

Leases under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Leases

Octank Financial Corporation and its subsidiaries (collectively, the "Company") lease certain office spaces, equipment, and other assets under various operating and finance lease arrangements. The Company determines if an arrangement is a lease at inception. Leases are included in right-of-use ("ROU") assets, current operating lease liabilities, and non-current operating lease liabilities on the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. The ROU asset also includes any lease payments made at or before the commencement date and any initial direct costs incurred. The lease terms used to calculate the ROU asset and related lease liability include options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

Operating lease ROU assets are presented separately on the consolidated balance sheets. Finance leases are included in property and equipment on the consolidated balance sheets. Operating lease liabilities are presented separately as current and non-current liabilities on the consolidated balance sheets.

Operating Leases

The Company leases office spaces, data centers, and equipment under various non-cancelable operating leases. These leases have remaining lease terms ranging from 1 to 10 years, some of which include options to extend the leases for up to 5 years.

As of December 31, 2022, the Company had operating lease ROU assets of \$87.6 million and operating lease liabilities of \$92.3 million, of which \$18.2 million was current and \$74.1 million was non-current. During the year ended December 31, 2022, the Company recognized operating lease costs of \$22.4 million, which were included in occupancy and equipment expenses in the consolidated statements of operations.

The weighted-average remaining lease term for operating leases as of December 31, 2022, was 5.2 years, and the weighted-average discount rate was 4.8%.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2022, were as follows (in thousands):

2023: \$20,500
2024: \$19,300
2025: \$17,800
2026: \$15,200
2027: \$12,600
Thereafter: \$22,400

Total future minimum lease payments: \$107,800
Less: imputed interest: \$(15,500)
Total operating lease liabilities: \$92,300

Finance Leases

The Company also leases certain equipment under various non-cancelable finance leases. These leases have remaining lease terms ranging from 2 to 5 years.

As of December 31, 2022, the Company had finance lease ROU assets of \$6.2 million, which were included in property and equipment, net, on the consolidated balance sheets. The Company had finance lease liabilities of \$6.5 million, of which \$2.1 million was current and \$4.4 million was non-current.

During the year ended December 31, 2022, the Company recognized finance lease costs of \$1.8 million, which included \$1.2 million of amortization expense and \$0.6 million of interest expense. These costs were included in depreciation and amortization expense and interest expense, respectively, in the consolidated statements of operations.

The weighted-average remaining lease term for finance leases as of December 31, 2022, was 3.7 years, and the weighted-average discount rate was 5.2%.

Future minimum lease payments under non-cancelable finance leases as of December 31, 2022, were as follows (in thousands):

2023: \$2,300
2024: \$2,100
2025: \$1,600
2026: \$900
2027: \$200
Total future minimum lease payments: \$7,100
Less: imputed interest: \$(600)
Total finance lease liabilities: \$6,500

Lease Commitments

As of December 31, 2022, the Company had additional operating lease commitments of \$15.7 million for leases that had not yet commenced, primarily related to new office spaces. These leases are expected to commence between 2023 and 2024, with lease terms ranging from 5 to 10 years.

Sale-Leaseback Transactions

During the year ended December 31, 2022, the Company completed two sale-leaseback transactions involving certain office buildings and data centers. The Company received total proceeds of \$48.5 million from the sales and recognized total gains of \$12.8 million, which were included in other income, net, in the consolidated statements of operations.

The Company leased back the properties under operating leases with initial terms ranging from 8 to 10 years. The Company recognized ROU assets and lease liabilities of \$35.7 million and \$37.2 million, respectively, related to these sale-leaseback transactions as of December 31, 2022.

Lessor Arrangements

The Company also enters into arrangements to sublease certain office spaces to third parties. These sublease arrangements are classified as operating leases, and the Company recognizes sublease income on a straight-line basis over the lease term.

During the year ended December 31, 2022, the Company recognized sublease income of \$3.2 million, which was included in other income, net, in the consolidated statements of operations.

As of December 31, 2022, the Company had undiscounted future cash inflows of \$9.8 million related to non-cancelable operating subleases, which are expected to be received as follows (in thousands):

2023: \$3,100

2024: \$2,900

2025: \$2,400

2026: \$1,200

2027: \$200

Significant Judgments and Estimates

The Company's lease accounting policies require significant judgments and estimates, including the determination of whether a contract contains a lease, the allocation of contract consideration between lease and non-lease components, the determination of the lease term, and the determination of the incremental borrowing rate used to measure lease liabilities.

According to PersonA, the Chief Financial Officer of Octank Financial, "The determination of whether a contract contains a lease is a critical judgment that requires an evaluation of whether the Company has the right to control the use of an identified asset for a period of time in exchange for consideration. We carefully assess each arrangement to determine if it meets the criteria to be accounted for as a lease."

PersonB, the Vice President of Corporate Real Estate, added, "The allocation of contract consideration between lease and non-lease components can also be complex, particularly for arrangements involving multiple components. We apply judgment in determining the appropriate allocation methodology and standalone prices for each component."

The determination of the lease term is another area that requires significant judgment, as it involves assessing the likelihood of exercising renewal or termination options. "We consider all relevant economic factors, including any significant economic incentives or penalties, to determine the lease term that is reasonably certain," explained PersonC, the Director of Lease Accounting.

Finally, the incremental borrowing rate used to measure lease liabilities is a critical estimate that requires consideration of the Company's credit rating, the lease term, and the economic environment. "We work closely with our treasury team to determine an appropriate incremental borrowing rate for each lease, taking into account the specific circumstances and characteristics of the arrangement," said PersonA.

The Company's lease accounting policies and judgments are reviewed and approved by the Audit Committee of the Board of Directors on an annual basis to ensure compliance with accounting standards and appropriate oversight.

Property details

I. Introduction

Octank Financial, a leading financial institution, has a diverse portfolio of properties that span across various sectors and geographical regions. These properties serve as a testament to the company's commitment to strategic investments and long-term growth. In this comprehensive report, we delve into the intricate details of Octank Financial's property holdings, providing an in-depth analysis of their significance, value, and potential.

II. Commercial Properties

A. Office Buildings

Octank Financial's commercial real estate portfolio boasts an impressive collection of office buildings strategically located in major metropolitan areas. These properties cater to a wide range of businesses, from multinational corporations to thriving startups, offering state-of-the-art facilities and amenities.

1. Octank Tower, New York City

Situated in the heart of Manhattan's financial district, Octank Tower is a 60-story skyscraper that stands as a beacon of modern architecture and sustainable design. With over 1.5 million square feet of Class A office space, this iconic building houses numerous prestigious tenants, including Fortune 500 companies and renowned law firms. Octank Tower's cutting-edge technology, energy-efficient systems, and prime location make it a highly sought-after address for businesses seeking a prestigious corporate presence.

2. Octank Nexus, San Francisco

Located in the vibrant Silicon Valley region, Octank Nexus is a state-of-the-art office complex that caters to the ever-growing technology and innovation sectors. Spanning over 1 million square feet, this campus-style development features multiple low-rise buildings surrounded by lush green spaces and outdoor amenities. Octank Nexus is home to several prominent tech giants, as well as a thriving ecosystem of startups and venture capital firms, fostering collaboration and innovation.

B. Retail Centers

Octank Financial's retail portfolio encompasses a diverse range of shopping centers, malls, and mixed-use developments, catering to the evolving needs of consumers and retailers alike.

1. Octank Galleria, Los Angeles

Situated in the heart of Los Angeles, Octank Galleria is a premier shopping destination that combines luxury retail, dining, and entertainment under one roof. This 1.2 million square foot mall features an impressive array of high-end boutiques, department stores, and specialty shops, attracting both locals and tourists alike. With its sleek design, upscale ambiance, and prime location, Octank Galleria has become a landmark in the city's retail landscape.

2. Octank Promenade, Miami

Embracing the vibrant culture and lifestyle of Miami, Octank Promenade is a mixed-use development that seamlessly blends retail, residential, and office spaces. This pedestrian-friendly complex features a diverse mix of retailers, ranging from trendy boutiques to national chains, as well as a variety of dining options and entertainment venues. Octank Promenade's open-air design and lush landscaping create a unique shopping experience that captures the essence of South Florida living.

III. Residential Properties

A. Multifamily Complexes

Octank Financial's residential portfolio encompasses a range of multifamily complexes that cater to diverse housing needs and lifestyles.

1. Octank Residences, Chicago

Located in the heart of downtown Chicago, Octank Residences is a luxury high-rise apartment complex that offers unparalleled amenities and breathtaking views of the city skyline. With over 500 units ranging from studios to penthouses, this development caters to urban professionals and families seeking a sophisticated living experience. Octank Residences boasts state-of-the-art fitness centers, rooftop lounges, and concierge services, ensuring a premium lifestyle for its residents.

2. Octank Villas, Austin

Embracing the vibrant culture and outdoor lifestyle of Austin, Octank Villas is a gated community of upscale townhomes and garden-style apartments. This development features resort-inspired amenities, including swimming pools, hiking trails, and a fully equipped clubhouse. Octank Villas offers a serene and family-friendly environment while being conveniently located near major employment hubs and entertainment districts.

B. Single-Family Homes

Octank Financial's residential portfolio also includes a selection of high-end single-family homes catering to discerning homebuyers seeking luxury living.

1. Octank Estates, Scottsdale

Nestled in the picturesque desert landscape of Scottsdale, Arizona, Octank Estates is an exclusive gated community of custom-built luxury homes. This development features spacious lots, meticulously designed homes with modern architectural styles, and a range of upscale amenities, including a private golf course, clubhouse, and recreational facilities. Octank Estates offers a prestigious lifestyle for those seeking privacy, luxury, and a connection with nature.

2. Octank Waterfront, Miami Beach

Embracing the coastal lifestyle of Miami Beach, Octank Waterfront is a collection of luxurious waterfront homes that offer breathtaking views of the Atlantic Ocean and Biscayne Bay. These meticulously designed residences feature open floor plans, high-end finishes, and private docks or boat slips, catering to those who appreciate the finer things in life. Octank Waterfront provides a serene and exclusive living experience while being conveniently located near the vibrant entertainment and dining scenes of Miami Beach.

IV. Industrial and Logistics Properties

A. Distribution Centers

Octank Financial's industrial portfolio includes strategically located distribution centers that cater to the ever-growing demand for efficient logistics and supply chain operations.

1. Octank Logistics Park, Dallas

Situated in the heart of the Dallas-Fort Worth metroplex, Octank Logistics Park is a state-of-the-art distribution hub that spans over 2 million square feet. This facility features cutting-edge automation systems, advanced security measures, and direct access to major transportation routes, making it an ideal location for companies seeking streamlined logistics operations. Octank Logistics Park is designed to accommodate a wide range of industries, from e-commerce to manufacturing, ensuring

efficient distribution and delivery across the region.

2. Octank Intermodal Center, Atlanta

Located in the bustling logistics hub of Atlanta, Octank Intermodal Center is a multimodal facility that seamlessly integrates rail, truck, and air transportation. This 1.5 million square foot complex features advanced material handling systems, cross-docking capabilities, and direct access to major highways and rail lines. Octank Intermodal Center is designed to facilitate the efficient movement of goods across the country, catering to the needs of various industries, including automotive, consumer goods, and electronics.

B. Manufacturing Facilities

Octank Financial's industrial portfolio also includes state-of-the-art manufacturing facilities that cater to the needs of various industries.

1. Octank Precision Manufacturing, Detroit

Situated in the heart of the automotive manufacturing hub of Detroit, Octank Precision Manufacturing is a cutting-edge facility that specializes in the production of high-precision components and assemblies for the automotive industry. This 1 million square foot facility features advanced robotics, automated production lines, and stringent quality control measures, ensuring the highest standards of manufacturing excellence. Octank Precision Manufacturing is a key supplier to several major automotive manufacturers, contributing to the region's legacy of innovation and manufacturing prowess.

2. Octank BioTech Campus, Boston

Located in the renowned biotechnology corridor of Boston, Octank BioTech Campus is a state-of-the-art research and development facility dedicated to the advancement of life sciences and biotechnology. This 500,000 square foot campus features cutting-edge laboratories, clean rooms, and specialized equipment, enabling groundbreaking research and development in fields such as pharmaceuticals, medical devices, and biotechnology. Octank BioTech Campus attracts top talent from around the world, fostering collaboration and innovation in the pursuit of scientific breakthroughs.

V. Sustainable Practices and Environmental Initiatives

Octank Financial is committed to sustainable practices and environmental stewardship across its property portfolio. The company has implemented various initiatives to reduce its carbon footprint, promote energy efficiency, and minimize its environmental impact.

A. Green Building Certifications

Many of Octank Financial's properties have achieved prestigious green building certifications, such as LEED (Leadership in Energy and Environmental Design) and Energy Star. These certifications recognize the implementation of sustainable design principles, energy-efficient systems, and environmentally responsible practices throughout the construction and operation of the buildings.

B. Renewable Energy Initiatives

Octank Financial has invested in renewable energy sources, such as solar panels and wind turbines, to power a portion of its properties. These initiatives not only reduce the company's reliance on fossil fuels but also contribute to the overall reduction of greenhouse gas emissions.

C. Water Conservation Measures

Water conservation is a priority for Octank Financial, and the company has implemented various measures to reduce water consumption across its properties. These measures include the installation of low-flow fixtures, efficient irrigation systems, and rainwater harvesting systems for landscaping purposes.

D. Waste Management and Recycling Programs

Octank Financial has implemented comprehensive waste management and recycling programs across its properties. These programs aim to divert waste from landfills by promoting recycling, composting, and responsible disposal practices. Additionally, the company encourages its tenants and residents to adopt sustainable waste management practices.

VI. Community Engagement and Social Responsibility

Octank Financial recognizes the importance of being a responsible corporate citizen and actively engages with the communities in which its properties are located.

A. Community Outreach Programs

The company supports various community outreach programs, such as educational initiatives, youth mentorship programs, and charitable organizations. These efforts aim to positively impact the lives of individuals and families in the surrounding communities.

B. Local Partnerships and Collaborations

Octank Financial actively collaborates with local organizations, businesses, and government agencies to promote economic development, job creation, and community revitalization efforts. These partnerships foster a sense of community and contribute to the overall well-being of the areas where the company operates.

C. Diversity and Inclusion Initiatives

Octank Financial is committed to promoting diversity and inclusion within its workforce and the communities it serves. The company supports initiatives that foster equal opportunities, celebrate cultural diversity, and promote inclusivity in all aspects of its operations.

VII. Future Growth and Expansion

Octank Financial's property portfolio is continuously evolving, with a strategic focus on identifying new investment opportunities and expanding its footprint in key markets.

A. Acquisition and Development Plans

The company actively seeks to acquire and develop properties in high-growth markets, both domestically and internationally. This includes exploring opportunities in emerging sectors, such as data centers, life sciences, and mixed-use developments, to diversify its portfolio and capitalize on emerging trends.

B. Strategic Partnerships and Joint Ventures

Octank Financial recognizes the value of strategic partnerships and joint ventures as a means of leveraging expertise, resources, and market knowledge. The company actively seeks collaborations with reputable developers, investors, and industry leaders to pursue mutually beneficial projects and ventures.

C. Innovation and Technology Integration

Embracing innovation and technology is a key priority for Octank Financial. The company continuously explores and implements cutting-edge technologies, such as smart building systems, automation, and data analytics, to enhance the efficiency, sustainability, and user experience across its property portfolio.

VIII. Conclusion

Octank Financial's diverse and extensive property portfolio is a testament to the company's commitment to strategic investments, sustainable practices, and community engagement. With a focus on quality, innovation, and long-term growth, Octank Financial continues to shape the landscape of the real estate industry, providing exceptional value to its stakeholders and contributing to the economic and social fabric of the communities it serves.

Business details under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Basis of Presentation under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Octank Financial Corporation (the "Company") is a leading provider of diversified financial services, including investment banking, asset management, and wealth management services. The Company operates through its principal subsidiaries, Octank Securities LLC, Octank Asset Management LLC, and Octank Wealth Advisors LLC. The Company's operations are primarily conducted in the United States, with additional offices in Europe and Asia.

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Accounting Policies

The following is a summary of the significant accounting policies followed by the Company in the preparation of its consolidated financial statements:

Revenue Recognition

The Company recognizes revenue from various sources, including investment banking fees, asset management fees, and wealth management fees.

Investment Banking Fees

Investment banking fees are recognized when the related services are performed and the performance obligations are satisfied. These fees primarily consist of underwriting fees, financial advisory fees, and other transaction-related fees. Underwriting fees are recognized at the time the underwriting transaction is completed. Financial advisory fees are recognized when the related transaction is completed or the services are rendered. Other transaction-related fees are recognized when the related services are performed.

Asset Management Fees

Asset management fees are recognized over time as the services are rendered. These fees are primarily based on the market value of assets under management and are recognized on a monthly or quarterly basis.

Wealth Management Fees

Wealth management fees are recognized over time as the services are rendered. These fees

include fees for investment advisory services, financial planning services, and other wealth management services. The fees are generally based on a percentage of assets under management or a fixed fee arrangement.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, and short-term highly liquid investments with original maturities of three months or less.

Investments

Investments in debt and equity securities are classified as trading, available-for-sale, or held-to-maturity based on management's intent and ability to hold the securities. Trading securities are carried at fair value, with unrealized gains and losses included in earnings. Available-for-sale securities are carried at fair value, with unrealized gains and losses reported as a separate component of stockholders' equity. Held-to-maturity securities are carried at amortized cost.

Fair Value Measurements

The Company follows the guidance of Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures, to record fair value adjustments for certain assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Company categorizes assets and liabilities measured at fair value based on the following fair value hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial instruments measured at fair value on a recurring basis include trading securities, available-for-sale securities, and certain derivative instruments. The Company uses various valuation techniques to measure fair value, including the market approach, income approach, and cost approach.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Intangible assets with finite lives, such as customer relationships, trade names, and non-compete agreements, are amortized over their estimated useful lives using the straight-line method.

Intangible assets with indefinite lives, such as certain trade names, are not amortized but are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely

than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Segment Reporting

The Company operates in three reportable segments: Investment Banking, Asset Management, and Wealth Management. The Investment Banking segment provides a range of investment banking services, including underwriting, financial advisory, and other transaction-related services. The Asset Management segment offers a variety of investment products and services, including mutual funds, hedge funds, and separately managed accounts. The Wealth Management segment provides comprehensive wealth management services, including investment advisory, financial planning, and other services to high-net-worth individuals and families.

The Company's chief operating decision maker evaluates the performance of the reportable segments based on net revenues and income before income taxes. Segment assets are not disclosed as they are not regularly reviewed by the chief operating decision maker for decision-making purposes.

Recent Accounting Pronouncements

The Company evaluates the impact of recently issued accounting pronouncements by the Financial Accounting Standards Board ("FASB") on its consolidated financial statements. The Company adopts new pronouncements as and when they become effective.

Subsequent Events

The Company has evaluated subsequent events through [DATE], the date the consolidated financial statements were available to be issued.

Business Overview

Octank Financial Corporation is a leading provider of diversified financial services, with a strong presence in investment banking, asset management, and wealth management. The Company's mission is to deliver exceptional value to its clients, shareholders, and employees through a commitment to excellence, integrity, and innovation.

Investment Banking

The Investment Banking segment is a leading provider of strategic advisory services, capital raising solutions, and risk management expertise to corporations, financial institutions, and governments worldwide. The segment offers a comprehensive range of services, including mergers and acquisitions advisory, debt and equity underwriting, restructuring advisory, and risk management solutions.

In the fiscal year ended [DATE], the Investment Banking segment generated net revenues of \$[AMOUNT] million, representing [PERCENTAGE]% of the Company's total net revenues. The segment's performance was driven by strong advisory and underwriting activity, particularly in the technology, healthcare, and energy sectors.

Notable transactions during the fiscal year included:

- Advising PersonA, a leading technology company, on its \$[AMOUNT] billion acquisition of PersonB, a cloud computing services provider.
- Leading the \$[AMOUNT] billion initial public offering for PersonC, a biotechnology company developing innovative cancer treatments.
- Serving as the lead underwriter for PersonD's \$[AMOUNT] billion investment-grade bond offering, one of the largest corporate debt issuances of the year.

Asset Management

The Asset Management segment offers a diverse range of investment products and services, including mutual funds, hedge funds, private equity funds, and separately managed accounts. The

segment's investment strategies span various asset classes, including equities, fixed income, alternatives, and multi-asset solutions.

In the fiscal year ended [DATE], the Asset Management segment generated net revenues of \$[AMOUNT] million, representing [PERCENTAGE]% of the Company's total net revenues. The segment's performance was driven by strong investment performance across various strategies, as well as positive net inflows from both institutional and retail clients.

Notable achievements during the fiscal year included:

- The Octank Global Equity Fund outperformed its benchmark by [PERCENTAGE]%, ranking in the top [PERCENTAGE]% of its peer group.
- The Octank Absolute Return Fund delivered a net return of [PERCENTAGE]%, attracting significant inflows from institutional investors.
- The launch of the Octank Sustainable Investing Platform, offering a suite of investment strategies focused on environmental, social, and governance (ESG) factors.

Wealth Management

The Wealth Management segment provides comprehensive wealth management services to high-net-worth individuals, families, and institutions. The segment's offerings include investment advisory, financial planning, trust and estate planning, and private banking services.

In the fiscal year ended [DATE], the Wealth Management segment generated net revenues of \$[AMOUNT] million, representing [PERCENTAGE]% of the Company's total net revenues. The segment's performance was driven by strong client acquisition, positive net inflows, and growth in assets under management.

Notable achievements during the fiscal year included:

- The acquisition of PersonE Wealth Management, a leading wealth advisory firm with \$[AMOUNT] billion in assets under management, expanding the Company's presence in the West Coast region.
- The launch of the Octank Family Office Services, providing customized solutions for ultra-high-net-worth families with complex financial needs.
- The recognition of PersonF, a senior wealth advisor at Octank Wealth Advisors, as one of the top financial advisors in the country by [PUBLICATION].

Corporate Responsibility and Sustainability

Octank Financial Corporation is committed to operating in a responsible and sustainable manner, creating long-term value for its stakeholders while positively impacting the communities in which it operates. The Company's corporate responsibility and sustainability efforts are focused on three key pillars: environmental stewardship, social impact, and corporate governance.

Environmental Stewardship

The Company recognizes the importance of environmental sustainability and is dedicated to minimizing its environmental footprint. Key initiatives include:

- Implementing energy-efficient practices and investing in renewable energy sources across its global operations.
- Promoting sustainable investing through the Octank Sustainable Investing Platform and other ESG-focused investment strategies.
- Encouraging employees to adopt environmentally-friendly practices through awareness campaigns and incentive programs.

Social Impact

Octank Financial Corporation is committed to making a positive impact on the communities it serves. The Company's social impact initiatives include:

- Supporting education and youth development programs through partnerships with non-profit organizations and employee volunteering initiatives.
- Promoting diversity, equity, and inclusion within the Company and the broader financial services industry.
- Contributing to disaster relief efforts and providing financial assistance to communities affected by natural disasters or other crises.

Corporate Governance

The Company adheres to the highest standards of corporate governance, ensuring transparency, accountability, and ethical conduct across all aspects of its operations. Key governance practices include:

- Maintaining an independent and diverse Board of Directors with a strong commitment to oversight and risk management.
- Implementing robust policies and procedures to ensure compliance with applicable laws and regulations.
- Promoting a culture of integrity and ethical decision-making through comprehensive training programs and a robust code of conduct.

Looking Ahead

Octank Financial Corporation is well-positioned to capitalize on the opportunities and navigate the challenges in the dynamic financial services industry. The Company's diversified business model, strong client relationships, and commitment to innovation and excellence position it for continued growth and success.

In the coming years, the Company plans to focus on the following strategic priorities:

- Expanding its global footprint and strengthening its presence in key markets, particularly in Asia and the Middle East.
- Investing in technology and digital capabilities to enhance client experiences and operational efficiency.
- Exploring strategic acquisitions and partnerships to complement its existing offerings and expand its capabilities.
- Attracting and retaining top talent by fostering a culture of inclusivity, professional development, and employee engagement.
- Continuing to prioritize corporate responsibility and sustainability initiatives, contributing to the long-term well-being of the communities it serves.

With its strong financial position, talented workforce, and unwavering commitment to excellence, Octank Financial Corporation is well-equipped to navigate the challenges and seize the opportunities that lie ahead, delivering exceptional value to its clients, shareholders, and employees.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Octank Financial is a publicly traded company, and as such, it is required to disclose information about the ownership of its securities by certain beneficial owners and members of its management team. This section provides an overview of the company's security ownership structure and related stockholder matters.

Beneficial Ownership of Common Stock:

The following table presents information regarding the beneficial ownership of Octank Financial's common stock as of December 31, 2022, by (i) each person known by the company to beneficially own more than 5% of the outstanding shares of common stock, (ii) each of the company's directors and named executive officers, and (iii) all directors and executive officers as a group.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
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PersonA (5% Stockholder)	7,500,000	9.8%
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PersonB (5% Stockholder)	5,200,000	6.7%
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PersonC (Director and CEO)	2,100,000	2.7%
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PersonD (Director)	850,000	1.1%
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PersonE (Director)	700,000	0.9%
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PersonF (CFO)	600,000	0.8%
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PersonG (COO)	550,000	0.7%
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All directors and executive officers as a group (8 persons)	5,300,000	6.9%
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Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (SEC) and generally includes voting or investment power with respect to securities. The percentages of outstanding shares are based on 77,000,000 shares of common stock outstanding as of December 31, 2022.

PersonA and PersonB are not affiliated with Octank Financial and have acquired their shares through open market purchases and private transactions. The company's directors and executive officers have acquired their shares through the company's equity compensation plans, open market purchases, and private transactions.

Equity Compensation Plans:

Octank Financial has two equity compensation plans in place: the 2018 Equity Incentive Plan and the 2022 Employee Stock Purchase Plan. The following table provides information about these plans as of December 31, 2022:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
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Equity compensation plans approved by security holders	3,500,000	\$15.25	2,000,000
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Equity compensation plans not approved by security holders | - | - | -
Total | 3,500,000 | \$15.25 | 2,000,000

The 2018 Equity Incentive Plan provides for the grant of stock options, restricted stock units, and other equity-based awards to employees, directors, and consultants of Octank Financial. The 2022 Employee Stock Purchase Plan allows eligible employees to purchase shares of the company's common stock at a discounted price through payroll deductions.

Related Stockholder Matters:

Octank Financial's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "OCTN." As of December 31, 2022, there were approximately 12,000 holders of record of the company's common stock.

The company has not paid any cash dividends on its common stock since its initial public offering in 2015. The payment of future dividends, if any, will be at the discretion of the Board of Directors and will depend on the company's financial condition, results of operations, capital requirements, and other factors deemed relevant by the Board.

In addition to the equity compensation plans mentioned above, Octank Financial has a policy prohibiting its directors, officers, and employees from engaging in hedging or monetization transactions involving the company's securities. This policy is designed to align the interests of the company's insiders with those of its stockholders.

The company also has a clawback policy that allows for the recoupment of incentive compensation from executive officers in the event of a material restatement of the company's financial statements due to misconduct or other specified circumstances.

Octank Financial is committed to maintaining strong corporate governance practices and promoting transparency in its security ownership and related stockholder matters. The company regularly reviews and updates its policies and procedures to ensure compliance with applicable laws and regulations, as well as to align with best practices in the industry.

Mission of the Octank financial

Mission of the Octank Financial

Octank Financial is a leading global financial services firm dedicated to empowering individuals, businesses, and communities to achieve their financial goals. Our mission is rooted in a deep commitment to excellence, integrity, and innovation, driven by a passion for creating lasting value for our clients and stakeholders.

At the core of our mission lies the unwavering belief that financial well-being is a fundamental pillar of a prosperous society. We strive to be a trusted partner, guiding our clients through the complexities of the financial landscape and providing them with tailored solutions that address their unique needs and aspirations.

Our mission is multifaceted, encompassing the following key elements:

1. Delivering Exceptional Client Service:

At Octank Financial, we place our clients at the center of everything we do. Our mission is to cultivate long-lasting relationships built on trust, transparency, and a deep understanding of our clients' financial objectives. We are committed to providing personalized attention, proactive advice, and seamless execution, ensuring that our clients receive the highest level of service and support throughout their financial journey.

2. Fostering Financial Literacy and Empowerment:

We believe that financial literacy is a fundamental right and a catalyst for personal and societal growth. Our mission is to empower individuals and communities by equipping them with the knowledge, tools, and resources they need to make informed financial decisions. Through educational initiatives, workshops, and accessible resources, we strive to demystify complex financial concepts and promote financial inclusion for all.

3. Driving Sustainable Growth and Value Creation:

Octank Financial is dedicated to creating long-term value for our clients, shareholders, and the broader community. Our mission is to pursue sustainable growth strategies that balance profitability with responsible business practices. We prioritize ethical conduct, environmental stewardship, and social responsibility, ensuring that our success contributes positively to the well-being of society and the planet.

4. Embracing Innovation and Technological Advancement:

In a rapidly evolving financial landscape, our mission is to remain at the forefront of innovation and technological advancement. We continuously invest in cutting-edge technologies, research, and development to enhance our products, services, and operational efficiency. By embracing digital transformation and leveraging emerging technologies, we strive to provide our clients with seamless, secure, and convenient financial solutions.

5. Cultivating a Diverse and Inclusive Workplace:

At Octank Financial, we believe that diversity and inclusion are essential drivers of innovation, creativity, and success. Our mission is to foster a workplace culture that celebrates diversity, promotes equal opportunities, and empowers our employees to reach their full potential. We strive to create an environment where diverse perspectives, backgrounds, and experiences are valued and leveraged to better serve our clients and communities.

6. Contributing to Community Development:

As a responsible corporate citizen, our mission extends beyond financial services. We are committed to positively impacting the communities in which we operate by supporting initiatives that promote economic development, education, healthcare, and environmental sustainability. Through

strategic partnerships, philanthropic efforts, and employee volunteerism, we aim to create lasting positive change and contribute to the overall well-being of society.

At Octank Financial, our mission is a living testament to our commitment to excellence, integrity, and innovation. We are driven by a relentless pursuit of creating value for our clients, employees, shareholders, and the broader community. By embodying these core principles, we strive to be a catalyst for financial empowerment, sustainable growth, and positive societal impact, shaping a brighter future for generations to come.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of Operations

Octank Financial Corporation (the "Company" or "Octank") is a leading provider of diversified financial services, including investment banking, asset management, and wealth management services. The Company was incorporated in the state of Delaware on January 1, 1985, and is headquartered in New York City, New York.

Octank operates through the following reportable segments:

Investment Banking: This segment provides a range of financial advisory services, including mergers and acquisitions, restructuring, and capital raising activities, to corporations, financial institutions, and governments worldwide.

Asset Management: This segment offers investment management services and products across various asset classes, including equity, fixed income, alternative investments, and multi-asset solutions, to institutional and individual clients.

Wealth Management: This segment provides comprehensive wealth management services, including financial planning, investment advisory, and private banking services, to high-net-worth individuals and families.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and include the accounts of Octank Financial Corporation and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Investment Banking: Revenues from financial advisory services are recognized when the underlying transactions are substantially completed, and the related fees are determinable and non-contingent.

Asset Management: Revenues from asset management services are recognized over time as the services are rendered and are primarily based on the value of assets under management.

Wealth Management: Revenues from wealth management services are recognized over time as the services are rendered and are primarily based on the value of assets under management or advisement.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, and highly liquid investments with original maturities of three months or less.

3. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of December 31, 20XX and 20XY (in thousands):

20XX	20XY
Cash on hand	\$ 5,000 \$ 3,500
Demand deposits	125,000 110,000
Money market funds	50,000 40,000

Total cash and cash equivalents	\$ 180,000 \$ 153,500
=====	=====

4. Investments

Investments consisted of the following as of December 31, 20XX and 20XY (in thousands):

20XX	20XY
Trading securities	\$ 250,000 \$ 220,000
Available-for-sale securities	180,000 160,000
Equity method investments	90,000 80,000
Other investments	50,000 40,000

Total investments	\$ 570,000 \$ 500,000
=====	=====

Trading securities are recorded at fair value, with unrealized gains and losses included in net income. Available-for-sale securities are recorded at fair value, with unrealized gains and losses reported in other comprehensive income. Equity method investments represent the Company's ownership interests in entities over which the Company has the ability to exercise significant influence, but not control. Other investments primarily consist of investments in private equity funds and other alternative investments.

5. Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 20XX (in thousands):

Level 1	Level 2	Level 3	Total
Assets:			

Trading securities	\$ 150,000	\$ 90,000	\$ 10,000	\$ 250,000
Available-for-sale securities	80,000	90,000	10,000	180,000
Derivative assets -	15,000	5,000	20,000	

Total assets	\$ 230,000	\$ 195,000	\$ 25,000	\$ 450,000
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Liabilities:

Derivative liabilities \$ -	\$ 12,000	\$ 3,000	\$ 15,000
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6. Borrowings

Borrowings consisted of the following as of December 31, 20XX and 20XY (in thousands):

20XX	20XY
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Short-term borrowings	\$ 100,000	\$ 80,000
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Long-term debt	300,000	250,000
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Total borrowings	\$ 400,000	\$ 330,000
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Short-term borrowings primarily consist of commercial paper and other short-term borrowings with original maturities of one year or less. Long-term debt includes senior notes, subordinated notes, and other long-term borrowings with original maturities greater than one year.

7. Commitments and Contingencies

Legal Matters

The Company is involved in various legal proceedings arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

Commitments

The Company has commitments to extend credit, including loan commitments and commitments to invest in private equity funds and other alternative investments. As of December 31, 20XX, the Company had outstanding commitments to extend credit of \$150 million and commitments to invest in private equity funds and other alternative investments of \$75 million.

8. Stockholders' Equity

The Company's authorized capital stock consists of 500,000,000 shares of common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock, par value \$0.01 per share. As of December 31, 20XX and 20XY, there were 200,000,000 and 195,000,000 shares of common stock outstanding, respectively, and no shares of preferred stock outstanding.

During the year ended December 31, 20XX, the Company repurchased 5,000,000 shares of its common stock for \$250 million under its share repurchase program.

9. Stock-Based Compensation

The Company has a stock-based compensation plan (the "Plan") that provides for the issuance of incentive stock options, non-qualified stock options, restricted stock, and other stock-based awards to employees and non-employee directors. As of December 31, 20XX, there were 10,000,000 shares of common stock reserved for issuance under the Plan.

During the year ended December 31, 20XX, the Company granted 2,000,000 stock options to employees and non-employee directors with a weighted-average exercise price of \$50 per share and a weighted-average grant-date fair value of \$15 per share. The stock options vest over a four-year period and have a ten-year contractual term.

The Company recognized stock-based compensation expense of \$40 million and \$35 million for the years ended December 31, 20XX and 20XY, respectively.

10. Employee Benefit Plans

The Company sponsors various defined contribution and defined benefit plans for its employees.

Defined Contribution Plans

The Company maintains a 401(k) plan that covers substantially all U.S. employees. Employees can contribute a portion of their eligible compensation on a pre-tax or after-tax basis, subject to certain limitations. The Company matches a portion of employee contributions up to a specified percentage of eligible compensation. The Company's matching contributions to the 401(k) plan were \$25 million and \$22 million for the years ended December 31, 20XX and 20XY, respectively.

Defined Benefit Plans

The Company sponsors several defined benefit pension plans and other postretirement benefit plans for certain employees. The Company's funding policy for the defined benefit pension plans is to contribute annually at least the minimum amount required by applicable regulations. The following table presents the components of net periodic benefit cost for the defined benefit pension plans and other postretirement benefit plans for the years ended December 31, 20XX and 20XY (in thousands):

Pension Other

Benefits Benefits

20XX 20XY 20XX 20XY

Service cost \$25,000 \$22,000 \$5,000 \$4,500

Interest cost 18,000 16,000 3,500 3,000

Expected return on plan assets (20,000) (18,000) - -

Amortization of prior service cost 1,000 1,000 500 500

Amortization of net actuarial loss 3,000 2,500 1,000 800

Net periodic benefit cost \$27,000 \$23,500 \$10,000 \$8,800

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The Company's defined benefit pension plan obligations and other postretirement benefit plan obligations were \$400 million and \$100 million, respectively, as of December 31, 20XX, and \$380 million and \$90 million, respectively, as of December 31, 20XY.

11. Segment Information

The Company's reportable segments are Investment Banking, Asset Management, and Wealth Management. The following table presents selected financial information for the Company's reportable segments for the years ended December 31, 20XX and 20XY (in thousands):

Investment Asset Wealth

Banking Management Management Total

20XX

Revenues \$1,500,000 \$1,200,000 \$800,000 \$3,500,000

Net income 400,000 300,000 200,000 900,000

Total assets 2,000,000 1,500,000 1,000,000 4,500,000

20XY

Revenues \$1,400,000 \$1,100,000 \$700,000 \$3,200,000

Net income 350,000 280,000 180,000 810,000

Total assets 1,800,000 1,400,000 900,000 4,100,000

12. Related Party Transactions

During the years ended December 31, 20XX and 20XY, the Company engaged in various transactions with related parties, including certain members of the Company's Board of Directors and executive officers.

PersonA, a member of the Company's Board of Directors, is the Chief Executive Officer of Company XYZ, a client of the Company's Investment Banking segment. During the years ended December 31, 20XX and 20XY, the Company recognized revenue of \$10 million and \$8 million, respectively, from financial advisory services provided to Company XYZ.

PersonB, an executive officer of the Company, is a member of the Board of Directors of Company ABC, a client of the Company's Asset Management segment. During the years ended December 31, 20XX and 20XY, the Company recognized revenue of \$5 million and \$4 million, respectively, from asset management services provided to Company ABC.

PersonC, a member of the Company's Board of Directors, is the founder and managing partner of Private Equity Fund XYZ, in which the Company has an investment. As of December 31, 20XX and 20XY, the Company's investment in Private Equity Fund XYZ was \$20 million and \$15 million, respectively.

All related party transactions were conducted in the ordinary course of business and on terms consistent with those prevailing for comparable transactions with unrelated parties.

13. Subsequent Events

On February 1, 20XY, the Company completed the acquisition of Investment Firm ABC for \$500 million in cash and stock. Investment Firm ABC is a leading provider of investment banking and asset management services, with operations primarily in Europe and Asia. The acquisition is expected to strengthen the Company's global presence and expand its product offerings.

On March 1, 20XY, the Company issued \$300 million of senior unsecured notes due in 2030 with a coupon rate of 3.25%. The proceeds from the issuance will be used for general corporate purposes, including potential future acquisitions and investments.

The Company has evaluated subsequent events through April 15, 20XY, the date on which the consolidated financial statements were available to be issued, and determined that no other material subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements.

Legal proceedings

Legal Proceedings

Octank Financial, a prominent player in the financial services industry, has been involved in several legal proceedings over the past few years. These legal battles have arisen due to various reasons, ranging from regulatory non-compliance to disputes with clients and employees. In this section, we will delve into the details of the most significant legal proceedings faced by the company.

1. Securities Fraud Allegations

In 2018, the Securities and Exchange Commission (SEC) filed a civil lawsuit against Octank Financial, alleging that the company had engaged in fraudulent practices related to the sale of complex financial instruments. The SEC claimed that Octank Financial had misled investors by providing inaccurate and incomplete information about the risks associated with these instruments.

The case revolved around the actions of PersonA, a former senior executive at Octank Financial, who allegedly orchestrated the fraudulent scheme. According to the SEC, PersonA and his team deliberately concealed crucial information from investors, leading them to make uninformed decisions.

After a lengthy legal battle, Octank Financial agreed to settle the charges by paying a substantial fine of \$250 million and implementing comprehensive reforms to its internal controls and compliance procedures. Additionally, PersonA was permanently barred from working in the financial industry and faced criminal charges.

2. Whistleblower Retaliation Lawsuit

In 2020, PersonB, a former compliance officer at Octank Financial, filed a whistleblower retaliation lawsuit against the company. PersonB alleged that she was wrongfully terminated after raising concerns about potential violations of anti-money laundering regulations within the organization.

According to the lawsuit, PersonB had repeatedly reported suspicious transactions and inadequate compliance measures to her superiors, but her concerns were dismissed. When she escalated the matter to regulatory authorities, Octank Financial allegedly retaliated by terminating her employment.

The case garnered significant media attention and sparked a public debate about the importance of protecting whistleblowers in the financial industry. After a protracted legal battle, Octank Financial agreed to settle the lawsuit for an undisclosed amount and implement robust whistleblower protection policies.

3. Employment Discrimination Lawsuit

In 2021, a group of former employees filed a class-action lawsuit against Octank Financial, alleging widespread discrimination based on age, gender, and race within the company's hiring and promotion practices.

The plaintiffs, represented by PersonC, a prominent employment law attorney, claimed that Octank Financial had systematically favored younger, male employees for leadership positions and denied equal opportunities to qualified candidates from underrepresented groups.

The lawsuit cited statistical evidence and testimonies from former employees to support the allegations of discrimination. Octank Financial vehemently denied the claims and argued that its employment practices were fair and unbiased.

After months of intense negotiations, Octank Financial agreed to settle the lawsuit for \$75 million, which included monetary compensation for the affected employees and a commitment to implement comprehensive diversity and inclusion initiatives within the organization.

4. Regulatory Investigations and Fines

In addition to the legal proceedings mentioned above, Octank Financial has faced numerous regulatory investigations and fines from various government agencies over the years. These investigations have covered a wide range of issues, including:

- Failure to maintain adequate anti-money laundering controls
- Inadequate disclosure of fees and charges to clients
- Violations of consumer protection laws
- Improper handling of customer data and privacy concerns

In total, Octank Financial has paid over \$500 million in fines and penalties to regulatory bodies, including the Consumer Financial Protection Bureau (CFPB), the Financial Industry Regulatory Authority (FINRA), and the Office of the Comptroller of the Currency (OCC).

To address these regulatory concerns, Octank Financial has implemented significant changes to its compliance and risk management frameworks. The company has invested heavily in training programs, enhanced monitoring systems, and strengthened its internal audit functions.

Conclusion

The legal proceedings and regulatory actions faced by Octank Financial have had a profound impact on the company's operations, reputation, and financial performance. While the company has taken steps to address these issues and implement corrective measures, the legal battles have served as a stark reminder of the importance of maintaining ethical business practices, robust compliance programs, and a culture of accountability within the financial services industry.

As Octank Financial moves forward, it will be crucial for the company to learn from these experiences and prioritize transparency, integrity, and a commitment to serving the best interests of its clients, employees, and stakeholders. By doing so, Octank Financial can regain the trust of the public and position itself as a responsible and trustworthy player in the ever-evolving financial landscape.

Certain Significant Risks and Uncertainties under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Octank Financial, a leading provider of diversified financial services, operates in a dynamic and ever-evolving business environment. As such, the company is exposed to various risks and uncertainties that could potentially impact its financial performance, operations, and strategic objectives. This section aims to provide a comprehensive overview of certain significant risks and uncertainties that Octank Financial may encounter, along with the measures taken to mitigate and manage these challenges effectively.

1. Credit Risk:

Credit risk is inherent in Octank Financial's lending activities and represents the potential for financial loss arising from the failure of borrowers or counterparties to meet their contractual obligations. The company's exposure to credit risk is primarily influenced by the creditworthiness of its clients, the concentration of credit exposure within specific industries or geographic regions, and the overall economic conditions.

To manage credit risk effectively, Octank Financial employs a robust credit risk management framework that encompasses comprehensive credit policies, rigorous underwriting processes, and continuous monitoring of credit exposures. The company's credit risk management team, led by PersonA, a seasoned industry veteran, utilizes advanced credit scoring models and risk assessment tools to evaluate the creditworthiness of potential borrowers and counterparties.

Additionally, Octank Financial maintains a well-diversified loan portfolio across various sectors and geographic regions, reducing the concentration risk associated with any single industry or region. The company also employs credit risk mitigation techniques, such as collateral requirements and credit enhancements, to minimize potential losses in the event of default.

2. Market Risk:

Market risk refers to the potential for losses arising from adverse movements in market factors, including interest rates, foreign exchange rates, equity prices, and commodity prices. Octank Financial's exposure to market risk stems from its trading activities, investment portfolio, and asset-liability management strategies.

To effectively manage market risk, Octank Financial has implemented a robust market risk management framework overseen by PersonB, the company's Chief Risk Officer. This framework encompasses value-at-risk (VaR) models, stress testing scenarios, and sensitivity analyses to quantify and monitor market risk exposures across various asset classes and trading desks.

The company employs hedging strategies, such as interest rate swaps, foreign exchange forwards, and other derivative instruments, to mitigate market risk exposures. Additionally, Octank Financial maintains a well-diversified investment portfolio, adhering to strict investment policies and risk limits to ensure appropriate asset allocation and risk-return trade-offs.

3. Operational Risk:

Operational risk refers to the potential for losses arising from inadequate or failed internal processes, people, systems, or external events. Octank Financial's exposure to operational risk is inherent in its daily operations, including transaction processing, technology infrastructure, cybersecurity, and compliance with regulatory requirements.

To manage operational risk effectively, Octank Financial has implemented a comprehensive operational risk management framework overseen by PersonC, the company's Chief Operating Officer. This framework encompasses robust internal control systems, business continuity planning, and incident response protocols to ensure the resilience and continuity of critical operations.

The company invests heavily in cybersecurity measures, including advanced firewalls, encryption technologies, and employee training programs, to safeguard against cyber threats and data breaches. Additionally, Octank Financial maintains a strong compliance culture, with dedicated teams monitoring regulatory changes and ensuring adherence to applicable laws and regulations.

4. Liquidity Risk:

Liquidity risk refers to the potential inability of Octank Financial to meet its financial obligations as they become due, without incurring unacceptable losses or jeopardizing the company's reputation. Effective liquidity management is crucial for maintaining the confidence of depositors, creditors, and regulators, and ensuring the company's ability to fund its operations and growth initiatives.

To mitigate liquidity risk, Octank Financial maintains a robust liquidity risk management framework overseen by PersonD, the company's Chief Financial Officer. This framework includes contingency funding plans, stress testing scenarios, and a diversified funding strategy that incorporates a mix of retail deposits, wholesale funding sources, and capital market instruments.

The company maintains a strong liquidity buffer, consisting of high-quality liquid assets, to ensure sufficient liquidity during periods of market stress or disruption. Additionally, Octank Financial closely monitors its liquidity position, cash flow projections, and funding concentrations to proactively manage liquidity risk.

5. Strategic Risk:

Strategic risk refers to the potential for losses or missed opportunities arising from ineffective business strategies, inadequate execution of strategic initiatives, or failure to adapt to changing market conditions or regulatory landscapes. Octank Financial's exposure to strategic risk is influenced by factors such as competitive pressures, technological disruptions, and shifts in customer preferences.

To mitigate strategic risk, Octank Financial employs a robust strategic planning process overseen by PersonE, the company's Chief Strategy Officer. This process involves regular environmental scanning, market analysis, and scenario planning to identify emerging trends, opportunities, and potential threats.

The company fosters a culture of innovation and continuous improvement, encouraging cross-functional collaboration and the exploration of new products, services, and business models. Additionally, Octank Financial maintains a strong focus on talent management, investing in employee development and succession planning to ensure the availability of skilled personnel to execute strategic initiatives effectively.

6. Regulatory and Compliance Risk:

Octank Financial operates in a highly regulated industry, subject to various laws, regulations, and supervisory requirements imposed by domestic and international regulatory bodies. Non-compliance with these regulations can result in significant financial penalties, reputational damage, and operational disruptions.

To manage regulatory and compliance risk, Octank Financial has established a robust compliance management framework overseen by PersonF, the company's Chief Compliance Officer. This framework encompasses comprehensive policies, procedures, and training programs to ensure adherence to applicable laws and regulations.

The company maintains open and transparent communication channels with regulatory authorities,

proactively addressing inquiries and concerns. Additionally, Octank Financial employs a dedicated team of legal and compliance professionals who monitor regulatory developments and provide guidance on interpreting and implementing new regulations.

7. Reputational Risk:

Reputational risk refers to the potential for negative publicity or public perception, which can adversely impact Octank Financial's brand, customer confidence, and overall business performance. Reputational risk can arise from various sources, including operational failures, unethical business practices, data breaches, or negative media coverage.

To mitigate reputational risk, Octank Financial places a strong emphasis on ethical conduct, transparency, and corporate social responsibility. The company has implemented a robust code of conduct and ethics training programs to foster a culture of integrity and accountability among its employees.

Octank Financial maintains a proactive crisis management plan and a dedicated public relations team to effectively manage and respond to potential reputational threats. Additionally, the company actively engages with stakeholders, including customers, investors, and local communities, to build trust and maintain open lines of communication.

In conclusion, Octank Financial recognizes the significance of effectively managing risks and uncertainties to ensure long-term sustainability and success. The company's comprehensive risk management framework, coupled with a strong risk culture and robust governance practices, enables it to navigate the dynamic business landscape and seize opportunities while mitigating potential threats. By proactively identifying, assessing, and addressing these risks, Octank Financial aims to safeguard its financial strength, maintain stakeholder confidence, and achieve its strategic objectives.

EXECUTIVE COMPENSATION

Executive compensation at Octank Financial is a critical aspect of our company's overall strategy and governance. We believe that a well-designed and transparent compensation program is essential for attracting, retaining, and motivating top talent, aligning the interests of our executives with those of our shareholders, and driving long-term value creation.

Our executive compensation philosophy is guided by the following principles:

- 1. Pay for Performance:** We firmly believe in linking executive compensation to the company's performance and the achievement of strategic objectives. A significant portion of our executives' compensation is tied to the attainment of pre-determined financial and operational goals, ensuring that their rewards are directly aligned with the company's success.
- 2. Competitive Compensation:** To attract and retain top-tier talent, we strive to offer compensation packages that are competitive within our industry and among our peer group. Our compensation levels are benchmarked against relevant market data, taking into account factors such as company size, complexity, and geographic location.
- 3. Alignment with Shareholder Interests:** Our executive compensation program is designed to align the interests of our executives with those of our shareholders. A substantial portion of their compensation is delivered in the form of equity-based incentives, such as stock options and restricted stock units, fostering a long-term ownership mindset and encouraging sustainable value creation.
- 4. Balanced Approach:** We believe in a balanced approach to compensation, combining fixed and variable components. Base salaries are set at competitive levels to recognize the executives' roles and responsibilities, while variable incentives, such as annual bonuses and long-term incentive plans, reward exceptional performance and drive the achievement of strategic objectives.
- 5. Governance and Risk Management:** Our executive compensation program is designed with robust governance practices and risk management considerations in mind. We regularly review and adjust our compensation policies to ensure alignment with best practices, regulatory requirements, and evolving market trends.

Executive Compensation Components:

- 1. Base Salary:** Base salaries for our executives are determined based on their roles, responsibilities, experience, and individual performance, as well as market benchmarking data. These salaries provide a stable and competitive foundation for our compensation program.
- 2. Annual Incentive Plan (AIP):** Our AIP is a performance-based cash bonus program that rewards executives for achieving pre-determined financial and operational goals on an annual basis. These goals are carefully set and aligned with our strategic priorities, ensuring that our executives are incentivized to drive short-term performance while contributing to long-term value creation.
- 3. Long-Term Incentive Plan (LTIP):** Our LTIP is designed to align the interests of our executives with those of our shareholders over a multi-year period. It typically consists of a combination of stock options, restricted stock units, and performance-based equity awards. The vesting schedules and performance metrics associated with these awards encourage our executives to focus on long-term value creation and sustainable growth.
- 4. Benefits and Perquisites:** In addition to the core compensation components, our executives are eligible for a comprehensive benefits package, including health insurance, retirement plans, and other standard benefits offered to all employees. We also provide limited perquisites, such as

company-paid financial planning services and executive health assessments, to support the overall well-being and productivity of our executive team.

Governance and Oversight:

The Compensation Committee of our Board of Directors, comprised entirely of independent directors, is responsible for overseeing and administering our executive compensation program. The committee works closely with independent compensation consultants to ensure that our compensation practices are aligned with market trends, regulatory requirements, and best practices in corporate governance.

The Compensation Committee conducts an annual review of our executive compensation program, evaluating its effectiveness in attracting, retaining, and motivating top talent, as well as its alignment with our company's performance and shareholder interests. This review process involves benchmarking against peer companies, assessing the appropriateness of performance metrics and targets, and considering feedback from shareholders and other stakeholders.

Compensation Decisions and Highlights:

In the past fiscal year, our Compensation Committee made several key decisions regarding executive compensation, reflecting our commitment to pay for performance and alignment with shareholder interests:

1. **CEO Compensation:** Our CEO, PersonA, received a base salary of \$1.2 million, reflecting her extensive experience and leadership in driving Octank Financial's growth and strategic initiatives. Additionally, she was awarded a performance-based cash bonus of \$2.4 million under the AIP, based on the company's achievement of pre-determined financial and operational goals, including revenue growth, profitability targets, and successful execution of strategic initiatives.

Furthermore, PersonA received a long-term incentive award valued at \$4.8 million, consisting of stock options and performance-based restricted stock units. The vesting of these awards is contingent upon the company's achievement of specific multi-year performance metrics, such as total shareholder return and return on invested capital, further aligning her interests with those of our shareholders.

2. **Executive Team Compensation:** Our executive team, comprising PersonB (Chief Financial Officer), PersonC (Chief Operating Officer), and other key executives, received compensation packages aligned with their respective roles, responsibilities, and performance contributions.

Base salaries for our executive team ranged from \$600,000 to \$900,000, reflecting competitive market levels. Additionally, they were awarded performance-based cash bonuses under the AIP, ranging from \$800,000 to \$1.5 million, based on the achievement of individual and company-wide goals.

Long-term incentive awards for our executive team consisted of a combination of stock options, restricted stock units, and performance-based equity awards, with values ranging from \$1.2 million to \$3.6 million. These awards are designed to incentivize long-term value creation and foster a strong ownership mindset among our executive team.

3. **Clawback Policy:** In line with our commitment to responsible governance and risk management, we implemented a robust clawback policy during the past fiscal year. This policy allows Octank Financial to recoup incentive compensation from executives in the event of material financial restatements or misconduct, further reinforcing our commitment to ethical and transparent business practices.

4. **Shareholder Engagement:** We value the feedback and perspectives of our shareholders on executive compensation matters. During the past year, we engaged in proactive outreach and

dialogue with our major shareholders, seeking their input on our compensation program and addressing any concerns or suggestions they may have. This ongoing engagement process has helped us refine our compensation practices and ensure alignment with shareholder interests.

Looking Ahead:

As we move forward, Octank Financial remains committed to maintaining a competitive, performance-driven, and shareholder-aligned executive compensation program. We will continue to review and refine our compensation practices to ensure they remain consistent with evolving market trends, regulatory requirements, and best practices in corporate governance.

Our focus will remain on attracting, retaining, and motivating top talent, while fostering a culture of accountability, ethical conduct, and sustainable value creation for our shareholders. We believe that our executive compensation program plays a crucial role in achieving these objectives and driving the long-term success of Octank Financial.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Octank Financial's Board of Directors is comprised of highly experienced and accomplished individuals from diverse backgrounds, bringing a wealth of knowledge and expertise to the company's governance and strategic direction. The Board is responsible for overseeing the company's operations, ensuring compliance with regulatory requirements, and safeguarding the interests of shareholders.

PersonA, Chairman of the Board

PersonA is a seasoned executive with over 30 years of experience in the financial services industry. He has held leadership positions at several prominent financial institutions and has a proven track record of driving growth and profitability. PersonA's extensive knowledge of the industry and his strategic vision have been instrumental in guiding Octank Financial's long-term strategy.

PersonB, Independent Director

PersonB is an independent director with a strong background in corporate governance and risk management. She has served on the boards of several publicly traded companies and has a deep understanding of regulatory compliance and best practices in corporate governance. PersonB chairs the Audit Committee and provides valuable oversight and guidance on financial reporting and internal control matters.

PersonC, Independent Director

PersonC is an independent director with expertise in technology and cybersecurity. He has held executive positions at leading technology companies and has a deep understanding of the challenges and opportunities presented by digital transformation. PersonC chairs the Technology and Innovation Committee, ensuring that Octank Financial stays ahead of the curve in leveraging cutting-edge technologies to enhance its operations and customer experience.

PersonD, Independent Director

PersonD is an independent director with a strong background in human resources and talent management. She has held leadership roles in various industries and has a proven track record of developing and implementing effective talent strategies. PersonD chairs the Compensation and Human Resources Committee, ensuring that Octank Financial attracts, retains, and motivates top talent.

PersonE, Independent Director

PersonE is an independent director with extensive experience in sustainability and corporate social responsibility. He has held leadership positions in non-profit organizations and has a deep understanding of the importance of integrating environmental, social, and governance (ESG) considerations into business strategies. PersonE chairs the Sustainability and Corporate Responsibility Committee, ensuring that Octank Financial operates in an ethical and socially responsible manner.

Octank Financial's executive team is comprised of seasoned professionals with a proven track record of success in the financial services industry. They are responsible for the day-to-day management of the company's operations and the execution of its strategic objectives.

PersonF, Chief Executive Officer (CEO)

PersonF is a visionary leader with over 20 years of experience in the financial services industry. He has a deep understanding of the market dynamics and has been instrumental in driving Octank

Financial's growth and innovation. As the CEO, PersonF is responsible for setting the company's strategic direction, overseeing its operations, and ensuring the effective execution of its business plans.

PersonG, Chief Financial Officer (CFO)

PersonG is a seasoned finance professional with extensive experience in financial reporting, risk management, and capital allocation. As the CFO, she is responsible for overseeing the company's financial operations, ensuring accurate and timely financial reporting, and managing the company's capital structure and liquidity position.

PersonH, Chief Operating Officer (COO)

PersonH is a seasoned operations executive with a proven track record of driving operational excellence and efficiency. As the COO, he is responsible for overseeing the company's day-to-day operations, including technology infrastructure, process optimization, and customer service delivery.

PersonI, Chief Risk Officer (CRO)

PersonI is an experienced risk management professional with a deep understanding of the financial services industry's regulatory landscape. As the CRO, she is responsible for developing and implementing effective risk management strategies, ensuring compliance with regulatory requirements, and identifying and mitigating potential risks to the company's operations.

PersonJ, Chief Technology Officer (CTO)

PersonJ is a technology visionary with extensive experience in leading digital transformation initiatives. As the CTO, he is responsible for driving Octank Financial's technology strategy, overseeing the development and implementation of cutting-edge solutions, and ensuring the company's technology infrastructure is secure, scalable, and aligned with its business objectives.

Octank Financial is committed to maintaining the highest standards of corporate governance, ensuring transparency, accountability, and ethical conduct across all aspects of its operations. The company's corporate governance framework is designed to promote effective decision-making, protect the interests of stakeholders, and foster long-term sustainable growth.

Board Committees

Octank Financial's Board of Directors has established several committees to oversee specific areas of the company's operations and ensure effective governance:

1. **Audit Committee:** Responsible for overseeing the company's financial reporting processes, internal controls, and risk management practices. The committee also oversees the independent auditor's performance and ensures compliance with relevant accounting and regulatory standards.

2. **Compensation and Human Resources Committee:** Responsible for overseeing the company's compensation policies and practices, ensuring they are aligned with the company's strategic objectives and promoting long-term value creation. The committee also oversees the company's human resources strategies, including talent acquisition, development, and retention.

3. **Technology and Innovation Committee:** Responsible for overseeing the company's technology strategy, ensuring that it is aligned with the company's business objectives and enabling the delivery of innovative products and services. The committee also monitors emerging technologies and their potential impact on the company's operations.

4. **Sustainability and Corporate Responsibility Committee:** Responsible for overseeing the company's environmental, social, and governance (ESG) initiatives, ensuring that Octank Financial operates in an ethical and socially responsible manner. The committee also oversees the company's corporate citizenship and philanthropic activities.

5. Risk Management Committee: Responsible for overseeing the company's risk management framework, identifying and assessing potential risks, and ensuring that appropriate mitigation strategies are in place. The committee also monitors the company's compliance with relevant laws and regulations.

Code of Conduct and Ethics

Octank Financial has a comprehensive Code of Conduct and Ethics that outlines the company's commitment to ethical business practices and sets forth the expected standards of behavior for all employees, directors, and business partners. The Code of Conduct covers topics such as conflicts of interest, anti-corruption, data privacy, and respect for human rights, among others.

Whistleblower Policy

Octank Financial has implemented a robust whistleblower policy that encourages employees and other stakeholders to report any suspected unethical or illegal behavior without fear of retaliation. The company has established a confidential reporting mechanism and has a dedicated team responsible for investigating and addressing reported concerns.

Shareholder Engagement

Octank Financial values open and transparent communication with its shareholders. The company regularly engages with shareholders through various channels, including annual general meetings, investor conferences, and one-on-one meetings. The company also provides comprehensive and timely disclosures of material information to ensure that shareholders have access to accurate and relevant information to make informed investment decisions.

By adhering to these corporate governance principles and practices, Octank Financial aims to maintain the trust and confidence of its stakeholders, promote long-term value creation, and contribute to the sustainable growth of the financial services industry.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Octank Financial, a leading financial institution, is exposed to various market risks arising from its diverse operations and financial instruments. These risks primarily encompass interest rate risk, foreign currency risk, equity price risk, and commodity price risk. The company employs a comprehensive risk management framework to identify, measure, monitor, and mitigate these risks effectively.

Interest Rate Risk:

Interest rate risk is the potential impact on Octank Financial's earnings and economic value due to fluctuations in interest rates. The company's exposure to interest rate risk arises from its lending and borrowing activities, investment portfolio, and other interest-sensitive financial instruments.

Quantitative Disclosures:

- As of December 31, 2022, a hypothetical 100 basis point (1%) parallel increase in interest rates across all maturities would result in a decrease of approximately \$75 million in the company's net interest income over the next 12 months.
- The same interest rate shock would lead to a decrease of approximately \$120 million in the economic value of equity, representing a decline of 2.4% from the current level.
- Octank Financial's interest rate sensitivity gap analysis indicates that the company has a cumulative positive gap of \$2.5 billion in the 1-year time bucket, suggesting that an increase in interest rates would initially benefit net interest income.

Qualitative Disclosures:

- Octank Financial employs various techniques to manage interest rate risk, including gap analysis, duration analysis, and simulation modeling.
- The company's Asset-Liability Management Committee (ALCO), chaired by PersonA, the Chief Risk Officer, oversees the interest rate risk management process and establishes appropriate risk limits.
- Octank Financial actively uses interest rate swaps, futures, and options to hedge its exposure to interest rate risk and maintain an appropriate risk profile.
- The company regularly conducts stress testing and scenario analysis to assess the potential impact of extreme interest rate movements on its financial performance and capital adequacy.

Foreign Currency Risk:

Foreign currency risk arises from Octank Financial's exposure to fluctuations in foreign exchange rates, which can impact the company's financial position and cash flows.

Quantitative Disclosures:

- As of December 31, 2022, a hypothetical 10% appreciation of the U.S. dollar against all other currencies would result in a decrease of approximately \$35 million in the company's net income, primarily due to the translation impact on foreign currency-denominated assets and liabilities.
- The same currency shock would lead to a decrease of approximately \$80 million in the company's total equity, representing a decline of 1.6% from the current level.
- Octank Financial's value-at-risk (VaR) model estimates a potential loss of \$20 million over a 10-day holding period with a 99% confidence level for its foreign exchange positions.

Qualitative Disclosures:

- Octank Financial actively manages its foreign currency risk through the use of forward contracts, currency swaps, and other derivative instruments.
- The company's Global Treasury team, led by PersonB, the Head of Global Treasury, is

responsible for monitoring and managing foreign currency exposures across the organization.

- Octank Financial employs hedging strategies to mitigate the impact of currency fluctuations on its financial statements and cash flows.
- The company regularly reviews its foreign currency exposures and adjusts its hedging positions accordingly, taking into account market conditions and risk appetite.

Equity Price Risk:

Equity price risk arises from Octank Financial's exposure to changes in the market prices of equity securities, which can impact the company's investment portfolio and trading activities.

Quantitative Disclosures:

- As of December 31, 2022, a hypothetical 10% decrease in equity prices across all markets would result in a decrease of approximately \$45 million in the company's net income, primarily due to the impact on trading positions and fair value adjustments.
- The same equity price shock would lead to a decrease of approximately \$100 million in the company's total equity, representing a decline of 2% from the current level.
- Octank Financial's equity VaR model estimates a potential loss of \$30 million over a 10-day holding period with a 99% confidence level for its equity positions.

Qualitative Disclosures:

- Octank Financial actively manages its equity price risk through diversification, position limits, and hedging strategies.
- The company's Equity Risk Management team, led by PersonC, the Head of Equity Risk Management, is responsible for monitoring and managing equity price exposures across the organization.
- Octank Financial employs various hedging techniques, including equity futures, options, and swaps, to mitigate the impact of equity price movements on its financial performance.
- The company regularly reviews its equity exposures and adjusts its hedging positions accordingly, taking into account market conditions and risk appetite.

Commodity Price Risk:

Commodity price risk arises from Octank Financial's exposure to fluctuations in the prices of commodities, such as energy, metals, and agricultural products, which can impact the company's trading activities and lending portfolio.

Quantitative Disclosures:

- As of December 31, 2022, a hypothetical 10% increase in commodity prices across all markets would result in a decrease of approximately \$20 million in the company's net income, primarily due to the impact on trading positions and fair value adjustments.
- The same commodity price shock would lead to a decrease of approximately \$50 million in the company's total equity, representing a decline of 1% from the current level.
- Octank Financial's commodity VaR model estimates a potential loss of \$15 million over a 10-day holding period with a 99% confidence level for its commodity positions.

Qualitative Disclosures:

- Octank Financial actively manages its commodity price risk through diversification, position limits, and hedging strategies.
- The company's Commodity Risk Management team, led by PersonD, the Head of Commodity Risk Management, is responsible for monitoring and managing commodity price exposures across the organization.
- Octank Financial employs various hedging techniques, including commodity futures, options, and swaps, to mitigate the impact of commodity price movements on its financial performance.
- The company regularly reviews its commodity exposures and adjusts its hedging positions accordingly, taking into account market conditions and risk appetite.

Octank Financial's comprehensive risk management framework, coupled with robust governance and oversight, enables the company to effectively identify, measure, monitor, and mitigate market

risks. The company remains vigilant and proactive in managing these risks to safeguard its financial stability and ensure sustainable growth.

Unresolved Staff Comments

Octank Financial, a leading financial institution, has been committed to maintaining transparency and addressing any unresolved staff comments or concerns. As a company that values open communication and continuous improvement, we take staff feedback seriously and strive to address any outstanding issues promptly.

Over the past year, Octank Financial has received a total of 27 staff comments across various departments. These comments range from suggestions for process improvements to concerns about workplace policies or practices. Our dedicated team has diligently worked to address and resolve these comments, ensuring that the voices of our employees are heard and their perspectives are taken into consideration.

Out of the 27 staff comments received, 19 have been successfully resolved through collaborative efforts and open dialogue. These resolutions have led to tangible improvements in our operations, fostering a more efficient and employee-friendly work environment.

However, there are currently 8 unresolved staff comments that require further attention and action. We acknowledge the importance of addressing these outstanding concerns and are actively working towards finding satisfactory resolutions.

1. Comment from PersonA in the Compliance Department:

PersonA raised concerns about the complexity of certain regulatory reporting processes, suggesting the need for streamlining and automation to reduce manual efforts and potential errors.

Current Status: Octank Financial recognizes the importance of efficient and accurate regulatory reporting. We have formed a cross-functional team to evaluate the existing processes and explore potential solutions, including the implementation of advanced reporting software and automation tools. The team is currently in the process of gathering requirements and conducting a feasibility study.

2. Comment from PersonB in the Human Resources Department:

PersonB proposed the introduction of a comprehensive employee wellness program to promote a healthier work-life balance and support the overall well-being of our staff.

Current Status: We value the well-being of our employees and acknowledge the importance of a balanced lifestyle. A dedicated committee has been formed to research and develop a comprehensive employee wellness program. The committee is currently exploring various options, including on-site fitness facilities, mental health support resources, and flexible work arrangements.

3. Comment from PersonC in the IT Department:

PersonC highlighted the need for enhanced cybersecurity measures and regular security awareness training to protect the company's digital assets and safeguard sensitive data.

Current Status: Octank Financial takes cybersecurity threats seriously and is committed to maintaining robust security measures. We have engaged with a leading cybersecurity consulting firm to conduct a comprehensive risk assessment and provide recommendations for strengthening our security posture. Additionally, we are in the process of developing a comprehensive security awareness training program for all employees.

4. Comment from PersonD in the Marketing Department:

PersonD suggested exploring new digital marketing strategies and leveraging emerging technologies to enhance our online presence and reach a wider audience.

Current Status: We recognize the importance of staying ahead in the digital landscape. Our

marketing team is actively researching and evaluating various digital marketing strategies, including social media campaigns, influencer marketing, and leveraging artificial intelligence for personalized content delivery. A pilot project is currently underway to test and refine these strategies before full implementation.

5. Comment from PersonE in the Customer Service Department:

PersonE proposed the implementation of a customer relationship management (CRM) system to streamline customer interactions, improve data management, and enhance overall customer experience.

Current Status: Octank Financial is committed to delivering exceptional customer service. We have initiated a comprehensive evaluation process to select the most suitable CRM solution for our needs. Multiple vendors have been shortlisted, and a cross-functional team is currently conducting demonstrations and assessing the capabilities of each solution. The final decision is expected to be made within the next quarter.

6. Comment from PersonF in the Finance Department:

PersonF raised concerns about the complexity and inefficiency of certain financial reporting processes, suggesting the need for process optimization and automation.

Current Status: We acknowledge the importance of efficient and accurate financial reporting. A dedicated team has been formed to conduct a thorough review of our existing financial reporting processes. The team is currently mapping out the processes, identifying bottlenecks, and exploring opportunities for automation and streamlining. Recommendations for process improvements are expected to be presented within the next two months.

7. Comment from PersonG in the Operations Department:

PersonG highlighted the need for enhanced collaboration and communication between different departments to ensure seamless operations and avoid potential silos.

Current Status: Octank Financial recognizes the importance of cross-functional collaboration and open communication. We have initiated a company-wide initiative to foster better collaboration and break down departmental silos. This includes the implementation of collaborative tools, cross-functional training programs, and regular interdepartmental meetings to discuss shared goals and challenges.

8. Comment from PersonH in the Risk Management Department:

PersonH proposed the development of a comprehensive risk management framework to identify, assess, and mitigate potential risks across various areas of the business.

Current Status: Effective risk management is crucial for the long-term success and stability of our organization. We have engaged with a renowned risk management consulting firm to assist in the development of a robust risk management framework tailored to our specific needs. The framework will encompass risk identification, assessment, mitigation strategies, and ongoing monitoring processes. The project is currently in the initial planning and scoping phase.

At Octank Financial, we are committed to addressing these unresolved staff comments in a timely and effective manner. We believe that open communication, collaboration, and continuous improvement are essential for maintaining a positive and productive work environment.

Our dedicated teams are actively working on resolving these outstanding issues, leveraging the expertise of internal and external resources as needed. We are confident that through our collective efforts and a solutions-oriented approach, we will successfully address these comments and implement the necessary improvements to enhance our operations, support our employees, and better serve our customers.

Octank Financial remains steadfast in its commitment to fostering an open and transparent culture,

where employee feedback is valued and acted upon. We will continue to encourage open dialogue and actively seek input from our staff to drive continuous improvement and maintain our position as a leading financial institution.

Business details about Octank financial

Business details about Octank Financial

Octank Financial is a leading global financial services firm headquartered in New York City, with a rich history spanning over a century. Founded in 1912 by a group of visionary entrepreneurs, the company has grown to become a powerhouse in the financial industry, offering a comprehensive range of services to individuals, corporations, and institutions worldwide.

I. Company Overview

Octank Financial is a publicly traded company listed on the New York Stock Exchange (NYSE) under the ticker symbol "OCTN." The company employs over 75,000 professionals across its various divisions and operates in more than 60 countries. Its core business segments include Investment Banking, Asset Management, Wealth Management, and Consumer Banking.

1. Investment Banking

Octank Financial's Investment Banking division is a top-tier player in the industry, providing advisory services for mergers and acquisitions, corporate restructuring, and capital raising. The division has a strong track record of executing complex transactions and has been involved in some of the largest and most high-profile deals in recent years.

In 2021, Octank Financial advised on over \$1.2 trillion worth of M&A transactions, solidifying its position as a leading advisor in the global M&A market. Notable deals include the \$85 billion acquisition of TechGiant Corp. by Synergy Enterprises, where Octank Financial served as the lead financial advisor.

2. Asset Management

The Asset Management division manages over \$3.5 trillion in assets across a diverse range of investment strategies, including equity, fixed income, alternative investments, and multi-asset solutions. Octank Financial's asset management arm caters to institutional clients, such as pension funds, sovereign wealth funds, and endowments, as well as high-net-worth individuals and retail investors.

One of the division's flagship products is the Octank Global Equity Fund, which has consistently outperformed its benchmark over the past decade, delivering an annualized return of 12.7%. The fund is managed by the renowned portfolio manager, PersonA, who has been with the firm for over 20 years.

3. Wealth Management

Octank Financial's Wealth Management division provides personalized financial planning and investment management services to affluent individuals, families, and institutions. With over \$1.2 trillion in assets under management, the division offers a comprehensive suite of services, including investment advisory, trust and estate planning, philanthropy advisory, and family office services.

The division's client base includes some of the world's most prominent entrepreneurs, celebrities, and ultra-high-net-worth individuals. One of its most notable clients is PersonB, a tech billionaire and philanthropist, whose \$5 billion portfolio is managed by Octank Financial's dedicated team of wealth advisors.

4. Consumer Banking

Octank Financial's Consumer Banking division serves retail customers through its network of over 2,500 branches across the United States and digital banking platforms. The division offers a wide range of products and services, including checking and savings accounts, mortgages, personal loans, credit cards, and investment products.

In recent years, the division has focused on enhancing its digital capabilities to meet the evolving needs of customers. Its mobile banking app, OctankGo, has been widely acclaimed for its user-friendly interface and innovative features, such as personalized financial insights and virtual assistant capabilities.

II. Financial Performance

Octank Financial has consistently delivered strong financial performance, driven by its diversified business model and disciplined risk management practices. In the fiscal year 2022, the company reported record revenues of \$48.7 billion, representing a 6.2% increase from the previous year.

The company's net income for the year stood at \$12.3 billion, with an impressive return on equity of 14.8%. Octank Financial's robust capital position, with a Tier 1 capital ratio of 13.5%, well above regulatory requirements, underscores its financial strength and resilience.

III. Corporate Governance and Leadership

Octank Financial is committed to maintaining the highest standards of corporate governance and ethical business practices. The company's Board of Directors comprises 12 members, including 9 independent directors, who provide oversight and strategic guidance to the management team.

The Board is chaired by PersonC, a respected business leader and former CEO of a Fortune 500 company. PersonC is widely recognized for her commitment to corporate governance and has been instrumental in shaping Octank Financial's strong governance framework.

The company's executive leadership team is headed by the Chief Executive Officer, PersonD, who has been with the firm for over 25 years and has played a pivotal role in its growth and success. PersonD is supported by a talented and experienced management team, each bringing deep expertise in their respective areas.

IV. Corporate Social Responsibility

Octank Financial is deeply committed to corporate social responsibility (CSR) and has implemented various initiatives to promote sustainability, diversity, and community engagement. The company has set ambitious targets to reduce its carbon footprint and has invested heavily in renewable energy projects and sustainable business practices.

In 2022, Octank Financial launched the "OctankImpact" program, a \$500 million initiative aimed at supporting underserved communities and promoting financial literacy. The program provides funding, mentorship, and educational resources to individuals and organizations working towards economic empowerment and social mobility.

V. Future Outlook

Octank Financial's future outlook remains promising, driven by its strong market position, diversified business model, and commitment to innovation. The company is well-positioned to capitalize on emerging trends and opportunities in the financial services industry, such as digital transformation, sustainable finance, and the growing demand for alternative investments.

With its robust financial position, talented workforce, and unwavering commitment to excellence, Octank Financial is poised to continue delivering value to its clients, shareholders, and the communities it serves for years to come.

PRINCIPAL ACCOUNTING FEES AND SERVICES

PRINCIPAL ACCOUNTING FEES AND SERVICES

Octank Financial, a leading financial institution, has engaged the services of a reputable accounting firm, XYZ & Associates, to provide audit and non-audit services. The following section outlines the principal accounting fees and services rendered by XYZ & Associates to Octank Financial during the fiscal years 2022 and 2021.

Audit Fees:

The audit fees paid to XYZ & Associates for the fiscal years 2022 and 2021 were \$2.8 million and \$2.6 million, respectively. These fees covered the professional services rendered in connection with the audit of Octank Financial's annual financial statements, the review of quarterly financial statements, and the audit of the company's internal control over financial reporting as required by the Sarbanes-Oxley Act.

The audit team at XYZ & Associates was led by PersonA, a seasoned partner with over 20 years of experience in the financial services industry. PersonA's team consisted of highly skilled professionals, including PersonB, the engagement manager, and PersonC, the senior audit associate. The audit process involved a comprehensive review of Octank Financial's accounting records, financial statements, and internal control systems to ensure compliance with generally accepted accounting principles (GAAP) and relevant regulatory requirements.

Audit-Related Fees:

In addition to the audit fees, Octank Financial paid XYZ & Associates \$1.2 million in 2022 and \$1.1 million in 2021 for audit-related services. These services primarily included due diligence related to mergers and acquisitions, employee benefit plan audits, and consultations concerning financial accounting and reporting standards.

One notable audit-related service provided by XYZ & Associates in 2022 was the due diligence review for Octank Financial's acquisition of a regional bank. PersonD, a partner specializing in mergers and acquisitions, led a team of experts to conduct a thorough analysis of the target bank's financial statements, internal controls, and regulatory compliance. This due diligence process played a crucial role in Octank Financial's decision-making and ensured a smooth integration of the acquired entity.

Tax Fees:

Octank Financial paid XYZ & Associates \$0.9 million in 2022 and \$0.8 million in 2021 for tax services. These services included tax compliance, tax planning, and tax advice related to various corporate transactions and international operations.

PersonE, a tax partner at XYZ & Associates, led a team of tax professionals in providing comprehensive tax services to Octank Financial. The team assisted the company in navigating complex tax regulations, optimizing its tax structure, and ensuring compliance with domestic and international tax laws. Their expertise played a crucial role in minimizing Octank Financial's tax liabilities while adhering to ethical and legal standards.

All Other Fees:

In addition to the fees mentioned above, Octank Financial paid XYZ & Associates \$0.4 million in 2022 and \$0.3 million in 2021 for other non-audit services. These services included risk management advisory, regulatory compliance consulting, and training programs for Octank Financial's employees.

PersonF, a partner specializing in risk management and compliance, led a team of consultants in providing advisory services to Octank Financial. The team assisted the company in identifying and

mitigating potential risks, ensuring compliance with regulatory requirements, and implementing best practices in risk management. Additionally, XYZ & Associates conducted training programs for Octank Financial's employees, covering topics such as anti-money laundering, cybersecurity, and ethical business practices.

Audit Committee Pre-Approval Policies and Procedures:

Octank Financial's Audit Committee is responsible for pre-approving all audit and non-audit services provided by XYZ & Associates. The Audit Committee has established policies and procedures to ensure that the provision of non-audit services does not impair the independence and objectivity of the external auditors.

The Audit Committee reviews and pre-approves all audit and non-audit services on an annual basis. For any additional services required during the year, the Audit Committee has delegated authority to its chairperson to pre-approve such services, subject to subsequent ratification by the full Audit Committee.

The Audit Committee also considers the compatibility of non-audit services with the auditors' independence and objectivity. XYZ & Associates is required to provide detailed information about the nature and scope of the proposed services, as well as the potential impact on their independence. The Audit Committee evaluates these factors and ensures that the non-audit services do not compromise the auditors' ability to perform their audit responsibilities effectively.

Conclusion:

Octank Financial's engagement with XYZ & Associates demonstrates a commitment to maintaining high standards of financial reporting, compliance, and corporate governance. The principal accounting fees and services rendered by XYZ & Associates cover a wide range of audit, audit-related, tax, and advisory services, ensuring that Octank Financial receives comprehensive support in meeting its financial and regulatory obligations. The Audit Committee's rigorous pre-approval policies and procedures further reinforce the company's dedication to maintaining the independence and objectivity of its external auditors.

Table for CONSOLIDATED BALANCE SHEETS in In millions, except share amounts which are reflected in thousands, and per share amounts

Assets

December 31, 2022

December 31, 2021

Cash and cash equivalents

\$1,245

\$987

Investments

\$3,876

\$3,456

Accounts receivable, net

\$2,098

\$1,876

Inventories

\$1,567

\$1,432

Other current assets

\$654

\$598

Total current assets

\$9,440

\$8,349

Property, plant and equipment, net

\$6,789

\$6,234

Goodwill

\$4,567

\$4,123

Intangible assets, net
\$2,345
\$2,098

Other assets
\$1,234
\$1,098

Total assets
\$24,375
\$21,902

Liabilities and Stockholders' Equity
December 31, 2022
December 31, 2021

Accounts payable
\$1,876
\$1,654

Accrued expenses
\$2,109
\$1,987

Short-term debt
\$987
\$876

Other current liabilities
\$654
\$598

Total current liabilities
\$5,626
\$5,115

Long-term debt
\$6,789
\$5,987

Deferred income taxes

\$1,234

\$1,098

Other liabilities

\$1,567

\$1,432

Total liabilities

\$15,216

\$13,632

Stockholders' equity:

Common stock, \$0.01 par value; 1,000,000 shares authorized; 456,789 and 412,345 shares issued and outstanding at December 31, 2022 and 2021, respectively

\$5

\$4

Additional paid-in capital

\$4,567

\$4,123

Retained earnings

\$4,345

\$3,987

Accumulated other comprehensive income

\$242

\$156

Total stockholders' equity

\$9,159

\$8,270

Total liabilities and stockholders' equity

\$24,375

\$21,902

The consolidated balance sheets presented above provide a snapshot of Octank Financial's

financial position as of December 31, 2022, and December 31, 2021. The balance sheet is divided into three main sections: assets, liabilities, and stockholders' equity.

Assets:

The assets section reflects the resources owned by the company that have future economic value. As of December 31, 2022, Octank Financial had total assets of \$24,375 million, an increase of \$2,473 million or 11.3% compared to the previous year.

Current assets, which include cash and cash equivalents, investments, accounts receivable, inventories, and other current assets, totaled \$9,440 million, representing an increase of \$1,091 million or 13.1% from the previous year. This increase was primarily driven by higher cash and cash equivalents, investments, and accounts receivable, indicating improved liquidity and business growth.

Non-current assets, such as property, plant, and equipment, goodwill, intangible assets, and other assets, amounted to \$14,935 million, an increase of \$1,382 million or 10.2% compared to the previous year. This increase suggests that Octank Financial has been investing in long-term assets, potentially through acquisitions or capital expenditures.

Liabilities:

The liabilities section represents the company's obligations and debts. As of December 31, 2022, Octank Financial had total liabilities of \$15,216 million, an increase of \$1,584 million or 11.6% compared to the previous year.

Current liabilities, which include accounts payable, accrued expenses, short-term debt, and other current liabilities, totaled \$5,626 million, representing an increase of \$511 million or 10.0% from the previous year. This increase could be attributed to higher operational expenses or short-term borrowings to support business activities.

Non-current liabilities, such as long-term debt, deferred income taxes, and other liabilities, amounted to \$9,590 million, an increase of \$1,073 million or 12.6% compared to the previous year. This increase suggests that Octank Financial has taken on additional long-term debt or has higher deferred tax liabilities, potentially due to business growth or acquisitions.

Stockholders' Equity:

The stockholders' equity section represents the ownership interest in the company. As of December 31, 2022, Octank Financial had total stockholders' equity of \$9,159 million, an increase of \$889 million or 10.8% compared to the previous year.

The increase in stockholders' equity was primarily driven by higher retained earnings, which grew by \$358 million or 9.0%, indicating that the company generated profits and reinvested them in the business. Additionally, the company issued new shares, as evidenced by the increase in common stock and additional paid-in capital.

Overall, the consolidated balance sheets show that Octank Financial has experienced growth in both assets and liabilities, with a corresponding increase in stockholders' equity. The company appears to be investing in long-term assets and taking on additional debt to support its growth initiatives. However, it is essential to analyze the company's performance in conjunction with other financial statements and industry trends to gain a comprehensive understanding of its financial health and future prospects.

Table for CCONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY in In millions, except share amounts which are reflected in thousands, and per share amounts

Table for CONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY in In millions, except share amounts which are reflected in thousands, and per share amounts

Item	2022	2021	2020
Redeemable non-controlling interests:			
Beginning balance	\$125.2	\$112.4	\$98.7
Net income attributable to redeemable non-controlling interests	18.6	16.2	14.5
Distributions to redeemable non-controlling interests	(15.8)	(13.9)	(12.4)
Contributions from redeemable non-controlling interests	22.5	19.8	17.6
Redemptions of redeemable non-controlling interests	(10.3)	(9.1)	(8.1)
Other comprehensive income (loss) attributable to redeemable non-controlling interests	2.1	(0.2)	2.1
Ending balance	142.3	125.2	112.4
Equity:			
Preferred stock, \$0.01 par value; 100,000 shares authorized; none issued and outstanding	-	-	-
Common stock, \$0.01 par value; 1,000,000 shares authorized; 287,654 shares issued and outstanding at December 31, 2022; 285,912 shares issued and outstanding at December 31, 2021; and 284,170 shares issued and outstanding at December 31, 2020	2.9	2.9	2.8
Additional paid-in capital	3,452.6	3,398.7	3,344.8
Retained earnings	4,621.5	4,102.8	3,685.4
Accumulated other comprehensive income (loss)	(68.2)	(52.4)	(40.6)
Total Octank Financial stockholders' equity	8,008.8	7,452.0	6,992.4
Non-redeemable non-controlling interests	185.6	172.4	159.2
Total equity	8,194.4	7,624.4	7,151.6
Total redeemable non-controlling interests and equity	\$8,336.7	\$7,749.6	\$7,264.0

Notes:

1. Redeemable non-controlling interests represent the ownership interests in certain consolidated subsidiaries that are redeemable at the option of the holder or upon the occurrence of an event that is not solely within the control of Octank Financial. The changes in redeemable non-controlling interests were primarily due to net income attributable to these interests, distributions made to the holders of these interests, contributions from and redemptions by these holders, and other comprehensive income (loss) attributable to these interests.

2. Common stock represents the par value of the shares of common stock issued and outstanding. The increase in common stock from 2020 to 2022 was primarily due to the issuance of shares under Octank Financial's employee stock plans.

3. Additional paid-in capital represents the excess of the proceeds received over the par value of the common stock issued, as well as the value of equity-based compensation awards granted to employees.

4. Retained earnings represent the cumulative net income of Octank Financial, less dividends paid to stockholders.

5. Accumulated other comprehensive income (loss) represents the cumulative unrealized gains and losses on certain investments, foreign currency translation adjustments, and other items that are included in comprehensive income but not in net income.

6. Non-redeemable non-controlling interests represent the ownership interests in certain consolidated subsidiaries that are not redeemable. The changes in non-redeemable non-controlling interests were primarily due to net income attributable to these interests, distributions made to the holders of these interests, and contributions from and redemptions by these holders.

Key individuals involved:

- PersonA, Chief Executive Officer
- PersonB, Chief Financial Officer
- PersonC, Chief Investment Officer

Values of Octank financial

Octank Financial is a company that prides itself on upholding a set of core values that guide every aspect of its operations. These values are deeply ingrained in the company's culture and serve as a compass for decision-making, employee conduct, and overall business practices. The following are the key values that define Octank Financial:

1. Integrity and Ethics:

At Octank Financial, integrity and ethical conduct are non-negotiable. The company operates with the highest standards of honesty, transparency, and accountability. Every employee, from the top executives to the front-line staff, is expected to adhere to a strict code of ethics that governs their actions and decisions.

This commitment to integrity is exemplified by the company's zero-tolerance policy towards any form of corruption, fraud, or unethical behavior. Octank Financial has implemented robust internal controls, auditing mechanisms, and whistleblower protection programs to ensure that any potential breaches are promptly identified and addressed.

One notable example of the company's unwavering stance on integrity is the case of PersonA, a high-performing sales executive who was terminated after it was discovered that they had misrepresented financial data to secure a lucrative deal. Despite PersonA's impressive track record, Octank Financial took swift action, demonstrating that no individual is above the company's ethical principles.

2. Customer-Centric Approach:

Octank Financial is driven by a relentless focus on delivering exceptional value and service to its customers. The company recognizes that its success is inextricably linked to the satisfaction and loyalty of its client base. As such, every decision and action is guided by a deep understanding of customer needs and a commitment to exceeding their expectations.

The company has implemented various initiatives to foster a customer-centric culture. This includes regular customer feedback surveys, dedicated customer service teams, and ongoing training programs for employees to enhance their customer service skills. Octank Financial also invests heavily in cutting-edge technology and digital platforms to provide seamless and convenient experiences for its customers.

A prime example of Octank Financial's customer-centric approach is the case of PersonB, a long-standing client who faced a complex financial challenge. The company's team of experts worked tirelessly to develop a tailored solution that not only addressed PersonB's immediate needs but also positioned them for long-term success. This level of personalized attention and commitment to customer satisfaction has earned Octank Financial a reputation for excellence in the industry.

3. Innovation and Continuous Improvement:

In the rapidly evolving financial landscape, Octank Financial recognizes the importance of embracing innovation and continuously improving its products, services, and processes. The company fosters a culture of curiosity, creativity, and a willingness to challenge the status quo.

Octank Financial actively encourages its employees to think outside the box and propose innovative ideas that can enhance operational efficiency, reduce costs, or create new revenue streams. The company has established dedicated innovation teams and allocated resources for research and development, ensuring that it remains at the forefront of industry trends and technological advancements.

One notable example of Octank Financial's commitment to innovation is the development of a

cutting-edge digital banking platform, spearheaded by PersonC, a talented software engineer. This platform revolutionized the way customers interact with the company, offering seamless mobile banking, personalized financial advice, and advanced security features. The success of this initiative has positioned Octank Financial as a leader in digital financial services.

4. Diversity, Equity, and Inclusion:

Octank Financial recognizes that a diverse and inclusive workforce is not only a moral imperative but also a strategic advantage. The company actively promotes an environment where individuals from diverse backgrounds, perspectives, and experiences are valued, respected, and empowered to contribute their unique talents.

Octank Financial has implemented comprehensive diversity and inclusion initiatives, including targeted recruitment efforts, employee resource groups, and unconscious bias training programs. The company also actively supports and partners with organizations that promote diversity and equal opportunities in the financial sector.

A prime example of Octank Financial's commitment to diversity and inclusion is the appointment of PersonD, a highly accomplished executive from an underrepresented minority group, to the company's board of directors. PersonD's unique perspective and experiences have enriched the board's decision-making processes and fostered a more inclusive corporate culture.

5. Corporate Social Responsibility:

Octank Financial understands that its success is intertwined with the well-being of the communities it serves. As such, the company is deeply committed to being a responsible corporate citizen and contributing positively to society.

Octank Financial actively supports various philanthropic initiatives, ranging from educational programs and community development projects to environmental conservation efforts. The company encourages its employees to participate in volunteer work and provides resources and incentives to facilitate their involvement.

One notable example of Octank Financial's corporate social responsibility efforts is the establishment of the "Octank Financial Foundation," a non-profit organization dedicated to promoting financial literacy and empowering underserved communities. Through this initiative, the company has partnered with local schools and community centers to provide free financial education workshops, mentorship programs, and access to resources that help individuals achieve financial stability and independence.

6. Environmental Sustainability:

Octank Financial recognizes the urgent need to address environmental challenges and is committed to minimizing its ecological footprint. The company has implemented various sustainability initiatives aimed at reducing its carbon emissions, promoting energy efficiency, and adopting environmentally friendly practices across its operations.

Octank Financial has invested in renewable energy sources, such as solar panels and wind turbines, to power its facilities. The company has also implemented comprehensive recycling and waste reduction programs, encouraging employees to adopt sustainable practices in their daily work routines.

A notable example of Octank Financial's environmental sustainability efforts is the construction of its new headquarters, which was designed and built according to the highest green building standards. The facility incorporates cutting-edge energy-efficient technologies, water conservation systems, and sustainable materials, setting a new benchmark for eco-friendly corporate buildings in the industry.

These core values are not merely words on paper but are deeply ingrained in the fabric of Octank Financial's culture. They serve as a guiding force, shaping the company's decision-making

processes, employee conduct, and overall business practices. By upholding these values, Octank Financial aims to create long-term value for its stakeholders, contribute positively to society, and maintain its position as a respected and trusted leader in the financial industry.

Concentration of Credit Risk under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Concentration of Credit Risk

Octank Financial operates in various geographic regions and industries, exposing it to credit risk arising from the potential inability of borrowers to meet their obligations. The Company's exposure to credit risk is influenced by the individual characteristics of each borrower, their industry, and the economic conditions in the regions where they operate. The Company has established policies and procedures to manage credit risk, including credit risk assessment methodologies, risk ratings, and limits to manage exposure to individual borrowers and industries.

Credit Risk Exposure

As of December 31, 20XX, the Company's maximum exposure to credit risk, without considering collateral or other credit enhancements, was \$XX billion, primarily comprised of loans and leases (\$XX billion), unfunded commitments (\$XX billion), and derivative financial instruments (\$XX billion).

Loans and Leases

The Company's loan and lease portfolio is diversified across various industries, with the largest concentrations in the following sectors:

- Commercial and Industrial: \$XX billion (XX% of total loans and leases)
- Real Estate: \$XX billion (XX%)
- Financial Institutions: \$XX billion (XX%)
- Consumer: \$XX billion (XX%)

Within the Commercial and Industrial sector, the Company has significant exposure to the following industries:

- Manufacturing: \$XX billion (XX% of Commercial and Industrial loans)
- Energy: \$XX billion (XX%)
- Technology: \$XX billion (XX%)

The Real Estate portfolio is primarily composed of the following property types:

- Office Buildings: \$XX billion (XX% of Real Estate loans)
- Retail Properties: \$XX billion (XX%)
- Multifamily Residential: \$XX billion (XX%)

The Financial Institutions portfolio includes exposures to various types of financial institutions, such as banks, insurance companies, and investment firms.

The Consumer portfolio consists of residential mortgages, credit cards, auto loans, and other consumer lending products.

Geographic Concentration

The Company's loan and lease portfolio is geographically diversified across various regions, with the largest concentrations in the following areas:

- West Region: \$XX billion (XX% of total loans and leases)
- Northeast Region: \$XX billion (XX%)
- Southeast Region: \$XX billion (XX%)
- Midwest Region: \$XX billion (XX%)

- International: \$XX billion (XX%)

Within the West Region, the Company has significant exposure in California (\$XX billion, XX% of West Region loans) and Washington (\$XX billion, XX%). In the Northeast Region, the largest concentrations are in New York (\$XX billion, XX% of Northeast Region loans) and Massachusetts (\$XX billion, XX%). The Southeast Region is primarily concentrated in Florida (\$XX billion, XX% of Southeast Region loans) and Georgia (\$XX billion, XX%). The Midwest Region's largest exposures are in Illinois (\$XX billion, XX% of Midwest Region loans) and Ohio (\$XX billion, XX%).

The International portfolio includes exposures in various countries, with the largest concentrations in the United Kingdom (\$XX billion, XX% of International loans), Canada (\$XX billion, XX%), and Japan (\$XX billion, XX%).

Credit Risk Management

The Company has established comprehensive credit risk management policies and procedures to identify, measure, monitor, and control credit risk across all portfolios. These policies and procedures are designed to ensure that the Company maintains a well-diversified portfolio, with prudent risk-adjusted returns and appropriate risk mitigation strategies.

Credit Risk Assessment

The Company employs various credit risk assessment methodologies, including credit scoring models, stress testing, and scenario analysis, to evaluate the creditworthiness of borrowers and potential credit risk exposures. These methodologies consider factors such as borrower financial strength, industry trends, economic conditions, and collateral values.

Risk Ratings

The Company assigns internal risk ratings to all borrowers based on their creditworthiness and risk profile. These risk ratings are regularly reviewed and updated to reflect changes in borrower circumstances or external factors that may impact credit risk. Risk ratings are used to determine appropriate credit approval levels, pricing, and ongoing monitoring requirements.

Concentration Limits

The Company has established concentration limits to manage exposure to individual borrowers, industries, and geographic regions. These limits are regularly monitored and adjusted as necessary to align with the Company's risk appetite and strategic objectives.

Credit Risk Mitigation

The Company employs various credit risk mitigation strategies, including collateral requirements, credit enhancements (such as guarantees and credit derivatives), and portfolio diversification. The Company regularly reviews and updates its credit risk mitigation strategies to ensure their effectiveness in managing credit risk exposures.

Monitoring and Reporting

The Company has implemented robust monitoring and reporting processes to track credit risk exposures, identify potential concentrations, and ensure compliance with established policies and limits. Regular reports are provided to senior management and the Board of Directors to facilitate informed decision-making and oversight of credit risk management activities.

Stress Testing and Scenario Analysis

The Company conducts regular stress testing and scenario analysis to assess the potential impact of adverse economic conditions or specific events on its credit risk exposures. These analyses inform the Company's risk management strategies, capital planning, and contingency planning processes.

Management and Oversight

The Company's credit risk management activities are overseen by a dedicated Credit Risk

Management team, led by the Chief Credit Officer, PersonA. This team is responsible for developing and implementing credit risk policies and procedures, monitoring credit risk exposures, and providing regular reports to senior management and the Board of Directors.

The Board of Directors, through its Risk Committee chaired by PersonB, provides oversight and guidance on the Company's credit risk management practices. The Risk Committee regularly reviews credit risk reports, approves risk appetite statements, and ensures that appropriate risk management practices are in place.

The Company's credit risk management practices are also subject to regular review and examination by regulatory authorities and external auditors to ensure compliance with applicable laws, regulations, and industry best practices.

Conclusion

Octank Financial recognizes the importance of effective credit risk management in maintaining a strong and resilient financial position. The Company's diversified portfolio, robust risk management policies and procedures, and comprehensive monitoring and reporting processes enable it to effectively identify, measure, monitor, and control credit risk exposures. The Company remains committed to continuously enhancing its credit risk management practices to support its long-term growth and financial stability.

Investments under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investments

Octank Financial Corporation (the "Company") has investments in various financial instruments, including debt and equity securities, derivatives, and other investments. These investments are classified into different categories based on their nature, purpose, and management's intent, as outlined in the relevant accounting standards.

1. Debt Securities

The Company's debt securities portfolio consists of investments in government and corporate bonds, mortgage-backed securities, and other fixed-income instruments. These investments are classified into the following categories:

1.1. Held-to-Maturity Securities

Held-to-maturity securities are debt securities that the Company has the positive intent and ability to hold until their respective maturity dates. These securities are carried at amortized cost, and any premium or discount is amortized over the remaining life of the security using the effective interest method.

As of December 31, 20XX, the Company's held-to-maturity securities had an amortized cost of \$XXX million and a fair value of \$XXX million. The major components of this portfolio included U.S. Treasury bonds, corporate bonds, and municipal bonds.

1.2. Available-for-Sale Securities

Available-for-sale securities are debt securities that are not classified as either held-to-maturity or trading securities. These securities are carried at fair value, with unrealized gains and losses reported in other comprehensive income (OCI), net of applicable income taxes.

As of December 31, 20XX, the Company's available-for-sale securities had a fair value of \$XXX million, with net unrealized gains of \$XXX million and net unrealized losses of \$XXX million, both recorded in accumulated other comprehensive income (AOCI). The major components of this portfolio included U.S. government agency securities, mortgage-backed securities, and corporate bonds.

1.3. Trading Securities

Trading securities are debt securities that are bought and held principally for the purpose of selling them in the near term. These securities are carried at fair value, with unrealized gains and losses recognized in the consolidated statements of income.

As of December 31, 20XX, the Company's trading securities had a fair value of \$XXX million, with net unrealized gains of \$XXX million and net unrealized losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

2. Equity Securities

The Company's equity securities portfolio consists of investments in common and preferred stocks of various companies across different industries. These investments are classified into the following categories:

2.1. Marketable Equity Securities

Marketable equity securities are equity investments that have readily determinable fair values and are traded on active markets. These securities are carried at fair value, with unrealized gains and losses recognized in the consolidated statements of income.

As of December 31, 20XX, the Company's marketable equity securities had a fair value of \$XXX million, with net unrealized gains of \$XXX million and net unrealized losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

2.2. Non-Marketable Equity Securities

Non-marketable equity securities are equity investments that do not have readily determinable fair values. These securities are typically investments in private companies or other entities where market prices are not available. Non-marketable equity securities are carried at cost, less any impairment, adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer.

As of December 31, 20XX, the Company's non-marketable equity securities had a carrying value of \$XXX million, with impairment losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

3. Derivatives

The Company uses derivative instruments, such as interest rate swaps, foreign currency forwards, and options, for risk management purposes and to meet the needs of its clients. Derivatives are carried at fair value, with changes in fair value recognized in the consolidated statements of income or OCI, depending on the nature and purpose of the derivative instrument.

As of December 31, 20XX, the Company's derivative assets had a fair value of \$XXX million, and derivative liabilities had a fair value of \$XXX million. The net unrealized gains and losses on derivatives designated as cash flow hedges were \$XXX million and \$XXX million, respectively, recorded in AOCI. The net unrealized gains and losses on derivatives not designated as hedging instruments were \$XXX million and \$XXX million, respectively, recognized in the consolidated statements of income for the year ended December 31, 20XX.

4. Other Investments

The Company also holds other investments, such as investments in real estate, private equity funds, and other alternative investments. These investments are accounted for using various methods, depending on the nature of the investment and the Company's level of influence or control over the investee.

4.1. Investments in Real Estate

The Company's investments in real estate include direct ownership of properties, as well as investments in real estate investment trusts (REITs) and other real estate-related entities. These investments are carried at cost, less any impairment, or at fair value, depending on the specific circumstances and the Company's intent for holding the investment.

As of December 31, 20XX, the Company's investments in real estate had a carrying value of \$XXX million, with impairment losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

4.2. Private Equity Funds and Other Alternative Investments

The Company invests in various private equity funds and other alternative investments, such as hedge funds, venture capital funds, and infrastructure funds. These investments are typically accounted for using the equity method or the fair value option, depending on the Company's level of influence or control over the investee and the nature of the investment.

As of December 31, 20XX, the Company's investments in private equity funds and other alternative investments had a carrying value of \$XXX million, with net unrealized gains of \$XXX million and net unrealized losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

Investment Valuation and Impairment

The Company regularly evaluates its investments for potential impairment and adjusts the carrying values accordingly. For debt securities classified as available-for-sale or held-to-maturity, the Company assesses whether the decline in fair value below the amortized cost basis is other-than-temporary. If the decline is deemed other-than-temporary, an impairment loss is recognized in the consolidated statements of income.

For equity securities and other investments, the Company evaluates various factors, including the financial condition and near-term prospects of the investee, the Company's intent and ability to hold the investment, and the expected recovery period, to determine if an impairment loss should be recognized.

Investment Income and Gains/Losses

The Company recognizes investment income, including interest, dividends, and realized gains and losses, in the consolidated statements of income. Unrealized gains and losses on available-for-sale securities and certain other investments are recognized in OCI, net of applicable income taxes.

During the year ended December 31, 20XX, the Company recognized net investment income of \$XXX million, consisting of interest income of \$XXX million, dividend income of \$XXX million, and net realized gains of \$XXX million. Additionally, the Company recognized net unrealized gains of \$XXX million on available-for-sale securities and certain other investments in OCI.

Investment Risk Management

The Company has established policies and procedures to manage the risks associated with its investment portfolio, including credit risk, market risk, liquidity risk, and concentration risk. These policies and procedures are designed to ensure that the Company's investment activities are conducted in a prudent manner and in compliance with applicable laws and regulations.

The Company's investment risk management strategies may include diversification of investments across different asset classes, industries, and geographic regions, as well as the use of hedging strategies and other risk mitigation techniques.

Significant Investments and Related Party Transactions

During the year ended December 31, 20XX, the Company made significant investments in the following entities:

- PersonA Corporation: The Company acquired a 25% equity interest in PersonA Corporation, a leading technology company, for \$XXX million. This investment is accounted for using the equity method.
- PersonB Ventures: The Company committed \$XXX million to PersonB Ventures, a private equity

fund focused on early-stage investments in the healthcare sector. As of December 31, 20XX, the Company had invested \$XXX million in this fund.

- PersonC Real Estate Trust: The Company invested \$XXX million in PersonC Real Estate Trust, a publicly traded REIT that owns and operates commercial properties across major metropolitan areas. This investment is classified as an available-for-sale security.

Additionally, the Company had the following related party transactions involving investments:

- The Company's Chief Executive Officer, PersonD, serves on the board of directors of PersonE Corporation, in which the Company holds a 10% equity interest. During the year ended December 31, 20XX, the Company received dividend income of \$XXX million from PersonE Corporation.

- The Company's Chief Investment Officer, PersonF, is a limited partner in PersonG Partners, a private equity fund in which the Company has invested \$XXX million. During the year ended December 31, 20XX, the Company recognized net unrealized gains of \$XXX million on its investment in PersonG Partners.

The Company's investments and related party transactions are subject to ongoing review and approval by the Board of Directors and its committees to ensure compliance with applicable laws, regulations, and the Company's policies and procedures.

Table for CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS in In millions, except share amounts which are reflected in thousands, and per share amounts

Table for CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS in In millions, except share amounts which are reflected in thousands, and per share amounts

Year Ended December 31,	2022	2021	2020
Revenue	\$1,234.5	\$1,098.7	\$987.6
Cost of revenue	678.9	602.3	542.1
Gross profit	555.6	496.4	445.5
Operating expenses:			
Research and development	198.7	176.5	158.2
Sales and marketing	287.4	256.1	229.9
General and administrative	145.6	129.7	116.5
Total operating expenses	631.7	562.3	504.6
Loss from operations	(76.1)	(65.9)	(59.1)
Other income (expense), net	12.3	10.9	9.8
Loss before income taxes	(63.8)	(55.0)	(49.3)
Provision for income taxes	6.4	5.5	4.9
Net loss	\$(70.2)	\$(60.5)	\$(54.2)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(2.1)	1.8	(1.6)
Unrealized gain (loss) on available-for-sale securities	0.3	(0.2)	0.1
Other comprehensive income (loss)	(1.8)	1.6	(1.5)
Comprehensive loss	\$(72.0)	\$(58.9)	\$(55.7)
Net loss per share attributable to common stockholders, basic and diluted	\$(0.58)	\$(0.51)	\$(0.47)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	120,567	118,234	115,901

Notes:

1. Revenue: The company's revenue increased year-over-year, reflecting growth in its core business and successful product launches.
2. Cost of revenue: The cost of revenue increased in line with the growth in revenue, but at a slightly slower pace, indicating improved operational efficiencies.
3. Operating expenses: The company continued to invest in research and development, sales and marketing, and general and administrative functions to support its growth initiatives.
4. Loss from operations: Despite the increase in revenue, the company reported an operating loss due to the high level of investments in growth initiatives.
5. Other income (expense), net: The company generated other income, primarily from interest income on its cash and investment balances.

6. Provision for income taxes: The company recorded a provision for income taxes, reflecting its global operations and the mix of income and losses across various tax jurisdictions.

7. Net loss: The company reported a net loss for all three years, reflecting the investments made in growth initiatives and the associated operating expenses.

8. Other comprehensive income (loss): The company experienced fluctuations in other comprehensive income (loss) due to foreign currency translation adjustments and unrealized gains (losses) on available-for-sale securities.

9. Comprehensive loss: The comprehensive loss, which includes both net loss and other comprehensive income (loss), increased year-over-year.

10. Net loss per share: The net loss per share increased year-over-year, reflecting the higher net loss and the increase in the weighted-average number of shares outstanding.

The financial statements provide insights into the company's performance, growth strategies, and investments in various areas. While the company reported net losses, the increasing revenue and investments in growth initiatives suggest a focus on long-term growth and market expansion.

Restricted Cash and Cash Equivalents under

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS

Restricted Cash and Cash Equivalents

Octank Financial Corporation and its subsidiaries (collectively, the "Company") are subject to various regulatory requirements that restrict the use of certain cash and cash equivalents. These restrictions are designed to protect the interests of the Company's clients, creditors, and other stakeholders, and ensure compliance with applicable laws and regulations.

1. Overview of Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent funds that are not available for general corporate purposes due to legal or contractual restrictions. These restrictions may arise from various sources, including regulatory requirements, collateral agreements, escrow arrangements, or other contractual obligations.

The Company's restricted cash and cash equivalents primarily consist of the following:

a. Client Segregated Funds

As a financial institution, Octank Financial is required to maintain segregated accounts for client funds in accordance with regulatory requirements. These funds are held separately from the Company's operating cash and are not available for general corporate use. The segregated funds are typically held in cash or cash equivalents, such as money market funds or short-term investments, and are subject to strict oversight and reporting requirements.

b. Collateral for Derivative Transactions

The Company engages in various derivative transactions, such as interest rate swaps, foreign exchange contracts, and other financial instruments. In accordance with industry practices and regulatory requirements, the Company is required to post collateral in the form of cash or cash equivalents to secure its obligations under these derivative contracts. The collateral is held by third-party custodians or counterparties and is not available for general corporate use until the derivative contracts are settled or terminated.

c. Regulatory Capital Requirements

Certain subsidiaries of Octank Financial, such as broker-dealers and depository institutions, are subject to regulatory capital requirements. These requirements mandate that a portion of the subsidiaries' assets be held in the form of cash or cash equivalents to maintain adequate capital levels and ensure financial stability. The restricted cash and cash equivalents held for regulatory capital purposes are not available for general corporate use and are subject to periodic reporting and monitoring by regulatory authorities.

d. Escrow Accounts

In the course of its business operations, the Company may establish escrow accounts to hold funds temporarily for specific purposes, such as real estate transactions, mergers and acquisitions, or other contractual arrangements. These escrow accounts are typically held in cash or cash equivalents and are restricted until the underlying transaction or obligation is completed or satisfied.

2. Accounting Treatment and Disclosure

The Company's restricted cash and cash equivalents are presented separately from unrestricted cash and cash equivalents on the consolidated balance sheet. This segregation provides

transparency and clarity regarding the nature and availability of the Company's liquid assets.

In accordance with accounting standards, the Company discloses the following information related to restricted cash and cash equivalents in the notes to the consolidated financial statements:

- a. The total amount of restricted cash and cash equivalents as of the reporting date, along with a breakdown of the major categories or sources of restrictions.
- b. A description of the nature and purpose of the restrictions, including the relevant regulatory requirements, contractual obligations, or other legal constraints.
- c. Any significant changes in the restricted cash and cash equivalents balance during the reporting period, along with an explanation of the underlying reasons for such changes.
- d. The expected timing or conditions for the release of the restricted cash and cash equivalents, if applicable.
- e. Any other relevant information or disclosures required by applicable accounting standards or regulatory requirements.

3. Risk Management and Oversight

The Company has established robust internal controls and risk management processes to ensure the proper management and oversight of restricted cash and cash equivalents. These processes involve collaboration among various departments, including finance, legal, compliance, and risk management.

a. Monitoring and Reporting

The Company closely monitors the balances and movements of restricted cash and cash equivalents through regular reporting and reconciliation processes. This includes tracking the sources of restrictions, ensuring compliance with applicable regulations and contractual obligations, and identifying any potential risks or issues that may arise.

b. Liquidity Management

The Company's liquidity management framework takes into account the restricted cash and cash equivalents balances when assessing the Company's overall liquidity position and funding needs. This ensures that the Company maintains sufficient liquidity to meet its obligations and operational requirements while complying with regulatory and contractual restrictions.

c. Regulatory Compliance

The Company's compliance department plays a crucial role in ensuring adherence to regulatory requirements related to restricted cash and cash equivalents. This includes monitoring changes in regulations, implementing appropriate policies and procedures, and conducting periodic reviews and audits to assess compliance.

d. Internal Controls and Audits

The Company's internal control framework includes controls and procedures specific to the management of restricted cash and cash equivalents. These controls are designed to prevent unauthorized access, misuse, or misappropriation of restricted funds. Additionally, the Company's internal audit function periodically reviews the effectiveness of these controls and provides recommendations for improvement, if necessary.

4. Case Study: Regulatory Inquiry and Resolution

In the fiscal year 20XX, Octank Financial faced a regulatory inquiry regarding the proper segregation and reporting of client segregated funds held by its broker-dealer subsidiary, OctankBroker Inc. The inquiry was initiated by the Securities and Exchange Commission (SEC)

following a routine examination.

The SEC raised concerns about the potential commingling of client funds with the subsidiary's operating cash and the accuracy of the reported segregated fund balances. In response, the Company promptly initiated an internal investigation led by PersonA, the Chief Compliance Officer, and PersonB, the Head of Internal Audit.

The investigation revealed that while the segregated funds were indeed held separately from the subsidiary's operating cash, there were inconsistencies in the reporting and reconciliation processes due to outdated systems and manual processes. Additionally, the investigation identified instances where certain client funds were temporarily held in non-segregated accounts for operational reasons, which raised concerns about potential regulatory violations.

To address these issues, the Company took the following corrective actions:

a. System Upgrades: The Company invested in upgrading its accounting and reporting systems to automate the segregation and reconciliation processes for client funds. This included implementing robust controls and validation checks to ensure the accuracy and completeness of the reported balances.

b. Process Improvements: The Company streamlined its operational processes related to the handling of client funds, minimizing the need for temporary transfers to non-segregated accounts. Clear policies and procedures were established to ensure strict adherence to regulatory requirements and industry best practices.

c. Training and Awareness: The Company conducted extensive training programs for relevant personnel, emphasizing the importance of proper segregation and reporting of client funds. Regular awareness campaigns were implemented to reinforce compliance with internal policies and regulatory requirements.

d. Enhanced Oversight: The Company strengthened its oversight mechanisms by establishing a dedicated Client Fund Segregation Oversight Committee, chaired by PersonC, the Chief Risk Officer. This committee was responsible for monitoring compliance, reviewing exception reports, and escalating any issues or concerns to senior management and the Board of Directors.

e. Remediation and Reporting: The Company worked closely with the SEC to remediate the identified issues and provide regular progress reports. This included submitting detailed action plans, implementing corrective measures, and demonstrating the effectiveness of the enhanced controls and processes.

Through these comprehensive efforts, the Company successfully addressed the regulatory concerns and received a favorable resolution from the SEC. The inquiry highlighted the importance of robust internal controls, effective oversight, and a strong compliance culture in managing restricted cash and cash equivalents.

5. Future Outlook and Continuous Improvement

Octank Financial remains committed to maintaining the highest standards of compliance and risk management in the handling of restricted cash and cash equivalents. The Company recognizes the dynamic nature of regulatory requirements and industry practices, and continuously seeks to enhance its processes and controls.

Some of the ongoing initiatives and future plans include:

a. Continuous Monitoring and Reporting: The Company will continue to strengthen its monitoring and reporting capabilities through the use of advanced data analytics and real-time reporting tools. This will enable more proactive identification of potential issues and facilitate timely

decision-making.

b. Regulatory Engagement: The Company actively participates in industry forums and maintains open communication channels with regulatory authorities. This allows the Company to stay informed about emerging regulatory developments and contribute to the shaping of industry best practices.

c. Technology Investments: The Company plans to invest in emerging technologies, such as blockchain and distributed ledger systems, to explore potential applications in enhancing the transparency, security, and auditability of restricted cash and cash equivalents management.

d. Talent Development: The Company recognizes the importance of having a skilled and knowledgeable workforce in managing restricted cash and cash equivalents. Ongoing training and development programs will be implemented to ensure that employees remain up-to-date with the latest regulatory requirements, industry trends, and best practices.

e. Continuous Improvement: The Company embraces a culture of continuous improvement and encourages employees to identify opportunities for process optimization and control enhancements. Regular reviews and assessments will be conducted to identify areas for improvement and implement necessary changes.

By maintaining a proactive and forward-looking approach, Octank Financial aims to remain at the forefront of best practices in managing restricted cash and cash equivalents, ensuring compliance with regulatory requirements, and safeguarding the interests of its clients, stakeholders, and the broader financial system.

Table for Property and Equipment, Net under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Table for Property and Equipment, Net under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and Equipment, Net, is a significant component of Octank Financial's consolidated balance sheet, representing the company's investment in long-lived tangible assets used in its operations. The table below provides a detailed breakdown of the components of Property and Equipment, Net, as well as the related accumulated depreciation and amortization for the fiscal years ended December 31, 2022, and December 31, 2021.

Property and Equipment, Net	December 31, 2022	December 31, 2021
Land	\$25,000,000	\$22,500,000
Buildings and improvements	\$175,000,000	\$160,000,000
Leasehold improvements	\$12,500,000	\$10,000,000
Furniture, fixtures, and equipment	\$45,000,000	\$40,000,000
Construction in progress	\$15,000,000	\$10,000,000
Total property and equipment	\$272,500,000	\$242,500,000
Accumulated depreciation and amortization	(\$95,000,000)	(\$80,000,000)
Property and equipment, net	\$177,500,000	\$162,500,000

Land:

Octank Financial's land holdings, which include properties for corporate offices, data centers, and other operational facilities, increased from \$22,500,000 as of December 31, 2021, to \$25,000,000 as of December 31, 2022. This increase of \$2,500,000 was primarily due to the acquisition of a new parcel of land in the city of Metropolis for the construction of a new data center, as part of the company's ongoing efforts to expand its infrastructure and support its growing business operations.

Buildings and Improvements:

The balance of buildings and improvements, which includes corporate offices, data centers, and other operational facilities, increased from \$160,000,000 as of December 31, 2021, to \$175,000,000 as of December 31, 2022. This increase of \$15,000,000 was primarily attributable to the construction of a new corporate office building in the city of Gotham, as well as various renovations and improvements made to existing facilities to enhance operational efficiency and accommodate business growth.

Leasehold Improvements:

Leasehold improvements, which represent the costs incurred to modify leased properties to suit Octank Financial's operational needs, increased from \$10,000,000 as of December 31, 2021, to \$12,500,000 as of December 31, 2022. This increase of \$2,500,000 was primarily due to the expansion of the company's leased office space in several key markets, as well as the renovation of existing leased facilities to accommodate new business lines and support functions.

Furniture, Fixtures, and Equipment:

The balance of furniture, fixtures, and equipment, which includes computer hardware, office equipment, and other operational assets, increased from \$40,000,000 as of December 31, 2021, to \$45,000,000 as of December 31, 2022. This increase of \$5,000,000 was primarily driven by the acquisition of new computer hardware and software to support the company's digital transformation initiatives, as well as the replacement and upgrade of aging equipment to maintain operational efficiency and security.

Construction in Progress:

Construction in progress, which represents the costs incurred for ongoing construction projects that have not yet been completed and placed into service, increased from \$10,000,000 as of December 31, 2021, to \$15,000,000 as of December 31, 2022. This increase of \$5,000,000 was primarily attributable to the ongoing construction of the new data center in Metropolis, as well as various other facility expansion and renovation projects undertaken during the year to support the company's growth and operational needs.

Accumulated Depreciation and Amortization:

The accumulated depreciation and amortization balance, which represents the cumulative depreciation and amortization expense recognized on the company's property and equipment assets over their estimated useful lives, increased from \$80,000,000 as of December 31, 2021, to \$95,000,000 as of December 31, 2022. This increase of \$15,000,000 was primarily due to the recognition of depreciation and amortization expense during the year, as well as the impact of asset additions and disposals.

Overall, the increase in Property and Equipment, Net, from \$162,500,000 as of December 31, 2021, to \$177,500,000 as of December 31, 2022, reflects Octank Financial's ongoing investments in its physical infrastructure and operational assets to support business growth, enhance operational efficiency, and maintain a competitive advantage in the financial services industry.

It is important to note that the specific amounts and details provided in this table are hypothetical and have been generated for illustrative purposes only. The actual Property and Equipment, Net, balances and related disclosures for Octank Financial would be based on the company's actual financial records and accounting policies, and would be subject to review and audit by independent auditors.

Risk Factors about Octank financial

Risk Factors about Octank Financial

Octank Financial, a leading financial institution, operates in a highly competitive and dynamic industry, exposing it to various risks that could potentially impact its operations, financial performance, and reputation. It is crucial for investors, stakeholders, and the general public to understand these risk factors to make informed decisions. This comprehensive analysis aims to shed light on the significant risks associated with Octank Financial.

1. Credit Risk:

Credit risk is one of the most significant risks faced by financial institutions like Octank Financial. It arises from the potential failure of borrowers or counterparties to meet their contractual obligations, resulting in financial losses. Octank Financial's lending activities, including corporate loans, consumer loans, and mortgages, expose the company to credit risk. Factors such as economic downturns, industry-specific challenges, and changes in borrowers' financial circumstances can increase the likelihood of defaults and impairments.

According to internal risk assessments, Octank Financial's credit risk exposure is concentrated in the following sectors:

- Real Estate and Construction (25% of total loan portfolio)
- Energy and Natural Resources (18% of total loan portfolio)
- Retail and Consumer Goods (15% of total loan portfolio)

A significant downturn in any of these sectors could lead to an increase in non-performing loans (NPLs) and loan loss provisions, adversely impacting Octank Financial's profitability and capital adequacy ratios.

2. Market Risk:

Market risk refers to the potential losses arising from adverse movements in market factors such as interest rates, foreign exchange rates, equity prices, and commodity prices. Octank Financial's trading activities, investment portfolio, and asset-liability management strategies expose the company to market risk.

Interest Rate Risk: Fluctuations in interest rates can significantly impact Octank Financial's net interest income, the primary source of revenue for most financial institutions. According to internal simulations, a 100 basis point (1%) parallel shift in interest rates could result in a \$250 million impact on Octank Financial's net interest income over a 12-month period.

Foreign Exchange Risk: Octank Financial operates globally and engages in cross-border transactions, exposing it to foreign exchange risk. Volatile currency movements can impact the company's financial statements and profitability. Based on internal estimates, a 10% appreciation or depreciation of the US dollar against major currencies could result in a \$150 million impact on Octank Financial's earnings.

Equity Price Risk: Octank Financial's investment portfolio includes equity holdings, exposing the company to fluctuations in stock prices. A significant market downturn or volatility in equity markets could lead to substantial losses in the investment portfolio.

3. Operational Risk:

Operational risk arises from inadequate or failed internal processes, systems, human errors, or external events. Octank Financial's complex operations, reliance on technology, and exposure to cyber threats make it vulnerable to operational risks.

Cybersecurity and Data Privacy: As a financial institution, Octank Financial handles sensitive customer data and financial transactions, making it a prime target for cyber attacks and data breaches. A successful cyber attack could result in financial losses, reputational damage, and regulatory penalties. According to industry reports, the average cost of a data breach for a financial institution is estimated to be \$5.72 million.

Technology and System Failures: Octank Financial relies heavily on complex information technology systems and infrastructure to support its operations. System failures, software glitches, or infrastructure disruptions could lead to operational disruptions, financial losses, and reputational damage. In a recent incident, a system outage at Octank Financial's data center caused a disruption lasting several hours, resulting in an estimated loss of \$20 million in revenue.

Human Error and Fraud: Despite robust internal controls and training programs, human errors and fraudulent activities by employees or third-party vendors can expose Octank Financial to significant risks. According to internal investigations, a rogue trader at Octank Financial, identified as PersonA, engaged in unauthorized trading activities, resulting in losses of \$75 million.

4. Regulatory and Compliance Risk:

The financial services industry is subject to extensive regulations and oversight from various regulatory bodies. Octank Financial operates in multiple jurisdictions, each with its own set of laws, regulations, and compliance requirements. Failure to comply with these regulations can result in significant fines, penalties, and reputational damage.

Anti-Money Laundering (AML) and Sanctions Compliance: Octank Financial is required to implement robust AML and sanctions compliance programs to prevent its services from being used for illicit activities such as money laundering and terrorist financing. In a recent case, Octank Financial was fined \$150 million by regulators for deficiencies in its AML program, which allowed suspicious transactions to go undetected.

Capital and Liquidity Requirements: Regulatory bodies impose strict capital and liquidity requirements on financial institutions to ensure their financial stability and ability to withstand economic shocks. Failure to maintain adequate capital and liquidity levels could result in regulatory interventions, restrictions on business activities, and potential insolvency.

Consumer Protection and Fair Lending: Octank Financial is subject to consumer protection laws and fair lending regulations aimed at safeguarding the interests of customers and preventing discriminatory lending practices. Violations of these regulations can lead to legal actions, fines, and reputational damage. In a recent case, Octank Financial faced a class-action lawsuit alleging unfair lending practices, resulting in a settlement of \$75 million.

5. Strategic and Competitive Risk:

Octank Financial operates in a highly competitive and rapidly evolving financial services industry. The company's ability to adapt to changing market conditions, technological advancements, and customer preferences is crucial for its long-term success and profitability.

Disruptive Technologies and FinTech: The rise of financial technology (FinTech) companies and digital banking platforms has disrupted traditional banking models. Octank Financial faces the risk of losing market share and revenue streams if it fails to adapt to these technological advancements and meet evolving customer expectations.

Mergers and Acquisitions: Octank Financial's growth strategy may involve mergers and acquisitions to expand its product offerings, geographic reach, or customer base. However, these transactions carry inherent risks, such as integration challenges, cultural clashes, and potential failure to realize anticipated synergies. In a recent acquisition, Octank Financial faced significant integration issues with a acquired company, resulting in higher-than-expected costs and delays in realizing synergies.

Competitive Landscape: The financial services industry is highly competitive, with Octank Financial facing intense competition from established players as well as new entrants. Failure to differentiate its products and services, maintain competitive pricing, or effectively market its offerings could result in a loss of market share and profitability.

6. Reputational Risk:

Octank Financial's reputation is one of its most valuable assets, and any damage to its brand and public perception can have far-reaching consequences. Reputational risk can arise from various sources, including operational failures, regulatory violations, unethical business practices, and negative publicity.

In a recent incident, a high-profile scandal involving PersonB, a senior executive at Octank Financial, made headlines for alleged insider trading activities. The ensuing media coverage and public scrutiny severely tarnished Octank Financial's reputation, leading to a significant decline in customer confidence and a drop in stock price.

Additionally, Octank Financial's involvement in a controversial project financing deal with a company accused of environmental violations sparked public outcry and protests from environmental advocacy groups. This negative publicity led to a boycott campaign against Octank Financial, resulting in a loss of customers and business opportunities.

7. Environmental, Social, and Governance (ESG) Risk:

Investors, regulators, and stakeholders are increasingly focused on ESG factors, and financial institutions like Octank Financial are expected to demonstrate responsible and sustainable business practices. Failure to address ESG risks can lead to reputational damage, regulatory scrutiny, and potential financial losses.

Environmental Risk: Octank Financial's lending and investment activities may expose the company to environmental risks, such as financing projects with significant environmental impacts or investing in companies with poor environmental practices. This could result in legal liabilities, reputational damage, and potential stranded assets due to regulatory changes or shifts in market preferences.

Social Risk: Octank Financial's operations and business practices may have social implications, including labor practices, human rights, and community impact. Failure to address these social risks could lead to protests, boycotts, and reputational damage, ultimately affecting the company's financial performance.

Governance Risk: Strong corporate governance practices are essential for maintaining stakeholder trust and ensuring ethical and responsible decision-making. Weaknesses in Octank Financial's governance structure, such as lack of board independence, inadequate risk management practices, or executive compensation issues, could undermine investor confidence and expose the company to regulatory scrutiny.

In conclusion, Octank Financial faces a multitude of risks that can significantly impact its operations, financial performance, and reputation. Effective risk management strategies, robust internal controls, and a strong commitment to ethical and sustainable business practices are crucial for mitigating these risks and ensuring the long-term success of the company. Investors, stakeholders, and the general public should carefully consider these risk factors when evaluating their involvement with Octank Financial.

EXHIBITS, FINANCIAL STATEMENT SCHEDULES

including Financial Statement Schedules, Exhibits, Signatures, Power of Attorney

EXHIBITS, FINANCIAL STATEMENT SCHEDULES including Financial Statement Schedules, Exhibits, Signatures, Power of Attorney

Financial Statement Schedules:

Schedule I - Condensed Financial Information of Registrant
Octank Financial Corporation (Parent Company)
Condensed Balance Sheets
(In thousands, except share data)

December 31,
2022 2021

Assets

Current assets:

Cash and cash equivalents \$ 12,345 \$ 9,876

Short-term investments 23,456 18,765

Accounts receivable, net 34,567 27,654

Other current assets 4,567 3,654

Total current assets 74,935 59,949

Non-current assets:

Property and equipment, net 67,890 54,312

Goodwill 98,765 79,012

Intangible assets, net 45,678 36,542

Other non-current assets 12,345 9,876

Total non-current assets 224,678 179,742

Total assets \$299,613 \$239,691

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable \$ 12,345 \$ 9,876

Accrued expenses 23,456 18,765

Current portion of long-term debt 6,789 5,431

Total current liabilities 42,590 34,072

Non-current liabilities:

Long-term debt, net of current portion 67,890 54,312

Deferred tax liabilities 9,876 7,901

Other non-current liabilities 12,345 9,876

Total non-current liabilities 90,111 72,089

Total liabilities 132,701 106,161

Stockholders' equity:

Common stock, \$0.001 par value;

500,000,000 shares authorized;

123,456,789 and 98,765,432 shares

issued and outstanding at

December 31, 2022 and 2021, respectively 124 99

Additional paid-in capital 98,765 79,012

Retained earnings 67,890 54,312
Accumulated other comprehensive income 133 107
Total stockholders' equity 166,912 133,530
Total liabilities and stockholders' equity \$299,613 \$239,691

Schedule II - Valuation and Qualifying Accounts
Octank Financial Corporation
(In thousands)

Balance at	Charged to	Balance at
Beginning	Costs and	End of
Description of	Period Expenses	Deductions
Period		
Year ended December 31, 2022		
Allowance for doubtful accounts	\$4,567	\$2,345 \$(1,789) \$5,123
Valuation allowance for		
deferred tax assets	3,456	1,234 (890) 3,800

Year ended December 31, 2021		
Allowance for doubtful accounts	\$3,654	\$1,876 \$(963) \$4,567
Valuation allowance for		
deferred tax assets	2,765	989 (298) 3,456

Schedule III - Real Estate and Accumulated Depreciation
Octank Financial Corporation
(In thousands)

Initial Cost to Company				
-----	Cost			
Buildings Capitalized				
and Subsequent				
Description Encumbrances Land Improvements to Acquisition Total				
Year ended December 31, 2022	\$67,890	\$12,345	\$45,678	\$9,876 \$67,899
Year ended December 31, 2021	54,312	9,876	36,542	7,901 54,319

Accumulated	
Description Depreciation	
Year ended December 31, 2022	\$23,456
Year ended December 31, 2021	18,765

Exhibits:

Exhibit 3.1 Amended and Restated Certificate of Incorporation of Octank Financial Corporation.
Exhibit 3.2 Amended and Restated Bylaws of Octank Financial Corporation.
Exhibit 4.1 Specimen Common Stock Certificate of Octank Financial Corporation.
Exhibit 4.2 Description of Registrant's Securities.
Exhibit 10.1 Form of Indemnification Agreement between Octank Financial Corporation and its directors and officers.
Exhibit 10.2 2012 Equity Incentive Plan and related form agreements.
Exhibit 10.3 2022 Equity Incentive Plan and related form agreements.
Exhibit 10.4 2012 Employee Stock Purchase Plan.
Exhibit 10.5 2022 Employee Stock Purchase Plan.
Exhibit 10.6 Executive Employment Agreement between Octank Financial Corporation and PersonA, dated January 1, 2022.
Exhibit 10.7 Executive Employment Agreement between Octank Financial Corporation and PersonB, dated January 1, 2022.
Exhibit 10.8 Executive Employment Agreement between Octank Financial Corporation and

PersonC, dated January 1, 2022.

Exhibit 10.9 Office Lease Agreement between Octank Financial Corporation and ABC Property Management, LLC, dated January 1, 2020.

Exhibit 10.10 Credit Agreement between Octank Financial Corporation and XYZ Bank, dated December 31, 2021.

Exhibit 21.1 List of Subsidiaries of Octank Financial Corporation.

Exhibit 23.1 Consent of Independent Registered Public Accounting Firm.

Exhibit 31.1 Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.

Exhibit 31.2 Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.

Exhibit 32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 101.INS XBRL Instance Document

Exhibit 101.SCH XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.DEF XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 101.LAB XBRL Taxonomy Extension Label Linkbase Document

Exhibit 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Signatures:

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Octank Financial Corporation

Date: March 1, 2023 By: /s/ PersonA

PersonA

Chief Executive Officer

(Principal Executive Officer)

Date: March 1, 2023 By: /s/ PersonB

PersonB

Chief Financial Officer

(Principal Financial and Accounting Officer)

Power of Attorney:

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints PersonA and PersonB, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed

below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature Title Date

/s/ PersonA Chief Executive Officer and Director March 1, 2023
PersonA (Principal Executive Officer)

/s/ PersonB Chief Financial Officer March 1, 2023
PersonB (Principal Financial and Accounting Officer)

/s/ PersonC Director March 1, 2023
PersonC

/s/ PersonD Director March 1, 2023
PersonD

/s/ PersonE Director March 1, 2023
PersonE

/s/ PersonF Director March 1, 2023
PersonF

Financial securities and disclosures

Financial securities and disclosures are critical components of corporate governance and transparency, ensuring that companies provide accurate and reliable information to investors, regulators, and other stakeholders. Octank Financial, as a leading financial institution, places a strong emphasis on adhering to stringent standards and best practices in this domain.

I. Financial Securities

Financial securities are tradable instruments that represent ownership or debt claims on an entity's assets or future cash flows. Octank Financial deals with a diverse range of financial securities, including:

1. Equity Securities:

a. Common Stock: Octank Financial has issued common stock, which represents ownership in the company and entitles shareholders to voting rights and potential dividends.

b. Preferred Stock: The company has also issued preferred stock, which typically carries no voting rights but offers a fixed dividend rate and priority over common stockholders in the event of liquidation.

2. Debt Securities:

a. Bonds: Octank Financial has issued various types of bonds, including corporate bonds, convertible bonds, and asset-backed securities. These debt instruments represent loans made by investors to the company, with the company obligated to pay interest and repay the principal amount upon maturity.

b. Commercial Paper: The company utilizes commercial paper, a short-term debt instrument, to meet its short-term financing needs and manage liquidity.

3. Derivative Securities:

a. Options: Octank Financial offers options contracts, which give the holder the right, but not the obligation, to buy or sell an underlying asset at a predetermined price within a specific time frame.

b. Futures: The company deals in futures contracts, which are agreements to buy or sell an asset at a predetermined price on a future date.

c. Swaps: Octank Financial engages in swap agreements, where counterparties exchange cash flows based on predetermined terms, such as interest rates or currency exchange rates.

4. Structured Products:

a. Asset-Backed Securities (ABS): Octank Financial securitizes various asset classes, such as mortgages, auto loans, and credit card receivables, into tradable securities known as asset-backed securities.

b. Collateralized Debt Obligations (CDOs): The company packages and structures different types of debt instruments, including bonds and loans, into CDOs, which are then sold to investors.

These financial securities are traded on various exchanges and over-the-counter markets, allowing Octank Financial to facilitate transactions, manage risk, and generate revenue through trading activities, underwriting, and advisory services.

II. Financial Disclosures

Octank Financial is committed to providing transparent and accurate financial disclosures to its stakeholders, adhering to regulatory requirements and industry best practices. The company's financial disclosures encompass the following key elements:

1. Annual Reports and Financial Statements:

a. Octank Financial publishes comprehensive annual reports that include audited financial

statements, management's discussion and analysis (MD&A;), and other relevant information about the company's performance, operations, and future prospects.

b. The financial statements, prepared in accordance with Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), include the balance sheet, income statement, statement of cash flows, and notes to the financial statements.

2. Quarterly Reports:

a. In addition to annual reports, Octank Financial releases quarterly reports that provide interim financial information and updates on the company's performance and significant events.

b. These reports typically include unaudited financial statements, MD&A;, and other relevant disclosures.

3. Regulatory Filings:

a. As a publicly traded company, Octank Financial is required to file various reports and disclosures with regulatory bodies, such as the Securities and Exchange Commission (SEC) or other relevant authorities.

b. These filings include registration statements, proxy statements, and periodic reports (e.g., Form 10-K, Form 10-Q, Form 8-K), which provide detailed information about the company's operations, financial condition, risk factors, and corporate governance practices.

4. Management's Discussion and Analysis (MD&A;):

a. The MD&A; section of Octank Financial's reports provides a narrative explanation and analysis of the company's financial performance, trends, and future prospects.

b. It includes discussions on factors affecting the company's results, liquidity and capital resources, critical accounting estimates, and potential risks and uncertainties.

5. Corporate Governance Disclosures:

a. Octank Financial discloses information about its corporate governance practices, including the composition and responsibilities of the board of directors, board committees, executive compensation, and related-party transactions.

b. These disclosures aim to promote transparency and accountability in the company's decision-making processes and alignment with stakeholder interests.

6. Risk Management and Internal Controls:

a. The company provides disclosures related to its risk management practices, including the identification, assessment, and mitigation of various risks, such as credit risk, market risk, operational risk, and compliance risk.

b. Octank Financial also discloses information about its internal control over financial reporting (ICFR) and any material weaknesses or deficiencies identified.

7. Environmental, Social, and Governance (ESG) Disclosures:

a. Recognizing the growing importance of ESG factors, Octank Financial discloses information about its sustainability practices, environmental impact, social responsibility initiatives, and governance frameworks.

b. These disclosures may be included in dedicated sustainability reports or integrated into the company's annual reports and other filings.

Octank Financial's financial disclosures are subject to external audits and regulatory oversight to ensure accuracy, completeness, and compliance with applicable laws and regulations. The company's commitment to transparent and comprehensive disclosures fosters trust and confidence among investors, regulators, and other stakeholders, enabling informed decision-making and promoting market integrity.

To further enhance transparency and accountability, Octank Financial has implemented robust internal controls, risk management frameworks, and corporate governance practices. The company's board of directors, led by PersonA as the Chairperson, oversees the company's financial reporting and disclosure processes, ensuring adherence to ethical standards and

regulatory requirements.

PersonB, the Chief Financial Officer (CFO), plays a crucial role in overseeing the preparation and integrity of Octank Financial's financial statements and disclosures. The company's Audit Committee, chaired by PersonC, an independent director, provides oversight and guidance on financial reporting, internal controls, and risk management processes.

Octank Financial recognizes the importance of continuous improvement and regularly reviews and enhances its disclosure practices to align with evolving regulatory requirements, industry standards, and stakeholder expectations. The company's commitment to transparency and accountability extends beyond financial disclosures, encompassing various aspects of its operations, including risk management, corporate governance, and sustainability initiatives.

By adhering to rigorous standards and best practices in financial securities and disclosures, Octank Financial aims to maintain its reputation as a trusted and responsible financial institution, fostering confidence among its stakeholders and contributing to the overall stability and integrity of the financial markets.

Cash and Cash Equivalents under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of acquisition. Octank Financial considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

As of December 31, 20X2 and 20X1, cash and cash equivalents were comprised of the following:

(in thousands) 20X2 20X1

Cash on hand \$ 2,500 \$ 1,800

Demand deposits 125,000 110,000

Money market funds 50,000 40,000

Commercial paper 25,000 15,000

Total cash and cash equivalents \$202,500 \$166,800

Cash on Hand

Cash on hand represents currency and coinage held at Octank Financial's various branch locations and automated teller machines (ATMs) to facilitate daily transactions with customers. The increase in cash on hand from \$1,800,000 in 20X1 to \$2,500,000 in 20X2 was primarily due to the opening of 15 new branch locations during 20X2, as well as an increase in ATM cash holdings to meet higher customer demand.

Demand Deposits

Demand deposits consist of non-interest-bearing and interest-bearing accounts held at various financial institutions. The increase in demand deposits from \$110,000,000 in 20X1 to \$125,000,000 in 20X2 was primarily due to higher cash inflows from operating activities, as well as the proceeds from the issuance of \$50,000,000 in senior notes during 20X2.

Money Market Funds

Money market funds represent investments in highly liquid, short-term securities with maturities of three months or less. These investments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The increase in money market fund investments from \$40,000,000 in 20X1 to \$50,000,000 in 20X2 was primarily due to the reinvestment of excess cash flows from operations.

Commercial Paper

Commercial paper represents short-term, unsecured promissory notes issued by corporations with high credit ratings. These investments have original maturities of three months or less and are readily convertible to known amounts of cash. The increase in commercial paper investments from \$15,000,000 in 20X1 to \$25,000,000 in 20X2 was primarily due to the reinvestment of excess cash flows from operations, as well as the proceeds from the sale of certain investment securities during 20X2.

Restricted Cash

Octank Financial did not have any restricted cash balances as of December 31, 20X2 and 20X1.

Cash Management

Octank Financial actively manages its cash and cash equivalents to ensure sufficient liquidity to

meet its operating needs and other obligations. The company's cash management strategy involves maintaining a diversified portfolio of highly liquid investments with various maturities to optimize returns while minimizing risk.

According to PersonA, Octank Financial's Chief Financial Officer, "Our cash management strategy is designed to provide us with the flexibility to meet our short-term and long-term liquidity needs, while also generating a reasonable return on our cash holdings. We continuously monitor our cash positions and adjust our investment portfolio as needed to ensure we have sufficient liquidity to support our operations and strategic initiatives."

Credit Risk

Octank Financial's cash and cash equivalents are subject to credit risk, which is the risk of loss due to the failure of a counterparty to meet its obligations. To mitigate this risk, the company places its cash and cash equivalents with high-credit-quality financial institutions and invests in highly rated money market funds and commercial paper.

PersonB, Octank Financial's Treasurer, stated, "We have strict policies and procedures in place to manage our credit risk exposure. We only invest in highly rated securities and diversify our holdings across multiple counterparties to minimize concentration risk. Additionally, we regularly monitor the credit quality of our counterparties and adjust our investment portfolio as needed to maintain an appropriate risk profile."

Liquidity Risk

Liquidity risk is the risk that Octank Financial may not have sufficient liquid resources to meet its obligations as they come due. The company manages this risk by maintaining a diversified portfolio of highly liquid investments and monitoring its cash flow projections to ensure it has adequate liquidity to meet its short-term and long-term obligations.

PersonC, Octank Financial's Chief Risk Officer, commented, "Liquidity risk is a critical area of focus for us. We have robust liquidity risk management processes in place, including stress testing and contingency funding plans, to ensure we can meet our obligations under various scenarios. Our strong liquidity position and access to diverse funding sources provide us with the flexibility to navigate through periods of market stress."

Overall, Octank Financial's cash and cash equivalents are an essential component of its liquidity management strategy, providing the company with the resources to meet its operational needs, fund growth initiatives, and manage its financial obligations effectively.

Table for CONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY in In millions, except share amounts which are reflected in thousands, and per share amounts

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Redeemable Non-Controlling Interests 2022 2021 2020
--- --- --- ---
Balance at beginning of year \$125.6 \$112.4 \$98.7
Net income attributable to redeemable non-controlling interests 18.2 16.5 14.3
Distributions to redeemable non-controlling interests (15.8) (14.2) (12.6)
Contributions from redeemable non-controlling interests 22.4 19.8 17.5
Redemptions of redeemable non-controlling interests (10.2) (9.1) (8.0)
Fair value adjustments and other 3.6 0.2 2.5
Balance at end of year \$143.8 \$125.6 \$112.4
Equity 2022 2021 2020
--- --- --- ---
Common stock, \$0.01 par value; 1,000,000 shares authorized; 275,432, 273,876, and 271,920 shares issued and outstanding at December 31, 2022, 2021, and 2020, respectively \$2.8 \$2.7 \$2.7
Additional paid-in capital 3,456.2 3,398.6 3,342.0
Retained earnings 4,987.5 4,532.1 4,102.7
Accumulated other comprehensive loss (68.4) (52.8) (39.6)
Total Octank Financial stockholders' equity 8,378.1 7,880.6 7,407.8
Non-redeemable non-controlling interests 256.8 241.5 228.4
Total equity \$8,634.9 \$8,122.1 \$7,636.2

The Consolidated Statements of Redeemable Non-Controlling Interests and Equity provide a comprehensive overview of the changes in the company's equity and non-controlling interests over the reported periods. The table is divided into two sections: Redeemable Non-Controlling Interests and Equity.

Redeemable Non-Controlling Interests:

This section reflects the changes in the ownership interests held by third parties in certain consolidated subsidiaries or joint ventures, where the non-controlling interests have the right to require the company to redeem their interests at a future date. The key components of this section are:

1. Balance at beginning of year: This represents the opening balance of redeemable non-controlling interests at the start of the reporting period.
2. Net income attributable to redeemable non-controlling interests: This reflects the portion of the net income allocated to the redeemable non-controlling interests based on their ownership percentage.

3. Distributions to redeemable non-controlling interests: This represents the cash distributions or dividends paid to the holders of redeemable non-controlling interests.

4. Contributions from redeemable non-controlling interests: This reflects any additional investments or contributions made by the redeemable non-controlling interest holders during the reporting period.

5. Redemptions of redeemable non-controlling interests: This represents the amount paid to redeem or buy back the redeemable non-controlling interests from their holders.

6. Fair value adjustments and other: This includes any fair value adjustments or other changes related to the redeemable non-controlling interests.

7. Balance at end of year: This represents the closing balance of redeemable non-controlling interests at the end of the reporting period.

Equity:

This section presents the changes in the company's equity, including common stock, additional paid-in capital, retained earnings, accumulated other comprehensive income/loss, and non-redeemable non-controlling interests. The key components of this section are:

1. Common stock: This represents the par value of the company's issued and outstanding common shares.

2. Additional paid-in capital: This reflects the excess amount received over the par value of the common stock issued, as well as any other contributions to equity from sources other than retained earnings.

3. Retained earnings: This represents the cumulative net income or losses retained by the company after dividends and other distributions.

4. Accumulated other comprehensive loss: This includes certain unrealized gains and losses that are not included in net income, such as foreign currency translation adjustments, unrealized gains/losses on available-for-sale securities, and certain pension and postretirement benefit plan adjustments.

5. Total Octank Financial stockholders' equity: This is the sum of common stock, additional paid-in capital, retained earnings, and accumulated other comprehensive income/loss, representing the total equity attributable to the company's stockholders.

6. Non-redeemable non-controlling interests: This reflects the ownership interests held by third parties in certain consolidated subsidiaries or joint ventures, where the non-controlling interests do not have the right to require the company to redeem their interests.

7. Total equity: This is the sum of Total Octank Financial stockholders' equity and non-redeemable non-controlling interests, representing the total equity of the company.

The Consolidated Statements of Redeemable Non-Controlling Interests and Equity provide valuable information about the company's capital structure, ownership interests, and changes in equity over time. It helps stakeholders, such as investors, analysts, and creditors, understand the company's financial position and the distribution of ownership and control.

List of 14 board of directors for Octank financial including their positions

Octank Financial's Board of Directors comprises 14 esteemed individuals from diverse backgrounds, each bringing invaluable expertise and experience to the table. The board is responsible for providing strategic guidance, ensuring effective governance, and overseeing the company's operations to safeguard the interests of shareholders and stakeholders.

1. PersonA, Chairperson

PersonA, a seasoned financial veteran with over three decades of experience in the banking industry, serves as the Chairperson of Octank Financial's Board of Directors. With a proven track record of successful leadership and strategic decision-making, PersonA guides the board in setting the company's overall direction and ensuring adherence to best practices in corporate governance.

2. PersonB, Vice Chairperson and Lead Independent Director

PersonB, a renowned economist and former university professor, brings a wealth of knowledge and academic insights to the board. As the Vice Chairperson and Lead Independent Director, PersonB plays a crucial role in fostering constructive dialogue among board members and ensuring the independence and objectivity of the board's oversight functions.

3. PersonC, Chief Executive Officer (CEO)

PersonC, a dynamic and visionary leader, serves as the Chief Executive Officer of Octank Financial. With a deep understanding of the financial services industry and a passion for innovation, PersonC is responsible for executing the company's strategic plans, driving operational excellence, and fostering a culture of continuous improvement.

4. PersonD, Chief Financial Officer (CFO)

PersonD, a seasoned financial expert with extensive experience in corporate finance and risk management, holds the position of Chief Financial Officer. PersonD oversees the company's financial operations, ensures sound financial reporting practices, and plays a pivotal role in developing and implementing effective risk management strategies.

5. PersonE, Chief Risk Officer (CRO)

PersonE, a highly respected risk management professional, serves as the Chief Risk Officer of Octank Financial. With a deep understanding of regulatory frameworks and industry best practices, PersonE is responsible for identifying, assessing, and mitigating potential risks across the organization, ensuring the company's long-term stability and resilience.

6. PersonF, Chief Technology Officer (CTO)

PersonF, a renowned technology leader with extensive experience in digital transformation and cybersecurity, holds the position of Chief Technology Officer. PersonF spearheads the company's technological initiatives, driving innovation and ensuring the implementation of robust and secure systems to support Octank Financial's operations.

7. PersonG, Chief Compliance Officer (CCO)

PersonG, a seasoned legal professional with expertise in regulatory compliance and corporate governance, serves as the Chief Compliance Officer. PersonG ensures that Octank Financial adheres to all applicable laws, regulations, and industry standards, fostering a culture of ethical conduct and mitigating compliance risks.

8. PersonH, Independent Director

PersonH, a former CEO of a multinational corporation, brings invaluable experience and insights as an Independent Director. With a proven track record of strategic leadership and a deep understanding of global markets, PersonH contributes to the board's decision-making processes

and provides an objective perspective on key issues.

9. PersonI, Independent Director

PersonI, a renowned sustainability expert and advocate for corporate social responsibility, serves as an Independent Director on the board. With a passion for promoting sustainable business practices and environmental stewardship, PersonI ensures that Octank Financial's operations align with ethical and socially responsible principles.

10. PersonJ, Independent Director

PersonJ, a seasoned human resources professional and diversity champion, contributes as an Independent Director. With a deep understanding of talent management, organizational culture, and diversity and inclusion initiatives, PersonJ plays a crucial role in shaping Octank Financial's human capital strategies and fostering an inclusive and equitable workplace.

11. PersonK, Independent Director

PersonK, a respected corporate governance expert and former regulatory official, serves as an Independent Director. With extensive knowledge of corporate governance frameworks and regulatory landscapes, PersonK ensures that Octank Financial adheres to best practices in governance and maintains transparency and accountability in its operations.

12. PersonL, Independent Director

PersonL, a renowned marketing and branding strategist, brings valuable expertise as an Independent Director. With a deep understanding of consumer behavior, market trends, and brand positioning, PersonL contributes to the development of effective marketing and communication strategies for Octank Financial.

13. PersonM, Independent Director

PersonM, a seasoned entrepreneur and venture capitalist, serves as an Independent Director. With a keen eye for identifying emerging opportunities and fostering innovation, PersonM provides valuable insights into strategic investments, partnerships, and growth initiatives for Octank Financial.

14. PersonN, Independent Director

PersonN, a respected industry veteran and former regulator, contributes as an Independent Director. With extensive knowledge of the financial services sector and regulatory frameworks, PersonN ensures that Octank Financial operates within the bounds of industry regulations and maintains a strong compliance culture.

This diverse and accomplished Board of Directors at Octank Financial brings a wealth of expertise, experience, and perspectives to the table, ensuring effective governance, strategic oversight, and the long-term success of the company.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Octank Financial maintains a strong commitment to ethical business practices and transparency in its operations. As a leading financial institution, we recognize the importance of fostering healthy relationships with our stakeholders, including employees, clients, and business partners. This section outlines our policies and practices regarding certain relationships and related transactions, as well as our approach to ensuring director independence.

Relationships and Related Transactions:

1. Related Party Transactions:

Octank Financial has established robust policies and procedures to identify, review, and approve related party transactions. These transactions may involve directors, executive officers, or their immediate family members, as well as entities in which they have a significant financial interest. The Audit Committee of the Board of Directors is responsible for reviewing and approving all related party transactions to ensure they are conducted at arm's length and in the best interests of the company and its shareholders.

Examples of related party transactions that may occur include:

- Loans or credit facilities extended to directors, executive officers, or their immediate family members.
- Consulting or advisory services provided by entities affiliated with directors or executive officers.
- Real estate transactions involving properties owned by directors, executive officers, or their immediate family members.

To ensure transparency and proper oversight, all related party transactions are disclosed in our annual report and proxy statement, as required by applicable laws and regulations.

2. Employment of Family Members:

Octank Financial recognizes the potential for conflicts of interest that may arise from the employment of family members. To mitigate these risks, we have implemented a comprehensive policy that governs the hiring and employment of relatives of current employees, directors, and executive officers.

The policy prohibits the direct or indirect supervision of a family member by another family member, as well as situations where one family member may influence the employment, compensation, or career progression of another. Additionally, family members are not permitted to work in the same department or functional area to maintain objectivity and avoid potential conflicts of interest.

Any exceptions to this policy require prior approval from the Chief Compliance Officer and the Human Resources Department, ensuring that appropriate safeguards are in place to maintain ethical standards and prevent potential conflicts of interest.

3. Business Relationships with Vendors and Suppliers:

Octank Financial maintains strict policies and procedures governing its business relationships with vendors and suppliers. We have implemented a comprehensive vendor management program that includes due diligence processes, risk assessments, and ongoing monitoring to ensure compliance with applicable laws, regulations, and ethical standards.

To prevent potential conflicts of interest, our employees, directors, and executive officers are required to disclose any significant financial interests or personal relationships they may have with current or prospective vendors or suppliers. These disclosures are reviewed by the Compliance Department, and appropriate measures are taken to mitigate any potential conflicts of interest.

Additionally, our procurement processes are designed to be fair, transparent, and competitive, ensuring that vendor selection is based on objective criteria such as quality, cost, and service capabilities.

Director Independence:

Octank Financial recognizes the importance of maintaining an independent and effective Board of Directors to provide oversight and guidance to the company's management. We have implemented robust policies and procedures to ensure the independence of our directors and to promote effective corporate governance practices.

1. Independence Criteria:

Our Board of Directors has adopted a set of independence criteria that aligns with the requirements of the Securities and Exchange Commission (SEC) and the listing standards of the New York Stock Exchange (NYSE). These criteria include, but are not limited to, the following:

- Directors must not have any material relationship with Octank Financial, either directly or as a partner, shareholder, or officer of an organization that has a relationship with the company.
- Directors must not have been employed by Octank Financial or received direct compensation from the company (other than director fees) within the past three years.
- Directors must not have immediate family members who are current employees of Octank Financial or have been employed by the company within the past three years.
- Directors must not be affiliated with or employed by the company's present or former external auditor.

The Nominating and Corporate Governance Committee of the Board of Directors is responsible for assessing the independence of each director annually and making recommendations to the full Board.

2. Independent Directors on Board Committees:

Octank Financial ensures that all members of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are independent directors, as defined by the SEC and NYSE rules. This practice promotes objective oversight and decision-making in areas such as financial reporting, executive compensation, and corporate governance matters.

3. Executive Sessions:

To facilitate open and candid discussions among independent directors, our Board of Directors holds regular executive sessions without the presence of management or non-independent directors. These sessions provide an opportunity for independent directors to discuss sensitive matters, evaluate the performance of management, and address any concerns they may have.

4. Access to Independent Advisors:

To support their decision-making processes, our independent directors have the authority to retain and consult with independent advisors, such as legal counsel, financial advisors, or other experts, as they deem necessary. Octank Financial provides appropriate funding for these advisors to ensure that the independent directors have access to the resources they need to fulfill their responsibilities effectively.

Commitment to Ethical Conduct:

Octank Financial is committed to maintaining the highest standards of ethical conduct and promoting a culture of integrity throughout the organization. We have implemented a comprehensive Code of Conduct and Ethics that applies to all employees, directors, and executive officers. This code outlines our expectations and guidelines for ethical behavior, including provisions related to conflicts of interest, confidentiality, fair dealing, and compliance with applicable

laws and regulations.

Additionally, we have established robust training programs and communication channels to ensure that all employees are aware of and adhere to our ethical standards. Our Compliance Department oversees the implementation and enforcement of these policies, and we encourage all stakeholders to report any concerns or potential violations through our confidential whistleblower hotline.

By maintaining strong policies and practices regarding related party transactions, director independence, and ethical conduct, Octank Financial aims to foster trust and confidence among our stakeholders, uphold our reputation for integrity, and contribute to the long-term success and sustainability of our business.

Table for CONSOLIDATED STATEMENTS OF OPERATIONS in In millions, except share amounts which are reflected in thousands, and per share amounts

Year Ended December 31,	2022	2021	2020
----- ---- ---- ---			
Revenue:			
Net interest income	\$12,345	\$11,234	\$10,456
Non-interest income	6,789	5,678	4,567
Total revenue	19,134	16,912	15,023
Provision for credit losses	987	654	321
Non-interest expense:			
Compensation and benefits	5,432	4,987	4,567
Occupancy and equipment	1,234	1,098	987
Other operating expenses	3,456	3,012	2,678
Total non-interest expense	10,122	9,097	8,232
Income before income taxes	8,025	7,161	6,470
Income tax expense	1,605	1,432	1,294
Net income	\$6,420	\$5,729	\$5,176
Net income applicable to common shareholders	\$6,320	\$5,629	\$5,076
Earnings per common share:			
Basic	\$4.56	\$4.12	\$3.78
Diluted	\$4.53	\$4.09	\$3.75
Weighted average common shares outstanding:			
Basic	1,385,623	1,367,890	1,342,345
Diluted	1,395,789	1,377,456	1,352,011

Narrative for the Consolidated Statements of Operations

The Consolidated Statements of Operations provide a comprehensive overview of Octank Financial's financial performance over the past three fiscal years, spanning from 2020 to 2022. This statement presents the company's revenue streams, expenses, and ultimately, its net income.

Revenue

Octank Financial's revenue is derived from two primary sources: net interest income and non-interest income.

1. **Net Interest Income:**

Net interest income represents the difference between the interest earned on interest-earning assets, such as loans and securities, and the interest paid on interest-bearing liabilities, such as deposits and borrowings. Over the past three years, Octank Financial has experienced a steady increase in net interest income, rising from \$10,456 million in 2020 to \$11,234 million in 2021, and further to \$12,345 million in 2022. This growth can be attributed to the company's strategic efforts in expanding its lending activities and optimizing its asset-liability management.

2. **Non-interest Income:**

Non-interest income encompasses various sources of revenue beyond traditional interest-earning activities, such as fees and commissions from banking services, investment banking activities, and

other financial services. Octank Financial's non-interest income has shown a consistent upward trend, increasing from \$4,567 million in 2020 to \$5,678 million in 2021, and reaching \$6,789 million in 2022. This growth can be attributed to the company's diversification efforts and its focus on offering a comprehensive range of financial products and services.

The combination of net interest income and non-interest income constitutes Octank Financial's total revenue, which has grown from \$15,023 million in 2020 to \$16,912 million in 2021, and further to \$19,134 million in 2022, reflecting the company's overall strength and resilience in generating revenue.

****Provision for Credit Losses****

The provision for credit losses represents the amount set aside by Octank Financial to cover potential losses from loans and other credit exposures. This expense reflects the company's risk management practices and its assessment of the credit quality of its loan portfolio. Over the past three years, the provision for credit losses has increased from \$321 million in 2020 to \$654 million in 2021, and further to \$987 million in 2022. This trend may be indicative of the company's proactive approach to managing credit risk and ensuring adequate reserves to mitigate potential losses.

****Non-interest Expense****

Octank Financial's non-interest expense comprises three main categories: compensation and benefits, occupancy and equipment, and other operating expenses.

1. **Compensation and Benefits:**

This expense category includes salaries, bonuses, and employee benefits for Octank Financial's workforce. Over the past three years, compensation and benefits expenses have increased steadily, rising from \$4,567 million in 2020 to \$4,987 million in 2021, and further to \$5,432 million in 2022. This trend may be attributed to the company's efforts to attract and retain top talent, as well as potential increases in employee headcount to support business growth.

2. **Occupancy and Equipment:**

This expense category covers the costs associated with maintaining and operating Octank Financial's physical locations, such as rent, utilities, and equipment maintenance. Occupancy and equipment expenses have increased from \$987 million in 2020 to \$1,098 million in 2021, and further to \$1,234 million in 2022. This trend may be driven by the company's expansion efforts, including the opening of new branches or the acquisition of additional facilities.

3. **Other Operating Expenses:**

This category encompasses a wide range of expenses related to the day-to-day operations of Octank Financial, such as marketing, professional services, and technology investments. Other operating expenses have increased from \$2,678 million in 2020 to \$3,012 million in 2021, and further to \$3,456 million in 2022. This trend may reflect the company's ongoing investments in technology, digital transformation initiatives, and efforts to enhance operational efficiency.

The total non-interest expense, which is the sum of compensation and benefits, occupancy and equipment, and other operating expenses, has increased from \$8,232 million in 2020 to \$9,097 million in 2021, and further to \$10,122 million in 2022. This trend highlights the company's commitment to supporting its growth initiatives while maintaining a disciplined approach to expense management.

****Income before Income Taxes and Net Income****

Octank Financial's income before income taxes, which represents the company's profitability before accounting for income tax expenses, has increased from \$6,470 million in 2020 to \$7,161 million in 2021, and further to \$8,025 million in 2022. This trend reflects the company's ability to generate revenue and manage expenses effectively.

After deducting income tax expenses, Octank Financial's net income, which represents the company's bottom-line profitability, has grown from \$5,176 million in 2020 to \$5,729 million in 2021, and further to \$6,420 million in 2022. This consistent growth in net income demonstrates the company's overall financial strength and its ability to generate value for its shareholders.

****Earnings per Share and Weighted Average Common Shares Outstanding****

Octank Financial reports its earnings per common share, which is a key metric used to evaluate the company's profitability on a per-share basis. The basic earnings per common share have increased from \$3.78 in 2020 to \$4.12 in 2021, and further to \$4.56 in 2022. Similarly, the diluted earnings per common share, which accounts for the potential dilutive effect of outstanding stock options and other equity-based instruments, have increased from \$3.75 in 2020 to \$4.09 in 2021, and further to \$4.53 in 2022.

The weighted average common shares outstanding, both basic and diluted, have also increased over the past three years. The basic weighted average common shares outstanding have grown from 1,342,345 thousand shares in 2020 to 1,367,890 thousand shares in 2021, and further to 1,385,623 thousand shares in 2022. Similarly, the diluted weighted average common shares outstanding have increased from 1,352,011 thousand shares in 2020 to 1,377,456 thousand shares in 2021, and further to 1,395,789 thousand shares in 2022. These increases may be attributed to the company's equity-based compensation programs, stock issuances, or other corporate actions that have impacted the outstanding share count.

Overall, the Consolidated Statements of Operations provide a comprehensive overview of Octank Financial's financial performance, highlighting the company's revenue growth, expense management, and profitability over the past three fiscal years. The consistent upward trends in key metrics, such as net interest income, non-interest income, and net income, demonstrate the company's resilience and its ability to navigate the ever-changing financial landscape successfully.

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Octank Financial maintains strict policies and procedures governing its business relationships with vendors and suppliers. We have implemented a comprehensive vendor management program that includes due diligence processes, risk assessments, and ongoing monitoring to ensure compliance with applicable laws, regulations, and ethical standards.

To prevent potential conflicts of interest, our employees, directors, and executive officers are required to disclose any significant financial interests or personal relationships they may have with current or prospective vendors or suppliers. These disclosures are reviewed by the Compliance Department, and appropriate measures are taken to mitigate any potential conflicts of interest.

Additionally, our procurement processes are designed to be fair, transparent, and competitive, ensuring that vendor selection is based on objective criteria such as quality, cost, and service capabilities.

Director Independence:

Octank Financial recognizes the importance of maintaining an independent and effective Board of Directors to provide oversight and guidance to the company's management. We have implemented robust policies and procedures to ensure the independence of our directors and to promote effective corporate governance practices.

1. Independence Criteria:

Our Board of Directors has adopted a set of independence criteria that aligns with the requirements of the Securities and Exchange Commission (SEC) and the listing standards of the New York Stock Exchange (NYSE). These criteria include, but are not limited to, the following:

- Directors must not have any material relationship with Octank Financial, either directly or as a partner, shareholder, or officer of an organization that has a relationship with the company.
- Directors must not have been employed by Octank Financial or received direct compensation from the company (other than director fees) within the past three years.
- Directors must not have immediate family members who are current employees of Octank Financial or have been employed by the company within the past three years.
- Directors must not be affiliated with or employed by the company's present or former external auditor.

The Nominating and Corporate Governance Committee of the Board of Directors is responsible for assessing the independence of each director annually and making recommendations to the full Board.

2. Independent Directors on Board Committees:

Octank Financial ensures that all members of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are independent directors, as defined by the SEC and NYSE rules. This practice promotes objective oversight and decision-making in areas such as financial reporting, executive compensation, and corporate governance matters.

3. Executive Sessions:

To facilitate open and candid discussions among independent directors, our Board of Directors holds regular executive sessions without the presence of management or non-independent directors. These sessions provide an opportunity for independent directors to discuss sensitive matters, evaluate the performance of management, and address any concerns they may have.

4. Access to Independent Advisors:

To support their decision-making processes, our independent directors have the authority to retain and consult with independent advisors, such as legal counsel, financial advisors, or other experts, as they deem necessary. Octank Financial provides appropriate funding for these advisors to ensure that the independent directors have access to the resources they need to fulfill their responsibilities effectively.

Commitment to Ethical Conduct:

Octank Financial is committed to maintaining the highest standards of ethical conduct and promoting a culture of integrity throughout the organization. We have implemented a comprehensive Code of Conduct and Ethics that applies to all employees, directors, and executive officers. This code outlines our expectations and guidelines for ethical behavior, including provisions related to conflicts of interest, confidentiality, fair dealing, and compliance with applicable

laws and regulations.

Additionally, we have established robust training programs and communication channels to ensure that all employees are aware of and adhere to our ethical standards. Our Compliance Department oversees the implementation and enforcement of these policies, and we encourage all stakeholders to report any concerns or potential violations through our confidential whistleblower hotline.

By maintaining strong policies and practices regarding related party transactions, director independence, and ethical conduct, Octank Financial aims to foster trust and confidence among our stakeholders, uphold our reputation for integrity, and contribute to the long-term success and sustainability of our business.

List of 14 board of directors for Octank financial including their positions

Octank Financial's Board of Directors comprises 14 esteemed individuals from diverse backgrounds, each bringing invaluable expertise and experience to the table. The board is responsible for providing strategic guidance, ensuring effective governance, and overseeing the company's operations to safeguard the interests of shareholders and stakeholders.

1. PersonA, Chairperson

PersonA, a seasoned financial veteran with over three decades of experience in the banking industry, serves as the Chairperson of Octank Financial's Board of Directors. With a proven track record of successful leadership and strategic decision-making, PersonA guides the board in setting the company's overall direction and ensuring adherence to best practices in corporate governance.

2. PersonB, Vice Chairperson and Lead Independent Director

PersonB, a renowned economist and former university professor, brings a wealth of knowledge and academic insights to the board. As the Vice Chairperson and Lead Independent Director, PersonB plays a crucial role in fostering constructive dialogue among board members and ensuring the independence and objectivity of the board's oversight functions.

3. PersonC, Chief Executive Officer (CEO)

PersonC, a dynamic and visionary leader, serves as the Chief Executive Officer of Octank Financial. With a deep understanding of the financial services industry and a passion for innovation, PersonC is responsible for executing the company's strategic plans, driving operational excellence, and fostering a culture of continuous improvement.

4. PersonD, Chief Financial Officer (CFO)

PersonD, a seasoned financial expert with extensive experience in corporate finance and risk management, holds the position of Chief Financial Officer. PersonD oversees the company's financial operations, ensures sound financial reporting practices, and plays a pivotal role in developing and implementing effective risk management strategies.

5. PersonE, Chief Risk Officer (CRO)

PersonE, a highly respected risk management professional, serves as the Chief Risk Officer of Octank Financial. With a deep understanding of regulatory frameworks and industry best practices, PersonE is responsible for identifying, assessing, and mitigating potential risks across the organization, ensuring the company's long-term stability and resilience.

6. PersonF, Chief Technology Officer (CTO)

PersonF, a renowned technology leader with extensive experience in digital transformation and cybersecurity, holds the position of Chief Technology Officer. PersonF spearheads the company's technological initiatives, driving innovation and ensuring the implementation of robust and secure systems to support Octank Financial's operations.

7. PersonG, Chief Compliance Officer (CCO)

PersonG, a seasoned legal professional with expertise in regulatory compliance and corporate governance, serves as the Chief Compliance Officer. PersonG ensures that Octank Financial adheres to all applicable laws, regulations, and industry standards, fostering a culture of ethical conduct and mitigating compliance risks.

8. PersonH, Independent Director

PersonH, a former CEO of a multinational corporation, brings invaluable experience and insights as an Independent Director. With a proven track record of strategic leadership and a deep understanding of global markets, PersonH contributes to the board's decision-making processes

and provides an objective perspective on key issues.

9. PersonI, Independent Director

PersonI, a renowned sustainability expert and advocate for corporate social responsibility, serves as an Independent Director on the board. With a passion for promoting sustainable business practices and environmental stewardship, PersonI ensures that Octank Financial's operations align with ethical and socially responsible principles.

10. PersonJ, Independent Director

PersonJ, a seasoned human resources professional and diversity champion, contributes as an Independent Director. With a deep understanding of talent management, organizational culture, and diversity and inclusion initiatives, PersonJ plays a crucial role in shaping Octank Financial's human capital strategies and fostering an inclusive and equitable workplace.

11. PersonK, Independent Director

PersonK, a respected corporate governance expert and former regulatory official, serves as an Independent Director. With extensive knowledge of corporate governance frameworks and regulatory landscapes, PersonK ensures that Octank Financial adheres to best practices in governance and maintains transparency and accountability in its operations.

12. PersonL, Independent Director

PersonL, a renowned marketing and branding strategist, brings valuable expertise as an Independent Director. With a deep understanding of consumer behavior, market trends, and brand positioning, PersonL contributes to the development of effective marketing and communication strategies for Octank Financial.

13. PersonM, Independent Director

PersonM, a seasoned entrepreneur and venture capitalist, serves as an Independent Director. With a keen eye for identifying emerging opportunities and fostering innovation, PersonM provides valuable insights into strategic investments, partnerships, and growth initiatives for Octank Financial.

14. PersonN, Independent Director

PersonN, a respected industry veteran and former regulator, contributes as an Independent Director. With extensive knowledge of the financial services sector and regulatory frameworks, PersonN ensures that Octank Financial operates within the bounds of industry regulations and maintains a strong compliance culture.

This diverse and accomplished Board of Directors at Octank Financial brings a wealth of expertise, experience, and perspectives to the table, ensuring effective governance, strategic oversight, and the long-term success of the company.

Table for CONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY in In millions, except share amounts which are reflected in thousands, and per share amounts

Table for CONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY in In millions, except share amounts which are reflected in thousands, and per share amounts

Redeemable Non-Controlling Interests 2022 2021 2020
--- --- --- ---
Balance at beginning of year \$125.6 \$112.4 \$98.7
Net income attributable to redeemable non-controlling interests 18.2 16.5 14.3
Distributions to redeemable non-controlling interests (15.8) (14.2) (12.6)
Contributions from redeemable non-controlling interests 22.4 19.8 17.5
Redemptions of redeemable non-controlling interests (10.2) (9.1) (8.0)
Fair value adjustments and other 3.6 0.2 2.5
Balance at end of year \$143.8 \$125.6 \$112.4
Equity 2022 2021 2020
--- --- --- ---
Common stock, \$0.01 par value; 1,000,000 shares authorized; 275,432, 273,876, and 271,920 shares issued and outstanding at December 31, 2022, 2021, and 2020, respectively \$2.8 \$2.7 \$2.7
Additional paid-in capital 3,456.2 3,398.6 3,342.0
Retained earnings 4,987.5 4,532.1 4,102.7
Accumulated other comprehensive loss (68.4) (52.8) (39.6)
Total Octank Financial stockholders' equity 8,378.1 7,880.6 7,407.8
Non-redeemable non-controlling interests 256.8 241.5 228.4
Total equity \$8,634.9 \$8,122.1 \$7,636.2

The Consolidated Statements of Redeemable Non-Controlling Interests and Equity provide a comprehensive overview of the changes in the company's equity and non-controlling interests over the reported periods. The table is divided into two sections: Redeemable Non-Controlling Interests and Equity.

Redeemable Non-Controlling Interests:

This section reflects the changes in the ownership interests held by third parties in certain consolidated subsidiaries or joint ventures, where the non-controlling interests have the right to require the company to redeem their interests at a future date. The key components of this section are:

1. Balance at beginning of year: This represents the opening balance of redeemable non-controlling interests at the start of the reporting period.
2. Net income attributable to redeemable non-controlling interests: This reflects the portion of the net income allocated to the redeemable non-controlling interests based on their ownership percentage.

3. Distributions to redeemable non-controlling interests: This represents the cash distributions or dividends paid to the holders of redeemable non-controlling interests.

4. Contributions from redeemable non-controlling interests: This reflects any additional investments or contributions made by the redeemable non-controlling interest holders during the reporting period.

5. Redemptions of redeemable non-controlling interests: This represents the amount paid to redeem or buy back the redeemable non-controlling interests from their holders.

6. Fair value adjustments and other: This includes any fair value adjustments or other changes related to the redeemable non-controlling interests.

7. Balance at end of year: This represents the closing balance of redeemable non-controlling interests at the end of the reporting period.

Equity:

This section presents the changes in the company's equity, including common stock, additional paid-in capital, retained earnings, accumulated other comprehensive income/loss, and non-redeemable non-controlling interests. The key components of this section are:

1. Common stock: This represents the par value of the company's issued and outstanding common shares.

2. Additional paid-in capital: This reflects the excess amount received over the par value of the common stock issued, as well as any other contributions to equity from sources other than retained earnings.

3. Retained earnings: This represents the cumulative net income or losses retained by the company after dividends and other distributions.

4. Accumulated other comprehensive loss: This includes certain unrealized gains and losses that are not included in net income, such as foreign currency translation adjustments, unrealized gains/losses on available-for-sale securities, and certain pension and postretirement benefit plan adjustments.

5. Total Octank Financial stockholders' equity: This is the sum of common stock, additional paid-in capital, retained earnings, and accumulated other comprehensive income/loss, representing the total equity attributable to the company's stockholders.

6. Non-redeemable non-controlling interests: This reflects the ownership interests held by third parties in certain consolidated subsidiaries or joint ventures, where the non-controlling interests do not have the right to require the company to redeem their interests.

7. Total equity: This is the sum of Total Octank Financial stockholders' equity and non-redeemable non-controlling interests, representing the total equity of the company.

The Consolidated Statements of Redeemable Non-Controlling Interests and Equity provide valuable information about the company's capital structure, ownership interests, and changes in equity over time. It helps stakeholders, such as investors, analysts, and creditors, understand the company's financial position and the distribution of ownership and control.

Cash and Cash Equivalents under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of acquisition. Octank Financial considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

As of December 31, 20X2 and 20X1, cash and cash equivalents were comprised of the following:

(in thousands) 20X2 20X1

Cash on hand \$ 2,500 \$ 1,800

Demand deposits 125,000 110,000

Money market funds 50,000 40,000

Commercial paper 25,000 15,000

Total cash and cash equivalents \$202,500 \$166,800

Cash on Hand

Cash on hand represents currency and coinage held at Octank Financial's various branch locations and automated teller machines (ATMs) to facilitate daily transactions with customers. The increase in cash on hand from \$1,800,000 in 20X1 to \$2,500,000 in 20X2 was primarily due to the opening of 15 new branch locations during 20X2, as well as an increase in ATM cash holdings to meet higher customer demand.

Demand Deposits

Demand deposits consist of non-interest-bearing and interest-bearing accounts held at various financial institutions. The increase in demand deposits from \$110,000,000 in 20X1 to \$125,000,000 in 20X2 was primarily due to higher cash inflows from operating activities, as well as the proceeds from the issuance of \$50,000,000 in senior notes during 20X2.

Money Market Funds

Money market funds represent investments in highly liquid, short-term securities with maturities of three months or less. These investments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The increase in money market fund investments from \$40,000,000 in 20X1 to \$50,000,000 in 20X2 was primarily due to the reinvestment of excess cash flows from operations.

Commercial Paper

Commercial paper represents short-term, unsecured promissory notes issued by corporations with high credit ratings. These investments have original maturities of three months or less and are readily convertible to known amounts of cash. The increase in commercial paper investments from \$15,000,000 in 20X1 to \$25,000,000 in 20X2 was primarily due to the reinvestment of excess cash flows from operations, as well as the proceeds from the sale of certain investment securities during 20X2.

Restricted Cash

Octank Financial did not have any restricted cash balances as of December 31, 20X2 and 20X1.

Cash Management

Octank Financial actively manages its cash and cash equivalents to ensure sufficient liquidity to

meet its operating needs and other obligations. The company's cash management strategy involves maintaining a diversified portfolio of highly liquid investments with various maturities to optimize returns while minimizing risk.

According to PersonA, Octank Financial's Chief Financial Officer, "Our cash management strategy is designed to provide us with the flexibility to meet our short-term and long-term liquidity needs, while also generating a reasonable return on our cash holdings. We continuously monitor our cash positions and adjust our investment portfolio as needed to ensure we have sufficient liquidity to support our operations and strategic initiatives."

Credit Risk

Octank Financial's cash and cash equivalents are subject to credit risk, which is the risk of loss due to the failure of a counterparty to meet its obligations. To mitigate this risk, the company places its cash and cash equivalents with high-credit-quality financial institutions and invests in highly rated money market funds and commercial paper.

PersonB, Octank Financial's Treasurer, stated, "We have strict policies and procedures in place to manage our credit risk exposure. We only invest in highly rated securities and diversify our holdings across multiple counterparties to minimize concentration risk. Additionally, we regularly monitor the credit quality of our counterparties and adjust our investment portfolio as needed to maintain an appropriate risk profile."

Liquidity Risk

Liquidity risk is the risk that Octank Financial may not have sufficient liquid resources to meet its obligations as they come due. The company manages this risk by maintaining a diversified portfolio of highly liquid investments and monitoring its cash flow projections to ensure it has adequate liquidity to meet its short-term and long-term obligations.

PersonC, Octank Financial's Chief Risk Officer, commented, "Liquidity risk is a critical area of focus for us. We have robust liquidity risk management processes in place, including stress testing and contingency funding plans, to ensure we can meet our obligations under various scenarios. Our strong liquidity position and access to diverse funding sources provide us with the flexibility to navigate through periods of market stress."

Overall, Octank Financial's cash and cash equivalents are an essential component of its liquidity management strategy, providing the company with the resources to meet its operational needs, fund growth initiatives, and manage its financial obligations effectively.

Financial securities and disclosures

Financial securities and disclosures are critical components of corporate governance and transparency, ensuring that companies provide accurate and reliable information to investors, regulators, and other stakeholders. Octank Financial, as a leading financial institution, places a strong emphasis on adhering to stringent standards and best practices in this domain.

I. Financial Securities

Financial securities are tradable instruments that represent ownership or debt claims on an entity's assets or future cash flows. Octank Financial deals with a diverse range of financial securities, including:

1. Equity Securities:

a. **Common Stock:** Octank Financial has issued common stock, which represents ownership in the company and entitles shareholders to voting rights and potential dividends.

b. **Preferred Stock:** The company has also issued preferred stock, which typically carries no voting rights but offers a fixed dividend rate and priority over common stockholders in the event of liquidation.

2. Debt Securities:

a. **Bonds:** Octank Financial has issued various types of bonds, including corporate bonds, convertible bonds, and asset-backed securities. These debt instruments represent loans made by investors to the company, with the company obligated to pay interest and repay the principal amount upon maturity.

b. **Commercial Paper:** The company utilizes commercial paper, a short-term debt instrument, to meet its short-term financing needs and manage liquidity.

3. Derivative Securities:

a. **Options:** Octank Financial offers options contracts, which give the holder the right, but not the obligation, to buy or sell an underlying asset at a predetermined price within a specific time frame.

b. **Futures:** The company deals in futures contracts, which are agreements to buy or sell an asset at a predetermined price on a future date.

c. **Swaps:** Octank Financial engages in swap agreements, where counterparties exchange cash flows based on predetermined terms, such as interest rates or currency exchange rates.

4. Structured Products:

a. **Asset-Backed Securities (ABS):** Octank Financial securitizes various asset classes, such as mortgages, auto loans, and credit card receivables, into tradable securities known as asset-backed securities.

b. **Collateralized Debt Obligations (CDOs):** The company packages and structures different types of debt instruments, including bonds and loans, into CDOs, which are then sold to investors.

These financial securities are traded on various exchanges and over-the-counter markets, allowing Octank Financial to facilitate transactions, manage risk, and generate revenue through trading activities, underwriting, and advisory services.

II. Financial Disclosures

Octank Financial is committed to providing transparent and accurate financial disclosures to its stakeholders, adhering to regulatory requirements and industry best practices. The company's financial disclosures encompass the following key elements:

1. Annual Reports and Financial Statements:

a. Octank Financial publishes comprehensive annual reports that include audited financial

statements, management's discussion and analysis (MD&A;), and other relevant information about the company's performance, operations, and future prospects.

b. The financial statements, prepared in accordance with Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), include the balance sheet, income statement, statement of cash flows, and notes to the financial statements.

2. Quarterly Reports:

a. In addition to annual reports, Octank Financial releases quarterly reports that provide interim financial information and updates on the company's performance and significant events.

b. These reports typically include unaudited financial statements, MD&A;, and other relevant disclosures.

3. Regulatory Filings:

a. As a publicly traded company, Octank Financial is required to file various reports and disclosures with regulatory bodies, such as the Securities and Exchange Commission (SEC) or other relevant authorities.

b. These filings include registration statements, proxy statements, and periodic reports (e.g., Form 10-K, Form 10-Q, Form 8-K), which provide detailed information about the company's operations, financial condition, risk factors, and corporate governance practices.

4. Management's Discussion and Analysis (MD&A;):

a. The MD&A; section of Octank Financial's reports provides a narrative explanation and analysis of the company's financial performance, trends, and future prospects.

b. It includes discussions on factors affecting the company's results, liquidity and capital resources, critical accounting estimates, and potential risks and uncertainties.

5. Corporate Governance Disclosures:

a. Octank Financial discloses information about its corporate governance practices, including the composition and responsibilities of the board of directors, board committees, executive compensation, and related-party transactions.

b. These disclosures aim to promote transparency and accountability in the company's decision-making processes and alignment with stakeholder interests.

6. Risk Management and Internal Controls:

a. The company provides disclosures related to its risk management practices, including the identification, assessment, and mitigation of various risks, such as credit risk, market risk, operational risk, and compliance risk.

b. Octank Financial also discloses information about its internal control over financial reporting (ICFR) and any material weaknesses or deficiencies identified.

7. Environmental, Social, and Governance (ESG) Disclosures:

a. Recognizing the growing importance of ESG factors, Octank Financial discloses information about its sustainability practices, environmental impact, social responsibility initiatives, and governance frameworks.

b. These disclosures may be included in dedicated sustainability reports or integrated into the company's annual reports and other filings.

Octank Financial's financial disclosures are subject to external audits and regulatory oversight to ensure accuracy, completeness, and compliance with applicable laws and regulations. The company's commitment to transparent and comprehensive disclosures fosters trust and confidence among investors, regulators, and other stakeholders, enabling informed decision-making and promoting market integrity.

To further enhance transparency and accountability, Octank Financial has implemented robust internal controls, risk management frameworks, and corporate governance practices. The company's board of directors, led by PersonA as the Chairperson, oversees the company's financial reporting and disclosure processes, ensuring adherence to ethical standards and

regulatory requirements.

PersonB, the Chief Financial Officer (CFO), plays a crucial role in overseeing the preparation and integrity of Octank Financial's financial statements and disclosures. The company's Audit Committee, chaired by PersonC, an independent director, provides oversight and guidance on financial reporting, internal controls, and risk management processes.

Octank Financial recognizes the importance of continuous improvement and regularly reviews and enhances its disclosure practices to align with evolving regulatory requirements, industry standards, and stakeholder expectations. The company's commitment to transparency and accountability extends beyond financial disclosures, encompassing various aspects of its operations, including risk management, corporate governance, and sustainability initiatives.

By adhering to rigorous standards and best practices in financial securities and disclosures, Octank Financial aims to maintain its reputation as a trusted and responsible financial institution, fostering confidence among its stakeholders and contributing to the overall stability and integrity of the financial markets.

EXHIBITS, FINANCIAL STATEMENT SCHEDULES

including Financial Statement Schedules, Exhibits, Signatures, Power of Attorney

EXHIBITS, FINANCIAL STATEMENT SCHEDULES including Financial Statement Schedules, Exhibits, Signatures, Power of Attorney

Financial Statement Schedules:

Schedule I - Condensed Financial Information of Registrant
Octank Financial Corporation (Parent Company)
Condensed Balance Sheets
(In thousands, except share data)

December 31,
2022 2021

Assets

Current assets:

Cash and cash equivalents \$ 12,345 \$ 9,876

Short-term investments 23,456 18,765

Accounts receivable, net 34,567 27,654

Other current assets 4,567 3,654

Total current assets 74,935 59,949

Non-current assets:

Property and equipment, net 67,890 54,312

Goodwill 98,765 79,012

Intangible assets, net 45,678 36,542

Other non-current assets 12,345 9,876

Total non-current assets 224,678 179,742

Total assets \$299,613 \$239,691

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable \$ 12,345 \$ 9,876

Accrued expenses 23,456 18,765

Current portion of long-term debt 6,789 5,431

Total current liabilities 42,590 34,072

Non-current liabilities:

Long-term debt, net of current portion 67,890 54,312

Deferred tax liabilities 9,876 7,901

Other non-current liabilities 12,345 9,876

Total non-current liabilities 90,111 72,089

Total liabilities 132,701 106,161

Stockholders' equity:

Common stock, \$0.001 par value;

500,000,000 shares authorized;

123,456,789 and 98,765,432 shares

issued and outstanding at

December 31, 2022 and 2021, respectively 124 99

Additional paid-in capital 98,765 79,012

Retained earnings 67,890 54,312
 Accumulated other comprehensive income 133 107
 Total stockholders' equity 166,912 133,530
 Total liabilities and stockholders' equity \$299,613 \$239,691

Schedule II - Valuation and Qualifying Accounts
 Octank Financial Corporation
 (In thousands)

Balance at	Charged to	Balance at
Beginning	Costs and	End of
Description of	Period Expenses	Deductions
Period		
Year ended December 31, 2022		
Allowance for doubtful accounts	\$4,567	\$2,345 \$(1,789) \$5,123
Valuation allowance for		
deferred tax assets	3,456	1,234 (890) 3,800

Year ended December 31, 2021		
Allowance for doubtful accounts	\$3,654	\$1,876 \$(963) \$4,567
Valuation allowance for		
deferred tax assets	2,765	989 (298) 3,456

Schedule III - Real Estate and Accumulated Depreciation
 Octank Financial Corporation
 (In thousands)

Initial Cost to Company				
-----	Cost			
Buildings Capitalized				
and Subsequent				
Description Encumbrances Land Improvements to Acquisition Total				
Year ended December 31, 2022	\$67,890	\$12,345	\$45,678	\$9,876 \$67,899
Year ended December 31, 2021	54,312	9,876	36,542	7,901 54,319

Accumulated	
Description Depreciation	
Year ended December 31, 2022	\$23,456
Year ended December 31, 2021	18,765

Exhibits:

Exhibit 3.1 Amended and Restated Certificate of Incorporation of Octank Financial Corporation.
 Exhibit 3.2 Amended and Restated Bylaws of Octank Financial Corporation.
 Exhibit 4.1 Specimen Common Stock Certificate of Octank Financial Corporation.
 Exhibit 4.2 Description of Registrant's Securities.
 Exhibit 10.1 Form of Indemnification Agreement between Octank Financial Corporation and its directors and officers.
 Exhibit 10.2 2012 Equity Incentive Plan and related form agreements.
 Exhibit 10.3 2022 Equity Incentive Plan and related form agreements.
 Exhibit 10.4 2012 Employee Stock Purchase Plan.
 Exhibit 10.5 2022 Employee Stock Purchase Plan.
 Exhibit 10.6 Executive Employment Agreement between Octank Financial Corporation and PersonA, dated January 1, 2022.
 Exhibit 10.7 Executive Employment Agreement between Octank Financial Corporation and PersonB, dated January 1, 2022.
 Exhibit 10.8 Executive Employment Agreement between Octank Financial Corporation and

PersonC, dated January 1, 2022.

Exhibit 10.9 Office Lease Agreement between Octank Financial Corporation and ABC Property Management, LLC, dated January 1, 2020.

Exhibit 10.10 Credit Agreement between Octank Financial Corporation and XYZ Bank, dated December 31, 2021.

Exhibit 21.1 List of Subsidiaries of Octank Financial Corporation.

Exhibit 23.1 Consent of Independent Registered Public Accounting Firm.

Exhibit 31.1 Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.

Exhibit 31.2 Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.

Exhibit 32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 101.INS XBRL Instance Document

Exhibit 101.SCH XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.DEF XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 101.LAB XBRL Taxonomy Extension Label Linkbase Document

Exhibit 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Signatures:

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Octank Financial Corporation

Date: March 1, 2023 By: /s/ PersonA

PersonA

Chief Executive Officer

(Principal Executive Officer)

Date: March 1, 2023 By: /s/ PersonB

PersonB

Chief Financial Officer

(Principal Financial and Accounting Officer)

Power of Attorney:

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints PersonA and PersonB, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed

below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature Title Date

/s/ PersonA Chief Executive Officer and Director March 1, 2023
PersonA (Principal Executive Officer)

/s/ PersonB Chief Financial Officer March 1, 2023
PersonB (Principal Financial and Accounting Officer)

/s/ PersonC Director March 1, 2023
PersonC

/s/ PersonD Director March 1, 2023
PersonD

/s/ PersonE Director March 1, 2023
PersonE

/s/ PersonF Director March 1, 2023
PersonF

Risk Factors about Octank financial

Risk Factors about Octank Financial

Octank Financial, a leading financial institution, operates in a highly competitive and dynamic industry, exposing it to various risks that could potentially impact its operations, financial performance, and reputation. It is crucial for investors, stakeholders, and the general public to understand these risk factors to make informed decisions. This comprehensive analysis aims to shed light on the significant risks associated with Octank Financial.

1. Credit Risk:

Credit risk is one of the most significant risks faced by financial institutions like Octank Financial. It arises from the potential failure of borrowers or counterparties to meet their contractual obligations, resulting in financial losses. Octank Financial's lending activities, including corporate loans, consumer loans, and mortgages, expose the company to credit risk. Factors such as economic downturns, industry-specific challenges, and changes in borrowers' financial circumstances can increase the likelihood of defaults and impairments.

According to internal risk assessments, Octank Financial's credit risk exposure is concentrated in the following sectors:

- Real Estate and Construction (25% of total loan portfolio)
- Energy and Natural Resources (18% of total loan portfolio)
- Retail and Consumer Goods (15% of total loan portfolio)

A significant downturn in any of these sectors could lead to an increase in non-performing loans (NPLs) and loan loss provisions, adversely impacting Octank Financial's profitability and capital adequacy ratios.

2. Market Risk:

Market risk refers to the potential losses arising from adverse movements in market factors such as interest rates, foreign exchange rates, equity prices, and commodity prices. Octank Financial's trading activities, investment portfolio, and asset-liability management strategies expose the company to market risk.

Interest Rate Risk: Fluctuations in interest rates can significantly impact Octank Financial's net interest income, the primary source of revenue for most financial institutions. According to internal simulations, a 100 basis point (1%) parallel shift in interest rates could result in a \$250 million impact on Octank Financial's net interest income over a 12-month period.

Foreign Exchange Risk: Octank Financial operates globally and engages in cross-border transactions, exposing it to foreign exchange risk. Volatile currency movements can impact the company's financial statements and profitability. Based on internal estimates, a 10% appreciation or depreciation of the US dollar against major currencies could result in a \$150 million impact on Octank Financial's earnings.

Equity Price Risk: Octank Financial's investment portfolio includes equity holdings, exposing the company to fluctuations in stock prices. A significant market downturn or volatility in equity markets could lead to substantial losses in the investment portfolio.

3. Operational Risk:

Operational risk arises from inadequate or failed internal processes, systems, human errors, or external events. Octank Financial's complex operations, reliance on technology, and exposure to cyber threats make it vulnerable to operational risks.

Cybersecurity and Data Privacy: As a financial institution, Octank Financial handles sensitive customer data and financial transactions, making it a prime target for cyber attacks and data breaches. A successful cyber attack could result in financial losses, reputational damage, and regulatory penalties. According to industry reports, the average cost of a data breach for a financial institution is estimated to be \$5.72 million.

Technology and System Failures: Octank Financial relies heavily on complex information technology systems and infrastructure to support its operations. System failures, software glitches, or infrastructure disruptions could lead to operational disruptions, financial losses, and reputational damage. In a recent incident, a system outage at Octank Financial's data center caused a disruption lasting several hours, resulting in an estimated loss of \$20 million in revenue.

Human Error and Fraud: Despite robust internal controls and training programs, human errors and fraudulent activities by employees or third-party vendors can expose Octank Financial to significant risks. According to internal investigations, a rogue trader at Octank Financial, identified as PersonA, engaged in unauthorized trading activities, resulting in losses of \$75 million.

4. Regulatory and Compliance Risk:

The financial services industry is subject to extensive regulations and oversight from various regulatory bodies. Octank Financial operates in multiple jurisdictions, each with its own set of laws, regulations, and compliance requirements. Failure to comply with these regulations can result in significant fines, penalties, and reputational damage.

Anti-Money Laundering (AML) and Sanctions Compliance: Octank Financial is required to implement robust AML and sanctions compliance programs to prevent its services from being used for illicit activities such as money laundering and terrorist financing. In a recent case, Octank Financial was fined \$150 million by regulators for deficiencies in its AML program, which allowed suspicious transactions to go undetected.

Capital and Liquidity Requirements: Regulatory bodies impose strict capital and liquidity requirements on financial institutions to ensure their financial stability and ability to withstand economic shocks. Failure to maintain adequate capital and liquidity levels could result in regulatory interventions, restrictions on business activities, and potential insolvency.

Consumer Protection and Fair Lending: Octank Financial is subject to consumer protection laws and fair lending regulations aimed at safeguarding the interests of customers and preventing discriminatory lending practices. Violations of these regulations can lead to legal actions, fines, and reputational damage. In a recent case, Octank Financial faced a class-action lawsuit alleging unfair lending practices, resulting in a settlement of \$75 million.

5. Strategic and Competitive Risk:

Octank Financial operates in a highly competitive and rapidly evolving financial services industry. The company's ability to adapt to changing market conditions, technological advancements, and customer preferences is crucial for its long-term success and profitability.

Disruptive Technologies and FinTech: The rise of financial technology (FinTech) companies and digital banking platforms has disrupted traditional banking models. Octank Financial faces the risk of losing market share and revenue streams if it fails to adapt to these technological advancements and meet evolving customer expectations.

Mergers and Acquisitions: Octank Financial's growth strategy may involve mergers and acquisitions to expand its product offerings, geographic reach, or customer base. However, these transactions carry inherent risks, such as integration challenges, cultural clashes, and potential failure to realize anticipated synergies. In a recent acquisition, Octank Financial faced significant integration issues with a acquired company, resulting in higher-than-expected costs and delays in realizing synergies.

Competitive Landscape: The financial services industry is highly competitive, with Octank Financial facing intense competition from established players as well as new entrants. Failure to differentiate its products and services, maintain competitive pricing, or effectively market its offerings could result in a loss of market share and profitability.

6. Reputational Risk:

Octank Financial's reputation is one of its most valuable assets, and any damage to its brand and public perception can have far-reaching consequences. Reputational risk can arise from various sources, including operational failures, regulatory violations, unethical business practices, and negative publicity.

In a recent incident, a high-profile scandal involving PersonB, a senior executive at Octank Financial, made headlines for alleged insider trading activities. The ensuing media coverage and public scrutiny severely tarnished Octank Financial's reputation, leading to a significant decline in customer confidence and a drop in stock price.

Additionally, Octank Financial's involvement in a controversial project financing deal with a company accused of environmental violations sparked public outcry and protests from environmental advocacy groups. This negative publicity led to a boycott campaign against Octank Financial, resulting in a loss of customers and business opportunities.

7. Environmental, Social, and Governance (ESG) Risk:

Investors, regulators, and stakeholders are increasingly focused on ESG factors, and financial institutions like Octank Financial are expected to demonstrate responsible and sustainable business practices. Failure to address ESG risks can lead to reputational damage, regulatory scrutiny, and potential financial losses.

Environmental Risk: Octank Financial's lending and investment activities may expose the company to environmental risks, such as financing projects with significant environmental impacts or investing in companies with poor environmental practices. This could result in legal liabilities, reputational damage, and potential stranded assets due to regulatory changes or shifts in market preferences.

Social Risk: Octank Financial's operations and business practices may have social implications, including labor practices, human rights, and community impact. Failure to address these social risks could lead to protests, boycotts, and reputational damage, ultimately affecting the company's financial performance.

Governance Risk: Strong corporate governance practices are essential for maintaining stakeholder trust and ensuring ethical and responsible decision-making. Weaknesses in Octank Financial's governance structure, such as lack of board independence, inadequate risk management practices, or executive compensation issues, could undermine investor confidence and expose the company to regulatory scrutiny.

In conclusion, Octank Financial faces a multitude of risks that can significantly impact its operations, financial performance, and reputation. Effective risk management strategies, robust internal controls, and a strong commitment to ethical and sustainable business practices are crucial for mitigating these risks and ensuring the long-term success of the company. Investors, stakeholders, and the general public should carefully consider these risk factors when evaluating their involvement with Octank Financial.

Table for Property and Equipment, Net under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Table for Property and Equipment, Net under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and Equipment, Net, is a significant component of Octank Financial's consolidated balance sheet, representing the company's investment in long-lived tangible assets used in its operations. The table below provides a detailed breakdown of the components of Property and Equipment, Net, as well as the related accumulated depreciation and amortization for the fiscal years ended December 31, 2022, and December 31, 2021.

Property and Equipment, Net	December 31, 2022	December 31, 2021
Land	\$25,000,000	\$22,500,000
Buildings and improvements	\$175,000,000	\$160,000,000
Leasehold improvements	\$12,500,000	\$10,000,000
Furniture, fixtures, and equipment	\$45,000,000	\$40,000,000
Construction in progress	\$15,000,000	\$10,000,000
Total property and equipment	\$272,500,000	\$242,500,000
Accumulated depreciation and amortization	(\$95,000,000)	(\$80,000,000)
Property and equipment, net	\$177,500,000	\$162,500,000

Land:

Octank Financial's land holdings, which include properties for corporate offices, data centers, and other operational facilities, increased from \$22,500,000 as of December 31, 2021, to \$25,000,000 as of December 31, 2022. This increase of \$2,500,000 was primarily due to the acquisition of a new parcel of land in the city of Metropolis for the construction of a new data center, as part of the company's ongoing efforts to expand its infrastructure and support its growing business operations.

Buildings and Improvements:

The balance of buildings and improvements, which includes corporate offices, data centers, and other operational facilities, increased from \$160,000,000 as of December 31, 2021, to \$175,000,000 as of December 31, 2022. This increase of \$15,000,000 was primarily attributable to the construction of a new corporate office building in the city of Gotham, as well as various renovations and improvements made to existing facilities to enhance operational efficiency and accommodate business growth.

Leasehold Improvements:

Leasehold improvements, which represent the costs incurred to modify leased properties to suit Octank Financial's operational needs, increased from \$10,000,000 as of December 31, 2021, to \$12,500,000 as of December 31, 2022. This increase of \$2,500,000 was primarily due to the expansion of the company's leased office space in several key markets, as well as the renovation of existing leased facilities to accommodate new business lines and support functions.

Furniture, Fixtures, and Equipment:

The balance of furniture, fixtures, and equipment, which includes computer hardware, office equipment, and other operational assets, increased from \$40,000,000 as of December 31, 2021, to \$45,000,000 as of December 31, 2022. This increase of \$5,000,000 was primarily driven by the acquisition of new computer hardware and software to support the company's digital transformation initiatives, as well as the replacement and upgrade of aging equipment to maintain operational efficiency and security.

Construction in Progress:

Construction in progress, which represents the costs incurred for ongoing construction projects that have not yet been completed and placed into service, increased from \$10,000,000 as of December 31, 2021, to \$15,000,000 as of December 31, 2022. This increase of \$5,000,000 was primarily attributable to the ongoing construction of the new data center in Metropolis, as well as various other facility expansion and renovation projects undertaken during the year to support the company's growth and operational needs.

Accumulated Depreciation and Amortization:

The accumulated depreciation and amortization balance, which represents the cumulative depreciation and amortization expense recognized on the company's property and equipment assets over their estimated useful lives, increased from \$80,000,000 as of December 31, 2021, to \$95,000,000 as of December 31, 2022. This increase of \$15,000,000 was primarily due to the recognition of depreciation and amortization expense during the year, as well as the impact of asset additions and disposals.

Overall, the increase in Property and Equipment, Net, from \$162,500,000 as of December 31, 2021, to \$177,500,000 as of December 31, 2022, reflects Octank Financial's ongoing investments in its physical infrastructure and operational assets to support business growth, enhance operational efficiency, and maintain a competitive advantage in the financial services industry.

It is important to note that the specific amounts and details provided in this table are hypothetical and have been generated for illustrative purposes only. The actual Property and Equipment, Net, balances and related disclosures for Octank Financial would be based on the company's actual financial records and accounting policies, and would be subject to review and audit by independent auditors.

Restricted Cash and Cash Equivalents under

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS

Restricted Cash and Cash Equivalents

Octank Financial Corporation and its subsidiaries (collectively, the "Company") are subject to various regulatory requirements that restrict the use of certain cash and cash equivalents. These restrictions are designed to protect the interests of the Company's clients, creditors, and other stakeholders, and ensure compliance with applicable laws and regulations.

1. Overview of Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent funds that are not available for general corporate purposes due to legal or contractual restrictions. These restrictions may arise from various sources, including regulatory requirements, collateral agreements, escrow arrangements, or other contractual obligations.

The Company's restricted cash and cash equivalents primarily consist of the following:

a. Client Segregated Funds

As a financial institution, Octank Financial is required to maintain segregated accounts for client funds in accordance with regulatory requirements. These funds are held separately from the Company's operating cash and are not available for general corporate use. The segregated funds are typically held in cash or cash equivalents, such as money market funds or short-term investments, and are subject to strict oversight and reporting requirements.

b. Collateral for Derivative Transactions

The Company engages in various derivative transactions, such as interest rate swaps, foreign exchange contracts, and other financial instruments. In accordance with industry practices and regulatory requirements, the Company is required to post collateral in the form of cash or cash equivalents to secure its obligations under these derivative contracts. The collateral is held by third-party custodians or counterparties and is not available for general corporate use until the derivative contracts are settled or terminated.

c. Regulatory Capital Requirements

Certain subsidiaries of Octank Financial, such as broker-dealers and depository institutions, are subject to regulatory capital requirements. These requirements mandate that a portion of the subsidiaries' assets be held in the form of cash or cash equivalents to maintain adequate capital levels and ensure financial stability. The restricted cash and cash equivalents held for regulatory capital purposes are not available for general corporate use and are subject to periodic reporting and monitoring by regulatory authorities.

d. Escrow Accounts

In the course of its business operations, the Company may establish escrow accounts to hold funds temporarily for specific purposes, such as real estate transactions, mergers and acquisitions, or other contractual arrangements. These escrow accounts are typically held in cash or cash equivalents and are restricted until the underlying transaction or obligation is completed or satisfied.

2. Accounting Treatment and Disclosure

The Company's restricted cash and cash equivalents are presented separately from unrestricted cash and cash equivalents on the consolidated balance sheet. This segregation provides

transparency and clarity regarding the nature and availability of the Company's liquid assets.

In accordance with accounting standards, the Company discloses the following information related to restricted cash and cash equivalents in the notes to the consolidated financial statements:

- a. The total amount of restricted cash and cash equivalents as of the reporting date, along with a breakdown of the major categories or sources of restrictions.
- b. A description of the nature and purpose of the restrictions, including the relevant regulatory requirements, contractual obligations, or other legal constraints.
- c. Any significant changes in the restricted cash and cash equivalents balance during the reporting period, along with an explanation of the underlying reasons for such changes.
- d. The expected timing or conditions for the release of the restricted cash and cash equivalents, if applicable.
- e. Any other relevant information or disclosures required by applicable accounting standards or regulatory requirements.

3. Risk Management and Oversight

The Company has established robust internal controls and risk management processes to ensure the proper management and oversight of restricted cash and cash equivalents. These processes involve collaboration among various departments, including finance, legal, compliance, and risk management.

a. Monitoring and Reporting

The Company closely monitors the balances and movements of restricted cash and cash equivalents through regular reporting and reconciliation processes. This includes tracking the sources of restrictions, ensuring compliance with applicable regulations and contractual obligations, and identifying any potential risks or issues that may arise.

b. Liquidity Management

The Company's liquidity management framework takes into account the restricted cash and cash equivalents balances when assessing the Company's overall liquidity position and funding needs. This ensures that the Company maintains sufficient liquidity to meet its obligations and operational requirements while complying with regulatory and contractual restrictions.

c. Regulatory Compliance

The Company's compliance department plays a crucial role in ensuring adherence to regulatory requirements related to restricted cash and cash equivalents. This includes monitoring changes in regulations, implementing appropriate policies and procedures, and conducting periodic reviews and audits to assess compliance.

d. Internal Controls and Audits

The Company's internal control framework includes controls and procedures specific to the management of restricted cash and cash equivalents. These controls are designed to prevent unauthorized access, misuse, or misappropriation of restricted funds. Additionally, the Company's internal audit function periodically reviews the effectiveness of these controls and provides recommendations for improvement, if necessary.

4. Case Study: Regulatory Inquiry and Resolution

In the fiscal year 20XX, Octank Financial faced a regulatory inquiry regarding the proper segregation and reporting of client segregated funds held by its broker-dealer subsidiary, OctankBroker Inc. The inquiry was initiated by the Securities and Exchange Commission (SEC)

following a routine examination.

The SEC raised concerns about the potential commingling of client funds with the subsidiary's operating cash and the accuracy of the reported segregated fund balances. In response, the Company promptly initiated an internal investigation led by PersonA, the Chief Compliance Officer, and PersonB, the Head of Internal Audit.

The investigation revealed that while the segregated funds were indeed held separately from the subsidiary's operating cash, there were inconsistencies in the reporting and reconciliation processes due to outdated systems and manual processes. Additionally, the investigation identified instances where certain client funds were temporarily held in non-segregated accounts for operational reasons, which raised concerns about potential regulatory violations.

To address these issues, the Company took the following corrective actions:

a. System Upgrades: The Company invested in upgrading its accounting and reporting systems to automate the segregation and reconciliation processes for client funds. This included implementing robust controls and validation checks to ensure the accuracy and completeness of the reported balances.

b. Process Improvements: The Company streamlined its operational processes related to the handling of client funds, minimizing the need for temporary transfers to non-segregated accounts. Clear policies and procedures were established to ensure strict adherence to regulatory requirements and industry best practices.

c. Training and Awareness: The Company conducted extensive training programs for relevant personnel, emphasizing the importance of proper segregation and reporting of client funds. Regular awareness campaigns were implemented to reinforce compliance with internal policies and regulatory requirements.

d. Enhanced Oversight: The Company strengthened its oversight mechanisms by establishing a dedicated Client Fund Segregation Oversight Committee, chaired by PersonC, the Chief Risk Officer. This committee was responsible for monitoring compliance, reviewing exception reports, and escalating any issues or concerns to senior management and the Board of Directors.

e. Remediation and Reporting: The Company worked closely with the SEC to remediate the identified issues and provide regular progress reports. This included submitting detailed action plans, implementing corrective measures, and demonstrating the effectiveness of the enhanced controls and processes.

Through these comprehensive efforts, the Company successfully addressed the regulatory concerns and received a favorable resolution from the SEC. The inquiry highlighted the importance of robust internal controls, effective oversight, and a strong compliance culture in managing restricted cash and cash equivalents.

5. Future Outlook and Continuous Improvement

Octank Financial remains committed to maintaining the highest standards of compliance and risk management in the handling of restricted cash and cash equivalents. The Company recognizes the dynamic nature of regulatory requirements and industry practices, and continuously seeks to enhance its processes and controls.

Some of the ongoing initiatives and future plans include:

a. Continuous Monitoring and Reporting: The Company will continue to strengthen its monitoring and reporting capabilities through the use of advanced data analytics and real-time reporting tools. This will enable more proactive identification of potential issues and facilitate timely

decision-making.

b. Regulatory Engagement: The Company actively participates in industry forums and maintains open communication channels with regulatory authorities. This allows the Company to stay informed about emerging regulatory developments and contribute to the shaping of industry best practices.

c. Technology Investments: The Company plans to invest in emerging technologies, such as blockchain and distributed ledger systems, to explore potential applications in enhancing the transparency, security, and auditability of restricted cash and cash equivalents management.

d. Talent Development: The Company recognizes the importance of having a skilled and knowledgeable workforce in managing restricted cash and cash equivalents. Ongoing training and development programs will be implemented to ensure that employees remain up-to-date with the latest regulatory requirements, industry trends, and best practices.

e. Continuous Improvement: The Company embraces a culture of continuous improvement and encourages employees to identify opportunities for process optimization and control enhancements. Regular reviews and assessments will be conducted to identify areas for improvement and implement necessary changes.

By maintaining a proactive and forward-looking approach, Octank Financial aims to remain at the forefront of best practices in managing restricted cash and cash equivalents, ensuring compliance with regulatory requirements, and safeguarding the interests of its clients, stakeholders, and the broader financial system.

Table for CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS in In millions, except share amounts which are reflected in thousands, and per share amounts

Table for CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS in In millions, except share amounts which are reflected in thousands, and per share amounts

Year Ended December 31,	2022	2021	2020
Revenue	\$1,234.5	\$1,098.7	\$987.6
Cost of revenue	678.9	602.3	542.1
Gross profit	555.6	496.4	445.5
Operating expenses:			
Research and development	198.7	176.5	158.2
Sales and marketing	287.4	256.1	229.9
General and administrative	145.6	129.7	116.5
Total operating expenses	631.7	562.3	504.6
Loss from operations	(76.1)	(65.9)	(59.1)
Other income (expense), net	12.3	10.9	9.8
Loss before income taxes	(63.8)	(55.0)	(49.3)
Provision for income taxes	6.4	5.5	4.9
Net loss	\$(70.2)	\$(60.5)	\$(54.2)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(2.1)	1.8	(1.6)
Unrealized gain (loss) on available-for-sale securities	0.3	(0.2)	0.1
Other comprehensive income (loss)	(1.8)	1.6	(1.5)
Comprehensive loss	\$(72.0)	\$(58.9)	\$(55.7)
Net loss per share attributable to common stockholders, basic and diluted	\$(0.58)	\$(0.51)	\$(0.47)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	120,567	118,234	115,901

Notes:

1. Revenue: The company's revenue increased year-over-year, reflecting growth in its core business and successful product launches.
2. Cost of revenue: The cost of revenue increased in line with the growth in revenue, but at a slightly slower pace, indicating improved operational efficiencies.
3. Operating expenses: The company continued to invest in research and development, sales and marketing, and general and administrative functions to support its growth initiatives.
4. Loss from operations: Despite the increase in revenue, the company reported an operating loss due to the high level of investments in growth initiatives.
5. Other income (expense), net: The company generated other income, primarily from interest income on its cash and investment balances.

6. Provision for income taxes: The company recorded a provision for income taxes, reflecting its global operations and the mix of income and losses across various tax jurisdictions.

7. Net loss: The company reported a net loss for all three years, reflecting the investments made in growth initiatives and the associated operating expenses.

8. Other comprehensive income (loss): The company experienced fluctuations in other comprehensive income (loss) due to foreign currency translation adjustments and unrealized gains (losses) on available-for-sale securities.

9. Comprehensive loss: The comprehensive loss, which includes both net loss and other comprehensive income (loss), increased year-over-year.

10. Net loss per share: The net loss per share increased year-over-year, reflecting the higher net loss and the increase in the weighted-average number of shares outstanding.

The financial statements provide insights into the company's performance, growth strategies, and investments in various areas. While the company reported net losses, the increasing revenue and investments in growth initiatives suggest a focus on long-term growth and market expansion.

Investments under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investments

Octank Financial Corporation (the "Company") has investments in various financial instruments, including debt and equity securities, derivatives, and other investments. These investments are classified into different categories based on their nature, purpose, and management's intent, as outlined in the relevant accounting standards.

1. Debt Securities

The Company's debt securities portfolio consists of investments in government and corporate bonds, mortgage-backed securities, and other fixed-income instruments. These investments are classified into the following categories:

1.1. Held-to-Maturity Securities

Held-to-maturity securities are debt securities that the Company has the positive intent and ability to hold until their respective maturity dates. These securities are carried at amortized cost, and any premium or discount is amortized over the remaining life of the security using the effective interest method.

As of December 31, 20XX, the Company's held-to-maturity securities had an amortized cost of \$XXX million and a fair value of \$XXX million. The major components of this portfolio included U.S. Treasury bonds, corporate bonds, and municipal bonds.

1.2. Available-for-Sale Securities

Available-for-sale securities are debt securities that are not classified as either held-to-maturity or trading securities. These securities are carried at fair value, with unrealized gains and losses reported in other comprehensive income (OCI), net of applicable income taxes.

As of December 31, 20XX, the Company's available-for-sale securities had a fair value of \$XXX million, with net unrealized gains of \$XXX million and net unrealized losses of \$XXX million, both recorded in accumulated other comprehensive income (AOCI). The major components of this portfolio included U.S. government agency securities, mortgage-backed securities, and corporate bonds.

1.3. Trading Securities

Trading securities are debt securities that are bought and held principally for the purpose of selling them in the near term. These securities are carried at fair value, with unrealized gains and losses recognized in the consolidated statements of income.

As of December 31, 20XX, the Company's trading securities had a fair value of \$XXX million, with net unrealized gains of \$XXX million and net unrealized losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

2. Equity Securities

The Company's equity securities portfolio consists of investments in common and preferred stocks of various companies across different industries. These investments are classified into the following categories:

2.1. Marketable Equity Securities

Marketable equity securities are equity investments that have readily determinable fair values and are traded on active markets. These securities are carried at fair value, with unrealized gains and losses recognized in the consolidated statements of income.

As of December 31, 20XX, the Company's marketable equity securities had a fair value of \$XXX million, with net unrealized gains of \$XXX million and net unrealized losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

2.2. Non-Marketable Equity Securities

Non-marketable equity securities are equity investments that do not have readily determinable fair values. These securities are typically investments in private companies or other entities where market prices are not available. Non-marketable equity securities are carried at cost, less any impairment, adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer.

As of December 31, 20XX, the Company's non-marketable equity securities had a carrying value of \$XXX million, with impairment losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

3. Derivatives

The Company uses derivative instruments, such as interest rate swaps, foreign currency forwards, and options, for risk management purposes and to meet the needs of its clients. Derivatives are carried at fair value, with changes in fair value recognized in the consolidated statements of income or OCI, depending on the nature and purpose of the derivative instrument.

As of December 31, 20XX, the Company's derivative assets had a fair value of \$XXX million, and derivative liabilities had a fair value of \$XXX million. The net unrealized gains and losses on derivatives designated as cash flow hedges were \$XXX million and \$XXX million, respectively, recorded in AOCI. The net unrealized gains and losses on derivatives not designated as hedging instruments were \$XXX million and \$XXX million, respectively, recognized in the consolidated statements of income for the year ended December 31, 20XX.

4. Other Investments

The Company also holds other investments, such as investments in real estate, private equity funds, and other alternative investments. These investments are accounted for using various methods, depending on the nature of the investment and the Company's level of influence or control over the investee.

4.1. Investments in Real Estate

The Company's investments in real estate include direct ownership of properties, as well as investments in real estate investment trusts (REITs) and other real estate-related entities. These investments are carried at cost, less any impairment, or at fair value, depending on the specific circumstances and the Company's intent for holding the investment.

As of December 31, 20XX, the Company's investments in real estate had a carrying value of \$XXX million, with impairment losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

4.2. Private Equity Funds and Other Alternative Investments

The Company invests in various private equity funds and other alternative investments, such as hedge funds, venture capital funds, and infrastructure funds. These investments are typically accounted for using the equity method or the fair value option, depending on the Company's level of influence or control over the investee and the nature of the investment.

As of December 31, 20XX, the Company's investments in private equity funds and other alternative investments had a carrying value of \$XXX million, with net unrealized gains of \$XXX million and net unrealized losses of \$XXX million recognized in the consolidated statements of income for the year ended December 31, 20XX.

Investment Valuation and Impairment

The Company regularly evaluates its investments for potential impairment and adjusts the carrying values accordingly. For debt securities classified as available-for-sale or held-to-maturity, the Company assesses whether the decline in fair value below the amortized cost basis is other-than-temporary. If the decline is deemed other-than-temporary, an impairment loss is recognized in the consolidated statements of income.

For equity securities and other investments, the Company evaluates various factors, including the financial condition and near-term prospects of the investee, the Company's intent and ability to hold the investment, and the expected recovery period, to determine if an impairment loss should be recognized.

Investment Income and Gains/Losses

The Company recognizes investment income, including interest, dividends, and realized gains and losses, in the consolidated statements of income. Unrealized gains and losses on available-for-sale securities and certain other investments are recognized in OCI, net of applicable income taxes.

During the year ended December 31, 20XX, the Company recognized net investment income of \$XXX million, consisting of interest income of \$XXX million, dividend income of \$XXX million, and net realized gains of \$XXX million. Additionally, the Company recognized net unrealized gains of \$XXX million on available-for-sale securities and certain other investments in OCI.

Investment Risk Management

The Company has established policies and procedures to manage the risks associated with its investment portfolio, including credit risk, market risk, liquidity risk, and concentration risk. These policies and procedures are designed to ensure that the Company's investment activities are conducted in a prudent manner and in compliance with applicable laws and regulations.

The Company's investment risk management strategies may include diversification of investments across different asset classes, industries, and geographic regions, as well as the use of hedging strategies and other risk mitigation techniques.

Significant Investments and Related Party Transactions

During the year ended December 31, 20XX, the Company made significant investments in the following entities:

- PersonA Corporation: The Company acquired a 25% equity interest in PersonA Corporation, a leading technology company, for \$XXX million. This investment is accounted for using the equity method.
- PersonB Ventures: The Company committed \$XXX million to PersonB Ventures, a private equity

fund focused on early-stage investments in the healthcare sector. As of December 31, 20XX, the Company had invested \$XXX million in this fund.

- PersonC Real Estate Trust: The Company invested \$XXX million in PersonC Real Estate Trust, a publicly traded REIT that owns and operates commercial properties across major metropolitan areas. This investment is classified as an available-for-sale security.

Additionally, the Company had the following related party transactions involving investments:

- The Company's Chief Executive Officer, PersonD, serves on the board of directors of PersonE Corporation, in which the Company holds a 10% equity interest. During the year ended December 31, 20XX, the Company received dividend income of \$XXX million from PersonE Corporation.

- The Company's Chief Investment Officer, PersonF, is a limited partner in PersonG Partners, a private equity fund in which the Company has invested \$XXX million. During the year ended December 31, 20XX, the Company recognized net unrealized gains of \$XXX million on its investment in PersonG Partners.

The Company's investments and related party transactions are subject to ongoing review and approval by the Board of Directors and its committees to ensure compliance with applicable laws, regulations, and the Company's policies and procedures.

Concentration of Credit Risk under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Concentration of Credit Risk

Octank Financial operates in various geographic regions and industries, exposing it to credit risk arising from the potential inability of borrowers to meet their obligations. The Company's exposure to credit risk is influenced by the individual characteristics of each borrower, their industry, and the economic conditions in the regions where they operate. The Company has established policies and procedures to manage credit risk, including credit risk assessment methodologies, risk ratings, and limits to manage exposure to individual borrowers and industries.

Credit Risk Exposure

As of December 31, 20XX, the Company's maximum exposure to credit risk, without considering collateral or other credit enhancements, was \$XX billion, primarily comprised of loans and leases (\$XX billion), unfunded commitments (\$XX billion), and derivative financial instruments (\$XX billion).

Loans and Leases

The Company's loan and lease portfolio is diversified across various industries, with the largest concentrations in the following sectors:

- Commercial and Industrial: \$XX billion (XX% of total loans and leases)
- Real Estate: \$XX billion (XX%)
- Financial Institutions: \$XX billion (XX%)
- Consumer: \$XX billion (XX%)

Within the Commercial and Industrial sector, the Company has significant exposure to the following industries:

- Manufacturing: \$XX billion (XX% of Commercial and Industrial loans)
- Energy: \$XX billion (XX%)
- Technology: \$XX billion (XX%)

The Real Estate portfolio is primarily composed of the following property types:

- Office Buildings: \$XX billion (XX% of Real Estate loans)
- Retail Properties: \$XX billion (XX%)
- Multifamily Residential: \$XX billion (XX%)

The Financial Institutions portfolio includes exposures to various types of financial institutions, such as banks, insurance companies, and investment firms.

The Consumer portfolio consists of residential mortgages, credit cards, auto loans, and other consumer lending products.

Geographic Concentration

The Company's loan and lease portfolio is geographically diversified across various regions, with the largest concentrations in the following areas:

- West Region: \$XX billion (XX% of total loans and leases)
- Northeast Region: \$XX billion (XX%)
- Southeast Region: \$XX billion (XX%)
- Midwest Region: \$XX billion (XX%)

- International: \$XX billion (XX%)

Within the West Region, the Company has significant exposure in California (\$XX billion, XX% of West Region loans) and Washington (\$XX billion, XX%). In the Northeast Region, the largest concentrations are in New York (\$XX billion, XX% of Northeast Region loans) and Massachusetts (\$XX billion, XX%). The Southeast Region is primarily concentrated in Florida (\$XX billion, XX% of Southeast Region loans) and Georgia (\$XX billion, XX%). The Midwest Region's largest exposures are in Illinois (\$XX billion, XX% of Midwest Region loans) and Ohio (\$XX billion, XX%).

The International portfolio includes exposures in various countries, with the largest concentrations in the United Kingdom (\$XX billion, XX% of International loans), Canada (\$XX billion, XX%), and Japan (\$XX billion, XX%).

Credit Risk Management

The Company has established comprehensive credit risk management policies and procedures to identify, measure, monitor, and control credit risk across all portfolios. These policies and procedures are designed to ensure that the Company maintains a well-diversified portfolio, with prudent risk-adjusted returns and appropriate risk mitigation strategies.

Credit Risk Assessment

The Company employs various credit risk assessment methodologies, including credit scoring models, stress testing, and scenario analysis, to evaluate the creditworthiness of borrowers and potential credit risk exposures. These methodologies consider factors such as borrower financial strength, industry trends, economic conditions, and collateral values.

Risk Ratings

The Company assigns internal risk ratings to all borrowers based on their creditworthiness and risk profile. These risk ratings are regularly reviewed and updated to reflect changes in borrower circumstances or external factors that may impact credit risk. Risk ratings are used to determine appropriate credit approval levels, pricing, and ongoing monitoring requirements.

Concentration Limits

The Company has established concentration limits to manage exposure to individual borrowers, industries, and geographic regions. These limits are regularly monitored and adjusted as necessary to align with the Company's risk appetite and strategic objectives.

Credit Risk Mitigation

The Company employs various credit risk mitigation strategies, including collateral requirements, credit enhancements (such as guarantees and credit derivatives), and portfolio diversification. The Company regularly reviews and updates its credit risk mitigation strategies to ensure their effectiveness in managing credit risk exposures.

Monitoring and Reporting

The Company has implemented robust monitoring and reporting processes to track credit risk exposures, identify potential concentrations, and ensure compliance with established policies and limits. Regular reports are provided to senior management and the Board of Directors to facilitate informed decision-making and oversight of credit risk management activities.

Stress Testing and Scenario Analysis

The Company conducts regular stress testing and scenario analysis to assess the potential impact of adverse economic conditions or specific events on its credit risk exposures. These analyses inform the Company's risk management strategies, capital planning, and contingency planning processes.

Management and Oversight

The Company's credit risk management activities are overseen by a dedicated Credit Risk

Management team, led by the Chief Credit Officer, PersonA. This team is responsible for developing and implementing credit risk policies and procedures, monitoring credit risk exposures, and providing regular reports to senior management and the Board of Directors.

The Board of Directors, through its Risk Committee chaired by PersonB, provides oversight and guidance on the Company's credit risk management practices. The Risk Committee regularly reviews credit risk reports, approves risk appetite statements, and ensures that appropriate risk management practices are in place.

The Company's credit risk management practices are also subject to regular review and examination by regulatory authorities and external auditors to ensure compliance with applicable laws, regulations, and industry best practices.

Conclusion

Octank Financial recognizes the importance of effective credit risk management in maintaining a strong and resilient financial position. The Company's diversified portfolio, robust risk management policies and procedures, and comprehensive monitoring and reporting processes enable it to effectively identify, measure, monitor, and control credit risk exposures. The Company remains committed to continuously enhancing its credit risk management practices to support its long-term growth and financial stability.

Values of Octank financial

Octank Financial is a company that prides itself on upholding a set of core values that guide every aspect of its operations. These values are deeply ingrained in the company's culture and serve as a compass for decision-making, employee conduct, and overall business practices. The following are the key values that define Octank Financial:

1. Integrity and Ethics:

At Octank Financial, integrity and ethical conduct are non-negotiable. The company operates with the highest standards of honesty, transparency, and accountability. Every employee, from the top executives to the front-line staff, is expected to adhere to a strict code of ethics that governs their actions and decisions.

This commitment to integrity is exemplified by the company's zero-tolerance policy towards any form of corruption, fraud, or unethical behavior. Octank Financial has implemented robust internal controls, auditing mechanisms, and whistleblower protection programs to ensure that any potential breaches are promptly identified and addressed.

One notable example of the company's unwavering stance on integrity is the case of PersonA, a high-performing sales executive who was terminated after it was discovered that they had misrepresented financial data to secure a lucrative deal. Despite PersonA's impressive track record, Octank Financial took swift action, demonstrating that no individual is above the company's ethical principles.

2. Customer-Centric Approach:

Octank Financial is driven by a relentless focus on delivering exceptional value and service to its customers. The company recognizes that its success is inextricably linked to the satisfaction and loyalty of its client base. As such, every decision and action is guided by a deep understanding of customer needs and a commitment to exceeding their expectations.

The company has implemented various initiatives to foster a customer-centric culture. This includes regular customer feedback surveys, dedicated customer service teams, and ongoing training programs for employees to enhance their customer service skills. Octank Financial also invests heavily in cutting-edge technology and digital platforms to provide seamless and convenient experiences for its customers.

A prime example of Octank Financial's customer-centric approach is the case of PersonB, a long-standing client who faced a complex financial challenge. The company's team of experts worked tirelessly to develop a tailored solution that not only addressed PersonB's immediate needs but also positioned them for long-term success. This level of personalized attention and commitment to customer satisfaction has earned Octank Financial a reputation for excellence in the industry.

3. Innovation and Continuous Improvement:

In the rapidly evolving financial landscape, Octank Financial recognizes the importance of embracing innovation and continuously improving its products, services, and processes. The company fosters a culture of curiosity, creativity, and a willingness to challenge the status quo.

Octank Financial actively encourages its employees to think outside the box and propose innovative ideas that can enhance operational efficiency, reduce costs, or create new revenue streams. The company has established dedicated innovation teams and allocated resources for research and development, ensuring that it remains at the forefront of industry trends and technological advancements.

One notable example of Octank Financial's commitment to innovation is the development of a

cutting-edge digital banking platform, spearheaded by PersonC, a talented software engineer. This platform revolutionized the way customers interact with the company, offering seamless mobile banking, personalized financial advice, and advanced security features. The success of this initiative has positioned Octank Financial as a leader in digital financial services.

4. Diversity, Equity, and Inclusion:

Octank Financial recognizes that a diverse and inclusive workforce is not only a moral imperative but also a strategic advantage. The company actively promotes an environment where individuals from diverse backgrounds, perspectives, and experiences are valued, respected, and empowered to contribute their unique talents.

Octank Financial has implemented comprehensive diversity and inclusion initiatives, including targeted recruitment efforts, employee resource groups, and unconscious bias training programs. The company also actively supports and partners with organizations that promote diversity and equal opportunities in the financial sector.

A prime example of Octank Financial's commitment to diversity and inclusion is the appointment of PersonD, a highly accomplished executive from an underrepresented minority group, to the company's board of directors. PersonD's unique perspective and experiences have enriched the board's decision-making processes and fostered a more inclusive corporate culture.

5. Corporate Social Responsibility:

Octank Financial understands that its success is intertwined with the well-being of the communities it serves. As such, the company is deeply committed to being a responsible corporate citizen and contributing positively to society.

Octank Financial actively supports various philanthropic initiatives, ranging from educational programs and community development projects to environmental conservation efforts. The company encourages its employees to participate in volunteer work and provides resources and incentives to facilitate their involvement.

One notable example of Octank Financial's corporate social responsibility efforts is the establishment of the "Octank Financial Foundation," a non-profit organization dedicated to promoting financial literacy and empowering underserved communities. Through this initiative, the company has partnered with local schools and community centers to provide free financial education workshops, mentorship programs, and access to resources that help individuals achieve financial stability and independence.

6. Environmental Sustainability:

Octank Financial recognizes the urgent need to address environmental challenges and is committed to minimizing its ecological footprint. The company has implemented various sustainability initiatives aimed at reducing its carbon emissions, promoting energy efficiency, and adopting environmentally friendly practices across its operations.

Octank Financial has invested in renewable energy sources, such as solar panels and wind turbines, to power its facilities. The company has also implemented comprehensive recycling and waste reduction programs, encouraging employees to adopt sustainable practices in their daily work routines.

A notable example of Octank Financial's environmental sustainability efforts is the construction of its new headquarters, which was designed and built according to the highest green building standards. The facility incorporates cutting-edge energy-efficient technologies, water conservation systems, and sustainable materials, setting a new benchmark for eco-friendly corporate buildings in the industry.

These core values are not merely words on paper but are deeply ingrained in the fabric of Octank Financial's culture. They serve as a guiding force, shaping the company's decision-making

processes, employee conduct, and overall business practices. By upholding these values, Octank Financial aims to create long-term value for its stakeholders, contribute positively to society, and maintain its position as a respected and trusted leader in the financial industry.

Table for CCONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY in In millions, except share amounts which are reflected in thousands, and per share amounts

Table for CONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY in In millions, except share amounts which are reflected in thousands, and per share amounts

Item	2022	2021	2020
Redeemable non-controlling interests:			
Beginning balance	\$125.2	\$112.4	\$98.7
Net income attributable to redeemable non-controlling interests	18.6	16.2	14.5
Distributions to redeemable non-controlling interests	(15.8)	(13.9)	(12.4)
Contributions from redeemable non-controlling interests	22.5	19.8	17.6
Redemptions of redeemable non-controlling interests	(10.3)	(9.1)	(8.1)
Other comprehensive income (loss) attributable to redeemable non-controlling interests	2.1	(0.2)	2.1
Ending balance	142.3	125.2	112.4
Equity:			
Preferred stock, \$0.01 par value; 100,000 shares authorized; none issued and outstanding	-	-	-
Common stock, \$0.01 par value; 1,000,000 shares authorized; 287,654 shares issued and outstanding at December 31, 2022; 285,912 shares issued and outstanding at December 31, 2021; and 284,170 shares issued and outstanding at December 31, 2020	2.9	2.9	2.8
Additional paid-in capital	3,452.6	3,398.7	3,344.8
Retained earnings	4,621.5	4,102.8	3,685.4
Accumulated other comprehensive income (loss)	(68.2)	(52.4)	(40.6)
Total Octank Financial stockholders' equity	8,008.8	7,452.0	6,992.4
Non-redeemable non-controlling interests	185.6	172.4	159.2
Total equity	8,194.4	7,624.4	7,151.6
Total redeemable non-controlling interests and equity	\$8,336.7	\$7,749.6	\$7,264.0

Notes:

1. Redeemable non-controlling interests represent the ownership interests in certain consolidated subsidiaries that are redeemable at the option of the holder or upon the occurrence of an event that is not solely within the control of Octank Financial. The changes in redeemable non-controlling interests were primarily due to net income attributable to these interests, distributions made to the holders of these interests, contributions from and redemptions by these holders, and other comprehensive income (loss) attributable to these interests.

2. Common stock represents the par value of the shares of common stock issued and outstanding. The increase in common stock from 2020 to 2022 was primarily due to the issuance of shares under Octank Financial's employee stock plans.

3. Additional paid-in capital represents the excess of the proceeds received over the par value of the common stock issued, as well as the value of equity-based compensation awards granted to employees.

4. Retained earnings represent the cumulative net income of Octank Financial, less dividends paid to stockholders.

5. Accumulated other comprehensive income (loss) represents the cumulative unrealized gains and losses on certain investments, foreign currency translation adjustments, and other items that are included in comprehensive income but not in net income.

6. Non-redeemable non-controlling interests represent the ownership interests in certain consolidated subsidiaries that are not redeemable. The changes in non-redeemable non-controlling interests were primarily due to net income attributable to these interests, distributions made to the holders of these interests, and contributions from and redemptions by these holders.

Key individuals involved:

- PersonA, Chief Executive Officer
- PersonB, Chief Financial Officer
- PersonC, Chief Investment Officer

Table for CONSOLIDATED BALANCE SHEETS in In millions, except share amounts which are reflected in thousands, and per share amounts

Assets

December 31, 2022

December 31, 2021

Cash and cash equivalents

\$1,245

\$987

Investments

\$3,876

\$3,456

Accounts receivable, net

\$2,098

\$1,876

Inventories

\$1,567

\$1,432

Other current assets

\$654

\$598

Total current assets

\$9,440

\$8,349

Property, plant and equipment, net

\$6,789

\$6,234

Goodwill

\$4,567

\$4,123

Intangible assets, net
\$2,345
\$2,098

Other assets
\$1,234
\$1,098

Total assets
\$24,375
\$21,902

Liabilities and Stockholders' Equity
December 31, 2022
December 31, 2021

Accounts payable
\$1,876
\$1,654

Accrued expenses
\$2,109
\$1,987

Short-term debt
\$987
\$876

Other current liabilities
\$654
\$598

Total current liabilities
\$5,626
\$5,115

Long-term debt
\$6,789
\$5,987

Deferred income taxes

\$1,234

\$1,098

Other liabilities

\$1,567

\$1,432

Total liabilities

\$15,216

\$13,632

Stockholders' equity:

Common stock, \$0.01 par value; 1,000,000 shares authorized; 456,789 and 412,345 shares issued and outstanding at December 31, 2022 and 2021, respectively

\$5

\$4

Additional paid-in capital

\$4,567

\$4,123

Retained earnings

\$4,345

\$3,987

Accumulated other comprehensive income

\$242

\$156

Total stockholders' equity

\$9,159

\$8,270

Total liabilities and stockholders' equity

\$24,375

\$21,902

The consolidated balance sheets presented above provide a snapshot of Octank Financial's

financial position as of December 31, 2022, and December 31, 2021. The balance sheet is divided into three main sections: assets, liabilities, and stockholders' equity.

Assets:

The assets section reflects the resources owned by the company that have future economic value. As of December 31, 2022, Octank Financial had total assets of \$24,375 million, an increase of \$2,473 million or 11.3% compared to the previous year.

Current assets, which include cash and cash equivalents, investments, accounts receivable, inventories, and other current assets, totaled \$9,440 million, representing an increase of \$1,091 million or 13.1% from the previous year. This increase was primarily driven by higher cash and cash equivalents, investments, and accounts receivable, indicating improved liquidity and business growth.

Non-current assets, such as property, plant, and equipment, goodwill, intangible assets, and other assets, amounted to \$14,935 million, an increase of \$1,382 million or 10.2% compared to the previous year. This increase suggests that Octank Financial has been investing in long-term assets, potentially through acquisitions or capital expenditures.

Liabilities:

The liabilities section represents the company's obligations and debts. As of December 31, 2022, Octank Financial had total liabilities of \$15,216 million, an increase of \$1,584 million or 11.6% compared to the previous year.

Current liabilities, which include accounts payable, accrued expenses, short-term debt, and other current liabilities, totaled \$5,626 million, representing an increase of \$511 million or 10.0% from the previous year. This increase could be attributed to higher operational expenses or short-term borrowings to support business activities.

Non-current liabilities, such as long-term debt, deferred income taxes, and other liabilities, amounted to \$9,590 million, an increase of \$1,073 million or 12.6% compared to the previous year. This increase suggests that Octank Financial has taken on additional long-term debt or has higher deferred tax liabilities, potentially due to business growth or acquisitions.

Stockholders' Equity:

The stockholders' equity section represents the ownership interest in the company. As of December 31, 2022, Octank Financial had total stockholders' equity of \$9,159 million, an increase of \$889 million or 10.8% compared to the previous year.

The increase in stockholders' equity was primarily driven by higher retained earnings, which grew by \$358 million or 9.0%, indicating that the company generated profits and reinvested them in the business. Additionally, the company issued new shares, as evidenced by the increase in common stock and additional paid-in capital.

Overall, the consolidated balance sheets show that Octank Financial has experienced growth in both assets and liabilities, with a corresponding increase in stockholders' equity. The company appears to be investing in long-term assets and taking on additional debt to support its growth initiatives. However, it is essential to analyze the company's performance in conjunction with other financial statements and industry trends to gain a comprehensive understanding of its financial health and future prospects.

PRINCIPAL ACCOUNTING FEES AND SERVICES

PRINCIPAL ACCOUNTING FEES AND SERVICES

Octank Financial, a leading financial institution, has engaged the services of a reputable accounting firm, XYZ & Associates, to provide audit and non-audit services. The following section outlines the principal accounting fees and services rendered by XYZ & Associates to Octank Financial during the fiscal years 2022 and 2021.

Audit Fees:

The audit fees paid to XYZ & Associates for the fiscal years 2022 and 2021 were \$2.8 million and \$2.6 million, respectively. These fees covered the professional services rendered in connection with the audit of Octank Financial's annual financial statements, the review of quarterly financial statements, and the audit of the company's internal control over financial reporting as required by the Sarbanes-Oxley Act.

The audit team at XYZ & Associates was led by PersonA, a seasoned partner with over 20 years of experience in the financial services industry. PersonA's team consisted of highly skilled professionals, including PersonB, the engagement manager, and PersonC, the senior audit associate. The audit process involved a comprehensive review of Octank Financial's accounting records, financial statements, and internal control systems to ensure compliance with generally accepted accounting principles (GAAP) and relevant regulatory requirements.

Audit-Related Fees:

In addition to the audit fees, Octank Financial paid XYZ & Associates \$1.2 million in 2022 and \$1.1 million in 2021 for audit-related services. These services primarily included due diligence related to mergers and acquisitions, employee benefit plan audits, and consultations concerning financial accounting and reporting standards.

One notable audit-related service provided by XYZ & Associates in 2022 was the due diligence review for Octank Financial's acquisition of a regional bank. PersonD, a partner specializing in mergers and acquisitions, led a team of experts to conduct a thorough analysis of the target bank's financial statements, internal controls, and regulatory compliance. This due diligence process played a crucial role in Octank Financial's decision-making and ensured a smooth integration of the acquired entity.

Tax Fees:

Octank Financial paid XYZ & Associates \$0.9 million in 2022 and \$0.8 million in 2021 for tax services. These services included tax compliance, tax planning, and tax advice related to various corporate transactions and international operations.

PersonE, a tax partner at XYZ & Associates, led a team of tax professionals in providing comprehensive tax services to Octank Financial. The team assisted the company in navigating complex tax regulations, optimizing its tax structure, and ensuring compliance with domestic and international tax laws. Their expertise played a crucial role in minimizing Octank Financial's tax liabilities while adhering to ethical and legal standards.

All Other Fees:

In addition to the fees mentioned above, Octank Financial paid XYZ & Associates \$0.4 million in 2022 and \$0.3 million in 2021 for other non-audit services. These services included risk management advisory, regulatory compliance consulting, and training programs for Octank Financial's employees.

PersonF, a partner specializing in risk management and compliance, led a team of consultants in providing advisory services to Octank Financial. The team assisted the company in identifying and

mitigating potential risks, ensuring compliance with regulatory requirements, and implementing best practices in risk management. Additionally, XYZ & Associates conducted training programs for Octank Financial's employees, covering topics such as anti-money laundering, cybersecurity, and ethical business practices.

Audit Committee Pre-Approval Policies and Procedures:

Octank Financial's Audit Committee is responsible for pre-approving all audit and non-audit services provided by XYZ & Associates. The Audit Committee has established policies and procedures to ensure that the provision of non-audit services does not impair the independence and objectivity of the external auditors.

The Audit Committee reviews and pre-approves all audit and non-audit services on an annual basis. For any additional services required during the year, the Audit Committee has delegated authority to its chairperson to pre-approve such services, subject to subsequent ratification by the full Audit Committee.

The Audit Committee also considers the compatibility of non-audit services with the auditors' independence and objectivity. XYZ & Associates is required to provide detailed information about the nature and scope of the proposed services, as well as the potential impact on their independence. The Audit Committee evaluates these factors and ensures that the non-audit services do not compromise the auditors' ability to perform their audit responsibilities effectively.

Conclusion:

Octank Financial's engagement with XYZ & Associates demonstrates a commitment to maintaining high standards of financial reporting, compliance, and corporate governance. The principal accounting fees and services rendered by XYZ & Associates cover a wide range of audit, audit-related, tax, and advisory services, ensuring that Octank Financial receives comprehensive support in meeting its financial and regulatory obligations. The Audit Committee's rigorous pre-approval policies and procedures further reinforce the company's dedication to maintaining the independence and objectivity of its external auditors.

Business details about Octank financial

Business details about Octank Financial

Octank Financial is a leading global financial services firm headquartered in New York City, with a rich history spanning over a century. Founded in 1912 by a group of visionary entrepreneurs, the company has grown to become a powerhouse in the financial industry, offering a comprehensive range of services to individuals, corporations, and institutions worldwide.

I. Company Overview

Octank Financial is a publicly traded company listed on the New York Stock Exchange (NYSE) under the ticker symbol "OCTN." The company employs over 75,000 professionals across its various divisions and operates in more than 60 countries. Its core business segments include Investment Banking, Asset Management, Wealth Management, and Consumer Banking.

1. Investment Banking

Octank Financial's Investment Banking division is a top-tier player in the industry, providing advisory services for mergers and acquisitions, corporate restructuring, and capital raising. The division has a strong track record of executing complex transactions and has been involved in some of the largest and most high-profile deals in recent years.

In 2021, Octank Financial advised on over \$1.2 trillion worth of M&A transactions, solidifying its position as a leading advisor in the global M&A market. Notable deals include the \$85 billion acquisition of TechGiant Corp. by Synergy Enterprises, where Octank Financial served as the lead financial advisor.

2. Asset Management

The Asset Management division manages over \$3.5 trillion in assets across a diverse range of investment strategies, including equity, fixed income, alternative investments, and multi-asset solutions. Octank Financial's asset management arm caters to institutional clients, such as pension funds, sovereign wealth funds, and endowments, as well as high-net-worth individuals and retail investors.

One of the division's flagship products is the Octank Global Equity Fund, which has consistently outperformed its benchmark over the past decade, delivering an annualized return of 12.7%. The fund is managed by the renowned portfolio manager, PersonA, who has been with the firm for over 20 years.

3. Wealth Management

Octank Financial's Wealth Management division provides personalized financial planning and investment management services to affluent individuals, families, and institutions. With over \$1.2 trillion in assets under management, the division offers a comprehensive suite of services, including investment advisory, trust and estate planning, philanthropy advisory, and family office services.

The division's client base includes some of the world's most prominent entrepreneurs, celebrities, and ultra-high-net-worth individuals. One of its most notable clients is PersonB, a tech billionaire and philanthropist, whose \$5 billion portfolio is managed by Octank Financial's dedicated team of wealth advisors.

4. Consumer Banking

Octank Financial's Consumer Banking division serves retail customers through its network of over 2,500 branches across the United States and digital banking platforms. The division offers a wide range of products and services, including checking and savings accounts, mortgages, personal loans, credit cards, and investment products.

In recent years, the division has focused on enhancing its digital capabilities to meet the evolving needs of customers. Its mobile banking app, OctankGo, has been widely acclaimed for its user-friendly interface and innovative features, such as personalized financial insights and virtual assistant capabilities.

II. Financial Performance

Octank Financial has consistently delivered strong financial performance, driven by its diversified business model and disciplined risk management practices. In the fiscal year 2022, the company reported record revenues of \$48.7 billion, representing a 6.2% increase from the previous year.

The company's net income for the year stood at \$12.3 billion, with an impressive return on equity of 14.8%. Octank Financial's robust capital position, with a Tier 1 capital ratio of 13.5%, well above regulatory requirements, underscores its financial strength and resilience.

III. Corporate Governance and Leadership

Octank Financial is committed to maintaining the highest standards of corporate governance and ethical business practices. The company's Board of Directors comprises 12 members, including 9 independent directors, who provide oversight and strategic guidance to the management team.

The Board is chaired by PersonC, a respected business leader and former CEO of a Fortune 500 company. PersonC is widely recognized for her commitment to corporate governance and has been instrumental in shaping Octank Financial's strong governance framework.

The company's executive leadership team is headed by the Chief Executive Officer, PersonD, who has been with the firm for over 25 years and has played a pivotal role in its growth and success. PersonD is supported by a talented and experienced management team, each bringing deep expertise in their respective areas.

IV. Corporate Social Responsibility

Octank Financial is deeply committed to corporate social responsibility (CSR) and has implemented various initiatives to promote sustainability, diversity, and community engagement. The company has set ambitious targets to reduce its carbon footprint and has invested heavily in renewable energy projects and sustainable business practices.

In 2022, Octank Financial launched the "OctankImpact" program, a \$500 million initiative aimed at supporting underserved communities and promoting financial literacy. The program provides funding, mentorship, and educational resources to individuals and organizations working towards economic empowerment and social mobility.

V. Future Outlook

Octank Financial's future outlook remains promising, driven by its strong market position, diversified business model, and commitment to innovation. The company is well-positioned to capitalize on emerging trends and opportunities in the financial services industry, such as digital transformation, sustainable finance, and the growing demand for alternative investments.

With its robust financial position, talented workforce, and unwavering commitment to excellence, Octank Financial is poised to continue delivering value to its clients, shareholders, and the communities it serves for years to come.

Unresolved Staff Comments

Octank Financial, a leading financial institution, has been committed to maintaining transparency and addressing any unresolved staff comments or concerns. As a company that values open communication and continuous improvement, we take staff feedback seriously and strive to address any outstanding issues promptly.

Over the past year, Octank Financial has received a total of 27 staff comments across various departments. These comments range from suggestions for process improvements to concerns about workplace policies or practices. Our dedicated team has diligently worked to address and resolve these comments, ensuring that the voices of our employees are heard and their perspectives are taken into consideration.

Out of the 27 staff comments received, 19 have been successfully resolved through collaborative efforts and open dialogue. These resolutions have led to tangible improvements in our operations, fostering a more efficient and employee-friendly work environment.

However, there are currently 8 unresolved staff comments that require further attention and action. We acknowledge the importance of addressing these outstanding concerns and are actively working towards finding satisfactory resolutions.

1. Comment from PersonA in the Compliance Department:

PersonA raised concerns about the complexity of certain regulatory reporting processes, suggesting the need for streamlining and automation to reduce manual efforts and potential errors.

Current Status: Octank Financial recognizes the importance of efficient and accurate regulatory reporting. We have formed a cross-functional team to evaluate the existing processes and explore potential solutions, including the implementation of advanced reporting software and automation tools. The team is currently in the process of gathering requirements and conducting a feasibility study.

2. Comment from PersonB in the Human Resources Department:

PersonB proposed the introduction of a comprehensive employee wellness program to promote a healthier work-life balance and support the overall well-being of our staff.

Current Status: We value the well-being of our employees and acknowledge the importance of a balanced lifestyle. A dedicated committee has been formed to research and develop a comprehensive employee wellness program. The committee is currently exploring various options, including on-site fitness facilities, mental health support resources, and flexible work arrangements.

3. Comment from PersonC in the IT Department:

PersonC highlighted the need for enhanced cybersecurity measures and regular security awareness training to protect the company's digital assets and safeguard sensitive data.

Current Status: Octank Financial takes cybersecurity threats seriously and is committed to maintaining robust security measures. We have engaged with a leading cybersecurity consulting firm to conduct a comprehensive risk assessment and provide recommendations for strengthening our security posture. Additionally, we are in the process of developing a comprehensive security awareness training program for all employees.

4. Comment from PersonD in the Marketing Department:

PersonD suggested exploring new digital marketing strategies and leveraging emerging technologies to enhance our online presence and reach a wider audience.

Current Status: We recognize the importance of staying ahead in the digital landscape. Our

marketing team is actively researching and evaluating various digital marketing strategies, including social media campaigns, influencer marketing, and leveraging artificial intelligence for personalized content delivery. A pilot project is currently underway to test and refine these strategies before full implementation.

5. Comment from PersonE in the Customer Service Department:

PersonE proposed the implementation of a customer relationship management (CRM) system to streamline customer interactions, improve data management, and enhance overall customer experience.

Current Status: Octank Financial is committed to delivering exceptional customer service. We have initiated a comprehensive evaluation process to select the most suitable CRM solution for our needs. Multiple vendors have been shortlisted, and a cross-functional team is currently conducting demonstrations and assessing the capabilities of each solution. The final decision is expected to be made within the next quarter.

6. Comment from PersonF in the Finance Department:

PersonF raised concerns about the complexity and inefficiency of certain financial reporting processes, suggesting the need for process optimization and automation.

Current Status: We acknowledge the importance of efficient and accurate financial reporting. A dedicated team has been formed to conduct a thorough review of our existing financial reporting processes. The team is currently mapping out the processes, identifying bottlenecks, and exploring opportunities for automation and streamlining. Recommendations for process improvements are expected to be presented within the next two months.

7. Comment from PersonG in the Operations Department:

PersonG highlighted the need for enhanced collaboration and communication between different departments to ensure seamless operations and avoid potential silos.

Current Status: Octank Financial recognizes the importance of cross-functional collaboration and open communication. We have initiated a company-wide initiative to foster better collaboration and break down departmental silos. This includes the implementation of collaborative tools, cross-functional training programs, and regular interdepartmental meetings to discuss shared goals and challenges.

8. Comment from PersonH in the Risk Management Department:

PersonH proposed the development of a comprehensive risk management framework to identify, assess, and mitigate potential risks across various areas of the business.

Current Status: Effective risk management is crucial for the long-term success and stability of our organization. We have engaged with a renowned risk management consulting firm to assist in the development of a robust risk management framework tailored to our specific needs. The framework will encompass risk identification, assessment, mitigation strategies, and ongoing monitoring processes. The project is currently in the initial planning and scoping phase.

At Octank Financial, we are committed to addressing these unresolved staff comments in a timely and effective manner. We believe that open communication, collaboration, and continuous improvement are essential for maintaining a positive and productive work environment.

Our dedicated teams are actively working on resolving these outstanding issues, leveraging the expertise of internal and external resources as needed. We are confident that through our collective efforts and a solutions-oriented approach, we will successfully address these comments and implement the necessary improvements to enhance our operations, support our employees, and better serve our customers.

Octank Financial remains steadfast in its commitment to fostering an open and transparent culture,

where employee feedback is valued and acted upon. We will continue to encourage open dialogue and actively seek input from our staff to drive continuous improvement and maintain our position as a leading financial institution.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Octank Financial, a leading financial institution, is exposed to various market risks arising from its diverse operations and financial instruments. These risks primarily encompass interest rate risk, foreign currency risk, equity price risk, and commodity price risk. The company employs a comprehensive risk management framework to identify, measure, monitor, and mitigate these risks effectively.

Interest Rate Risk:

Interest rate risk is the potential impact on Octank Financial's earnings and economic value due to fluctuations in interest rates. The company's exposure to interest rate risk arises from its lending and borrowing activities, investment portfolio, and other interest-sensitive financial instruments.

Quantitative Disclosures:

- As of December 31, 2022, a hypothetical 100 basis point (1%) parallel increase in interest rates across all maturities would result in a decrease of approximately \$75 million in the company's net interest income over the next 12 months.
- The same interest rate shock would lead to a decrease of approximately \$120 million in the economic value of equity, representing a decline of 2.4% from the current level.
- Octank Financial's interest rate sensitivity gap analysis indicates that the company has a cumulative positive gap of \$2.5 billion in the 1-year time bucket, suggesting that an increase in interest rates would initially benefit net interest income.

Qualitative Disclosures:

- Octank Financial employs various techniques to manage interest rate risk, including gap analysis, duration analysis, and simulation modeling.
- The company's Asset-Liability Management Committee (ALCO), chaired by PersonA, the Chief Risk Officer, oversees the interest rate risk management process and establishes appropriate risk limits.
- Octank Financial actively uses interest rate swaps, futures, and options to hedge its exposure to interest rate risk and maintain an appropriate risk profile.
- The company regularly conducts stress testing and scenario analysis to assess the potential impact of extreme interest rate movements on its financial performance and capital adequacy.

Foreign Currency Risk:

Foreign currency risk arises from Octank Financial's exposure to fluctuations in foreign exchange rates, which can impact the company's financial position and cash flows.

Quantitative Disclosures:

- As of December 31, 2022, a hypothetical 10% appreciation of the U.S. dollar against all other currencies would result in a decrease of approximately \$35 million in the company's net income, primarily due to the translation impact on foreign currency-denominated assets and liabilities.
- The same currency shock would lead to a decrease of approximately \$80 million in the company's total equity, representing a decline of 1.6% from the current level.
- Octank Financial's value-at-risk (VaR) model estimates a potential loss of \$20 million over a 10-day holding period with a 99% confidence level for its foreign exchange positions.

Qualitative Disclosures:

- Octank Financial actively manages its foreign currency risk through the use of forward contracts, currency swaps, and other derivative instruments.
- The company's Global Treasury team, led by PersonB, the Head of Global Treasury, is

responsible for monitoring and managing foreign currency exposures across the organization.

- Octank Financial employs hedging strategies to mitigate the impact of currency fluctuations on its financial statements and cash flows.
- The company regularly reviews its foreign currency exposures and adjusts its hedging positions accordingly, taking into account market conditions and risk appetite.

Equity Price Risk:

Equity price risk arises from Octank Financial's exposure to changes in the market prices of equity securities, which can impact the company's investment portfolio and trading activities.

Quantitative Disclosures:

- As of December 31, 2022, a hypothetical 10% decrease in equity prices across all markets would result in a decrease of approximately \$45 million in the company's net income, primarily due to the impact on trading positions and fair value adjustments.
- The same equity price shock would lead to a decrease of approximately \$100 million in the company's total equity, representing a decline of 2% from the current level.
- Octank Financial's equity VaR model estimates a potential loss of \$30 million over a 10-day holding period with a 99% confidence level for its equity positions.

Qualitative Disclosures:

- Octank Financial actively manages its equity price risk through diversification, position limits, and hedging strategies.
- The company's Equity Risk Management team, led by PersonC, the Head of Equity Risk Management, is responsible for monitoring and managing equity price exposures across the organization.
- Octank Financial employs various hedging techniques, including equity futures, options, and swaps, to mitigate the impact of equity price movements on its financial performance.
- The company regularly reviews its equity exposures and adjusts its hedging positions accordingly, taking into account market conditions and risk appetite.

Commodity Price Risk:

Commodity price risk arises from Octank Financial's exposure to fluctuations in the prices of commodities, such as energy, metals, and agricultural products, which can impact the company's trading activities and lending portfolio.

Quantitative Disclosures:

- As of December 31, 2022, a hypothetical 10% increase in commodity prices across all markets would result in a decrease of approximately \$20 million in the company's net income, primarily due to the impact on trading positions and fair value adjustments.
- The same commodity price shock would lead to a decrease of approximately \$50 million in the company's total equity, representing a decline of 1% from the current level.
- Octank Financial's commodity VaR model estimates a potential loss of \$15 million over a 10-day holding period with a 99% confidence level for its commodity positions.

Qualitative Disclosures:

- Octank Financial actively manages its commodity price risk through diversification, position limits, and hedging strategies.
- The company's Commodity Risk Management team, led by PersonD, the Head of Commodity Risk Management, is responsible for monitoring and managing commodity price exposures across the organization.
- Octank Financial employs various hedging techniques, including commodity futures, options, and swaps, to mitigate the impact of commodity price movements on its financial performance.
- The company regularly reviews its commodity exposures and adjusts its hedging positions accordingly, taking into account market conditions and risk appetite.

Octank Financial's comprehensive risk management framework, coupled with robust governance and oversight, enables the company to effectively identify, measure, monitor, and mitigate market

risks. The company remains vigilant and proactive in managing these risks to safeguard its financial stability and ensure sustainable growth.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Octank Financial's Board of Directors is comprised of highly experienced and accomplished individuals from diverse backgrounds, bringing a wealth of knowledge and expertise to the company's governance and strategic direction. The Board is responsible for overseeing the company's operations, ensuring compliance with regulatory requirements, and safeguarding the interests of shareholders.

PersonA, Chairman of the Board

PersonA is a seasoned executive with over 30 years of experience in the financial services industry. He has held leadership positions at several prominent financial institutions and has a proven track record of driving growth and profitability. PersonA's extensive knowledge of the industry and his strategic vision have been instrumental in guiding Octank Financial's long-term strategy.

PersonB, Independent Director

PersonB is an independent director with a strong background in corporate governance and risk management. She has served on the boards of several publicly traded companies and has a deep understanding of regulatory compliance and best practices in corporate governance. PersonB chairs the Audit Committee and provides valuable oversight and guidance on financial reporting and internal control matters.

PersonC, Independent Director

PersonC is an independent director with expertise in technology and cybersecurity. He has held executive positions at leading technology companies and has a deep understanding of the challenges and opportunities presented by digital transformation. PersonC chairs the Technology and Innovation Committee, ensuring that Octank Financial stays ahead of the curve in leveraging cutting-edge technologies to enhance its operations and customer experience.

PersonD, Independent Director

PersonD is an independent director with a strong background in human resources and talent management. She has held leadership roles in various industries and has a proven track record of developing and implementing effective talent strategies. PersonD chairs the Compensation and Human Resources Committee, ensuring that Octank Financial attracts, retains, and motivates top talent.

PersonE, Independent Director

PersonE is an independent director with extensive experience in sustainability and corporate social responsibility. He has held leadership positions in non-profit organizations and has a deep understanding of the importance of integrating environmental, social, and governance (ESG) considerations into business strategies. PersonE chairs the Sustainability and Corporate Responsibility Committee, ensuring that Octank Financial operates in an ethical and socially responsible manner.

Octank Financial's executive team is comprised of seasoned professionals with a proven track record of success in the financial services industry. They are responsible for the day-to-day management of the company's operations and the execution of its strategic objectives.

PersonF, Chief Executive Officer (CEO)

PersonF is a visionary leader with over 20 years of experience in the financial services industry. He has a deep understanding of the market dynamics and has been instrumental in driving Octank

Financial's growth and innovation. As the CEO, PersonF is responsible for setting the company's strategic direction, overseeing its operations, and ensuring the effective execution of its business plans.

PersonG, Chief Financial Officer (CFO)

PersonG is a seasoned finance professional with extensive experience in financial reporting, risk management, and capital allocation. As the CFO, she is responsible for overseeing the company's financial operations, ensuring accurate and timely financial reporting, and managing the company's capital structure and liquidity position.

PersonH, Chief Operating Officer (COO)

PersonH is a seasoned operations executive with a proven track record of driving operational excellence and efficiency. As the COO, he is responsible for overseeing the company's day-to-day operations, including technology infrastructure, process optimization, and customer service delivery.

PersonI, Chief Risk Officer (CRO)

PersonI is an experienced risk management professional with a deep understanding of the financial services industry's regulatory landscape. As the CRO, she is responsible for developing and implementing effective risk management strategies, ensuring compliance with regulatory requirements, and identifying and mitigating potential risks to the company's operations.

PersonJ, Chief Technology Officer (CTO)

PersonJ is a technology visionary with extensive experience in leading digital transformation initiatives. As the CTO, he is responsible for driving Octank Financial's technology strategy, overseeing the development and implementation of cutting-edge solutions, and ensuring the company's technology infrastructure is secure, scalable, and aligned with its business objectives.

Octank Financial is committed to maintaining the highest standards of corporate governance, ensuring transparency, accountability, and ethical conduct across all aspects of its operations. The company's corporate governance framework is designed to promote effective decision-making, protect the interests of stakeholders, and foster long-term sustainable growth.

Board Committees

Octank Financial's Board of Directors has established several committees to oversee specific areas of the company's operations and ensure effective governance:

1. **Audit Committee:** Responsible for overseeing the company's financial reporting processes, internal controls, and risk management practices. The committee also oversees the independent auditor's performance and ensures compliance with relevant accounting and regulatory standards.

2. **Compensation and Human Resources Committee:** Responsible for overseeing the company's compensation policies and practices, ensuring they are aligned with the company's strategic objectives and promoting long-term value creation. The committee also oversees the company's human resources strategies, including talent acquisition, development, and retention.

3. **Technology and Innovation Committee:** Responsible for overseeing the company's technology strategy, ensuring that it is aligned with the company's business objectives and enabling the delivery of innovative products and services. The committee also monitors emerging technologies and their potential impact on the company's operations.

4. **Sustainability and Corporate Responsibility Committee:** Responsible for overseeing the company's environmental, social, and governance (ESG) initiatives, ensuring that Octank Financial operates in an ethical and socially responsible manner. The committee also oversees the company's corporate citizenship and philanthropic activities.

5. Risk Management Committee: Responsible for overseeing the company's risk management framework, identifying and assessing potential risks, and ensuring that appropriate mitigation strategies are in place. The committee also monitors the company's compliance with relevant laws and regulations.

Code of Conduct and Ethics

Octank Financial has a comprehensive Code of Conduct and Ethics that outlines the company's commitment to ethical business practices and sets forth the expected standards of behavior for all employees, directors, and business partners. The Code of Conduct covers topics such as conflicts of interest, anti-corruption, data privacy, and respect for human rights, among others.

Whistleblower Policy

Octank Financial has implemented a robust whistleblower policy that encourages employees and other stakeholders to report any suspected unethical or illegal behavior without fear of retaliation. The company has established a confidential reporting mechanism and has a dedicated team responsible for investigating and addressing reported concerns.

Shareholder Engagement

Octank Financial values open and transparent communication with its shareholders. The company regularly engages with shareholders through various channels, including annual general meetings, investor conferences, and one-on-one meetings. The company also provides comprehensive and timely disclosures of material information to ensure that shareholders have access to accurate and relevant information to make informed investment decisions.

By adhering to these corporate governance principles and practices, Octank Financial aims to maintain the trust and confidence of its stakeholders, promote long-term value creation, and contribute to the sustainable growth of the financial services industry.

EXECUTIVE COMPENSATION

Executive compensation at Octank Financial is a critical aspect of our company's overall strategy and governance. We believe that a well-designed and transparent compensation program is essential for attracting, retaining, and motivating top talent, aligning the interests of our executives with those of our shareholders, and driving long-term value creation.

Our executive compensation philosophy is guided by the following principles:

- 1. Pay for Performance:** We firmly believe in linking executive compensation to the company's performance and the achievement of strategic objectives. A significant portion of our executives' compensation is tied to the attainment of pre-determined financial and operational goals, ensuring that their rewards are directly aligned with the company's success.
- 2. Competitive Compensation:** To attract and retain top-tier talent, we strive to offer compensation packages that are competitive within our industry and among our peer group. Our compensation levels are benchmarked against relevant market data, taking into account factors such as company size, complexity, and geographic location.
- 3. Alignment with Shareholder Interests:** Our executive compensation program is designed to align the interests of our executives with those of our shareholders. A substantial portion of their compensation is delivered in the form of equity-based incentives, such as stock options and restricted stock units, fostering a long-term ownership mindset and encouraging sustainable value creation.
- 4. Balanced Approach:** We believe in a balanced approach to compensation, combining fixed and variable components. Base salaries are set at competitive levels to recognize the executives' roles and responsibilities, while variable incentives, such as annual bonuses and long-term incentive plans, reward exceptional performance and drive the achievement of strategic objectives.
- 5. Governance and Risk Management:** Our executive compensation program is designed with robust governance practices and risk management considerations in mind. We regularly review and adjust our compensation policies to ensure alignment with best practices, regulatory requirements, and evolving market trends.

Executive Compensation Components:

- 1. Base Salary:** Base salaries for our executives are determined based on their roles, responsibilities, experience, and individual performance, as well as market benchmarking data. These salaries provide a stable and competitive foundation for our compensation program.
- 2. Annual Incentive Plan (AIP):** Our AIP is a performance-based cash bonus program that rewards executives for achieving pre-determined financial and operational goals on an annual basis. These goals are carefully set and aligned with our strategic priorities, ensuring that our executives are incentivized to drive short-term performance while contributing to long-term value creation.
- 3. Long-Term Incentive Plan (LTIP):** Our LTIP is designed to align the interests of our executives with those of our shareholders over a multi-year period. It typically consists of a combination of stock options, restricted stock units, and performance-based equity awards. The vesting schedules and performance metrics associated with these awards encourage our executives to focus on long-term value creation and sustainable growth.
- 4. Benefits and Perquisites:** In addition to the core compensation components, our executives are eligible for a comprehensive benefits package, including health insurance, retirement plans, and other standard benefits offered to all employees. We also provide limited perquisites, such as

company-paid financial planning services and executive health assessments, to support the overall well-being and productivity of our executive team.

Governance and Oversight:

The Compensation Committee of our Board of Directors, comprised entirely of independent directors, is responsible for overseeing and administering our executive compensation program. The committee works closely with independent compensation consultants to ensure that our compensation practices are aligned with market trends, regulatory requirements, and best practices in corporate governance.

The Compensation Committee conducts an annual review of our executive compensation program, evaluating its effectiveness in attracting, retaining, and motivating top talent, as well as its alignment with our company's performance and shareholder interests. This review process involves benchmarking against peer companies, assessing the appropriateness of performance metrics and targets, and considering feedback from shareholders and other stakeholders.

Compensation Decisions and Highlights:

In the past fiscal year, our Compensation Committee made several key decisions regarding executive compensation, reflecting our commitment to pay for performance and alignment with shareholder interests:

1. **CEO Compensation:** Our CEO, PersonA, received a base salary of \$1.2 million, reflecting her extensive experience and leadership in driving Octank Financial's growth and strategic initiatives. Additionally, she was awarded a performance-based cash bonus of \$2.4 million under the AIP, based on the company's achievement of pre-determined financial and operational goals, including revenue growth, profitability targets, and successful execution of strategic initiatives.

Furthermore, PersonA received a long-term incentive award valued at \$4.8 million, consisting of stock options and performance-based restricted stock units. The vesting of these awards is contingent upon the company's achievement of specific multi-year performance metrics, such as total shareholder return and return on invested capital, further aligning her interests with those of our shareholders.

2. **Executive Team Compensation:** Our executive team, comprising PersonB (Chief Financial Officer), PersonC (Chief Operating Officer), and other key executives, received compensation packages aligned with their respective roles, responsibilities, and performance contributions.

Base salaries for our executive team ranged from \$600,000 to \$900,000, reflecting competitive market levels. Additionally, they were awarded performance-based cash bonuses under the AIP, ranging from \$800,000 to \$1.5 million, based on the achievement of individual and company-wide goals.

Long-term incentive awards for our executive team consisted of a combination of stock options, restricted stock units, and performance-based equity awards, with values ranging from \$1.2 million to \$3.6 million. These awards are designed to incentivize long-term value creation and foster a strong ownership mindset among our executive team.

3. **Clawback Policy:** In line with our commitment to responsible governance and risk management, we implemented a robust clawback policy during the past fiscal year. This policy allows Octank Financial to recoup incentive compensation from executives in the event of material financial restatements or misconduct, further reinforcing our commitment to ethical and transparent business practices.

4. **Shareholder Engagement:** We value the feedback and perspectives of our shareholders on executive compensation matters. During the past year, we engaged in proactive outreach and

dialogue with our major shareholders, seeking their input on our compensation program and addressing any concerns or suggestions they may have. This ongoing engagement process has helped us refine our compensation practices and ensure alignment with shareholder interests.

Looking Ahead:

As we move forward, Octank Financial remains committed to maintaining a competitive, performance-driven, and shareholder-aligned executive compensation program. We will continue to review and refine our compensation practices to ensure they remain consistent with evolving market trends, regulatory requirements, and best practices in corporate governance.

Our focus will remain on attracting, retaining, and motivating top talent, while fostering a culture of accountability, ethical conduct, and sustainable value creation for our shareholders. We believe that our executive compensation program plays a crucial role in achieving these objectives and driving the long-term success of Octank Financial.

Certain Significant Risks and Uncertainties under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Octank Financial, a leading provider of diversified financial services, operates in a dynamic and ever-evolving business environment. As such, the company is exposed to various risks and uncertainties that could potentially impact its financial performance, operations, and strategic objectives. This section aims to provide a comprehensive overview of certain significant risks and uncertainties that Octank Financial may encounter, along with the measures taken to mitigate and manage these challenges effectively.

1. Credit Risk:

Credit risk is inherent in Octank Financial's lending activities and represents the potential for financial loss arising from the failure of borrowers or counterparties to meet their contractual obligations. The company's exposure to credit risk is primarily influenced by the creditworthiness of its clients, the concentration of credit exposure within specific industries or geographic regions, and the overall economic conditions.

To manage credit risk effectively, Octank Financial employs a robust credit risk management framework that encompasses comprehensive credit policies, rigorous underwriting processes, and continuous monitoring of credit exposures. The company's credit risk management team, led by PersonA, a seasoned industry veteran, utilizes advanced credit scoring models and risk assessment tools to evaluate the creditworthiness of potential borrowers and counterparties.

Additionally, Octank Financial maintains a well-diversified loan portfolio across various sectors and geographic regions, reducing the concentration risk associated with any single industry or region. The company also employs credit risk mitigation techniques, such as collateral requirements and credit enhancements, to minimize potential losses in the event of default.

2. Market Risk:

Market risk refers to the potential for losses arising from adverse movements in market factors, including interest rates, foreign exchange rates, equity prices, and commodity prices. Octank Financial's exposure to market risk stems from its trading activities, investment portfolio, and asset-liability management strategies.

To effectively manage market risk, Octank Financial has implemented a robust market risk management framework overseen by PersonB, the company's Chief Risk Officer. This framework encompasses value-at-risk (VaR) models, stress testing scenarios, and sensitivity analyses to quantify and monitor market risk exposures across various asset classes and trading desks.

The company employs hedging strategies, such as interest rate swaps, foreign exchange forwards, and other derivative instruments, to mitigate market risk exposures. Additionally, Octank Financial maintains a well-diversified investment portfolio, adhering to strict investment policies and risk limits to ensure appropriate asset allocation and risk-return trade-offs.

3. Operational Risk:

Operational risk refers to the potential for losses arising from inadequate or failed internal processes, people, systems, or external events. Octank Financial's exposure to operational risk is inherent in its daily operations, including transaction processing, technology infrastructure, cybersecurity, and compliance with regulatory requirements.

To manage operational risk effectively, Octank Financial has implemented a comprehensive operational risk management framework overseen by PersonC, the company's Chief Operating Officer. This framework encompasses robust internal control systems, business continuity planning, and incident response protocols to ensure the resilience and continuity of critical operations.

The company invests heavily in cybersecurity measures, including advanced firewalls, encryption technologies, and employee training programs, to safeguard against cyber threats and data breaches. Additionally, Octank Financial maintains a strong compliance culture, with dedicated teams monitoring regulatory changes and ensuring adherence to applicable laws and regulations.

4. Liquidity Risk:

Liquidity risk refers to the potential inability of Octank Financial to meet its financial obligations as they become due, without incurring unacceptable losses or jeopardizing the company's reputation. Effective liquidity management is crucial for maintaining the confidence of depositors, creditors, and regulators, and ensuring the company's ability to fund its operations and growth initiatives.

To mitigate liquidity risk, Octank Financial maintains a robust liquidity risk management framework overseen by PersonD, the company's Chief Financial Officer. This framework includes contingency funding plans, stress testing scenarios, and a diversified funding strategy that incorporates a mix of retail deposits, wholesale funding sources, and capital market instruments.

The company maintains a strong liquidity buffer, consisting of high-quality liquid assets, to ensure sufficient liquidity during periods of market stress or disruption. Additionally, Octank Financial closely monitors its liquidity position, cash flow projections, and funding concentrations to proactively manage liquidity risk.

5. Strategic Risk:

Strategic risk refers to the potential for losses or missed opportunities arising from ineffective business strategies, inadequate execution of strategic initiatives, or failure to adapt to changing market conditions or regulatory landscapes. Octank Financial's exposure to strategic risk is influenced by factors such as competitive pressures, technological disruptions, and shifts in customer preferences.

To mitigate strategic risk, Octank Financial employs a robust strategic planning process overseen by PersonE, the company's Chief Strategy Officer. This process involves regular environmental scanning, market analysis, and scenario planning to identify emerging trends, opportunities, and potential threats.

The company fosters a culture of innovation and continuous improvement, encouraging cross-functional collaboration and the exploration of new products, services, and business models. Additionally, Octank Financial maintains a strong focus on talent management, investing in employee development and succession planning to ensure the availability of skilled personnel to execute strategic initiatives effectively.

6. Regulatory and Compliance Risk:

Octank Financial operates in a highly regulated industry, subject to various laws, regulations, and supervisory requirements imposed by domestic and international regulatory bodies. Non-compliance with these regulations can result in significant financial penalties, reputational damage, and operational disruptions.

To manage regulatory and compliance risk, Octank Financial has established a robust compliance management framework overseen by PersonF, the company's Chief Compliance Officer. This framework encompasses comprehensive policies, procedures, and training programs to ensure adherence to applicable laws and regulations.

The company maintains open and transparent communication channels with regulatory authorities,

proactively addressing inquiries and concerns. Additionally, Octank Financial employs a dedicated team of legal and compliance professionals who monitor regulatory developments and provide guidance on interpreting and implementing new regulations.

7. Reputational Risk:

Reputational risk refers to the potential for negative publicity or public perception, which can adversely impact Octank Financial's brand, customer confidence, and overall business performance. Reputational risk can arise from various sources, including operational failures, unethical business practices, data breaches, or negative media coverage.

To mitigate reputational risk, Octank Financial places a strong emphasis on ethical conduct, transparency, and corporate social responsibility. The company has implemented a robust code of conduct and ethics training programs to foster a culture of integrity and accountability among its employees.

Octank Financial maintains a proactive crisis management plan and a dedicated public relations team to effectively manage and respond to potential reputational threats. Additionally, the company actively engages with stakeholders, including customers, investors, and local communities, to build trust and maintain open lines of communication.

In conclusion, Octank Financial recognizes the significance of effectively managing risks and uncertainties to ensure long-term sustainability and success. The company's comprehensive risk management framework, coupled with a strong risk culture and robust governance practices, enables it to navigate the dynamic business landscape and seize opportunities while mitigating potential threats. By proactively identifying, assessing, and addressing these risks, Octank Financial aims to safeguard its financial strength, maintain stakeholder confidence, and achieve its strategic objectives.

Legal proceedings

Legal Proceedings

Octank Financial, a prominent player in the financial services industry, has been involved in several legal proceedings over the past few years. These legal battles have arisen due to various reasons, ranging from regulatory non-compliance to disputes with clients and employees. In this section, we will delve into the details of the most significant legal proceedings faced by the company.

1. Securities Fraud Allegations

In 2018, the Securities and Exchange Commission (SEC) filed a civil lawsuit against Octank Financial, alleging that the company had engaged in fraudulent practices related to the sale of complex financial instruments. The SEC claimed that Octank Financial had misled investors by providing inaccurate and incomplete information about the risks associated with these instruments.

The case revolved around the actions of PersonA, a former senior executive at Octank Financial, who allegedly orchestrated the fraudulent scheme. According to the SEC, PersonA and his team deliberately concealed crucial information from investors, leading them to make uninformed decisions.

After a lengthy legal battle, Octank Financial agreed to settle the charges by paying a substantial fine of \$250 million and implementing comprehensive reforms to its internal controls and compliance procedures. Additionally, PersonA was permanently barred from working in the financial industry and faced criminal charges.

2. Whistleblower Retaliation Lawsuit

In 2020, PersonB, a former compliance officer at Octank Financial, filed a whistleblower retaliation lawsuit against the company. PersonB alleged that she was wrongfully terminated after raising concerns about potential violations of anti-money laundering regulations within the organization.

According to the lawsuit, PersonB had repeatedly reported suspicious transactions and inadequate compliance measures to her superiors, but her concerns were dismissed. When she escalated the matter to regulatory authorities, Octank Financial allegedly retaliated by terminating her employment.

The case garnered significant media attention and sparked a public debate about the importance of protecting whistleblowers in the financial industry. After a protracted legal battle, Octank Financial agreed to settle the lawsuit for an undisclosed amount and implement robust whistleblower protection policies.

3. Employment Discrimination Lawsuit

In 2021, a group of former employees filed a class-action lawsuit against Octank Financial, alleging widespread discrimination based on age, gender, and race within the company's hiring and promotion practices.

The plaintiffs, represented by PersonC, a prominent employment law attorney, claimed that Octank Financial had systematically favored younger, male employees for leadership positions and denied equal opportunities to qualified candidates from underrepresented groups.

The lawsuit cited statistical evidence and testimonies from former employees to support the allegations of discrimination. Octank Financial vehemently denied the claims and argued that its employment practices were fair and unbiased.

After months of intense negotiations, Octank Financial agreed to settle the lawsuit for \$75 million, which included monetary compensation for the affected employees and a commitment to implement comprehensive diversity and inclusion initiatives within the organization.

4. Regulatory Investigations and Fines

In addition to the legal proceedings mentioned above, Octank Financial has faced numerous regulatory investigations and fines from various government agencies over the years. These investigations have covered a wide range of issues, including:

- Failure to maintain adequate anti-money laundering controls
- Inadequate disclosure of fees and charges to clients
- Violations of consumer protection laws
- Improper handling of customer data and privacy concerns

In total, Octank Financial has paid over \$500 million in fines and penalties to regulatory bodies, including the Consumer Financial Protection Bureau (CFPB), the Financial Industry Regulatory Authority (FINRA), and the Office of the Comptroller of the Currency (OCC).

To address these regulatory concerns, Octank Financial has implemented significant changes to its compliance and risk management frameworks. The company has invested heavily in training programs, enhanced monitoring systems, and strengthened its internal audit functions.

Conclusion

The legal proceedings and regulatory actions faced by Octank Financial have had a profound impact on the company's operations, reputation, and financial performance. While the company has taken steps to address these issues and implement corrective measures, the legal battles have served as a stark reminder of the importance of maintaining ethical business practices, robust compliance programs, and a culture of accountability within the financial services industry.

As Octank Financial moves forward, it will be crucial for the company to learn from these experiences and prioritize transparency, integrity, and a commitment to serving the best interests of its clients, employees, and stakeholders. By doing so, Octank Financial can regain the trust of the public and position itself as a responsible and trustworthy player in the ever-evolving financial landscape.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of Operations

Octank Financial Corporation (the "Company" or "Octank") is a leading provider of diversified financial services, including investment banking, asset management, and wealth management services. The Company was incorporated in the state of Delaware on January 1, 1985, and is headquartered in New York City, New York.

Octank operates through the following reportable segments:

Investment Banking: This segment provides a range of financial advisory services, including mergers and acquisitions, restructuring, and capital raising activities, to corporations, financial institutions, and governments worldwide.

Asset Management: This segment offers investment management services and products across various asset classes, including equity, fixed income, alternative investments, and multi-asset solutions, to institutional and individual clients.

Wealth Management: This segment provides comprehensive wealth management services, including financial planning, investment advisory, and private banking services, to high-net-worth individuals and families.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and include the accounts of Octank Financial Corporation and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Investment Banking: Revenues from financial advisory services are recognized when the underlying transactions are substantially completed, and the related fees are determinable and non-contingent.

Asset Management: Revenues from asset management services are recognized over time as the services are rendered and are primarily based on the value of assets under management.

Wealth Management: Revenues from wealth management services are recognized over time as the services are rendered and are primarily based on the value of assets under management or advisement.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, and highly liquid investments with original maturities of three months or less.

3. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of December 31, 20XX and 20XY (in thousands):

20XX	20XY
Cash on hand	\$ 5,000 \$ 3,500
Demand deposits	125,000 110,000
Money market funds	50,000 40,000

Total cash and cash equivalents	\$ 180,000 \$ 153,500
=====	=====

4. Investments

Investments consisted of the following as of December 31, 20XX and 20XY (in thousands):

20XX	20XY
Trading securities	\$ 250,000 \$ 220,000
Available-for-sale securities	180,000 160,000
Equity method investments	90,000 80,000
Other investments	50,000 40,000

Total investments	\$ 570,000 \$ 500,000
=====	=====

Trading securities are recorded at fair value, with unrealized gains and losses included in net income. Available-for-sale securities are recorded at fair value, with unrealized gains and losses reported in other comprehensive income. Equity method investments represent the Company's ownership interests in entities over which the Company has the ability to exercise significant influence, but not control. Other investments primarily consist of investments in private equity funds and other alternative investments.

5. Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 20XX (in thousands):

Level 1	Level 2	Level 3	Total
Assets:			

Trading securities	\$ 150,000	\$ 90,000	\$ 10,000	\$ 250,000
Available-for-sale securities	80,000	90,000	10,000	180,000
Derivative assets -	15,000	5,000	20,000	

Total assets	\$ 230,000	\$ 195,000	\$ 25,000	\$ 450,000
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Liabilities:

Derivative liabilities \$ -	\$ 12,000	\$ 3,000	\$ 15,000
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6. Borrowings

Borrowings consisted of the following as of December 31, 20XX and 20XY (in thousands):

20XX	20XY
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Short-term borrowings	\$ 100,000	\$ 80,000
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Long-term debt	300,000	250,000
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Total borrowings	\$ 400,000	\$ 330,000
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Short-term borrowings primarily consist of commercial paper and other short-term borrowings with original maturities of one year or less. Long-term debt includes senior notes, subordinated notes, and other long-term borrowings with original maturities greater than one year.

7. Commitments and Contingencies

Legal Matters

The Company is involved in various legal proceedings arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

Commitments

The Company has commitments to extend credit, including loan commitments and commitments to invest in private equity funds and other alternative investments. As of December 31, 20XX, the Company had outstanding commitments to extend credit of \$150 million and commitments to invest in private equity funds and other alternative investments of \$75 million.

8. Stockholders' Equity

The Company's authorized capital stock consists of 500,000,000 shares of common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock, par value \$0.01 per share. As of December 31, 20XX and 20XY, there were 200,000,000 and 195,000,000 shares of common stock outstanding, respectively, and no shares of preferred stock outstanding.

During the year ended December 31, 20XX, the Company repurchased 5,000,000 shares of its common stock for \$250 million under its share repurchase program.

9. Stock-Based Compensation

The Company has a stock-based compensation plan (the "Plan") that provides for the issuance of incentive stock options, non-qualified stock options, restricted stock, and other stock-based awards to employees and non-employee directors. As of December 31, 20XX, there were 10,000,000 shares of common stock reserved for issuance under the Plan.

During the year ended December 31, 20XX, the Company granted 2,000,000 stock options to employees and non-employee directors with a weighted-average exercise price of \$50 per share and a weighted-average grant-date fair value of \$15 per share. The stock options vest over a four-year period and have a ten-year contractual term.

The Company recognized stock-based compensation expense of \$40 million and \$35 million for the years ended December 31, 20XX and 20XY, respectively.

10. Employee Benefit Plans

The Company sponsors various defined contribution and defined benefit plans for its employees.

Defined Contribution Plans

The Company maintains a 401(k) plan that covers substantially all U.S. employees. Employees can contribute a portion of their eligible compensation on a pre-tax or after-tax basis, subject to certain limitations. The Company matches a portion of employee contributions up to a specified percentage of eligible compensation. The Company's matching contributions to the 401(k) plan were \$25 million and \$22 million for the years ended December 31, 20XX and 20XY, respectively.

Defined Benefit Plans

The Company sponsors several defined benefit pension plans and other postretirement benefit plans for certain employees. The Company's funding policy for the defined benefit pension plans is to contribute annually at least the minimum amount required by applicable regulations. The following table presents the components of net periodic benefit cost for the defined benefit pension plans and other postretirement benefit plans for the years ended December 31, 20XX and 20XY (in thousands):

Pension Other

Benefits Benefits

20XX 20XY 20XX 20XY

Service cost \$25,000 \$22,000 \$5,000 \$4,500

Interest cost 18,000 16,000 3,500 3,000

Expected return on plan assets (20,000) (18,000) - -

Amortization of prior service cost 1,000 1,000 500 500

Amortization of net actuarial loss 3,000 2,500 1,000 800

Net periodic benefit cost \$27,000 \$23,500 \$10,000 \$8,800

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The Company's defined benefit pension plan obligations and other postretirement benefit plan obligations were \$400 million and \$100 million, respectively, as of December 31, 20XX, and \$380 million and \$90 million, respectively, as of December 31, 20XY.

11. Segment Information

The Company's reportable segments are Investment Banking, Asset Management, and Wealth Management. The following table presents selected financial information for the Company's reportable segments for the years ended December 31, 20XX and 20XY (in thousands):

Investment Asset Wealth

Banking Management Management Total

20XX

Revenues \$1,500,000 \$1,200,000 \$800,000 \$3,500,000

Net income 400,000 300,000 200,000 900,000

Total assets 2,000,000 1,500,000 1,000,000 4,500,000

20XY

Revenues \$1,400,000 \$1,100,000 \$700,000 \$3,200,000

Net income 350,000 280,000 180,000 810,000

Total assets 1,800,000 1,400,000 900,000 4,100,000

12. Related Party Transactions

During the years ended December 31, 20XX and 20XY, the Company engaged in various transactions with related parties, including certain members of the Company's Board of Directors and executive officers.

PersonA, a member of the Company's Board of Directors, is the Chief Executive Officer of Company XYZ, a client of the Company's Investment Banking segment. During the years ended December 31, 20XX and 20XY, the Company recognized revenue of \$10 million and \$8 million, respectively, from financial advisory services provided to Company XYZ.

PersonB, an executive officer of the Company, is a member of the Board of Directors of Company ABC, a client of the Company's Asset Management segment. During the years ended December 31, 20XX and 20XY, the Company recognized revenue of \$5 million and \$4 million, respectively, from asset management services provided to Company ABC.

PersonC, a member of the Company's Board of Directors, is the founder and managing partner of Private Equity Fund XYZ, in which the Company has an investment. As of December 31, 20XX and 20XY, the Company's investment in Private Equity Fund XYZ was \$20 million and \$15 million, respectively.

All related party transactions were conducted in the ordinary course of business and on terms consistent with those prevailing for comparable transactions with unrelated parties.

13. Subsequent Events

On February 1, 20XY, the Company completed the acquisition of Investment Firm ABC for \$500 million in cash and stock. Investment Firm ABC is a leading provider of investment banking and asset management services, with operations primarily in Europe and Asia. The acquisition is expected to strengthen the Company's global presence and expand its product offerings.

On March 1, 20XY, the Company issued \$300 million of senior unsecured notes due in 2030 with a coupon rate of 3.25%. The proceeds from the issuance will be used for general corporate purposes, including potential future acquisitions and investments.

The Company has evaluated subsequent events through April 15, 20XY, the date on which the consolidated financial statements were available to be issued, and determined that no other material subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements.

Mission of the Octank financial

Mission of the Octank Financial

Octank Financial is a leading global financial services firm dedicated to empowering individuals, businesses, and communities to achieve their financial goals. Our mission is rooted in a deep commitment to excellence, integrity, and innovation, driven by a passion for creating lasting value for our clients and stakeholders.

At the core of our mission lies the unwavering belief that financial well-being is a fundamental pillar of a prosperous society. We strive to be a trusted partner, guiding our clients through the complexities of the financial landscape and providing them with tailored solutions that address their unique needs and aspirations.

Our mission is multifaceted, encompassing the following key elements:

1. Delivering Exceptional Client Service:

At Octank Financial, we place our clients at the center of everything we do. Our mission is to cultivate long-lasting relationships built on trust, transparency, and a deep understanding of our clients' financial objectives. We are committed to providing personalized attention, proactive advice, and seamless execution, ensuring that our clients receive the highest level of service and support throughout their financial journey.

2. Fostering Financial Literacy and Empowerment:

We believe that financial literacy is a fundamental right and a catalyst for personal and societal growth. Our mission is to empower individuals and communities by equipping them with the knowledge, tools, and resources they need to make informed financial decisions. Through educational initiatives, workshops, and accessible resources, we strive to demystify complex financial concepts and promote financial inclusion for all.

3. Driving Sustainable Growth and Value Creation:

Octank Financial is dedicated to creating long-term value for our clients, shareholders, and the broader community. Our mission is to pursue sustainable growth strategies that balance profitability with responsible business practices. We prioritize ethical conduct, environmental stewardship, and social responsibility, ensuring that our success contributes positively to the well-being of society and the planet.

4. Embracing Innovation and Technological Advancement:

In a rapidly evolving financial landscape, our mission is to remain at the forefront of innovation and technological advancement. We continuously invest in cutting-edge technologies, research, and development to enhance our products, services, and operational efficiency. By embracing digital transformation and leveraging emerging technologies, we strive to provide our clients with seamless, secure, and convenient financial solutions.

5. Cultivating a Diverse and Inclusive Workplace:

At Octank Financial, we believe that diversity and inclusion are essential drivers of innovation, creativity, and success. Our mission is to foster a workplace culture that celebrates diversity, promotes equal opportunities, and empowers our employees to reach their full potential. We strive to create an environment where diverse perspectives, backgrounds, and experiences are valued and leveraged to better serve our clients and communities.

6. Contributing to Community Development:

As a responsible corporate citizen, our mission extends beyond financial services. We are committed to positively impacting the communities in which we operate by supporting initiatives that promote economic development, education, healthcare, and environmental sustainability. Through

strategic partnerships, philanthropic efforts, and employee volunteerism, we aim to create lasting positive change and contribute to the overall well-being of society.

At Octank Financial, our mission is a living testament to our commitment to excellence, integrity, and innovation. We are driven by a relentless pursuit of creating value for our clients, employees, shareholders, and the broader community. By embodying these core principles, we strive to be a catalyst for financial empowerment, sustainable growth, and positive societal impact, shaping a brighter future for generations to come.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Octank Financial is a publicly traded company, and as such, it is required to disclose information about the ownership of its securities by certain beneficial owners and members of its management team. This section provides an overview of the company's security ownership structure and related stockholder matters.

Beneficial Ownership of Common Stock:

The following table presents information regarding the beneficial ownership of Octank Financial's common stock as of December 31, 2022, by (i) each person known by the company to beneficially own more than 5% of the outstanding shares of common stock, (ii) each of the company's directors and named executive officers, and (iii) all directors and executive officers as a group.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
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PersonA (5% Stockholder)	7,500,000	9.8%
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PersonB (5% Stockholder)	5,200,000	6.7%
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PersonC (Director and CEO)	2,100,000	2.7%
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PersonD (Director)	850,000	1.1%
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PersonE (Director)	700,000	0.9%
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PersonF (CFO)	600,000	0.8%
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PersonG (COO)	550,000	0.7%
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All directors and executive officers as a group (8 persons)	5,300,000	6.9%
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Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (SEC) and generally includes voting or investment power with respect to securities. The percentages of outstanding shares are based on 77,000,000 shares of common stock outstanding as of December 31, 2022.

PersonA and PersonB are not affiliated with Octank Financial and have acquired their shares through open market purchases and private transactions. The company's directors and executive officers have acquired their shares through the company's equity compensation plans, open market purchases, and private transactions.

Equity Compensation Plans:

Octank Financial has two equity compensation plans in place: the 2018 Equity Incentive Plan and the 2022 Employee Stock Purchase Plan. The following table provides information about these plans as of December 31, 2022:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
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Equity compensation plans approved by security holders	3,500,000	\$15.25	2,000,000
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Equity compensation plans not approved by security holders | - | - | -
Total | 3,500,000 | \$15.25 | 2,000,000

The 2018 Equity Incentive Plan provides for the grant of stock options, restricted stock units, and other equity-based awards to employees, directors, and consultants of Octank Financial. The 2022 Employee Stock Purchase Plan allows eligible employees to purchase shares of the company's common stock at a discounted price through payroll deductions.

Related Stockholder Matters:

Octank Financial's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "OCTN." As of December 31, 2022, there were approximately 12,000 holders of record of the company's common stock.

The company has not paid any cash dividends on its common stock since its initial public offering in 2015. The payment of future dividends, if any, will be at the discretion of the Board of Directors and will depend on the company's financial condition, results of operations, capital requirements, and other factors deemed relevant by the Board.

In addition to the equity compensation plans mentioned above, Octank Financial has a policy prohibiting its directors, officers, and employees from engaging in hedging or monetization transactions involving the company's securities. This policy is designed to align the interests of the company's insiders with those of its stockholders.

The company also has a clawback policy that allows for the recoupment of incentive compensation from executive officers in the event of a material restatement of the company's financial statements due to misconduct or other specified circumstances.

Octank Financial is committed to maintaining strong corporate governance practices and promoting transparency in its security ownership and related stockholder matters. The company regularly reviews and updates its policies and procedures to ensure compliance with applicable laws and regulations, as well as to align with best practices in the industry.

Business details under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Basis of Presentation under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Business details under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Basis of Presentation under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Octank Financial Corporation (the "Company") is a leading provider of diversified financial services, including investment banking, asset management, and wealth management services. The Company operates through its principal subsidiaries, Octank Securities LLC, Octank Asset Management LLC, and Octank Wealth Advisors LLC. The Company's operations are primarily conducted in the United States, with additional offices in Europe and Asia.

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Accounting Policies

The following is a summary of the significant accounting policies followed by the Company in the preparation of its consolidated financial statements:

Revenue Recognition

The Company recognizes revenue from various sources, including investment banking fees, asset management fees, and wealth management fees.

Investment Banking Fees

Investment banking fees are recognized when the related services are performed and the performance obligations are satisfied. These fees primarily consist of underwriting fees, financial advisory fees, and other transaction-related fees. Underwriting fees are recognized at the time the underwriting transaction is completed. Financial advisory fees are recognized when the related transaction is completed or the services are rendered. Other transaction-related fees are recognized when the related services are performed.

Asset Management Fees

Asset management fees are recognized over time as the services are rendered. These fees are primarily based on the market value of assets under management and are recognized on a monthly or quarterly basis.

Wealth Management Fees

Wealth management fees are recognized over time as the services are rendered. These fees

include fees for investment advisory services, financial planning services, and other wealth management services. The fees are generally based on a percentage of assets under management or a fixed fee arrangement.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, and short-term highly liquid investments with original maturities of three months or less.

Investments

Investments in debt and equity securities are classified as trading, available-for-sale, or held-to-maturity based on management's intent and ability to hold the securities. Trading securities are carried at fair value, with unrealized gains and losses included in earnings. Available-for-sale securities are carried at fair value, with unrealized gains and losses reported as a separate component of stockholders' equity. Held-to-maturity securities are carried at amortized cost.

Fair Value Measurements

The Company follows the guidance of Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures, to record fair value adjustments for certain assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Company categorizes assets and liabilities measured at fair value based on the following fair value hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial instruments measured at fair value on a recurring basis include trading securities, available-for-sale securities, and certain derivative instruments. The Company uses various valuation techniques to measure fair value, including the market approach, income approach, and cost approach.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Intangible assets with finite lives, such as customer relationships, trade names, and non-compete agreements, are amortized over their estimated useful lives using the straight-line method.

Intangible assets with indefinite lives, such as certain trade names, are not amortized but are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely

than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Segment Reporting

The Company operates in three reportable segments: Investment Banking, Asset Management, and Wealth Management. The Investment Banking segment provides a range of investment banking services, including underwriting, financial advisory, and other transaction-related services. The Asset Management segment offers a variety of investment products and services, including mutual funds, hedge funds, and separately managed accounts. The Wealth Management segment provides comprehensive wealth management services, including investment advisory, financial planning, and other services to high-net-worth individuals and families.

The Company's chief operating decision maker evaluates the performance of the reportable segments based on net revenues and income before income taxes. Segment assets are not disclosed as they are not regularly reviewed by the chief operating decision maker for decision-making purposes.

Recent Accounting Pronouncements

The Company evaluates the impact of recently issued accounting pronouncements by the Financial Accounting Standards Board ("FASB") on its consolidated financial statements. The Company adopts new pronouncements as and when they become effective.

Subsequent Events

The Company has evaluated subsequent events through [DATE], the date the consolidated financial statements were available to be issued.

Business Overview

Octank Financial Corporation is a leading provider of diversified financial services, with a strong presence in investment banking, asset management, and wealth management. The Company's mission is to deliver exceptional value to its clients, shareholders, and employees through a commitment to excellence, integrity, and innovation.

Investment Banking

The Investment Banking segment is a leading provider of strategic advisory services, capital raising solutions, and risk management expertise to corporations, financial institutions, and governments worldwide. The segment offers a comprehensive range of services, including mergers and acquisitions advisory, debt and equity underwriting, restructuring advisory, and risk management solutions.

In the fiscal year ended [DATE], the Investment Banking segment generated net revenues of \$[AMOUNT] million, representing [PERCENTAGE]% of the Company's total net revenues. The segment's performance was driven by strong advisory and underwriting activity, particularly in the technology, healthcare, and energy sectors.

Notable transactions during the fiscal year included:

- Advising PersonA, a leading technology company, on its \$[AMOUNT] billion acquisition of PersonB, a cloud computing services provider.
- Leading the \$[AMOUNT] billion initial public offering for PersonC, a biotechnology company developing innovative cancer treatments.
- Serving as the lead underwriter for PersonD's \$[AMOUNT] billion investment-grade bond offering, one of the largest corporate debt issuances of the year.

Asset Management

The Asset Management segment offers a diverse range of investment products and services, including mutual funds, hedge funds, private equity funds, and separately managed accounts. The

segment's investment strategies span various asset classes, including equities, fixed income, alternatives, and multi-asset solutions.

In the fiscal year ended [DATE], the Asset Management segment generated net revenues of \$[AMOUNT] million, representing [PERCENTAGE]% of the Company's total net revenues. The segment's performance was driven by strong investment performance across various strategies, as well as positive net inflows from both institutional and retail clients.

Notable achievements during the fiscal year included:

- The Octank Global Equity Fund outperformed its benchmark by [PERCENTAGE]%, ranking in the top [PERCENTAGE]% of its peer group.
- The Octank Absolute Return Fund delivered a net return of [PERCENTAGE]%, attracting significant inflows from institutional investors.
- The launch of the Octank Sustainable Investing Platform, offering a suite of investment strategies focused on environmental, social, and governance (ESG) factors.

Wealth Management

The Wealth Management segment provides comprehensive wealth management services to high-net-worth individuals, families, and institutions. The segment's offerings include investment advisory, financial planning, trust and estate planning, and private banking services.

In the fiscal year ended [DATE], the Wealth Management segment generated net revenues of \$[AMOUNT] million, representing [PERCENTAGE]% of the Company's total net revenues. The segment's performance was driven by strong client acquisition, positive net inflows, and growth in assets under management.

Notable achievements during the fiscal year included:

- The acquisition of PersonE Wealth Management, a leading wealth advisory firm with \$[AMOUNT] billion in assets under management, expanding the Company's presence in the West Coast region.
- The launch of the Octank Family Office Services, providing customized solutions for ultra-high-net-worth families with complex financial needs.
- The recognition of PersonF, a senior wealth advisor at Octank Wealth Advisors, as one of the top financial advisors in the country by [PUBLICATION].

Corporate Responsibility and Sustainability

Octank Financial Corporation is committed to operating in a responsible and sustainable manner, creating long-term value for its stakeholders while positively impacting the communities in which it operates. The Company's corporate responsibility and sustainability efforts are focused on three key pillars: environmental stewardship, social impact, and corporate governance.

Environmental Stewardship

The Company recognizes the importance of environmental sustainability and is dedicated to minimizing its environmental footprint. Key initiatives include:

- Implementing energy-efficient practices and investing in renewable energy sources across its global operations.
- Promoting sustainable investing through the Octank Sustainable Investing Platform and other ESG-focused investment strategies.
- Encouraging employees to adopt environmentally-friendly practices through awareness campaigns and incentive programs.

Social Impact

Octank Financial Corporation is committed to making a positive impact on the communities it serves. The Company's social impact initiatives include:

- Supporting education and youth development programs through partnerships with non-profit organizations and employee volunteering initiatives.
- Promoting diversity, equity, and inclusion within the Company and the broader financial services industry.
- Contributing to disaster relief efforts and providing financial assistance to communities affected by natural disasters or other crises.

Corporate Governance

The Company adheres to the highest standards of corporate governance, ensuring transparency, accountability, and ethical conduct across all aspects of its operations. Key governance practices include:

- Maintaining an independent and diverse Board of Directors with a strong commitment to oversight and risk management.
- Implementing robust policies and procedures to ensure compliance with applicable laws and regulations.
- Promoting a culture of integrity and ethical decision-making through comprehensive training programs and a robust code of conduct.

Looking Ahead

Octank Financial Corporation is well-positioned to capitalize on the opportunities and navigate the challenges in the dynamic financial services industry. The Company's diversified business model, strong client relationships, and commitment to innovation and excellence position it for continued growth and success.

In the coming years, the Company plans to focus on the following strategic priorities:

- Expanding its global footprint and strengthening its presence in key markets, particularly in Asia and the Middle East.
- Investing in technology and digital capabilities to enhance client experiences and operational efficiency.
- Exploring strategic acquisitions and partnerships to complement its existing offerings and expand its capabilities.
- Attracting and retaining top talent by fostering a culture of inclusivity, professional development, and employee engagement.
- Continuing to prioritize corporate responsibility and sustainability initiatives, contributing to the long-term well-being of the communities it serves.

With its strong financial position, talented workforce, and unwavering commitment to excellence, Octank Financial Corporation is well-equipped to navigate the challenges and seize the opportunities that lie ahead, delivering exceptional value to its clients, shareholders, and employees.

Property details

I. Introduction

Octank Financial, a leading financial institution, has a diverse portfolio of properties that span across various sectors and geographical regions. These properties serve as a testament to the company's commitment to strategic investments and long-term growth. In this comprehensive report, we delve into the intricate details of Octank Financial's property holdings, providing an in-depth analysis of their significance, value, and potential.

II. Commercial Properties

A. Office Buildings

Octank Financial's commercial real estate portfolio boasts an impressive collection of office buildings strategically located in major metropolitan areas. These properties cater to a wide range of businesses, from multinational corporations to thriving startups, offering state-of-the-art facilities and amenities.

1. Octank Tower, New York City

Situated in the heart of Manhattan's financial district, Octank Tower is a 60-story skyscraper that stands as a beacon of modern architecture and sustainable design. With over 1.5 million square feet of Class A office space, this iconic building houses numerous prestigious tenants, including Fortune 500 companies and renowned law firms. Octank Tower's cutting-edge technology, energy-efficient systems, and prime location make it a highly sought-after address for businesses seeking a prestigious corporate presence.

2. Octank Nexus, San Francisco

Located in the vibrant Silicon Valley region, Octank Nexus is a state-of-the-art office complex that caters to the ever-growing technology and innovation sectors. Spanning over 1 million square feet, this campus-style development features multiple low-rise buildings surrounded by lush green spaces and outdoor amenities. Octank Nexus is home to several prominent tech giants, as well as a thriving ecosystem of startups and venture capital firms, fostering collaboration and innovation.

B. Retail Centers

Octank Financial's retail portfolio encompasses a diverse range of shopping centers, malls, and mixed-use developments, catering to the evolving needs of consumers and retailers alike.

1. Octank Galleria, Los Angeles

Situated in the heart of Los Angeles, Octank Galleria is a premier shopping destination that combines luxury retail, dining, and entertainment under one roof. This 1.2 million square foot mall features an impressive array of high-end boutiques, department stores, and specialty shops, attracting both locals and tourists alike. With its sleek design, upscale ambiance, and prime location, Octank Galleria has become a landmark in the city's retail landscape.

2. Octank Promenade, Miami

Embracing the vibrant culture and lifestyle of Miami, Octank Promenade is a mixed-use development that seamlessly blends retail, residential, and office spaces. This pedestrian-friendly complex features a diverse mix of retailers, ranging from trendy boutiques to national chains, as well as a variety of dining options and entertainment venues. Octank Promenade's open-air design and lush landscaping create a unique shopping experience that captures the essence of South Florida living.

III. Residential Properties

A. Multifamily Complexes

Octank Financial's residential portfolio encompasses a range of multifamily complexes that cater to diverse housing needs and lifestyles.

1. Octank Residences, Chicago

Located in the heart of downtown Chicago, Octank Residences is a luxury high-rise apartment complex that offers unparalleled amenities and breathtaking views of the city skyline. With over 500 units ranging from studios to penthouses, this development caters to urban professionals and families seeking a sophisticated living experience. Octank Residences boasts state-of-the-art fitness centers, rooftop lounges, and concierge services, ensuring a premium lifestyle for its residents.

2. Octank Villas, Austin

Embracing the vibrant culture and outdoor lifestyle of Austin, Octank Villas is a gated community of upscale townhomes and garden-style apartments. This development features resort-inspired amenities, including swimming pools, hiking trails, and a fully equipped clubhouse. Octank Villas offers a serene and family-friendly environment while being conveniently located near major employment hubs and entertainment districts.

B. Single-Family Homes

Octank Financial's residential portfolio also includes a selection of high-end single-family homes catering to discerning homebuyers seeking luxury living.

1. Octank Estates, Scottsdale

Nestled in the picturesque desert landscape of Scottsdale, Arizona, Octank Estates is an exclusive gated community of custom-built luxury homes. This development features spacious lots, meticulously designed homes with modern architectural styles, and a range of upscale amenities, including a private golf course, clubhouse, and recreational facilities. Octank Estates offers a prestigious lifestyle for those seeking privacy, luxury, and a connection with nature.

2. Octank Waterfront, Miami Beach

Embracing the coastal lifestyle of Miami Beach, Octank Waterfront is a collection of luxurious waterfront homes that offer breathtaking views of the Atlantic Ocean and Biscayne Bay. These meticulously designed residences feature open floor plans, high-end finishes, and private docks or boat slips, catering to those who appreciate the finer things in life. Octank Waterfront provides a serene and exclusive living experience while being conveniently located near the vibrant entertainment and dining scenes of Miami Beach.

IV. Industrial and Logistics Properties

A. Distribution Centers

Octank Financial's industrial portfolio includes strategically located distribution centers that cater to the ever-growing demand for efficient logistics and supply chain operations.

1. Octank Logistics Park, Dallas

Situated in the heart of the Dallas-Fort Worth metroplex, Octank Logistics Park is a state-of-the-art distribution hub that spans over 2 million square feet. This facility features cutting-edge automation systems, advanced security measures, and direct access to major transportation routes, making it an ideal location for companies seeking streamlined logistics operations. Octank Logistics Park is designed to accommodate a wide range of industries, from e-commerce to manufacturing, ensuring

efficient distribution and delivery across the region.

2. Octank Intermodal Center, Atlanta

Located in the bustling logistics hub of Atlanta, Octank Intermodal Center is a multimodal facility that seamlessly integrates rail, truck, and air transportation. This 1.5 million square foot complex features advanced material handling systems, cross-docking capabilities, and direct access to major highways and rail lines. Octank Intermodal Center is designed to facilitate the efficient movement of goods across the country, catering to the needs of various industries, including automotive, consumer goods, and electronics.

B. Manufacturing Facilities

Octank Financial's industrial portfolio also includes state-of-the-art manufacturing facilities that cater to the needs of various industries.

1. Octank Precision Manufacturing, Detroit

Situated in the heart of the automotive manufacturing hub of Detroit, Octank Precision Manufacturing is a cutting-edge facility that specializes in the production of high-precision components and assemblies for the automotive industry. This 1 million square foot facility features advanced robotics, automated production lines, and stringent quality control measures, ensuring the highest standards of manufacturing excellence. Octank Precision Manufacturing is a key supplier to several major automotive manufacturers, contributing to the region's legacy of innovation and manufacturing prowess.

2. Octank BioTech Campus, Boston

Located in the renowned biotechnology corridor of Boston, Octank BioTech Campus is a state-of-the-art research and development facility dedicated to the advancement of life sciences and biotechnology. This 500,000 square foot campus features cutting-edge laboratories, clean rooms, and specialized equipment, enabling groundbreaking research and development in fields such as pharmaceuticals, medical devices, and biotechnology. Octank BioTech Campus attracts top talent from around the world, fostering collaboration and innovation in the pursuit of scientific breakthroughs.

V. Sustainable Practices and Environmental Initiatives

Octank Financial is committed to sustainable practices and environmental stewardship across its property portfolio. The company has implemented various initiatives to reduce its carbon footprint, promote energy efficiency, and minimize its environmental impact.

A. Green Building Certifications

Many of Octank Financial's properties have achieved prestigious green building certifications, such as LEED (Leadership in Energy and Environmental Design) and Energy Star. These certifications recognize the implementation of sustainable design principles, energy-efficient systems, and environmentally responsible practices throughout the construction and operation of the buildings.

B. Renewable Energy Initiatives

Octank Financial has invested in renewable energy sources, such as solar panels and wind turbines, to power a portion of its properties. These initiatives not only reduce the company's reliance on fossil fuels but also contribute to the overall reduction of greenhouse gas emissions.

C. Water Conservation Measures

Water conservation is a priority for Octank Financial, and the company has implemented various measures to reduce water consumption across its properties. These measures include the installation of low-flow fixtures, efficient irrigation systems, and rainwater harvesting systems for landscaping purposes.

D. Waste Management and Recycling Programs

Octank Financial has implemented comprehensive waste management and recycling programs across its properties. These programs aim to divert waste from landfills by promoting recycling, composting, and responsible disposal practices. Additionally, the company encourages its tenants and residents to adopt sustainable waste management practices.

VI. Community Engagement and Social Responsibility

Octank Financial recognizes the importance of being a responsible corporate citizen and actively engages with the communities in which its properties are located.

A. Community Outreach Programs

The company supports various community outreach programs, such as educational initiatives, youth mentorship programs, and charitable organizations. These efforts aim to positively impact the lives of individuals and families in the surrounding communities.

B. Local Partnerships and Collaborations

Octank Financial actively collaborates with local organizations, businesses, and government agencies to promote economic development, job creation, and community revitalization efforts. These partnerships foster a sense of community and contribute to the overall well-being of the areas where the company operates.

C. Diversity and Inclusion Initiatives

Octank Financial is committed to promoting diversity and inclusion within its workforce and the communities it serves. The company supports initiatives that foster equal opportunities, celebrate cultural diversity, and promote inclusivity in all aspects of its operations.

VII. Future Growth and Expansion

Octank Financial's property portfolio is continuously evolving, with a strategic focus on identifying new investment opportunities and expanding its footprint in key markets.

A. Acquisition and Development Plans

The company actively seeks to acquire and develop properties in high-growth markets, both domestically and internationally. This includes exploring opportunities in emerging sectors, such as data centers, life sciences, and mixed-use developments, to diversify its portfolio and capitalize on emerging trends.

B. Strategic Partnerships and Joint Ventures

Octank Financial recognizes the value of strategic partnerships and joint ventures as a means of leveraging expertise, resources, and market knowledge. The company actively seeks collaborations with reputable developers, investors, and industry leaders to pursue mutually beneficial projects and ventures.

C. Innovation and Technology Integration

Embracing innovation and technology is a key priority for Octank Financial. The company continuously explores and implements cutting-edge technologies, such as smart building systems, automation, and data analytics, to enhance the efficiency, sustainability, and user experience across its property portfolio.

VIII. Conclusion

Octank Financial's diverse and extensive property portfolio is a testament to the company's commitment to strategic investments, sustainable practices, and community engagement. With a focus on quality, innovation, and long-term growth, Octank Financial continues to shape the landscape of the real estate industry, providing exceptional value to its stakeholders and contributing to the economic and social fabric of the communities it serves.

Leases under NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Leases

Octank Financial Corporation and its subsidiaries (collectively, the "Company") lease certain office spaces, equipment, and other assets under various operating and finance lease arrangements. The Company determines if an arrangement is a lease at inception. Leases are included in right-of-use ("ROU") assets, current operating lease liabilities, and non-current operating lease liabilities on the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. The ROU asset also includes any lease payments made at or before the commencement date and any initial direct costs incurred. The lease terms used to calculate the ROU asset and related lease liability include options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

Operating lease ROU assets are presented separately on the consolidated balance sheets. Finance leases are included in property and equipment on the consolidated balance sheets. Operating lease liabilities are presented separately as current and non-current liabilities on the consolidated balance sheets.

Operating Leases

The Company leases office spaces, data centers, and equipment under various non-cancelable operating leases. These leases have remaining lease terms ranging from 1 to 10 years, some of which include options to extend the leases for up to 5 years.

As of December 31, 2022, the Company had operating lease ROU assets of \$87.6 million and operating lease liabilities of \$92.3 million, of which \$18.2 million was current and \$74.1 million was non-current. During the year ended December 31, 2022, the Company recognized operating lease costs of \$22.4 million, which were included in occupancy and equipment expenses in the consolidated statements of operations.

The weighted-average remaining lease term for operating leases as of December 31, 2022, was 5.2 years, and the weighted-average discount rate was 4.8%.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2022, were as follows (in thousands):

2023: \$20,500
2024: \$19,300
2025: \$17,800
2026: \$15,200
2027: \$12,600
Thereafter: \$22,400

Total future minimum lease payments: \$107,800
Less: imputed interest: \$(15,500)
Total operating lease liabilities: \$92,300

Finance Leases

The Company also leases certain equipment under various non-cancelable finance leases. These leases have remaining lease terms ranging from 2 to 5 years.

As of December 31, 2022, the Company had finance lease ROU assets of \$6.2 million, which were included in property and equipment, net, on the consolidated balance sheets. The Company had finance lease liabilities of \$6.5 million, of which \$2.1 million was current and \$4.4 million was non-current.

During the year ended December 31, 2022, the Company recognized finance lease costs of \$1.8 million, which included \$1.2 million of amortization expense and \$0.6 million of interest expense. These costs were included in depreciation and amortization expense and interest expense, respectively, in the consolidated statements of operations.

The weighted-average remaining lease term for finance leases as of December 31, 2022, was 3.7 years, and the weighted-average discount rate was 5.2%.

Future minimum lease payments under non-cancelable finance leases as of December 31, 2022, were as follows (in thousands):

2023: \$2,300
2024: \$2,100
2025: \$1,600
2026: \$900
2027: \$200
Total future minimum lease payments: \$7,100
Less: imputed interest: \$(600)
Total finance lease liabilities: \$6,500

Lease Commitments

As of December 31, 2022, the Company had additional operating lease commitments of \$15.7 million for leases that had not yet commenced, primarily related to new office spaces. These leases are expected to commence between 2023 and 2024, with lease terms ranging from 5 to 10 years.

Sale-Leaseback Transactions

During the year ended December 31, 2022, the Company completed two sale-leaseback transactions involving certain office buildings and data centers. The Company received total proceeds of \$48.5 million from the sales and recognized total gains of \$12.8 million, which were included in other income, net, in the consolidated statements of operations.

The Company leased back the properties under operating leases with initial terms ranging from 8 to 10 years. The Company recognized ROU assets and lease liabilities of \$35.7 million and \$37.2 million, respectively, related to these sale-leaseback transactions as of December 31, 2022.

Lessor Arrangements

The Company also enters into arrangements to sublease certain office spaces to third parties. These sublease arrangements are classified as operating leases, and the Company recognizes sublease income on a straight-line basis over the lease term.

During the year ended December 31, 2022, the Company recognized sublease income of \$3.2 million, which was included in other income, net, in the consolidated statements of operations.

As of December 31, 2022, the Company had undiscounted future cash inflows of \$9.8 million related to non-cancelable operating subleases, which are expected to be received as follows (in thousands):

2023: \$3,100

2024: \$2,900

2025: \$2,400

2026: \$1,200

2027: \$200

Significant Judgments and Estimates

The Company's lease accounting policies require significant judgments and estimates, including the determination of whether a contract contains a lease, the allocation of contract consideration between lease and non-lease components, the determination of the lease term, and the determination of the incremental borrowing rate used to measure lease liabilities.

According to PersonA, the Chief Financial Officer of Octank Financial, "The determination of whether a contract contains a lease is a critical judgment that requires an evaluation of whether the Company has the right to control the use of an identified asset for a period of time in exchange for consideration. We carefully assess each arrangement to determine if it meets the criteria to be accounted for as a lease."

PersonB, the Vice President of Corporate Real Estate, added, "The allocation of contract consideration between lease and non-lease components can also be complex, particularly for arrangements involving multiple components. We apply judgment in determining the appropriate allocation methodology and standalone prices for each component."

The determination of the lease term is another area that requires significant judgment, as it involves assessing the likelihood of exercising renewal or termination options. "We consider all relevant economic factors, including any significant economic incentives or penalties, to determine the lease term that is reasonably certain," explained PersonC, the Director of Lease Accounting.

Finally, the incremental borrowing rate used to measure lease liabilities is a critical estimate that requires consideration of the Company's credit rating, the lease term, and the economic environment. "We work closely with our treasury team to determine an appropriate incremental borrowing rate for each lease, taking into account the specific circumstances and characteristics of the arrangement," said PersonA.

The Company's lease accounting policies and judgments are reviewed and approved by the Audit Committee of the Board of Directors on an annual basis to ensure compliance with accounting standards and appropriate oversight.