ANNUAL REPORT 2020

OYAK ANKER BANK

OYAK ANKER Bank

OYAK ANKER Bank stands for reliable and cooperative financial services for more than 60 years. From the beginning, the bank has offered a broad variety of credit supplies - corporate, financial institutions and retail - and investment products to its customers and has always been successful in quickly adapting to new technological and other challenges today and in the future.

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DIGITAL. INNOVATIVE. ROBUST.

Current banking system requires extensive understanding and knowledge in digitization. Based on state-of-the-art technology, we can offer our customers a whole new dimension of individuality and comfort.

Maximum transparency and flexibility are natural components of modern banking. In the interest of our customers, we there fore permanently adapt our products and services to the requirements of the time and align them precisely to current needs.

OYAK ANKER Bank's strength is not just based on over 60 years of experience and expertise in Germany and Europe. With the globally linked and operating OYAK Group behind us, we can always rely on additional resources in know-how, networking and synergies.

BUSINESS UNITS

TREASURY & FINANCIAL INSTITUTIONS

Treasury & Financial Institutions is responsible for the banks asset and liability management and for hedging of interest and currency risks. OYAK ANKER Bank focuses on the expanded correspondent banking network and would like to support exporters and importers in securing and financing their international trade transactions by working with other banks in the Europe, America and the Middle East / North Africa.

CORPORATE BANKING

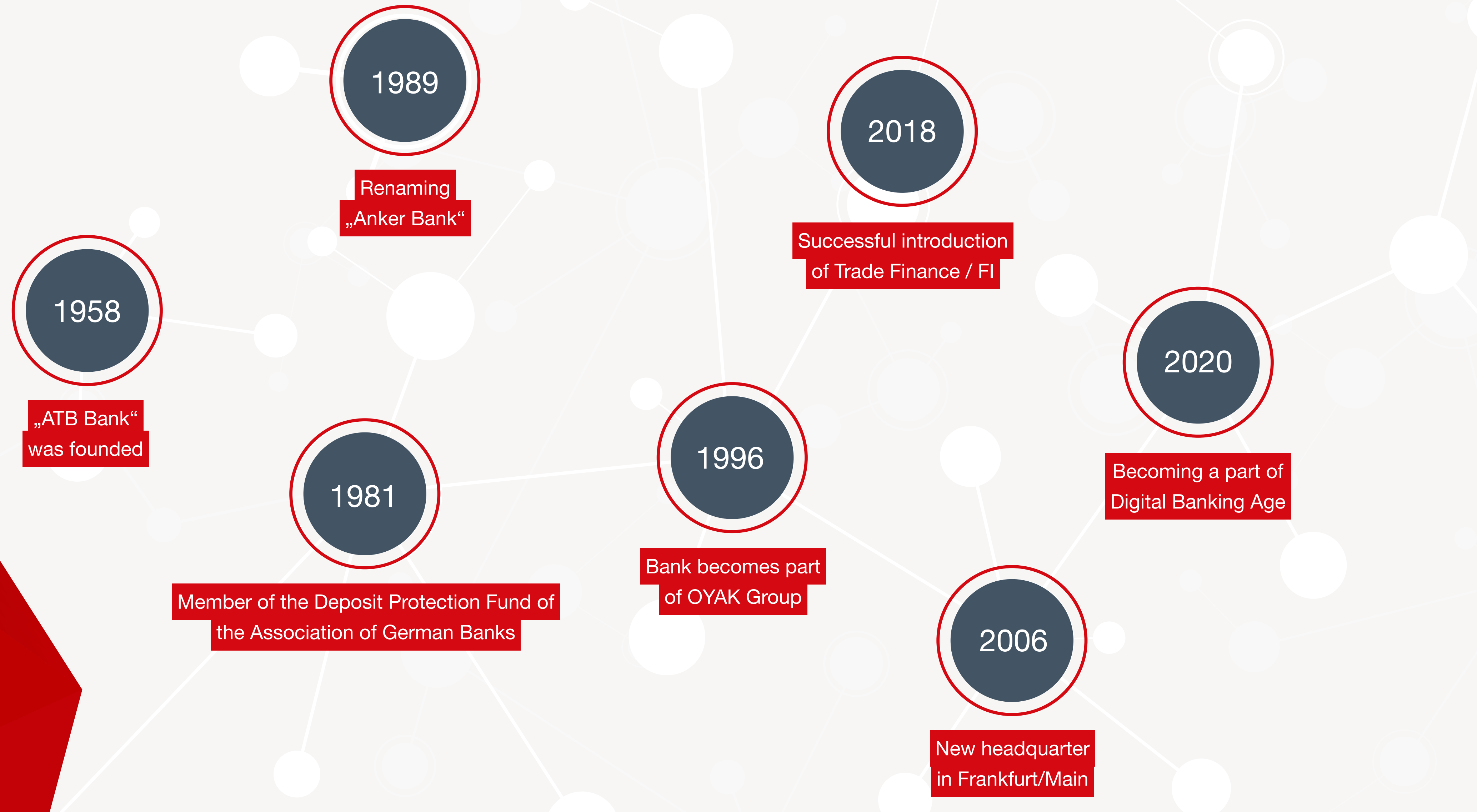
As experienced bank for “tailored services” for European and Turkish companies, OYAK ANKER Bank offers a wide range of products for trade finance, offers working capital loans and supports the customer´s specific payment requirements.

RETAIL BANKING

Attractive terms and tailor-made products – two very convincing arguments on which OYAK ANKER Bank can rely. Proof comes from a multitude of awards from institutions as well as from top positions in several leading rankings.

HISTORY & MILESTONES

The history of OYAK ANKER Bank is strongly connected to the everyday lives of people in Germany. Not just with its products and services, the bank has always been close to it’s customers. 62 years of OYAK ANKER Bank – That is also 62 years of German history. Ideally prepared for the future challenges and customer expectations, we will keep contributing to prosperity, economic success and social progress of Germany.



MISSION, VISION & VALUES

MISSION

OYAK ANKER Bank responds to the individual wishes and needs of its customers and strives to always exceed their expectations. With flexible and customer-oriented offers and services the bank accompanies them through all ages and changes of life.

VISION

OYAK ANKER Bank offers its clients, business partners and employees a fundamental and sustainable added value. It provides high-quality products and services to a broad target group. The bank consciously assumes social responsibility and remains true to its values. It wants to be leading, innovative and future-oriented in the diversity of its products and services. The commitment of high professional competence to the bank guarantees an extraordinary level of quality. All actions are always based on customer orientation.

WERTE

OYAK ANKER Bank stands for sincerity and transparency as well as for the highest sense of responsibility and reliability towards both customers and employees. Their satisfaction is the benchmark for any success. Competition and fairness are key parts of our corporate identity, just as much as innovation and perfectionism.

NET WORTH

KEY FINANCIAL FIGURES	2020	2019
	TEUR	TEUR
Cash Funds	82,082	216,310
Financial Institutions	410,196	214,999
Bonds	127,923	142,265
Loans Corporate	539,877	528,992
Loans Retail	100,487	147,296
Total Assets	1,268,594	1,253,016
Risk Weighted Assets	593,659	542,444
Deposits	1,123,724	1,136,523
Total Equity	142,208	113,283
Net Profit	3,925	6,010
Ratios		
ROE	3.20%	5.66%
ROAA	0.31%	0.52%
CIR	67.33%	66.63%
NPL net	1.04%	1.62%
CAR	21.81%	18.21%

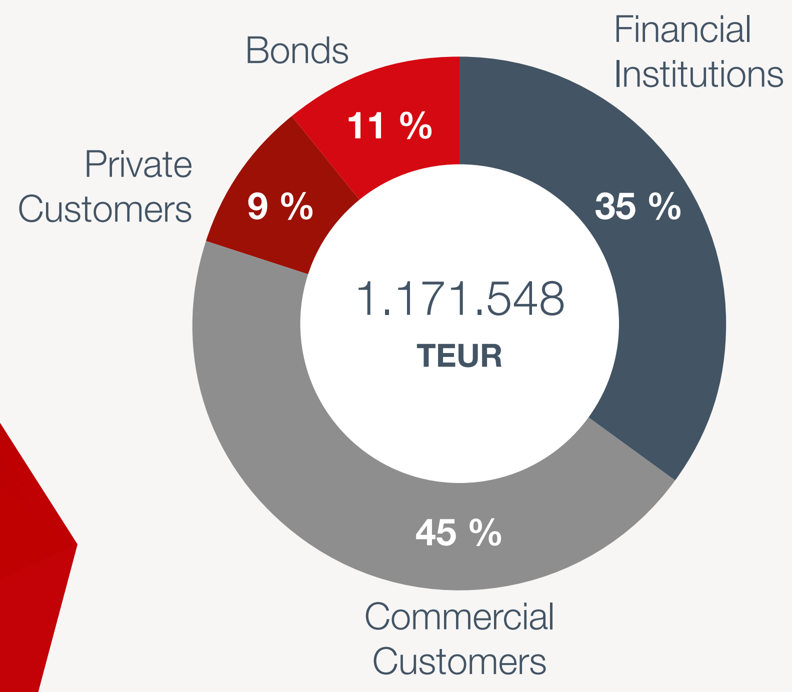
SYNERGIES

Being part of International OYAK Group OYAK ANKER Bank provides their customers with several benefits on German, European and international markets.

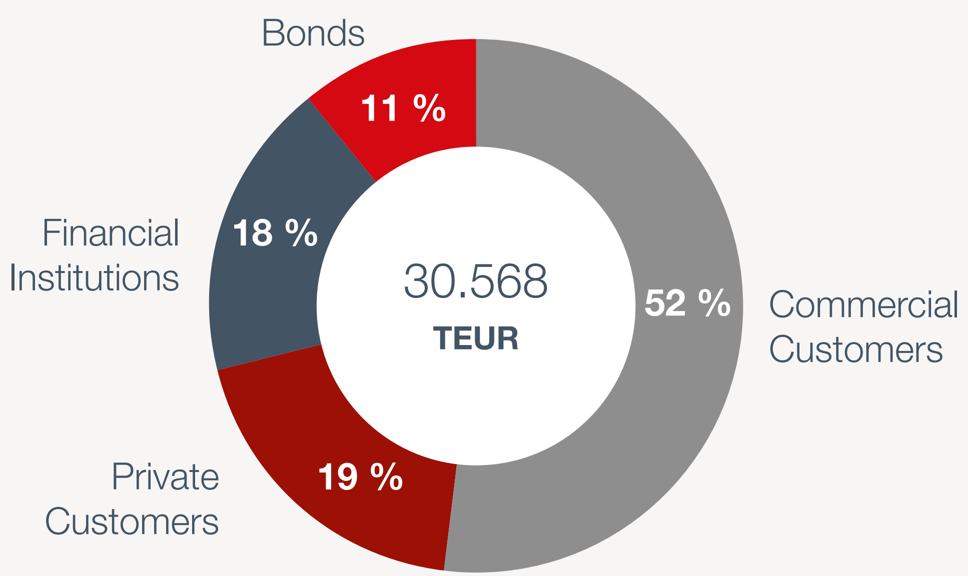
RESULTS 2020

Results according to business areas of OYAK ANKER Bank

TOTAL INTEREST BEARING ASSETS



INTEREST REVENUES



OYAK GROUP

Being a part of the worldwide OYAK Group, OYAK ANKER Bank benefits from its sustainable economic power. Founded in 1961 as an independent corporation, OYAK is the first and largest private pension fund in Turkey.

TOTAL REVENUES
Billion TL
73

TOTAL ASSETS
Billion TL
157

EXPORT
Billion USD
4.3

SUSIDIARIES
Countries
24

MEMBERS
439,011

EMPLOYEES
> 34,000

AUTOMOTIVE LOGISTICS

Leader in Turkish total automotive production with 36.1 % market share / Placed 1st in Turkish export automotive sector / 7 Subsidiaries

CEMENT CONCRETE PAPER

Operating in Turkey, Portugal, Cape Verde, Ivory Coast and African region by ranking as market leader / 7 Subsidiaries

CHEMISTRY

Operating in 5 different regions with 16 integrated plants / 3 Subsidiaries

AGRICULTURE

65 years in the market more than 400 products / 2 Subsidiaries

ENERGY

3 % of Turkey`s total energy demand / 5 Subsidiaries

FINANCE

Corporate finance services, financial and investment consulting, wealth management and insurance & reinsurance brokerage services to the domestic market / And OYAK ANKER Bank GmbH provides Retail and Corporate Banking services in Germany / 5 Subsidiaries

MINING METALLURGY

2019 placed 4th in the EU and 9th in the Europe / 24 % market share of total Turkish raw steel production / 8 Subsidiaries

INVESTMENTS & INDUSTRIES

With their products, sales, exports and taxes paid, OYAK Companies are adding an increasing value to their domestic economies.

NUMBERS & FACTS

PREFACE BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear Sir or Madam,

The year 2020 has made us aware how even in economy and everywhere else long-standing beliefs and expectations can be vehemently put to the test. At the same time, however, the COVID19 pandemic let us experience the resilience and the creative power with which our companies and our society were able to adapt to such profound and completely unexpected challenges.

This also applies to OYAK ANKER Bank GmbH and its employees. With extraordinary commitment, we understood how to focus even more on the needs of our customers being in the same exceptional situation and to let each of them experience a special "closeness in social distancing". To have ensured this at all levels and communication channels, without any advance notice and under home office conditions, is a joint success we can be very proud of.

I would therefore like to thank everyone who contributed to this achievement. The same applies to our business partners, who have placed their trust in us and have adapted flexibly to the new framework for our cooperation. The decisions of our Management Board have set the course for OYAK ANKER Bank GmbH to stand robust and optimistic and to benefit from the expected upturn on the German and European market in the near future.

I. Emrah Silav
CHAIRMAN OF THE SUPERVISORY BOARD

PREFACE BY THE MEMBER OF MANAGEMENT BOARD

Dear Sir or Madam,

The lessons of 2020, a year that was impacted both economically and socially by the COVID19 pandemic, have made all of us learn and grow. In Germany, Europe and around the world, this applies especially to those countries and companies that have prepared themselves for new challenges on time with seminal and courageous measures. As OYAK ANKER Bank GmbH, we benefited, above all, from the fact that we had launched a comprehensive and targeted digitization strategy already before the pandemic.

These new processes and technologies, some of which we had already established before 2020 and were now able to expand, represent the "state of the art" when it comes to customer service in international banking. We were also able to secure the stability of our company through risk-adjusting pricing. The soundness of our core business provides a reliable basis for sustainable and profitable growth. We were able to further strengthen this effect with the capital increase of 25 million euros and, in result, with our excellent equity base.

In the next years to come, we want to drive all of that forward, with full passion and in the best interests of our customers and business partners. We will continue to rely on the competence and the enthusiasm of our qualified employees. In a more than challenging environment, they kept living the goals and values of our bank, earning once more the trust of our partners. To each of them, we would like to express our strongest gratitude.

Dr. Süleyman Erol
MEMBER OF
MANAGEMENT BOARD

Ümit Yaman
MEMBER OF
MANAGEMENT BOARD

MANAGEMENT REPORT

1 Development of the overall economy

1.1 Outlook for the global economy

The past year 2020 was marked by two events in particular. On one hand, it was the confrontational US policy under President Trump, geared towards protection of local trade. On the other hand, we saw the complex effects of a global pandemic, which are still reverberating and have a lasting impact on everyday life. The governments and the central banks alike were faced with historic challenges that could be met globally only through the course of maximum stimulus combined with aid programmes.

With the change in the US presidency and the resulting normalisation in geopolitics and in the global trade, the global economy following the Corona pandemic needs to be viewed in a more nuanced way.

After a dramatic slump in the global economic output equalling - 4.3 %[1] for the year 2020, a sustained and powerful economic recovery of approx. + 5.2 %[2] is expected for 2021. However, this implies a rapid and successful vaccination strategy that has a positive influence on the course of the pandemic. Reliable statements on these assumptions could be expected in the third quarter at the earliest.

The European economy recovered significantly between the two pandemic waves, already in the course of FY 2020. The economy in the entire Eurozone was able to grow significantly again in the third quarter of 2020, with the growth of 12.5 %[3] compared to -11.7 %[4] in the second quarter, thus almost making up for the entire loss of the first two quarters. However, this was significantly slowed down again with the second lockdown in November last year, especially in Germany (GDP Q4 0.1 %).[5]

The Corona crisis reinforces a trend visible in the recent years: the emerging markets are gaining in importance. In Asia, this is especially true for China, with the boundaries between emerging markets and developed economies becoming increasingly blurred.

China was the only major economy to close 2020 with a positive economic growth of 2.3 %[6]. Since the middle of last year, the Chinese economy has been on a clear growth path again and there are many indications that this trend will continue in 2021. The factor responsible for this rapid recovery was first and furthermost a quick and uncompromising fight against the pandemic with a simultaneous use of monetary and fiscal policy on a massive scale. The effect of this expansive policy is still reflected in the expected GDP of 8.1 %[7] for 2021.

Despite numerous imponderables, in particular concerning the further course of the pandemic, a positive economic outlook is emerging globally. The effectiveness of the vaccines and their availability worldwide, as well as the normalisation of global trade following the reduction of trade restrictions, are of particular importance here. In addition, the economies will still be positively influenced by the low interest rate environment and by the aid programmes of the central banks. Private consumption in particular could act as an additional driver here, after the lockdown policy is relaxed.

1.2 Prospects Germany

Economic output in Germany decreased by 5.0 %[8] in 2020 as a whole and was characterised in particular by the pandemic and its effects on the economy in the first two quarters. The gross domestic product in the second quarter was

1 Worldbank, Global Economic Prospectus Jan21, p.4
2 Deutsche Bank, Perspectives December 2020, p.3
3 IFO Institute, December 2020, Eurozone Economic Outlook, p.1.
4 IFO Institute, December 2020, Eurozone Economic Outlook, p.1
5 https://www.focus-economics.com/countries/germany/news/gdp/economy-avoids-double-dip-recession-in-q4
6 https://edition.cnn.com/2021/01/17/economy/china-gdp-2020-intl-hnk/index.html
7 https://www.imf.org/en/Countries/CHN
8 https://www.bmwi.de/Redaktion/DE/Dossier/konjunktur-und-wachstum.html

-9.7 %[9]. The Corona pandemic led to a significant slump in private consumption, especially in spring of the last year. This led to a historic slump of -11.1 %[10] in Q2 compared to the previous quarter. For 2021, consumer restraint is expected for the first quarter due to delayed vaccination. However, private consumption is expected to grow strongly in Q2 and Q3. Overall, the growth for the year as a whole is expected to be 4.7 %[11].

The current account surplus in Germany rose to 7.6 %[12] of gross domestic product in 2020. This corresponds to approx. 260 billion euros. For the years 2021 and 2022, however, a decline to 6.2 % and 5.9 %[13] respectively is expected and would thus fall below the 6 % mark for the first time since 2010.

The expected revival of global economy should increasingly boost German exports in 2021. This supports the outlook for the cyclically sensitive manufacturing sectors. Most sectors should reach their pre-crisis production levels in the second half of 2021 despite the renewed lockdown at the end of 2020 or should note higher production at the end of 2021 than before the Corona pandemic. The rapid economic recovery following the slump as well as the positive trade figures, especially from China, confirm that the fundamental interconnectivity of the global economy has not suffered as a result of the Corona crisis. Also, the digitalisation favoured by the pandemic could further drive global interconnectivity rather than reduce it.

The positive economic trend can give DAX a sustained boost in the coming year. This will be supported by the policy of the central bank which will remain in state-of-emergency and crisis mode in 2021. In the short term, negative economic indicators could weigh on sentiment, which could lead to some volatility. The DAX, however, seems to be hardly affected by the short term gloom caused by the lockdown. Risk-free yields also clearly remain in the negative area - both in nominal and in price-adjusted terms. In addition, geopolitical risks could be reduced as a result of the change in U.S. presidency.

A global surge in confidence among the consumers, entrepreneurs and risk-averse investors should provide a significant boost to real economy as well as to the stock markets. Even though much of the good news is already priced into the current DAX level, the market expects a significant upside potential for the German economy of around 5.1 %[14] in 2021.

1.3 Turkey

The Corona pandemic has also left clear marks on the Turkish economy. Despite an in-crease of 6.3 % in the third quarter of 2020[15] and an increase of 5.9 %[16] in the fourth quarter, the economic growth averaged only 1.8 % annually[17]. Compared to the Western European countries[18], some of which had significantly negative growth rates, Turkey's performance was quite positive. The rating agencies assessed the development of the Turkish economy with a downgrade by Moody's in September 2020 from B1 to B2 with a negative outlook and with a change of the outlook by Fitch from “stable” to “negative” in August 2020[19], which was, however, changed back to “stable” in February 2021.

Despite solid contributions from industry and services, the decline of construction and the weak performance of agriculture in the fourth quarter of 2020 had a negative impact on the overall economy. The investment climate was subdued significantly over the course of the year.

Consumer behaviour was negatively affected by the Corona pandemic, by temporary curfews, high inflation and lower real purchasing power. Last but not the least, the Turkish economy faced a sharp decline in tourism with significantly lower numbers compared to the previous year. Demand-related declines in domestic and foreign business also put a heavy burden on the mechanical engineering sector in particular. Furthermore, weak industrial production in sectors such as the chemical industry, led to special cuts.

9 Bloomberg
10 DB Outlook Germany 2021, p.2
11 DB Germany Outlook 2021, p.1
12 https://www.zeit.de/wirtschaft/2020-02/leistungsbilanz-deutsche-exportueberschuesse-sparen-wirtschaft?utmreferrer=https%3A%2F%2Fwww.google.com%2F
13 DB Germany Outlook 2021, p.11
14 https://www.ifo.de/ifo-konjunkturprognose/20200922

The Turkish central bank gradually lowered key interest rates by 1.5 % to 8.25 %[20] in spring. This increased the banks' incentive to grant new loans to companies and to private customers. This was primarily intended to support consumer behaviour. One consequence of the significant interest rate cut was a massive devaluation of the Turkish lira.

The Turkish lira depreciated against the euro throughout 2020, from around 6.5[21] in January 2020 to 9.519 in December 2020, and was subject to relatively high volatility. The strong currency devaluation and high inflation caused losses in real purchasing power in 2019, which were also felt in 2020. In order to stop the depreciation in the value of the Turkish lira and the associated loss of purchasing power, the Turkish central bank surprisingly raised the key interest rate by 2 % to 10.25 %[18] in September 2020. This first rate hike in 2 years was in-tended to send a clear signal to the market to keep inflation under control. In November 2020, the the minister of finance and head of the central bank were appointed. The interest rates were further raised to 15.00 %[18] in late November and to 17.00 %[18] in December to counteract currency depreciation and rising inflation figures. These remained at around 14.6 % at the end of the year . The increase in key interest rates also had a positive impact on currency reserves, which were used in particular to support the Turkish lira.

The recession and the strong devaluation of the Turkish lira have primarily dampened the import demand and made international loans more expensive. The drop in oil prices had a positive effect on Turkey's energy imports. However, the depreciation of the currency generally had a positive impact on the country's exports. In addition, the minister of finance re-signed in November 2020. Further sanctions announced by the new U.S. president could therefore have a negative impact on exports to the USA. Overall, there was a significant in-crease of the trade deficit.

Compared to FY2020, the economy is expected to grow again in 2021 by around 5%[23], due to significantly higher retail sales, rising production figures and, above all, an expected in-crease in foreign investments. Because of high dependency on exports, the positive outlook relies primarily on an expected recovery of important export markets such as the EU and the USA and on a positive course of the pandemic. In addition, further weakening of the Turkish lira against the euro and the USD could have a dampening effect. In the first quarter of 2021 alone, the lira depreciated about 8 % against the euro.

1.4 Sector Credit Institutions

The German banking system continued to face major challenges in 2020. The persistent low interest rate environment, extensive digitization, new competitors, especially in the payment systems, and the Corona pandemic were the major issues.

The Corona pandemic in general, as well as the political and economic uncertainties in particular, presented the global banking sector with major challenges over the course of 2020. It was not until the fourth quarter of 2020, with the approval of the first vaccines, with a new U.S. administration and with an emerging BREXIT agreement that the environment for banks and especally for the capital markets improved significantly. The large banks benefited particularly from this and market capitalisation of the banking sector rose by + 17.6 %[22] qoq in the last quarter of 2020, but was below last year's level (-18.9 %[25] yoy).

An increase of the interest rate by the European Central Bank is still not expected. Due to the economic slump caused by the Corona crisis, additional measures have been taken by the central banks to ensure liquidity. These included purchases under the PEPP[26] which increased by another EUR 500 billion in December 2020 to a total of EUR 1,850 billion.[27] Overall, this interest rate environment had a negative impact on the interest margin of the banks and put a lasting strain on their profitability.

15 Bloomberg
16 https://data.tuik.gov.tr/Bulten/Index?p=Quarterly-Gross-Domestic-Product-Quarter-IV:-October-December,-2020-37180&dil=2
17 https://www.reuters.com/article/us-turkey-economy-gdp/turkey-emerges-from-covid-19-hit-2020-with-1-8-economic-growth
18 France GDP 2020 (-8.3 %), Spain GDP 2020 (-11 %), Handelsblatt
19 https://de.tradingeconomics.com/turkey/rating
20 https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Core+Functions/Monetary+Policy/Central+Bank+Interest+Rates/1+Week+Repo
21 Bloomberg, EURTRY

The ongoing need for investment in the digitisation process in order to keep up with the new competitors in the industry and the strive to meet the changed customer needs also put a strain on the earnings situation of the banks in 2020. Several trends in payment transactions have been noticeable in the global payment markets for years, especially due to the advancing digitisation and networking: on one hand, the expansion and the exploding market power of international platforms with gigantic number of users, on the other hand, the steady shift of payment transactions to the internet and related continuous decline in the use of cash. This is increasingly becoming a major challenge for the established banks.

In this environment of growing competition, digitalisation, low interest rates and the Corona crisis, it can be assumed that the banking market will continue to consolidate, also in Germany.

2 Business and general conditions

OYAK ANKER Bank GmbH is a private bank focused on private and corporate customers with its headquarters is in Frankfurt am Main. The bank offers various loan models and all major deposit products.

OYAK ANKER Bank GmbH offers support for international trading transactions with customer focus on Germany, Europe and Turkey. In particular, the trade financing and documentary business products support export and import business activity. The said objective is also pursued by the financing of factoring and leasing companies of important Turkish corporate groups. Synergy effects can also be achieved by exploiting the OYAK Group. The portfolio is flanked by syndicated and bilateral lending business with corporate clients and banks.

In 2016, the bank opened a representative office in Istanbul. This supports the bank in terms of communication, contact management, market research and sales. It is part of the strategy and provides economic information about the market in Turkey and the Turkish and Turkey-based European clients of OYAK ANKER Bank GmbH.

The Treasury supports the strategy in the private and corporate customer business within the framework of targeted asset-liability management. In addition, the "Depot A" business with fixed-interest securities - within the framework of a "non-trading book institution" - is managed in Treasury department. Lending business with banks, especially trade financing, was expanded.

2.1 Employees

At the end of 2020, the Bank had 73 employees (previous year: 79), including 3 employees of the subsidiary Verrechnungsstelle für gewerbliche Wirtschaft GmbH (previous year: 3); no trainees are employed any more (previous year: 2). Converted to full time equivalent (FTE), this corresponds to 66.61 FTE (previous year 73.18), of which 2.83 FTE apply to VFG GmbH (previous year: 2.83 FTE).

The effects of the COVID 19 pandemic that occurred worldwide in spring have also triggered changes in the Bank's human resources. In order to minimise the spread of the COVID 19 virus, the Bank has arranged home office (teleworking) for its staff to a large extent. All workplaces were already tested for the possibility of teleworking in the initial phase of the pandemic, thus preparing the Bank for an emergency. Special occupational health and safety regulations (SARS-CoV-2 Occupational Health and Safety Ordinance) have been consistently implemented in the organisation in order to provide special protection for the employees required to be present in the premises. This also continued to keep the lending and investment business as well as the bank's payment infrastructure stable.

22 https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Statistics/Inflation+Data/Consumer+Prices
23 BBVA Research Turkey
24 Bloomberg, EURTRY
25 https://bankinghub.de/wp-content/uploads/2021/01/Der-Bankensektor-zwischen-Hoffen-und-Bangen_zeb-market-flash-issue-35_BankingHub.pdf
26 "Pandemic Emergency Purchase Program
27 https://www.bundesbank.de/de/aufgaben/geldpolitik/geldpolitische-wertpapierankaeufe/pandemic-emergency-purchase-programme-pepp--830356

With the introduction of short working time (reduction of working hours by 30 %), in private customer business sector, which was particularly affected by the impact of the COVID 19 pandemic, as well as (although temporarily and to a lesser extent) in certain administrative areas, all jobs could be secured until the end of 2020 and into the following year.

The changed framework conditions in the financial services sector following a difficult market environment, a changed strategic orientation, increasing regulation and digitalisation continued to be challenges for the Bank, requiring adjustments in processes and human resources. Various adjustments have been made in staffing levels and changes have been made in the Bank's organisational structure in order to optimise processes and make the Bank fit for the future.

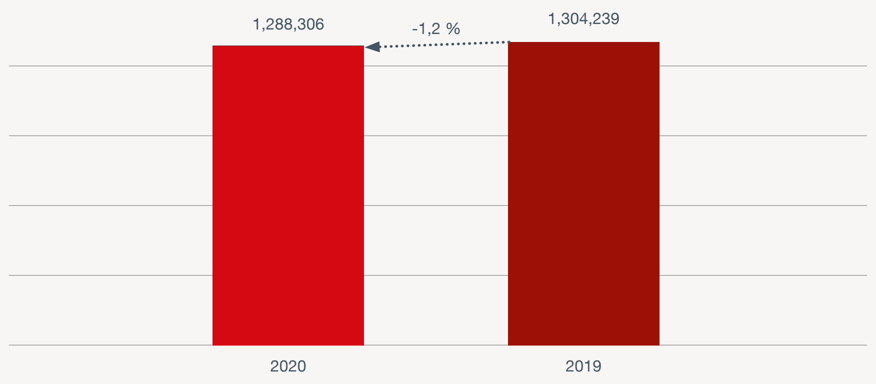
In the past business year, the measures have contributed significantly to the structural improvement and cost optimisation as well as an improved earnings situation of the bank.

2.2 Net worth

In 2020, the balance sheet total increased by TEUR 15,579 to TEUR 1,268,594 (previous year: TEUR 1,253,016). The increase in the balance sheet total is due to the increased volume of syndicated loans to banks and to corporate clients, as well as due to higher financing of letter of credit. Longer-term items in corporate and retail business have developed in the opposite direction. The reduction in retail lending volume is higher than forecasted, as the Bank has been more conservative in its credit issuance during the pandemic. The balance sheet volume has not increased as much as planned. With a forecast of about 7 % excluding back-to-back business (BTB), the balance sheet total increased by 1.2 %, which is due to a reduced volume in the lending business.

Gross loan volume

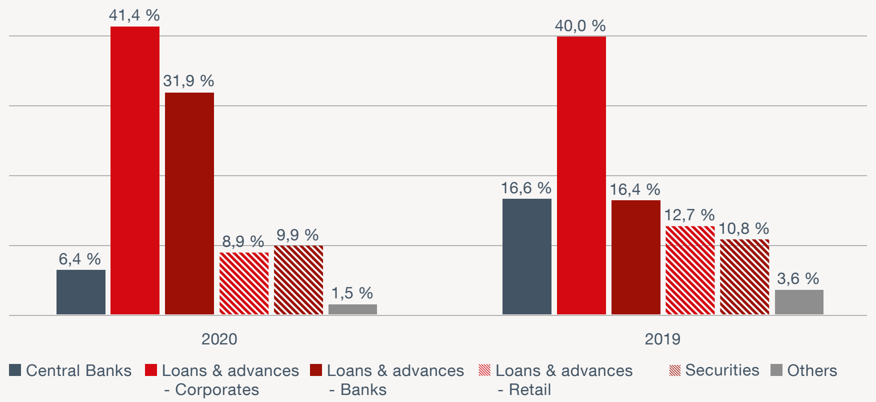
Graphic 1.0



The gross loan volume of TEUR 1,288,306 on the reporting date was lower by TEUR 15,933 than in the previous year (TEUR 1,304,239). The gross loan volume is based on book values for loans, securities, participations, shares in affiliated companies and other assets and on credit equivalent amounts for derivatives. In addition, undrawn credit lines and guarantees are taken into account. Provisions, value adjustments and other risk provisions as well as accrued interest are not included in the gross loan volume. In summary , the values refer to the gross loan volume.

Gross loan volume

Graphic 1.1



Gross claims on central banks decreased by TEUR 134,229 to TEUR 82,079 (previous year: TEUR 216,308). This indicates a reduction of 62.1 %. The reason for this is a large customer deposit that was converted into USD.

Gross loans and advances to banks increased by TEUR 197,006 (+ 92.1 %) to TEUR 410,974 (previous year: TEUR 213,968). This development is due to the increase in shortterm investments with banks (+ TEUR 105,088), letters of credit (+ TEUR 55,753) and syndicated loans to banks (+ 39,500).

Graphic 2.0

Gross loans and advances to corporate clients increased by TEUR 12,408 to TEUR 533,654 (previous year: TEUR 521,246). This corresponds to an increase of 2.4 %. The cash-covered corporate client business increased by TEUR 8,552 to TEUR 374,395 (previous year: TEUR 365,844). The volume of syndicated loans increased by TEUR 25,990 to TEUR 66,000 (previous year: TEUR 40,010) and other commercial loans have decreased by TEUR 12,944 to TEUR 27,656 (previous year: TEUR 40,601). Financing in the leasing business has decreased by TEUR 8,504 from TEUR 52,023 to TEUR 43,519. Receivables from business current accounts increased by TEUR 460 to TEUR 20,850 (previous year: TEUR 20,390).

As of the balance sheet date, the broadly diversified retail business accounted for 17.7 % (previous year: 24.1 %) of gross book claims on customers. Loans and advances to private customers decreased by TEUR 50,244 compared to the previous year and amounted to TEUR 114,998 (previous year: TEUR 165,241). The largest decrease was noted in instalment loans. These amounted to TEUR 86,981 (previous year: TEUR 124,923) which corresponds to a 30.4 % decrease.

Gross receivables from the borrowers based in Turkey amounted to TEUR 457,059 (previous year: TEUR 426,763). Out of this amount, the receivables equalling TEUR 90,920 (previous year: TEUR 86,017) were covered by cash collateral.

Overall, gross loans and advances to customers decreased by TEUR 37,835 (5.51 %) to TEUR 648,652 (previous year: TEUR 686,487).

At the end of the year, gross securities portfolio of TEUR 126,917 (previous year: TEUR 141,102) was held as fixed assets.

From the risk perspective, derivative financial instruments have been concluded to hedge foreign currency risks. The commitments (credit equivalent amount) of the foreign exchange hedging positions decreased to TEUR 3,572 (previous year: TEUR 5,080).

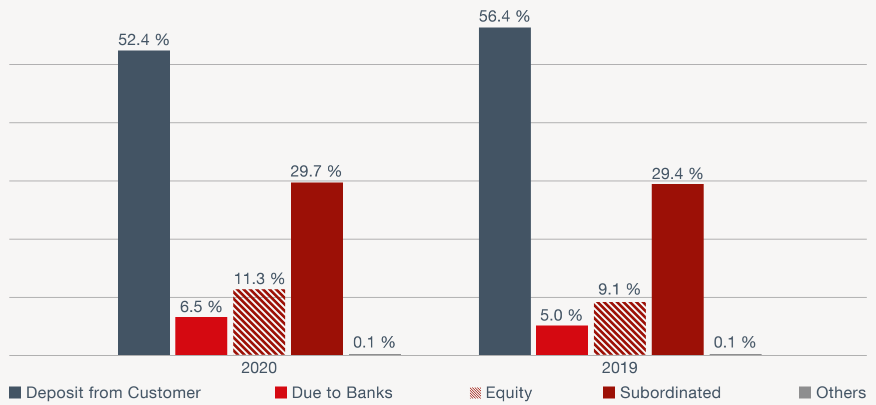
Further credit commitments resulted from off-balance sheet transactions. Issued guarantees decreased to TEUR 5,743 (previous year: TEUR 7,274). As at 31 December 2020, these mainly included guarantees for private clients. Loan commitments decreased to TEUR 7,603 (previous year: TEUR 32,020).

The investments made in 2020 in the area of intangible assets amounted to TEUR 106 (previous year: TEUR 499). The balance at the end of the year was TEUR 289 (previous year: TEUR 724). The investments were mainly for the extension of user licences. Additions to tangible assets were lower than in the previous year, totalling TEUR 21 (previous year: TEUR 61). This is mainly due to the decrease in investments in low-value assets by TEUR 24 to TEUR 10. The additions resulted largely from the acquisition of IT hardware in the amount of TEUR 25 (previous year: TEUR 10).

Equivalent to the gross loan volume, the liabilities are shown without accrued interest. On the refinancing side, liabilities to banks increased by TEUR 20,845 to TEUR 82,257 (previous year: TEUR 61,411). This increase is mainly due to the increased use of refinancing transactions with the Deutsche Bundesbank of TEUR 21,500.

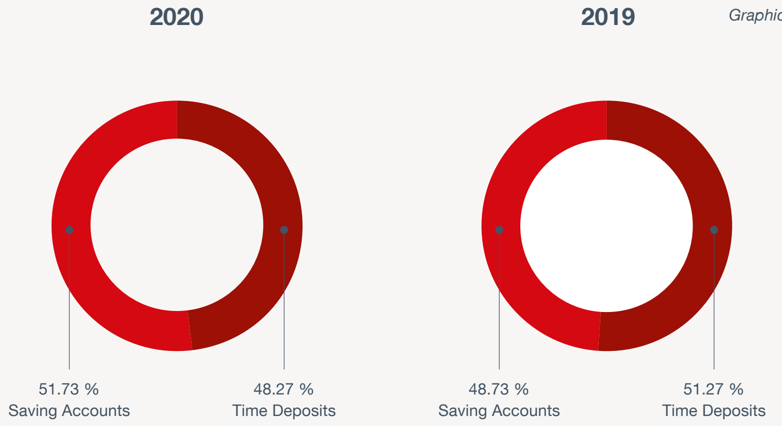
Breakdown of Liabilities

Graphic 3.0



Customer deposits decreased by TEUR 39,874 to TEUR 659,305 (previous year: TEUR 699,179). Savings deposits decreased to TEUR 20,953 (previous year: TEUR 21,199). Liabilities due on demand increased to TEUR 320,085 (previous year: TEUR 319,485). This was due to the increase in overnight deposits to TEUR 154,270 (previous year: TEUR 145,357) and the decrease in business current accounts to TEUR 163,165 (previous year: TEUR 173,171). Liabilities with an agreed term not required decreased to TEUR 318,267 (previous year: TEUR 358,495). This was mainly caused by a decrease in time deposits by TEUR 32,228 to TEUR 315,267 (previous year TEUR 347,495).

Graphic 4.0



Provisions decreased to TEUR 928 (previous year: TEUR 1,247). This is largely due to lower tax provisions of TEUR 29 (previous year: TEUR 306).

Subordinated liabilities increased in total to TEUR 374,395 (previous year: TEUR 365,305), due to an increase in subordinated term deposits as collateral for cash-covered lending transactions in the same amount.

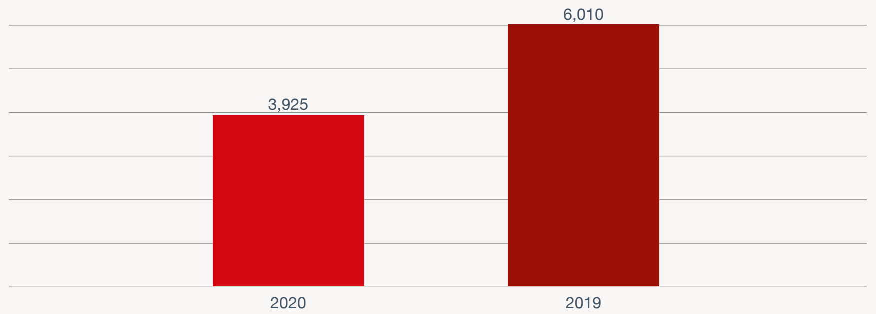
The Bank's equity capital under commercial law amounted to TEUR 142,208 as at the balance sheet date (previous year: TEUR 113,283). It was composed as follows: Share capital TEUR 115,000 (previous year: TEUR 90,000), reserves TEUR 23,283 (previous year: TEUR 17,272) and retained earnings TEUR 3,925 (previous year: TEUR 6,010). As at 31 December 2020, the modified balance sheet equity ratio in accordance with § 24 para. 1 no. 16 KWG was 11.2 % (previous year: 9.0 %).

2.3 Earnings situation

For the financial year, a net profit of TEUR 3,925 (previous year: TEUR 6,010) was reported, taking into account the country risk provision of TEUR 2,000. The forecasted return on equity (of 5.4 %) was not achieved and amounted to 3.7 %. Net interest income - including in-come from participationsand the transferred profit of the subsidiary, VFG - decreased by TEUR 2,660 to TEUR 16,904 (previous year: TEUR 19,564). The average interest margin of the entire portfolio (excluding cash-covered loans) decreased to 1.6 % (previous year: 2.0 %). The planned increase in net interest income could not be achieved due to the cautious expansion of positions in the pandemic.

Net Profit

Graphic 5.0



Interest income from lending and money market transactions decreased to TEUR 26,888 (previous year: TEUR 62,593). Interest income from cash-covered corporate client business contributed in particular, in the amount of TEUR 11,849 (previous year: TEUR 45,457). Fixed-interest securities contributed TEUR 3,229 (previous year: TEUR 3,557) to the income. Interest income of TEUR 2,618 (previous year: TEUR 2,196) was generated from the new business areas of trade finance and letters of credit. Income from syndicated loans to banks increased to TEUR 2,812 (previous year: TEUR 1,486). Income from profit pooling, profit transfer or partial profit transfer agreements decreased to TEUR 292 (previous year: TEUR 334).

Interest expenses amounted to TEUR 13,527 (previous year: TEUR 46,961) with a reduction of TEUR 33,434. Interest expenses on the liabilities towards customers contributed TEUR 13,703 (previous year: TEUR 46,831) which was a reduction of 70.7 %. This includes interest expenses for subordinated liabilities in the amount of TEUR 10,121 (previous year: TEUR 42,394). Negative interest expenses of TEUR -176 (previous year: TEUR 130) result primarily from bank deposits bearing negative interest. This includes TEUR 190 of negative interest.

In 2020, the item “Income from write-offs to receivables and certain securities as well as from the release of provisions in the lending business” recorded a profit contribution of TEUR 5 (previous year: 713). The net addition to lump sum individual value adjustments was lower by TEUR 1,209 compared to the same period of the previous year, at TEUR 300. This is due to the strong (- 30.4 %) reduction in the private client portfolio. Write-offs amounted to TEUR 5,222 (previous year: TEUR 4,696).

The allocation to general loan loss provisions decreased by TEUR 309 (previous year: TEUR 623). In 2020, new country risk provisions were made for Turkey in the amount of TEUR 2,000. On balance, the risk provisioning of specific provisions, general provisions, country risk provisions, and the § 340f HGB provision was reduced by TEUR 3,233 (previous year: TEUR 3,800).

The fixed income securities in fixed assets were, as in the previous year, not depreciated, due to non-permanent anticipated impairment. On balance, the bond portfolio showed hidden reserves of TEUR 4,391 (previous year: TEUR 3,725).

Commission income fell by TEUR 120 to TEUR 565, primarily due to the lower brokerage of residual debt insurance contracts, and commission expenses fell by

TEUR 522 to TEUR 290. This was primarily caused by the strong decline in brokerage commission in the area of retail loans.

General administrative expenses decreased by a total of TEUR 399 or 3.5 % to TEUR 11,004 compared to the previous year. Expense management was able to further reduce administrative costs. The other administrative expenses included in this amount decreased by 3.6 % to TEUR 5,728 (previous year: TEUR 5,943). This is mainly due to the decrease in the expenses for information services by TEUR 258 and external collection costs by TEUR 104. Personnel expenses fell by TEUR 184 (3.4 %).

In 2020, the item "Income from write-offs to participations, shares in affiliated companies and securities treated as fixed assets" recorded a profit contribution of TEUR 198 (previous year: TEUR 160).

Exchange rate risks from asset items are hedged by FX forward transactions. The expense of TEUR 1,471 (previous year: TEUR 2,473) is allocated to other operating expenses.

Other operating income increased in 2020 to TEUR 1,165 (previous year TEUR 230). The main reason for this was compensation payments received for the expenses amounting to TEUR 626.

The cost/income ratio is almost stable at 67.3 % in 2020 (previous year: 66.6 %). General administrative expenses were further reduced (- 3.5 %), but the targeted cost-income ratio of 53.9 % was not yet achieved due to the lower interest margin. The return on equity decreased to 3.20 % (previous year: 5.66 %) due to the capital increase and due to the country risk provisions. For the forthcoming business year we expect a return on equity of 4.73 %.

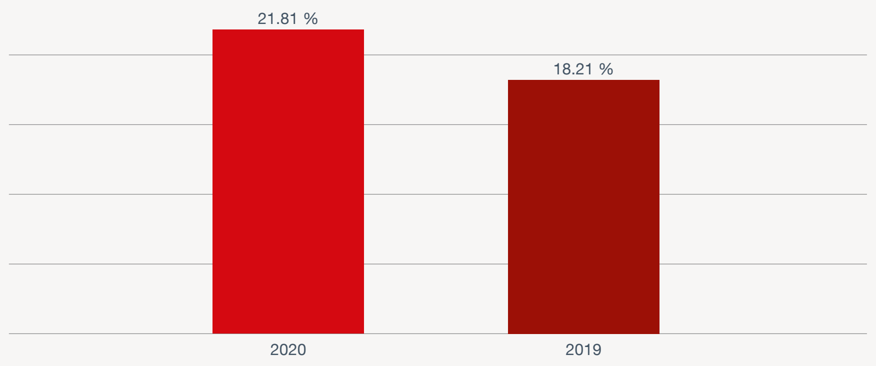
2.4 Financial and liquidity position

The Bank's solvency was ensured at all times during the business year. In accordance with the regulatory requirements, the Bank's liquidity was always sufficient in the year under review. The liquidity risk was controlled and monitored by means of a daily liquidity plan and through regular forecast calculations. The Bank used the option of procuring liquidity by submitting loan receivables and securities as eligible collateral to the Deutsche Bundesbank. Cash and cash equivalents were planned and kept ready for payment at all times. Compliance with the liquidity ratio according to LCR DR was ensured at all times. At the end of the year, the LCR ratio according to the Delegation Act (DA) was 141 % (previous year: 230 %).

The regulatory total capital ratio / core capital ratio / hard core capital ratio according to CRR was 21.81 % as at the end of 2020 (previous year: 18.21 %). Due to the cautious management of the retail and corporate business in the Corona pandemic, the ratio was above the forecasted 18.02 %. For the coming year, the bank expects a total capital ratio of 22.05 %.

CAR

Graphic 6.0



In accordance with the new Supervisory Review and Evalution Process (SREP) requirements, the German Federal Financial Supervisory Authority (BaFin) has informed the Bank that a minimum regulatory capital ratio must be maintained. The Bank complies with this requirement which includes taking the capital conservation buffer into account. The internal minimum target ratio was 17.66 % until 31 May 2020, then 18.11 % and from 31 August 2020 it is 20.61 %. The capital requirements were met throughout the financial year. In the capital planning 2021-2024, an internal capital ratio including the target ratio of 20.61 % is applied for the current financial year. From today's perspective, the Bank considers itself well prepared for the regulatory requirements, for the development of the trade finance business, for the growing corporate client business and for further focus on the retail client business.

2.5 Derivative instruments

To cover exchange rate fluctuations, the Bank has 39 (previous year: 52) forward exchange contracts with a nominal value of TUSD 144,134 (previous year: TUSD 172,499), TTRY 31,897 (previous year: TTRY 0) and TGBP 0 (previous year: TGBP 4,000) in its portfolio as at the end of the year.

At the end of 2020, the Bank no longer had any interest rate swaps in place to hedge interest rate risks (previous year: TEUR 10,000).

2.6 Overall statement on the economic situation

Overall, the Bank closed the 2020 financial year successfully. This is reflected in a net profit of TEUR 3,925 (previous year: TEUR 6,010), and also in moderately increased loan and deposit portfolios and a very good equity base, most recently strengthened by the capital increase of EUR 25 million. The reason for the balance sheet profit are, in essence, significantly lower administrative expenses as compared to previous years as well as the diversification of the overall portfolio.

The management assesses the economic situation at the time of the preparation of the annual financial statements and management report as very positive overall. The financial and liquidity situation is in line with regulatory and operational requirements. The continued consistent implementation of the adopted business strategy will gradually lead to an increase in earnings.

3 Report on the expected development with its significant opportunities and risks

3.1 Forecast report

The Bank's development is guided by the multi-year business and risk strategy drawn up by the Executive Board, which is reflected in the budget planning. The core of the planning is the expansion of business areas and the improvement of the Bank's situation as far as earnings are concerned. The Bank's strategy is to achieve sustainable growth through "transparent", "comprehensible" and "accountable" approach to clients at all times, providing products and services tailored to the Bank's clients.

The bank's target markets are Germany, Western Europe and Turkey. In these markets, the OYAK ANKER Bank GmbH focuses on large and leading companies and banks. In setting these targets, economic forecasts for Germany, Europe and Turkey were taken into account, in addition to expectations for the global economy.

Within the framework of the long-term strategic plan, the business with financial institutions is to be expanded. OYAK ANKER Bank GmbH will expand its business shares in international trade transactions with a focus on customers in Germany, Europe and Turkey. The trade finance and documentary business products in particular will make a positive contribution to earnings development. Due to the current economic situation, more loans with short-term maturities will be granted.

Within this framework, OYAK ANKER Bank GmbH can use synergy effects from the OYAK Group. The bank will continue to provide support in the settlement of the group's trading transactions as well as in cash management.

The selected new business of the retail portfolio through direct sales on the website and online platforms can improve credit quality. This already paid off in 2019 and 2020. Risk provisioning was reduced. The bank invested in video authentication and electronic signature as well as in the optimisation of scoring procedures for the credit decision process. Digitalisation with automated credit decision, online identification and digital conclusion of the contract will be continued together with digital account verification, among other things.

The improved customer service centre connects the bank's customers with diverse products and services. Even though the processing of banking transactions is shifting more and more towards the Internet, the personal component and the very special relationship of trust between the customer and the bank advisor are to be preserved and made tangible.

The development of retail loans is expected to decline slightly in 2021. However, new business is expected to offset scheduled and expected unscheduled loan repayments for the following years.

The securities portfolio is expected to stay stable in 2021. From 2022, it will be slightly expanded. The investment focus of the portfolio is primarily in bonds of European companies in the investment grade range with a maximum term of 7 years. Another important investment focus in the current portfolio is on European government bonds and USD-denominated Turkish corporate bonds. European government bonds are increasingly included in the portfolio for liquidity management purposes. The diversification of the securities portfolio is an important management parameter for the bank.

By the end of 2021, the Bank's balance sheet volume, minus the cash-covered lending business, will fall slightly by 1.5 % and then increase moderately.

The slight expansion of the credit volume will be carried out in compliance with the equity capital requirements. The planned growth with regard to letter of credit processing will be achieved by fully retaining the profit generated in 2020.

Based on the above framework conditions of the business model of OYAK ANKER Bank GmbH, the following effects on earnings have been assumed in the projection for 2021:

The interest income will increase in autumn 2020 due to the expansion of trade financing that has already taken place. The commission income will develop positively, as a result of the positive effects from the documentary activity as well as from the services in the area of forward exchange transactions.

Personnel costs will increase slightly in 2021 due to inflation. Administrative expenses will continue to be subject to strict cost management. The optimisation of IT systems and the further automation of processes will be continued.
So far, negative interest rates have only had a marginal impact on the assets, as well as on financial and earnings situation of the institute. The Bank will continue to try to avoid significant financial losses in 2021 and in the following years, despite the negative interest rate environment persisting in the European region. Our Treasury division continues to strive to manage free liquidity in a granular and optimal manner, to use various investment opportunities and to keep the negative interest rate and thus the negative impact on the income statement as low as possible.

Strategic key figures following the business planning for 2021 are as follows: Through the expansion of the business areas, the Bank assumes a return on equity of 4.73 %. The regulatory core capital ratio will be 22.05 % in 2021 according to the business planning. The leverage ratio is planned to be 11.18 %. A cost/income ratio of 58.52 % is targeted for 2021. The profit will increase to TEUR 6,631 following the expansion of business in the area of interest and commissions.

The economic conditions for OYAK ANKER Bank GmbH have improved and we expect these to continue to improve in the course of 2021. The year 2021 will continue to be characterised by the moderate expansion of the business areas and the closer integration into the OYAK Group. The bank will also benefit from the adjustments already made within its own organisational structure. The bank's future development will be sustainably positive. Profit will increase. The regular retention of profits will continue to enable the expansion of business. Risks that endanger the continued existence of the bank are not discernible.

The forecasts are subject to considerable uncertainty and are based on the most likely assumption that the pandemic will subside in the middle of the year and that there will be noticeable economic catch-up effects thereafter. A key assumption is that the spread of the Corona virus can be slowed sufficiently by the summer and that sufficient precautions have been taken through vaccination and treatment options will be available from autumn on-wards, so that economic activity returns to normal as early as the second half of 2021. The Bank does not expect the expiry of the suspension of the insolvency obligation in the German and Turkish markets to have any impact on the Bank's customers.

3.2 Risk and Opportunities Report

3.2.1 Tasks and objectives of risk management

In addition to the primary goal of ensuring risk-bearing capacity (RBC) at all times, the Bank's key objective is to take advantage of market opportunities that are in a balanced relationship to respective risk. The management of risks and returns in the Bank is geared towards solidifying earning power. The principle of active, responsible risk management applies, as reflected in controlled risk-taking, considering the Bank's strategic orientation, framework conditions and available risk capital.

The tasks of risk management include determination of appropriate risk strategies as well as the establishment of effective internal control procedures, taking into account the risk-bearing capacity:

- the identification of immediate risks as well as medium and long-term risks,
- the analysis of risks in terms of threat potential and urgency,
- active risk management in the forms of risk assumption, risk limitation and risk reduction,
- the monitoring of all risk-relevant information and measures with the communication of risks.

These requirements are implemented through clearly defined risk management processes and a risk management system for measuring, controlling and monitoring risk elements that encompasses all business units. The risks are presented and assessed before measures are taken to limit them (gross assessment). The risk management system provides impulses for operational control of the business facing the risk and serves as the basis for strategic decisions within the framework of risk-adequate overall bank control.

The processes, methods and risk quantification procedures of the system are documented and reviewed on an annual basis. The processes and procedures are developed on an on-going basis, taking into account changes in the external framework and business processes due to changes in the regulations of the financial services industry.

3.2.2 Responsibilities

3.2.2.1 Supervisory Board

The Executive Board discusses the risk situation, the business and risk strategy and the Bank's risk management in detail with the Supervisory Board at its regular meetings. In addition, the Supervisory Board is informed in writing about the risk situation at least quarterly.

3.2.2.2 Management

The management is responsible for proper organisation of the business and its further development, irrespective of the internal responsibility arrangement. This responsibility relates to all essential elements of risk management, taking into account outsourced activities and processes. The Executive Board defines the business and risk strategy, the limit structure and all risk parameters. The risk strategy reflects the risk tolerance and is oriented towards the Bank's risk-bearing capacity as well as the risk and earnings expectations of business units. The risk strategy takes into account the goals and the plans for the main business activities laid down in the business strategy as well as the risks of significant outsourcing and the limitation of risk concentrations. The level of detail of the strategies depends on the scope and on the complexity as well as on the risk content of the planned business activities. The risk strategy is subdivided according to the main types of risk. The management of risks and the business strategy is the responsibility of the Executive Board.

3.2.2.3 Internal Audit

Internal Audit is organised as a process-independent part of the risk management system in accordance with the Minimum Requirements for Risk Management (MaRisk), it works without instructions and reports directly to the Executive Board. All activities and processes are examined on the basis of risk-oriented audits.

In addition, Internal Audit carries out special audits on an ad hoc basis. The Managenent Board is informed of the audit results on an ongoing basis. In its annual report, Internal Audit informs the Management Board in brief about the significant and serious audit findings and their processing status. The Management Board in turn informs the Supervisory Board at least quarterly about current developments and results. It is ensured that the President of the Supervisory Board, with the involvement of the Management Board, can obtain information directly from the Head of Internal Audit.

3.2.2.4 Risk Management

Risk Management is responsible for documenting, identifying, analyzing and evaluating risks and shall submit proposals for changes or recommendations for action to the Management Board. It is also responsible for reviewing, further developing and validating the models used for quantifying risk and assessing creditworthiness. Risk Management is responsible for determining the overall bank risk and monitoring the risk-bearing capacity, including stress test analyses and reporting to the Management Board. The monitoring of operating risks is also centrally located in the Risk Management division. This includes identification, analysis and reporting of such risks. Furthermore, Risk Management is responsible for preparing monthly reports on counterparty default and market price risks (including interest rate risks in the banking book) and quarterly risk reporting.

3.2.2.5 Accounting/Controlling/Reporting

This department is responsible, among other things, for calculating and analysing counter-party, market price and liquidity risks, monitoring compliance with the limits set by the management and reporting on them.

3.2.2.6 Special functions (commissioner system)

Corresponding units exist in accordance with legal requirements (money laundering, data protection, information security in the sense of BAIT, compliance in the sense of KWG / MaRisk, risk controlling in the sense of KWG / MaRisk, liquidity management in the sense of CRR, complaint management).

3.2.3 Structure of risk management

Risk management at the overall bank level with regard to risk-bearing capacity, including the limits set, is the responsibility of the Management Board.

With regard to the risks associated with the individual business activities, risk management is carried out by the following organisational units:

RISK TYPE	ORGANISATIONAL UNIT(S)
Counterparty risk	Back Office (Loan Processing Commercial Credits, Loan Processing Consumer Credits, Collections)
Market price risk	Corporate Banking/Treasury/Financial Institutions
Liquidity risk	Corporate Banking/Treasury/Financial Institutions
Operational risk	Decentralised by the respective risk officer

The following committees promote efficient, balanced risk management and the necessary communication. In addition, they support the Management and the competent units in managing and monitoring the individual risks.

- Asset and Liability Committee (ALCO)
- Liquidity Committee
- Credit Committee

ALCO analyses the risk situation and decides on the basic characteristics of the interest rate strategies and asset/liability items as well as on the bank's liquidity management. The current situation is assessed on the basis of reports on the risk-bearing capacity, counter-party, market price and liquidity risks, as well as the current key financial figures. Further-more, changes in financial, capital and foreign exchange markets as well as investment decisions are discussed in this committee. Significant risk positions and selected exposures related to assets that could be most affected by market dislocations during a financial market crisis are discussed in detail here.

The Liquidity Committee discusses operational and strategic liquidity planning and management as well as the handling of liquidity risks. The decisions made by the committee are implemented operationally by the corresponding bodies.

The Credit Committee deals with lending, including new lending, limit extensions, reviews, limit increases and all measures related to high-risk or non-performing loans and receivables.

3.2.4 Risk strategy

The basis for controlling and monitoring risks is a business and risk strategy defined by the Management Board. It forms the framework for the sub-strategies specific to the types of risk, which in turn specify the requirements for dealing with risks within the organisational structure and processes.

The business activities result in the following types of risk, which the Bank has classified as material within the meaning of MaRisk as part of the risk inventory:

- Counterparty risk (credit risk)
- Market price risk
- Operational risk
- Liquidity risk

3.2.5 Risk types

3.2.5.1 Counterparty default risk (credit risk)

Counterparty risk is defined as the risk that the bank will lose capital due to the default of business partners. Counterparty risk primarily includes the following sub-risk types:

SUB-RISK TYPES	DEFINITION
Default risk	Risk that a contractual partner would not be able meet its obligations or would not be able to meet them in full if the services have already been rendered in the form of liquidity funds, securities or other services. The default risk is further differentiated into credit, country, investment and settlement risk. In addition to traditional credit risk, credit risk also includes counterparty and issuer risk. The settlement risk consists of the payment risk and the advance performance risk.

SUB-RISK TYPES	DEFINITION
Country risk	According to AT 2.2 MaRisk, country risks are a special form of counter-party risks. They arise from uncertain political, economic, ecological, legal and social conditions in another country and not due to the creditworthiness of the counterparty. They involve the risk of possible deterioration of economic framework conditions, political or social upheaval, nationalisation or expropriation of assets, non-recognition of cross-border liabilities by the state, exchange control measures, negative effects on the country due to external influences (e.g. sanction measures against the country) or devaluation or depreciation of the currency in the country concerned. As a consequence, the counterparty located abroad may not fulfil its obligations or at least not fulfil them in accordance with the contract, although it is prepared to do so. Country risk refers to the risk that, despite the willingness of the counterparty to fulfil its obligations, a loss is incurred for the lender due to overriding government restrictions in the borrower's country of domicile.
Migration risk	Risk of losses in value due to rating migrations
Spread risk	Risk of losses due to spread fluctuations, regardless of their origin (counterparty-related / market liquidity-related).

Intra-risk concentrations in counterparty default risk exist for countries, industries and size categories, which are presented in the regular risk reporting, limited by internal risk-dependent limits and regularly monitored by stress tests.

An important element of the credit approval and subsequent credit risk management process is a detailed and market-independent risk assessment. A decisive factor for the credit decision is a careful analysis of the counterparty's creditworthiness. The assessment of risk takes into account both the creditworthiness and the market environment of the business partner as well as the risks relevant to the credit facility or credit exposure. The resulting risk rating not only affects the structuring of the transaction and the credit decision, but also determines the credit approval authority required to disburse or extend or materially modify the credit and sets the level of monitoring for the respective exposure.

Country risks are taken into account in the credit risk model in the form of probability of default (PD) by a recognised external rating agency and through internal risk classification procedure. In addition, the credit portfolio model was expanded to include the modeling of country risks, so that in the event of default in a country, it is assumed that all customers resident in the country are affected simultaneously.

Risk quantification (confidence level 99.9 %) is based on the value-at-risk approach using a CreditMetrics credit portfolio model. Counterparty risk is quantified, analysed and managed at both borrower and portfolio level (including countries, industries, customer segments). All counterparty risks for a group of affiliated customers (borrower unit) are aggregated. Risk concentrations are also mapped and managed at this level. The quantified value-at-risk as at 31 December 2020 compared to the previous year is shown in the section "Risk-bearing capacity - economic perspective".

The core parameters for determining the value-at-risk are the probabilities of default (PD) and the loss given default (LGD) for the borrowers and the underlying exposure at default (EAD). The risk quantification does not take into account the portion secured by deposits in the bank (cash collateral). The portfolio scoring system developed in-house is used to determine the PD for individual customers. The portfolio scoring takes into account master data and the customers' payment behavior. Corporate clients and banks are rated via an internal rating (via the rating tool provider IBM) and, if not available, via an external rating. Government institutions are rated exclusively via the external rating agencies.

The credit ratings and exposure ratings are mapped on the master scale, which is uniform throughout the bank. The master scale contains 25 active (A+ to 999Red). Terminated loans are indicated as of rating class 990 and are transferred to VFG - Verrechnungsstelle für gewerbliche Wirtschaft GmbH, Koblenz, (VFG) for settlement.

The CVaR of the borrowers as at 31.12.2020 is distributed among the rating classes as follows:

The white portfolio is valued with general loan loss provisions and country risk provisions.

RATING	CVAR
AAA	34,831
AA+	471
AA	44
AA-	52
A+	17,620
A	1,417
A-	41,111
BBB+	11,930
BBB	28,037
BBB-	13,490
BB+	9,902
BB	61,305
BB-	86,881
B+	123,981
B-	20,676
CCC+	0
CCC	1

The grey and black stock is valued with individual value adjustment and flat-rate individual value adjustment.

RATING	CVAR
900Red	3,771
901Red	1,041
902Red	765
903Red	802
904Red	1,464
905Red	318
991Red	893
992Red	824
993Red	1,532
994Red	1,732
995Red	1,507
996Red	1,764
997Red	487
998Red	128
999Red	356

The bank accepts real estate liens, cash collateral, sureties, bank guarantees, assignments of receivables, transfers of ownership by way of security and letters of comfort as collateral for loans. 98.5 % of the collateral is cash collateral on in-house deposit accounts for which the haircut of 0 % is applied. The bank has decided to apply a haircut of 100 % to all other types of collateral and to neglect them in the calculation of the credit risk. In addition to the size concentrations inherent in the value-at-risk model, analyses of risk concentrations in countries, industries, size classes and borrower units are part of the risk reporting.

In order to control risk concentrations, country limits have been defined on the basis of individual countries and country groups, which limit the exposure in the individual countries to a maximum. The export credit guarantees of the Federal Republic of Germany (Hermes cover) form the basis of the limits. The concentration risk on the Turkey portfolio as at 31.12.2020 is as follows:

CONCENTRATION RISK IN CREDIT RISK - VAR 99.9 %	LIMIT (CREDIT RISK)	UTILISATION (CREDIT RISK)
Turkey risk	115,000	58 %

In addition, the bank's Turkey exposure is quantified daily and compared with the limit set by the Auditing Association of German Banks (Prüfungsverband deutscher Banken e.V., Cologne).

In addition to the standard scenario, other historical and hypothetical scenarios are calculated. The results are communicated and acknowledged in the monthly counterparty risk report and in the quarterly overall bank risk report.

3.2.5.2 Market price risks

Market risk is defined as the risk that the bank will lose capital due to changes in market pa-rameters (such as interest rates and exchange rates).

Market risk primarily includes the following sub-risk types:

SUB-RISK TYPES	DEFINITION
Interest rate risk	The risk that a realised interest result is lower than expected due to changes in market interest rates. The interest rate risk can be divided into the interest margin risk and the market value risk. The effect of market value risk on the balance sheet is also referred to as valuation risk.
Equity risk	The risk that the value of an equity portfolio decreases unexpectedly due to market movements.
Foreign currency risk	Risk that the value of a foreign currency asset / liability decreases due to changes in exchange rates because it is not financed in matching currencies.

Equity risk is currently not relevant as the Bank has no positions subject to these types of risk.

Commodity risks and other price risks are also not relevant sub-risk types of market price risk for the Bank.

Within the banking books, the Bank invests in securities and conducts money market transactions in addition to credit exposures. The banking books also include foreign exchange swaps to hedge the exchange rate risk.

Open foreign currency positions from customer transactions are closed by corresponding countertrades. Narrow limits (currency peaks) are set for nominal open positions. Corresponding processes for daily monitoring of the limit are implemented.

Value-at-risk is determined for interest rate and foreign currency risks at a confidence level of 99.9 %. Cash flows are determined for all positions in the bank portfolio. The risk is calculated within the framework of a Monte Carlo simulation. The Bank assumes a holding period (forecast or risk horizon) of 261 business days (= one year). The model parameters are estimated with a history of 3,000 calendar days (with regard to the market data that flow into the risk parameter estimation).

In addition to the standard scenario, further historical and hypothetical scenarios are calculated. The results are communicated and assessed in the monthly market price risk report and the quarterly overall bank risk report.

The interest rate risks in the Bank's banking book emerge as a result of interest rate-sensitive transactions in the banking book and - for the entire bank - from the maturity transformation.

The banking book includes all fixed- and variable-interest on-balance-sheet and interest-rate-sensitive off-balance-sheet items. Items with a fixed interest for indefinite period are taken into account in accordance with the institution's internal criteria for the expiry of the fixed-interest period and fort he expiry of the capital commitment period.
A parallel shift of the yield curve of "200 basis points" upwards or downwards is used to determine the interest rate risk within the meaning of BaFin Circular 06.2019 (BA) of 06 September 2019. In accordance with the circular, the change in the present value of the interest book is compared in relation to the regulatory own funds. The ratios have developed as follows:

IN PERCENT	31.12.2020	31.12.2019
+ 200 basis points	- 1.69 %	- 8.62 %
- 200 basis points	+ 0.63 %	+ 2.70 %

The following interest rate scenarios have been used to calculate the early warning indicator in accordance with BaFin circular 06.2019 (BA):

	31.12.2020 IN TEUR	IN RELATION TO OWN FUNDS IN %	31.12.2019 IN TEUR	IN RELATION TO OWN FUNDS IN %
Parallel shift upwards	- 2,330	- 1.69 %	- 9,162	- 8.62 %
Parallel shift downwards	865	0.63 %	2,875	2.70 %
Versification	1,083	0.79 %	-272	- 0.26 %
Flattening	- 2,880	- 2.09 %	- 1,665	- 1.57 %
Short-term shock upwards	- 3,483	-2.53 %	- 4,557	- 4,29 %
Short-term shock downwards	704	0,51 %	2,184	2.05 %

3.2.5.3 Operating risks

Operating risk is the risk of loss resulting from the inadequacy or failure of internal processes and systems, people or from external events. The above definition includes legal risks, but does not include strategic risks or reputational risks. The Bank only allocates financial losses to operating risks if the loss incurred is clearly and exclusively attributable to the failure of internal procedures, people or systems. Coordinated instruments are used to identify and assess operating risks. The relevant loss data required to build up a data history are collected in a loss database regardless of the amount of the loss. This forms the basis for a targeted and detailed analysis and elimination of causes. In addition, a risk database is in use. A risk report is used to record possible operational risks. These historical reports are categorised and evaluated.

Regular training is provided to all the employees to make the topic of "operating risks" more accessible to the employees as well as to make them more aware of the importance of operating risk in the daily work processes.

A self-assessment with a focus on qualitative and quantitative statements on the risk situation is used to determine a value-at-risk for the normal, historical and hypothetical scenarios by means of a Monte Carlo simulation (confidence level 99.9 %).

3.2.5.4 Liquidity risks

Liquidity risk is the risk of not being able to meet the payment obligations because the required financial resources are not available. Liquidity risk primarily includes the following sub-risk types.

SUB-RISK TYPES	DEFINITION
Insolvency risk	The risk that the bank is unable to meet its short-term payment obligations on time.
Refinancing risk	The risk that refinancing funds are not available to the planned extent or not at all, or cannot be procured at the expected conditions.
Market liquidity risk	The risk that, due to market disruptions or inadequate market depths, financial securities cannot be traded on the financial markets at a given time and/or at fair prices.

Call risk is the risk involving the fact that loan commitments are unexpectedly drawn down or deposits are unexpectedly called. This risk manifests itself in the risk types described above and is therefore not listed as a separate risk type.

Liquidity risk (in the narrower and broader sense) is one of the Bank's major risks. However, it is not backed with economic capital, since from the Bank's perspective, liquidity risks can-not be meaningfully backed with the Bank's capital. Nevertheless, it is ensured that liquidity risks are adequately taken into account in the risk management and controlling processes.

Liquidity risks are quantified on an ongoing basis. The fulfilment of payment obligations at all times is ensured by the following measures:

- Monitoring the daily cash flow overview
- Monitoring of open currency positions and control through limitation
- Monitoring through the daily short-term liquidity plan
- Monitoring the LCR and extrapolation of the LCR
- Monitoring liquidity risks on the basis of a standard scenario and three stress scenarios with certain limitations
- Weekly monitoring of deposit development and the sensitivity of customer deposits to external or internal interest rate changes

Liquidity management at the overall bank level is carried out by the Liquidity Committee. The measures are implemented by Corporate Banking/Treasury/Financial Institutions. The Liquidity Committee, on a continuing basis and in the first place, analyses and assesses the refinancing side. Refinancing rates, but also the management of open refinancing sources as well as the use of monetary policy instruments and the availability of securities that can be immediately liquidated play a decisive role here. In addition, the maturity structure of assets and liabilities is analysed for maturity mismatches.

Daily monitoring of short-term liquidity is carried out as a supplement to the regulatory liquidity ratios. The Bank's short-, medium- and long-term liquidity requirements within the reporting period have been covered essentially by borrowing in collateralised form through participation in open market transactions and the collection of customer funds.

The Bank uses an internal liquidity model to measure and control the liquidity situation. This builds-up day-to-day transparency about the expected and unexpected liquidity flows in the respective maturity band as well as the liquidity reserves that may be used to offset liquidity shortfalls. In order to calculate these liquidity cash flows, certain assumptions are made, in particular about the withdrawal of customer deposits, taking into account deposit concentrations as well. Both a standard scenario and several different stress scenarios are presented. The goal is always a positive cash surplus in all relevant scenarios in the corresponding periods. In addition to the scenarios, limits are defined for liquidity.

The standard scenario indicates that the cumulative cash flow, taking into account the liquidity reserves, will be positive in the next six months and thus no liquidity bottleneck is discernible from this perspective. These develop as follows over the next six months:

PERIOD	31.12.2020 IN TEUR	31.12.2019 IN TEUR
Until one month	74,708	97,742
Up to two months	83,132	118,874
Up to three months	83,810	117,207
Up to four months	93,959	125,042
Up to five months	95,836	131,614
Up to six months	127,529	137,315

Refinancing structure

The Bank finances itself primarily through customer deposits. Refinancing takes place in part through participation in the long-term refinancing transactions of the Deutsche Bundesbank. Refinancing via the capital market does not take place.

The Bank has a stable and balanced refinancing structure.

3.2.6 Risk reporting

Reporting in general is carried out by Risk Management and Accounting/Controlling/Reporting to the Management Board and addressed managers.

The Bank uses a monthly report to present the risk-bearing capacity ("economic perspective"). The risk coverage potential, taking into account hidden burdens, is also updated monthly.

Within the framework of quarterly risk reporting, competent bodies check whether the regulatory ratios (risk-bearing capacity "normative perspective") are complied with for the future period under consideration. The risk reporting also contains a summary of the current situation, recommendations for action for control measures if necessary and a future-oriented risk assessment.

3.2.7 Risk-bearing capacity - economic perspective

For the overall risk profile, the bank ensures at all times that the risks classified as material are covered by the available risk coverage potential and that the risk-bearing capacity is thereby provided.

Within the economic perspective, economically derived risks and the correspondingly derived risk cover funds are compared in the 1-year horizon. With this risk management, the bank pursues the protection of priority creditors (creditor protection approach).

Material risks that become relevant for assessing the risk-bearing capacity within the economic perspective are faced by the Bank in the following areas (in order of importance):

- Counterparty default risk (credit risk)
- Market price risk
- Operational risk

The risk-bearing capacity calculated from an economic perspective was the following, as at the reporting date:

The risks (normal scenario) developed as follows:

RISK TYPES	31.12.2020			31.12.2019		
	Limit in TEUR	Risk in TEUR	Utilisation in %	Limit in TEUR	Risk in TEUR	Utilisation in %
Credit risk	115,000	72,406	63 %	66,000	45,595	69 %
Market price risk	7,000	3,018	43 %	16,000	1,651	10 %
Operational risk	5,000	1,439	29 %	3,000	2,601	87 %
Total	127,000	76,863	61 %	85,000	49,847	59 %

The increase in credit risk compared to the previous year is due to the change in the method from the unexpected loss approach to the value-at-risk approach.

The risks in the stress scenarios were as follows:

RISK TYPES	HISTORICAL STRESS SCENARIOS		HYPOTHETICAL STRESS SCENARIO IN TEUR
	Scenario 1 in TEUR	Scenario 2 in TEUR	
Credit risk	94,881	94,881	122,065
Market price risk	4,879	6,544	7,760
Operational risk	2,381	2,381	2,655
Total bank limit	130,000		152,416
Utilisation in %	79 %	80 %	87 %

3.2.8 Risk-bearing capacity "normative perspective"

In addition to analyzing the risk-bearing capacity from the "economic perspective", OYAK ANKER Bank GmbH implements a forward-looking multi-year capital planning process (risk-bearing capacity - "normative perspective"), which involves planning and monitoring future sustainability of the Bank's own risks. The planning of future capital requirements is carried out annually over a planning horizon, analogous to the business and risk strategy, of at least three years.

In doing so, the Bank takes into account how changes in its own business activities or strategic goals, as well as changes in the economic environment, affect regulatory and internal capital requirements.

In particular, in its capital planning, the Bank takes into account the growth planned in accordance with the strategy applied by the Bank. In this context, the Bank analyzes possible development and the resulting capital requirements which are significant with regard to both internal and external capital planning.

NORMATIVE RISK-BEARING CAPACITY PLANNING PLAN IN TEUR	2020	2021	2022	2023
Total risk amount according to CRR	631,487	642,051	713,006	729,072
of which total amount of risk positions for Counterparty default risks	593,659	605,518	675,925	691,246
of which total amount of risk positions for market price risks	536	536	536	536
of which total amount of risk positions for operational risks	37,292	35,998	36,546	37,290
Own resources	137,747	141,568	148,126	153,637
Own funds ratio	21.81 %	22.05 %	20.77 %	21.07 %

Possible adverse developments (e.g. the handling of various risk occurrences and their effects on subsequent years) that deviate from the bank's expectations are adequately taken into account in the planning. At least one adverse scenario reflects adverse developments in the sense of an impact of a recession or a similarly severe and comparable development.

In the Adverse Scenario, we assume a deep and prolonged recession within the euro zone. A third wave of virus mutations can cause lasting damage to the German economy through further lockdowns. As a result, we assume negative economic growth of -7 % for 2021 and -5 % for 2022. Only in 2023 can we expect a slight improvement in economic output to 0.75 % in this scenario. This has a lasting negative impact on the German labour market. The adverse scenario assumes a sustained severe economic crisis of the Turkish economy with a GDP of -10 % in 2021 and -8 % in 2022. The situation improves significantly in 2023 with an expected economic growth of 2.5%. However, the impact on the Turkish labour market would be severe. The unemployment rate would increase to 17 % in 2021 and 2022 and only slightly decrease to 15 % in the following years. Moreover, inflation would surge to 20 % in 2021 and the economic recovery, especially in 2023, would reduce consumer prices to 17 %. The value of the EUR against the USD decreases significantly over the years from 1.23 (2021) to as low as 1.27 in 2023. This is due in particular to the persistent significant deterioration in economic data from the euro area, especially Germany, compared to the U.S.

NORMATIVE RISK-BEARING CAPACITY PLANNING ADVERS IN TEUR	2020	2021	2022	2023
Total risk amount according to CRR	631,487	716,005	809,723	808,817
of which total amount of risk positions for counterparty default risks	593,659	679,472	775,123	778,166
of which total amount of risk positions for market price risks	536	536	536	536
of which total amount of risk positions for operational risks	37,292	35,998	34,064	30,115
Own resources	137,747	140,563	139,637	138,675
Own funds ratio	21.81 %	19.63 %	17.25 %	17.15 %

Based on the medium-term key value planning (including balance sheet and off-balance sheet items), the profit and loss account and the use of the annual surplus are planned. The resulting own funds are reconciled with the regulatory own funds requirements for the individual plan years. This is done both for the multi-year plan scenario and at least for the adverse "recession" scenario.

3.2.9 Risk outlook under Covid-19

Probably the most important factor for economic development in 2021 is the further course of the Corona pandemic. It is currently difficult to predict how long the measures will have to remain in place and when social life will return to normal. The restrictions imposed to contain the pandemic continue to hamper economic activity, in some economic sectors very massively. Moreover, the renewed pandemic activity in autumn 2020 is also having a dampening effect on the propensity to consume and invest.

A pandemic-related recession, which could have a negative impact on the banking portfolio, is already sufficiently taken into account in the historical and hypothetical stress scenarios in the counterparty default risk in the context of an economic downturn in the Turkish banking sector.

3.2.10 Opportunities

The model-based quantification of the expected and unexpected loss in counterparty risks is carried out using statistical methods based on historical observations and cautiously estimated input parameters. Opportunities arise if the actual creditworthiness developments of the credit risk-bearing positions are more favourable than observed or estimated. In this case, the required credit risk provision would be lower than the calculated counterparty risks and there would be fewer migrations to weaker credit ratings.

From the development of the interest rate level and the interest rate structure - taking into account the structure of the Bank's interest book - opportunities can arise with regard to net interest income and the economic value of the interest book.

The liquidity potential held to ensure liquidity includes the opportunity to react flexibly to business opportunities.

In the context of business development, opportunities may arise if the realised interest and commission results are above the planned results.

In the case of operational risk, opportunities arise in the form that the actual losses realised are below the imputed risks. Loss events that occur are analysed and, if necessary, process improvements are made.

Positive external reporting can be an opportunity for the bank's reputation.

Overall, with regard to risk-bearing capacity, there is a chance that the risks actually realised will be below the imputed risks.

Since the opportunities that may arise for the Bank are based on assumptions that are not quantifiable, the opportunities are not quantified.

4 Internal control system for accounting

The internal accounting control system ensures that assets and liabilities are recognised, reported and measured accurately in the periodic financial statements and that the results of operations are presented fairly. The essential components are listed below.

The Bank uses standard software components for the most important functionalities, for example the core banking system PASS Core Banking Suite. The systems used can only be used by employees with special access authorisations. The majority of business transactions are posted automatically in the system. If bookings are nevertheless made manually in individual cases, they are consistently subject to the dual control principle.

All postings are underpinned by a systematically structured G/L chart of accounts that is structured according to requirements with regard to accounting. This can only be changed by an order from the Accounting/Controlling/Reporting department in the IT department. A comprehensively regulated new product process guarantees that new product solutions are also mapped correctly with regard to accounting.

A daily, documented reconciliation process also ensures that all transactions recorded in the systems are fully mapped. In addition, there are regular, centrally conducted plausibility checks at different levels in order to be able to intervene at an early stage.

Efficient monitoring of the entire accounting process is additionally ensured by the evaluations of the Controlling Department, which are independent of the Accounting Department. Here, the individual result components of the bank are prepared in different dimensions and degrees of detail. Reconciliations are carried out between the results of the accounting and the above-mentioned evaluations, through which any deviations can be recognised and eliminated at an early stage. Another important control component is the monthly reporting to the management, the market divisions and the sales units.

The loan portfolio is valued in the back office on the basis of the separation of functions prescribed by supervisory law. Individual value adjustments (IVA) are posted by the system. The specific loan loss provisions are validated annually and adjusted if necessary. General loan loss provisions are formed on the basis of the maximum permissible approaches under tax law. The valuation of the securities portfolios is accompanied and monitored by the trade processing department.

Internal Audit regularly checks both the IT systems with regard to reliability, stability and correct depiction of business facts as well as the work processes in the market and central divisions. It is involved in all projects and system changes and thus supports the quality management of accounting.

For the functions described, the Bank relies on a team of professionally experienced employees who also fulfil the tasks of regulatory reporting, controlling, the various management requirements and tax law.

Frankfurt am Main, 30 April 2021

OYAK ANKER Bank GmbH

Dr. Süleyman Erol
MEMBER OF MANAGEMENT BOARD

Ümit Yaman
MEMBER OF MANAGEMENT BOARD

BALANCE SHEET AS OF 31.12.2020

ASSETS	EUR		EUR	EUR	PREVIOUS YEAR TEUR
1. Cash reserve					
a) cash at hand			2,793.38		2
b) deposits with central banks			82,079,412.54	82,082,205.92	216,308
of which with Deutsche Bundesbank	82,079,412.54	(prev. Year TEUR 216,308)			
2. Receivables from banks					
a) payable on demand			158,225,254,44		18,049
b) other receivables			251,971,058,65	410,196,313,09	196,950
3. Receivables from customers				640,363,553,56	676,268
4. Bonds and other fixed-income securities					
a) bonds and debt securities					
aa) from public issuers		19,019,483.45			13,940
of which: eligible as collateral with Deutsche Bundesbank	19,019,483.45	(prev. Year TEUR 13,940)			
ab) from other issuers		108,903,127.62	127,922,611.07	127,922,611.07	128,325
of which: eligible as collateral with Deutsche Bundesbank	31,228,630.47	(prev. Year TEUR 36,309)			
5. Participations				482,743.67	336
6. Shares in affiliated companies				460,162.70	460
7. Intangible assets					
a) purchased concessions, industrial property rights and similar rights and assets as well as licenses in such rights and assets			189,073.97		659
b) advance payments made			100,004.23	289,078.20	65
8. Advance payments made				294,362.28	359
9. Other assets				6,307,448.39	1,103
10. Deferred tax assets				195,879.52	192
Total Assets				**1,268,594,358.40**	**1,253,016**

LIABILITIES	EUR	EUR	EUR	PREVIOUS YEAR TEUR
1. Liabilities to banks				
a) payable on demand		2,256,663.68		22
b) with agreed term or period of notice		80,000,000.00	82,256,663.68	61,399
2. Liabilities to customers				
a) savings deposits				
aa) with agreed period of notice of three months	5,296,391.22			5,214
ab) with agreed period of notice of more than three months	15,710,153.45	21,006,544.67		16,060
b) other liabilities				
ba) payable on demand	320,084,717.69			319,485
bb) with agreed term or period of notice	320,027,467.63	640,112,185.32	661,118,729.99	360,539
3. Other liabilities			214,488.37	1,572
4. Other liabilities and deferred expenses			1,313,810.30	392
5. Deferred tax liabilities			206,792.26	0
6. Provisions				
a) provisions for pensions and similar obligations		85,155.00		76
b) tax provisions		29,104.43		305
c) other provisions		813,348.65	927,608.08	866
7. Subordinated liabilities			380,348,564.33	373,804
8. Equity				
a) capital called up				
subscribed capital	115,000,000.00			90,000
less uncalled outstanding contributions	0.00 (prev. Year TEUR 0)	115,000,000.00		
b) capital reserves		572,496.97		572
c) retained earnings				
ca) other retained earnings	22,710,132.49	22,710,132.49		16,700
d) balance sheet profit/loss		3,925,071.93	142,207,701.39	6,010
Total Liabilities			**1,268,594,358.40**	**1,253,016**

	EUR	PREVIOUS YEAR TEUR
1. Contingent Liabilities		
a) liabilities from sureties and guarantee agreements	5,672,145.46	7,155
2. Other liabilities		
a) irrevocable credit commitments	5,656,651.41	10,000

INCOME STATEMENT
FOR THE PERIOD FROM 01.01.2020 to 31.12.2020

EXPENSES	EUR	EUR	EUR	PREVIOUS YEAR TEUR
1. Interest expenditures			13.526.967.81	46.961
of which positive interest deducted from banking business	190,185.77			
2. Commission expenses			289,524.61	812
3. General administrative expenses				
a) personnel expenditure				
aa) wages and salaries	4,411,824.28			4,573
ab) social security contributions and expenses for pensions and other employee benefits	863,976.42	5,275,800.70		887
of which: for pensions	33,264.56 (prev. Year 35 TEUR)			
b) other administrative expenses		5,728,211.97	11,004,012.67	5,943
4. Depreciation and value adjustments for intangible assets and tangible fixed assets			335,354.09	340
5. Other operating expenses			1,807,587.66	2,526
6. Taxes on income and earnings			1,779,907.97	744
7. Other taxes not shown under item 6			-303,647.51	-484
8. Net profit for the year			3,925,071.93	6,010
Total Expenses			**32,364,779.23**	**68,312**

INCOME	EUR	EUR	PREVIOUS YEAR TEUR
1. Interest income from			
a) lending and money market transactions	26,888,242.89		62,593
of which negative interest deducted from banking business	475,464.48		
b) fixed-interest securities and debt register claims	3,229,124.09	30,117,366.98	3,557
2. Current income from			
a) participations	21,701.76	21,701.76	41
3. Income from profit pooling, profit transfer or partial profit transfer agreements		291,908.84	334
4. Commission income		565,248.54	685
5. Income from write-ups of receivables and certain securities and from the reversal of write-downs loan loss provisions		5,316.38	713
6. Income from write-ups of participations, shares in affiliated companies and as securities treated as fixed assets		198,249.64	160
7. Other operating income		1,164,987.09	229
Total income		**32,364,779.23**	**68,312**

	EUR	PREVIOUS YEAR TEUR
1. Net profit for the year	3,925,071.93	6,010
2. Balance sheet profit/loss	3,925,071.93	6,010

ANNEX TO THE ANNUAL ACCOUNTS

1 General information on the structure of the annual financial statements and the accounting and valuation methods

1.1 General information

OYAK ANKER Bank GmbH, with its registered office in Frankfurt am Main, is entered in the Commercial Register of the Local Court of Frankfurt am Main under HRB No. 77306.

The annual financial statements have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch), in accordance with Limited Liability Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung) and taking into account the Ordinance on Accounting for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute) as amended.

Assets and liabilities are accounted for and valued in accordance with §§ 252ff. and 340ff. HGB.

The basis for the first-time conversion into euro is the exchange rate on the transaction date. Assets and liabilities denominated in foreign currencies are converted at the average spot exchange rate at the end of the year. Forward exchange transactions are converted at the forward rate at the end of the year. The scope of applying special coverage pursuant to § 340h HGB includes foreign currency items and pending foreign exchange transactions (forward exchange transactions or foreign exchange swaps) that are not to be allocated to the trading portfolio. For specially covered transactions, the results from currency conversion are reported net under other operating outcome.
OYAK ANKER Bank GmbH did not maintain a trading portfolio in 2020. The internal criteria for the inclusion of the trading portfolio have not changed.

Use was made of the offsetting options for certain expenses and income pursuant to § 340c (2) and § 340f (3) HGB as well as § 32 and § 33 RechKredV.

1.2 Accounting and valuation methods

Asset side

The cash reserve is recognised at nominal value.

Loans and advances to credit institutions and customers are reported at nominal value, less specific and general provisions, plus accrued interest.

Recognisable individual risks in the lending transactions are taken into account through the creation of individual value adjustments. In the retail transactions, a lump-sum specific bad debt allowance (SLLA) is calculated based on historical default and loss rates. For latent risks, general loan loss provisions are generally made in accordance with the letter of the Federal Ministry of Finance dated 10 January 1994. Country risk provisions are made for borrowers domiciled in Turkey. This is derived from the recommendations of the Federal Central Tax Office as the maximum permissible value adjustments.

The valuation of securities in the investment portfolio is based on the moderated lower value principle. As regards permanent impairment, the value is written down to the lower fair value. Fixed-interest securities acquired below par (or above par) are written up (or written down) to the nominal value on an accrual basis. Securities in the liquidity reserve are valued strictly at the lowest value principle.

Participations and shares in affiliated companies are recognised at the lower of cost or fair value.

Intangible assets and property, plant and equipment are reported at acquisition cost. The assets of the operating and office equipment are reduced by scheduled straight-line depreciation in accordance with tax regulations. The utility period is estimated at between 3 and 13 years. Payments on account are stated at nominal value. Low-value assets, which amount to at least EUR 250.00 for the individual asset but do not exceed EUR 1,000.00, are capitalised in the collective item and written back in the year of formation and in the following four financial years at a rate of one fifth each, reducing profits. Low-value assets that do not exceed EUR 250.00 are directly expensed.

Other assets and prepaid expenses are stated at nominal value.

Deferred taxes are recognised for timing differences between the commercial and tax balance sheets that are expected to reverse in the future, to the extent permitted by law. Deferred taxes are calculated on the basis of an income tax rate of 31.93 %, which includes corporate income tax, trade tax and the solidarity surcharge. The option to recognise deferred tax assets is not exercised in accordance with section 274, paragraph 1, sentence 2 of the German Commercial Code (HGB) for reasons of conservative accounting.

Liabilities

Liabilities are valued at their settlement amount plus accrued interest. Other liabilities and deferred income are valued at the settlement amount.

The provision for pensions and similar obligations is calculated on the basis of an actuarial report. The calculation is based on the projected unit credit method (PUC) using the 2018 G mortality tables by Heubeck-Richttafeln GmbH, Cologne, and an interest rate of 2.38 % per annum. Furthermore, a pension dynamic of 2.0 % p.a. is used. An unchanged salary level was applied. The difference between the fair value of the plan assets used to meet the pension obligations and the underlying acquisition costs results in a restricted distribution amount. As there are sufficient freely available reserves, an allocation is not necessary in the 2020 financial year.

In accordance with § 246 para. 2 sentence 2 of the German Commercial Code (HGB), the provision is netted against existing cover assets.
Due to the application of § 253 para. 6 p. 1 HGB, the difference in the pension obligations recognised in the balance sheet resulting from discounting at the average market interest rate for ten instead of seven financial years amounts to TEUR 23 as at 31 December 2020.

Tax provisions and other provisions take into account all identifiable risks from pending transactions and uncertain liabilities that are necessary according to reasonable commercial judgement and are recognised at the settlement amount in accordance with section 253 (1) HGB.

Pursuant to section 253 (1) sentence 2 in conjunction with section 253 (2) sentence 1 HGB, provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven financial years corresponding to the actually remaining term.

A provision for impending losses due to the negative market value of the interest rate swaps as at the balance sheet date was not formed, as no excess liability was determined within the framework of the loss-free valuation of interest-related transactions in the banking book (interest book) in accordance with IDW RS BFA 3. The present value approach is used to value the banking book.

Provisions are made for uncertain liabilities in the amount of the expected utilisation.

Premiums and discounts on receivables and liabilities are included in prepaid expenses and deferred income and are released over the term on a straight-line basis.

Off-balance liabilities

Provisions made for contingent liabilities are deducted from the total amount of contingent liabilities.

2 Notes to the balance sheet

2.1 Asset side of the balance sheet

The total amount of assets denominated in foreign currency is TEUR 405,812.

Loans and advances to credit institutions

Loans and advances to credit institutions are broken down by residual maturity as follows:

	31.12.2020 TEUR	31.12.2019 TEUR
Due daily	158,225	18,049
Until three months	49,228	0
more than three months up to one year	202,743	82,054
more than one year up to five years	0	114,896
more than five years	0	0

Loans and advances to banks in the amount of TEUR 208,388 (previous year TEUR 39,184) are foreign currency receivables.

Receivables from customers

Loans and advances to customers are broken down by residual maturity as follows:

	31.12.2020 TEUR	31.12.2019 TEUR
with indefinite maturity	26.384	28.638
Until three months	143,111	357,266
more than three months up to one year	206,322	106,733
more than one year up to five years	254,868	157,387
more than five years	9,679	26,244

Receivables from customers include receivables from affiliated companies in the amount of TEUR 401,306 (previous year TEUR 396,566). Furthermore, there are receivables in foreign currencies in the amount of TEUR 162,000 (previous year TEUR 176,396). This item includes subordinated receivables in the amount of TEUR 218,871 (previous year TEUR 218,466).

Debt securities, bonds and other fixed-income securities

	31.12.2020 TEUR	31.12.2019 TEUR
non-negotiable	0	0
marketable & listed	127,923	142,265
of which eligible as collateral with the Deutsche Bundesbank	50,193	50,248

The Bonds and other fixed income securities are tradable and listed.

No securities were allocated to the liquidity reserve as at the balance sheet date.

The fixed-interest securities in the investment portfolio with a book value of TEUR 127,923 (previous year TEUR 142,265) were valued according to the moderate lowest cost principle. The hidden reserves for bonds and other fixed-income securities in the investment portfolio amounted to TEUR 4,391 (previous year TEUR 3,776) as at the balance sheet date.

At the end of 2020, there were no debt securities and other fixed-income securities in the investment portfolio that are recognised above their fair value (previous year TEUR 5,031).

Bonds with a nominal value of TEUR 19,705 (previous year TEUR 15,231) will mature in 2021.

Participations

The investments are not listed on the stock exchange. They are shares in companies from bail-out purchases.

Affiliated companies

The shareholding in affiliated companies involves VFG Verrechnungsstelle für gewerbliche Wirtschaft GmbH, Koblenz, which collects non-performing receivables for the Bank.

VFG Verrechnungsstelle für gewerbliche Wirtschaft GmbH did not report a net profit for the 2020 financial year after the profit transfer of TEUR 292 (previous year TEUR 334). The company's equity capital amounts to TEUR 77 (previous year TEUR 77). The bank is the sole shareholder.

Fixed Assets Schedule

The fixed assets schedule summarises the assets of various balance sheet items to be valued in accordance with the principles for fixed assets.

The development of fixed assets can be seen in the following fixed asset movement schedule:

IN TEUR							DEPRECIATION/ WRITE-UP				BOOK VALUES	
	BALANCE 01.01.2020	ACCESS	DISPOSALS	TRANSFERS	BALANCE 31.12.2020	BALANCE 01.01.2020	DEPRECIATION	ATTRIBUTION	CHANGES / DEPARTURES	ACCUMULATED STATUS 31.12.2020	BALANCE 31.12.2020	BALANCE 31.12.2019
Debenture pungencies	142,265	15,550	29.892	0	127,923	0	0	0	0	0	127,923	142,265
Holdings	1.164	0	41	0	1.123	827	2	189	0	640	483	336
Shares in affiliated companies	933	0	0	0	933	473	0	0	0	473	460	460
Intangible fixed assets	3,717	71	1,892	0	1,896	3,058	247	0	1,598	1,707	189	659
Advance payments made on intangible assets	65	35	0	0	100	0	0	0	0	0	100	65
Property, plant and equipment												
a) Land and buildings	0	0	0	0	0	0	0	0	0	0	0	0
b) Operating and Business-equipment	787	26	222	0	591	491	64	0	209	346	245	296
c) Low value Assets objects	318	10	0	0	328	255	24	0	0	279	50	63
d) Paid Down payments	0	4	4	0	0	0	0	0	0	0	0	0

Intangible fixed assets

All items of intangible assets, including advance payments made, are amounts for concessions, industrial property rights and similar rights and values as well as licences to such rights and values acquired against payment.

Other assets

This item contains the following important individual amounts:

	31.12.2020 TEUR	31.12.2019 TEUR
FX valuation (hedging transactions)	4,581	0
Tax refund claims	1,711	1,095

Pursuant to § 246 para. 2 sentence 2 HGB, the claims from reinsurance policies with a fair value of TEUR 110 (previous year TEUR 103) were netted with the corresponding obligations.

Prepaid expenses

Prepaid expenses include pro rata expenses that represent expenses for a certain time after the balance sheet date.

2.2 Liabilities side of the balance sheet

The total amount of liabilities denominated in foreign currency is TEUR 309,461.

Liabilities to credit institutions

The liabilities to credit institutions are broken down according to their remaining term as follows:

	31.12.2020 TEUR	31.12.2019 TEUR
Due daily	2,257	22
Until three months	0	2,899
more than three months up to one year	80,000	58,500
more than one year up to five years	0	0
more than five years	0	0

There were no foreign currency liabilities as at the balance sheet date (previous year TEUR 2,893).

Liabilities to customers

The savings deposits are broken down by residual term as follows:

	31.12.2020 TEUR	31.12.2019 TEUR
Due daily	0	2
Until three months	16,774	16,890
more than three months up to one year	3,580	1,791
more than one year up to five years	653	2,592
more than five years	0	0

The other liabilities to customers are broken down by residual term as follows:

	31.12.2020 TEUR	31.12.2019 TEUR
Due daily	320,085	319,485
Until three months	76,893	69,836
more than three months up to one year	132,378	128,278
more than one year up to five years	92,055	137,986
more than five years	18,701	24,439

Other liabilities to customers include liabilities to affiliated companies in the amount of TEUR 160,190 (previous year TEUR 171,745). TEUR 2,430 (previous year TEUR 500) of these relate to liabilities to the shareholder.

Other liabilities to customers amounting to TEUR 155,662 (previous year TEUR 9,248) involve foreign currency liabilities.

Other liabilities

This item contains the following important individual amounts:

	31.12.2020 TEUR	31.12.2019 TEUR
Other liabilities	80	87
Taxes to be paid (capital gains tax, turnover tax, Wage and church tax)	69	70
Liabilities from deliveries and services	39	340
Valuation of hedging transactions for receivables with special cover	0	1,014

Prepaid expenses

Deferred income includes income before the balance sheet date to the extent that it represents income for a certain period after that date.

This item contains the following important individual amounts:

	31.12.2020 TEUR	31.12.2019 TEUR
Delimitation discount	1,291	389
Accrual of guarantee commission	0	3

Other provisions

This item contains the following important individual amounts:

	31.12.2020 TEUR	31.12.2019 TEUR
Provisions Audit fees Financial statements	191	246
Provisions for residual leave	147	77
Provisions for outstanding invoices	101	128

Subordinated liabilities

The subordinated liabilities break down by remaining term as follows:

	31.12.2020 TEUR	31.12.2019 TEUR
Due daily	0	0
Until three months	264,146	330,428
more than three months up to one year	103,903	29,140
more than one year up to five years	12,300	14,236
more than five years	0	0

Subordinated liabilities in the amount of TEUR 153,799 (previous year TEUR 155,098) are foreign currency liabilities. The deposits serve as collateral for existing loan receivables. A possible conversion into capital or into another form of debt is not planned.

Borrowings exceeding 10 % of the total amount of subordinated liabilities:

DEPOSIT FROM	AMOUNT IN CURRENCY IN TWHG	CURRENCY	INTEREST RATE IN %	TERM UNTIL
ATAER Holding A. S., Ankara	38,665	EUR	1.36	13.01.2021
OYAK Ordu Yardimlasma Kurumu, Ankara	95,639	USD	3.60	07.01.2021
	54,627	USD	3.50	17.02.2021
	43,379	EUR	3.00	09.06.2021

The subordinated deposits are not recognised as supplementary capital. An early repayment obligation is excluded.

In 2020, interest amounting to TEUR 10,121 (previous year TEUR 42,396) was paid.

Equity

Equity developed as follows:

	31.12.2020 TEUR	ADDITIONS TEUR	WITHDRAWALS TEUR	01.01.2020 TEUR
Subscribed capital	115,000	25,000	0	90,000
Capital reserve	572	0	0	572
Retained earnings	22,710	6,010	0	16,700
Balance sheet profit/loss	3,925	-	-	6,010

The management proposes to allocate the retained earnings of the 2020 financial year to the revenue reserve.

2.3 Off-balance

Contingent liabilities

Included in this position are:

	31.12.2020 TEUR	31.12.2019 TEUR
Sureties and guarantees	5,672	7,155

The item contingent liabilities do not include any individual amounts that are of material significance in relation to the overall activities of the crediting institution.

Other commitments

Included in this position are:

	31.12.2020 TEUR	31.12.2019 TEUR
Irrevocable loan commitments	5,657	10,000

The commitments indicated off-balance in items 1b) and 2c) are subject to the risk identification and management procedures applicable to all lending relationships, which ensure timely identification of risks.

Acute risks of a claim arising from the contingent liabilities indicated off-balance are covered by provisions. The liabilities reported relate primarily to broadly diversified guarantee agreements and open loan commitments to banks.

The risks were assessed in the course of an individual evaluation of the creditworthiness of these customers. The amounts reported under 1b) do not show the actual cash flows to be expected from these contracts in the future, as the majority of the contingent liabilities will expire without being utilised according to the Bank's assessment.

3 Notes to the profit and loss account

The profit and loss account is prepared in account form.

3.1 Interest income

Interest income is netted with negative interest, which mainly consists of deposits with credit institutions, the Bundesbank and interest rate swaps in the amount of TEUR 475 (previous year TEUR 547). The interest income from lending and securities transactions results mainly from business relationships with customers and credit institutions based in Turkey and Germany.

3.2 Commission income

Income from the commission on insurance brokerage decreased comparing to the previous year. Processing fees from the lending business increased. Commission income mainly results from business relationships with customers and credit institutions based in Turkey and Germany.

3.3 Other operating income

Other operating income mainly results from a compensation for expenses in the amount of TEUR 626, the reversal of an accounts payable receivable in the amount of TEUR 215 and the reversal of provisions in the total amount of TEUR 133 (previous year TEUR 151). This includes the reversal of the provision for remaining holiday in the amount of TEUR 77 (previous year TEUR 69). Other operating income mainly results from business relations with customers and credit institutions based in Turkey and Germany.

3.4 Interest expenses

Positive interest from loans and advances to banks in the amount of TEUR 190 (previous year TEUR 6) was deducted from interest expenses.

3.5 Other operating expenses

Other operating expenses mainly include expenses related to exchange rate losses resulting from currency valuation and amount to TEUR 1,471 (previous year TEUR 2,473).

Other operating expenses included expenses and income from adding/discounting pension obligations and from offsetting plain assets in the amount of TEUR 4 (previous year TEUR 3), balanced with each other.

3.6 Taxes on income and earnings

Taxes on income and earnings relate exclusively to the result from ordinary business activities.

4 Other financial obligations

4.1 Financial commitments from multi-year contracts

31.12.2020	DUE 2020 TEUR	DUE 2021 - 2024 TEUR	DUE AS OF 2025 TEUR
Rent	357	1,040	1,165
Maintenance (IT)	1,092	456	0
Leasing	59	0128	0
Services	649	143	0

31.12.2019	DUE 2020 TEUR	DUE 2021 - 2024 TEUR	DUE AS OF 2025 TEUR
Rent	244	356	0
Maintenance (IT)	974	572	0
Leasing	0,9	0,6	0
Services	182	75	0

4.2 Contingent liabilities

The required pro rata cover capital of the provident fund amounts to TEUR 62 (previous year TEUR 69). There is a shortfall in this amount. No provisions have been made for the underlying pension commitments, as these are cases prior to 1 January 1987 (application of Article 28 EGHGB).

Furthermore, we are liable for a loan from Grundbesitzgesellschaft bR Berlin, Karl-Marx-Allee II with the Baden-Württembergische Bank, subsidiary of the Landesbank Baden-Württemberg, in the amount of TEUR 10 (previous year TEUR 10).

The Bank is a member of the Deposit Protection Fund of the Association of German Banks and of the Compensation Scheme of German Banks. The Deposit Protection Fund and the Compensation Scheme may, in principle, levy special contributions in the event that the resources of the Deposit Protection Fund or the Compensation Scheme are insufficient.

4.3 Foreign exchange transactions

To cover the fluctuations in the exchange rate, the Bank had foreign exchange swap transactions in its portfolio at the end of the year. These serve for hedging foreign currency items in the balance sheet. They are converted at the forward exchange rate.

	31.12.2020 TEUR	31.12.2019 TEUR
TUSD	144,134	172,499
TTRY	31,897	0

As of the balance sheet date, these transactions resulted in a positive market value of TEUR 4,581 (previous year negative market value TEUR 1,014).

4.4 Interest rate swaps

The Bank no longer has any interest rate swap in its portfolio as at the balance sheet date.

31.12.2020 NOMINAL	POSITIVE MARKET VALUE	NEGATIVE MARKET VALUE
TEUR 0		26

31.12.2019 NOMINAL	POSITIVE MARKET VALUE	NEGATIVE MARKET VALUE
TEUR 10,000		13

5 Other information

5.1 Refinancing

There is a pledge account of TEUR 90,544 (previous year TEUR 68,723) kept by the Deutsche Bundesbank for refinancing facilities. Drawings on credit from this account have been recorded in the form of open market transactions and amounted to TEUR 80,000 (previous year TEUR 58,500) as at the balance sheet date.

There are no other assets transferred for liabilities.

5.2 Auditor Total fee

The expenses (net) of TEUR 255 (previous year: TEUR 198) recognised for services rendered by the auditor for the financial year are broken down as follows:

	2020 TEUR	2019 TEUR
Audit services	241	189
Other confirmation services	14	9

The cost of auditing services of 2020 includes an amount of TEUR 28 for the audit year 2018. The other certification services amount to TEUR 3 (previous year TEUR 0) for the audit of the KEV (credit claims - submission and administration) in accordance with Section V No. 11 (1) of the General Terms and Conditions of Deutsche Bundesbank, TEUR 3 (previous year TEUR 0) for ESEF's determination of the capital increase and TEUR 8 (previous year TEUR 8) for the review of the IFRS Reporting Package as at 30 June 2020 and the audit of the IFRS Reporting Package as at 31 December 2020.

6 Disclosures pursuant to section 26a (1) KWG

Certain information must be published in accordance with Part 8 of the Capital Requirements Regulation (CRR) and in accordance with Section 26a of the German Banking Act (KWG) as part of the regulatory disclosure requirements (Pillar III) by means of a separate disclosure report. The Bank will publish the disclosure report as at 31 December 2020 with the required regulatory information in the Federal Gazette.

The return on investment as a quotient of net profit and average balance sheet total is 0.31 % (previous year 0.52 %).

7 Supplementary report

There were no significant events after the balance sheet date.

8 Information about the company and its bodies

8.1 Employees

The Bank employed an annual average of 69 staff (previous year 74) in accordance with Section 267 (5) of the German Commercial Code (HGB). At the end of the year, we had 33 (previous year 33) female and 35 (previous year 39) male employees. Converted to full-time employees, there were 62 (previous year 67) employees as at the balance sheet date.

8.2 Management

The remuneration of the managing directors totalled TEUR 654 (previous year TEUR 447). There are provisions amounting to TEUR 85 (previous year TEUR 76) for pension obligations payable to former managing directors.

8.3 Supervisory Board

Expenses for the Supervisory Board in the calendar year 2020 amounted to TEUR 0 (previous year TEUR 0).

8.4 Loans to the Supervisory Board and Management Board

There were no receivables from or open loan commitments to members of the Supervisory Board as at the balance sheet date. There have been receivables from and open credit commitments to the managing directors totalling TEUR 23 (previous year TEUR 26).

8.5 Group

Considering the relationship between the balance sheet ratio of VFG Verrechnungsstelle für gewerbliche Wirtschaft GmbH and that of OYAK ANKER Bank GmbH, consolidated financial statements under §§ 290 Para. 5 i. in conjunction with 296 para. 2 of the German Commercial Code (HGB) have not been prepared.

The financial statements of OYAK ANKER Bank GmbH are included in the consolidated financial statements of Ordu Yardımlaşma Kurumu (OYAK), Ankara (Turkey). The latter prepares the consolidated financial statements for the smallest and fort he largest entity in the group of consolidated companies. The consolidated financial statements can be inspected at the offices of OYAK ANKER Bank GmbH.

8.6 Members of the Supervisory Board

The Supervisory Board was composed as follows in the 2020 financial year:

Mr İ. Emrah Silav, Chairman
CFO of the Erdemir Group
Istanbul (Turkey)

Mr. M. Emre Timurkan, Vice-Chairman
CEO of Almatis GmbH
Frankfurt (Germany)

Mr H. Alper Karaçoban, Member
Group Manager Service Sector of the OYAK Group
Ankara (Turkey)

8.7 Managing Director

The following persons have been appointed as managing directors

Dr. Süleyman Erol, Glashütten
(Loan Processing Commercial Credits, Legal/Compliance, Internal Audit, Collection Department, Management Office, Operations, Accounting/Controlling/Reporting, Deposits/Transactions Settlement, Information Technology and Risk Management, Loan Processing Consumer Credit (since 03/2020)).

Ümit Yaman, Hanau
(Retail Banking, Corporate Banking/Treasury/Financial Institutions, Human Resources and Representative Office Istanbul), Loan Processing Consumer Credit (until 03/2020)).

Frankfurt am Main, 30. April 2021

The Management Board

Dr. Süleyman Erol

Ümit Yaman

ANNEX TO THE ANNUAL FINANCIAL STATEMENTS WITHIN THE MEANING OF § SECTION 26A (1) SENTENCE 2 OF THE GERMAN BANKING ACT (KWG)

Company name, type of activity and geographical location of branches

OYAK ANKER Bank GmbH, with its registered office in Frankfurt, does not have any branch office overseas. All information presented in the annual financial statements within the meaning of Section 26a (1) sentence 2 of the German Banking Act (KWG) relates exclusively to its business activities as a lending and deposit-taking institution in the Federal Republic of Germany.

Sales

Sales amount to TEUR 18,031 (previous year: TEUR 19,292). Sales include the sum of net interest income, net fee and commission income, net trading income and other operating income.

Number of employees in full-time equivalents

In accordance with Section 267 (5) of the German Commercial Code (HGB), the bank employed an annual average of 69 staff (previous year: 74). At the end of the year we had 33 (previous year 33) female and 35 (previous year 39) male employees. Converted to full-time equivalents, there were 62 (previous year 67) employees at the balance sheet date.

Taxes on income and earnings

Taxes on income relate exclusively to ordinary income. Taxes on profit and loss amount to TEUR 1,780 (previous year: TEUR 744).

Profit or loss before taxes

Profit before tax amounts to TEUR 5,705 (previous year: TEUR 6,754).

Public subsidies received

In 2020, OYAK ANKER Bank received public aid as an expense allowance for social security contributions in the amount of TEUR 46. In 2019, the Bank did not receive any public aid.

INDEPENDENT AUDITOR'S REPORT

To OYAK ANKER Bank GmbH, Frankfurt am Main

Report on the audit of the annual financial statements and of the management report

Audit Opinions

We have audited the annual financial statements of OYAK ANKER Bank GmbH, Frankfurt am Main, which comprise the balance sheet as at 31 December 2020, and the statement of profit and loss for the financial year from 1 January to 31 December 2020, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of OYAK ANKER Bank GmbH for the financial year from 1 January to 31 December 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 paragraph 3 sentence 1 HGB (Handelsgesetzbuch: German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1. Risk provision in the customer lending business

Our presentation of this key audit matter has been structured in each case as follows:

1.1. Matter and issue

1.2. Audit approach and findings

1.3. Reference to further information

Hereinafter we present the key audit matter:

1. Risk provision in the customer lending business

1.1. Matter and issue

In the financial statements of OYAK ANKER Bank, the balance sheet items “Receivables from customers” and “Receivables from banks” include loan receivables amounting to € 1.050,6 million (82.81 % of the balance sheet total). As of December 31, 2020, the loan portfolio is subject to a balance sheet risk provision consisting of individual and general loan loss provisions. The measurement of provisions for losses on loans and advances to customers is determined in particular by the estimates of the legal representatives with regard to future loan defaults, the structure and quality of the loan portfolios and macroeconomic factors. The amount of specific loan loss provisions for loans and advances to customers corresponds to the difference between the outstanding loan amount and the lower value to be attributed to it on the reporting date. Existing collateral is taken into account. The value adjustments in the customer loan business are, on the one hand, of great significance for the net assets and earnings situation of the Company in terms of the amount and, on the other hand, involve considerable discretionary scope for the legal representatives. In addition, the valuation parameters applied, which are subject to significant uncertainties, have a significant influence on the recognition or amount of any necessary valuation allowances. Against this background, this issue was of particular importance in the context of our audit.

1.2. Audit approach and findings

As part of our audit, we first assessed the adequacy of the design of the controls in the relevant internal control system of the Company and tested the functionality of the controls. In doing so, we considered the business organization, the IT systems and the relevant valuation models. In addition, we assessed the valuation of loans and advances to customers, including the appropriateness of estimated values, on the basis of random samples of credit exposures. In doing so, we assessed, among other things, the available documents of the company with regard to the economic circumstances and the value of the corresponding collateral. Furthermore, in order to assess the specific and general loan loss provisions, we have also assessed the calculation methods applied by OYAK ANKER Bank and the underlying assumptions and parameters. In addition, we also assessed the legal representatives’ assessment of the effects of the Corona crisis on the economic circumstances of the borrowers and the recoverability of the corresponding collateral, and understood how this was taken into account in the measurement of the loans and advances to customers. Based on our audit procedures, we were able to satisfy ourselves that overall the assumptions made by the executive directors for the purpose of testing the recoverability of the loan portfolio are justifiable, and that the controls implemented by OYAK ANKER Bank are appropriate and effective.

1.3. Reference to further information

The Bank’s disclosures on loan loss provisions are contained in the Notes.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company’s position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company’s financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's re-port. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safe-guards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 20 June 2019. We were engaged by the supervisory board on 24 June 2019. We have been the auditor of the OYAK ANKER Bank GmbH, Frankfurt am Main, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Fatih Agirman.

Frankfurt am Main, den 30. April 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Fatih Agirman Wirtschaftsprüfer	ppa. Arzu Akbulut Wirtschaftsprüferin

CHAIRMAN OF THE BOARD
I. Emrah Silav

MANAGEMENT BOARD
Dr. Süleyman Erol
Ümit Yaman

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