Credit
Europe Bank
(Suisse) SA

Annual Report 2021

Content

Statement from our Chairperson & CEO

Commodities performance has been very strong throughout 2021.

The robust recovery in 2021 – driven by strong consumer spending and some uptake in investment, with trade in goods surpassing pre-pandemic levels – marked the highest growth rate in more than four decades. Yet the momentum for growth – especially in China, the United States and the European Union – slowed considerably by the end of 2021, as the effects of monetary and fiscal stimuli began to recede and major supply-chain disruptions emerged. Rising inflationary pressures in many economies are posing additional risks to recovery.

The scale and longevity of the global inflation shock has taken most forecasters and central banks by surprise and is bringing forward the start of global monetary policy normalisation. A strong recovery in global aggregate demand in nominal terms over the past year has not been matched by an equal recovery in output. Supply bottlenecks resulted in real GDP expanding by less than initially expected with post-pandemic optimism. 2021 growth for the US, Germany and Japan, reflecting recent supply chain related disruptions to industrial production. Global GDP growth at 5.7% is still the fastest rate since 1973 through and far from stagflation.

The Bank well managed its growth in the assets through diversified funding sources and successfully monitored its liquidity ratios and requirements.

The sharp rise in global consumer goods prices since March 2021 primarily reflects a huge surge in goods demand, fuelled by stimulus measures, particularly in the US. The risk of inflation pressures broadening is making central banks nervous. Inflation has become a public concern – now amplified by energy price shocks – and inflation expectations have increased. US wage growth now exceeds pre-pandemic rates as the labour supply recovery lags. Stimulus is taking US GDP above pre-pandemic trends and the US output gap will turn positive in 2022. Further strengthening in the US dollar is expected over the coming years. A stronger dollar and weaker Chinese growth could weigh on commodity prices in 2022, adding to emerging-market (EM) growth challenges from domestic monetary policy tightening.

Commodities' performance has been very strong throughout 2021 amid continued pressure on physical commodity markets, as reopening demand overwhelmed supply and drove down inventories. As we head into 2022, the demand environment is set to remain supportive given expectations for continued above-average global industrial production growth and restocking needs. That said, some moderation is likely and the intensity of growth is set to ease when services instead of goods drive economic activity. Supply is also catching up in various segments, removing some pressure on physical markets. In this environment, return prospects should stay positive but spot contributions may be smaller.

10.8
billion – CHF
Trade Finance Volume

The bank had an excellent year with USD 10.8 billion trade finance volume in 2021. The volume was a new record for the Bank corresponding to 227% increase in the trade finance activities compared to 2020. The total assets rose to CHF 614 million at the end of 2021 from CHF 423 million. The amount due from customers also surged to CHF 308 million with 21% increase compared to 2020. Regarding the liquidity, the Bank well managed its growth in the assets through diversified funding sources and successfully monitored its liquidity ratios and requirements.

With the help of expanding trade finance activities, the Bank has achieved CHF 5.8 million net income as of December 31, 2021. With the policy of maintaining a solid equity base and by classifying other provisions to reserves for general banking risks, the total Tier 1 Equity reached to CHF 121 million and had Capital Adequacy Ratio of 26% at the end of 2021.

We would to thank our clients and correspondents for their confidence, to express our sincere gratitude to our shareholders, managers and all the staff for their hard work, enthusiasm and commitment during 2021.

Chairperson **Eric W. Fiechter**

Chief Executive Officer **Levent Karaca**

CEB at a glance

Who we are

Agile in responding to challenges and changes, we are experts in selected markets and products. The success of our customers is our own success.

1990

History

Credit Europe Bank (Suisse) SA, "the Bank", is a bank incorporated under laws of Switzerland in 1990 and operates all of its activities through its headquarters in Geneva, Switzerland. The Bank is fully owned by Credit Europe Bank NV, the Netherlands and under the consolidated supervision of the Dutch Parent Bank.

Credit Europe Bank N.V. (CEB) is a public limited company with a full banking license, established in 1994 in the Netherlands. The bank is headquartered in Amsterdam and has approximately 1,100 employees in seven countries. It operates 27 branches, 57 ATMs, and around 8,200 point-of-sale terminals. More than 900,000 retail and corporate customers around the world entrust their financial affairs to CEB.

Our vision & mission

- Our vision is to be the preferred bank in our core markets.
- Our mission is to provide financial services that create value for customers.

Our core values

Dynamism

With our passion and energy, we are agile in responding to challenges and changes. Our "can do" attitude enables us to focus on delivering solutions and meeting the expectations of our stakeholders.

Diversity

We promote diversity as one of the main aspects of our corporate culture. Our diversified background and footprint in different regions allows us to view matters relevant to our stakeholders from different perspectives.

Expertise

We are experts in selected markets and products, enabling us to deliver solutions tailored to the needs of our customers.

Our base values

Customer Focus

The success of our customers is our own success. Therefore, we take all our decisions with our customers in mind.

Professionalism

Our professionalism embraces and stimulates the necessary staff skills, qualifications, knowledge, and diversity. Our colleagues undertake their tasks with competence and integrity, and it is through teamwork that we achieve our goals.

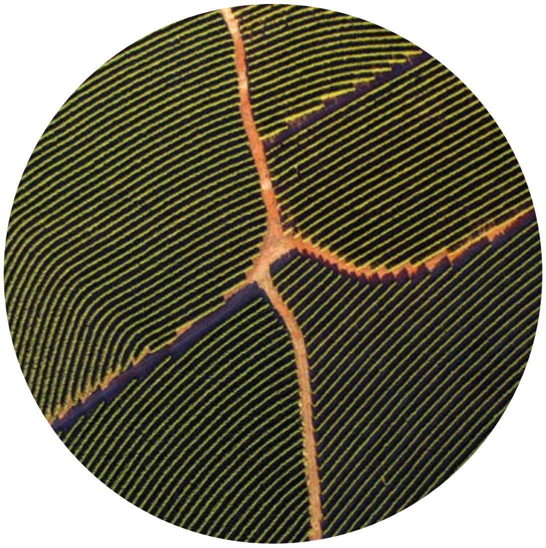
Integrity

Our culture of integrity generates trust and confidence through ethical behavior and compliance with laws, regulations, and guidelines.

Transparency

Transparency is a vital best practice in our products and services, accounting standards, and management decision-making.

What we do



Our target is to be a boutique trade finance bank in the most trade finance friendly hub by providing easy access to finance product platforms.

Bank business model and strategy

We as a Swiss bank, licensed by and under the supervision of FINMA, Banking Supervision Authority in Switzerland and under consolidated supervision of our Parent Bank, thus, DNB, Banking Supervision Authority in the Netherlands, we are committed to comply with both regulations. The above facts are coupled with our strong presence in emerging economies has allowed us to build up specific experience and expertise that make us distinct from other banks.

This unique identity is captured in our three core values: dynamism, diversity, and expertise. It is adherence to these values that enables us to meet the challenges of today's increasingly volatile, uncertain, and complex world.

With dynamism in our DNA since the bank's inception, we are particularly well equipped to deal with the increasingly rapid and substantial changes the banking sector is currently facing, especially in emerging economies.

We serve clients doing international trade finance and continue to increase our concentration in structured trade and commodity finance transactions. We also provide access to our Treasury platform and propose tailor made financial products for the corporate entities.

Risk management

Continual focus on risk awareness is an integral part of Credit Europe Bank Group culture. The risk appetite of CEB is established in conjunction with the Parent Bank and our business plan, and is aligned with its vision and mission statements. The risk appetite of CEB is defined at the consolidated level and applies to all its subsidiaries and branch offices, with the main principles set by the Management and approved by the Board of Directors. This risk appetite is then translated into policies and procedures that define practices to ensure adherence to risk limits during the Bank's day-to-day activities.

Corporate governance

Board of directors

Eric W. Fiechter Chairperson
Otto Bruderer Vice-Chairperson
Murat Özyeğin Member of the Board
Fevzi Bozer Member of the Board
E. Murat Başbay Member of the Board
Hector de Beaufort Member of the Board

The management

Levent Karaca Chief Executive Officer
Y. Aykut Çimir Deputy Chief Executive Officer
M. Bulent Ilgün Deputy Chief Executive Officer, Responsible for Treasury and Financial Institutions

Information about the board of directors

Eric W. Fiechter
Chairperson

Mr. Fiechter who was born in 1949, graduated from the Geneva Law School in 1973 and, after one year of postgraduate research at the University of Basle, he obtained his master degree from New York University in 1975. He was admitted to the Geneva Bar in 1977, after having practiced law for one year in New York at Serko & Simon and at what has become Fox Horan & Camerini, LLP. He practiced under the banner of Secretan Troyanov from 1979 until 2011. He practiced in the "Banking and Finance", "Corporate and Commercial" and "Trust and Private Clients" groups of Secretan Troyanov and thereafter worked with Des Gouttes & Associés out of Geneva as well. Since September 1993, he has been Board Member of Credit Europe Bank (Suisse) SA.

Dr. Otto Bruderer
Vice-Chairperson

Mr. Bruderer was born in 1952. After completing his studies in economics and law in 1978, he earned his doctorate from the HSG in 1980. He then started his career at the UBS in Zurich in the corporate finance department where he worked for three years before becoming assistant of the board's director. After another two years Dr. Otto Bruderer went to New York where he was responsible for UBS Securities in the corporate finance department again. When he came back to Switzerland in 1987, he stayed loyal to the UBS and acted as Manager of M&A Europe for five years. Since September 1993, he has been Board Member of Credit Europe Bank (Suisse) SA.

Murat Özyeğin
Member of the Board

Born in 1976, Mr. Özyeğin joined Fiba Group in 2003. He is the Head of Strategic Planning & Business Development of Fiba Group, Executive Board Member of Fina and Fiba Holding and Chairman of all Fiba Group's non-banking businesses. Additionally, he is Chairman of the Board of Endeavor Turkey, Executive Board Member of Hüsnü M. Özyeğin Foundation, Turkish Industry & Business Association (TUSIAD), Member of the Board of Trustees of Özyeğin University and World Wildlife Fund, Member of Global Relations Forum and Member of Global Advisory Council of Harvard University. Since May 2019, he has been Board Member of Credit Europe Bank (Suisse) SA.

Fevzi Bozer
Member of the Board

Mr. Bozer who was born in 1955, holds a BA degree in Business Administration from Indiana University and an MBA degree from Roosevelt University. He started his banking career in 1984 at Citi Bank. He joined Finansbank as branch manager in 1988 and then appointed as the General Manager of Finansbank (Credit Europe Bank) Suisse S.A. between 1991 and 1993. Then Mr. Bozer served as the General Manager of Finansbank A.Ş. between 1995-1999. Since the 2nd of half 1999, he has been the Executive Board Member of Fiba Group's international Banks and Fiba Holding A.Ş. Since July 2002, he has been Board Member of Credit Europe Bank (Suisse) SA.

E. Murat Basbay
Member of the Board

Mr. Başbay was born in 1968 and holds a BSc degree in business administration from Bosphorus University in Istanbul. He began his career in 1992 at Arthur Andersen Worldwide and worked in Istanbul and Dubai offices. In 1997, he joined the founding team of Credit Europe Bank in Russia. In 1999, he joined the management team of Credit Europe Bank NV in the Netherlands and he took an active role in the expansion of the Bank as CFO and member of the Managing Board. Mr. Başbay returned to Russia in 2005 as CEO. Under his leadership, the Russian subsidiary of Credit Europe Bank N.V. grew substantially. As of June 2010, he became CEO of Credit Europe Group. Since May 2011, he has been Board Member of Credit Europe Bank (Suisse) SA.

Hector de Beaufort
Member of the Board

Hector de Beaufort holds master's degrees in law from Utrecht University, the Netherlands, and from the University of Pennsylvania, USA. He has been a senior corporate partner at the leading international law firm Clifford Chance in the Netherlands since 2000. Prior to this, he was partner at Stibbe in the Netherlands and worked as a lawyer at Hughes Hubbard Reed in the USA. He has broad international experience in business law and corporate governance and has specific knowledge of corporate finance and capital market transactions. Mr. de Beaufort is the chief legal officer at Pon Holdings B.V. and holds several board memberships in various companies, including Optiver Holding B.V. A Dutch national, Mr. de Beaufort has been an independent member of CEB NV's Supervisory Board since February 2011 and its chairperson since January 2012. Since October 2021, he has been Board Member of Credit Europe Bank (Suisse) SA.

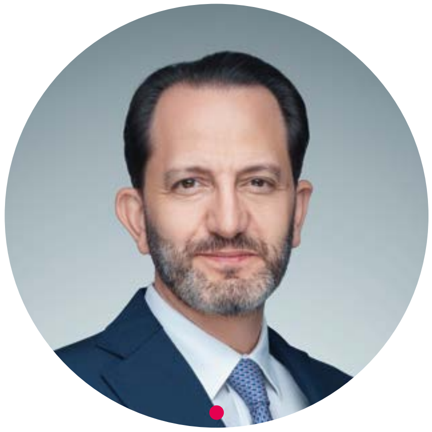
Information about the management

Mr. Levent KARACA
Chief Executive Officer

Mr. Karaca was born in 1970 in Turkey. He has a Major in Finance from Marmara University in Istanbul, School of Political Science and Economics department in French. He began his career in Istanbul with Finansbank AS, worked for Banque de Bosphore in Paris, France and in 2000 he joined Credit Europe Bank NV. From 2000 till 2006, he worked with the Belgian branch of the bank, responsible for the set-up of the corporate - as well as retail division of such branch. In 2006, he moved to Russia to work as Head of the Corporate Banking division and member of the management team.

He returned to Amsterdam in 2010 to become Division Director Corporate Banking responsible for the corporate banking activities of the bank on consolidated level. Mr. Karaca was the Managing Board Member of Credit Europe Bank NV responsible for Corporate Banking and Legal (2012 – 2019). Since March 2019, he has been the CEO of the Credit Europe Bank (Suisse) SA.

Mr. Yavuz Aykut CIMIR
Deputy Chief Executive Officer



Mr. Mehmet Bulent ILGUN
Deputy Chief Executive Officer, Responsible for Treasury and Financial Institutions

Yavuz Aykut Cimir was born in 1966 in Turkey. He has a Major in Finance from the Bosphorus University, Business Administration in Istanbul. His career started off in auditing with Ernst & Young, Istanbul Office (1988 – 1993), and in New York Office (for 1 year) and became Senior Auditor. Afterwards, he joined Fiba Holding A.S. as Group Head – Internal Audit and Financial Coordination in 1993 and worked till 1996. He has been with the Credit Europe Bank (Suisse) SA since August 1996. He has been appointed as the Deputy of CEO in April 2010.

Mr. Ilgun was born in 1975 and has a Major in Economics from Bilkent University in Ankara, Turkey. He served as senior dealer in treasury at Finans Invest A.S. in Istanbul followed by 10 years at Credit Europe Bank in Moscow where he served as a deputy CEO and Head of Treasury. For four years, he was also a member of the Management Board Credit Europe Bank in Russia. He has been Head of Rates and FX trading for Russia operations and Head of Treasury at Deutsche Bank AG since July 2010. He was responsible for Deutsche Bank's industry leading local rates and fx business in Russia and CIS region. In 2015, he was appointed as Co-Head of Markets, Russia & CIS responsible for the debt, derivatives, structuring, fixed income as well as debt capital markets, sales trading, local structuring trading and research. In 2016, he re-joined CEB group as the Deputy CEO responsible for Treasury, Private Banking and Financial Institutions of the Credit Europe Bank (Suisse) SA.

Financial and non-financial review

Financial highlights & review

Financial highlights

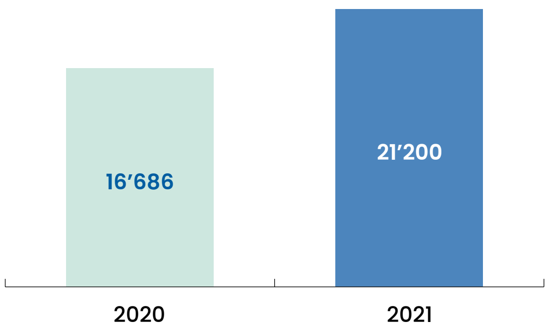
Amount expressed in Swiss Francs – thousands

	31.12.2021	31.12.2020	2021 vs 2020 Change
Receivables from Banks	171'566	116'054	48%
Receivables from Customers	308'484	254'478	21%
Total Assets	613'802	423'018	45%
Bank Borrowings	165'924	150'261	10%
Customer Deposits	274'968	132'000	108%
Capital Base	120'626	112'417	7%
Trade Finance Volume (USD - millions)	10'866.09	3'252.56	234%
BIS (%)	26.15%	30.37%	
Operating Income *	21'200	16'686	27%
Operating Expense	13'626	13'977	-3%
Operating Profit *	7'574	2'709	180%
Net Income	5'817	1'924	202%

** Before "Changes in value adjustments for default risks and losses from interest operations"*

Total Revenue (without provisions)

Amount expressed in Swiss Francs – thousands



Financial review

The Bank has continued to increase its focus on the trade and corporate finance activities in 2021 and the trade finance volume exceeded USD 10.8 billion in 2021 (2020: USD 3.2 billion).

The receivables from customers as of December 31, 2021 were CHF 308 million with 21% increase (2020: CHF 254 million) and total net assets realized as CHF 614 million for the same period after deduction of country risk provision amounting to CHF 23 million. The Bank has maintained its diversified funding sources consisting of customer deposits, post finance and money market instruments.

The total Operating Income outperformed by reaching CHF 21.2 million in 2021. It corresponded to 27% increase compared to previous year. The Operational Expenses have been controlled very well and 3% declined was achieved in total costs compared to 2020, although the activities and number of personnel have been increased in 2021. As a result, the Operating Profit reached to CHF 7.5 million and the Net Income has tripled (CHF 5.8 million) in 2021.

The Country Risk Provision based on the internal policy and Reserves for General Banking Risks are different from the "Specific Provisions" (please refer to notes 2.8 and 3.9 in the audit report). We would like to underline that the Bank has very conservative country risk provisioning policy for the countries below investment grade.

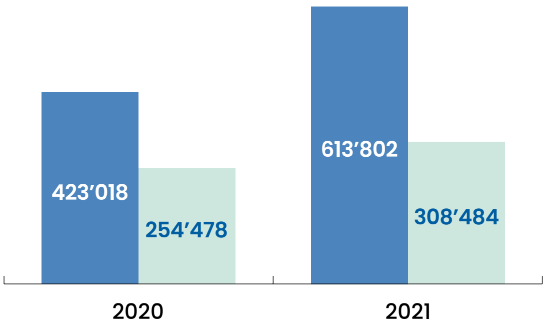
The Bank maintained its strong Capital Base at CHF 120.6 million and the BIS ratio at 26.15% in 2021.

120.6
million – CHF
Capital Base

Total Asset & Loans to Customer

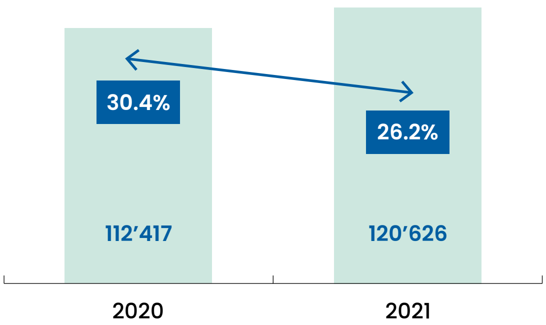
Amount expressed in Swiss Francs – thousands

Total Asset
Loans to Customers



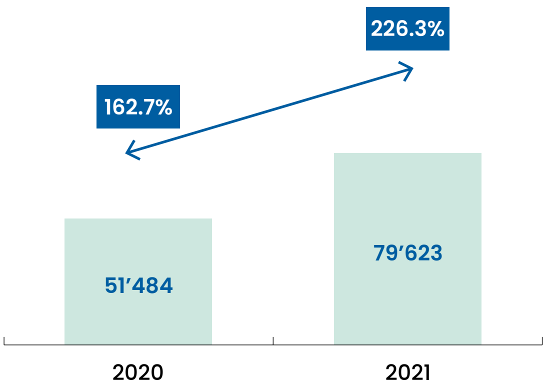
Capital Base & Solvency Ratio

Capital Base (ths Chf)
Solvency Ratio (%)



Liquidity Coverage Ratio (LCR)

Average High Quality Liquid Assets (HQLA) (ths Chf)
Average LCR (%)



Non-financial review

Healthy and stable bank

Having a strong capital base and maintaining the bank's risk profile within its risk appetite is one of the main pillars of CEB Group's strategy. To achieve this goal, we continuously strive to improve our risk and capital management capabilities. Through detailed budgeting and internal capital adequacy assessment processes, CEB Group ensures that it holds enough capital to cover its material risks while maintaining a healthy balance sheet and profitable business over the next three years. The budgeting and scenario/stress testing processes incorporate macro-outlook into the Bank's three-year plan. The Bank maintained its strong capital ratios throughout the years and as of December 31, 2021, our common equity tier 1 (CET1) ratio, which represents our CET1 capital as a percentage of our risk-weighted assets, stood at 26.15%. In addition, with a 1:6 capital to asset leverage, the Bank has a very low leverage ratio.

On the asset side, improving asset quality remains as one of the key points of attention for the Bank. In terms of asset quality, we are dedicated to have a low percentage of the non-performing loan (NPL) ratio. In this regard, CEB has prepared a Non-Performing Exposure (NPE) strategy where realistic and sufficiently ambitious NPL reduction targets and the operation plan to achieve these targets are defined.

On the liability side, the Bank has a stable and diversified funding base in terms of bank borrowings and client deposits.

Compliance and anti-fraud

CEB, including its branches, liaison office, and subsidiaries, endeavors to maintain a company culture and business strategy whereby CEB Group's core and base values and standards of professional conduct are maintained at every business level and within all its activities. These standards include national, international, and European legislation, regulations issued by the relevant local supervisory authorities, generally accepted business standards, and CEB's own internal standards, including ethical principles.

Effective financial risk management

Continual focus on risk awareness is an integral part of the Bank's culture. The risk appetite of the Bank is established in conjunction with the Bank's business plan and is aligned with its vision and mission statements. The risk appetite of the Bank is defined at the consolidated level and applies to all its subsidiaries and branch offices. This risk appetite is then translated into policies and procedures that define practices to ensure adherence to risk limits during the Bank's day-to-day activities.

Given the risk appetite statement, the Management, in cooperation with the relevant committees and functions, select the key risk indicators (KRIs) and corresponding risk tolerance levels to be monitored. These KRIs are an integral part of the Bank's operating processes, risk management, and internal control framework.

ESG strategy

Forward-thinking businesses focus on ESG factors when assessing the sustainability of their operations. Mindful of this fact, CEB Group has taken several steps to further integrate sustainability into its activities. Toward the end of 2021, a sustainability officer was hired to establish a sustainability governance model and to support the CEB Group's first and second lines of defense.

The Sustainability Committee has been reorganized at the Parent Bank level to include interdisciplinary project teams focusing on the most material ESG topics, such as climate change, ESG risk assessment, disclosure, and diversity and inclusion. Moreover, in mid-2021, CEB Group submitted an action plan to DNB that included the implementation of comprehensive assessment, management, and disclosure of climate-related and environmental risks.

In order to manage the sustainability agenda holistically, CEB Group upgraded its plan to develop a Climate Policy within an inclusive Sustainability Policy.

CEB Group considers stakeholder engagement a crucial part of its ESG strategy, and the bank has accordingly strengthened its participation in sectoral and regional ESG working groups of leading organizations. Moreover, focusing on its climate-related disclosures, CEB is dedicated to evaluating existing initiatives and actively taking part in the most appropriate ones in line with its overall ESG action plan.

Value-adding and responsible products

Corporate Banking

The products and services offered by the Corporate Banking Division can be listed as Structured Commodity Finance and medium to long-term Project Finance in Geneva.

Being one of the major business lines of CEB, corporate banking activities play an important role in the financial and non-financial footprint of the bank. In all corporate banking activities, "product responsibility" means CEB's direct or indirect position and value creation with respect to the following criteria:

- ESG risks,
- Tax integrity,
- AML,
- Corruption,
- Terrorist financing, and
- National and international sanctions.

CEB's strict compliance with best practices in the above-mentioned criteria is not only important for alignment with the requirements of national and international regulators but also for the bank's own ethical approach to legal, social, and environmental issues.

Business activities

Trade Finance and Corporate Banking

Today's business world is increasingly complex. But we, at Credit Europe Bank, demonstrated a proven adaptability and capacity to meet the ever-evolving client financing needs.

The beginning of this new decade has had many challenges across the markets and trade finance has been no exception. Our industry had to deal with successive Covid waves, and a series of majors trading houses defaults. The markets were also shocked by the withdrawal of major lenders of commodity finance, which created a funding gap in a context of extreme prices volatility.

The geopolitical crisis in Eastern Europe finally heightened economic and financial uncertainties and more than ever, today's business world is increasingly complex. At the time of writing, sanctions and counter-sanctions resulting from Russia's invasion of Ukraine were unsettling economic prospects, with the risk of a sustained rise in raw material prices.

In the meantime, trade finance has never been more relevant since the demand has continuously risen in a context of post covid strong economic recovery and increasing demand in emerging markets particularly in Asia, Africa and Middle East. World trade has therefore shown strong resilience which is a testament to its importance as a driver of economic growth however, hampered by shortfall in financing. Prior to COVID-19, the trade finance gap was already large and has continued to expand, exacerbated by sharp increases in food and energy prices. According to the latest data from the Asian Developing Bank, the global trade finance gap grew to an all-time high of $1.7 trillion in 2020, a 15% increase from two years earlier with more companies unable to find the financing they need to trade their goods.

This financing gap creates opportunities for Banks and highlight the key role of Commodity and Trade Finance in promoting financial inclusion to further cement the contribution of trade to the United Nations' 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

Supporting clients in this new and challenging environment requires therefore more than just the standard trade finance offering.

We formed a diversified front office team that are coming from different financial institutions and bringing us experience in different commodity groups and markets.

+30
years
of continued commitment to the commodities markets

Having over 30 years of continued commitment to the commodities markets we, at Credit Europe Bank, understand these evolutions of trade. We have therefore always faced with resilience the adverse effects of economic uncertainties and demonstrated a proven adaptability and capacity to meet the ever-evolving client financing needs.

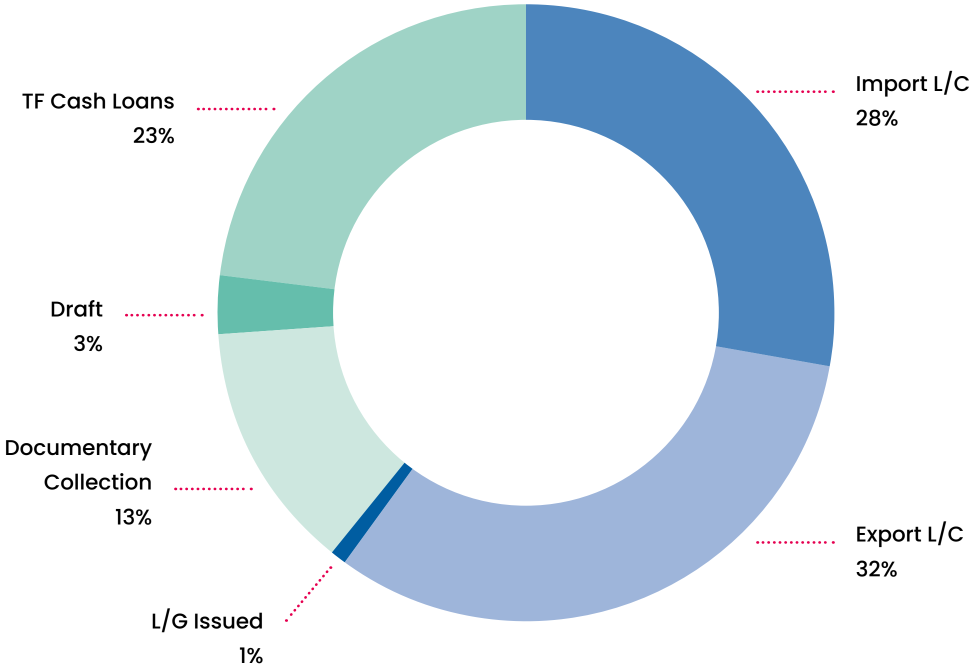
Strategically located in Geneva, the leading European centre for commodity, our trade and commodity finance department combine CEB long term expertise in agricultural commodities, energy and metal finance.

This business is at the core of our strategy and one of the strengths of CEB Commodity and Trade Finance Department is having its entire team of experts working together at Our Parent Bank in Amsterdam. This facilitates teamwork among the various sectors (e.g., front office, treasury and hedging desk, documentary credit, compliance, legal, credit, risk and ESG experts). It also improves response times; our decision-making process is one of the fastest among trade-finance players and we consider it as a key asset to support our growth strategy on trade & commodity finance business.

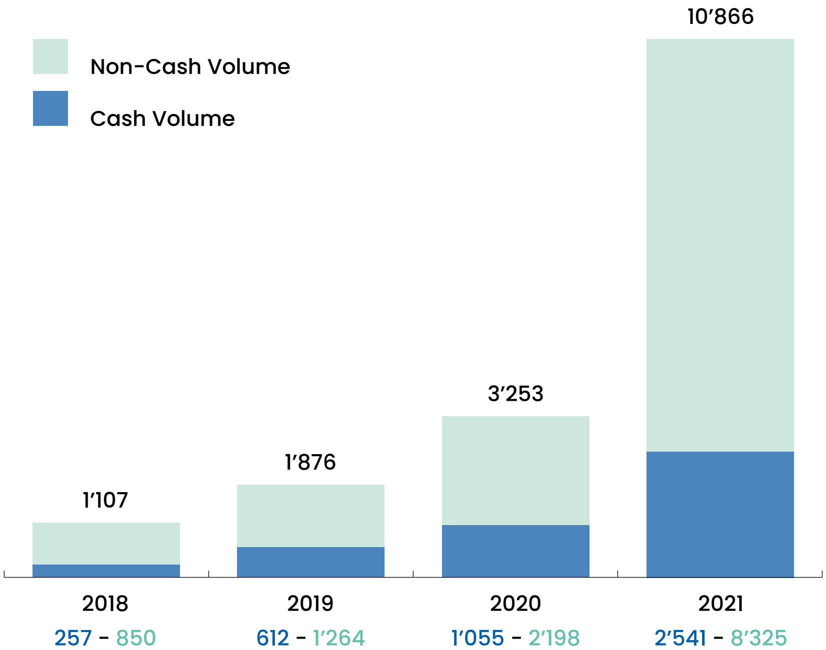
Our country risk approach matches the geographic reach of the commodity industry, and we are able to provide traditional and structured trade financing solutions in both emerging and developed markets. Emerging markets – particularly in Asia and Africa – are presenting enticing and varied opportunities for growth, and businesses are shifting their attentions accordingly. At CEB, We are positioning ourselves to assist our clients active in these regions or those who want to make the leap.

Our commodity and structured trade finance team understands that every player along the global supply chain – from production to transformation to marketing – has specific financing requirements. Our financing solutions are customized to meet those specific needs and related risks. They are built around three main types of Commodity Trade Finance Facilities including: transactional financing, borrowing base financing, and performance risk financing.

Trade finance volume by product 2021



Trade finance volume in millions USD



To support client efforts to position sustainability at the core of their strategies and across their supply chains, our CTF business line integrates ESG matters by design in the solutions developed to correctly address the demand for decarbonisation and the need for energy transition.

Our tailor-made solutions rely also on a robust and professional documentary team which give to our clients access to a full range of trade finance tools such as export and import letters of credits, documentary collections, guarantees, stand by letter of credit.

Looking ahead in this extraordinarily challenging environment, we remain confident that our values and long-term views namely:

- Our dedication to customer-oriented marketing strategy, company-specific service approach and perspective that consider clients' needs as priority.

- Our belief that trade increase over the coming years will be shaped by a push need for more inclusive and sustainable trade practices.

These are perfectly aligned with the orientation of the markets for the next coming years and will allow CEB to constantly improve its tools and solutions designed to support companies in building a resilient fair business flow contributing positively to the economic growth and thus the Sustainable Development Goals.

Financial institutions

Financial Institutions (FI) department is responsible for all aspects of the Bank's relationships with financial institutions (including non-banking financial institutions) across the globe. The team specializes in relationship management, business origination, limits management, due diligence, wholesale funding and secondary market syndications.

Over the years, CEB has created an extensive worldwide network of FI counterparts both in developed and emerging countries that enables the execution of commodity and trade finance and treasury transactions.

Treasury

The Treasury department is mainly responsible for the asset and liability management of the Bank within risk management guidelines and principles. In addition, thanks to their in-depth market knowledge and client-oriented focus, the Treasury provides financial products for institutional clients enabling them to effectively manage their capital and treasury.

Treasury by using up-to-date technology performs its business by installing the efficient risk management techniques, taking into account global market trends, regulations and other risk factors.

Our country risk approach matches the geographic reach of the commodity industry, and we are able to provide traditional and structured trade financing solutions in both emerging and developed markets.

Auditors' report 2021

KPMG SA
Esplanade de Pont-Rouge 6
PO Box 1571
CH-1211 Geneva 26

+41 58 249 25 15
kpmg.ch

Report of the Statutory Auditor to the General Meeting of Shareholders of Credit Europe Bank (Suisse) SA, Geneva

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Credit Europe Bank (Suisse) SA, which comprise the balance sheet, income statement and notes for the year ended 31 December 2021.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Other Matter
The financial statements of Credit Europe Bank (Suisse) SA for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those statements on 29 April 2021.

Credit Europe Bank (Suisse) SA, Geneva
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG SA

Philippe Ruedin
Licensed Audit Expert
Auditor in Charge

Lucie Puche
Licensed Audit Expert

Geneva, 12 April 2022

Enclosures:
- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Amount expressed in Swiss Francs thousands unless otherwise stated

Balance Sheet as at 31 December

Assets	31.12.2021	31.12.2020	Notes
Liquid assets	80'212	30'148	
Amounts due from banks	171'566	116'054	
Amounts due from customers	308'484	254'478	3.2
Trading portfolio assets	3'156	266	3.3
Positive replacement values of derivative financial instruments	23'138	1'519	3.4
Financial investments	21'132	13'111	3.5
Accrued income and prepaid expenses	2'305	2'672	
Tangible fixed assets	3'212	3'661	3.6
Other assets	597	1'109	3.7
Total assets	**613'802**	**423'018**	

Liabilities and shareholders' equity			
Amounts due to banks	165'924	150'261	
Liabilities from securities financing transactions	18'305	11'286	3.1
Amounts due in respect of customer deposits	274'968	132'000	
Negative replacement values of derivative financial instruments	20'194	4'234	3.4
Accrued expenses and deferred income	2'131	1'512	
Other liabilities	948	917	3.7
Provisions *	383	71'402	3.9
Reserves for general banking risks *	73'726	–	3.9
Share capital	35'000	35'000	3.10
Statutory retained earnings reserve	11'509	11'509	
Profit carried forward	4'897	2'973	
Profit for the year	5'817	1'924	
Total liabilities and shareholders' equity	**613'802**	**423'018**	

Off-balance sheet transactions			
Contingent liabilities	379'813	258'051	3.2, 4.1
Irrevocable commitments	4'569	7'221	3.2
	384'382	**265'272**	

** Other provisions (Tier II capital nature) amounting to CHF 70'943 in 2020 were classified to Reserves for general banking risks in 2021 to be able to recognize as Tier I capital (see note 3.9).*

Amount expressed in Swiss Francs thousands unless otherwise stated

Income Statement for the year ended 31 December

	31.12.2021	31.12.2020	Notes
Result from interest operations			
Interest and discount income	18'753	16'291	
Interest and dividend income from trading portfolios	67	15	
Interest and dividend income from financial investments	(230)	(134)	
Interest expense	(8'646)	(5'795)	
Gross result from interest operations	**9'944**	**10'377**	
Changes in value adjustments for default risks and losses from interest operations	2'783	(1'070)	3.9
Subtotal net result of interest operations	**12'727**	**9'307**	
Result from commission business and services			
Commission income from securities trading and investment activities	375	766	
Commission income from lending activities	9'718	4'670	
Commission income from other services	226	388	
Commission expense	(266)	(293)	
Subtotal results from commission business and services	**10'053**	**5'531**	
Result from trading activities and the fair value option	**1'130**	**760**	5.2
Other result from ordinary activities			
Other ordinary income	97	47	
Other ordinary expenses	(24)	(29)	
Subtotal other result from ordinary activities	**73**	**18**	
Operating expenses			
Personnel expenses	(9'463)	(9'284)	5.3
General and administrative expenses	(4'163)	(4'693)	5.4
Subtotal operating expenses	**(13'626)**	**(13'977)**	
Gross income	**10'357**	**1'639**	
Value adjustments on participations and depreciation and amortisation of tangible fixed and intangibles assets	(584)	(336)	
Changes to provisions and other value adjustments, and losses	–	–	
Operating result	**9'773**	**1'303**	
Extraordinary income	4	1'126	5.5
Change in reserves for general banking risks	(2'783)	–	5.5
Taxes	(1'177)	(505)	5.6
Profit for the year	**5'817**	**1'924**	

Amount expressed in Swiss Francs thousands unless otherwise stated

Cash-flow Statement for the year ended 31 December

	2021		2020	
	Source of funds	Use of funds	Source of funds	Use of funds
Cash flow from operating activities (internal financing)				
Profit for the year	5'817	–	1'924	–
Change in reserves for general banking risks	73'726	–	–	–
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	584	–	336	–
Provisions and other value adjustments	–	71'019	–	772
Change in value adjustments for default risks and losses	5'559	–	–	–
Accrued income and prepaid expenses	367	–	807	–
Accrued expenses and deferred income	619	–	–	97
Dividend paid during the year	–	–	–	–
Subtotal	**86'672**	**71'019**	**3'067**	**869**
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Other tangible fixed assets	–	135	–	2'850
Subtotal	**–**	**135**	**–**	**2'850**
Cash flows from banking operations				
Medium and long-term business (> 1 year)	31'059	–	–	–
Amounts due to banks	31	–	164	–
Other liabilities	23'040	–	–	10'624
Amounts due from customers	–	8'021	5'567	–
Financial investments	512	–	532	–
Other accounts receivable				
Short-term business				
Amounts due to banks	–	15'396	–	51'824
Liabilities from securities financing transactions	7'019	–	11'286	–
Amounts due in respect of customer deposits	142'968	–	–	5'660
Negative replacement values of derivative financial instruments	15'960	–	1'461	–
Amounts due from banks	–	55'512	–	9'646
Amounts due from securities financing transactions	–	–	–	–
Amounts due from customers	–	82'605	41'214	–
Trading portfolio assets	–	2'890	1'154	–
Positive replacement values of derivative financial instruments	–	21'619	2'891	–
Financial investments	–	–	13'006	–
Liquidity				
Liquid assets	–	50'064	1'131	–
Subtotal	**220'589**	**236'107**	**78'406**	**77'754**
Total	**307'261**	**307'261**	**81'473**	**81'473**

Amount expressed in Swiss Francs thousands unless otherwise stated

Statement of changes in equity for the year ended 31 December

	Share capital	Statutory retained earnings reserve	Profit carried forward	Reserves for general banking risks	Profit for the year	Total
Equity at 31 December 2020	**35'000**	**11'509**	**2'973**	**–**	**1'924**	**51'406**
Transfer of income to retained earnings	–	–	1'924	–	(1'924)	–
Other allocations to (transfers from) the reserves for general banking risks *	–	–	–	73'726	–	73'726
Net income for the year	–	–	–	–	5'817	5'817
Equity at 31 December 2021	**35'000**	**11'509**	**4'897**	**73'726**	**5'817**	**130'949**

** Other provisions (Tier II capital nature) amounting to CHF 70'943 in 2020 were classified to Reserves for general banking risks in 2021 to be able to recognize as Tier I capital (see note 3.9).*

Notes to the Financial Statements 31 December 2021

1. Business Activities

Credit Europe Bank (Suisse) SA is a bank incorporated under laws of Switzerland and performs all of its activities through its head-quarters in Geneva.

The Bank started its operations in 1990 and has activities on trade and corporate finance as well as treasury operations.

The Bank has no branches or representative offices at the end of 2021.

The Bank has outsourced in accordance with FINMA Circ. 18/03 its IT systems and back office operations with a third party in Switzerland since October 2007.

2. Significant accounting and valuation principles

The Bank's bookkeeping and accounting and valuation principles are in accordance with the Swiss Code of Obligations, the Swiss Banking Act and its related ordinance, as well as with the statutory provisions and directives issued by the FINMA. The financial statements are presented in accordance with FINMA Accounting Ordinance and FINMA Circular 2020/1 Accounting Banks. The accompanying reliable assessment statutory single-entity financial statements present the economic situation of the Bank such that third party can form a reliable opinion. The financial statements are allowed to include hidden reserves.

2.1. General valuation principles

The financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. Therefore the financial statements are prepared using the going concern basis of accounting.

The disclosed balance sheet items are valued individually.

2.2. Revenue and expense recognition

Interest income and expense as well as fiduciary deposit commissions, custody fees and account maintenance fees are recorded on accrual basis. All other commissions are recognized as income and expense when they are collected or paid. Asset related negative interest is debited to "Interest and discount income". The interest component of the Bank's own currency swaps is followed under interest income or expenses.

2.3. Changes to accounting and valuation principles

No change in accounting principles during the year.

2.4. Financial instruments

2.4.1. Liquid assets, amounts due from banks and amounts due from customers

These items are reported in the balance sheet at their nominal value, less individual valuation adjustments for any impaired receivables.

2.4.2. Securities financing transactions

The term securities financing transactions includes repurchase and reverse repurchase transactions, securities lending and securities borrowing. Repurchase transactions (repos) are recorded as cash deposits with own securities as collateral. Reverse-repurchase transactions (reverse repos) are treated as receivables against collateral in the form of securities. The exchanged cash amount are recorded at nominal value on the balance sheet. Securities lending transactions are treated as repos if they are subject to daily margining and secured by cash. Securities received and delivered are not recognised or derecognised in the balance sheet until the economic control of the contractual rights comprised in the securities is transferred.

2.4.3. Amounts due to banks and amount due in respect of customers deposits

These items are recognised at their nominal value.

2.4.4. Trading portfolio assets

Securities held for trading purposes are securities, which were either acquired for generating a profit from short term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short term profit taking exists. After initial recognition, trading securities are valued at fair value based on quoted bid prices. All related realized and unrealised gains or losses are recognized in Results from trading activities and the fair value option. The cost of financing of such securities is recorded as interest expense.

2.4.5. Financial investments

Investment securities with fixed or determinable payments and fixed maturity where Management has both the intent and the ability to hold to maturity are classified as financial investments. In addition, long term debt instruments such as participations in securitisations, which are not held for short term gain, but not necessarily until maturity, are classified as financial investments. The management determines the appropriate classification of its investments at the time of purchase.

Financial investments intended to be held to maturity are valued based on the acquisition cost principle with the agio/disagio (premium/discount) accrued/deferred over the residual term to maturity (accrual method). The agio/disagio is accrued/deferred over the residual term to maturity via the "Financial investments". Value adjustment for default risk are recorded immediately under "Changes in value adjustments for default risk and losses from interest operations".

If held-to-maturity financial statements are sold or reimbursed early, the realised gains and losses, which correspond to the interest component, are accrued/deferred over the residual term to maturity of the transaction via the captions "Other assets" or "Other liabilities".

Financial investments intended not to be held to maturity are valued at the lower of cost and market value, gains and losses are recognized in other ordinary income or other ordinary expense.

Interest earned whilst holding financial securities is reported as interest and dividend income from financial investments.

2.4.6. Positive and negative replacement values of derivative financial instruments

Derivative instruments include foreign exchange contracts such as swaps, options and forwards, securities options, interest swaps. The derivative instruments also includes clients' positions that are covered with counterparts in the market.

The valuation is done according to the fair value and the positive and negative replacement value is recorded in the corresponding caption. The fair value is based on market prices and option pricing models.

The realised result from trading operations and the unrealised result from valuation relating to trading operations are recorded via the caption "Result from trading operations and use of the fair value option".

2.4.7. Tangible fixed assets
The fixed assets are stated at cost less accumulated depreciation over the estimated operating life, except for paintings.

Depreciation is computed using the straight-line method, commencing within the month of assets are in use with the following rates:

Furniture and fixtures	20 %
IT equipment	20 to 33.3 %
Leasehold improvements	over the term of the lease
Paintings	not subject to depreciation, but subject to regular impairment reviews

The carrying values of each tangible fixed assets are reviewed for impairment periodically. If the asset is impaired, the book value is reduced to match the recoverable value and the impairment is recorded via the caption "Value adjustments on participations and amortisation of tangible fixed assets and intangible assets".

Realised gains from the sale of tangible fixed assets are recorded via the caption "Extraordinary income" and realised losses are recorded via the caption "Extraordinary expense".

2.4.8. Provisions
In accordance with ordinary banking practice, other provisions are made in terms of risks existing at the balance sheet date.

Legal and factual obligations are valued regularly. If an outflow of resources is likely and can be reliably estimated, a provision must be created.

Provisions are released via the income statement if they are no longer needed and cannot be used for other similar purposes at the same time.

Country risk provisions related to the off-balance-sheet positions are presented in Provisions.

2.4.9. Taxes
Current income taxes are recurring, usually annual, taxes on profit and capital. Transaction-related taxes are not included in current taxes. Liabilities from current income and capital tax are disclosed via the caption "Accrued liabilities and deferred income". Expense due to income and capital tax is disclose in the income statement via the caption "Taxes".

2.4.10. Pension benefit obligations
Pension benefit obligations are all plans, schemes and arrangements to provide benefits for retirement, death or disability.

The economic impact of pension plans are deemed to be either an economic benefit (excess coverage) or an obligation (funding shortfall). In the case of excess coverage, an economic benefit arises if there is a potential positive effect on future cash flows and if it is permissible and intended to either use the surplus or lower the employer's contributions. Future economic benefits are always capitalized when recognition criteria are satisfied. In the case of a funding shortfall, an economic obligation exists if the conditions for creating a provision are met.

Determining the economic impact of the pension plan is based on the financial situation of the pension funds at its latest annual financial reporting date but not more than 12 months ago.

Pension benefit obligations are carried on the balance sheet under "Provisions", while benefits are recognized under "Other assets". Changes from the corresponding value in the previous financial year are recognized for the pension fund under "Personnel expenses". The same accounting method applies to adjusted contributions for the period.

The Bank has entered into a defined contribution pension plan with Allianz Switzerland for its employees.

Amount expressed in Swiss Francs thousands unless otherwise stated

2.4.11. Off-balance sheet transactions

Off-balance-sheet transactions are valued at nominal value. “Irrevocable commitments arising from documentary letters of credit are recorded in the position “Contingent liabilities”.

2.5. Treatment of translation differences of foreign currencies

Gains and losses arising from foreign currency transactions are reflected in the statement of income as realised during the course of the period at the respective daily exchange rate. Foreign currency assets and liabilities have been translated into Swiss Franc equivalents at year-end foreign currency rates. Tangible fixed assets are valued using the historical exchange rates. The price gain or loss resulting from the currency translation is recorded via the caption “Result from trading operations and use of fair value option”.

The year-end foreign currency rates for major currencies used for the translation into Swiss Franc are as follows:

	2021	2020
USD / CHF	0.9142	0.8836
EUR / CHF	1.0353	1.0855

2.6. Treatment of past-due interest

Past-due interest and the corresponding commissions are not included as interest income. Such transactions are interests and commissions that are over 90 days past due and not yet paid. Over 90 days, no accrued interest and commission is recorded in “Interest and discount income” until there is no more past-due interest longer than 90 days.

Past-due interest is not cancelled retroactively. The liabilities from the accumulated interest up to the expiry of the 90-day term (due unpaid interest and accumulated accrued interest) are written down via the caption “Change in value adjustments for default risks and losses from interest operations”.

2.7. Recording of transactions

Transactions are entered into the balance sheet following the value date accounting principle.

2.8. Risk management, market risks, credit risk and other risks

The Board of Directors has conducted an analysis of the main risks incurred by the Bank. This analysis is based on data and risk management tools developed by the Bank and taking into consideration the risks to which the Bank is exposed. During this risk analysis, the Board of Directors have taken into consideration the existing internal control system to manage and reduce the risks.

Risk control is based on limits set for the various categories of risks to which the Bank is exposed. The necessity for value corrections and provisions resulting from current risk evaluation is taken into account each time the situation occurs.

Credit risks are valued and controlled by the Credits Department. In addition, the Bank has implemented the Group credit internal rating system based on the qualitative and quantitative criteria of the counterparty.

Credit risk is the risk that a client or counterparty to a financial asset fails to meet its contractual obligations and causes the Bank to incur a financial losses. It arises principally from the amounts due from customers, amounts due from banks and financial investments. Credit risk includes counterparty risks, country risks and sector risks. The Bank has established Risk Management Framework and Risk Appetite Framework for Risk Management in which the controls implemented by the Bank are described. Country risk and sector risk are monitored through limit based controls. The Board of Directors approves regularly country limits and sector limits by taking into consideration the capital base in order to control these exposures.

Amount expressed in Swiss Francs thousands unless otherwise stated

Regarding counterparty risk, the Bank monitors its credit risk for commercial credit risks, the Bank mitigates these credit risks through careful diversification, by being highly selective on the quality of the borrowers, by requiring tangible guarantees and by means of adequate and appropriate limits, and by ensuring appropriate documentation is in place. The recovery capabilities of borrowers and debtor's creditworthiness is assessed according to an internal risk rating evaluation (scaled from 1 to 21, 1 standing for very high credit quality) based on credit analysis performed by the Credits Department.

The Bank maintains a list for Non-Performing Loans and Sub-standard Loans, in which risky loans are carefully followed up.

Loan provisioning on the methods used to identify default risks

Loans and other receivables are classified and monitored as indicated below according to their recovery capabilities and debtor's creditworthiness:

Type of loans and other receivables	Credit quality level
Standard Loans	Internal rating from 1 to 16
Sub-standard Loans *	Internal rating from 17 to 21
Non-Performing Loans (NPLs) **	Subject to individual assessment

** Sub-standard Loans include performing forborne loans and loans of customers who are rated between 17 and 21 according to the internal rating.*
Observation of negative trend in debtors' payment capability or cash flow positions, delays in principal and/or interest payments of more than 30 days after the due date, suffered credit quality deterioration revision of repayments terms.

*** Limited means of recovery, being overdue more than 90 days are some of the indicators of the NPL status, other signs/criteria should also be closely monitored; such as the debtor has been placed in bankruptcy or similar protection.*

All significant exposures, including sub-standard loans and NPLs are subject to individual assessment. The commercial portfolio is reviewed every quarter based on the significance and impairment criteria. A limited review is conducted over the loans with signs of impairment on a monthly basis.

Individual assessment is performed on commercial loan portfolio with significant exposures including sub-standard loans and nonperforming loans (please refer to note 3.2).

Measurement of required value adjustments for loans

Impaired loan, defined as loan for which it is unlikely that the debtor will be able to fulfil his future obligations, are valued on an individual basis and the impairment is covered by individual valuation adjustment. A loan is considered impaired when there are conclusive signs that future contractual payments of principal and/or interest are unlikely.

A principle or interest overdue by more than 90 days after its respective due date is considered non-performing, if the necessary collaterals are not in place and there is objective evidence that the Bank will not be able to collect all amounts. Such loans are considered impaired and an allowance is established, which is classified as value adjustments and provisions.

Impairment in value corresponds to the difference between the book value of the loan and the amount which the Bank can expect to recover, with due consideration for the counterparty risk and the net proceeds from the realization of any collateral held. These individually assessed value adjustments are directly deducted from the corresponding asset.

When a loan is considered totally or partially uncollectible, a write-off is made by charging against previously established provisions and the principal amount of the loan.

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and negotiating new loans conditions. Once the terms have been renegotiated, the loan is no longer considered as past due.

Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. These loans continue to be subject to an individual impairment assessment.

A loan is no longer considered impaired if capital and interest in arrears are repaid, the servicing of the debt has resumed normally, additional tangible guarantees have been obtained for a value in excess of the existing unsecured debt and other solvency criteria have been met. Recoveries of loans with provisions and written off in earlier periods are recorded changes in value adjustments for default risk and losses from interest operations.

Valuation of collateral for loans, in particular key criteria for the calculation of the current market value and the lending value

The Bank tries to mitigate credit risk by obtaining collateral when possible. Note 3.1 describes the "Amounts due from customers", "Contingent liabilities", "Irrevocable commitments" and "Commitment credits" which are covered by collateral, and where the nature of collateral are classified as "mortgage collateral" and "other collateral".

Collateral values are periodically controlled by types of security and latest value, with any shortfalls identified in weekly exception reports created automatically by the Bank's system. The financial standing of borrowers is also regularly reviewed and updated throughout the year based on appropriate documents and regular communication with the clients. The Bank also performs regular monitoring on any exposures existing beyond their maturity date, regular monitoring of any overdue payments of interests and regular review on overdrafts arising which are not covered by approved credit lines.

An immediate corrective action is taken by the Bank if any issues are identified.

The Bank has defined a list of collaterals together with related values to be taken based on the Internal Business Rules. The lending values are calculated in accordance with those pre-defined percentages, in case secured loans are granted.

When a commercial loan granted as unsecured becomes impaired, the Bank performs an individual assessment of impairment based on the net value of collaterals according to the type of assets pledged during the collection process:

- Mortgage on real estate (depending on the amount and degree of the mortgage),
- Pledge of goods,
- Assignment of receivables, if any.

Regarding the estimation of the provision, the analysis on the recoverable amount is performed by the Credits Department and then is submitted to the Management for final decision. The detailed Forbearance and NPL List including the detail of provisions are presented to the Board of Directors every quarter.

For mortgage collateral, the Bank defines the market value of collaterals based on appraisal report obtained from independent and recognized experts selected by the Bank.
The Bank's approach to the management of country risk follows the guidelines of the Swiss Bankers' Association. The identification and evaluation of risks are under the responsibility of the Financial Control and Risk Management Department. Provisions for country risk are made for positions where the ultimate risk is in countries with ratings below A3 grades according to the Moody's rating agency, and also on the basis of maturity split and type of counterparty (e.g. bank, non-bank). Country risk provisions related to the balance-sheet positions are directly deducted from the corresponding asset and related to the off balance-sheet positions are presented in Provisions.

The interest rate risk on operations on both the balance sheet and off-balance-sheet are identified and controlled by the Asset Liability Management Committee of the Bank.

The measurement of Interest rate Risk of the Banking Book (IRRBB) is based on outcomes of both economic value performed under six regulatory interest rate shock scenarios and earning-based measurement according to regulatory shocks assuming instantaneous parallel upward and downward shift.

The following indicators have been performed:

- Economic value of equity (EVE) sensitivity: a value-based interest rate risk measurement that evaluates the impact of interest rates movements in the net present value of the interest rate sensitive instruments over their remaining life assuming a run-off balance sheet.
- Net interest income sensitivity (NII): an earnings-based interest rate risk measurement to evaluate the changes in expected future profitability within one-year time horizon resulting from interest rate movements.

For other market risks related to trading operations, financial investments as well as foreign exchange activities, the Bank has set up its own limits as per the business rules. The controls are performed on a daily basis.

The liquidity risk is controlled in accordance with the legal requirements. The short-term and long-term liquidity monitoring are made via the Liquidity Coverage Ratio and Net Stable Funding Ratio respectively. The bank respects on a permanent basis liquidity demand and maintains sufficient liquid assets with respect to the maturities of assets and liabilities.

The operational risks are mainly related with the organisational issues including electronic data processing, transaction processing, fraud, human resources and securing the assets of the Bank. The Bank has policies and procedures regarding the operational risks, which are reviewed and approved by the Board of Directors.

The Compliance Department controls legal and compliance risks in coordination with the legal counsel. The Bank has internal rules and regulations for due diligence and anti-money laundering as required by the relevant laws and regulations. All legal cases and contractual agreements are under the supervision of the legal counsel.

2.9. Business policy regarding the use of derivative financial instruments and hedge accounting

Derivative instruments include foreign exchange contracts such as swaps, options and forwards, securities options, interest swaps. The gross replacement value of derivative contracts reflects the market value of all unsettled trades at the year-end. The positive replacement value is included in the caption “positive replacement values of derivative financial instruments” whereas the negative replacement value is represented in “negative replacement values of derivative financial instruments”.

The derivative instruments also contains positions with clients per their demands that are covered with counterparts in the market. Derivative financial instruments are also used by the Bank for own treasury risk management purposes, mainly to cover against interest rate and foreign currency risks.

The Bank does not apply hedge accounting.

2.10. Material events occurred after the balance sheet date

No significant event that could have an impact on the 2021 annual accounts has occurred after the closing date. Nevertheless, the Russian-Ukrainian conflict which started in February 2022 may have an impact on the Bank’s activities in 2022. It is however too early to quantify their effects on the Bank’s financials.

Amount expressed in Swiss Francs thousands unless otherwise stated

3. Information concerning the balance sheet

3.1. Breakdown of securities financing transactions (assets and liabilities)

	2021	2020
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	21'132	13'111
– *of which, those with unrestricted right to resell or pledge*	*21'132*	*13'111*

3.2. Presentation of collateral for loans / receivables and off–balance sheet transactions, as well as impaired loans / receivables

		TYPE OF COLLATERAL			
Loans (before netting with value adjustments)		Secured by mortgage	Other collateral	Unsecured	Total
Amounts due from customers		–	24'108	306'478	330'586
Total loans (before netting with value adjustments)	**2021 ***	**–**	**24'108**	**306'478**	**330'586**
	2020 *	**–**	**23'212**	**270'375**	**293'587**
Total loans (after netting with value adjustments)	**2021**	**–**	**24'108**	**284'376**	**308'484**
	2020	**–**	**23'212**	**231'266**	**254'478**

Off-balance-sheet					
Contingent liabilities		–	102'176	277'637	379'813
Irrevocable commitments		–	–	4'569	4'569
Credit commitments		–	–	–	–
Total off-balance-sheet as of	**2021**	**–**	**102'176**	**282'206**	**384'382**
	2020	**–**	**14'942**	**250'330**	**265'272**

** The Country risk reserve provision amounting to CHF 22'102 was gross-up. (2020: CHF 30'265).*

Impaired loans / receivable		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Total impaired loans / receivables	**2021**	**2'440**	**2'440**	**–**	**–**
	2020	**36'114**	**27'270**	**8'844**	**8'844**

The specific provision for impaired loans and receivables is directly deducted from the corresponding asset.

Amount expressed in Swiss Francs thousands unless otherwise stated

3.3. Breakdown of trading portfolios and other financial instruments at fair value assets and liabilities)

Assets	2021	2020
Trading portfolio assets		
Debt and money market securities / transactions	916	266
– *of which, listed*	*916*	*266*
Equity interests	2'240	–
Total trading portfolio assets	**3'156**	**266**
Total assets	**3'156**	**266**
– *of which, determined using a valuation model*	–	–
– *of which, securities eligible for repo transactions in accordance with liquidity requirements*	–	–

3.4. Presentation of derivative financial instruments (assets and liabilities)

		TRADING INSTRUMENTS		
		Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments				
– Swaps		167	167	7'247
Foreign exchange / precious metals				
– Forward contracts		958	700	201'288
– Combined interest rate / currency swaps		22'013	19'327	580'744
Total before netting agreements	**2021**	**23'138**	**20'194**	**789'279**
– *of which, determined using a valuation model*		–	–	–
Total before netting agreements	**2020**	**1'519**	**4'234**	**770'956**
– *of which, determined using a valuation model*		–	–	–

The Bank does not apply netting on financials to derivative financial instruments.

Breakdown by counterparty		Central clearing houses	Banks and securities dealers	Other customers	Total
Positive replacement values	**2021**	–	**2'846**	**20'292**	**23'138**
	2020	–	**1'075**	**444**	**1'519**

Amount expressed in Swiss Francs thousands unless otherwise stated

3.5. Financial investments

Breakdown by financial investments	BOOK VALUE 2021	BOOK VALUE 2020	FAIR VALUE 2021	FAIR VALUE 2020
Debt instruments	21'132	13'111	21'099	13'286
– *of which intended to be held to maturity*	*21'132*	*13'111*	*21'099*	*13'286*
Total	**21'132**	**13'111**	**21'099**	**13'286**
– *of which, securities eligible for repo transactions in accordance with liquidity requirements*	*21'132*	*13'111*	*21'099*	*13'286*

Breakdown of counterparties by S&P rating	2021	2020
AA-	21'132	13'111
Total	**21'132**	**13'111**

3.6. Presentation of tangible fixed assets

	END OF 2020			2021			END OF 2021
	Aquisition cost	Accumulated depreciation	Book value	Additions	Disposals	Depreciation	Book value
Proprietary or separately acquired software	1'807	(1'418)	389	48	–	(216)	221
Leasehold improvements	2'457	(46)	2'411	29	–	(275)	2'165
Other tangible fixed assets	1'654	(793)	861	58	–	(93)	826
Total tangible fixed assets	**5'918**	**(2'257)**	**3'661**	**135**	**–**	**(584)**	**3'212**

CHF 3’792 was written–off from both Acquisition cost and Accumulated depreciation.

Operating leases		within 1 year	from 1 to 3 years	from 3 to 5 years	Total
Future lease payments	**2021**	**28**	**26**	**6**	**60**
	2020	**22**	**27**	**–**	**49**

– *Of which, may be terminated within one year: (2020: none)*

3.7. Breakdown of other assets and other liabilities

	OTHER ASSETS 2021	OTHER ASSETS 2020	OTHER LIABILITIES 2021	OTHER LIABILITIES 2020
Indirect taxes	15	81	75	27
Interest components of financial investments intended to be held to maturity but sold before maturity	506	876	745	873
Other	76	152	128	17
Total	**597**	**1'109**	**948**	**917**

Amount expressed in Swiss Francs thousands unless otherwise stated

3.8. Employees' benefits

The company has signed an affiliated contract with the collective foundation Allianz in Zurich, a collective pension fund applying the legal requirements on employees' benefits (LPP) in Switzerland. The Pension Fund is based on the principle of defined contributions. It is contributed to by the employer (60%) and the employees (40%) based on the contributions fixed in the pension plan rules.

The plan covers between the minimum salary of CHF 21.5 up to a maximum amount of CHF 150. As of December 31, 2021, 52 employees are covered (2020: 49 employees).

The employer's contributions are recognized in the profit and loss account as current charges for the period amounting to CHF 491 (2020: CHF 518).

Employer's contributions reserve

There is no employer's contributions reserve.

Economical advantage / liability and pension plan costs

Each year the Bank must determine if the degree of coverage or the particular situation of the Pension Fund presents an economic advantage or obligation from the Bank's point of view.

As of December 31, 2021, the Bank held no liabilities towards the Pension Fund. The coverage ratio of the Pension Fund scheme is 100% which is due to full reinsurance of the pension fund. There is no economic benefit or obligation resulting from the pension plan.

Presentation of the economic benefit / obligation and the pension expenses	CONTRIBUTIONS PAID FOR THE REPORTING PERIOD	PENSION EXPENSES IN PERSONNEL EXPENSES	
	2021	2021	2020
Pension plans without overfunding / underfunding	549	491	518
Total	**549**	**491**	**518**

Amount expressed in Swiss Francs thousands unless otherwise stated

3.9. Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

	Balance at end of 2020	Use in conformity with designated purpose	Reclassifi-cations	Currency differences	New creations charged to income statement	Releases to income	Balance at end of 2021
Provisions for default risks	459	–	–	–	–	(76)	383
Other provisions	70'943	–	(70'943)	–	–	–	–
Total provisions	**71'402**	**–**	**(70'943)**	**–**	**–**	**(76)**	**383**
Reserves for general banking risks	**–**	**–**	**70'943**	**–**	**2'783**	**–**	**73'726**
Value adjustments for default and country risks	**39'785**	**(14'802)**	**–**	**399**	**–**	**(2'707)**	**22'675**
– *of which, value adjustments for default risks in respect of impaired loans / receivables*	*8'844*	*(14'802)*	*5'559*	*399*	–	–	–
– *of which, value adjustments for country risks*	*30'941*	–	*(5'559)*	–	–	*(2'707)*	*22'675*

As at December 31, 2021 "Provisions for default risks" only consist of country risk provisions related to off –balance sheet positions (please see note 2.8 for more details). Other provisions as Tier II capital amounting to CHF 70'943 have been classified to Reserves for general banking risks in order to be recognized as Tier I capital. No taxation has been made on these reserves.

An amount of CHF 5'559 was reclassified from the country risk provision to cover specific value adjustment for impaired loans.

Total provision for default risk amounting to CHF 14'802 was written-off against impaired loans in 2021. It consisted of CHF 12'323 related to one of the impaired loan fully written-off and CHF 2'203 belonged to an impaired loan partially written-off. It also included one impaired loan provision amounting to CHF 275 written-off in 2021.

As at December 31, 2021, in application of the country risk policy mentioned in note 2.8, the Bank has the following country risk reserves:

	2021	2020
Turkey	17'849	23'895
Other	5'209	7'505
Total	**23'058**	**31'400**

In 2021, the country risk policy was amended. The Bank no longer allocates value adjustments for country risk to the impaired loans.

Amount expressed in Swiss Francs thousands unless otherwise stated

3.10. Share capital

	2021			2020		
	Total par value	No. of shares (unit)	Capital eligible for dividend	Total par value	No. of shares (unit)	Capital eligible for dividend
Share capital	1	35'000	35'000	1	35'000	35'000
– *of which, paid up*	*1*	*35'000*	*35'000*	*1*	*35'000*	*35'000*
Total Bank's capital	**1**	**35'000**	**35'000**	**1**	**35'000**	**35'000**

3.11. Disclosure of amounts due from / to related parties

	AMOUNTS DUE FROM		AMOUNTS DUE TO	
	2021	2020	2021	2020
Holders of qualified participations	4'006	2'725	31'103	33'521
Linked companies	23'929	10'108	63'379	56'557

All balance sheet and off-balance-sheet transactions with related parties have been granted in an arm's length basis (please see note 4.2 for details regarding fiduciary transactions with group companies and linked companies).

3.12. Disclosure of holders of significant participations

Holders of significant participations and groups of holders of participations with pooled voting rights.

		2021		2020	
With voting rights:	Type of shares	Nominal value	Percentage of equity	Nominal value	Percentage of equity
Credit Europe Bank N.V. Nominal		35'000	100%	35'000	100%
Main shareholders' of Credit Europe Bank N.V.			in %		in %
Credit Europe Group N.V.			100.00		100.00
– *Of which: Fina Holding A.S.*			*89.31*		*89.31*
Fiba Holding A.S			*9.40*		*9.40*
Fiba Holding A.S.					
– *Of which: Hüsnü M. Özyeğin*			*99.99*		*99.99*

Amount expressed in Swiss Francs thousands unless otherwise stated

3.13. Disclosure of composition of share capital

The Bank's equity is composed of 35'000 ordinary shares with a nominal value of CHF 1'000 each, which are entirely paid up. There is no specific restriction or corresponding reserve on these shares. Statutory retained earnings reserves are only distributable if they exceed 50% of the share capital. As at 31 December 2021, the amount of non-distributable reserves amounted to CHF 11.5 million (2020: CHF 11.5 million).

3.14. Presentation of the maturity structure of financial instruments

Assets / financial instruments	At sight	Cancellable	within 3 months	within 3 and 12 months	within 12 months and 5 years	after 5 years	Total
Liquid assets	80'212	–	–	–	–	–	80'212
Amounts due from banks	46'131	–	110'097	15'338	–	–	171'566
Amounts due from customers	–	4'382	233'751	12'183	39'263	18'905	308'484
Trading portfolio assets	2'240	–	–	–	–	916	3'156
Positive replacement values of derivative financial instruments	23'138	–	–	–	–	–	23'138
Financial investments	–	–	–	–	–	21'132	21'132
Total	**151'721**	**4'382**	**343'848**	**27'521**	**39'263**	**40'953**	**607'688**
Previous period	**54'924**	**12'481**	**207'558**	**46'294**	**56'321**	**37'998**	**415'576**

Debt capital / financial instruments	At sight	Cancellable	within 3 months	within 3 and 12 months	within 12 months and 5 years	after 5 years	Total
Amounts due to banks	60	–	134'805	–	31'059	–	165'924
Liabilities from securities financing transactions	–	–	18'305	–	–	–	18'305
Amounts due in respect of customer deposits	179'034	–	95'934	–	–	–	274'968
Negative replacement values of derivative financial instruments	20'194	–	–	–	–	–	20'194
Total	**199'288**	**–**	**249'044**	**–**	**31'059**	**–**	**479'391**
Previous period	**133'988**	**–**	**139'052**	**24'741**	**–**	**–**	**297'781**

Amount expressed in Swiss Francs thousands unless otherwise stated

3.15. Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

	2021		2020	
Assets	DOMESTIC	FOREIGN	DOMESTIC	FOREIGN
Liquid assets	80'212	–	30'148	–
Amounts due from banks	42'143	129'423	19'851	96'203
Amounts due from customers	159'523	148'961	93'248	161'230
Trading portfolio assets	313	2'843	266	–
Positive replacement values of derivative financial instruments	1'192	21'946	292	1'227
Financial investments	21'132	–	13'111	–
Accrued income and prepaid expenses	2'305	–	2'672	–
Tangible fixed assets	3'212	–	3'661	–
Other assets	597	–	1'109	–
Total assets	**310'629**	**303'173**	**164'358**	**258'660**

Liabilities				
Amounts due to banks	–	165'924	–	150'261
Liabilities from securities financing transactions	–	18'305	–	11'286
Amounts due in respect of customer deposits	93'153	181'815	49'909	82'091
Negative replacement values of derivative financial instruments	255	19'939	210	4'024
Accrued expenses and deferred income	2'131	–	1'512	–
Other liabilities	948	–	917	–
Provisions	383	–	71'402	–
Reserves for general banking risks	73'726	–	–	–
Share capital	35'000	–	35'000	–
Statutory retained earnings reserve	11'509	–	11'509	–
Profit carried forward	4'897	–	2'973	–
Profit for the year	5'817	–	1'924	–
Total liabilities	**227'819**	**385'983**	**175'356**	**247'662**

Amount expressed in Swiss Francs thousands unless otherwise stated

3.16. Breakdown of total assets by country or group of countries (domicile principle)

	2021		2020	
Assets	ABSOLUTE	%	ABSOLUTE	%
Switzerland	310'629	50.6%	164'358	38.8%
Rest of Europe	205'976	33.6%	167'529	39.6%
North America	60'940	9.9%	13'495	3.2%
Asia	36'257	5.9%	41'834	9.9%
Africa	-	0.0%	35'802	8.5%
Total assets	**613'802**	**100.0%**	**423'018**	**100.0%**

3.17. Breakdown of total assets by credit rating of country groups (risk domicile view)

	2021		2020	
Moody's	ABSOLUTE	%	ABSOLUTE	%
Aaa	97'662	30.1%	62'741	24.3%
Aa1 to Aa3	93'259	28.7%	1'801	0.7%
A1 to A3	23'444	7.2%	33'030	12.8%
Baa1 to Baa3	7'770	2.4%	9'914	3.8%
Ba1 to B3	102'629	31.6%	151'217	58.4%
	324'764	**100.0%**	**258'703**	**100.0%**

Amount expressed in Swiss Francs thousands unless otherwise stated

3.18. Presentation of assets and liabilities broken down by the most significant currencies for the Bank

Assets	CHF	EUR	USD	TRY	GBP	Others	Total
Liquid assets	80'130	44	34	–	4	–	**80'212**
Amounts due from banks	4'449	7'275	159'820	1	7	14	**171'566**
Amounts due from customers	58	85'761	222'665	–	–	–	**308'484**
Trading portfolio assets	313	1'373	1'470	–	–	–	**3'156**
Positive replacement values of derivative financial instruments	23'138	–	–	–	–	–	**23'138**
Financial investments	21'132	–	–	–	–	–	**21'132**
Accrued income and prepaid expenses	973	882	407	43	–	–	**2'305**
Tangible fixed assets	3'212	–	–	–	–	–	**3'212**
Other assets	61	72	464	–	–	–	**597**
Total assets shown in balance sheet	**133'466**	**95'407**	**384'860**	**44**	**11**	**14**	**613'802**
Delivery entitlements from spot exchange, forward forex and forex options transactions	182'611	325'006	235'562	38'442	7'559	99	**789'279**
Total assets	**316'077**	**420'413**	**620'422**	**38'486**	**7'570**	**113**	**1'403'081**

Liabilities	CHF	EUR	USD	TRY	GBP	Others	Total
Amounts due to banks	58	103'015	61'617	–	1'234	–	**165'924**
Liabilities from securities financing transactions	–	18'305	–	–	–	–	**18'305**
Amounts due in respect of customer deposits	33'319	74'287	167'232	28	3	99	**274'968**
Negative replacement values of derivative financial instruments	20'194	–	–	–	–	–	**20'194**
Accrued expenses and deferred income	1'072	57	1'001	1	–	–	**2'131**
Other liabilities	264	91	593	–	–	–	**948**
Provisions	383	–	–	–	–	–	**383**
Reserves for general banking risks	73'726	–	–	–	–	–	**73'726**
Share capital	35'000	–	–	–	–	–	**35'000**
Statutory retained earnings reserve	11'509	–	–	–	–	–	**11'509**
Profit carried forward	4'897	–	–	–	–	–	**4'897**
Profit for the year	5'817	–	–	–	–	–	**5'817**
Total liabilities	**186'239**	**195'755**	**230'443**	**29**	**1'237**	**99**	**613'802**
Delivery obligations from spot exchange, forward forex and forex options transactions	104'675	246'975	390'304	38'335	6'325	–	**786'614**
Total liabilities	**290'914**	**442'730**	**620'747**	**38'364**	**7'562**	**99**	**1'400'416**
Net position per currency	**25'163**	**(22'317)**	**(325)**	**122**	**8**	**14**	**2'665**
Effect of country risk provision classification	**(22'675)**	**22'295**	**380**	**–**	**–**	**–**	**–**
Net position per currency before the effect of country risk provision classification	**2'488**	**(22)**	**55**	**122**	**8**	**14**	**2'665**

For the presentation purposes the currency effect of country risk provisions related to the balance sheet positions are directly deducted from thew corresponding assets and related currencies (please see note 2.8 for more details).

Amount expressed in Swiss Francs thousands unless otherwise stated

4. Information concerning off-balance sheet transactions

4.1. Breakdown of contingent liabilities and contingent assets

Contingent liabilities	2021	2020
Guarantees to secure credits and similar	13'384	9'026
Irrevocable commitments arising from documentary letters of credit	366'429	249'025
Total contingent liabilities	**379'813**	**258'051**

4.2. Breakdown of fiduciary transactions

	2021	2020
Fiduciary deposits with third-party companies	–	17'640
Fiduciary investments with group companies and linked companies	28'265	168'576
Total fiduciary transactions	**28'265**	**186'216**

5. Information concerning the Income statement

5.1. Analysis of interest income and expense

Interest income and interest expense from forex swap transactions was CHF 3.2 million (2020: CHF 1 million) and CHF 5.8 million (2020: CHF 3.7 million) respectively.

5.2. Securities and precious metals held for trading purposes

	2021	2020
Trading results for own account	164	431
Trading for the account of customers	966	329
Total trading results	**1'130**	**760**

Analysis by underlying risk and based on the use of the fair value option	2021	2020
Interest rate instruments and equity securities (incl. funds)	(141)	316
Foreign currencies	1'271	444
Total result from trading activities	**1'130**	**760**

The Bank does not apply the fair value option.

Amount expressed in Swiss Francs thousands unless otherwise stated

5.3. Breakdown of personnel expenses

	2021	2020
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	7'885	7'703
– *of which, expenses relating to share-based compensation and alternative forms of variable compensation*	–	–
Social insurance benefits	1'316	1'328
Other personnel expenses	262	253
Total personnel expenses	**9'463**	**9'284**

5.4. Breakdown of general and administrative expenses

	2021	2020
Office space expenses	789	1'238
Expenses for information technology and communications technology	1'351	1'383
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	423	440
Fees of audit firm(s) (Art. 961a no. 2 CO)	201	231
– *of which, for financial and regulatory audits*	185	213
– *of which, for other services*	16	18
Other operating expenses	1'399	1'401
Total general and administrative expenses	**4'163**	**4'693**

5.5. Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

The Bank has increased CHF 2'783 from its Reserves for general banking risks (please see note 3.9 for more details). In addition, sale of the fixed asset income was CHF 4 (2020: CHF 56).

5.6. Presentation of current taxes, deferred taxes, and disclosure of tax rate

	2021	2020
Current year tax expenses	(1'177)	(505)
Total tax expenses	**(1'177)**	**(505)**
Effective tax rate	14%	14%

As at 31 December 2021, there were no losses carried forward (2020: none).

Amount expressed in Swiss Francs thousands unless otherwise stated

Proposed Appropriation of Retained Earnings 31 December 2021

Board of Directors' Proposed Appropriation of Retained Earnings as at December 31, 2021.

Available profit carried forward	2021
Profit carried forward at the beginning of the year	4'896'490
Profit carried forward after dividend distribution	**4'896'490**
Profit for the year	5'817'655
Available profit carried forward	**10'714'145**

Proposition for distribution by the General Meeting of Shareholders	
To be carried forward	10'714'145
Total	**10'714'145**

Credit Europe Bank (Suisse) SA

80, Rue du Rhône
1204 Geneva - Switzerland
Tel: +41 (22) 839 19 19
Fax: +41 (22) 839 19 00

credit
europe
bank