

Credit  EuropeBank

Credit Europe Bank (Suisse) SA

*Annual Report 2013*

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## Chairman's Statement

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The world economy has seen some progress in rebuilding global confidence in 2013 and further recovery looks more assured in the near future. In the Eurozone, the recovery appeared to be broadening while the US seems to have sped up for creating jobs and its housing market moved up significantly. As a positive reaction to this, market confidence strengthened while the equity markets displayed renewed optimism in 2013.

In the coming term, the expectation is to have slow macroeconomic growth and a continuation of low interest rate levels and the unemployment remains one of the main challenges to long-term social sustainability for the world economies. On the other hand, potential consequences of the tapering and eventual halt to quantitative easing in the United States are yet to be seen on the global level.

Despite the challenging economic environment during 2013, our efforts to achieve healthy balance sheet as well as sustainable profit continued to produce positive results.

The Bank focused more on trade and commodity finance transactions in 2013 and consequently trade finance volume realized as USD 758 million with 60% increase compared to 2012. Total assets at the end of 2013, were 30% higher than previous year and reached to CHF 705 million. Due from customers balance was stable at the end of 2013 when we compared it with 2012 figures. Increase in margin requirements and marked to market evaluations on client driven derivative transactions were related to increased volumes as well as volatility in the market. Therefore, the due from banks and other assets/other liabilities balances have increased.

The Bank renewed its club loan deal with success in December 2013 amounting to USD 100 million and maintained its diversified funding base.

The gross profit of the Bank realized as CHF 10.6 million in 2013. The Bank released CHF 11.5 million from country reserves and allocated CHF 14.26 million to the general reserves from its current year income for 2013. Accordingly, the net income realized as CHF 4.4 million.

The appropriation of the retained earnings proposed by the Board of Directors as at December 31, 2013, is as follows:

Retained Earnings Available

|                         |     |            |
|-------------------------|-----|------------|
| Net Income for the year | CHF | 4,364,353  |
| Profit brought forward  |     | 18,110,180 |
|                         |     | -----      |
|                         |     | 22,474,533 |

Proposition for distribution by  
The General Meeting of Shareholders

|                        |  |            |
|------------------------|--|------------|
| General legal reserves |  | -          |
| To be carried forward  |  | 22,474,533 |
|                        |  | -----      |
|                        |  | 22,474,533 |

Taking this opportunity, we would like to thank the Management and the Staff for their dedication and teamwork.

Geneva, April 3, 2014

Hüsnü M. Özyeğin

## Board of Directors

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|                  |                     |
|------------------|---------------------|
| Hüsnü M. Özyeğın | Chairman            |
| Otto Bruderer    | Vice-Chairman       |
| Fevzi Bozer      | Member of the Board |
| Eric Fiechter    | Member of the Board |
| Mehmet Güleşci   | Member of the Board |
| Murat Başbay     | Member of the Board |
| Şenol Alođlu     | Member of the Board |

## Senior Management

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|                   |  |
|-------------------|--|
| H. Oktay Gümrükçü | Chief Executive Officer                                |
| Y. Aykut Cimir    | Deputy Chief Executive Officer                         |
| Fabrice Luisier   | Senior Vice President - Documentary Credits Operations |
| G. Cem Kurdođlu   | Senior Vice President - Treasury                       |
| Hadan Karamemis   | Vice President - Compliance                            |
| A. Nur Üstünay    | Vice President - International Relations               |
| Figen Çelik       | Vice President - Private Banking                       |
| Tuğba Özbay       | Vice President - Financial Control                     |

## Contact Details

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## Credit Europe Bank (Suisse) SA in Brief

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Credit Europe Bank (Suisse) SA (formerly Finansbank (Suisse) SA) “the Bank” was acquired by Finansbank AŞ Turkey in 1990 as the first non-Turkish subsidiary of FIBA Group. Due to the sale of Finansbank A.S. in August 2006, FIBA Group Banks were re-branded into Credit Europe Bank.

The Bank is fully owned by Credit Europe Bank NV, the Nederland and under the consolidated supervision of the Dutch Parent Bank.

The Bank has outsourced its operational activities and IT core banking software to a well-known name, Crédit Agricole (Suisse) SA, who has resilient experiences in supplying operational services to third parties since October 2007.

During 2013, the Bank has maintained its activities in private banking and corporate banking. In addition, the Bank has focused more on increasing the trade finance activities in 2013. Accordingly, relationship managers have been employed in the last quarter of 2013 to develop further the trade finance business. As a result, trade finance volume reached to USD 758 million in 2013 with 60% increase compared to 2012.

In connection with the increased activities, the Bank renewed its club deal facility amounting to USD 100 million (USD 67 million in 2012) for one year maturity. The deal was successfully subscribed with the participation of many reputable banks around the world.

Although the markets have been volatile, the Bank managed to achieve sustainable profit and strong balance sheet in 2013. The total assets exceeded CHF 700 million and the shareholders` equity reached at CHF 140 million. Credit Europe Bank (Suisse) SA has established itself as a solid Swiss Bank through the achievement of continuous, consistent and sustained growth levels.

The quality of service, tailor made solutions to the needs of the clients and experienced team helped significantly to the achievements of the Bank.

## Highlights

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### Financial Highlights

|                                       | 31.12.2013     | 31.12.2012 |
|---------------------------------------|----------------|------------|
|                                       | CHF - millions |            |
| Receivables from Banks                | 200.86         | 108.31     |
| Receivables from Customers            | 285.11         | 293.76     |
| Total Assets                          | 705.19         | 536.91     |
| Bank Borrowings                       | 201.06         | 169.88     |
| Customer Deposits                     | 222.58         | 146.57     |
| Shareholders' Equity                  | 140.98         | 121.18     |
| Assets Under Custody (USD - millions) | 1,540.24       | 1,582.97   |
| Trade Finance Volume (USD - millions) | 758.47         | 473.54     |
| BIS (%)                               | 28.22%         | 27.00%     |
| Operating Income                      | 24.21          | 31.86      |
| Operating Expense                     | 13.64          | 12.55      |
| Operating Profit                      | 10.58          | 19.31      |
| Net Income                            | 4.36           | 4.10       |

## Financial Review

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The Bank focused more on the trade finance activities in 2013 and accordingly trade finance volume was increased by 60% and reached to USD 758.48 million in 2013 and the receivables from customers as of December 31, 2013 were CHF 285.11 million.

However, cash loans to the clients were stable in 2013 compared to 2012.

Due to the excess liquidity and margin accounts kept in correspondent banks as a result of the volatility increase in the markets, receivables from banks balance increased significantly in 2013.

As a result, total assets were increased to CHF 705.19 million as of December 31, 2013. The Bank was successful in diversifying its funding sources with the renewal of syndication facility by increasing 50% compared to previous year reached to USD 100 million and by increasing the demand deposit base in 2013.

Conservative approach and strong CHF against EUR and USD in 2013 deteriorated the profitability of the Bank. Operating profit was CHF 10.58 million and the net income reached to CHF 4.36 million for the period.

The Bank's capital base reached to CHF 140.98 million and BIS ratio increased to 28.22% which reflects very strong capitalization.

## Information on Regulatory Capital

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|                                    | 31.12.2013 | 31.12.2012 |
|------------------------------------|------------|------------|
|                                    | CHF ('000) |            |
| Credit risk                        | 36'604     | 30'736     |
| Non counterparty risk              | 574        | 606        |
| Market risk                        | 690        | 2'750      |
| Operational risk                   | 4'089      | 4'508      |
| -/- Value adjustments (art 62 CAO) | (1'996)    | (2'687)    |
| Eligible Equity                    | 140'981    | 121'187    |
| Required Equity                    | 39'961     | 35'913     |
| Excess Equity                      | 76'023     | 85'274     |
| Equity coverage ratio 1            | 352.8%     | 337.4%     |
| Equity coverage ratio 2            | 246.8%     | 337.4%     |
| Solvency ratio                     | 28.2%      | 27.0%      |

## Corporate Banking & Trade Finance

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The Bank renders diverse corporate and commercial banking products; ranging from cash/non-cash loans to foreign trade finance to its customers through its specialized sales and operations staff. As a result of our tailor-made approach, credit products are formulated to accommodate specific needs of each and every client.

The Bank has decided to focus on more trade finance activities and engaged two new Relationship Managers in 2013.

Thanks to this customer-oriented sales and marketing strategy, company-specific service approach and perspective that consider clients as long-term business partners, last year the Bank has realized a trade finance volume of 758 million USD.

Seeing customer relations as the basis for long-lasting partnerships and opting to stand by its customers under all circumstances, the Bank aims to further solidify its business relationships with its existing clients via innovative products and cash/non-cash loan facilities in 2013 while broadening its corporate segment activities through new customer acquisitions.

## Private Banking

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In 2012, the Bank successfully fulfilled its objective of further enhancing ongoing relationships with its current client base while kept in tacked its aim of attracting more customers into private banking client portfolio. In order to reach its goal, the Bank makes available to its high-net-worth clients a wide range of wealth management services via diversified investment products.

We managed an asset under custody and management volume of USD 1.5 billion in 2013.

On the field of Private Banking, our main goal will continue to increase investment performance of our clients through an effective, risk-averse portfolio management. In order for us to facilitate this goal, we continue to closely follow financial markets and regularly monitor and analyze both national and international macroeconomic developments.

## International Relations

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As a result of its experience in global financial markets as well as strong and deep-rooted relationships, CEB Suisse has a dynamic and flexible structure that can quickly adapt to the changing global conditions when it comes to creating borrowing and serving the clients' needs on the international front.

Observing the fast changing nature of the financial environment, we maintained our conservative approach with regards to allocating limits to the banks while we continued to focus on building strong working relationships with the banks who are counterparties for trade finance transactions of our exporting and importing clients.

On the other hand, CEB Suisse has successfully achieved to complete a one-year dual tranche club loan facility amounting to 100 million USD in December 2013. This facility is going to be used for the pre-export financing requirements of our exporting clients.

## Treasury

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The Treasury Department manages the liquidity of the Bank within risk management guidelines and principles, and conducts investments in high quality fixed income securities as part of this strategy. Besides prudent treasury management, the in-depth market knowledge and client focus of the team provides tailor-made investment solutions for client's needs.

During 2013, the Bank kept a close watch on the developments in the international markets, assessing the risk parameters within the framework of the principles of prudence and profitability and focused its attention on product diversification in order to respond in the best way possible to its clients' needs in today's rapidly changing markets.

In addition, Treasury Department conducted its business by employing the most current risk management techniques, taking into account global market developments and other risk factors. The innovative and prudent approach adopted by the treasury department paid back in generating high and stable income.

Auditors' Report & Financial Statements