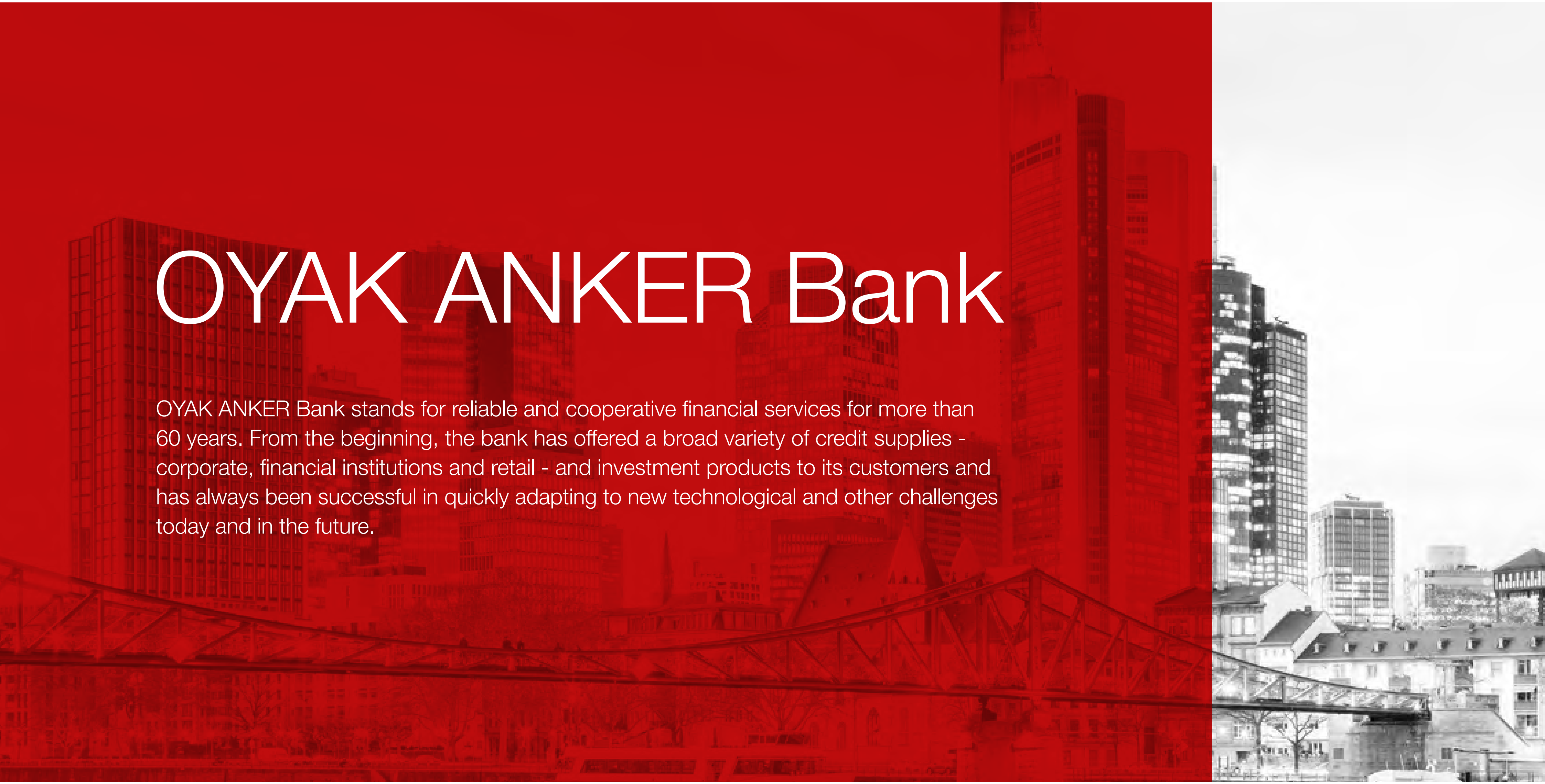
ANNUAL REPORT 2021

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.

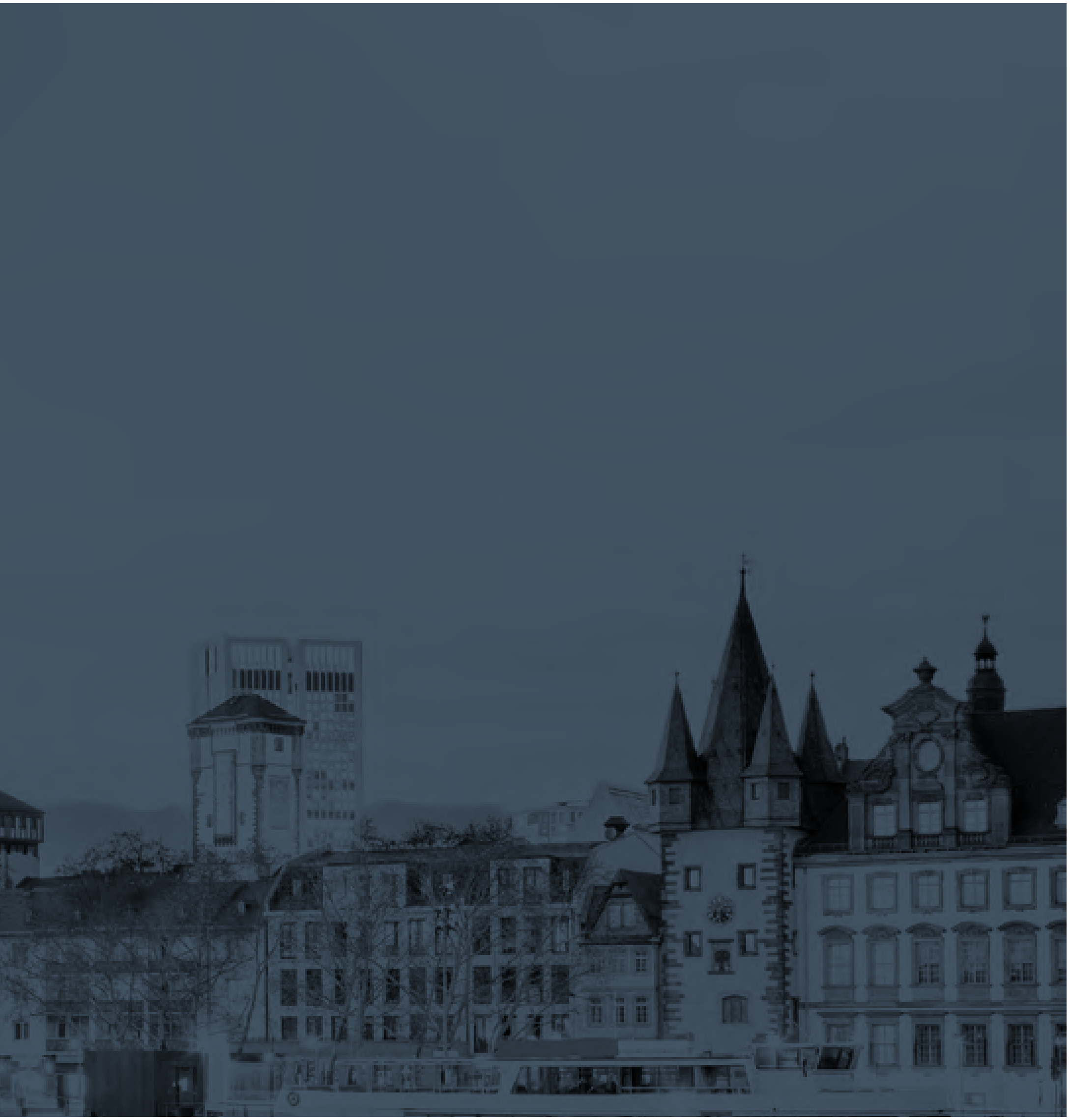


TABLE OF CONTENTS

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. 63 years of OYAK ANKER Bank – That is also 63 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.

- 1958 "ATB Bank" was founded
- 1981 Member of the Deposit Protection Fund of the Association of German Banks
- 1989 Renaming "Anker Bank"
- 1996 Bank becomes part of OYAK Group
- 2006 New headquarter in Frankfurt/Main
- 2018 Successful introduction of Trade Finance / FI
- 2020 Becoming a part of Digital Banking Age
- 2022 Digital Transformation: Digital. Innovative. Robust.

MISSION, VISION & VALUES

MISSION

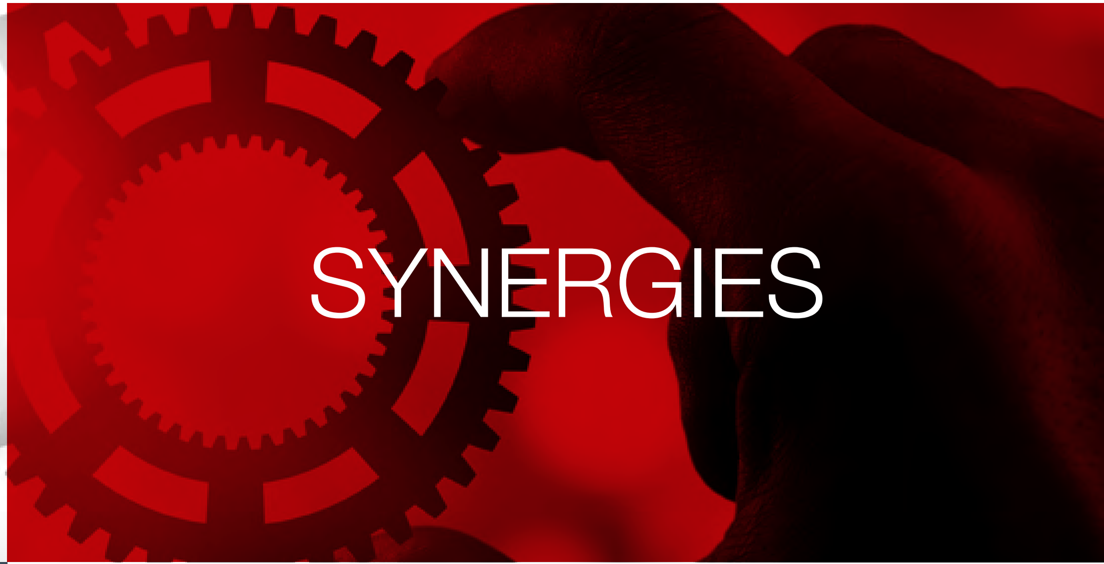
OYAK ANKER Bank responds to the individual wishes and needs of its customers and strives to always exceed their expectations. With flexible and customer-oriented offers and services the bank accompanies them through all ages and changes of life.

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 futureoriented 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.

VALUES

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.



SYNERGIES

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

SUCCESSFUL LONG-TERM BUSINESS RELATIONS

EXTENSIVE EXPERIENCE AND HIGHEST EXPERTISE

OYAK GROUP AS A STRONG AND STRATEGIC PARTNER

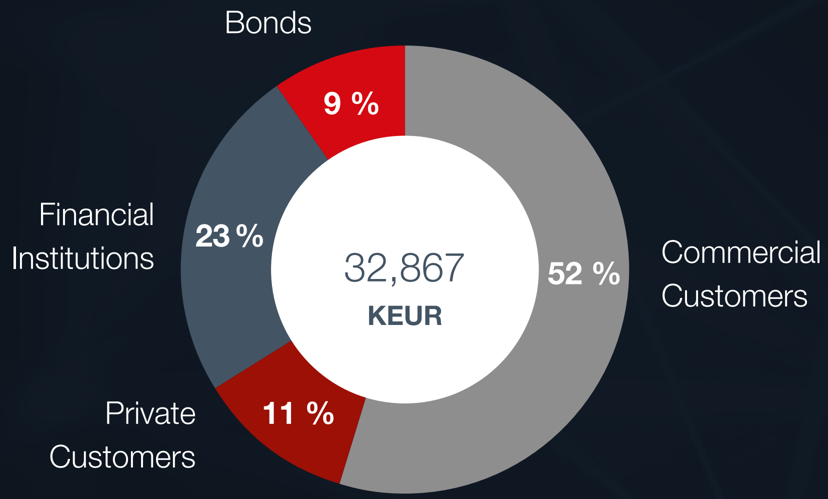
IMMEDIATE CONTACT WITH CUSTOMERS

INDIVIDUALLY ALIGNED FINANCIAL SOLUTIONS

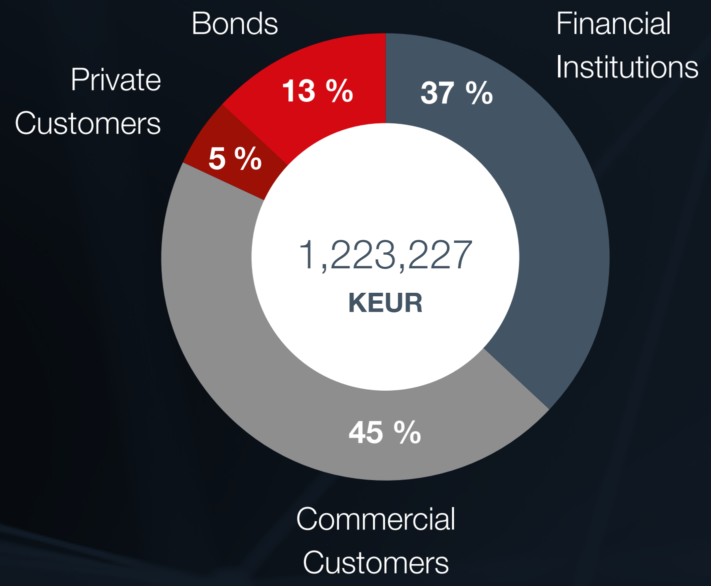
RESULTS 2021

Results according to business areas of OYAK ANKER Bank

INTEREST REVENUES



TOTAL INTEREST BEARING ASSETS



KEY FINANCIAL FIGURES	2021	2020
	KEUR	KEUR
Cash Funds	50,484	82,082
Financial Institutions	451,691	410,196
Bonds	160,673	127,923
Loans Corporate	551,025	539,877
Loans Retail	66,518	100,487
Total Assets	1,285,301	1,268,594
Risk Weighted Assets	601,120	593,659
Deposits	1,134,969	1,123,724
Total Equity	146,162	142,208
Net Profit	3,954	3,925
Ratios		
ROE	2.82%	3.20%
ROAA	0.31%	0.31%
CIR	63.38%	67.33%
NPL net	0.85%	1.04%
CAR	22.24%	21.81%

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 USD
139

EXPORT
Billion USD
4.9

MEMBERS
451,564

TOTAL ASSETS
Billion TL
296

SUSIDIARIES
Countries
24

EMPLOYEES
36,693

INVESTMENTS & INDUSTRIES

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

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

NUMBERS & FACTS

OYAK ANKER BANK

PREFACE BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear Sir or Madam,

for all of us, 2021 turned out to be another eventful year. Existing connections were reinvigorated and numerous new ones were established. Once again, the employees of OYAK ANKER Bank GmbH managed to convey closeness and trust to our global business partners on an exceptional level – and to overcome physical or technical distances to do so.

One of the key factors for success was our sustainable digitization strategy. Over the past years, we have created high standards in continuous optimization and digitization. We will further advance these standards to specifically drive forward communication with our customers and expand our services. We will keep working hard to continue being an absolute pioneer on this field and are proud of what we have achieved so far.

I would like to thank everyone who has been part of this success within the bank. To the same extent, the loyalty and reliability of our various partners was and will remain an indispensable foundation for our path. And, last but not least, I would like to say thank you to the Executive Board of OYAK ANKER Bank for the foresight and the consistency they provided to keep our company on track to a bright future.

I. Emrah Silav
CHAIRMAN OF THE SUPERVISORY BOARD

PREFACE BY THE EXECUTIVE BOARD

Dear Sir or Madam,

after successfully overcoming the challenges of the beginning COVID19 pandemic in 2020, 2021 saw us facing new missions with the same confidence and cohesion. Having been able to create and provide “closeness in social distancing”, we now had to secure that profound progress we had achieved for OYAK ANKER Bank. That is why today we are privileged to build on a sustainable and profitable growth trend.

Our strategic future planning is rooted in a stable core business. The focus of our efforts is the continuation and further development of numerous digitization projects that have made us an innovative and robust company in recent years. By gradually developing these projects we want to take our customer and service orientation to an even higher level. Risk-adjusted pricing, the expansion of trade finance by our Financial Institutions department and of related activities into the EU, Africa and the Middle East are part of our success planning for the upcoming years.

The competence and the personal commitment of our employees allow us to look forward full of hope and motivation. Our customers and our business partners can always rely on us, today and in the future. We would therefore like to thank all of our clients, partners, service providers and the whole OYAK ANKER Bank team for their commitment and our joint successes.

Dr. Süleyman Erol
MEMBER OF
MANAGEMENT BOARD

Ümit Yaman
MEMBER OF
MANAGEMENT BOARD

MANAGEMENT REPORT

1 Business and general conditions

The bank was founded in 1958 as Allgemeine Teilzahlungsbank (ATB Bank) in Koblenz. Since 1981, the bank has been a member of the Deposit Protection Fund of the Association of German Banks. ATB Bank was acquired by Omnium Genève S.A. in 1989 and renamed Anker Bank. The German Anker Bank was taken over by the OYAK Group in 1996 and has since traded under the name OYAK ANKER Bank GmbH.

The OYAK Group was founded in 1961 as an independent corporation and is the first and largest private pension fund in Turkey.

The strength of OYAK ANKER Bank is due not only to over 60 years of experience and expertise in Germany and Europe. With the globally networked and operating OYAK Group behind it, the bank can draw on additional resources of know-how, networking and synergies at any time and offer its customers support in international trade transactions in Germany, Europe and Turkey. In particular, the Trade Finance and Documentary Business products support export and import business. This goal is also pursued by the financing of factoring and leasing companies of major Turkish corporate groups. Synergy effects can also be exploited from 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. The representative office is part of the strategy and serves as a link between the bank and the clients as well as the local market.

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 the Treasury division. Lending business with banks, especially trade finance, was expanded.

1.1 Control system

The most important performance indicators and key figures in the Bank’s management system are presented below:

- Return on equity
- Regulatory core capital ratio
- Cost-income ratio

1.2 Employees

At the end of 2021, the Bank had 66 employees (previous year 73), including 4 employees of the subsidiary Verrechnungsstelle für gewerbliche Wirtschaft GmbH (previous year 3) and one working student. Converted to full-time equivalents (FTE), this corresponds to 57.63 FTE (previous year 66.61), of which 2.98 FTE of Verrechnungsstelle für gewerbliche Wirtschaft GmbH (VFG GmbH) (previous year: 2.83 FTE).

The COVID 19 pandemic, which continues worldwide, has also led to changes in the Bank’s human resources. In order to minimise the spread of the COVID 19 virus, the Bank basically maintained the home office arrangement for its staff and adapted it to the current infection realm. All workplaces have been tested for the possibility of mobile work during the initial phase of the pandemic, thus preparing the Bank for an emergency. The special occupational health and safety regulations (SARS-CoV-2 Occupational Health and Safety Ordinance) have been consistently implemented in the operation in order to provide special protection for the employees present. This also continued to keep the lending and investment business as well as the Bank’s payment infrastructure stable. In the wake of the adjusted regulations by the federal government, the 3G rule at the workplace has also been in effect at the Bank since 24 November 2021 (currently until 19 March 2022).

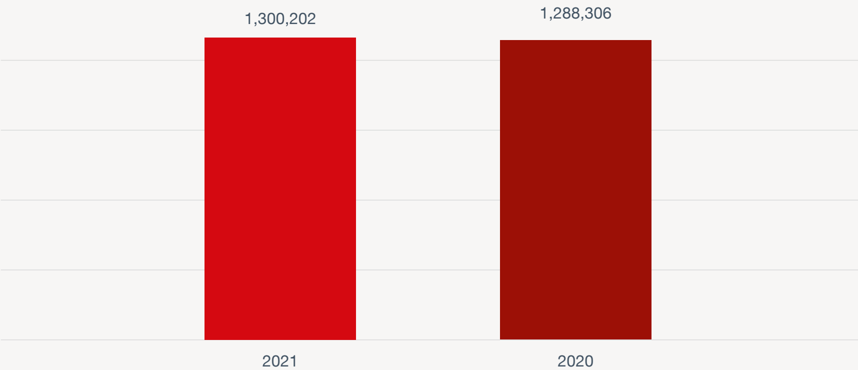
The short-time work introduced has not fully resulted in the desired recovery within the respective areas, so that the short-time work agreed until 31 March 2021 was terminated prematurely with effect from 28 February 2021. As a result, there were redundancies for operational reasons.

The changed framework conditions within the financial services sector due to a difficult market environment, a changed strategic orientation, increasing regulation and the demands of digitalisation continued to pose challenges for the Bank and made adjustments in processes and in human resources necessary. The optimisations carried out in the personnel area serve to secure the Bank's future.

1.3 Net worth

In 2021, the balance sheet total increased by KEUR 16,707 to KEUR 1,285,301 (previous year: KEUR 1,268,594). A slight increase in the balance sheet total is related to the increase in the business volume of demand deposits, syndicated loans to banks and pre-financing of letters of credit to banks. Short-term and longer-term positions in the retail business have developed in the opposite direction. The retail loan volume has decreased as the bank has acted more conservatively in the credit exposure during the pandemic.

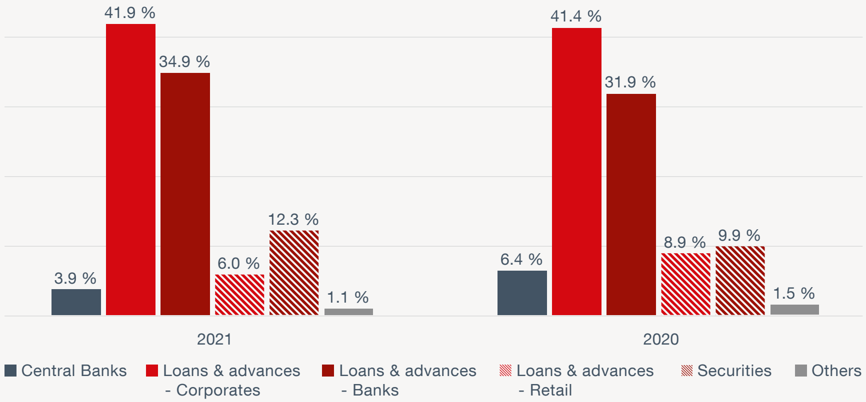
Gross loan volume



The gross loan volume of EUR 1,300,202,000 on the reporting date was EUR 11,896,000 higher than in the previous year (EUR 1,288,306,000). 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 the following, the values refer to the gross loan volume.

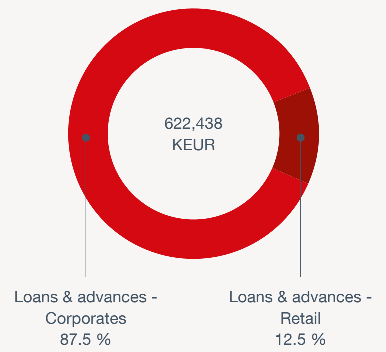
Gross loan volume



Gross claims on central banks decreased by KEUR 31,597 to KEUR 50,482 (previous year: KEUR 82,079). This corresponds to a reduction of 38.5 %. This was due to the placement of free funds in fixed-interest bonds and receivables from banks.

Gross loans and advances to banks increased by KEUR 42,477 (+ 10.3 %) to KEUR 453,451 (previous year: KEUR 410,974). This development is due to the increase in short-term investments with banks (+ KEUR 35,773), syndicated loans to banks (+ KEUR 29,000) and letters of credit (+ KEUR 18,039). In contrast, trade finance decreased (./. KEUR 39,672).

Loans 2021



Loans 2020

Gross loans and advances to corporate clients increased by KEUR 10,695 to KEUR 544,349 (previous year: KEUR 533,654). This corresponds to an increase of 2.0 %. The cash-covered corporate client business increased by KEUR 21,485 to KEUR 395,880 (previous year: KEUR 374,395). The volume of syndicated loans decreased by EUR 10,553,000 to EUR 55,447,000 (previous year: EUR 66,000,000) and other commercial loans increased by EUR 434,000 to EUR 28,090,000 (previous year: EUR 27,656,000). Financing in the leasing business increased by KEUR 20,081 from KEUR 43,519 to KEUR 63,600. The receivables from business current accounts decreased by KEUR 19,529 to KEUR 1,321 (previous year: KEUR 20,850).

As of the balance sheet date, the broadly diversified retail business accounted for 12.5 % (previous year: 17.7 %) of gross book claims on customers. Loans and advances to private clients decreased by KEUR 36,909 compared to the previous year and amounted to KEUR 78,089 (previous year: KEUR 114,998).

Gross receivables from borrowers domiciled in Turkey amounted to KEUR 449,205 (previous year: KEUR 457,059). Of this amount, receivables of KEUR 100,172 (previous year: KEUR 90,920) were covered by cash collateral.

Overall, gross loans and advances to customers decreased by KEUR 26,214 (4.04 %) to KEUR 622,438 (previous year: KEUR 648,652).

At the end of the year, the gross securities portfolio of KEUR 159,515 (previous year: KEUR 126,917) was held as fixed assets.

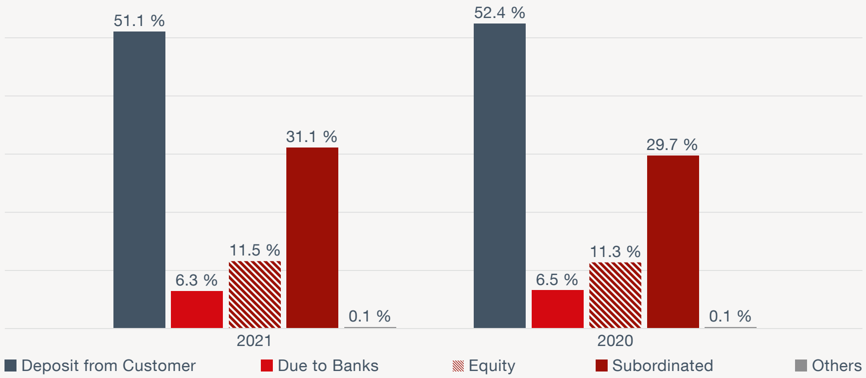
Risk-wise, derivative financial instruments have been concluded to hedge foreign currency risks. The commitments (credit equivalent amount) of the foreign exchange hedging positions decreased to KEUR 2,291 (previous year: KEUR 3,572).

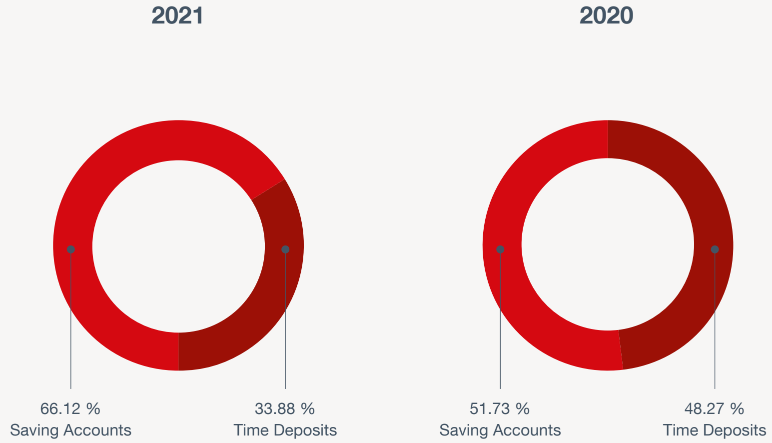
Further credit commitments resulted from off-balance sheet transactions. The sureties, letters of credit and guarantees issued decreased to EUR 5,562,000 (previous year: EUR 5,743,000). As at 31 December 2021, these mainly included guarantees for private clients. Loan commitments decreased to KEUR 2,388 (previous year KEUR 7,603).

Investments made in 2021 in the area of intangible assets amounted to KEUR 216 (previous year: KEUR 106). The balance at the end of the year was KEUR 372 (previous year: KEUR 289). The investments were mainly for the expansion of user licences. Additions to tangible assets were higher than in the previous year, totalling KEUR 44 (previous year: KEUR 40). Additions from the acquisition of IT hardware amounted to KEUR 26 (previous year: KEUR 25). The increase in investments in low-value assets amounted to KEUR 18 (previous year: KEUR 10).

Equivalent to the gross loan volume, the liabilities are shown without accrued interest. Regarding refinancing, liabilities to banks decreased by KEUR 2,257 to KEUR 80,000 (previous year: KEUR 82,257).

Breakdown of Liabilities





Customer deposits decreased by KEUR 8,550 to KEUR 650,755 (previous year: KEUR 659,305). Savings deposits increased slightly to KEUR 22,950 (previous year: KEUR 20,953). Liabilities due on demand increased to KEUR 407,297 (previous year: KEUR 320,085). This was due to the increase in business current accounts by EUR 31,549,000 to EUR 194,714,000 (previous year: EUR 163,165,000) and in overnight deposits by EUR 56,710,000 to EUR 210,979,000 (previous year: EUR 154,270,000). Liabilities with an agreed term or period of notice decreased to KEUR 220,507 (previous year: KEUR 318,267). This was mainly caused by a decrease of KEUR 97,759 in time deposits.

Provisions increased to KEUR 1,090 (previous year: KEUR 928). This largely results from higher provisions for outstanding invoices of EUR 248,000 (previous year: EUR 101,000).

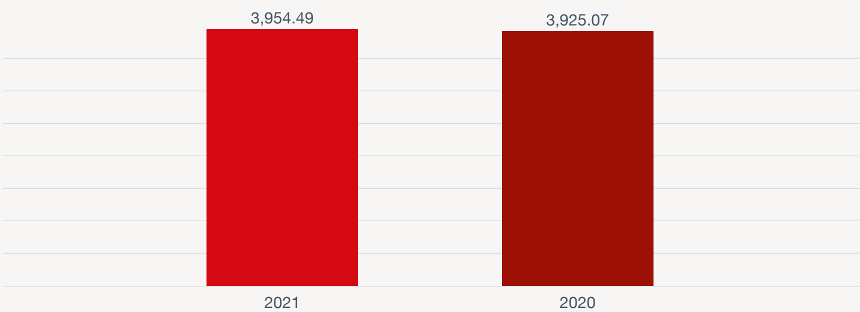
Subordinated liabilities increased in total to EUR 395,880,000 (previous year: EUR 374,395,000); this is due to the increase in subordinated term deposits to secure cash-covered lending transactions in the same amount.

The Bank's equity capital under commercial law amounted to KEUR 146,162 as at the balance sheet date (previous year: KEUR 142,208). It was composed from the following: Share capital KEUR 115,000 (previous year: KEUR 115,000), reserves KEUR 27,208 (previous year: KEUR 23,283) and retained earnings KEUR 3,954 (previous year: KEUR 3,925). As at 31 December 2021, the modified balance sheet equity ratio (in accordance with § 24 para. 1 no. 16 KWG) was 11.3 % (previous year: 11.2 %). The leverage ratio is 10.99 % (previous year: 10.76 %). The forecast was slightly different at 11.18 % due to the higher balance sheet volume.

1.4 Earnings situation

A net profit of KEUR 3,954 (previous year: KEUR 3,925) is forecast for the financial year. The projected return on equity (of 4.73 %) and the planned profit of KEUR 6,631 were not achieved, at 2.82 % and KEUR 3,954 respectively. Due to the current economic situation in Turkey, management decided to allocate an additional EUR 2,011,000 to country risk provisions, which is the main reason for the lower reported net profit. Currently, the country risk provision amounts to KEUR 4,011 (previous year KEUR 2,000). Net interest income - including income from participations and the transferred profit of the subsidiary, VFG - increased by EUR 986,000 to EUR 17,890,000 (previous year: EUR 16,904,000). The average interest margin of the entire portfolio (excluding cash-covered loans) rose to 1.7 % (previous year: 1.6 %).

Net Profit



Interest income from lending and money market transactions increased to KEUR 29,993 (previous year: KEUR 26,888). Interest income from cash-covered corporate client business in particular contributed to this development in the amount of KEUR 14,862 (previous year: KEUR 11,849). Fixed-interest securities contributed EUR 2,874,000 (previous year: EUR 3,229,000) to income. Interest income of EUR 3,333,000 (previous year: EUR 2,618,000) was generated from the new business areas of trade finance and letters of credit. Income from syndicated loans to banks rose to KEUR 4,307 (previous year: KEUR 2,812). Income from profit pooling, profit transfer or partial profit transfer agreements" decreased to KEUR 237 (previous year: KEUR 292).

Interest expenses amounted to KEUR 15,236 (previous year: KEUR 13,527) with an increase of KEUR 1,709. Interest expenses from liabilities to customers contributed with an increase of 14.4 % to EUR 15,672,000 (previous year: EUR 13,703,000). Of this, interest expenses for subordinated liabilities in particular rose by EUR 3,104,000 to EUR 13,225,000 (previous year: EUR 10,121,000). Negative interest expenses of EUR 436,000 (previous year: EUR 176,000) resulted primarily from bank deposits bearing negative interest.

In 2021, the item "Depreciation and value adjustments on receivables and certain securities as well as from additions to provisions in the lending business" recorded a loss contribution of KEUR 638 (previous year: KEUR 0). The net addition to lump-sum individual value adjustments was higher than in the same period of the previous year by KEUR 346 at KEUR 695. Depreciation amounted to KEUR 3,484 (previous year: KEUR 5,222).

The allocation towards general value adjustment was reduced by KEUR 435 (previous year: KEUR 309). In 2021, the country value adjustment for Turkey was increased by EUR 2,011,000. The balance was reduced by EUR 1,212,000 (previous year: EUR 3,233,000) through the allocation of risk provisions from individual value adjustments, general value adjustments, country risk provisions, provisions and the Section 340f HGB reserve through write-offs of EUR 3,484,000.

As in the previous year, the fixed-income securities in the fixed assets were not depreciated due to permanent impairments that were not expected. On balance, the bond portfolio showed hidden reserves of KEUR 1,101 (previous year: KEUR 4,391).

Commission income fell by EUR 79,000 to EUR 486,000 and commission expenses fell by EUR 37,000 to EUR 253,000.

General administrative expenses increased by a total of KEUR 166 or 1.5 % to KEUR 11,170 compared to the previous year. Cost management was able to keep administrative expenses almost at the previous year's level. The other administrative expenses included in this figure rose by 4.9 % to KEUR 6,009 (previous year: KEUR 5,728). This increase is mainly due to additional expenses for tax and auditors in the amount of KEUR 123 and IT service providers in the amount of KEUR 92. Personnel expenses fell by KEUR 114 (2.2 %).

In 2021, the item "Income from write-ups to participations, shares in affiliated companies and securities treated as fixed assets" showed a profit contribution from the premature liquidation of a security of EUR 286,000 (previous year: EUR 198,000).

Exchange rate risks from asset items are hedged by FX forward transactions. The expense of EUR 693,000 (previous year: EUR 1,471,000) is allocated to other operating expenses.

Other operating income fell to KEUR 249 in 2021 (previous year KEUR 1,165). This was largely caused by a special effect in 2020.

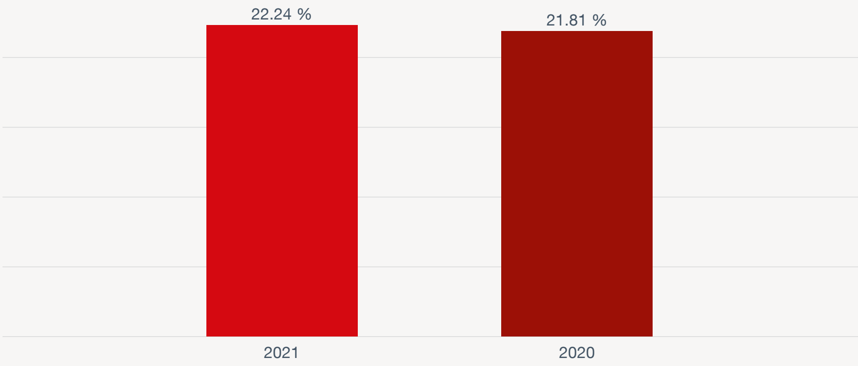
The cost/income ratio improved to 63.38 % in 2021 (previous year: 67.33 %). However, the targeted cost/income ratio of 58.52 % was not yet achieved due to the lower interest margin. For the coming year we expect a ratio of 61.57 %. The return on equity decreased to 2.82 % (previous year: 3.20 %) due to the country risk provisioning.

1.5 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 regular forecast calculations. The Bank has used the opportunity for 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 always ensured An NSFR ratio greater than 100 % had to be complied with since 28 June 2021 (Art. 428b para. 2 CRR II). At the end of the year, the LCR ratio according to the Delegation Act (DA) was 148 % (previous year: 141 %) and the NSFR ratio was 126 %.

The regulatory total capital ratio / core capital ratio / hard core capital ratio according to CRR was 22.24 % at the end of 2021 (previous year: 21.81 %). After determination, the capital ratio will be 22.88 % (previous year: 22.47 %) Due to the cautious management of the retail and corporate business in the Corona pandemic, the ratio was slightly above the forecast of 22.05 %.

CAR



In accordance with the new Supervisory Review and Evaluation 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, including the capital conservation buffer to be taken into account, throughout the financial year. The internal minimum target ratio is 20.61 %.

1.6 Derivative instruments

To cover for exchange rate fluctuations, the Bank had 23 (previous year: 39) forward exchange contracts with a nominal value of USD 43,403,000 (previous year: USD 144,134,000), TRY 25,000,000 (previous year: TRY 31,897,000) and GBP 750,000 (previous year: GBP 0) in its portfolio at the end of the year.

1.7 Overall statement on the economic situation

Overall, the Bank closed the 2021 financial year successfully. This is reflected in a net profit of EUR 3,954,000 (previous year: EUR 3,925,000), but also in moderately increased loan portfolios and a very good equity base, which was recently strengthened by the capital increase of 2020 in the amount of EUR 25 million.

The management assesses the economic situation at the time of the preparation of the annual financial statements and management report as generally positive. 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.

2 Development of global economy

2.1 Global economic growth

The recovery of the global economy clearly lost momentum in the middle of 2021. In particular, a renewed increase in corona infections slowed down economic activity and supply bottlenecks hampered the upturn in industrial production.

The development of the global economy in 2022 will continue to be largely determined by the Coronavirus pandemic on the one hand, and increasingly by the effects of the Russian invasion in Ukraine and the associated sanctions on the other: Although the new Omikron variant is milder, it is so contagious that the risks for the global economy as a whole remain high. Moreover, the global sanctions and the associated interactions will have a lasting impact on the global economy.

Overall, however, we continue to assume that the economic collateral damage of the pandemic will at least be limited more and more. If the war in Ukraine ends early, the global economy could resume its pre-crisis expansion path relatively quickly. After 5.6 % global economic growth in 2021, moderate growth of 4.5 %[1] is expected in 2022 and 3.2 % in 2023.

In the US, economic momentum remains above average. The leading indicators point to high momentum for the most part, employment growth remains stable with falling unemployment figures at around 3.6 %[2] in 2022, and the data from US retail confirmed that private consumption continues to support the US economy. Overall, we expect economic growth in the US to be around 4.5 %[3] in 2022. In addition, the Federal Reserve is contributing to economic growth with its accommodative fiscal policy. In particular, the infrastructure[4] and investment programmes should be mentioned here. In general, we see that the growth rates of the gross domestic product in the USA will gradually decrease in their dynamics, but will remain at a strong level in the next two years.

Within the eurozone, leading indicators continue to point to a fundamentally robust development, which may of course be permanently impaired by an ongoing war and the associated effects of global sanctions. Against this background, combined with the omicron development, the recovery is likely to suffer a setback. Thus, there may be a temporary contraction in overall economic production, especially since supply bottlenecks are currently having a significant impact on industrial activity across Europe, so that the full economic recovery will once again be postponed. Nevertheless, economic growth in the Eurozone is expected to reach 4.0 %[5] in 2022 and a slight decline in growth to 2.8 %[5] in 2023.

China's economy is currently being dampened by various factors. As the first country to feel the effects of the Corona pandemic, it was also the first to return to growth.

1 OECD Economic Outlook, Volume 2021
2 Bloomberg (ECFC)
3 LBBW Capital Market Outlook 2022, p.13
4 https://www.zeit.de/politik/ausland/2021-11/usa-joe-biden-investitionspaket-repraesentanten-haus-demokraten?utm_referrer=https%3A%2F%2Fwww.google.com%2F
5 European Commission, Winter Forecast 2022

While the energy crisis is already subsiding due to the mobilisation of additional fuel resources, measures to contain local COVID-19 outbreaks will probably continue to have noticeable economic braking effects for some time to come. In addition, debt problems of large real estate developers, such as Evergrande, overcapacities within the construction sector and high indebtedness of many companies are weighing on the economy. State-owned enterprises are also boosting economic growth. Against this backdrop, we currently expect growth rates of around 5 %[6] for China in 2022, which is significantly below expectations overall.

The major issue on the international bond markets will be the question of how strong inflation will be in the individual countries and regions in each case. Price pressures will remain high in the course of 2022 due to base effects alone; we have therefore increased our projections for the current year, mainly due to the stronger than expected rise in energy prices. Basically, the risk that inflation will permanently exceed the long-term targets of the respective central banks has increased noticeably. Additional drivers of inflation are the war in Ukraine, the sanctions against Russia and, in particular, the sharp rise in crude oil and gas prices. Whereas at the end of 2021 the European Central Bank was still assuming a short-term rise in inflation to 3.0 %[7], the banks surveyed at Bloomberg currently see consumer prices for 2022 at an average of 4.2 %[8]. Due to the current situation, especially taking into account the war in Ukraine, energy prices will continue to rise significantly and thus ultimately also inflation in the euro area. The ECB is therefore likely to be forced to raise interest rates in the euro area much sooner, possibly as early as the last quarter of 2022.

2.2 Prospects Germany

Germany's economic output increased by 2.6 %[9] in 2021 as a whole compared to the sharp slump in 2020 of -4.6 %[10] and was characterised in particular by the pandemic and its impact on the economy. However, German economic output declined by 0.7 %[11] in the final quarter of 2021. Thus, the catch-up process of the German economy is further postponed by several months as supply bottlenecks and the fourth Coronavirus wave continue to weigh on the economy. However, thanks to greater progress in vaccination, the setback will be nowhere near as severe as in the previous winter half-year. In view of the outcome of the Bundestag elections in November 2021 and the newly formed traffic light coalition, environmental policy in particular is likely to focus more on renewable energies and drive them forward sustainably in the coming years.

For 2022, we expect gross domestic product (GDP) to grow by up to 3.6 %[12], whereas the OECD forecasts growth rates in Germany of up to 4.1 %[13]. However, this growth rate may be lower, in particular due to interactions of the sanctions against Russia, and may be further burdened above all by a persistently high inflation rate.

This is likely to be well above 3 % this year and next, and the budget deficit will remain high due to a change in the rules on the debt brake. The recently approved significant increase in the defence budget will be particularly noticeable here in the coming years. Currently, the market consensus among banks surveyed on Bloomberg on inflation rates in Germany is 3.9 %[14] for the year 2022.

The main reason for the persistently high inflation rate is primarily the high cost of energy. In addition, bottlenecks in supply chains are leading to significantly higher manufacturing costs and a lower supply of consumer goods. Construction prices are rising particularly strongly now. Here, supply bottlenecks, shortages of raw materials and increased demand at home and abroad are having a particular impact on the construction sector. Prices for structural timber, for example, rose by 77.3 %[15] compared to the previous year's average, reinforcing steel was 53 % more expensive on average in 2021[15] and the costs of copper

6 LBBW Capital Market Outlook 2022, p.16

7 Süddeutsche Zeitung, "ECB adjusts inflation forecast for 2022 sharply upwards".

8 Bloomberg, (ECFC Eurozone)

9 DB Research Outlook 2022, p.2

10 https://www.wirtschaftsdienst.eu/inhalt/jahr/2021/heft/12/beitrag/erholung-der-deutschen-wirtschaft-kommt-2022.html#:~:text=On%20annual%20average%2022%20that,it%20will%20decrease%20to%202%20%25%20.

11 https://www.bmwi.de/Redaktion/DE/Dossier/konjunktur-und-wachstum.html

12 Bloomberg, (ECFC Germany)

13 OECD Economic Outlook 2022

14 Bloomberg, (ECFC Germany)

15 Federal Statistical Office (Destatis), 2022, https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/02/PD22_N006_61.html

alloys for heating construction or electrical installation rose by up to 26.9 %[15] .

The recovery on the labour market was interrupted by the fourth Coronavirus wave, but a considerable part of the work loss is likely to be absorbed by short-time work again. The number of unemployed increased by 133,000[16] to 2,462,000[16] in January 2022 compared to the previous month. The increase was thus significantly lower than in previous years. The unemployment rate increased by 0.3 %[16] to 5.4 %[16] from December 2021 to January 2022, 0.9 %[16] lower than in January 2021.

We expect the number of people in employment to pick up after a period of stagnation in the winter half-year. The increase in the minimum wage to 12 Euros expected for 1 July will have an impact on this recovery, which could dampen employment growth. According to the forecast of the German Institute for Economic Research (DIW), the number of unemployed will fall to 2.29 million[17] in 2022 and 2.15 million[17] in 2023. The unemployment rate should thus reach the historically low level of 2019 by 5 %[18] again in 2023.

Germany's much-criticised current account surplus will fall in the next two years to 6.5 %[19] in 2022 and 6.2 % in 2023 of economic output. The decline is largely due to the fact that import prices are increasing much more strongly than export prices.

2.3 Turkey

At 11 %[20], Turkey's economic growth in 2021 was significantly above expectations and thus higher than it has been for 10 years. Especially in the last quarter of 2021, the gross domestic product increased by 9.1 %[21].
For 2022, we expect a significant slowdown in economic growth. However, economic growth was stimulated in particular by low key interest rates. This led to high inflation and a strong depreciation of the Turkish lira. In addition, the foreign debts of companies and the state increased significantly. Foreign exchange reserves have decreased significantly, also due to support purchases by the Turkish central bank. Domestic and geopolitical tensions are also increasing with regard to the war in Ukraine.

The devaluation pressure on the Turkish lira is high. The Turkish central bank lowered the key interest rate several times to most recently 14 %[22]. The interest rate is thus below the current inflation rate of 54.44 %[23]. The lira has lost almost 40 %[24] in value against the euro in the course of 2021. President Erdogan declared low interest rates to be an essential instrument of his new economic policy. Inflation is therefore likely to remain high.

High exports and a pick-up in production were the main contributors to the strong economic growth noted in 2021. Turkey can benefit from the reorganisation of supply chains in the wake of the Corona pandemic. In addition, important customer markets such as the European Union and the USA are experiencing an upswing. At the same time, the weak exchange rate improves the competitive position of Turkish suppliers. Nevertheless, many company representatives take a critical view of the country's financial situation. The Turkish industry is highly dependent on imports of intermediate products. These have become more expensive due to the weakness of the lira. In addition, raw material, energy and logistics prices have risen worldwide. Turkish companies are particularly affected by this because many trading partners are tied to foreign currencies such as the US dollar.

In addition, the weak lira makes it more expensive to take out and repay foreign loans, and the volatile exchange rate hinders sustainable and long-term planning.

Germany has been one of the largest foreign investors in Turkey since 1980, with

16 Employment Agency in January 2022
17 DIW forecast on the unemployment rate in Germany 2022
18 Bundesregierung.de
19 BMWI annual projections 2022
20 Fitch, Outlook, 11 February 2022
21 Handelsblatt, 28.02.2022
22 TCMB
23 https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Statistics/Inflation+Data
24 Bloomberg

a total investment volume of around 14.5 billion[25] US dollars. However, German companies have held back considerably since 2015. The investment inflows recorded in recent years largely relate to maintaining existing commitments. There are currently around 7,700[25] German companies or Turkish companies with German capital participation in Turkey.

Inflation remains high and was recently around 55 %[23] percent. Most companies are reacting with salary increases, but these usually only cushion the losses. The positive effects on consumption from the significant cut in the key interest rate since September 2021 from 19 %[26] to 14 %[26] are dampened by high inflation. Further interest rate cuts could stimulate consumption in the short term by expanding credit. However, the population's indebtedness is already high. Interest rate cuts are seen as a major inflation driver.

As far as foreign trade is concerned, Turkey was able to increase its exports strongly in 2021. In addition to the weak exchange rate, rising product prices also contributed to this. Imports also increased strongly, but to a lesser extent than exports. As a result, the foreign trade deficit narrowed.

2.4 Sector Credit Institutions

The German banking system continued to face major challenges in 2021. The persistent low interest rate environment, extensive digitalisation, new competitors, especially in payment systems and, last but not least, the ongoing Corona pandemic and geopolitical tensions were the main major issues.

The Coronavirus pandemic in general, as well as political and economic uncertainties in particular, presented the global banking sector with major challenges over the course of last year. One positive aspect of the Coronavirus pandemic was the accelerated digitalisation, especially in the banking sector. Here, a high degree of adaptability and the banks‘ potential for change became apparent. In that regard, digitalisation can especially increase resilience and efficiency, improve customer relationships and reduce complexity. With the increasing digitalisation of banks, the importance of cyber security is also becoming increasingly important in this context, as digital use makes the existing infrastructure more vulnerable to an increase in cyber attacks.

The ongoing need for investment in the digitalisation process in order to keep pace with the new competitors in the industry and to meet the changed needs of customers also put a strain on the earnings situation of banks in 2021. On the global payment markets, several trends in payment transactions have been observable for years, particularly due to the advancing digitalisation and networking: on the one hand, the expansion and exploding market power of international platforms with gigantic user numbers, on the other hand, the steady shift of payment transactions to the internet and - associated with this - the continuous decline in the use of cash. This is increasingly presenting itself as a major challenge for the established banks.

An interest rate hike by the European Central Bank is not likely until the end of 2022 at the earliest. Despite persistently high inflation figures in the euro area, an early, excessive increase in key interest rates by the ECB would lead to a significant slowdown in economic growth, especially against the backdrop of the war in Ukraine and the associated consequences for the European economy.

Due to the economic slump caused by the Corona crisis, additional measures were taken by the central banks to ensure liquidity in recent years. These included purchases within the framework of the PEPP, which was increased by another EUR 500 billion[26] in December 2020 and amounts to a total of EUR 1,850 billion[27]. Overall, this interest rate environment has had a negative impact on the banks' interest margins and is having a lasting negative impact on their profitability.

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

25 https://tuerkei.diplo.de/tr-de/themen/wirtschaft/-/1673724

26 https://de.statista.com/statistik/daten/studie/913945/umfrage/leitzins-der-zentralbank-der-tuerkei/

27 https://www.bundesbank.de/de/aufgaben/geldpolitik/geldpolitische-wertpapierankaeufe/pandemic-emergency-purchase-programme-pepp--830356

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 this planning is the expansion of the business areas and the development of the Bank's earnings situation. The Bank's strategy is to achieve sustainable growth through the "transparent", "comprehensible" and "accountable" approach to clients at all times, providing products and services that are tailored to the Bank's clients.

The bank's target markets are Germany, Western Europe and Turkey. There, 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 multi-year 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, loans will increasingly be granted with short-term maturities.

External requirements are included in the planning. The BaFin has limited intragroup lending to 20 % of the core capital of the bank in accordance with § 45 para. Para. 2 No. 8 KWG (German Banking Act) to 20 % of the bank's core capital. Furthermore, OYAK ANKER Bank GmbH follows a self-restriction vis-à-vis the auditing association in the area of deposit limits as well as in the lending business with Turkey.

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 private client portfolio through direct sales improves the credit quality. This already paid off within the previous years. Risk provisioning was reduced. The bank invested in video legitimation and electronic signature as well as in the optimisation of scoring procedures for the credit decision process. The digitalisation with automated credit decision, online identification and digital contract conclusion is being continued with digital account verification, among other things.

The expanded customer service centre connects the bank's customers with the diverse products and services. Even though the processing of banking transactions is shifting more and more to 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 increase slightly in 2022. New business is expected to offset scheduled loan repayments.

The securities portfolio shall be kept stable. The investment focus of the portfolio is primarily in bonds of European companies within the investment grade range and a maximum term of 7 years. Another important investment focus in the current portfolio is on European government bonds. European government bonds are, to an increasing extent, included in the portfolio for liquidity management purposes. The diversification of the securities portfolio is an important control parameter for the bank.

Less the cash-covered lending business, we expect the Bank's balance sheet volume to increase by 1.2 % by the end of 2022. This development was also taken into account in the following years. The slight expansion of the credit volume will be carried out under consideration of the equity capital requirements.

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 2022:

The interest result will increase sustainably due to the expansion of trade financing and syndicated loans to banks. Net commission income will decrease slightly due to the expansion of the private client portfolio.

Personnel costs will increase slightly in 2022 due to inflation. In 2020, the bank started to search the market for state-of-the-art core banking systems. In the following years, the management plans to replace the core banking system used so far with an API[28] -capable and microsystems-based core banking system. These services will be stored exclusively as “software as a service” and should not exceed the current IT costs on an annual basis.

Strategic key figures result from the business planning for 2022 as follows: Due to the expansion of the business areas, the Bank assumes a return on equity of 4.15 %. The regulatory core capital ratio in 2022 will be 22.68 % according to the business plan, the leverage ratio 11.19 % according to plan. The Bank is aiming for a cost/income ratio of 61.57 % and a profit of EUR 6.0 million.

For the forthcoming year, the bank expects a total capital ratio of 22.68 %. An increase in the countercyclical capital buffer is anticipated, which will lead to an increase in the ratio requirement. In the capital planning 2022-2025, an internal capital ratio (including the target ratio) of 20.90 % is applied for the current financial year. The Bank considers itself well positioned for the forthcoming years with regard to the regulatory requirements.

Negative interest rates have so far only had a marginal impact on the net assets, financial position and results of operations of the institute. In 2022 and the following years, the Bank will continue to take care not to allow unnecessary negative interest rates to become a burden. Our treasury department continues to strive to manage free liquidity in a granular and optimal way, to use various investment opportunities and to exclude or compensate for negative interest rates and thus the negative effects on the income statement as far as possible.

The economic environment for OYAK ANKER Bank GmbH has improved to a significant extent and we expect a continuous and sustainable improvement in the coming months of 2022. 2022 will continue to be characterised by the moderate expansion of the business areas. The Bank is benefiting from the adjustments made so far within the internal organisational set-up structure. The future development of the bank will remain sustainably positive. The profit will increase successively. The regular retention of profits will enable the expansion of business on an ongoing basis. There are no discernible risks that could jeopardise the bank’s continued existence.

The forecasts are of course subject to uncertainty and are based on the assumption that the pandemic will subside in the middle of the year and that there will be noticeable economic catch-up effects thereafter. Currently, the bank does not expect any customer losses in the sense of insolvencies in the core markets of Germany and also in Turkey, which could lead to bank’s loss.

The impact of the Russia/Ukraine conflict on the global economy cannot be fully assessed at present. OYAK ANKER Bank currently has no direct business relations with either country. Effects that could arise indirectly are continuously analysed by the bank in order to be able to initiate appropriate measures if necessary.

3.2 Risk and Opportunities Report

3.2.1 Tasks and objectives of risk management

In addition to the overarching 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 the respective risk. In this context, the principle of active, responsible risk management applies, which is reflected in the controlled taking of risks, taking into account the strategic orientation, the framework conditions and the available risk capital.

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

28 Application Programming Interface

- the identification of immediate 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 firmly defined risk management processes as well as a risk management system for measuring, controlling and monitoring risk positions, which encompass all business areas. The risks are presented and assessed before measures are taken to limit them (gross assessment). The risk management system provides impulses for the operative control of the business subject to risk and serves as a basis for strategic decisions within the framework of a 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 ongoing basis, taking into account the 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 the business units. The risk strategy takes into account the goals and plans of 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 complexity as well as 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 Executive Board is informed of the audit results on an ongoing basis. In its annual report, Internal Audit informs the Executive Board in summary form about the significant and serious audit findings and their processing status. The Executive Board in turn informs the Supervisory Board at least quarterly about the current developments and results. It is ensured that the Chairman of the Supervisory Board, with the involvement of the Executive Board, can obtain information directly from the Auditing Officer.

3.2.2.4 Risk Management

Risk Management is responsible for the documentation, identification, analysis and evaluation of risks and submits proposals for changes or recommendations for action to the Executive Board. It is also responsible for the review, further development and validation of the models used for risk quantification and credit-worthiness assessment. Risk Management is responsible for determining the overall bank risk and monitoring the risk-bearing capacity, including stress test analyses and reporting to the Executive Board. The monitoring of operational risks is also centrally located in the Risk Management division. This includes their identification, analysis and reporting. 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 (ACR)

This area is responsible, among other things, for the presentation and deviation analysis of counterparty, market price and liquidity risks, the monitoring of compliance with specified limits of the supervisory authority, the auditing association, the management and the risk management as well as their reporting. The ACR supports the calculation of the normative risk-bearing capacity and calculates the relevant key figures for the planning periods.

3.2.2.6 Special functions (commissioner system)

In accordance with legal requirements, there are corresponding positions (Liquidity Management Function, Information Security Officer, Anti Money Laundering Officer, Emergency Officer, Safety Officer, Data Protection Officer, Chief MaRisk Compliance Officer, Chief Risk Officer, Head of Recovery Plan Officer, Outsourcing Officer, Complaint Management and Auditing Officer).

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 Executive Board.

Concerning 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 Executive Board and the responsible units in managing and monitoring the individual risks.

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

The ALCO analyses the risk situation and decides on the basic features of the interest rate strategies and asset/liability positions as well as the liquidity management of the bank. The current situation is assessed on the basis of reports on the risk-bearing capacity, counterparty, market price and liquidity risks, as well as the current key financial figures. Furthermore, changes in the money, 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 units.

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 Executive 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 following types of risk result from the business activities, which the Bank has classified as material in the sense of MaRisk within the scope 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 cannot meet its obligations or cannot meet them in full if services have already been rendered in the form of liquid funds, securities or services. The default risk is differentiated according to credit, country, investment and settlement risk. Components of the credit risk are, in addition to the classic credit risk, the counterparty and issuer risk. The settlement risk consists of the settlement 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 counterparty 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 express the danger of a possible deterioration of the macroeconomic framework conditions, a political or social upheaval, a nationalisation or expropriation of assets, a 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 a devaluation or devaluation 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).
Sustainability risks	Sustainability risks are environmental, social or corporate governance events or conditions, the occurrence of which may have an actual or potential negative impact on the Bank's net assets, financial position and results of operations. Sustainability risks have the potential to negatively impact all business areas and risk types.

Intra-risk concentrations within the 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.

Intra-risk concentrations within the counterparty default risk exist for countries, industries and size classes, 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 careful creditworthiness analysis, taking into account the ability to service the debt. 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 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 default probability by a recognised external rating agency as well as the internal risk classification procedure within the framework of the transfer stop risk module and several qualitative assessment criteria with regard to the environment (economy, systemic country risk, etc.). In addition, the credit portfolio model was expanded to include the modelling of country risks, so that in the event of a default in a country, it is assumed that all customers resident in the country are affected simultaneously.

Risk quantification is based on the value-at-risk approach (confidence level 99.9 %) with the use of 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 of a group of affiliated customers (borrower unit) are aggregated. Risk concentrations are also mapped and managed at this level. The quantified credit value-at-risk as at 31 December 2021 compared to the previous year is shown in the section "Risk-bearing capacity - economic perspective".

The central parameters for determining the value-at-risk are the probabilities of default (PD) and the loss given default (LGD) of the borrowers and the underlying exposure (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 private customers. The portfolio scoring takes into account master data and the payment behaviour of the customer. 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. Terminated loans are indicated as of rating class 990 and are transferred to VFG - Verrechnungsstelle für gewerbliche Wirtschaft GmbH, Koblenz, (VFG) to carry out the workout. The CVaR of the borrowers as at 31.12.2021 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	6,478
AA+	61
AA	14
AA-	634,069
A+	26,208
A	50,220
A-	237,507
BBB+	123,110
BBB	1,038,164
BBB-	437,848
BB+	3,493,630
BB	6,145,777
BB-	41,959,532
B+	1,909,402
B-	2,910,067
CCC+	20,610
CCC	261

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

RATING	CVAR
900Rot	334,807
901Rot	210,139
902Rot	159,985
903Rot	273,789
904Rot	516,158
905Rot	232,887
991Rot	602,389
992Rot	619,808
993Rot	643,846
994Rot	1,147,861
995Rot	1,374,039
996Rot	1,796,594
997Rot	508,700
998Rot	114,997
999Rot	325,231

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. 99.80 % of the collateral is cash collateral on in-house deposit accounts for which a 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.

Apart from 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 were 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 31.12.2021 is as follows:

CONCENTRATION RISK	CVAR (IN KEUR)	IN % OF THE TOTAL CVAR	CREDIT RISK LIMIT (IN KEUR)	UTILISATION LIMIT
Turkey risk	54,946	80.98 %	115,000	47.78 %

In addition, the bank’s Turkey exposure is quantified daily and compared to the limit of 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 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 parameters (such as interest rates and exchange rates).

Market risk primarily includes the following sub-risk types:

SUB-RISK TYPES	DEFINITION
Interest rate risk	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.
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.
Sustainability risks	Sustainability risks are environmental, social or corporate governance events or conditions, the occurrence of which may have an actual or potential negative impact on the Bank's net assets, financial position and results of operations. Sustainability risks have the potential to negatively impact all business areas and risk types.

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

Within the banking book, the Bank invests in securities and conducts money market transactions in addition to credit exposures. The banking book also includes 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 determined 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).

Apart from the standard scenario, other 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 arise in connection with interest rate-sensitive transactions in the banking book and at the overall bank level from the maturity transformation.

The banking book includes all fixed- and variable-interest on-balance-sheet and interest-rate-sensitive off-balance-sheet items. The items with an indefinite fixed-interest period are taken into account in accordance with the institution's internal expiry criteria with regard to the fixed-interest period and the capital commitment period.

A parallel shift of the yield curve of "200 basis points" upwards or downwards is applied to determine the interest rate risk within the meaning of BaFin Circular 06/2019 (BA) dated 06 September 2019.

In accordance with the circular, the change in present value of the interest book is compared in relation to the regulatory own funds. The ratios have developed as follows:

PERCENTAGE	31.12.2021	31.12.2020
+ 200 basis points	- 1.22 %	- 1.69 %
- 200 basis points	+ 0.61 %	+ 0.63 %

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

	31.12.2021 IN KEUR	IN RELATION TO OWN FUNDS IN %	31.12.2020 IN KEUR	IN RELATION TO OWN FUNDS IN %
Parallel shift upwards	-1,732	-1.22 %	-2,330	-1.69 %
Parallel shift downwards	846	0.60 %	865	0.63 %
Steepening	-174	-0.12 %	1,083	0.79 %
Flattening	-419	-0.30 %	-2,880	-2.09 %
Short-term shock upwards	-855	-0.60 %	-3,483	-2.53 %
Short-term shock downwards	715	0.50 %	704	0.51 %

3.2.5.3 Operational risks

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

Regular training of all employees serves to make the topic of “operational risks” more accessible to the employees as well as to make them more aware of the importance of operational risk in the daily work processes.

A self-assessment focused 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 pay at all times because the required financial resources are not available.

Liquidity risk primarily includes the following sub-risk types.

SUB-RISK TYPES	DEFINITION
Liquidity risks in foreign currency	The risk that the bank is unable to exchange currencies and that the corresponding foreign exchange markets are inaccessible.
Insolvency risk	Risk that the bank is unable to meet its short-term payment obligations on time.
Refinancing risk	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	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.
Sustainability risks	Sustainability risks are environmental, social or corporate governance events or conditions, the occurrence of which may have an actual or potential negative impact on the Bank's net assets, financial position and results of operations. Sustainability risks have the potential to negatively impact all business areas and risk types.

Call risk is the risk 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 point of view liquidity risks cannot be meaningfully backed with 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 the NSFR
- Monitoring of liquidity risks on the basis of a standard scenario and three stress scenarios with limitation
- 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. In this committee, the refinancing side is analysed and assessed on an ongoing basis and primarily. 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 were essentially covered in the reporting period 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 creates transparency on a daily basis about the expected and unexpected liquidity flows in the respective maturity band as well as the liquidity reserves that can be used to offset liquidity shortfalls. To determine these liquidity cash flows, assumptions are made in particular about the withdrawal of customer deposits, also taking into account deposit concentrations. 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 shows 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	31.12.2021 IN KEUR	31.12.2020 IN KEUR
Until one month	69,572	74,708
Up to two months	71,959	83,132
Up to three months	73,066	83,810
Up to four months	87,456	93,959
Up to five months	93,878	95,836
Up to six months	104,392	127,529

Refinancing structure

The Bank refinances 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 done by Risk Management and Accounting/Controlling/Reporting to the Executive 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 the quarterly risk reporting, it is checked 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 given.

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

Material risks that become relevant in the economic perspective of the risk-bearing capacity assessment arise for the bank in the following areas in order of importance:

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

The risk-bearing capacity in the economic perspective is as follows as of the reporting date:

IN KEUR	31.12.2021			31.12.2020		
	Normal scenario	Historical stress scenario	Hypothetical stress scenario	Normal scenario	Historical stress scenario	Hypothetical stress scenario
Risk coverage potential		152,822			152,416	
./. Risk buffer	25,822	22,822	0	25,416	22,216	0
Total bank limit	127,000	130,000	152,822	127,000	90,000	112,216

The risks (normal scenario) developed as follows:

RISK TYPES	31.12.2021			31.12.2020		
	Limit in KEUR	Risk in KEUR	Utilisation in %	Limit in KEUR	Risk in KEUR	Utilisation in %
Credit risk	115,000	67,854	59 %	115,000	72,406	63 %
Market price risk	7,000	3,567	51 %	7,000	3,018	43 %
Operational risk	5,000	2,005	40 %	5,000	1,439	29 %
Total	127,000	73,427	58 %	127,000	76,863	61 %

The risks in the stress scenarios were as follows:

RISK TYPES	HISTORICAL STRESS SCENARIO IN KEUR	HYPOTHETICAL STRESS SCENARIO IN KEUR
Credit risk	91,433	118,723
Market price risk	4,829	6,038
Operational risk	3,506	4,151
Total bank limit	130,000	152,928
Utilisation in %	77 %	84 %

3.2.8 Risk-bearing capacity “normative perspective”

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

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

NORMATIVE RISK-BEARING CAPACITY PLANNING PLAN IN KEUR	2022	2023	2024	2025
Total risk amount according to CRR	641,132	641,507	666,220	666,521
of which total amount of risk positions for counterparty default risks	606,147	606,204	629,920	628,955
of which total amount of risk positions for market price risks	337	337	337	337
of which total amount of risk positions for operational risks	34,648	34,966	35,963	37,229
Own resources	145,414	151,347	156,982	162,583
Own funds ratio	22.68 %	23.59 %	23.56 %	24.39 %

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 the adverse developments in the sense of a recession or a similarly severe and comparable development.

The adverse scenario assumes deep and prolonged recession in Turkey and the euro area, especially in Germany. The assumptions of the 2022 scenario are based on the historical experience of the Covid-19 pandemic. It is, so to speak, an extension of the pandemic-related recession. Furthermore, no rapid recovery of the economy in Germany and Turkey (main markets of OYAK ANKER Bank GmbH) is assumed in the following years.

For Germany, the scenario assumes that a further wave of infection and associated lockdowns will cause lasting damage to the German economy. As a result, we assume a contraction of the economy by 2.5 % in 2022. In 2023, we expect an improvement in economic output to 2.2 % in this scenario, as well as a moderating 1.3 % in 2024 and 1.7 % in 2025. The further lockdowns have a lasting negative impact on the German labour market. We expect an unemployment rate of 7.4 % here in 2022. In the following years, the situation on the German labour market eases slightly and unemployment rates are expected to be 6.9 % in 2023, 6.3 % in 2024 and 5.9 % in 2025. Due to the poor economic conditions, we assume an increase in inflation to 4.6 % in 2022. In 2023 - 2024, inflation remains at a relatively high level and decreases only slightly to 3.7 %, 3.1 % and 2.9 %, respectively.

For Turkey, the adverse scenario assumes a sustained severe economic crisis of the Turkish economy with a decline in GDP of 5.5 % in 2022 and a subsequent recovery with economic growth of 3.5 % in 2023. It is assumed that the economic recovery in the following years will continue in a stable manner at a relatively low level of 2.5 % in 2024 and 2.3 % in 2025. The modelled effects on the Turkish labour market are severe. The unemployment rate increases to 15.8 % and 15.1 % in 2022 and 2023, respectively, and only decreases slightly in the following years to 13 % in 2024 and 12.6 % in 2025. Furthermore, inflation jumps to 35 % in 2022. The economic recovery in 2023, 2024 and 2025 would see inflation ease only slightly to 31 % in 2023, 28 % in 2024 and 23 % in 2025.

The adverse scenario also assumes that the value of EUR will decline against USD and fall to as low as 1.07 in the course of 2022. This is mainly due to the expected earlier start of the interest rate hike cycle of the US Federal Reserve and the resulting strong widening of the interest rate differential to the euro area. On the other hand, in this scenario, the persistently poorer economic data from the euro area, especially Germany, compared to the USA also have an impact on the euro.

The results of the adverse scenario can be seen in the following overview:

NORMATIVE RISK-BEARING CAPACITY PLANNING ADVERS IN KEUR	2022	2023	2024	2025
Total risk amount according to CRR	747,664	742,567	739,528	761,170
of which total amount of risk positions for counterparty default risks	711,646	707,582	707,572	732,369
of which total amount of risk positions for market price risks	337	337	337	337
of which total amount of risk positions for operational risks	35,681	34,648	31,619	28,464
Own resources	141,702	138,131	138,031	138,045
Own funds ratio	18.60 %	18.66 %	18.14 %	18.16 %

3.2.9 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 below 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.

Frankfurt am Main, 25 April 2022

OYAK ANKER Bank Ltd.

Dr. Süleyman Erol
GESCHÄFTSFÜHRER

Ümit Yaman
GESCHÄFTSFÜHRER

BALANCE SHEET AS OF 31.12.2021

ACTIVE PAGE	EUR		EUR	EUR	PREVIOUS YEAR KEUR
1. Cash reserve					
a) Cash in hand			1,310.13		3
b) Balances with central banks			50,482,293.85	50,483,603.98	82,079
of which: at the Deutsche Bundesbank	50,482,293.85	(perv. year KEUR 82,079)			
2. Loans and advances to credit institutions					
a) due daily			193,827,413.74		158,226
b) other receivables			257,863,609.59	451,691,023.33	251,971
3. Receivables from customers				617,542,940.19	640,364
of which: secured by real estate liens	0.00	(perv. year KEUR 0)			
Municipal loans	0.00	(perv. year KEUR 0)			
4. Bonds and other fixed-income securities					
Bonds and debentures					
a) from public issuers		24,205,401.06			19,019
of which: eligible as collateral with Deutsche Bundesbank	24,205,401.06	(perv. year KEUR 19,019)			
b) from other issuers		136,467,984.58	160,673,385.64	160,673,385.64	108,903
of which: eligible as collateral with Deutsche Bundesbank	72,336,133.04	(perv. year KEUR 31,229)			
5. Participations				485,596.81	483
of which: to credit institutions	0.00	(perv. year KEUR 0)			
in financial services institutions	0.00	(perv. year KEUR 0)			
in securities institutions	0.00	(perv. year KEUR 0)			
6. Shares in affiliated companies				2,267,303.35	460
of which: to credit institutions	0.00	(perv. year KEUR 0)			
in financial services institutions	1,641,120.42	(perv. year KEUR 0)			
in securities institutions	0.00	(perv. year KEUR 0)			
7. Intangible fixed assets					
a) Concessions acquired for consideration, Industrial property rights and similar rights and assets and licences to such rights and values			131,877.41		189
b) Prepayments made			240,019.63	371,897.04	100
8. Property, plant and equipment				263,766.68	294
9. Other assets				1,207,771.70	6,307
10. Prepaid expenses				313,808.98	196
Total assets				**1,285,301,097.70**	**1,268,594**

PASSIVE PAGE	EUR	EUR	EUR	PREVIOUS YEAR KEUR
1. Liabilities to credit institutions				
a) due daily		147.15		2,257
b) with agreed term or period of notice		80,000,000.00	80,000,147.15	80,000
2. Liabilities to customers				
a) Savings deposits				
aa) with agreed notice period from three months	5,350,003.16			5,296
ab) with agreed period of notice of more than three months	17,645,979.30	22,995,982.46		15,710
b) Other liabilities				
ba) due daily	407,297,349.81			320,085
bb) with agreed term or period of notice	222,000,360.68	629,297,710.49	652,293,692.95	320,028
3. Other liabilities			1,929,253.85	214
4. Prepaid expenses			1,149,846.61	1,314
5. Deferred tax liabilities			0.00	207
6. Provisions				
a) Provisions for pensions and similar obligations		95,739.59		85
b) Tax provisions		28,743.73		29
c) Other provisions		965,994.49	1,090,477.81	813
7. Subordinated liabilities			402,675,489.64	380,349
8. Equity				
a) Called up capital				
Subscribed capital	115,000,000.00			115,000
Less uncalled outstanding deposits	0.00 (prev. year KEUR 0)	115,000,000.00		
b) Capital reserve		572,496.97		572
c) Retained earnings				
ca) other revenue reserves	26,635,204.42	26,635,204.42		22,710
d) Balance sheet profit / loss		3,954,488.30	146,162,189.69	3,925
Total liabilities			**1,285,301,097.70**	**1,268,594**

	EUR	PREVIOUS YEAR KEUR
1. Contingent liabilities		
a) Liabilities from guarantees and indemnity agreements	5,486,810.38	5,672
2. Other commitments		
a) Irrevocable loan commitments	0.00	5,657

INCOME STATEMENT FOR THE PERIOD FROM 01.01.2021 TO 31.12.2021

APPLICATIONS		EUR	EUR	EUR	PREVIOUS YEAR KEUR
1.	Interest expenses			15,235,562.78	13,527
	of which deducted positive interest from banking business	439,636.45			
2.	Commission expenses			252,504.84	290
3.	General administrative expenses				
	a) Personnel expenses				
	aa) Wages and salaries	4,384,494.82			4,412
	ab) Social security contributions and expenses for pension provision and for support	776,807.95	5,161,302.77		864
	of which: for pensions	33,932.28 (prev. year 33 KEUR)			
	b) Other administrative expenses		6,008,590.04	11,169,892.81	5,728
4.	Depreciation and value adjustments on intangible assets and property, plant and equipment			207,970.37	335
5.	Other operating expenses			702,608.82	1,808
6.	Depreciation and value adjustments on receivables and certain Securities and additions to provisions in the lending business			638,454.23	0
7.	Taxes on income and earnings			2,265,807.06	1,780
8.	Other taxes not shown under item 7			-279,862.36	-304
9.	Net profit for the year			3,954,488.30	3,925
	Total expenses			**34,147,426.85**	**32,365**

EARNINGS			EUR	EUR	PREVIOUS YEAR KEUR
1.	Interest income from				
	a) Credit and money market transactions		29,993,199.28		26,888
	of which deducted negative interest from banking transactions	241,268.18			
	b) fixed-income securities and debt register claims		2,873,838.13	32,867,037.41	3,229
2.	Current income from				
	a) Participations		21,653.76	21,653.76	22
3.	Income from profit pooling, profit transfer management or partial profit transfer agreements			237,293.54	292
4.	Commission income			486,384.07	565
5.	Income from reversals of write-downs of receivables and certain securities and from the reversal of provisions in the lending business			0.00	6
6.	Income from write-ups to participations, shares in affiliated companies and how fixed assets treated securities			286,021.89	198
7.	Other operating income			249,036.18	1,165
	Total income			**34,147,426.85**	**32,365**

		EUR	PREVIOUS YEAR KEUR
1.	Net profit for the year	3,954,488.30	3,925
2.	Balance sheet profit/loss	3,954,488.30	3,925

ANNEX TO THE ANNUAL ACCOUNTS

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

1.1 General information

OYAK ANKER Bank GmbH having its registered office in Frankfurt am Main (hereinafter also referred to as the “Bank”) is registered 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), the 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 conversion into euro at initial recognition 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 application of the special cover pursuant to § 340h HGB includes foreign currency positions and pending foreign exchange transactions (forward exchange transactions or foreign exchange swaps) that are not to be allocated to the trading portfolio. The transactions have been assigned to each other in a clear hedging relationship and tested for effectiveness using the critical terms match method. For specially hedged transactions, the results from currency translation are reported net in other operating result (gross hedge presentation method).

OYAK ANKER Bank GmbH did not maintain a trading portfolio in 2021. 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 recognised at nominal value, less specific and general bad debt allowances, plus accrued interest.

Recognisable individual risks in the lending business are taken into account through the creation of individual value adjustments. In the retail business, a lump-sum specific bad debt allowance (SLLA) is calculated on the basis of 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.

The valuation of securities in the investment portfolio is based on the moderate lower of cost or market principle. As for permanent impairment, the value is written down to the lower fair value. If the reason for permanent impairment no longer applies, the impairment is reversed up to a maximum of the acquisition cost. Fixed-income securities acquired below par (or above par) are written up (or written down) to the nominal value on an accrual basis.

Participating interests and shares in affiliated companies are recognised at the lower of cost or fair value. In the event of permanent impairment, the write-downs are made to the lower fair value. If the reason for the permanent impairment no longer applies, the impairment loss is reversed up to a maximum of the acquisition cost.

Intangible assets and property, plant and equipment are recognised at acquisition cost. The assets of the office furniture and equipment are reduced by scheduled straight-line depreciation. The useful lives of intangible assets are between 3 and 5 years and of property, plant and equipment between 3 and 13 years. Payments on account are recognised 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 recognised at nominal value. The difference between the recognition of the pension obligation at the 10-year average interest rate and the 7-year average interest rate is KEUR 18.

Deferred taxes are recognised for timing differences between the commercial and tax balance sheets that are expected to reverse in future, to the extent permitted by law. Deferred taxes are calculated basing on the 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 determined on the basis of an actuarial report. The calculation is based on the projected unit credit method (PUC) using the 2018 G mortality tables of Heubeck-Richttafeln GmbH, Cologne, and an interest rate of 1.87% per annum. Furthermore, a pension dynamic of 2.0 % p.a. is used. An unchanged salary level has been applied. The difference between the fair value of planed assets used to meet the pension obligations and the underlying acquisition costs results in a restricted distribution amount of KEUR 122 (previous year KEUR 110). As there are sufficient freely available reserves, an allocation is not necessary in the 2021 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, which results from discounting at the average market interest rate for ten instead of seven financial years, amounts to KEUR 18 as at 31 December 2021.

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 their remaining term.

A provision for impending losses due to the negative market value of the interest rate swaps as at the balance sheet date has not been 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.

Liabilities below the line

Provisions made for contingent liabilities as risk provisions 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 KEUR 400,586 (previous year KEUR 405,812). The transactions taken into account have a maximum term until 29 June 2028.

Loans and advances to credit institutions

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

	31.12.2021 KEUR	31.12.2020 KEUR
Due daily	193,827	158,225
Until three months	33,765	49,228
more than three months up to one year	224,099	202,743
more than one year up to five years	0	0
more than five years	0	0

Loans and advances to banks in the amount of KEUR 193,416 (previous year KEUR 208,388) are foreign currency receivables.

Receivables from customers

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

	31.12.2021 KEUR	31.12.2020 KEUR
with indefinite maturity	4,510	26,384
Until three months	310,951	143,111
more than three months up to one year	139,952	206,322
more than one year up to five years	158,070	254,868
more than five years	4,060	9,679

Receivables from customers include receivables from affiliated companies in the amount of KEUR 407,105 (previous year KEUR 401,306). Furthermore, there are receivables in foreign currencies amounting to KEUR 173,315 (previous year KEUR 162,000). This item includes subordinated receivables in the amount of EUR 232,804,000 (previous year EUR 218,871,000).

Debt securities, bonds and other fixed-income securities

	31.12.2021 KEUR	31.12.2020 KEUR
non-negotiable	0	0
marketable & listed	160,673	127,923
thereof eligible as collateral with the Deutsche Bundesbank	96,542	50,193

The Bonds and other fixed income securities are negotiable 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 EUR

160,673,000 (previous year EUR 127,923,000) were valued according to the moderate lower of cost or market principle. The hidden reserves in the bonds and other fixed-interest securities in the investment portfolio amounted to KEUR 1,912 (previous year KEUR 4,391) as at the balance sheet date.

At the end of 2021, there were bonds and other fixed-income securities in the investment portfolio that were recognised above their fair value. The hidden burden amounts to KEUR 811 (previous year KEUR 0).

2022, bonds with a nominal value of KEUR 22,244 (previous year KEUR 19,705) will mature.

Participations

The investments are not listed on the stock exchange. They are shares in companies from rescue acquisitions.

Affiliated companies

The shares in affiliated companies are 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 financial year 2021 after the profit transfer of KEUR 237 (previous year KEUR 292). The company's equity amounts to KEUR 77 (previous year KEUR 77). The bank is the sole shareholder.

Other shares in affiliated companies:

United Payment Europe S.r.l., Bucharest/Romania
The equity of the finance company amounts to TRON 1,720.
The Bank holds a 45 per cent share in the amount of KEUR 156
(previous year KEUR 0).

Innovance Technologies GmbH, Frankfurt/Main
The equity capital of the IT company amounts to KEUR 25.
The Bank holds a 35 per cent share in the amount of KEUR 9
(previous year KEUR 0).

OYAK Yatirim Menkul Degerler A.S., Istanbul/Turkey
The equity of the financial company amounts to TRY194 million.
The bank holds a share of TRY 25 million (previous year TRY 0 million). This is 1.426 % of the equity capital. As of the reporting date, the shares in OYAK Yatirim had a value of TRY 1,641,000.

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 statement of changes in fixed assets:

							DEPRECIATION / WRITE-UP					BOOK VALUES	
IN KEUR	STATUS 01.01.2021	ACCESS	DISPOSALS	TRANSFERS	STATUS 31.12.2021	STATUS 01.01.2021	DEPRECIATION	ATTRIBUTION	CHANGES / DEPARTURES	ACCUMULATED STATUS 31.12.2021	CHANGE IN VALUE OF THE FOREIGN EXCHANGE RATE	STATUS 31.12.2021	STATUS 31.12.2020
Debenture pungencies	127,923	62,122	29,372	0	160,673	0	0	0	0	0	0	160,673	127,923
Participations	1,123	0	117	0	1,006	640	1	121	0	520	0	486	482
Shares in affiliated affiliated companies	933	2,555	0	0	3,488	473	0	0	0	473	-748	2,267	460
Intangible fixed assets	1,896	76	0	0	1,972	1,707	133	0	0	1,840	0	132	189
Advance payments made on intangible assets	100	140	0	0	240	0	0	0	0	0	0	240	100
Property, plant and equipment a) Land and buildings	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Operating and Business-equipment	591	26	0	0	618	346	51	0	0	398	0	220	245
c) Low value Assets objects	119	18	18	0	119	70	24	0	18	76	0	43	50
d) Paid Down payments	0	0	0	0	0	0	0	0	0	0	0	0	0

Intangible fixed assets

All items under 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. The useful life is between 3 and 5 years.

Other assets

This item contains the following important individual amounts:

	31.12.2021 KEUR	31.12.2020 KEUR
Tax refund claims	1,201	1,711
FX valuation (hedging transactions)	0	4,581

Pursuant to § 246 para. 2 sentence 2 HGB, the claims from reinsurance policies with a fair value of KEUR 122 (previous year KEUR 110) were netted with the corresponding obligations.

Prepaid expenses

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

2.2 The liabilities part of the balance sheet

The total amount of liabilities denominated in foreign currency is EUR 358,384,000. The transactions taken into account have a maximum term until 8 December 2022.

Liabilities towards credit institutions

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

	31.12.2021 KEUR	31.12.2020 KEUR
Due daily	0	2,257
Until three months	0	0
more than three months up to one year	80,000	80,000
more than one year up to five years	0	0
more than five years	0	0

As of the balance sheet date, there were no foreign currency liabilities towards banks (previous year: KEUR 0).

Liabilities towards customers

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

	31.12.2021 KEUR	31.12.2020 KEUR
Due daily	0	0
Until three months	18,316	16,774
more than three months up to one year	3,363	3,580
more than one year up to five years	1,317	653
more than five years	0	0

Other liabilities towards customers are broken down by residual term as follows:

	31.12.2021 KEUR	31.12.2020 KEUR
Due daily	407,298	320,085
Until three months	54,532	76,893
more than three months up to one year	95,958	132,378
more than one year up to five years	58,505	92,055
more than five years	13,005	18,701

Other liabilities towards customers include liabilities towards affiliated companies in the amount of KEUR 194,623 (previous year KEUR 160,190). Of these, EUR 1,203,000 (previous year EUR 2,430,000) relate to liabilities to the shareholder.

Other liabilities towards customers amounting to KEUR 186,262 (previous year KEUR 155,662) are foreign currency liabilities.

Other liabilities

This item contains the following important individual amounts:

	31.12.2021 KEUR	31.12.2020 KEUR
Valuation of hedging transactions for receivables with special cover	1,748	0
Other liabilities	92	80
Taxes to be paid (capital gains tax, sales tax, wage tax and church tax)	53	69

Prepaid expenses

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

This item contains the following important individual amounts:

	31.12.2021 KEUR	31.12.2020 KEUR
Delimitation discount	1,080	1,291

Other provisions

This item contains the following important individual amounts:

	31.12.2021 KEUR	31.12.2020 KEUR
Provisions for outstanding invoices	248	101
Provisions for audit costs Annual Closing	244	191
Provisions for residual leave	120	147

Subordinated liabilities

The subordinated liabilities break down by residual term as follows:

	31.12.2021 KEUR	31.12.2020 KEUR
Due daily	0	0
Until three months	292,276	264,146
more than three months up to one year	110,399	103,903
more than one year up to five years	0	12,300
more than five years	0	0

Subordinated liabilities of KEUR 172,122 (previous year KEUR 153,799) are liabilities denominated in a foreign currency. 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 THOUSAND	CURRENCY	INTEREST RATE IN %	TERM UNTIL
OYAK Ordu Yardimlasma Kurumu, Ankara	56,138	EUR	3.00	11,04,2022
	77,475	EUR	3.00	10,03,2022
	83,590	USD	4.50	07,02,2022
	99,571	USD	3.75	14,01,2022
ATAER Holding A. S., Ankara	39,330	EUR	4.19	13,01,2022

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

In 2021, interest amounting to KEUR 13,225 (previous year KEUR 10,121) was paid.

Equity

Equity developed as follows:

	31.12.2021 KEUR	ADDITIONS KEUR	WITHDRAWALS KEUR	01.01.2021 KEUR
Subscribed capital	115,000	0	0	115,000
Capital reserve	572	0	0	572
Retained earnings	26,635	3,925	0	22,710
Balance sheet profit/loss	3,954	-	-	3,925

The management proposes to allocate the net profit for the financial year 2021 to the revenue reserve.

2.3 Liabilities below the line

Contingent liabilities

This position includes the following:

	31.12.2021 KEUR	31.12.2020 KEUR
Sureties and guarantees	5,487	5,672

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

Other commitments

Included in this position are:

	31.12.2021 KEUR	31.12.2020 KEUR
Irrevocable loan commitments	0	5,657

The commitments indicated in items 1b) and 2c) below the balance sheet line 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 contingent liabilities indicated below the balance sheet line are covered by the provisions. The liabilities relate primarily to broadly diversified guarantee agreements and open credit commitments to banks.

The risks were assessed in the course of an individual evaluation of the credit-worthiness 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 involve deposits with credit institutions and the Bundesbank in the amount of KEUR 241 (previous year KEUR 475). The interest income from lending and securities transactions results mainly from business relationships with customers and credit institutions based in the Netherlands, Turkey and Germany.

3.2 Commission income

Commission income results from guarantee commissions and foreign payment transactions. Commission income mainly results from business relationships with customers and credit institutions based in Turkey and Germany.

3.3 Current income from participations

Current income from investments relates to distributions from real estate funds in Germany.

3.4 Other operating income

Other operating income mainly results from the release of provisions totalling KEUR 157 (previous year KEUR 133). This includes the reversal of the provision for remaining holiday in the amount of KEUR 93 (previous year KEUR 77). Other operating income mainly results from business relations with customers and credit institutions based in Turkey and Germany.

3.5 Interest expenses

Positive interest from loans and advances to banks in the amount of KEUR 440 (previous year KEUR 190) was deducted from interest expenses.

3.6 Other operating expenses

Other operating expenses largely include expenses in connection with exchange rate losses from hedging transactions in the amount of KEUR 693 (previous year KEUR 1,471).

Under other operating expenses, expenses and income from the compounding and discounting of pension obligations and from the plan assets to be offset in the amount of KEUR 5 (previous year KEUR 4) were netted.

3.7 Taxes on income and earnings

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

4 Other financial obligations

4.1 Financial commitments from multi-year contracts

31.12.2021	DUE 2022 KEUR	DUE 2023 - 2025 KEUR	DUE FROM 2026 KEUR
Rent	389	1,032	824
Maintenance (IT)	1,037	100	0
Leasing	59	69	0
Services	787	185	0

31.12.2020	DUE 2021 KEUR	DUE 2022 - 2024 KEUR	DUE AS OF 2025 KEUR
Rent	357	1,040	1,165
Maintenance (IT)	1,092	456	0
Leasing	59	128	0
Services	649	143	0

4.2 Contingent liabilities

The required pro rata cover capital of the provident fund amounts to KEUR 53 (previous year KEUR 62). There is a shortfall in this amount. No provisions were formed for the underlying pension commitments, as these are cases prior to 01 January 1987 (application of Article 28 EGHGB).

Furthermore, we are liable for a loan of the Grundbesitzgesellschaft bR Berlin, Karl-Marx-Allee II with the Baden-Württembergische Bank, dependent institution of the Landesbank Baden-Württemberg, in the amount of KEUR 9 (previous year KEUR 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 of the exchange rate, the Bank had foreign exchange swap transactions in its portfolio at the end of the year. These serve to hedge balance sheet foreign currency positions. They are converted at the forward exchange rate.

	31.12.2021 KEUR	31.12.2020 KEUR
TUSD	43,403	144,134
TGBP	750	0
TTRY	25,000	31,897

As of the balance sheet date, these transactions resulted in a negative market value of KEUR 1,748 (previous year positive market value KEUR 4,581).

5 Other information

5.1 Refinancing

There is a pledge account of EUR 118,041,000 (previous year EUR 90,544,000) with the Deutsche Bundesbank for refinancing facilities. Credit utilisation from this was recorded in the form of open market transactions in the amount of KEUR 79,424 (previous year KEUR 80,000) as at the balance sheet date.

There are no other transferred assets for liabilities.

5.2 Auditor‘s Total fee

The expense (net) of EUR 346,000 (previous year EUR 255,000) recognised for services rendered by the auditor for the financial year is made up as follows:

	2021 KEUR	2020 KEUR
Audit services		
Other confirmation services		

The auditing services of 2021 include EUR 134,000 in expenses for the audit year 2020. The other certification services in the amount of EUR 4,000 (previous year: EUR 6,000) related to a procedure and sample audit in accordance with Section V No. 11(1) and 12 of the Deutsche Bundesbank's General Terms and Conditions.

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 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 2021 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 0.31 %).

7 Supplementary report

The impact of the Russia/Ukraine conflict on the global economy cannot be fully assessed at present. OYAK ANKER Bank currently has no direct business relations with either country. Effects that could arise indirectly are continuously analysed by the bank in order to be able to initiate appropriate measures if necessary. The conflict has no bearing on the annual financial statements for 2021.

8 Information about the company and its bodies

8.1 Employees

n accordance with Section 267 (5) of the German Commercial Code (HGB), the Bank employed an annual average of 30 female (previous year 32) and 33 male employees (previous year 37). At the end of the year, we had 27 (previous year 33) female and 33 (previous year 35) male employees. Converted to full-time employment, there were 53 (previous year 62) employees as of the balance sheet date.

8.2 Management

The Bank makes use of the relief provided for in § 286 (4) HGB and does not disclose salaries and pensions.

8.3 Supervisory Board

Expenses for the Supervisory Board in the calendar year 2021 amounted to KEUR 0 (previous year KEUR 0).

8.4 Loans to the Supervisory Board and Executive Board

There were no receivables from or open loan commitments to members of the Supervisory Board as at the balance sheet date. There were receivables from and open credit commitments to the managing directors totalling KEUR 27 (previous year KEUR 30).

8.5 Group

OYAK ANKER Bank GmbH is part of the OYAK Ordu Yardimlasma Kuruma Group, Ziya Gökalp Cad.No. 64, Kurtulus 06600 Ankara / Turkey.

Due to the ratio of the balance sheet total and revenues of VFG Verrechnungsstelle für gewerbliche Wirtschaft GmbH to those of OYAK ANKER Bank GmbH, consolidated financial statements were not prepared in accordance with §§ 290 Para. 5 i. in conjunction with 296 para. 2 of the German Commercial Code (HGB) were not 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 largest group of consolidated companies. The consolidated financial statements of Ordu Yardımlaşma Kurumu (OYAK), Ankara (Turkey) can be viewed on the website:
www.oyak.com.tr.

8.6 Members of the Supervisory Board

The Supervisory Board was composed as follows in the 2021 financial year:

Mr İ. Emrah Silav, Chairman
Group Head Finance Sector of Ordu Yardımlaşma Kurumu (OYAK)
Istanbul (Turkey)

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

Mr H. Alper Karaçoban, Member
Group Head Service Sector of Ordu Yardımlaşma Kurumu (OYAK)
Ankara (Turkey)

8.7 Managing Director

The following persons have been appointed as Managing Director:

Dr Süleyman Erol, Glashütten
(Loan Processing Commercial Credits, Legal/Compliance, Internal Audit, Collection Department, Operations, Accounting/Controlling/Reporting, Deposits/Transactions Settlement, Information Technology, New Technologies (since 02/2021), Risk Management, Loan Processing Consumer Credit, Management Office (together with Mr Yaman)).

Ümit Yaman, Hanau
(Retail Banking, Corporate Banking/Treasury/Financial Institutions, Human Resources and Representative Office Istanbul, Management Office (together with Dr. Erol)).

Frankfurt am Main, 25 April 2022

The management

Dr. Süleyman Erol   Ümit Yaman

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

Company name, the type of activity and geographical location of the branches

OYAK ANKER Bank GmbH, having its registered office in Frankfurt, does not have any branch 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 solely to the bank's business activities as a credit and deposit institution within the Federal Republic of Germany.

Turnover

Turnover amounts to KEUR 18,114 (previous year KEUR 18,031). Turnover includes net interest income, net commission income, net trading income and other operating income.

Number of wage and salary earners in full-time equivalents

The Bank employed an average of 63 staff (previous year 69) annually in accordance with Section 267 (5) of the German Commercial Code (HGB). At the end of the year, we had 27 (previous year 33) female and 33 (previous year 35) male employees. Converted to full-time employees, there were 53 (previous year 62) employees as at the balance sheet date.

Taxes on income and earnings

Taxes on income and profit relate exclusively to the ordinary result. Taxes on profit and loss amount to KEUR 2,266 (previous year KEUR 1,780).

Profit or loss before taxes

Profit before tax amounts to KEUR 6,220 (previous year KEUR 5,705).

Public aid received

In 2021, OYAK ANKER Bank GmbH received public aid as an expense allowance for social security contributions in the amount of KEUR 9. In 2020, the Bank received public aid in the amount of KEUR 46.

INDEPENDENT AUDITOR’S REPORT

To OYAK ANKER Bank GmbH, Frankfurt am Main

Report on the audit of the financial statements and the management board

Audit Opinions

We have audited the annual financial statements of OYAK ANKER Bank GmbH, Frankfurt am Main, comprising the balance sheet as at 31 December 2021 and the profit and loss account for the financial year from 1 January to 31 December 2021 and the notes to the financial statements, including a description of the accounting and valuation methods. In addition, we have audited the management report of OYAK ANKER Bank GmbH for the financial year from 1 January to 31 December 2021 audited.

In our opinion, based on the findings of our audit, the consolidated financial statements are

- The attached annual financial statements comply with German commercial law in all material respects and give a true and fair view of the net assets, financial position and of the results of Company’s operations as at 31 December 2021 and 31 December 2021 respectively, in accordance with the German principles of proper accounting. 31 December 2021 and of the results of operations for the business year from 1 January to 31 December 2021.
- The enclosed management report as a whole provides a suitable view of the Company’s position. This management report is consistent in all material respects with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with § 322 para. 3 sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the annual financial statements and the management report.

Basis for the audit judgements

We conducted our audit of the annual financial statements and the management report in accordance with section 317 of the German Commercial Code (HGB) and the EU Regulation on Auditors of the Annual Accounts (No. 537/2014; hereinafter “EU-APrVO”) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the “Auditor’s responsibility for the audit of the annual financial statements and the management report” section of our auditor’s report. We are independent of the Company in accordance with European law as well as German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services in accordance with Article 5 (1) EU-APrVO. 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 the management report.

Particularly important audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31

December 2013. 1 January to 31 December 2021 financial year. These matters were considered in the context of our audit of the financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

In our opinion, the following matter was most significant in our audit:

1. Risk provisioning in the lending business

We have structured our presentation of this particularly important audit matter as follows:

1.1. Facts and problem

1.2. Audit approach and findings

1.3. Reference to further information

In the following we present the particularly important audit matter:

1. Risk provisioning in the lending business

1.1. Facts and problem

In the annual financial statement of OYAK ANKER Bank, loans and advances amounting to € 1,069.2 million (83.2% of the balance sheet total) are reported under the balance sheet items “Loans and advances to customers” and “Loans and advances to credit institutions”. As at 31 December 2021, there is a balance sheet risk provision for the loan portfolio consisting of lump-sum specific, individual and lump-sum value adjustments as well as a country value adjustment. The measurement of risk provisions in the customer lending business is determined in particular by the structure and quality of the loan portfolios, macroeconomic influencing factors and the estimates of the legal representatives with regard to future loan defaults, among other things also against the background of the expected effects of the ongoing Corona crisis on the customer lending business. 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 lending business are, on one hand, of great importance for the asset and earnings situation of the company in terms of amount and, on the other hand, are associated with considerable discretionary powers vested in legal representatives. In addition, the valuation parameters applied, which are also subject to significant uncertainties due to the effects of the Corona crisis, have a significant influence on the formation or the amount of any necessary value adjustments. Against this background, this matter 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 have considered the business organisation, 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 samples of loan exposures. In doing so, we have evaluated, among other things, the available documentation of the company regarding the economic circumstances as well as the recoverability of the corresponding collateral. In addition, we assessed the calculation methods applied by OYAK ANKER Bank as well as the underlying assumptions and parameters in order to assess the flat-rate individual, specific and general loan loss provisions as well as the country value adjustment. In particular, we also assessed the legal representatives’ assessment of the impact of the Coronavirus 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 valuation of the loans and advances to customers. Based on the audit procedures we performed, we were able to satisfy ourselves overall of the reasonableness of the assumptions made by the legal representatives when reviewing the recoverability of the loan portfolio, as well as the appropriateness and effectiveness of the processes implemented by OYAK ANKER Bank.

1.3. Reference to further information

The Bank's disclosures on loan loss provisions are included in the notes in the section on accounting policies.

Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report

The management is responsible for the preparation and fair presentation of these financial statements in accordance with German commercial law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the entity's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless this is precluded by factual or legal circumstances.

Furthermore, the management is responsible for the preparation of the management report, which as a whole provides a suitable view of the Company's position and is consistent in all material respects with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Also, the management is responsible for the preparation and measures (systems) that it deems necessary to enable the preparation of a management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made 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 the management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to get 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 a suitable view of the Company's position and is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the annual financial statements and 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 EU-APrVO and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect any 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 financial statements and management report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore we identify and assess the risks of material misstatement of the annual financial statements and 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 opinion. The risk of not detecting material misstatements is higher in the case of non-compliance than in the case of inaccuracies, as non-compliance may involve fraud, forgery, intentional omissions, misrepresentation or the override of internal controls.

We get an understanding of internal control relevant to the audit of the financial statements and of the arrangements and actions 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 opinion on the effectiveness of those systems of the Company.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We conclude on the appropriateness of the going concern basis of accounting used by management 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 our auditor's report to the related disclosures in the financial statements and the management report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Company being unable to continue as a going concern.

We assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

We assess the consistency of the management report with the annual financial statements, its compliance with the law and the understanding of the Company's position given by it.

We perform audit procedures on the forward-looking statements made by management in the management report. Basing on sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

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

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

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

Other statutory and other legal requirements

Other information according to Article 10 EU-APrVO

We were elected as auditors by the shareholders' meeting on 2 June 2021 as auditors. We were appointed 29 September 2021 appointed by the Supervisory Board. We have served as auditors of OYAK ANKER Bank GmbH, Frankfurt am Main, without interruption since the 2019 financial year.

We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the audit committee pursuant to Article 11 EU-APrVO (audit report).

Auditor in charge

The auditor responsible for the audit is Fatih Agirman.

Frankfurt am Main, 30 April 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Fatih Agirman Chartered Accountant	ppa. Jan H Glismann, Certified Public Accountant

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