



Credit Europe Bank (Suisse) SA

Annual Report 2014

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Chairman's Statement

Uneven growth coupled with a worsening geopolitical situation left the world economy failing to gain momentum in 2014. High-income countries continued to tackle the effects of the global financial crisis while emerging economies were less dynamic than in the past. Overall, decreasing commodity prices, persistently low interest rates, weak world trade and increasingly divergent monetary policies across the major economies were the main drivers of the global outlook.

The continued recovery in the United States, the gradual acceleration of activity in the Euro Area and slow growth in developing regions are expected to aid moderate global growth during 2015. In addition, gradually recovering labour markets, receding fiscal consolidation and still-low financing costs will also assist the world economy.

The Bank has continued its conservative approach as the markets have been volatile and geopolitical risks have increased. Despite the challenging market conditions during 2014, the Bank achieved higher profitability.

The Bank's total assets at the end of 2014 were CHF 588 million and Due from customers balance increased to 292 million at the end of 2014 from 285 million in 2013. Margin requirements and marked to market evaluations on client driven derivative transactions were much lower in 2014 compared to 2013 and therefore, the due from banks and other assets / other liabilities balances have decreased.

The Bank renewed its club loan deal with success in December 2014 amounting to USD 100 million and maintained its diversified funding base.

The Bank realised CHF 15.2 million gross profit in 2014 that corresponds to 44% increase. The Bank released CHF 2.6 million from country reserves and allocated CHF 8.2 million to the general reserves from its current year income for 2014. Accordingly, the net income realized as CHF 5.1 million.

The appropriation of the retained earnings proposed by the Board of Directors as at December 31, 2014, is as follows:

Retained Earnings Available in CHF

Net Income for the year	5,143,671
Profit brought forward	22,474,533

	27,618,204

Proposition for distribution by
The General Meeting of Shareholders

Ordinary dividend	1,750,000
Supplementary dividend	13,250,000
To be transferred to the general legal reserve (10% of complementary dividend)	1,325,000
To be carried forward	11,293,204

	27,618,204

Taking this opportunity, we would like to thank the Management and the Staff for their dedication and teamwork without which these results could not have been achieved.

Geneva, March 19, 2015

Eric Fiechter

Board of Directors

Eric Fiechter	Chairman
Otto Bruderer	Vice-Chairman
Hüsni M. Özyeğin	Member of the Board
Fevzi Bozer	Member of the Board
Murat Başbay	Member of the Board
Fritz Deiters	Member of the Board

Audit Group

Eric Fiechter	Chairman
Fritz Deiters	Member of the Board

Due to new requirements of the Dutch regulators in charge of the parent company, the Board composition of the Swiss bank had to be changed, and the only two independent directors, who are also not members of the credit committee, accepted to be designated to perform the audit tasks assigned to Board members, one of them being the Chairman. According to FINMA circular 08/24, no audit committee is required.

Senior Management

H. Oktay Gümrukçü	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
Tuđba Özbay	Vice President - Financial Control and Risk Management

Contact Details

Credit Europe Bank (Suisse) SA
12, Rue du Mont-Blanc
1201 Geneva - Switzerland

Tel. : (41) 22 839 1919
Fax : (41) 22 839 1900

Istanbul Representative Office

Representant : Gün Başacı, Vice President

Vişnezade Mahallesi, BJK Plaza
A Blok, No 122
Beşiktaş - İstanbul - Turkey

Tel. : (90) 212 227 5929
Fax : (90) 212 227 5930

Credit Europe Bank (Suisse) SA in Brief

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 Netherlands 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 2014, the Bank has maintained its activities in private banking and corporate banking. In addition, the Bank has continued to focus more on increasing trade finance activities in 2014. Extended capacity of the marketing department helped to further develop trade finance business. As a result, trade finance volume reached to USD 1 billion in 2014, an increase of 32% in comparison with 2013.

In connection with the increased activities, the Bank renewed its club deal facility amounting to USD 100 million with a 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 a strong balance sheet in 2014. The total assets exceeded CHF 580 million and the shareholders` equity reached at CHF 135 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 significantly contributed towards the achievements of the Bank.

Highlights

Financial Highlights CHF - thousands

	31.12.2014	31.12.2013
Receivables from Banks	149,372	200,859
Receivables from Customers	292,282	285,106
Total Assets	587,529	705,191
Bank Borrowings	128,565	201,065
Customer Deposits	205,654	222,579
Shareholders' Equity	135,283	140,981
Assets Under Custody (USD - millions)	1,362.63	1,418.02
Trade Finance Volume (USD - millions)	1,000.14	758.47
BIS (%)	28.67%	28.22%
Operating Income	29,892	24,214
Operating Expense	14,691	13,636
Operating Profit	15,201	10,578
Net Income	5,144	4,364

Financial Review

The Bank continued to focus on the trade finance activities in 2014 and trade finance volume reached to USD 1 Billion in 2014. Private banking activities remained one of the main business lines and total assets under custody and management amounted to USD 1.4 billion at the end of 2014.

The receivables from customers as of December 31, 2014 were CHF 292 million and total assets realized as CHF 588 million for the same period. The Bank was successful in diversifying its funding sources with the renewal of syndication facility amounting to USD 100 million in December 2014 for one year. In addition to bank borrowings, the Bank maintained its strong customer demand deposits in 2014 at a sustained level above CHF 200 million as was the case in previous years.

Thanks to higher net interest income and commissions from trade finance and private banking operations compared to previous years, operating profit increased by 43% and reached to CHF 15 million for 2014. The Bank also succeeded to control its operational expenses, even if cost increases due to business growth and regulatory requirements were inevitable. Accordingly, the net income in 2014 exceeded the previous year by 18% and realized as CHF 5.1 million for the period under consideration.

The Bank maintained its strong base at CHF 135 million and the BIS ratio at 28.67% after deducting dividends payable in 2015.

Information on Regulatory Capital (CHF in thousands)

	31.12.2014	31.12.2013
Credit risks	34,526	36,604
Risks without counterparty	560	574
Market risks	207	690
Operational risks	4,298	4,089
-/- Value adjustments (art 62 CAO)	(1,840)	(1,996)
Eligible Equity	135,283	140,981
Required Equity	37,751	39,961
Excess Equity	85,735	77,010
Equity coverage ratio 1	358.4%	352.8%
Equity coverage ratio 2	273.0%	246.8%
Solvency ratio	28.7%	28.2%

Corporate Banking & Trade Finance

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 new Relationship Managers.

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 1 billion 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 2015 while broadening its corporate segment activities through new customer acquisitions.

Private Banking

In 2014, the Bank successfully fulfilled its objective of further enhancing ongoing relationships with its current client base while keeping intact 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.

The Bank managed asset under custody and management volume of USD 1.4 billion in 2014.

On the field of Private Banking, our main goal will continue to increase investment performance of our clients through our advisory services. 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

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 2014. This facility is going to be used for the pre-export financing requirements of our exporting clients.

Treasury

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 2014, 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