14,710	4,984	15,225	147,644	615,514
Loans and receivables – customers	1,387,383	908,556	693,587	552,431	1,388,986	287,744	5,218,687
Tangible and intangible assets	-	-	-	-	-	104,871	104,871
Other assets	163,970	206	-	1,111	329	140,931	306,547
<b>Total assets</b>	<b>3,623,949</b>	<b>1,118,501</b>	<b>832,668</b>	<b>854,166</b>	<b>2,834,278</b>	<b>692,049</b>	<b>9,955,611</b>
<b>Liabilities</b>							
Due to banks	290,849	115,543	50,187	781,832	2,457	76,317	1,317,185
Due to customers	3,251,026	587,537	490,285	381,691	2,299,904	212,917	7,223,360
Issued debt securities and other borrowed funds	-	84,212	20,579	-	109,547	-	214,338
Other liabilities	709	-	-	-	4,141	334,302	339,152
<b>Total liabilities (excluding subordinated liabilities)</b>	<b>3,542,584</b>	<b>787,292</b>	<b>561,051</b>	<b>1,163,523</b>	<b>2,416,049</b>	<b>623,536</b>	<b>9,094,035</b>
Subordinated liabilities	125,451	98,039	-	-	-	-	223,490
<b>Total liabilities</b>	<b>3,668,035</b>	<b>885,331</b>	<b>561,051</b>	<b>1,163,523</b>	<b>2,416,049</b>	<b>623,536</b>	<b>9,317,525</b>
<b>Off-balance interest-sensitivity gap</b>	<b>165,590</b>	<b>(14,557)</b>	<b>(367,847)</b>	<b>187,558</b>	<b>-</b>	<b>-</b>	<b>(29,256)</b>
<b>Net gap</b>	<b>121,504</b>	<b>218,613</b>	<b>(96,230)</b>	<b>(121,799)</b>	<b>418,229</b>	<b>-</b>	<b>540,317</b>

(\*) Non-interest-bearing items are not taken into account in the net gap.

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#### 32. k. Currency risk

The Bank takes on exposure to effects of fluctuations in the prevailing foreign-currency-exchange rates on its financial position and cash flows.

The Bank enters into foreign-currency forward transactions and swap transactions to decrease foreign-currency-position risk.

The Bank's position limits on currency risk are determined according to the foreign-currency net-position standard ratio determined by the DNB.

The Bank has control limits for the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments is managed together with the risks resulting from market fluctuations. The Bank monitors the risks of forward transactions, options and other similar agreements, reviews open positions with the ALCO and takes appropriate action where deemed necessary.

Consolidated subsidiaries and associates determine position limits related to currency risk as determined by local regulatory bodies. Subsidiaries established abroad conduct their operations in the currencies of the countries they are incorporated in.

The result of structural foreign-exchange positions on the Bank's net investments in foreign subsidiaries and branches, together with any related net investment hedges (see note 10), is recognized in equity.

Foreign-exchange risk of the position held is calculated with VaR methodology and reported daily for the Bank level and monthly on a consolidated level. The VaR limits and other market risks related issues are monitored by the Risk Management Department and discussed in weekly ALCO meetings.

The currency position, taking off-balance sheet derivative transactions into account, is at insignificant levels as of June 30, 2010 and December 31, 2009. The positions are taken inline with the Bank's risk-management policies.

Currency analysis for the year ended June 30, 2010:

	EUR(*)	USD	CHF	RON	RUB	UAH	TRY	Others	Total
Cash and balances with central banks	1,350,341	3,700	587	68,280	50,727	1,006	-	121	1,474,762
Financial assets designated at fair value through profit or loss	910,694	61,946	-	448	8,999	-	5	-	982,092
Financial investments	295,330	480,836	-	133,047	45,958	40,164	-	-	995,335
Loans and receivables – banks	177,026	444,075	168	812	1,969	8,715	3,092	7,992	643,849
Loans and receivables – customers	2,069,787	1,899,412	204,832	238,963	759,571	19,367	60,952	16,955	5,269,839
Derivative financial instruments	194,429	56,847	72,968	1,307	344	-	5,780	1,632	333,307
Equity-accounted investments	125	-	-	-	-	-	-	-	125
Property and equipment	41,510	859	1,162	23,939	12,175	2,527	-	-	82,172
Goodwill and other intangible assets	9,394	86	-	8,243	7,581	415	-	-	25,719
Other assets	50,409	37,561	549	33,798	30,224	3,139	92	134	155,906
<b>Total assets</b>	<b>5,099,045</b>	<b>2,985,322</b>	<b>280,266</b>	<b>508,837</b>	<b>917,548</b>	<b>75,333</b>	<b>69,921</b>	<b>26,834</b>	<b>9,963,106</b>
Due to banks	854,655	179,827	288	9,139	117,070	204	12,451	1,190	1,174,824
Due to customers	5,537,047	679,309	1,919	268,978	178,069	2,622	61,930	12,532	6,742,406
Derivative financial instruments	408,719	56,987	77,974	1,569	3,376	-	5,309	1,630	555,564
Issued debt securities	-	321,513	-	-	101,611	-	-	-	423,124
Other liabilities	64,729	32,690	19,179	15,285	14,972	1,974	57	152	149,038
Subordinated liabilities	60,008	191,473	-	-	-	-	-	-	251,481
<b>Total liabilities</b>	<b>6,925,158</b>	<b>1,461,799</b>	<b>99,360</b>	<b>294,971</b>	<b>415,098</b>	<b>4,800</b>	<b>79,747</b>	<b>15,504</b>	<b>9,296,437</b>
Net on-balance sheet position	-	1,523,523	180,906	213,866	502,450	70,533	(9,826)	11,330	2,492,782
<b>Off-balance sheet net position</b>	<b>-</b>	<b>(1,560,671)</b>	<b>(193,371)</b>	<b>(215,409)</b>	<b>(472,601)</b>	<b>(45,075)</b>	<b>42,895</b>	<b>(13,016)</b>	<b>(2,457,248)</b>
<b>Net open position</b>	<b>-</b>	<b>(37,148)</b>	<b>(12,465)</b>	<b>(1,543)</b>	<b>29,849</b>	<b>25,458</b>	<b>33,069</b>	<b>(1,686)</b>	<b>35,534</b>

(\*) Euros are not included in the total net position, since it is the Bank's functional currency.

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Currency analysis for the year ended December 31, 2009:

	EUR(*)	USD	CHF	RON	RUB	UAH	TRY	Others	Total
Cash and balances with central banks	1,431,189	3,604	329	124,024	31,764	5,407	-	105	1,596,422
Financial assets designated at fair value through profit or loss	964,139	24,515	-	528	6,515	-	33	-	995,730
Financial investments	332,738	407,650	-	178,339	169,836	25,873	-	3,404	1,117,840
Loans and receivables – banks	427,353	161,036	2,260	3,027	12,280	2,645	2,040	4,873	615,514
Loans and receivables – customers	2,373,017	1,698,957	184,935	264,436	627,377	12,723	37,751	19,491	5,218,687
Derivative financial instruments	326,248	(142,965)	27,770	(12,871)	306	-	3,603	175	202,266
Equity-accounted investments	125	-	-	-	-	-	-	-	125
Property and equipment	40,828	580	1,188	26,035	11,719	2,152	-	-	82,502
Goodwill and other intangible assets	6,298	98	-	8,370	7,182	421	-	-	22,369
Other assets	12,228	34,753	233	36,255	18,147	2,504	34	2	104,156
<b>Total assets</b>	<b>5,914,163</b>	<b>2,188,228</b>	<b>216,715</b>	<b>628,143</b>	<b>885,126</b>	<b>51,725</b>	<b>43,461</b>	<b>28,050</b>	<b>9,955,611</b>
Due to banks	1,011,321	10,141	240	63,886	231,193	-	47	357	1,317,185
Due to customers	5,955,719	803,412	4,254	270,041	161,865	4,349	17,371	6,349	7,223,360
Derivative financial instruments	(334,532)	355,276	174,824	(10,222)	8,929	-	4,343	7	198,625
Issued debt securities	-	211,373	-	-	2,965	-	-	-	214,338
Other liabilities	58,707	39,328	15,386	16,057	9,627	1,274	38	110	140,527
Subordinated liabilities	60,895	162,595	-	-	-	-	-	-	223,490
<b>Total liabilities</b>	<b>6,752,110</b>	<b>1,582,125</b>	<b>194,704</b>	<b>339,762</b>	<b>414,579</b>	<b>5,623</b>	<b>21,799</b>	<b>6,823</b>	<b>9,317,525</b>
Net on-balance sheet position	-	606,103	22,011	288,381	470,547	46,102	21,662	21,227	1,476,033
<b>Off-balance sheet net position</b>	<b>-</b>	<b>(643,073)</b>	<b>(31,116)</b>	<b>(285,387)</b>	<b>(433,083)</b>	<b>(36,814)</b>	<b>(19,142)</b>	<b>(24,218)</b>	<b>(1,472,833)</b>
<b>Net open position</b>	<b>-</b>	<b>(36,970)</b>	<b>(9,105)</b>	<b>2,994</b>	<b>37,464</b>	<b>9,288</b>	<b>2,520</b>	<b>(2,991)</b>	<b>3,200</b>

(\*) Euros are not included in the total net position, since it is the Bank's functional currency.

### 32.1. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal and outsourcing risk but excluding business, strategy, and reputational risk.

During the last quarter of 2008, the Bank established a Group-level Operational Risk Management (ORM) Department whose goal is to consolidate already-existing ORM activities and coordinate implementation of the framework at locations where there was no prior ORM activity. The framework uses the Risk Control Self-Assessment and Operational Loss database to identify risks and establish risk-mitigating action points. There are ORM officers at each department ensuring that operational-risk management is embedded in day-to-day operations. A new-product-approval process has also been introduced to ensure new products and processes are introduced in a well-prepared manner by all parties involved.

### 33. Subsequent event

The Bank has signed a agreement for the acquisition of 95% of shares in Millennium Bank in Turkey. The purchase is subject to the approval of the Dutch Central Bank (De Nederlandsche Bank – DNB) and the Turkish Banking Supervisory Regularity Agency. Acquisition is expected to be finalized at the end of September 2010.

As of August 8, 2010, Fitch Ratings has upgraded Credit Europe Bank N.V.'s (CEB) Individual Rating to 'C/D' from 'D'. Its other ratings are affirmed at Long-term Issuer Default (IDR) 'BB' with a Stable Outlook, Short-term IDR 'B', Support '5' and Support Rating Floor of 'No Floor'."

As of August 12, 2010, the Bank arranged two syndication loans amounting to EUR 120,000, maturing at August 11, 2011 with interest rate of Euribor plus 1.35 % and USD 45,000 maturing at August 11, 2011 with interest rate of Libor plus 1.35 %. Interest will be paid quarterly.

## Credit Europe Bank N.V.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As of and for the period ended June 30, 2010 (Unless otherwise stated all amounts are in thousands of euros)

#### 34. List of subsidiaries

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, 2010	December 31, 2009
Credit Europe Bank Ltd	Moscow	Russia	96.34%	96.28%
Credit Europe Bank (Romania) SA	Bucharest	Romania	96.39%	96.39%
Credit Europe Leasing LLC	Kiev	Ukraine	100.00%	100.00%
CSJC Credit Europe Bank	Kiev	Ukraine	99.99%	99.99%
Stitching Credit Europe Custodian Services	Amsterdam	The Netherlands	100.00%	100.00%
Credit Europe Bank (Suisse) SA	Geneva	Switzerland	100.00%	100.00%
Credit Europe Bank (Dubai) Ltd	Dubai	U. Arab Emirates	100.00%	100.00%
Credit Europe Leasing LC Russia	Moscow	Russia	98.04%	98.04%
Credit Europe Bank Consumer Finance SA	Brussels	Belgium	100.00%	100.00%

**Credit Europe Bank N.V.**

**REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
As of June 30, 2010**

To: Credit Europe Bank N.V.  
Karspeldreef 6a  
1101 CJ Amsterdam, the Netherlands

***Introduction***

We have reviewed the accompanying condensed consolidated interim financial statements of Credit Europe Bank N.V., Amsterdam as at 30 June 2010, which comprises the statement of financial position as at 30 June 2010, profit and loss statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the selected explanatory notes for the six-month period then ended (“the condensed consolidated interim financial information”). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information 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 of Review***

We conducted our review in accordance with Dutch law including standard 2410, “Review of Interim Financial Information Performed by the 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 auditing standards 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 information as at 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’, as adopted by the European Union.

Amstelveen, 24 August 2010

KPMG ACCOUNTANTS N.V.

W.G. Bakker RA