

**Credit Europe Bank
(Dubai) Ltd**

Condensed interim financial statements
for the six-month period ended
30 June 2014

Credit Europe Bank (Dubai) Ltd

Condensed interim financial report
For the six months ended 30 June 2014

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Independent Auditors' Report on Review of Interim Condensed Financial Information

**To the Shareholders
Credit Europe Bank (Dubai) Ltd**

Introduction

We have reviewed the accompanying 30 June 2014 interim condensed financial information of Credit Europe Bank (Dubai) Ltd ("the Bank"), which comprises:

- the interim condensed statement of financial position as at 30 June 2014;
- the interim condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2014;
- the interim condensed statement of changes in equity for the six-month period ended 30 June 2014;
- the interim condensed statement of cash flows for the six-month period ended 30 June 2014; and
- notes to the interim condensed financial information.

Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2014 interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matters

Without qualifying our conclusion, we draw attention to the fact that the comparative information for the six month period ended 30 June 2013 has not been reviewed by us.

KPMG LLP

10 AUG 2014

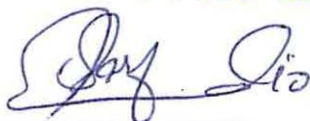
Credit Europe Bank (Dubai) Ltd

Condensed interim statement of financial position

As at 30 June 2014

	<i>Note</i>	30 June 2014 USD'000	31 December 2013 USD'000
ASSETS			
Cash in hand		3	1
Due from banks	6	43,162	23,217
Loan and advances	7	156,070	140,261
Financial investments	8	30,681	14,075
Property and equipment		86	125
Intangible assets		19	-
Other assets		1,477	830
Total assets		231,498	178,509
LIABILITIES			
Due to banks	9	127,700	90,334
Due to customers	10	29,352	18,902
Other liabilities		480	339
Total liabilities		157,532	109,575
EQUITY			
Share capital	13	30,000	30,000
Retained earnings		44,624	39,684
Fair value reserve		(658)	(750)
		73,966	68,934
Total equity and liabilities		231,498	178,509

This condensed interim financial statements were approved and authorised for issue by the Board of Directors on 10 AUG 2014 and signed on their behalf by:



Ahmed Chandio
Chief Financial Officer



Cenk Atmaca
Senior Executive Officer

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

The independent auditors' review report is set out on page 1.

Credit Europe Bank (Dubai) Ltd

Condensed interim statement of profit or loss

For the six month period ended 30 June 2014

	<i>Note</i>	30 June 2014 USD`000	30 June 2013 USD`000
Interest income	<i>14</i>	5,070	3,251
Interest expense	<i>15</i>	(655)	(591)
		-----	-----
Net interest income		4,415	2,660
Fee income		1,914	1,062
Foreign exchange loss		(19)	(4)
Gain on sale of financial investments		477	-
Other operating income		40	40
		-----	-----
Total operating income		6,827	3,758
		-----	-----
General and administrative expenses		(1,853)	(1,583)
Reversal / (provision) of impairment on loans and advances		15	(53)
Depreciation and amortization		(49)	(79)
		-----	-----
Total operating expenses		(1,887)	(1,715)
		-----	-----
Profit for the period		4,940	2,043
		-----	-----

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

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Credit Europe Bank (Dubai) Ltd

Condensed interim statement of profit or loss and other comprehensive income

For the six month period ended 30 June 2014

	30 June 2014 USD`000	30 June 2013 USD`000
Profit for the period	4,940	2,043
Other comprehensive income:		
<i>Total items that are or may be reclassified to profit or loss</i>		
Fair value loss on available for sales debt securities	(658)	(272)
Total comprehensive income for the period	4,282	1,771

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

The independent auditors' review report is set out on page 1.

Credit Europe Bank (Dubai) Limited

Condensed interim statement of cash flows

For the six months ended 30 June 2014

	30 June 2014 USD'000	30 June 2013 USD'000
Operating activities		
Profit for the period	4,940	2,043
<i>Adjustments for</i>		
Depreciation	46	79
Amortization	3	-
Reversal of provision for impairment	(15)	53
Gain on sale of investments	(477)	-
	-----	-----
<i>Operating profit before working capital changes</i>	4,497	2,175
Net change in due from banks	(14,686)	(29,741)
Net change in loans and advances	(15,794)	(66,952)
Net change in other assets	(647)	3,190
Net change in due to banks	37,366	94,702
Net change in due to customers	10,450	7,953
Net change in other liabilities	141	(3,010)
	-----	-----
<i>Cash generated from operating activities</i>	21,327	8,317
	-----	-----
Investing activities		
Acquisition of property and equipment	(6)	(157)
Acquisition of intangible assets	(22)	-
Purchase of investments-net	(16,037)	(14,909)
	-----	-----
<i>Cash used in investing activities</i>	(16,065)	(15,066)
	-----	-----
Net changes in cash and cash equivalent		
Cash and cash equivalent at the beginning of the period	1,481	10,685
	-----	-----
Cash and cash equivalent at the end of the period	6,743	3,936
	-----	-----
Cash and cash equivalent comprise :		
Cash in hand	3	1
Cash at Bank	6,740	3,935
	-----	-----
	6,743	3,936
	-----	-----

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Credit Europe Bank (Dubai) Limited

Condensed interim statement changes in equity For the six months ended 30 June 2014

	Share capital USD'000	Retained earnings USD'000	Fair value reserve USD '000	Total USD'000
Balance at 1 January 2013	30,000	34,645	-	64,645
Profit for the period		2,043	-	2,043
<i>Other comprehensive income</i>				
Fair value loss on available for sale debt securities	-	-	(272)	(272)
Total comprehensive income for the period	-	2,043	(272)	1,771
Balance at 30 June 2013	30,000	36,688	(272)	66,416
Balance at 1 January 2014	30,000	39,684	-	69,684
Profit for the period		4,940	-	4,940
<i>Other comprehensive income</i>				
Fair value loss on available for sale debt securities	-	-	(658)	(658)
Total comprehensive income for the period	-	4,940	(658)	4,282
Balance at 30 June 2014	30,000	44,624	(658)	73,966

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

The independent auditors' review report is set out on page 1.

Credit Europe Bank (Dubai) Ltd

Notes to the condensed interim financial statements

1. Corporate information

General

Credit Europe Bank (Dubai) Ltd (“the Bank”) was established in the Dubai International Financial Center (“DIFC”) on 24 September, 2008. The Bank was granted Category 1 banking license under the Article 48 of the Regulatory Law 2004 issued by the Dubai Financial Service Authority (“DFSA”).

The principal activities of the Bank are accepting deposits, providing credit, arranging credit or deals in investment, advising on financial products or credit, dealing in investment as agent and arranging custody.

The Bank is a wholly owned subsidiary of Credit Europe Bank NV (the “Parent Bank”) which is established in Amsterdam, Netherlands. Fiba Holding A.S, a company established in Turkey, is the ultimate parent company of the Parent Bank (the “Ultimate Parent Company”). Credit Europe Bank N.V. was founded as a specialised trade finance bank with an aim to actively participate in the wholesale financing of international trade. In later years, the Parent Bank started retail banking activities including saving accounts, mortgage loans, consumer loans and credit cards.

The registered address of the Bank is Level 7, Office 7, Al Fattan Currency House, and P.O. Box 506719, Dubai, United Arab Emirates.

2 Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank as at and for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

This condensed interim financial statements of the Bank are presented in U.S Dollar (“USD”), which is the functional currency of the bank, and are prepared on a historical cost basis except for derivative financial instruments, which are measured at fair value.

Credit Europe Bank (Dubai) Ltd

Notes to the condensed interim financial report (*continued*)

3 Significant accounting policies

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the bank's audited financial statements for the year ended 31 December 2013.

4 Use of estimates and judgements

The preparation of the condensed interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing this condensed interim financial report, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were similar to those that applied to the audited financial statements as at and for the year ended 31 December 2013.

5 Financial risk management

The Bank's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2013.

6 Due from banks

	30 June 2014 USD`000	31 December 2013 USD`000
Nostro accounts		
- related parties	5,691	1,071
- other banks	1,049	409
	-----	-----
	6,740	1,480
Term lending/ placements		
- discounted bills	5,823	6,617
- related parties (note 6.1)	30,599	15,120
	-----	-----
	43,162	23,217
	=====	=====

6.1 The balance from related party pertains to money market placements which carry an interest rate ranging from 5.0% per annum to 5.25% per annum (2013: 3.5% per annum to 5.25% per annum) and maturing between 3 to 6 months.

Credit Europe Bank (Dubai) Ltd

Notes to the condensed interim financial report (*continued*)

7 Loans and advances

	30 June 2014 USD`000	31 December 2013 USD`000
Transactional lending	66,227	73,926
Balance sheet lending	64,205	52,363
Risk participation	25,638	13,987
	-----	-----
	156,070	140,276
Less: specific impairment provision	-	(15)
	-----	-----
	156,070	140,261
	=====	=====

8 Financial investments

	30 June 2014 USD`000	31 December 2013 USD`000
Available for sale debt securities	30,681	14,075
	-----	-----
	30,681	14,075
	=====	=====

9 Due to banks

	30 June 2014 USD`000	31 December 2013 USD`000
Repo with parent bank	19,722	-
Money market borrowings	107,717	90,073
Current account	261	261
	-----	-----
	127,700	90,334
	=====	=====

The repurchase obligation with parent bank carried an interest rate between 0.3% - 0.45% per annum and with maturities between 2 to 10 months.

Credit Europe Bank (Dubai) Ltd

Notes to the condensed interim financial report (*continued*)

10 Due to customers

	30 June 2014 USD`000	31 December 2013 USD`000
Current account (Note 10.1)	27,352	18,902
Time deposit	2,000	-
	----- 29,352 =====	----- 18,902 =====

10.1 Current account mainly represent deposit held as security / margin for credit facilities granted to customers. These balances are non-interest bearing.

11 Share capital

	30 June 2014 USD`000	31 December 2013 USD`000
Authorised		
100,000 ordinary share of USD 1,000 each	100,000	100,000
	=====	=====
Issued and paid up		
30,000 ordinary share of USD 1,000 each	30,000	30,000
	=====	=====

12 Contingencies and commitments

To meet the financial needs of customers the Bank issues various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised 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 recognised in the statement of financial position for incurred obligation 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 upon 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 or in the form of irrevocable letters of credit, advance payment guarantees, and endorsement liabilities from bills rediscounted.

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.

Credit Europe Bank (Dubai) Ltd

Notes to the condensed interim financial report (*continued*)

12 Contingencies and commitments (*continued*)

	30 June 2014 USD`000	31 December 2013 USD`000
Contingencies and commitments		
Documentary credit and short-term trade related transactions	66,202	42,496
Letter of guarantees granted – others	9,729	1,917
	-----	-----
Total non-cash loans	75,931	44,413
	=====	=====

Derivatives

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of an underlying financial instrument, reference rate or index. Derivative financial instruments include forwards and swaps.

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at period end and are neither indicative of the market risk nor credit risk.

	Notional Amount USD`000	Positive fair value USD`000	Negative fair value USD`000
30 June 2014			
Foreign currency swaps	47,912	496	148
	-----	-----	-----
Total	47,912	496	148
	=====	=====	=====
	Notional Amount USD`000	Positive fair value USD`000	Negative fair value USD`000
31 December 2013			
Foreign currency swaps	30,677	321	6
	-----	-----	-----
Total	30,677	321	6
	=====	=====	=====

Credit Europe Bank (Dubai) Ltd

Notes to the condensed interim financial report (*continued*)

13 Related party transactions

Related parties include the Parent Bank, other subsidiaries of the Bank's Ultimate Parent Company and key management personnel. A number of banking transactions are entered into with the Parent Bank, other subsidiaries of the Bank's Ultimate Parent Company, directors and senior management in the ordinary course of business. All the transactions with the related parties were carried out on terms and conditions duly approved by management of the Bank.

The related party balances and transaction are disclosed in the respective notes of these condensed interim financial statements. The balances and transactions which are not disclosed anywhere else in these financial statements are set out below:

	June 2014 USD'000	December 2013 USD'000
Commitment and contingencies		
Guarantees arranged in favor of the Bank		
from the Parent Bank	48,250	17,217
Management fee from Credit Plus (Gulf) Limited (Note 13.2)	40	80
	=====	=====

13.1 The Parent Bank provides certain services and guidance from time to time in relation to information technology, credit and risk management of the Bank without any specified charges.

13.2 Management fee of USD 6.7 thousand (2013: 6.7 thousand) is charged on a monthly basis against the administration services provided Credit Plus (Gulf) Ltd a subsidiary of Fiba Holding A.S (the "Ultimate Parent Company") in accordance with the service level agreement dated 2 February 2012.

14 Interest income

	Six months ended 30 June 2014 USD' 000	Six months ended 30 June 2013 USD'000
From:		
Due from banks	975	750
Financial investments	365	217
Loan and advances	3,730	2,284
	-----	-----
	5,070	3,251
	=====	=====

Credit Europe Bank (Dubai) Ltd

Notes to the condensed interim financial report (*continued*)

15 Interest expense

	Six months ended 30 June 2014 USD' 000	Six months ended 30 June 2013 USD'000
On:		
Due to banks	651	591
Due to customers	4	-
	-----	-----
	655	591
	=====	=====

16 Comparative figures

Certain comparative figures have been re-classified where necessary to conform to the current period's presentation in accordance with International Financial Reporting Standards and IAS 34 'Interim Financial Reporting'.