ANNUAL REPORT
2022

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.

Maximum transparency and flexibility are a natural part of modern banking. In the interests of our customers, we are constantly adapting our products and services to the requirements of the times and aligning them precisely to current needs.

Today's banking system requires a comprehensive understanding and knowledge of digitalisation. Based on state-of-the-art technology, we can offer our customers a whole new dimension of individuality and convenience.

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.

HISTORY & MILESTONES

The history of OYAK ANKER Bank is closely intertwined with the daily lives of people in Germany. Beyond its products and services, the bank has always maintained a strong connection with its customers. Over the course of 64 years, OYAK ANKER Bank's journey mirrors German history. Well-prepared for future challenges and customer expectations, we are committed to contributing to Germany's prosperity, economic success, and social progress.

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

MISSION, VISION & VALUES

MISSION

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

VISION

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

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.

STRATEGY

DIGITALIZATION

Realizing digital transformation to keep up with the developing ecosystem and be a bank that prioritizes “digital approach”

TRADE FINANCING

Focusing on the expansion of trade financing in the Corporate Banking business area

GROWTH IN TREASURY / FINANCIAL INSTITUTIONS

Developing new businesses in Treasury / Financial Institutions areas

ESG

ENVIRONMENTAL

Alignment with Paris Climate Agreement

SOCIAL

Provided a multi-cultural work environment prioritizing diversity

GOVERNANCE

Reorganized risk management policy and procedures according to ESG regulations

BUSINESS AREAS

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 International 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.

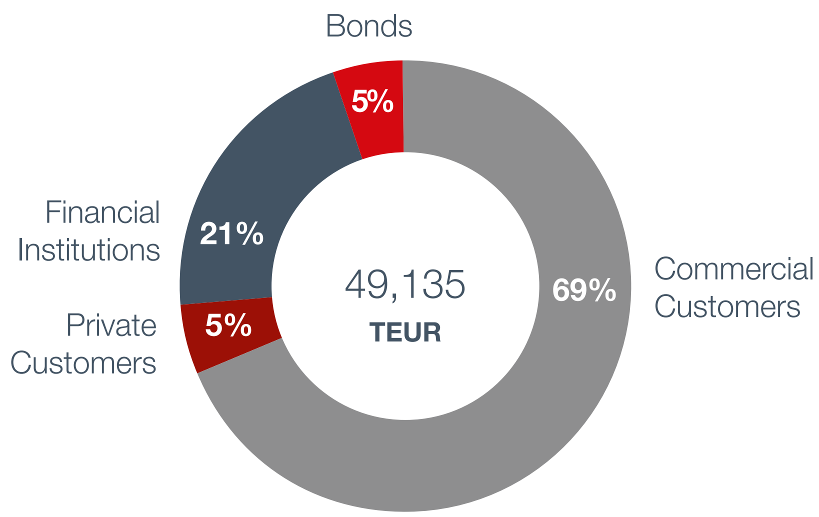
RETAIL BANKING

OYAK ANKER Bank places paramount importance on crafting the ultimate customer experience and bolstering accessibility as well as on curating tailor-made financial products that seamlessly align with the distinctive needs of its customers. Moreover, the resolute dedication to embracing cutting-edge digital financial processes has led to fostering enhanced convenience and empowerment for OYAK ANKER Bank’s valued clientele.

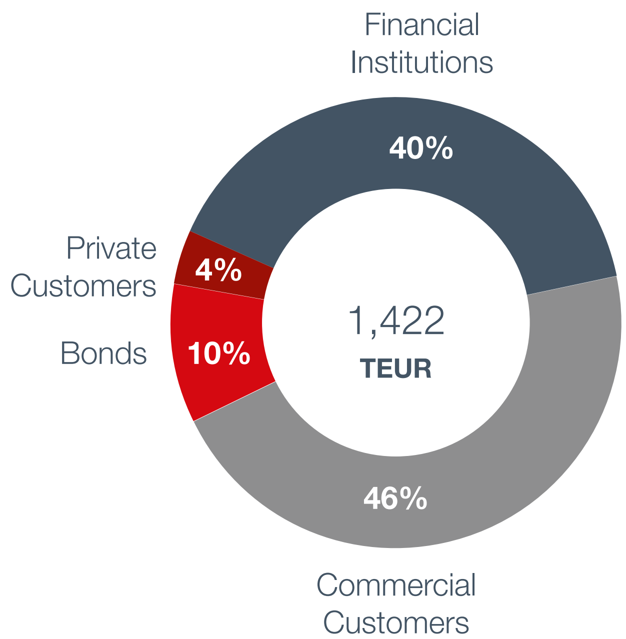
KEY FIGURES

Results according to business areas of OYAK ANKER Bank

INTEREST REVENUES



TOTAL INTEREST BEARING ASSETS



KEY FINANCIAL FIGURES	2022	2021
Balance Sheet Figures	TEUR	TEUR
Cash Funds	9,562	5,484
Financial Institutions	566,911	451,691
Bonds	136,804	160,673
Loans Corporate	662,930	551,025
Loans Retail	56,651	66,518
Total Assets	1,440,682	1,285,301
Risk Weighted Assets	569,003	601,120
Deposits	1,288,153	1,134,969
Total Equity	147,911	146,162
Net Profit	1,749	3,954
Ratios		
ROE	1.20%	2.82%
ROAA	0.13%	0.31%
CIR	67.22%	63.38%
NPL net	0.52%	0.85%
CET-1	23.90%	22.24%
LCR	599.27%	147.61%

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
22.6

EXPORT
Billion USD
4.9

MEMBERS
460,268

TOTAL ASSETS
Billion USD
25.7

SUSIDIARIES
Countries
25

EMPLOYEES
More than 38 thousand employees

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

INVESTMENTS & INDUSTRIES

AUTOMOTIVE LOGISTICS

Leader in Turkish total automotive production with 30.5% market share / Placed 1st in Turkish export automotive sector / 7 Subsidiaries

CEMENT, CONCRETE & PAPER

Operating in Turkey, Portugal, Cape Verde, Ivory Coast, Romania, Turkish Rep. of Northern Cyprus and African region by ranking as market leader / 10 Subsidiaries

CHEMISTRY

Operating in 5 different regions with 15 integrated plants / 5 Subsidiaries

AGRICULTURE

66 years in the market more than 400 products / 6 Subsidiaries

ENERGY

covers 2.4% of Turkey's total energy demand / 5 subsidiary

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 / 9 Subsidiaries

NUMBERS & FACTS


3967945
3852575
3852575
2126548
4395792
3967945
4567356
2126548
4395792
4637457
4567356
1312658
3852575
8674424
4637457
3852575

PREFACE BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear Sir or Madam,

The year 2022 has once again impressively confirmed that our connections – whether through the revitalisation of existing relationships or the establishment of numerous new ones – form the foundation of our success. Our dedicated employees at OYAK Anker Bank GmbH have demonstrated exceptional skill in challenging times. Despite spatial and technical distance, they have managed to convey closeness and trust to our global business partners.

Even in times of persistent low-interest rates and rapid interest rate hikes, undoubtedly a challenge for banks, we have proven ourselves as a bank thanks to our strategic preparation and targeted actions.

A crucial factor for our success was our sustainable digitalisation strategy. In recent years, we have established outstanding standards in continuous improvement and digitalisation. We shall persist in refining these standards to conduct deliberate communication with our esteemed clientele and perpetually broaden the scope of our services. Our goal is to play a pioneering role in this area, and we are proud of what we have achieved so far.

In an era shaped by sustainability and conscious business practices, we are firmly committed to making our contribution to a more sustainable future by taking ecological and social responsibility and intensifying our efforts in this area. In line with our vision, we are developing sustainable solutions that benefit both our customers, our environment and our society as a whole.

Our sincere appreciation goes to all those who have significantly contributed to achieving these successes within our bank. The loyalty and reliability of our diverse partners are crucial and form the robust foundation of our success. Finally, we would like to express special thanks to the management of OYAK ANKER Bank for their foresight and determination in keeping the company on course and positioning it for the future.

We are confident about the challenges ahead and look forward to continuing our successful partnerships. Collectively, we will adeptly navigate our path, making significant contributions to foster a more sustainable world.

Best regards,

I. Emrah Silav
CHAIRMAN OF THE SUPERVISORY BOARD

PREFACE BY THE EXECUTIVE BOARD

Dear Sir or Madam,

The year 2022 was characterised by challenges to which we responded with confidence and strong cohesion. Thanks to focusing on “proximity at a distance”, we have sustainably secured our progress. OYAK ANKER Bank is pleased to contemplate a consistent and prosperous path of growth.

Our strategic plans for the future continue to be rooted in a solid core business. We are actively engaged in advancing the continuous development of various digitalisation projects, positioning us as an innovative and resilient company in recent years. The gradual implementation of these projects will elevate our customer orientation and service quality to an even higher level. Our success plan for the coming years includes risk-based pricing and the expansion of trade financing in the Financial Institutions sector to strengthen our market presence and better meet the needs of our customers worldwide.

We take great delight in the remarkable expertise and dedicated passion demonstrated by our employees. We are committed to continuously meeting the needs of our customers and business partners comprehensively. Our sincere thanks go to all our customers, partners, service providers, and the entire team at OYAK ANKER Bank for their tireless efforts and the shared successes of which we are proud.

In an era where sustainability is gaining increasing importance, we are determined to make our contribution to a more sustainable future. Our commitment to ecological and social responsibility remains steadfast, and we will intensify our efforts in this area. Our vision is to design sustainable solutions that benefit not only our customers but also our environment and society as a whole.

We are exerting substantial efforts to forge a sustainable future, recognizing it as a fundamental responsibility to the present society and the well-being of future generations. Beyond our existing initiatives, we aim to explore innovative approaches and partnerships that align with our sustainability goals. By embracing a holistic perspective, we strive to set new benchmarks, fostering a future where our initiatives resonate not only with our customers but also contribute significantly to the broader global community.

With a positive outlook and a clear focus on the future, we look forward to embracing the upcoming challenges and collaboratively charting sustainable paths for a successful tomorrow.

Best regards,

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. The ATB Bank was acquired by Omnium Genève S.A. in 1989 and renamed into 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 not only based on over 60 years of experience and expertise in Germany and Europe. With the globally networked and operating OYAK Group behind it, the Bank can access 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. The trade finance and documentary business products in particular support the export and import business. This goal is also pursued by the financing of factoring and leasing companies of important 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 customers 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.

The Treasury supports the strategy in the private and corporate customer business within the framework of targeted asset-liability management. In addition, the Treasury department manages the “Depot A” business with fixed-income securities within the framework of a “non-trading book institute”. 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 2022, the Bank had 65 employees (previous year 66). This includes 5 working students (previous year 1) and 2 employees of the subsidiary Verrechnungsstelle für gewerbliche Wirtschaft GmbH (previous year 4). Converted to full-time equivalents (FTE), this corresponds to 57.45 FTE (previous year 57.63), of which 1.15 FTE of Verrechnungsstelle für gewerbliche Wirtschaft GmbH (VFG GmbH) (previous year: 2.98 FTE).

The day-to-day business within the Bank has largely returned to normal after the Corona pandemic. The crisis measures implemented at the beginning of the COVID-19 pandemic have ensured the basic functionality and stability of all organisational units. All workplaces were already prepared in the initial phase of the pandemic.

The possibility of mobile work was prepared, tested and largely implemented with the increase in the pandemic. This kept the Bank’s lending and investment business as well as its payment infrastructure stable and capable of action. Within the Bank, the special occupational health and safety regulations (SARS-CoV-2 Occupational Health and Safety Ordinance) were consistently implemented in order to provide special protection for the employees present. As the general infection situation eased, these rules and measures - analogous to most other areas and institutions in public life - were transformed into recommendations.

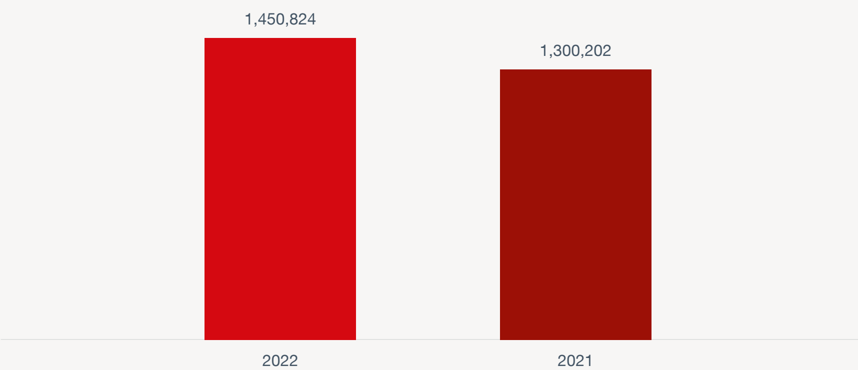
The changed framework conditions in the financial services sector due to a difficult market environment, a changed strategic orientation, increasing regulation and the demands of digitalisation continued to present the Bank with challenges and made it necessary to make adjustments to processes and human resources.

The revival on the labour market in the Rhine-Main region has increased and provides for rising fluctuation risks. There is still a shortage of employees, especially of sought-after specialists and well-trained professionals in the financial sector. The optimisations carried out in the personnel area serve to secure the Bank's future.

1.3 Net worth

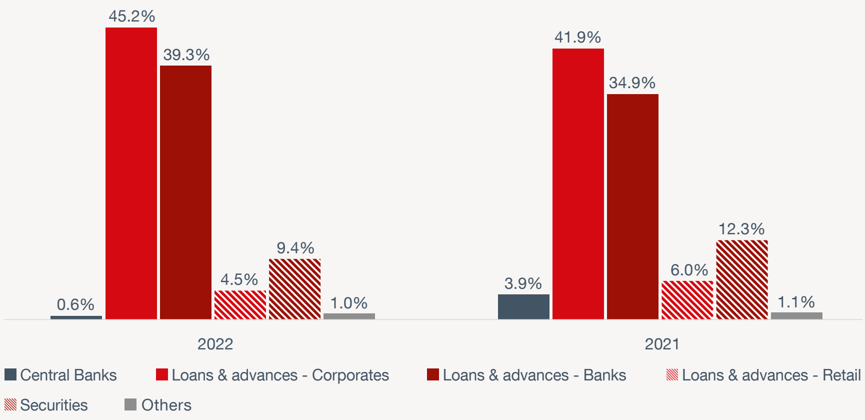
In 2022, the balance sheet total increased by EUR 155,342,000 to EUR 1,440,643,000 (previous year: EUR 1,285,301,000). The increase in the balance sheet total is related to the increase in the business volume of overnight deposits and lending business. Syndicated loan transactions developed in the opposite direction. The volume of personal loans has decreased, as the bank has acted more conservatively in the loan portfolio in the still rising interest rate environment.

Gross loan volume



The gross loan volume of EUR 1,450,824,000 on the reporting date was EUR 150,622,000 higher than in the previous year (EUR 1,300,202,000). 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.

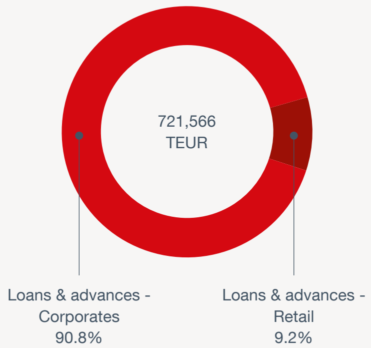
Gross loan volume



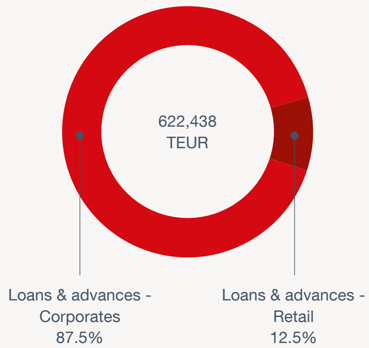
Gross claims on central banks decreased by TEUR 40,920 to TEUR 9,562 (previous year: TEUR 50,482). This corresponds to a reduction of 81.1%. The reason for this is a reallocation of these central bank balances to receivables from banks.

Gross loans and advances to banks increased by EUR 116,247,000 (+ 25.6%) to EUR 569,698,000 (previous year: EUR 453,451,000). This development is mainly due to the increase in short-term investments with banks (+ EUR 115,055,000) and trade financing (+ EUR 39,817,000). On the other hand, syndicated loans decreased (./. TEUR 35,000).

Loans 2022



Loans 2021



Gross loans and advances to corporate clients increased by TEUR 111,084 to TEUR 655,433 (previous year: TEUR 544,349). This corresponds to an increase of 20.4%. The cash-covered corporate client business increased by TEUR 113,269 to TEUR 509,149 (previous year: TEUR 395,880). The volume of syndicated loans decreased by EUR 11,262,000 to EUR 44,185,000 (previous year: EUR 55,447,000) and other commercial loans by EUR 675,000 to EUR 27,415,000 (previous year: EUR 28,090,000). Financing in the leasing business increased by TEUR 10,000 from TEUR 63,600 to TEUR 73,600. Receivables from business current accounts decreased by TEUR 245 to TEUR 1,076 (previous year: TEUR 1,321).

As of the balance sheet date, the broadly diversified retail business accounted for 9.2% (previous year: 12.5%) of gross book claims on customers. Receivables from private clients decreased by TEUR 11,956 as compared to the previous year and amounted to TEUR 66,133 (previous year: TEUR 78,089).

Gross loans and advances to borrowers domiciled in Turkey amounted to TEUR 487,586 (previous year: TEUR 449,205). Of this amount, receivables of TEUR 134,422 (previous year: TEUR 100,172) were covered by cash collateral.

Overall, gross loans and advances to customers increased by TEUR 99,129 (15.93%) to TEUR 721,566 (previous year: TEUR 622,438).

At the end of the year, a gross securities portfolio of TEUR 135,926 (previous year: TEUR 159,515) was held as fixed assets.

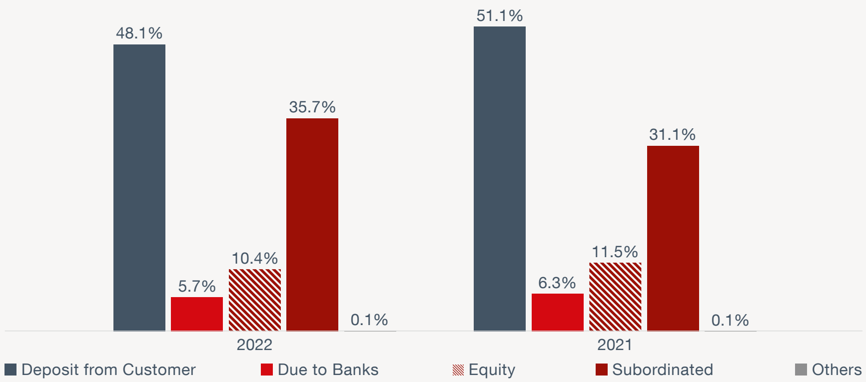
Derivative financial instruments were concluded to hedge foreign currency risks. The commitments (credit equivalent amounts) of the foreign exchange hedging positions increased to TEUR 6,066 (previous year: TEUR 2,291).

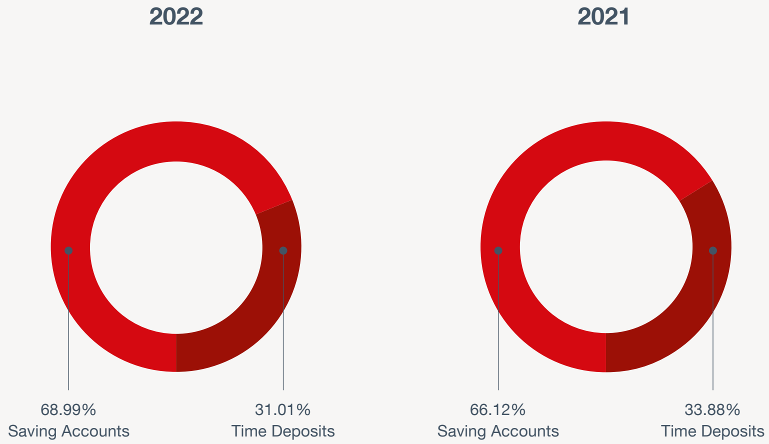
Further credit commitments resulted from off-balance sheet transactions. The sureties, letters of credit and guarantees issued decreased to EUR 2,740,000 (previous year: EUR 5,562,000). As at 31 December 2022, these mainly included guarantees for private clients. Loan commitments decreased to EUR 594,000 (previous year: EUR 2,388,000).

Investments made in intangible assets in 2022 amounted to TEUR 1,259 (previous year: TEUR 216). The balance at the end of the year was TEUR 1,514 (previous year: TEUR 372). The investments are mainly advance payments for projects still to be completed. Additions to tangible assets were TEUR 1 lower than in the previous year, totalling TEUR 43 (previous year: TEUR 44). Additions from the purchase of IT hardware amounted to TEUR 28 (previous year: TEUR 26). Investments in low-value assets amounted to TEUR 15 (previous year: TEUR 18).

Equivalent to the gross loan volume, the liabilities are shown without accrued interest. On the refinancing side, liabilities to banks increased by EUR 1,127,000 to EUR 81,127,000 (previous year: EUR 80,000,000).

Breakdown of Liabilities





Customer deposits increased by TEUR 36,663 to TEUR 687,418 (previous year: TEUR 650,755). Savings deposits decreased to TEUR 19,654 (previous year: TEUR 22,950). Liabilities due on demand increased to TEUR 454,574 (previous year: TEUR 407,297). The reason for this is the increase in business current accounts by EUR 92,810,000 to EUR 287,524,000 (previous year: EUR 194,714,000) and the simultaneous decrease in call money accounts by EUR 46,552,000 to EUR 164,427,000 (previous year: EUR 210,979,000). Liabilities with an agreed term or period of notice decreased to TEUR 213,189 (previous year: TEUR 220,507).

Provisions increased to TEUR 1,643 (previous year: TEUR 1,090). This is largely the result of higher provisions for pension obligations of TEUR 481 (previous year: TEUR 96).

Subordinated liabilities increased in total to TEUR 509,149 (previous year: TEUR 395,880). This is due to the increase in subordinated term deposits as collateral for cash-covered lending transactions.

The Bank's equity capital under commercial law amounted to TEUR 147,911 on the balance sheet date (previous year: TEUR 146,162). It was composed as follows:

Share capital TEUR 115,000 (previous year: TEUR 115,000), reserves TEUR 31,162 (previous year: TEUR 27,208) and retained earnings TEUR 1,749 (previous year: TEUR 3,954).

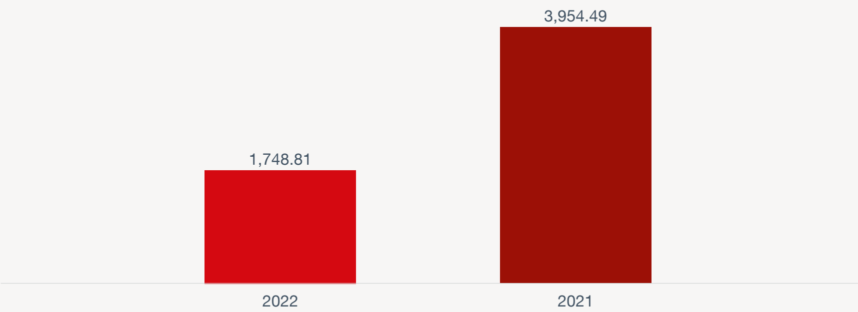
As at 31 December 2022, the modified balance sheet equity ratio (in accordance with § 24 para. 1 no. 16 KWG) was 10.3% (previous year: 11.3%). The leverage ratio was 9.96% (previous year: 10.99%). The forecast was slightly different due to the higher balance sheet volume at 11.19%.

1.4 Earnings situation

A net profit of EUR 1,749,000 (previous year: EUR 3,954,000) was achieved for the financial year. The forecast return on equity of 4.15% and the planned profit of EUR 6.0 million were not achieved.

Due to the current economic situation in Turkey, the management decided to allocate an additional TEUR 1,779 to the country risk provision. In addition, a lump-sum value adjustment of EUR 1,296,000 was made and a provision of EUR 600,000 was made in accordance with § 340 f of the German Commercial Code (HGB), which is the main reason for the lower net profit in 2022. The country risk provision currently amounts to TEUR 5,790 (previous year TEUR 4,011). The net interest income - including income from participations and the transferred profit of the subsidiary, VFG - increased by EUR 1,966,000 to EUR 19,856,000 (previous year: EUR 17,890,000). The average interest margin of the total portfolio (excluding cash-covered loans) rose to 2.0% (previous year: 1.7%).

Net profit for the year



The interest income from lending and money market transactions increased to TEUR 46,681 (previous year: TEUR 29,993). The interest income from cash-covered corporate client business in particular contributed to this development in the amount of TEUR 29,302 (previous year: TEUR 14,862). The fixed-interest securities contributed TEUR 2,454 (previous year: TEUR 2,874) to income. The interest income of EUR 3,411,000 (previous year: EUR 3,333,000) was generated from the new business areas of trade finance and letters of credit. The income from syndicated loans to banks rose to TEUR 4,458 (previous year: TEUR 4,307). The income from profit pooling, profit transfer or partial profit transfer agreements decreased to TEUR 94 (previous year: TEUR 237).

The interest expenses amounted to TEUR 29,409 (previous year: TEUR 15,236). The interest expenses from liabilities to customers amounted to EUR 29,368,000 (previous year: EUR 15,672,000). Of this amount, the interest expenses for subordinated liabilities in particular increased by EUR 14,077,000 and amounted to EUR 27,302,000 (previous year: EUR 13,225,000). The negative interest expenses of EUR 201,000 (previous year: EUR 436,000) result from bank deposits with negative interest rates.

In 2022, 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 TEUR 3,028 (previous year: TEUR 638). The net addition to lump-sum individual value adjustments was EUR 1,516,000 higher than in the same period of the previous year at EUR 2,210,000. The depreciation amounted to TEUR 2,707 (previous year: TEUR 3,484).

The allocation to the general tax value adjustment was reversed in the amount of EUR 918,000. In 2022, the country value adjustment for Turkey was increased by EUR 1,779,000 and the general value adjustment according to BFA was formed with EUR 1,296,000. The balance of risk provisions was increased by EUR 1,660,000 (previous year: reduction of EUR 1,212,000) through the allocation of risk provisions from individual value adjustments, general value adjustments, country risk provisions, BFA 7, provisions and § 340 f HGB reserve.

As in the previous year, the fixed-income securities in the fixed assets were not depreciated due to the fact that permanent impairment was not expected. On balance, the loan portfolio showed a hidden burden of TEUR 11,407 (previous year: hidden reserve TEUR 1,101).

The commission income increased by EUR 384,000 to EUR 871,000 and the commission expenses increased by EUR 402,000 to EUR 654,000. The main reasons for this were the increase in income from credit commissions of EUR 460,000 to EUR 603,000 and the increase in expenses for brokered retail loans of EUR 439,000 to EUR 576,000.

The general administrative expenses increased by a total of EUR 1,583,000 or 14.2% to EUR 12,753,000 as compared to the previous year. The other administrative expenses included in this figure rose by 19.7% to TEUR 7,191 (previous year: TEUR 6,009).

This increase is due to additional expenses for consulting services used in the preparation of our project to optimise our IT infrastructure. The personnel expenses increased by TEUR 401 (7.8%) to TEUR 5,562.

In 2022, the item "Income from write-ups to participations, shares in affiliated companies and securities treated as fixed assets" showed a profit contribution of EUR 18,000 from the early repayment of a security.

The exchange rate risks from asset items are hedged by means of FX forward transactions. The expense of EUR 1,653,000 (previous year: EUR 693,000) is allocated to other operating expenses.

Other operating income increased to TEUR 315 in 2022 (previous year TEUR 249). The main reason for this is the release of provisions in the amount of TEUR 218 (previous year TEUR 157).

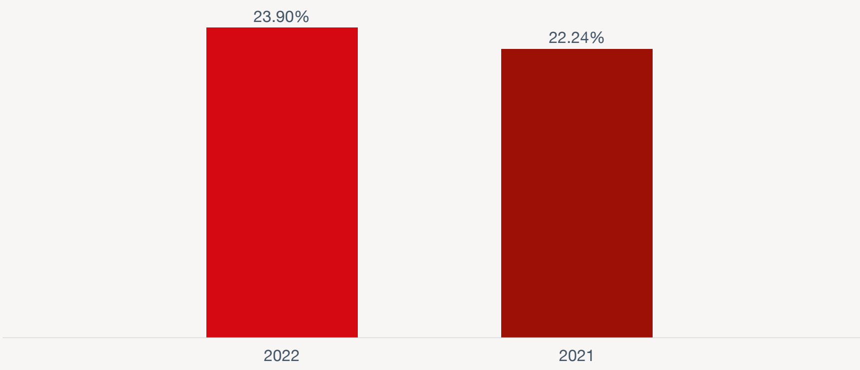
The cost-income ratio increased to 67.22% in 2022 (previous year: 63.38%). The targeted cost-income ratio of 61.57% was not achieved due to investments in projects. For the coming year we expect a ratio of 49.33%, which will be significantly influenced by the improved interest result. The return on equity decreased to 1.20% (previous year: 2.82%). The main reason for this is the higher allocation to country risk provisions in the amount of EUR 1,779,000.

1.5 Financial and liquidity position

The Bank's solvency was ensured at all times during the financial year. In accordance with the requirements of supervisory law, 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 forecasts. The Bank used the possibility of procuring liquidity by submitting loan receivables and securities as eligible collateral to the Deutsche Bundesbank. Cash and cash equivalents were planned and kept ready for payment at all times. Compliance with the liquidity ratio according to LCR DR was ensured at all times. At the end of the year, the LCR ratio according to the Delegation Act (DA) was 599.27% (previous year: 147.61%) and the NSFR ratio according to Art. 428b para. 2 CRR II was 122.41% (previous year: 126.02%).

The regulatory total capital ratio/core capital ratio/hard core capital ratio according to CRR was 23.90% at the end of 2022 (previous year: 22.24%). After determination, the capital ratio will be 24.21% (previous year: 22.95%). Due to the cautious management of the corporate client business and the bank loans, the ratio was above the forecast of 22.68%.

Core capital ratio (CRR)



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 regulatory minimum 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 incl. management buffer is 21.10%.

1.6 Overall statement on the economic situation

Overall, the Bank closed the 2022 business year successfully. With a balance sheet profit of EUR 1,749,000 and moderately increased loan portfolios in higher-risk positions, the Bank has maintained a robust and well-positioned position in 2022. With the capital increase of 25 million EUR already carried out in 2020, the Bank has a very good equity base.

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

2 Development of the overall economy

2.1 Global economic growth

With regard to the development of the global economy in 2023, after the Corona pandemic and the sanctions imposed because of the Russian war of aggression against Ukraine, the high energy costs as well as the tighter monetary policy of the central banks with higher real interest rates and weak growth in real household incomes have come into focus. A quick end to the war, which has now been going on for a year, is not to be expected, so a return to the existing global supply chains is not possible. Therefore, the global economy is expected to grow at a significantly lower rate of 2.2%[1] in 2023 and 2.7%[2] in 2024, down from 3.1%[3] in 2022.

After a plus of 1.8%[4] in 2022, economic growth in the USA is also expected to be clearly lower in 2023 at plus 0.5%[5] and at plus 1.0%[6] in 2024. The key factors here are the interest rate hikes by the Fed to curb the rise in inflation. The so far stable labour market (3.4% Jan 2023)[7] and private household spending (PCE 5.4% YoY Jan 2023)[8] do not point to a quick rethink by the central bank. In the current year 2023, we expect 3 interest rate hikes of 25bps by the US Federal Reserve.

The dynamics of economic growth in the Eurozone will weaken significantly in 2023 with 0.9%[9] and in 2024 with 1.5%[10]. In addition, the high energy and living costs and, in this context, the ECB's interest rate measures must be taken into account. However, it does not seem very likely that the Eurozone will slide into recession.

China's economy was the first to be significantly affected by the outbreak of the Corona pandemic. However, China was also one of the first countries to return to growth. Nevertheless, the Chinese economy could not escape global problems such as the Ukraine crisis and the rise in energy costs, nor did the government measures to deal with the financing problems of the Evergrande property developer and other state-owned enterprises succeed in regaining the confidence that had been lost internationally. Against the backdrop of these factors, GDP declined to 3.0%[11] in 2022. For 2023, however, with a projected economic

1 https://www.oecd.org/economic-outlook/november-2022/#gdp
2 https://www.oecd.org/economic-outlook/november-2022/#gdp
3 https://www.oecd.org/economic-outlook/november-2022/#gdp
4 https://www.oecd.org/economic-outlook/november-2022/#gdp
5 https://www.oecd.org/economic-outlook/november-2022/#gdp
6 https://www.oecd.org/economic-outlook/november-2022/#gdp
7 Bloomberg (ECST)
8 Bloomberg (ECO)
9 https://europa.rlp.de/de/aktuelles/detail/news/News/detail/winterprognose-der-kommission/
10 https://europa.rlp.de/de/aktuelles/detail/news/News/detail/winterprognose-der-kommission/
11 Bloomberg (ECFC)

growth of 5.2%[12] and an increase of 5.0%[13] in 2024, China is once again to be seen as the locomotive of the global economy.

The trend on the international bond markets is mainly shaped by the central banks' interest rate hikes in the fight for lower inflation rates. The energy sector is the main driver of inflation due to the ongoing war in the Ukraine and the associated sanctions. Although the EU- wide inflation peak of 10.6%[14] in October 2022 appears to have been overcome, the inflation could remain high for longer than expected due to second-round effects such as wage increases. Assumptions suggest an inflation rate of 6.4%[15] in 2023 within the EU. For the euro area, declines to 5.6%[16] in 2023 and 2.5%[17] in 2024 are forecast. This means that the expected value is still clearly above the ECB's target.

2.2 Prospects Germany

Germany was still able to report economic growth of 1.8%[18] for 2022 despite the war in the Ukraine, the increased energy costs and the interest rate turnaround initiated by the ECB to combat inflation. The effects of the Corona pandemic also continued to weaken in Germany over the course of the year, so that almost all Corona measures have now been lifted. Contrary to the fears in autumn 2022 that a slide into recession was possible, the outlook for the current year 2023 is now somewhat more optimistic. The main reason for this is that Germany has managed to cushion the energy crisis by successfully diversifying its supply sources and significantly reducing consumption.

The commissioning of new LNG terminals was realised after a short construction period. The gas storage facilities are sufficiently filled and wholesale prices have fallen back to the level before Russia's attack on Ukraine. The German government most recently expected growth of 0.2%[19] for 2023 as a whole.

In Germany, the inflation peaked in 2022 at 8.6%[20]. However, the prices for food will remain high in the current year and the beginning of the round of collective bargaining agreements will ensure that inflation in Germany will only fall slowly. In its forecast, the Hessische Landesbank assumes an inflation rate of 6%[21] in Germany in 2023 and 3.5%[22] in 2024.

The labour market in Germany is very robust. After an unemployment rate of 5.3%[23] in 2022, the Macroeconomic Policy Institute (IMK) expects only a slight increase to 5.7%[24] in 2023. In 2022, the number of people in employment rose to a record level of 45.6[25] million, increasing by 589,000[26] or 1.3%[27], more than at any time since German unification in 1990.

The German current account surplus halved in 2022 to EUR 140 bn[28] as compared to the previous year. As the well-known global problems will continue to exert a strong influence in 2023, a relatively low surplus of EUR 160 bn[29] is again to be expected.

12 http://de.china-embassy.gov.cn/sgyw/202302/P020230223062639909461.pdf
13 Bloomberg (ECFC)
14 https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707
15 https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707
16 https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707
17 https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707
18 Bloomberg (ECFC)
19 https://www.tagesschau.de/wirtschaft/konjunktur/rezession-deutschland-eurozone-eu-global-wachstum-konjunktur-101.html
20 Bloomberg (ECFC)
21 https://www.mehrwertsteuerrechner.de/inflation/inflation-deutschland/prognose/
22 https://www.mehrwertsteuerrechner.de/inflation/inflation-deutschland/prognose/
23 Bloomberg (ECFC)
24 https://www.boeckler.de/de/boeckler-impuls-der-arbeitsmarkt-trotzt-der-krise-45795.htm
25 https://www.tagesschau.de/wirtschaft/konjunktur/arbeitsmarkt-erwerbstaetigkeit-rekordniveau-deutschland-101.html
26 https://www.tagesschau.de/wirtschaft/konjunktur/arbeitsmarkt-erwerbstaetigkeit-rekordniveau-deutschland-101.html
27 https://www.tagesschau.de/wirtschaft/konjunktur/arbeitsmarkt-erwerbstaetigkeit-rekordniveau-deutschland-101.html
28 DB Research, Deutschlands Leistungsbilanz, S.2
29 DB Research, Deutschlands Leistungsbilanz, S.3

2.3 Turkey

In the current year 2023, Turkey's economic growth is expected to decrease slightly as compared to the previous year 2022 (5.3%)[30] growth rate of 3%[31]. Turkey continues to achieve a significantly higher growth rate as compared to the economies of the European Union. The main reasons for further decline are low interest rates, persistently high inflation, weak currency and low foreign currency liquidity. High exports are primarily responsible for the current growth, whereby Turkey is benefiting from the nearshoring efforts (relocation of business activities to nearby or nearby foreign countries) of EU companies and can thus win orders. The general economic slowdown is making Turkish exports more difficult, even in the main sales markets (EU and the USA). Although the Turkish government is achieving short-term growth through the low interest rate environment, which is understandable against the background of the upcoming elections, it is taking on a high financial and economic risk. Another risk to Turkey's economic growth has arisen from the devastating earthquake that destroyed more than 100,000 buildings. The cost of reconstruction is estimated at up to 85[32] billion US dollars. The Turkish lira remains under pressure. Although the US Federal Reserve and the ECB have raised interest rates in several steps to fight the inflation, the Turkish central bank has most recently lowered the key interest rate to 8.5%[33]. The interest rates in Turkey remain well below the current inflation rate of 57.7%[34] in January 2023. However, falling energy costs and statistical effects as compared to the previous year suggest that the inflationary pressure will decrease in the current year.

30 https://www.trtdeutsch.com/wirtschaft-turkei/oecd-prognose-turkische-wirtschaft-wird-um-53-prozent-wachsen-11037122
31 https://www.trtdeutsch.com/wirtschaft-turkei/oecd-prognose-turkische-wirtschaft-wird-um-53-prozent-wachsen-11037122
32 https://www.capital.de/wirtschaft-politik/das-droht-der-tuerkischen-wirtschaft-nach-dem-jahrhundertbeben-33220922.html
33 https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Core+Functions/Monetary+Policy/Central+Bank+Interest+Rates/1+Week+Repo
34 https://www.tagesschau.de/wirtschaft/weltwirtschaft/tuerkei-inflation-preise-lira-101.html

In 2022, Germany lost its top position as Turkey's most important trading partner. The total turnover between the two countries of US$ 40.9 bn[35] turnover between the two countries of US$ 40.9 bn has fallen significantly as compared to Russia with an exchange of goods worth US$ 62 bn[36]. Even the second place is in jeopardy as trade with China rose to a mark of US$ 40.6 bn[37]. In terms of exports from Turkey, Germany remains the strongest trading partner with a volume of US$ 19.3 billion[38].

2.4 Sector Credit Institutions

The challenges for the German banking system have changed significantly in the course of 2022. While the low interest rate environment and the Corona pandemic were the main issues in recent years, the focus has now shifted to high inflation and the interest rate turnaround. The Corona pandemic is no longer a serious issue due to the high vaccination rate. The digital transformation, on the other hand, is far from over and will continue to occupy the German banking sector.

The inflation rate has risen to over 10%[39] the second half of 2022, marking the highest value in 70 years. Suddenly, the banks are threatened with high loan defaults on the one hand and the risk from the central bank's monetary policy reactions to rampant inflation on the other. The cycle of interest rate increases is not over yet. Contrary to earlier assumptions by the ECB, that it would be able to quickly bring the inflation back to the target level of 2%[40] it can currently be assumed that this will take a longer period of time. The enormous loss of purchasing power by private households is also noticeably restricting consumption.

35 https://www.gtai.de/de/trade/tuerkei/wirtschaftsumfeld/deutschland-ist-nicht-mehr-wichtigster-handelspartner-der-tuerkei-946106
36 https://www.gtai.de/de/trade/tuerkei/wirtschaftsumfeld/deutschland-ist-nicht-mehr-wichtigster-handelspartner-der-tuerkei-946106
37 https://www.gtai.de/de/trade/tuerkei/wirtschaftsumfeld/deutschland-ist-nicht-mehr-wichtigster-handelspartner-der-tuerkei-946106
38 https://www.gtai.de/de/trade/tuerkei/wirtschaftsumfeld/deutschland-ist-nicht-mehr-wichtigster-handelspartner-der-tuerkei-946106
39 https://www.bundesbank.de/de/presse/reden/zur-rolle-der-banken-im-deutschen-finanzsystem-890198
40 https://www.bundesbank.de/de/presse/reden/zur-rolle-der-banken-im-deutschen-finanzsystem-890198

The need for investment in the area of digitalisation in order to react to innovative fintechs and to meet the changed needs of customers remains high and will burden the earnings situation of the banks. The banks are challenged to reduce the advantage of the large technology groups with their global platforms and existing customer networks for digital payment transactions. The trend of shifting payment transactions to the internet and the decline in the use of cash will continue. Banks must continue to reduce the operating costs through digitalisation in order to keep up with new competitors. The range of sustainable products offered by the banks must be expanded.

Against the background of high inflation, digitalisation and more competition, a continuing consolidation in the banking sector can be assumed. The number of independent institutions in Germany is continuously decreasing by approx. 2.5%[41] per year.

41 https://www.bundesbank.de/de/presse/reden/zur-rolle-der-banken-im-deutschen-finanzsystem-890198

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

3.1 Forecast report

The Bank's development is based on 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 by being "transparent", "comprehensible" and "accountable" to its clients at all times and to provide products and services that are tailored to the bank's clients.

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

Within the framework of the multi-year strategic plan, the business with short-term loans to 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 the development of earnings. 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 intra-group lending to 20% of the core capital of the bank pursuant to § 45 Para. (2) No. 8 of the German Banking Act (KWG) to 20% of the bank's core capital. Furthermore, OYAK ANKER Bank GmbH follows a self-imposed 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 cash management.

The selected new business of the private client portfolio through direct sales improves the credit quality. This already paid off in previous years. The Bank invested in video legitimation and electronic signatures 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 will be continued.

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 2023. New business is expected to offset the scheduled loan repayments.

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

Based on the aforementioned framework conditions of the business model of OYAK ANKER Bank GmbH, the following effects on earnings have been assumed in the projection for 2023:

The interest result will increase sustainably due to the expansion of trade financing and the pre-financing of letter of credit transactions that has already taken place. The commission result will increase due to the expansion of the letter of credit business. Personnel costs will increase slightly in 2023 due to inflation-related adjustments. Strategic key figures result from the business planning for 2023 as follows:

Due to the expansion of the business areas, the bank expects a return on equity of 5.31%. According to the business plan, the regulatory core capital ratio in 2023 will be 23.04%, and the leverage ratio is planned at 11.75%. The Bank is aiming for a cost/income ratio of 49.33% and a profit of EUR 7.9 million.

For the coming year, the bank expects a total capital ratio of 23.04%. An increase in the countercyclical capital buffer is anticipated, which will lead to an increase in the ratio requirement. In the capital planning 2023-2026, an internal capital ratio (including the target ratio) of 21.10% is applied for the current financial year. The Bank considers itself well positioned for the coming years with regard to the regulatory requirements.

Our Treasury division will continue to manage the free liquidity in a granular and optimal way and use various investment opportunities. The focus of the investments will be in the short-term range of up to one year.

The economic environment for OYAK ANKER Bank GmbH has improved significantly and we expect a continuous and sustainable improvement in the coming months of 2023. 2023 will continue to be characterised by moderate expansion of the business areas. The Bank is benefiting from the adjustments made to date within the internal organisational structure. The Bank's future development will remain sustainably positive. The profit will gradually increase. The regular retention of profits will allow for continued expansion of business. 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 assumptions that can be expected based on the current economic and political situation.

The effects of the Russia/Ukraine conflict on the global economy are still not fully assessable. OYAK ANKER Bank currently has no business relations with clients in either country. Any effects that may arise 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 overriding goal of ensuring risk-bearing capacity at all times, one of the Bank's main objectives is to take advantage of market opportunities that are in a balanced relationship to the respective risk. 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. Based on a risk-oriented performance culture, all managers, employees and staff are actively required to act in a risk-conscious manner.

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

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

These requirements are implemented through clearly defined risk management processes and a risk management system for the measurement, control and monitoring of 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 operational control of the business subject to risk and serves as a basis for strategic decisions within the framework of risk-adequate overall bank control.

The processes as well as the methods and risk quantification procedures of the system are documented and their appropriateness is reviewed on an annual basis. The processes and procedures are developed on an ongoing basis, taking into account changes in external conditions and business processes due to changes in regulations in 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 Executive Board is responsible for proper organisation of the business and its further development, irrespective of the internal responsibility arrangement. This responsibility applies to all essential elements of risk management, taking into account outsourced activities and processes. The Executive Board determines the business and risk strategy, the limit structure and all risk parameters. The risk strategy reflects the risk tolerance and is based on the Bank's risk-bearing capacity as well as the risk and earnings expectations of the divisions. The risk strategy takes into account the goals and plans of the main business activities as 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 material and serious audit findings and their processing status. The Executive Board informs the Supervisory Board again at least quarterly about 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 assessment of risks and submits proposals for change 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 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)

Among other things, this division is responsible for the presentation and variance 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 parameters for the planning periods.

3.2.2.6 Special functions (commissioner system)

There are special functions in accordance with legal requirements (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 Committee, 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.

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

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

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 risk-bearing capacity, counterparty, market price and liquidity risks, as well as key financial figures. Furthermore, changes on 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 in connection with 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 guidelines for dealing with risks within the organisational structure and procedures.

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

- Counterparty default 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.

The counterparty default risk primarily includes the following sub-risk types that are relevant for the Bank:

SUB-RISK TYPES	DEFINITION
Default risk	Risk that a contracting party cannot meet its obligations or cannot meet them in full if services have already been rendered in the form of cash, securities or services. The default risk is differentiated according to credit, country, investment and fulfillment risk. In addition to traditional credit risk, credit risk also includes 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 represent a special form of counterparty default 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 economic framework conditions, political or social upheaval, nationalisation or expropriation of assets, non-recognition of cross-border liabilities by the state, exchange control measures, negative effects on the country due to external influences (e.g. sanction measures against the country) or devaluation of the currency in the affected country. As a consequence, the counterparty located abroad cannot fulfill its obligations or at least not in accordance with the contract, although it is prepared to do so. Country risk is the risk that, despite the counterparty's willingness to meet its obligations, the lender may incur a loss due to overriding economic factors. The risk of default arises due to government restrictions in the borrower's
Migration risk	Risk of losses in value due to rating migrations.
Sustainability risks	Sustainability risks are events or conditions in the environmental, social or corporate governance fields, 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 have a negative impact on all business areas and risk types.

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

An important element of the credit approval process and the subsequent credit risk management process is a detailed and market-independent risk assessment. The credit decision is based on a careful analysis of creditworthiness, taking into account the ability to service the debt. When assessing the risk, both the creditworthiness and the market environment of the business partner as well as the risks relevant to the credit facility or the credit exposure are taken into account. 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 via the probability of default within the framework of the internal risk classification procedure (consideration of transfer stop risk as well as several other qualitative criteria). In addition, the credit portfolio model was expanded to include the modelling of country risks, so that in the event of default in a country, it is assumed that all customers resident in the country are affected simultaneously.

Risk quantification is based on the value-at-risk approach (confidence level 99.9%) using a CreditMetrics credit portfolio model. The quantification, analysis and management of the counterparty default risk is carried out at both borrower and portfolio level (including countries, industries, customer segments). All counterparty risks of a group of associated customers (borrower unit) are aggregated. The risk concentrations are also mapped and managed at this level. The quantified credit value-at-risk as at 31 December 2022 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 credit risk exposure (EAD). The portion secured by deposits in the bank (cash collateral) is not taken into account when quantifying risk. 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 customers and banks are rated internally (via the rating tool provider IBM) and, if necessary, via an external rating. Sovereigns and state institutions are rated exclusively by external rating agencies.

The credit ratings are mapped on the master scale, which is uniform throughout the bank. Loans granted are indicated as of rating class 990 and are transferred to VFG - Verrechnungsstelle für gewerbliche Wirtschaft GmbH, Koblenz, (VFG) for processing. The CVaR of the borrowers as at 31 December 2022 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	23,478
AA+	229
AA	15,992
AA-	51,723
A+	11,945
A	14,468
A-	734,788
BBB+	143,455
BBB	91,955
BBB-	560,509
BB+	158,592
BB	8,623,211
BB-	8,596,701
B+	25,326,063
B-	14,709,795
CCC+	56,596

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

RATING	CVAR
900Red	216,750
901Red	2,181
902Red	31,455
903Red	63,498
904Red	33,861
990Red	2,846,630
991Red	593,324
992Red	454,275
993Red	528,812
994Red	545,613
995Red	1,001,313
996Red	1,781,452
997Red	241,944
998Red	179,868
999Red	305,511

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 when calculating the credit risk.

In addition to the size concentrations inherent in the value-at-risk model, analyses of risk concentrations in countries, industries, size classes and borrower units are also part of risk reporting.

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 limits are based on the export credit guarantees of the Federal Republic of Germany (Hermes cover) and indices that take sustainability risks into account (ESG indices).

The concentration risk on the Turkey portfolio as at 31 December 2022 is as follows:

CONCENTRATION RISK	CVAR (IN TEUR)	AS % OF TOTAL CVAR	CREDIT RISK SOLIWITH (IN TEUR)	UTILISATION LIMIT
Turkey risk	56,904	83.75%	115,000	49.48%

In addition, the bank's Turkey exposure is quantified daily and compared to the limit of the Prüfverband deutscher Banken e.V., Cologne.

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

3.2.5.2 Market price risks

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

Market risk primarily includes the following sub-risk types:

SUB-RISK TYPES	DEFINITION
Interest rate risk	The risk that a realised interest result is lower than expected due to changes in market interest rates. The interest rate risk can be divided into interest margin risk and market value risk. The effect of market value risk on the balance sheet is also referred to as valuation risk.
Foreign currency risk	The risk that the value of a foreign currency asset/ liability decreases due to changes in exchange rates because it is not financed in the same currency.
Structural foreign currency risk	The risk that the value of capital and retained earnings denominated in foreign currencies in certain subsidiaries may fluctuate. The Group is exposed to the risk that changes in exchange rates may lead to a reduction in the value of its positions.
Share price risk	The risk that the value of an equity portfolio may unexpectedly decrease due to market movements.
Credit spread risk	The risk of losses due to fluctuations in spreads. The Bank's risk management system is based on the following principles
CVA risk (risk of credit risk-related valuation adjustment)	The risk that the value of a derivative financial instrument may fall due to a deterioration in creditworthiness or the default of a counterparty. This can lead to impairments of the position.
Sustainability risks	Sustainability risks are events or conditions in the environmental, social or corporate governance fields, the occurrence of which could have an actual or potential negative impact on the bank's assets, finances and earnings. Sustainability risks have the potential to have a negative impact on all business areas and risks types

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

Within the banking book, the bank invests not only in loans but also in securities and money market transactions. 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 spreads) are set for nominal open positions. Corresponding processes for the 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).

In addition to the standard scenario, further historical and hypothetical scenarios are calculated, which are reviewed and adjusted annually for their appropriateness. 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 comprises all fixed- and variable-interest on-balance-sheet and interest- rate-sensitive off-balance-sheet positions. Positions with an indefinite fixed-interest period are taken into account in accordance with the institution's internal expiry guidelines with regard to the fixed-interest period and the capital commitment period.

For the determination of the interest rate risk within the meaning of BaFin circular 06/2019 (BA) dated 06.09.2019, a parallel shift of the yield curve of "200 basis points" is applied upwards or downwards. In accordance with the circular, the change in the present value of the interest book is compared to the regulatory capital. The ratios developed as follows:

IN PERCENT	31.12.2022	31.12.2021
+ 200 basis points	- 1.33%	- 1.22%
- 200 basis points	+ 0.55%	+ 0.61%

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

	31.12.2022 IN TEUR	IN RELATION TO OWN FUNDS IN %	31.12.2021 IN TEUR	IN RELATION TO OWN FUNDS IN %
Parallel shift upwards	-1,928	-1.33%	-1,732	-1.22%
Parallel shift downwards	788	0.55%	846	0.60%
Steepening	776	0.54%	-174	-0.12%
Flattening	-2,467	-1.71%	-419	-0.30%
Short-term shock upwards	-2,912	-2.01%	-855	-0.60%
Short-term shock downwards	1,497	1.04%	715	0.50%

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 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. A risk report is used to record possible operational risks.

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 focusing 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	Risk that the bank is not in a position to hedge currencies and the corresponding foreign exchange markets are inaccessible.
Insolvency risk	The risk that the bank is not able to meet its short-term payment obligations on time.
Refinancing risk	The risk that refinancing funds are not available to the planned extent or not at all, or cannot be procured at the expected conditions.
Market liquidity risk	The risk that, due to market disruptions or insufficient market depths, financial securities will not be traded on the financial markets at a certain time and/or at a certain price.
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 have a negative impact on the bank’sall 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.

The insolvency risk is one of the main risks of the bank. However, it is not backed with economic capital, since from the bank’s point of view liquidity risks cannot be fully backed with capital. The risk of insolvency can only be hedged with a liquidity buffer - backing possible loss risks with equity capital or risk coverage potential does not make sense and is not included in the risk-bearing capacity concept according to AT 4.1 para. 4 MaRisk. This special treatment is due to the fact that the insolvency risk is secured by an appropriately high liquidity buffer.

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 fulfillment 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. This committee primarily analyses and assesses the refinancing side on an ongoing basis. 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 compensate for 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	31.12.2022 IN TEUR	31.12.2021 IN TEUR
Until one month	18,227	69,572
Up to two months	5,781	71,959
Up to three months	20,159	73,066
Up to four months	26,759	87,456
Up to five months	21,564	93,878
Up to six months	52,250	104,392

Refinancing structure

The Bank refinances itself primarily through customer deposits. In part, refinancing takes place 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 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 liabilities, is also updated monthly.

Within the framework of quarterly risk reporting, it is examined whether the regulatory ratios (risk-bearing capacity "normative perspective") will be met for the future period under review. The risk report also contains a summary of the current situation, recommendations for management measures if necessary and a future-oriented risk assessment.

3.2.7 Risk-bearing capacity "the 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 thus 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 the order of their significance:

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

The risk-bearing capacity from the economic perspective was as follows on the reporting date:

IN TEUR	31.12.2022			31.12.2021		
	Normal scenario	Historical stress scenario	Hypothetical stress scenario	Normal scenario	Historical stress scenario	Hypothetical stress scenario
Risk coverage potential	142,233			152,822		
./. Risk buffer	15,233	12,233	0	25,822	22,822	0
Total bank limit	127,000	130,000	142,233	127,000	130,000	152,822

The risks (normal scenario) developed as follows:

RISK TYPES	31.12.2022			31.12.2021		
	Limit in TEUR	Risk in TEUR	Utilisation in %	Limit in TEUR	Risk in TEUR	Utilisation in %
Credit risk	115,000	67,946	59%	115,000	67,854	59%
Market price risk	7,000	2,864	41%	7,000	3,567	51%
Operational risk	5,000	2,994	60%	5,000	2,005	40%
Total	127,000	73,804	58%	127,000	73,427	58%

The risks in the stress scenarios were as follows:

RISK TYPES	HISTORICAL STRESS SCENARIOS SCENARIO IN TEUR	HYPOTHETICAL STRESS SCENARIO IN TEUR
Credit risk	89,718	114,779
Market price risk	5,646	5,681
Operational risk	5,877	7,308

RISK TYPES	HISTORICAL STRESS SCENARIOS SCENARIO IN TEUR	HYPOTHETICAL STRESS SCENARIO IN TEUR
Total bank limit	130,000	142,233
Utilisation in %	78%	90%

3.2.8 Risk-bearing capacity "the 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. Future capital requirements are planned annually over a planning horizon of at least three years, in line with 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 the 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 internal and external capital planning.

NORMATIVE RISK-BEARING CAPACITY PLANNING PLAN IN TEUR	2023	2024	2025	2026
Total risk amount according to CRR	625,232	642,042	664,046	675,133
of which total amount of risk positions for counterparty default risks	588,933	600,124	611,654	621,456
of which total amount of risk positions for market price risks ken	1,047	1,047	1,047	1,047
of which total amount of risk positions for operational risks	35,252	40,871	51,345	52,630
Own resources	144,055	151,041	159,181	167,736
Own funds ratio	23.04%	23.53%	23.97%	24.84%

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

The adverse scenario assumes a deep and prolonged recession in the euro area, especially in Germany. The effects of the war in Ukraine, supply bottlenecks due to supply chain problems and, above all, lasting problems with energy supply, leave deep scars on the German economy. As a result, we assume negative economic growth of -1.90% for 2023. In 2024, we expect a slight improvement under this scenario, but still negative economic performance at -1.20%. The negative economic development in the adverse scenario has no lasting impact on the German labour market. Due to the geopolitical crises, we assume a high influx of workers into the German labour market. We expect an unemployment rate of 5.40% in 2023. In the following years, the unemployment rate is going to increase only slightly and the unemployment figures for 2024 and 2025 are expected to be 5.70%. Due to the poor economic conditions, we assume that inflation will remain high at 8.50% in 2023 and will decrease to 5.40% and 2.10% in 2024-2026.

The adverse scenario assumes a sustained severe economic crisis of the Turkish economy with a GDP of -0.80% in 2023 and -4.00% in 2024. In the following year 2025, we assume only a marginal improvement of the Turkish economy with still negative growth of -2.40%. Only in 2026 is a positive development of 2.20% of the economy expected. The impact on the Turkish labour market will be limited. The unemployment rate will increase to 11.00% and 11.40% in 2023 and 2024, respectively, and further stabilise at 11.60% in the following years. Furthermore, we expect inflation to be 57.80% in 2023, down from 73.10 in 2022.

The inflation assumptions for the adverse scenario are significantly higher than the expectations of the planned scenario for the years 2023 to 2026 and are based on the historical stress from 2017 to 2020. The key interest rates of the Turkish central bank were 9.00% at the end of 2022. In the adverse scenario, we assume lower key interest rates for the following years, despite high inflation. These expectations are based on observations and assessments of the Turkish central bank's strategy in recent years. For the years 2023 and 2024 we assume 7.00% and 6.00%, respectively. In 2025 and 2026, we expect a slight increase to 7.00% and 8.00%, respectively.

The value of the EUR against the USD fell significantly in the course of 2022 to as low as 1.07 at the end of the year. This is mainly due to the significantly earlier and more aggressive start of the interest rate hike cycle by the US Federal Reserve and the resulting sharp widening of the interest rate differential to the euro area. On the other hand, in this scenario, the persistent significantly worse economic data from the euro area, especially Germany, as compared to the USA, also have an impact on the euro. In response to the high inflation in the euro area, we expect the European Central Bank to raise key interest rates significantly . We assume 4.40% for 2023 and lower key interest rates in the euro area of 3.75%, 3.30% and 2.90% in the years 2024 to 2026 in response to a decline in inflation in the following years.

Analogous to the ECB, the US Federal Reserve will also react much more aggressively to the high inflation figures in the adverse scenario and raise the key interest rates to 5.80%, especially in 2023.

Adverse scenario: The assumed factors of the scenario for 2023 are already based on a macroeconomic crisis, in particular the war in Ukraine, the associated worsening of the energy crisis and the continued very high inflation in the euro area and the USA. In the following years, the economies in Germany and Turkey (main markets of OYAK ANKER Bank GmbH) cannot recover as quickly. The Bank takes the recession into account by defining an adverse scenario and making corresponding assumptions. Based on these macroeconomic assumptions, the adverse scenario can be said to be an extension of the recession.

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

NORMATIVE RISK-BEARING CAPACITY PLANNING ADVERS IN TEUR	2023	2024	2025	2026
Total risk amount according to CRR	731,098	723,201	734,249	743,842
of which total amount of risk exposures for counterparty risks	694,799	685,123	696,628	705,727
of which total amount of risk exposures for market price risks	1,047	1,047	1,047	1,047
of which total amount of risk exposures for operational risks	35,252	37,031	36,574	37,068
Own resources	141,190	140,320	142,003	144,413
Own funds ratio	19.31%	19.40%	19.34%	19.41%

3.2.9 Opportunities

The model-based quantification of the expected and unexpected loss in the case of default risks is carried out using statistical methods on the basis of historical observations and cautiously estimated input parameters. Opportunities arise if the actual creditworthiness developments of the credit-risk-bearing positions are more favourable than estimated. In this case, the required credit risk provisioning 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 can 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 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, 22 May 2023
OYAK ANKER Bank GmbH

Dr. Süleyman Erol
MEMBER OF
MANAGEMENT BOARD

Ümit Yaman
MEMBER OF
MANAGEMENT BOARD

BALANCE SHEET AS AT 31.12.2022

ASSETS		EUR			EUR	EUR	Previous Year TEUR
1.	Cash reserve						
	a) Cash in hand				693.54		1
	b) Balances with central banks				9,561,630.28		50,482
	of which: with Deutsche Bundesbank	9,561,630.28	(prev. year TEUR 50,482)				
	c) Credit balances with postal giro offices				0.00	9,562,323.82	
2.	Public-sector debt instruments and bills of exchange eligible for refinancing at central banks						
	a) Treasury bills and non-interest-bearing treasury notes and similar debt instruments issued by public authorities				0.00		0
	b) Bills of exchange				0.00	0.00	0
3.	Loans and advances to credit institutions						
	a) due daily				308,901,763.02		193,827
	b) other receivables				258,009,209.23	566,910,972.25	257,864
4.	Loans and advances to customers					719,581,370.33	617,543
	of which: secured by mortgages	0.00	(prev. year TEUR 0)				
	Municipal loans	0.00	(prev. year TEUR 0)				
5.	Bonds and other fixed-income securities						
	a) Money market papers						
	aa) from public issuers			0.00			
	of which: eligible as collateral with Deutsche Bundesbank	0.00	(prev. year TEUR 0)				
	ab) from other issuers			0.00	0.00		
	of which: eligible as collateral with Deutsche Bundesbank	0.00	(prev. year TEUR 0)				
	b) Bonds and debentures						
	ba) from public issuers			23,872,690.98			24,205
	of which: eligible as collateral with Deutsche Bundesbank	23,872,690.98	(prev. year TEUR 24,205)				
	bb) from other issuers			112,931,388.03	136,804,079.01		136,468
	of which: eligible as collateral with Deutsche Bundesbank	64,071,858.71	(prev. year TEUR 31,229)				
	c) own bonds				0.00	136,804,079.01	
	Nominal amount	0.00	(prev. year TEUR 0)				
6.	Shares and other variable-yield securities					0.00	
6a.	Trading portfolio					0.00	
7.	Participations					478,884.61	486
	of which: in credit institutions	0.00	(prev. year TEUR 0)				
	in financial services institutions	0.00	(prev. year TEUR 0)				
8.	Shares in affiliated companies					2,155,761.46	2,267
	of which: in credit institutions	0.00	(prev. year TEUR 0)				
	in financial services institutions	1,252,198.00	(prev. year TEUR 1,641)				
9.	Trust assets					0.00	0
	including: Trust loans	0.00	(prev. year TEUR 0)				
10.	Compensation claims against the public sector including bonds from their conversion					0.00	0
11.	Intangible fixed assets						
	a) Self-generated industrial property rights and similar rights and assets				0.00		0
	b) Concessions acquired against payment, industrial property rights and similar rights and assets and licences to such rights and assets				149,608.90		132
	c) Goodwill				0.00		0
	d) Prepayments made				1,364,877.52	1,514,486.42	240
12.	Property, plant and equipment					227,308.03	264
13.	Called-up but not yet paid-in capital					0.00	
14.	Other assets					3,157,205.73	1,208
15.	Prepaid expenses and deferred charges					289,916.79	314
16.	Deferred tax assets					0.00	0
17.	Asset difference from asset offsetting					0.00	0
18.	Net loss not covered by equity capital					0.00	0
	Total assets					**1,440,682,308.45**	**1,285,301**

LIABILITIES		EUR	EUR	EUR	Previous Year TEUR
1.	Liabilities to credit institutions				
	a) due daily		0.00		0
	b) with agreed term or period of notice		81,129,097.14	81,129,097.14	80,000
2.	Liabilities to customers				
	a) Savings deposits				
	aa) with agreed period of notice of three months	4,915,321.27			5,350
	ab) with agreed period of notice of more than three months	14,781,156.66	19,696,477.93		17,646
	b) Other liabilities				
	ba) due daily	454,574,499.68			407,297
	bb) with agreed term or period of notice	214,118,214.29	668,692,713.97	688,389,191.90	222,000
3.	Securitised liabilities				
	a) Debt securities issued		0.00		
	b) Other securitised liabilities		0.00	0.00	0
	of which: Money market paper	0.00 (prev. year TEUR 0)			
	Own acceptances and promissory notes in circulation	0.00 (prev. year TEUR 0)			
3a.	Trading portfolio			0.00	0
4.	Trust liabilities			0.00	0
	of which: Trust loans	0.00 (prev. year TEUR 0)			
5.	Other liabilities			182,984.70	1,929
6.	Prepaid expenses			2,792,918.43	1,150
6a.	Deferred tax liabilities			0.00	0
7.	Provisions				
	a) Provisions for pensions and similar obligations		480,831.00		96
	b) Tax provisions		8,821.38		29
	c) Other provisions		1,152,986.27	1,642,638.65	966
8.	(omitted)			0.00	0
9.	Subordinated liabilities			518,634,478.52	402,676
10.	Participatory capital			0.00	0
	of which: due before the end of two years	0.00 (prev. year TEUR 0)			
11.	Fund for general banking risks			0.00	0
12.	Equity capital				
	a) Called-up capital				
	Subscribed capital	115,000,000.00			115,000
	Less uncalled outstanding deposits 0.00 (prev. year TEUR 0)		115,000,000.00		
	b) Capital reserve		572,496.97		573
	c) Retained earnings				
	ca) Legal reserve	0.00			
	cb) Reserve for shares in a controlling company or majority-owned companies	0.00			
	cc) Statutory reserves	0.00			
	cd) other revenue reserves	30,589,692.72	30,589,692.72		26,635
	d) Balance sheet profit / loss		1,748,809.42	147,910,999.11	3,954
	Total liabilities			**1,440,682,308.45**	**1,285,301**

		EUR	EUR	Previous Year TEUR
1.	Contingent liabilities			
	a) Contingent liabilities from bills of exchange passed on and settled	0.00		0
	b) Liabilities from guarantees and indemnity agreements	2,639,081.38		5,487
	c) Liability arising from the provision of collateral for third-party liabilities	0.00	2,639,081.38	0
2.	Other commitments			
	a) Redemption obligations from non-genuine repurchase agreements	0.00		0
	b) Placement and underwriting obligations	0.00		0
	c) Irrevocable loan commitments	0.00	0.00	0

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 01.01.2022 TO 31.12.2022

	EXPENSES	EUR	EUR	EUR	EUR	Previous Year TEUR
1.	Interest expenses				29,408,949.73	15.236
	of which deducted positive interest from banking business		205,084.69			
2.	Commission expenses				654,453.05	252
3.	Net trading portfolio expenses				0.00	0
4.	General administrative expenses					
	a) Personnel expenses					
	aa) Wages and salaries		4,537,636.74			4,384
	ab) Social security contributions and expenses for pension provision and support		1,024,449.02	5,562,085.76		777
	of which: for pensions	268,304.53	(prev. year 34 TEUR)			
	b) Other administrative expenses			7,190,796.65	12,752,882.41	6,009
5.	Depreciation and value adjustments on intangible assets and property, plant and equipment				180,716.49	208
6.	Other operating expenses				1,700,419.08	703
7.	Depreciation and value adjustments on receivables and certain securities as well as additions to provisions in the lending business				3,027,818.62	638
8.	Depreciation and value adjustments on participations, shares in affiliated companies and securities treated as fixed assets				0.00	0
9.	(omitted)				0.00	0
10.	Allocation to the fund for general banking risks				0.00	0
11.	Extraordinary expenses				0.00	0
12.	Taxes on income and earnings				1,549,472.94	2,266
13.	Other taxes not shown under item 6				-481,230.54	-280
14.	Profits transferred on the basis of income from profit pooling, a profit transfer agreement or partial profit transfer agreement				0.00	0
15.	Net profit for the year				1,748,809.42	3,954
	Total expenses				**50,542,291.20**	**34,147**

INCOME		EUR	EUR	EUR	Previous Year TEUR
1.	Interest income from				
	a) Credit and money market transactions		46,681,115.07		29,993
	of which deducted negative interest from banking transactions	36,106.67			
	b) fixed-income securities and debt register claims		2,453,645.95	49,134,761.02	2,874
2.	Current income from				
	a) Shares and other variable-yield securities		0.00		0
	b) Participations		36,594.64		22
	c) Shares in affiliated companies		72,850.35	109,444.99	0
3.	Income from profit pooling, profit transfer management or partial profit transfer agreements			93,846.23	237
4.	Commission income			870,806.88	486
5.	Net income from the trading portfolio			0.00	0
6.	Income from reversals of write-downs of receivables and certain securities and from reversals of provisions in the lending business			0.00	0
7.	Income from write-ups on participations, shares in affiliated companies and securities treated as fixed assets			18,015.05	286
8.	Other operating income			315,417.03	249
9.	Release from the fund for general banking risks			0.00	0
10.	(omitted)			0.00	0
11.	Income from loss transfer			0.00	0
12.	Net loss for the year			0.00	0
	Total income			**50,542,291.20**	**34,147**

		EUR	Previous Year TEUR
1.	Net profit for the year	1,748,809.42	3,954
2.	Profit/loss carried forward from the previous year	0.00	0
3.	Withdrawals from the capital reserve	0.00	0
4.	Withdrawals from revenue reserves		
	a) from the legal reserve	0.00	0
	b) from the reserve for own shares in a controlling, or majority-owned company	0.00	0
	c) from reserves according to the Articles of Association	0.00	0
	d) from other revenue reserves	0.00	0
5.	Withdrawals from profit participation capital	0.00	0
6.	Transfers to revenue reserves		
	a) to the legal reserve	0.00	0
	b) to the reserve for own shares in a controlling, or majority-owned company	0.00	0
	c) to reserves in accordance with the Articles of Association	0.00	0
	d) to other revenue reserves	0.00	0
7.	Replenishment of profit participation capital	0.00	0
8.	Balance sheet profit/loss	1,748,809.42	3,954

ANNEX TO THE ANNUAL ACCOUNTS

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

General information

OYAK ANKER Bank GmbH with 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 German 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 translation into euro at initial recognition is the exchange rate on the transaction date. Assets and liabilities denominated in foreign currencies are translated at the average spot exchange rate at the end of the year. Forward foreign exchange contracts are translated at the year-end forward rate. The market value of the forward exchange transactions is recognised in the balance sheet. 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). The transactions were assigned to each other in a clear hedging relationship and tested for effectiveness using the critical terms match method. The currency translation is recognised net in other operating result (gross hedge presentation method). All foreign currency transactions are covered by micro hedges.

OYAK ANKER Bank GmbH did not maintain a trading portfolio in 2022. 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.

Accounting and valuation methods

Assets

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 provisions, plus accrued interest.

Recognisable individual risks in the lending business are taken into account through the creation of specific valuation allowances. In the retail business, a flat-rate specific bad debt provision (SLP) is calculated based on historical default and loss rates. A risk provision is made for defaulted receivables in accordance with § 340 f of the German Commercial Code (HGB). The latent risks are covered by general loan loss provisions in accordance with IDW RS BFA 7. The Bank applies the simplified procedure and uses the one-year expected loss. The presumption of balance between credit rating premiums and risk expectation was checked. 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. In the event of permanent impairment, the value is written down to the lower fair value. Fixed-income securities acquired below par (or above par) are written up (or written down) to the nominal value in accordance with the period. Participations and shares in affiliated companies are recognised at the lower of cost or fair value. In the case of permanent impairment, write-downs are made to the lower fair value. If the reason for the permanent impairment of securities or investments no longer applies, the impairment 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, linear 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 that amount to at least EUR 250.00 for the individual asset but do not exceed EUR 1,000.00 are capitalised in collective items and written back in the year of formation and in the following four business 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 valuation of the pension obligation at the 10-year average interest rate and the 7-year average interest rate amounts to EUR 25,000. This difference is blocked for distribution.

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

Liabilities

Liabilities are valued at their settlement amount plus accrued interest. Other liabilities and deferred income are recognised at their 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 1.78% per annum. Furthermore, a pension dynamic of 2.0% p.a. is used as a basis. An unchanged salary level was assumed. The difference between the plan assets valued at fair value, which serve to fulfill the pension obligations, and the underlying acquisition costs results in a restricted distribution amount of TEUR 0 (previous year TEUR 122). As there are sufficient freely available reserves, an allocation is not necessary in the 2022 financial year.

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.
Within the framework of a value-oriented consideration, taking into account the statement IDW RS BFA 3, it was examined whether the valuation of the entire interest position of the banking book results in a surplus of obligations. The banking book includes all balance sheet and off-balance sheet interest-related financial instruments up to their remaining term. The assessment takes into account all interest income from interest-related financial instruments in the banking book as well as the expenses (risk costs and administrative costs) expected to be required to generate this income. The risk costs are recognised on the basis of the one- year expected loss for all positions up to their maturity. The administrative costs are distributed over the portfolio and taken into account proportionately up to the remaining term. Discounting (present value method) is based on the yield curve on the balance sheet date. The calculation as at 31.12.2022 does not show a surplus of obligations. A provision pursuant to § 249 para. 1 sentence 1 HGB does not have to be formed.

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

Premiums and discounts on receivables and liabilities are recognised as prepaid expenses and deferred income and amortised on a straight-line basis over their term.

The subscribed capital is recognised at nominal value. The previous year's retained earnings were allocated in full to the revenue reserves.

Liabilities below the line

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

Notes to the balance sheet

Assets side of the balance sheet

Loans and advances to credit institutions

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

	31.12.2022 TEUR	31.12.2021 TEUR
Due daily	308,897	193,827
Up to three months	16,815	33,765
more than three months up to one year	241,199	224,099
more than one year up to five years	0	0
more than five years	0	0

Receivables from banks in the amount of TEUR 142,351 (previous year TEUR 193,416) are foreign currency receivables. The foreign currency receivables are mainly short-term credit balances with banks.

The following risk provisions were deducted:

	31.12.2022 TEUR	31.12.2021 TEUR
General value adjustment according to BFA 7	550	0
Country risk provisioning	3,722	2,945

Receivables from customers

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

	31.12.2022 TEUR	31.12.2021 TEUR
with indefinite maturity	3,748	4,510
Up to three months	185,706	310,951
more than three months up to one year	399,040	139,952
more than one year up to five years	127,352	158,070
more than five years	3,735	4,060

Receivables from customers include receivables from affiliated companies in the amount of TEUR 409,372 (previous year TEUR 407,105). This does not include any receivables from the shareholder. Furthermore, there are receivables in foreign currencies in the amount of TEUR 276,112 (previous year TEUR 173,315). This item includes subordinated receivables of TEUR 249,551 (previous year TEUR 232,804). These subordinated receivables are fully secured by cash deposits in the same currency and maturity.

The following risk provisions were deducted:

	31.12.2022 TEUR	31.12.2021 TEUR
Individual value adjustment	1,434	65
Flat-rate individual value adjustment	8,985	11,463
§ 340 f HGB	600	0
General value adjustment according to tax law	0	918
General value adjustment according to BFA 7	732	0
Country risk provisioning	2,068	1,066

Bonds and other fixed-income securities:

	31.12.2022 TEUR	31.12.2021 TEUR
Exchangeable & listed	136,804	160,673
thereof eligible as collateral with the Deutsche Bundesbank	87,945	96,542

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 TEUR 136,804 (previous year TEUR 160,673) were valued according to the moderate lower of cost or market principle. The hidden reserves for bonds and other fixed-income securities in the investment portfolio amounted to TEUR 18 (previous year TEUR 1,912) as at the balance sheet date.

At the end of 2022, there were bonds and other fixed-income securities in the investment portfolio that were recognised above their fair value. The hidden burden amounts to TEUR 11,425 (previous year TEUR 811). The Bank has analysed the positions and does not assume permanent impairment.

Bonds with a nominal value of TEUR 29,688 (previous year TEUR 22,244) will mature in 2023.

Participations

The investments are not listed on the stock exchange. They are shares in companies from rescue acquisitions from the years 2007 to 2010 and amount to TEUR 479 (previous year TEUR 486).

Affiliated companies

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

VFG Verrechnungsstelle für gewerbliche Wirtschaft GmbH reported a net profit of EUR 0 (previous year EUR 0) in the financial year 2022 after the profit transfer of EUR 94,000 (previous year EUR 237,000). The company's equity amounts to EUR 77,000 (previous year EUR 77,000). 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 3,905 (previous year TRON 1,720). In 2022, the company generated a profit of TRON 0.4 (previous year: loss of TRON 17). The Bank holds a 45% share in the amount of TEUR 355 (previous year: TEUR 156).

Innovance Technologies GmbH, Frankfurt/Main
The IT company's equity amounts to TEUR 250. In 2021, the loss amounted to TEUR 1. The Bank holds a 35 per cent share in the amount of TEUR 88 (previous year TEUR 9).

OYAK Yatirim Menkul Degerler A.S., Istanbul/Turkey
The equity of the financial company amounts to TRY 316 million (previous year

TRY 194 million). In 2022, the profit amounted to TRY 1,135 million (previous year TRY 406 million). The bank holds an unchanged share of 1.426% of equity based on the number of shares. As of the reporting date, the shares in OYAK Yatirim had a value of TRY 1,252,000 (previous year TRY 25 million).

Fixed Assets Schedule

The assets to be valued for the fixed assets are summarised in the investment chart.

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

IN TEUR						DEPRECIATION/ WRITE-UP							BOOK VALUES	
	STATUS 01.01.2022	ACCESS	DISPOSALS	TRANSFERS	STATUS 31.12.2022	STATUS 01.01.2022	DEPRECIATION	ATTRIBUTION	CHANGES / DEPARTURES	ACCUMULATED STA-TUS 31.12.2022	VALUE D. FOREIGN EXCHANGE RATE 01.01.2022 CUM.	VALUE D. EXCHANGE RATE 31.12.2022 CUM.	STATUS 31.12.2022	STATUS 31.12.2021
Debentures	160,673	8,930	32,797	0	136,804	0	0	0	0	0			135,926	160,673
Participations	1,006	0	0	0	1,006	520	7	0	0	527			479	486
Shares in affiliated companies	3,488	278	0	0	3,766	473	0	0	0	473	-748	-1,137	2,156	2,267
Intangible fixed assets	1,972	119	0	0	2,091	1,841	101	0	0	1,942			149	132
Number of payments made on intangible assets and property, plant and equipment	240	1,140	15	0	1,365	0	0	0	0	0			1,365	240
Property, plant and equipment a) Operating and business equipment	618	28	0	0	646	397	55	0	0	452			194	220
b) Low-value assets	119	15	9	0	125	76	25	0	9	92			33	43

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:

	31.12.2022 TEUR	31.12.2021 TEUR
Tax refund claims	2,038	1,201
FX valuation (hedging transactions)	806	0

The FX valuation (hedging transactions) was on the liabilities side in the previous year.

Prepaid expenses and deferred charges

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

The total amount of assets denominated in foreign currency is EUR 439,866,000 (previous year EUR 400,586,000). The transactions taken into account have an unchanged maximum term until 29 June 2028, of which TEUR 269,341 (previous year TEUR 172,534) are cash- covered in the same currency and term.

Liabilities side of the balance sheet

Liabilities to credit institutions

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

	31.12.2022 TEUR	31.12.2021 TEUR
Due daily	0	0
Up to three months	1,129	0
more than three months up to one year	80,000	0
more than one year up to five years	0	80,000
more than five years	0	0

As of the balance sheet date, there were foreign currency liabilities to banks in the amount of TEUR 1,129 (previous year TEUR 0).

Liabilities to customers

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

	31.12.2022 TEUR	31.12.2021 TEUR
Due daily	0	0
Up to three months	18,006	18,316
more than three months up to one year	1,690	3,363
more than one year up to five years	0	1,317
more than five years	0	0

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

	31.12.2022 TEUR	31.12.2021 TEUR
Due daily	454,575	407,297
Up to three months	68,255	54,532
more than three months up to one year	86,427	95,958
more than one year up to five years	44,613	58,505
more than five years	14,823	13,005

Other liabilities to customers include liabilities to affiliated companies in the amount of TEUR 288,709 (previous year TEUR 194,623). EUR 2,442,000 (previous year EUR 1,203,000) of these relate to liabilities to the shareholder. The liabilities to affiliated companies are current. EUR 101,126,000 (previous year EUR 186,262,000) of these are foreign currency liabilities.

Other liabilities

This item contains the following important individual amounts:

	31.12.2022 TEUR	31.12.2021 TEUR
Taxes to be paid (capital gains tax, turnover tax, wage tax and church tax)	75	53
Other liabilities	71	92

Prepaid expenses

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

This item contains the following important individual amounts:

	31.12.2022 TEUR	31.12.2021 TEUR
Delimitation discount	1,520	1,080
Accrual of handling fee for letters of credit	1,246	0

Other provisions

This item contains the following important individual amounts:

	31.12.2022 TEUR	31.12.2021 TEUR
Provisions for pensions and similar rights	481	96
Provisions for outstand-ing invoices	381	248
Provisions for audit costs Annual accounts	314	244

Subordinated liabilities

The subordinated liabilities break down by residual term as follows:

	31.12.2022 TEUR	31.12.2021 TEUR
Due daily	0	0
Up to three months	172,548	292,276
more than three months up to one year	346,086	110,399
more than one year up to five years	0	0
more than five years	0	0

Subordinated liabilities in the amount of TEUR 268,812 (previous year TEUR 172,122) are foreign currency liabilities. The deposits serve as collateral for existing loan receivables. A possible conversion into capital or into another form of debt is not planned.

Borrowings that exceed 10% of the total amount of subordinated liabilities:

DEPOSIT FROM	AMOUNT	CURRENCY	INTEREST RATE IN %	TERM UNTIL
OYAK Ordu Yardimlasma Kurumu, Ankara	108,983	TUSD	5.15	24,04,2023
	89,175	TUSD	7.00	08,02,2023
	80,995	TEUR	7.50	05,06,2023
	58,840	TEUR	5.50	09,02,2023

The subordinated deposits are not recognised as supplementary capital. An early repayment obligation is excluded. These deposits serve as collateral in the form of cash cover for existing loans.

In 2022, interest amounting to TEUR 27,302 (previous year TEUR 13,225) was paid.

Equity

Equity developed as follows:

	31.12.2022 TEUR	ADDITIONS TEUR	WITHDRAWALS TEUR	01.01.2022 TEUR
Subscribed capital	115,000	0	0	115,000
Capital reserve	572	0	0	572
Retained earnings	30,590	3,955	0	26,635
Balance sheet profit/loss	1,749	-	-	3,954

The management proposes to allocate the net profit for the financial year 2022 to the revenue reserve.

The total amount of liabilities denominated in foreign currency is TEUR 371,068 (previous year 358,384). The transactions taken into account have a maximum term until 8 December 2023.

Liabilities below the line

Contingent liabilities

Included in this position are:

	31.12.2022 TEUR	31.12.2021 TEUR
Sureties and guarantees	2,639	5,487

The item contingent liabilities does not include any individual amounts that are of material significance.

Other commitments

Included in this position are:

	31.12.2022 TEUR	31.12.2021 TEUR
Irrevocable loan commitments	0	0

The commitments shown in items 1b) and 2c) below the balance sheet line are subject to the risk identification and control procedures applicable to all credit relationships, which ensure timely identification of risks.

Acute risks of a claim arising from the liability relationships shown below the balance sheet line are covered by provisions. The liabilities reported 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 creditworthiness of these customers. The amounts reported under 1b) do not show the actual cash flows to be expected from these contracts in the future, as the majority of the contingent liabilities will expire without being utilised according to the Bank's assessment.

Notes to the profit and loss account

The profit and loss account is prepared in account form.

Interest income

Interest income is netted with negative interest, which mainly consists of deposits with credit institutions and the Bundesbank in the amount of TEUR 36 (previous year TEUR 241). Interest income from lending and securities transactions mainly results from business relations with customers and credit institutions based in Turkey (EUR 24,288,000), the Netherlands (EUR 12,278,000) and Germany (EUR 4,712,000).

Commission income

Commission income results from letter of credit transactions and guarantee commissions. This commission income mainly results from business relationships with credit institutions and customers.

Current income from participations and affiliated companies

Current income from participations and affiliated companies relates to a dividend distribution from an affiliated company in Turkey and distributions from real estate funds (rescue acquisitions) in Germany.

Other operating income

Other operating income mainly results from the release of provisions totalling TEUR 218 (previous year TEUR 157). This includes the reversal of the provision for remaining holidays in the amount of TEUR 120 (previous year TEUR 93). Other operating income mainly results from business relations with customers and credit institutions based in Turkey and Germany.

Interest expenses

Positive interest from loans and advances to banks in the amount of TEUR 201 (previous year TEUR 440) was deducted from interest expenses.

Other operating expenses

Other operating expenses include expenses from hedging costs of the hedging transactions in the amount of TEUR 1,653 (previous year TEUR 693).

Under other operating expenses, expenses and income from the compounding or discounting of pension obligations and from the cover assets to be offset were netted out in the amount of TEUR 0 (previous year TEUR 5).

Taxes on income and earnings

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

Other financial obligations

Financial commitments from multi-year contracts

31.12.2022	DUE 2023 TEUR	DUE 2024 - 2026 TEUR	DUE FROM 2027 TEUR
Rent	362	1,060	500
Maintenance (IT)	876	47	0
Leasing	35	97	22
Services	1,003	1,280	688

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

Contingent liabilities

Further contingent liabilities are presented below:

The required pro rata cover capital of the provident fund amounts to TEUR 20 (previous year TEUR 53). There is a shortfall in this amount. No provisions were made for the underlying pension commitments, as these are cases prior to 1 January 1987 (application of Article 28 EGHGB).

The Bank is liable for a loan of Grundbesitzgesellschaft bR Berlin, Karl-Marx-Allee II (investment fund holdings/salvage acquisitions) with Baden-Württembergische Bank, an independent institution of Landesbank Baden-Württemberg, in the amount of TEUR 9 (previous year TEUR 9).

The Bank is a member of the Deposit Protection Fund of the Association of German Banks e.V. and in the Compensation Scheme of German Banks GmbH. 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.

Foreign exchange transactions

To cover exchange rate fluctuations, 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.

	31.12.2022 TEUR	31.12.2021 TEUR
TUSD	69,258	43,403
TTRY	25,000	25,000

As of the balance sheet date, these transactions resulted in a positive market value of TEUR 806 (previous year negative market value TEUR 1,748).

Other information

Refinancing

A collateral account of EUR 92,598,000 (previous year EUR 118,041,000) exists at the Deutsche Bundesbank for refinancing facilities. Loan utilisation in the form of open market transactions amounted to TEUR 79,455 (previous year TEUR 79,424) as of the balance sheet date.

There are no other transferred/pledged assets for liabilities.

Auditor Total fee

The expenses of EUR 284,000 (previous year: EUR 412,000) recognised for services rendered by the auditor for the financial year break down as follows:

	2022 TEUR	2021 TEUR
Audit services	274	407
Other confirmation services	10	5

The auditing services of 2022 include TEUR 15 of expenses for the audit year 2021. The other certification services of TEUR 10 (previous year TEUR 5) related to a MACC audit for the year 2021.

Disclosures pursuant to section 26a (1) KWG

Certain information is required to be disclosed under Part 8 of the Capital Requirements Regulation (CRR) as well as § 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 2022 with the required regulatory information in the Bundesanzeiger.

The return on investment as a quotient of net profit and average balance sheet total is 0.13% (previous year 0.31%).

Supplementary report

The effects of the Russia/Ukraine conflict on the global economy are still not fully assessable. OYAK ANKER Bank currently has no business relations with clients in either country. The bank continuously analyses any effects that may arise in order to be able to initiate appropriate measures if necessary. The conflict has no impact on the annual financial statements for 2022. The tragic events concerning the earthquake also have no impact on the business figures.

Information about the company and its bodies

Employees

Pursuant to Section 267 (5) of the German Commercial Code (HGB), the Bank employed an annual average of 27 female (previous year 30) and 33 male employees (previous year 33). At the end of the year, the Bank had 26 (previous year 27) female and 35 (previous year 33) male employees. Converted to full-time employees, there were 56 (previous year 53) employees on the balance sheet date.

Management

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

Supervisory Board

Expenses for the Supervisory Board in the calendar year 2022 amounted to TEUR 0 (previous year TEUR 0).

Loans to the Supervisory Board and Executive Board

As of the balance sheet date, there were no receivables from or open loan commitments to members of the Supervisory Board. There were receivables from and open credit commitments to the managing directors totalling to TEUR 17 (previous year TEUR 27).27).

Group

OYAK ANKER Bank GmbH is part of the OYAK Ordu Yardımlaşma Kurumu 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, no consolidated financial statements were prepared in accordance with §§ 290

(5) in conjunction with in conjunction with 296 (2) of the German Commercial Code (HGB).

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.

Members of the Supervisory Board

The Supervisory Board was composed as follows in the 2022 financial year:
Mr. I. Emrah Silav, Chairman
Group Head Finance Sector of Ordu Yardımlaşma Kurumu (OYAK)
Istanbul (Turkey)

Mr. M. Emre Timurkan, Vice-Chairman
Board responsibility in several OYAK companies London (United Kingdom)

Mr. H. Alper Karaçoban, Member of the Supervisory Board Responsibility as a Supervisory Board Member in several OYAK companies Istanbul (Turkey)

Managing Director

The following persons have been appointed as Managing Director:

Dr. Süleyman Erol, Managing Director Back Office, Glashütten
(Loan Processing Commercial Credits, Legal/Compliance, Internal Audit, Collection Depart- ment, Operations, Accounting/Controlling/Reporting, Deposits/Transactions Settlement, Information Technology, New Technologies, Risk Management, Loan Processing Consumer Credit, Management Office (together with Mr Yaman)).

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

Frankfurt am Main, 22 May 2023

The Executive Board

Dr. Süleyman Erol
MEMBER OF
MANAGEMENT BOARD

Ümit Yaman
MEMBER OF
MANAGEMENT BOARD

ANNEX TO THE ANNUAL FINANCIAL STATEMENTS WITHIN THE MEANING OF § SECTION 26A (1) SENTENCE 2 OF THE GERMAN BANKING ACT (KWG) OYAK ANKER BANK GMBH AS AT 31.12.2022

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

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

Turnover

The turnover amounts to TEUR 20,258 (previous year TEUR 18,114). The turnover includes the sum of 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 annual average of 60 staff (previous year 63) in accordance with Section 267 (5) of the German Commercial Code (HGB). At the end of the year, we had 26 (previous year 27) female and 35 (previous year 33) male employees. Converted to full-time employees, 55 (previous year 53) people were employed as at the balance sheet date.

Taxes on income and earnings

Taxes on income and profit relate exclusively to the ordinary result. The taxes on profit and loss amount to TEUR 1,549 (previous year TEUR 2,266).

Profit or loss before taxes

The profit before tax amounts to TEUR 3,298 (previous year TEUR 6,220).

Public aid received

OYAK ANKER Bank GmbH did not receive any public aid as an expense allowance for social security contributions in 2022. In 2021, the Bank received public aid in the amount of TEUR 9.

INDEPENDENT AUDITOR'S REPORT

To OYAK ANKER Bank GmbH, Frankfurt am Main

Review on the audit of the annual financial statement and the management report

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 2022 and the income statement for the financial year from 1 January to 31 December 2022, and the notes to the financial statements, including the presentation of the accounting and valuation methods. We have also audited the management report of OYAK ANKER Bank GmbH for the financial year from 1 January to 31 December 2022.

According to our assessment on the basis of the findings obtained during the audit

- The attached annual financial statements comply in all material respects with the German commercial law and give a true and fair view of the net assets and financial position of the Company as at 31 December 2022, and of its results of operations for the financial year from1 January to 31 December 2022 in accordance with the German principles of proper accounting.
- The accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with the German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with § 322 para. 3 sentence 1 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 opinions

We conducted our audit of the annual financial statements and the management report in accordance with § 317 HGB and the EU Auditor's Regulation (No. 537/20l4; hereinafter "EU-APrVO") and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility in accordance with these requirements and principles is further described in the section "Auditor's responsibility for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the Company in accordance with the European law and the German commercial and professional regulations, and have fulfilled our other professional obligations in accordance with these requirements.

In accordance with Article 10 (2) (f) of the EU-Audit Regulation, we further state that we have not performed any prohibited non-audit services pursuant to Article 5 (1) of the EU-Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 financial year from 1 January to 31 December 2022. These matters were considered in the context of our audit of the financial statements as a whole, and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

From our point of view, the following matter was the 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 **Subject matter and problem definition**

② **Audit procedure and findings**

③ **Reference to further information**

In the following, we present the particularly important audit matter:

① Risk provisioning in the lending business

① Subject matter and problem definition

In the Company's annual financial statements, the balance sheet items "Loans and advances to customers" and "Loans and advances to credit institutions" include loan receivables amounting to T€ 1,286,492 (89.3% of the balance sheet total). As at 31 December 2022, there is a balance sheet risk provision for the loan portfolio consisting of individual and general value adjustments. The general loan loss provisions cover the latent credit risk. This also includes risks due to the borrower's country of domicile. The measurement of risk provisions in the lending business is determined in particular by the structure and quality of the loan portfolios, macroeconomic factors and the estimates of the legal representatives with regard to future loan defaults, also against the background of the expected effects of the energy crisis. The amount of the individual value adjustments for the loans corresponds to the difference between the still outstanding loan amount and the lower value to be attributed to it on the balance sheet date. Existing collateral is taken into account. In the retail business, a flat-rate individual value adjustment is determined based on historical default and loss rates. General loan loss provisions are created for foreseeable counterparty risks in the lending business of credit institutions that have not yet been specified for individual borrowers. For this purpose, a general loan loss provision in the amount of the expected loss for an operating period of twelve months is created for loans for which no specific loan loss provisions have been made, unless the credit risk has increased significantly since the beginning of the period. In the event of a significant increase in credit default risk since inception, a general allowance is recognised for the expected losses on loans not individually impaired over the remaining life of the loans concerned. For loans not individually impaired, with countryrisk, a country value adjustment is made due to the increased country risk, in particular due to inflation and macroeconomic conditions, on the basis of the current country rating. The value adjustments in the lending business are, on the one hand, of great importance in terms of amount for the company's assets and earnings and, on the other hand, are associated with considerable discretionary leeway on the part of the legal representatives. In addition, the valuation parameters applied, which are subject to significant uncertainties, have a significant impact on the value of the loans. This has an influence on the creation or the amount of any necessary value adjustments. Against this background, this matter was of particular importance in the course of our audit.

② Audit procedure and findings

In the course of our audit, we first assessed the design of the relevant internal control system of the Company and, based on this, tested the effectiveness of the controls. In doing so, we considered the business organisation, the IT systems and the relevant valuation models. In addition, we assessed the valuation of the receivables from credit institutions and customers, including the appropriateness of the estimated values, on the basis of samples of credit exposures. In doing so, we have, among other things, examined the available documentation of the Company with regard to the economic circumstances and the value of the corresponding collateral. Furthermore, in order to assess the individual and lump-sum value adjustments made, we evaluated the calculation methods applied by the Company as well as the underlying assumptions and parameters. In particular, we also considered the assessment of the legal representatives with regard to the effects of the energy crisis, inflation, macroeconomic conditions and the economic situation. We assessed the impact of the country risk from Turkey on the economic situation of the borrowers and the value of the corresponding collateral, and we verified that this was taken into account in the valuation of the loans and advances to customers. On the basis of the audits we conducted, we were able to satisfy ourselves overall of the reasonableness of the assumptions made by the legal representatives in assessing the value of the loan portfolio, as well as the appropriateness and effectiveness of the controls implemented by the Company.

③ Reference to further information

The Company's disclosures on the allowance for credit losses in the customer lending business are included in the Accounting and Valuation Methods, Loans and Advances to Credit Institutions, Loans and Advances to Customers and Other Disclosures sections of the notes.

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 the German commercial law and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, the Management is responsible for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error (i.e. manipulation of the accounting system or misstatement of assets).

In preparing the financial statements, the Company's Management is responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the entity's ability to continue as a going concern. In addition, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances indicate otherwise.

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, is consistent, in all material respects, with the annual financial statements, complies with the German legal requirements, and suitably presents the opportunities and risks of future development.

Apart from that, the Management is responsible for such preparations and measures (systems) as the Management determines are necessary to enable the preparation of the management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence to support the statements 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 Financial Statements and the Management Report

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides 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 the 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. The Board of Directors is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). (this part is not present on page 5 of the original document).

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU-Audit Regulation and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misrepresentations may result 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 or the management report.

During the audit, we exercise due diligence and maintain a critical attitude. Apart from that:

- We identify and assess the risks of material misstatement of the financial statements and management report, whether due to fraud or error, plan 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 resulting from fraud is higher than the risk of not detecting material misstatements resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

- We draw conclusions about the appropriateness of the going concern basis of accounting used by the legal representatives 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 annual financial statements and the management report or, if such disclosures are inadequate, to modify our opinion. We draw our conclusions on the basis of the audit opinion. The auditors' report is based on the audited financial statements up to the date of our audit opinion. However, future events or circumstances 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 a manner 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 the 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 future-oriented statements made by the legal representatives in the management report. Based on sufficient appropriate audit evidence, we perform audit procedures, in particular, to obtain audit evidence about the significant assumptions made by the Management with respect to the forward-looking disclosures and to express an opinion on whether the forward-looking disclosures are based on these assumptions. We do not express an independent audit opinion on the forward-looking statements or on the underlying assumptions. There is an unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We 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, where relevant, the actions or safeguards taken to address any independence concerns.

From the matters we discussed with those charged with governance, we determine 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.

Other statutory and legal requirements

Other information according to Article 10 EU-Audit Regulation (APrVO)

We were elected as auditors by the shareholders' meeting on 13 June 2022. We were appointed by the Supervisory Board on 13 June 2022. 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 report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-Audit Regulation (audit report).

Auditor in charge

The auditor responsible for the audit is Kay Böhm.

Frankfurt am Main, 22 May 2023

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Kay Böhm
Certified Public Accountant

ppa. Muriel Atton
Certified Public Accountant

CHAIRMAN OF THE BOARD
I. Emrah Silav

MANAGEMENT BOARD
Dr. Süleyman Erol
Ümit Yaman

TREASURY & FINANCIAL INSTITUTIONS
Christian Reck
Head Treasury & Financial Institutions
Phone +49 69 2992297 280
Fax +49 69 2992297 9580
E-Mail creck@oyakankerbank.de

OYAK ANKER Bank GmbH
Lyoner Straße 9
60528 Frankfurt am Main
Phone +49 69 2992297 0
Fax +49 69 2992297 412
E-Mail info@oyakankerbank.de

www.oyakankerbank.de