



odeabank

2020 ANNUAL REPORT

01	SECTION 1: INTRODUCTION	
	Chairman's Message	04
	CEO's Message	07
	Odeabank in Brief	08
	Capital and Shareholding Structure	10
	About Bank Audi Group	11
	Turkish Economy and Turkish Banking Sector in 2020	12
	Financial Indicators	14
	Our Vision, Mission, Values and Strategic Goals	15
02	SECTION 2: 2020 ACTIVITIES	
	Commercial Banking	18
	Retail Banking	21
	Treasury, Capital Markets and Financial Institutions	24
	Technology and Operations	26
	Credits	32
	Remedial and Recovery Management	34
	Finance, Financial Control, Budget and Strategic Planning	36
	Legal Department	38
	Human Resources	39
	Sustainability Approach	42
	Corporate Social Responsibility	44
	Contributions to Art and Culture	45
03	SECTION 3: SENIOR MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES	
	Board Members, Senior Management (Executive Committee Members) and Auditors	48
	Committees	59
	Information on the Participation of the Board of Directors and Committee Members at the Respective Meetings	61
	Committee Meetings	63
	Managers of Internal Systems Units	64
	Board of Directors Summary Report Presented to the General Assembly	66
	Explanation on the Risk Group of the Bank	67
	Information on Outsourced Operations and the Individuals and Organizations Supplying the Outsourced Services	69
	Awards	71
04	SECTION 4: FINANCIAL INFORMATION AND RISK MANAGEMENT ASSESSMENTS	
	Evaluations of the Audit Committee on the Operation of Internal Control, Internal Audit and Risk Management Systems and Assessment of their Activities in the Accounting Period	74
	Information on Odeabank's Financial Status, Profitability and Solvency	78
	Five Year Summary Financial Information	79
	Information and Content on Ratings Provided by Rating Agencies	80
	Statement Concerning the 2020 Annual Report of Odea Bank A.S.	81
	Independent Auditor's Report Regarding the Annual Report of the Board of Directors	82
	Unconsolidated Financial Statements and Related Disclosure at December 31, 2020 Together with Auditor's Report	83

AS TURKEY’S YOUNG, DYNAMIC BANK,

**WE INTRODUCE OUR CUSTOMERS TO A
SPECIAL BANKING APPROACH AND OFFER
MORE THAN WHAT IS SEEN, THANKS TO THE
INNOVATIVE AND PERSONALIZED BANKING
STRATEGY LAUNCHED ON OUR FIRST DAY.**

**WE ARE PROUD TO BE THE YOUNGEST PRIVATE
DEPOSIT BANK LISTED AMONG TURKEY’S
STRONGEST AND MOST VALUABLE BRANDS BY
BRAND FINANCE, THE INDEPENDENT BRAND
RATING INSTITUTION.**



01

INTRODUCTION

CHAIRMAN'S MESSAGE

AT ODEABANK, WE ARE FOCUSED MORE THAN EVER ON HOW WE CAN SUPPORT OUR CUSTOMERS AND SOCIETY WHEN ADAPTING TO THE “NEW NORMAL.”

Dear Shareholders,

The Covid-19 pandemic started to affect the entire world during the first quarter of 2020. This major global event remains the greatest challenge of the current century for financial institutions. The pandemic has caused extreme uneasiness and economic distress for consumers, businesses and communities alike. Fiscal stimulus and monetary expansion policies, unprecedented in size and scale, were widely implemented to reduce the severe economic effects of the pandemic. Despite the fact that financial support packages and complementary monetary policy have somewhat prompted a global economic recovery, the return to a pre-pandemic normal is likely to be prolonged and indeterminate.

Since March 2020, the pandemic has cast its shadow across Turkey, resulting in economic restrictions and shutdowns in April. Since the onset, intensive supportive measures were taken covering both fiscal stimulus and expansionary monetary policies. As restrictions were eased Turkey's economy has experienced an ongoing V-shaped recovery since June. Proactive macroprudential measures continue to be implemented in the banking sector to reduce the operational impacts of the pandemic and boost further liquidity across banks.

At Odeabank, we are focused more than ever on how we can support our customers and society when adapting to the “new normal.”

Although uncertainties and volatility remain due to the pandemic, we at Odeabank believes that the fundamentals of Turkey's economy are sound and look forward to the new opportunities the Turkish economy and the banking industry will have to offer during the emerging “new normal.”

Odeabank derives strength from its solid shareholder structure including primarily Bank Audi as well as supranational financial institutions. With that in mind, Odeabank's objective continues to revolve around creating added value with its effective decision-making mechanism and robust self-funding balance sheet.

On the social responsibility level, we proudly executed many activities during the fiscal year 2020 as part of our commitment to support the Turkish society. During the year, Odeabank donated TL 1 million to the Ministry of Family, Labor and Social Services to combat the Covid-19 pandemic. We also contributed 5,000 saplings to offset the effect of forest fires in Hatay. We also implemented the “Fair Tales” initiative aiming at reinforcing the societal roles of men and women early on at their source in tales read during childhood, so that those stories contribute to a more equitable future. Since 2017, Odeabank has also cooperated with TEMA Foundation in a unique green initiative whereby Bank's Oksijen Account holders had the opportunity to donate saplings to the foundations' nature awareness project while promoting children's education on the natural environment. In 2020, Odeabank contributed 500 saplings to the TEMA Foundation as part of social media efforts related to Oksijen Account, which celebrated its sixth anniversary this reporting year.

Last and not least, I would like to once again extend my thanks to our employees for their devoted efforts and high quality of services, our customers for their loyalty, and our shareholders for their unwavering support.

Sincerely,

DR. IMAD ITANI

Bank Audi S.A.L. Board Member
Odeabank Chairman





CEO'S MESSAGE

AS ODEABANK, WE CONTINUED TO CONTRIBUTE TO THE NATIONAL ECONOMY IN 2020, THANKS TO A STRONG CAPITAL STRUCTURE AND SHAREHOLDER'S EQUITY ACHIEVED BY CLOSELY FOLLOWING POLICIES AND DYNAMICS IN THE WORLD AND TURKEY.

Dear Shareholders,

The year 2020 was shaped by the ongoing effects of the Covid-19 pandemic and efforts to create a new normal. As we seek to develop a new model of living that both protects public health and preserves our social and economic lives, we also are striving to adapt our banking system to this new model of living.

Although mitigation measures reduced the impact of Covid-19 and allowed economic activities to resume, a further increase in cases caused a continuation of uncertainties regarding the normalization process. In this uncertain environment, the Central Bank tightened its monetary policy and increased the policy interest to reduce the pandemic's negative impact on the economy resulting sharp movements in exchange and interest rates. With the acceleration of vaccination studies, investors are regaining confidence – subsequently, greater predictability offers signals towards an acceleration in investments.

As Odeabank, we continued to contribute to the national economy with our strong capital structure and shareholder's equity in 2020 by closely following policies and dynamics in the world and in Turkey. As well, we proudly delivered on our commitment to creating added value for our shareholders in the 2020 activity period as a result of these efforts.

In order to place Odeabank in the best position in the sector, we will continue to work to achieve our future goals with our belief in efficiency and productivity, our valuable customer base, and the support of our shareholders and our expert staff.

In 2020, we continued to take steps towards a healthy and steady performance, focusing on our strategy to become the best investment products bank. Channeling our customer-oriented banking approach to added-value areas, we leverage developments in technology and strive for sustainable, innovative solutions and digitalization in all business lines. We continue to offer our products and services to exporters to increase foreign trade in compliance with the growth plans of our country's economy. We will continue to contribute to the Turkish economy by expanding our cash and non-cash loan portfolio.

As part of our Digital Banking vision, we continue to provide end-to-end solutions to address the diverse needs of corporate and retail customers through Digital Integration and Information Technologies solutions. We are among the banks that have adapted quickly to the new normal, thanks to our leading technology and applications in digital banking. Current global trends indicate that the process of adaptation to the new normal in the sector will continue. In this period when digitalization is increasing, we will continue to contribute to our customers and to our sector with new activities and applications.

In 2020, we achieved strong financial results. Our loans reached a net of TL 19.4 billion and our deposits reached TL 25.6 billion. While our gross loan-to-deposit ratio equaled 82.9%, the Bank continued to maintain a robust balance sheet structure that can fund itself. In line with our long-term goals, we continue to expand the funding base and increase diversity. The provisions and our pre-tax profit are TL 949 million, and our principal capital ratio stands at 11.95%, thanks to proper management of our asset structure and strong equity structure, while our capital adequacy ratio remains above the sector average with 19.82%.

Our lean organizational structure, which embraces a customer-focused approach to banking and aims to drive value-added development, will be the main propellant boosting the Bank's potential.

Fully confident in Turkey's future and its great potential, we at Odeabank will continue our efforts to create added value. Thanks to its strong capital structure, our Bank can weather any storm and greets the upcoming period with confidence.

In this period when we celebrate our eighth anniversary as the young and dynamic bank of Turkey, I would like to thank all my colleagues for their devoted and professional work, our partners for their continuous support and, most importantly, our customers, who have always trusted and made us stronger.

Sincerely,

MERT ÖNCÜ
CEO and Board Member

ODEABANK IN BRIEF

ODEABANK HAS CONSISTENTLY RAISED CUSTOMER SATISFACTION BY EXHIBITING A SUCCESSFUL PERFORMANCE FROM ITS FIRST DAY OF BUSINESS.



Odeabank is the Turkish subsidiary of the Bank Audi Group - one of the leading banks of the Middle East and the strongest financial institution of Lebanon.

Odeabank was founded in 2012 as the first bank to have received a license from scratch after 15 years in the Turkish banking sector. Entering as the 49th player in the Turkish banking sector, the Bank now ranks among the top ten banks in asset size, having achieved an elevenfold increase in asset size in just four years.

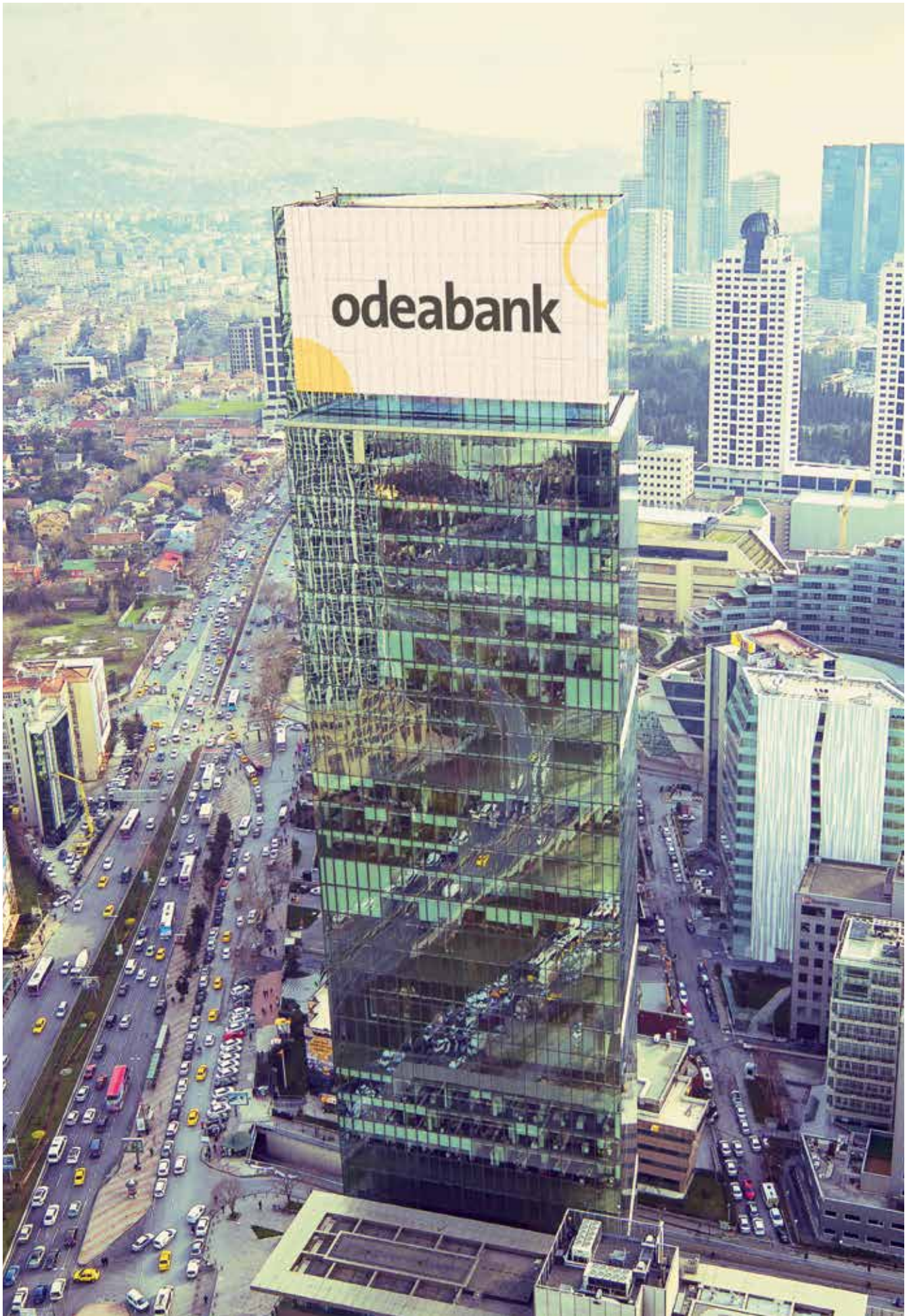
Operating with 48 branches and a total of 1,109 employees across the country, Odeabank made a point of taking steps that will carry its customers, shareholders and our country forward with its customer-focus strategy. The Bank conducts commercial and retail banking operations.

Odeabank, a dynamic member of the Turkish banking sector, celebrated its 8th anniversary in Turkey in 2020. As in the previous 8 years, it will continue to make contributions to the national economy by strengthening its value and position in the sector every year with its strong capital structure and expert staff in the upcoming period.

Maintaining its special position among private deposit banks with an asset size of TL 40 billion as of December 31, 2020, the Bank has become one of the most innovative and competitive banks in Turkey in a short time thanks to its successful strategy. Through customer and service-oriented activities, Odeabank has increased its customers steadily, while maintaining development efforts and innovations for digital banking channels to address customer needs swiftly, easily and smoothly.

In line with its new business strategies, Odeabank focuses on serving the value-added export and production sectors and companies with a broad product range, and looks confidently to the coming period, ready to meet changing conditions with its high liquidity and strong capital structure.

As Turkey's young and dynamic bank, Odeabank believes in the future and the high potential of Turkey, and thus will continue to improve its business model and work to provide all stakeholders with further added value.



CAPITAL AND SHAREHOLDING STRUCTURE

HEADQUARTERED IN ISTANBUL, THE BANK HAS 48 BRANCHES AND 1,109 EMPLOYEES IN TURKEY AS OF DECEMBER 31, 2020. THE BANK HAS BEEN AUTHORIZED AND ORGANIZED TO ENGAGE IN COMMERCIAL AND RETAIL BANKING ACTIVITIES WITHIN THE FRAMEWORK OF THE BANKING LAW ARTICLE 4.

Shareholders	Number of Shares	Share Price (TL)	Shareholding Ratio
Bank Audi S.A.L	2,513,293,000	2,513,293,000	76.42%
European Bank for Reconstruction and Development	263,394,000	263,394,000	8.01%
International Finance Corporation	209,251,900	209,251,900	6.36%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131,697,000	131,697,000	4.00%
IFC FIG Investment Company S.a.r.l	112,674,100	112,674,100	3.43%
Mr. Mohammad Hassan Zeidan	58,532,000	58,532,000	1.78%
TOTAL	3,288.842,000	3,288.842,000	100.00%

Neither board members nor senior managers are the Bank's shareholders.

ARTICLES OF ASSOCIATION

The above-mentioned shareholding structure has been reflected in Article 7 of the Bank's Articles of Association in accordance with the Banking Regulation and Supervision Agency of Turkey resolution dated March 7, 2018, and numbered E-3272, approving the relevant amendment in Article 7 to the Bank's Articles of Association.

BRANCH NETWORK AND PERSONNEL INFORMATION

Headquartered in Istanbul, the Bank has 48 branches and 1,109 employees in Turkey as of December 31, 2020. The Bank has been authorized and organized to engage in commercial and retail banking activities within the framework of the Banking Law Article 4. The Bank does not have any direct subsidiaries operating in the financial sector.



ABOUT BANK AUDI GROUP

BANK AUDI GROUP IS A LEADING LEBANES BANKING GROUP WITH FOOTPRINTS IN EUROPE, THE MENA REGION AND TURKEY.



Bank Audi is a leading Lebanese banking group with a universal banking profile. Based on a diversified universal model, it operates principally in Lebanon with footprints in the Middle East and North Africa (MENA) region, in Europe and in Turkey. The Bank offers universal financial products and services including Corporate, Commercial, Retail and Personal, and Private Banking services in addition to capital market activities and factoring.

As at end-September 2020, based on unaudited financial statements, Bank Audi's consolidated assets reached USD 35.2 billion, principally driven by private customers' deposits of USD 26.5 billion, with shareholders' equity reaching USD 3.0 billion.

Today, Bank Audi Group boasts one of the largest branch networks in Lebanon, covering the Greater Beirut area and other strategic regions in Lebanon. The Bank has also two principal subsidiaries in the MENA region outside Lebanon, two principal subsidiaries in Europe and one in Turkey.

Founded in 1830, Bank Audi Group was incorporated in its present form in 1962 as a private joint stock company with limited liability (société anonyme libanaise) for a period of 99 years. The initial shareholders of the Bank were members of the Audi family, together with Kuwaiti investors. Since 1983, the shareholder base has expanded and, today, the Group's shareholder base encompasses more than 1,500 holders of common shares and/or holders of Global Depositary Receipts (GDR), which represent common shares. The Bank's common shares including its GDRs are listed on the Beirut Stock Exchange.

¹ Based on the applicable official exchange rate of 1 USD = 1,507.5 LBP

TURKISH ECONOMY AND TURKISH BANKING SECTOR IN 2020

EFFECTIVE MITIGATION MEASURES ENABLED THE TURKISH ECONOMY TO ENTER A RAPID RECOVERY PROCESS IN EARLY JUNE, WITH INDUSTRIAL PRODUCTION, CAPACITY UTILIZATION RATES, PMI AND OTHER INDICATORS APPEARING MORE POSITIVE.



TURKISH ECONOMY

In the Turkish economy, the recession process beginning in the second half of 2018 continued through the first half of 2019. In the second half of the year, interest rates started to decline and the recovery process to become evident, thanks to increased stability in exchange rates and the decline in inflation. Growing by 0.9% in 2019, the Turkish economy gained momentum at the beginning of 2020 and grew by 4.5% in the first quarter.

The Covid-19 pandemic began impacting the Turkish economy in the second quarter of the year. National and global measures against the pandemic precipitated a reduction in domestic and foreign demand; accordingly, the economy shrank by 9.9%

in the second quarter and by 3.1% in the first half of 2020. Effective mitigation measures enabled the Turkish economy to enter a rapid recovery process in early June, with industrial production, capacity utilization rates, PMI and other indicators appearing more positive.

Annual consumer inflation, which was flat in the first quarter of 2020, rose to 12.62% in the second quarter of 2020, as a result of an increase in unit costs due to the pandemic and rising food prices due to unprocessed products. It is expected that the supply-side factors that are effective in the short term, through the measures associated with the pandemic, will gradually disappear as the normalization process proceeds and inflation will show a downward trend.

A strong V-type recovery was observed in the economy in the third quarter of the year. Tourism, among the sectors most affected by the pandemic, started to arise in the third quarter of the year as borders reopened. Third quarter indicators suggest that uncertainty in the investment environment will diminish and a recovery observed in the second half of the year, particularly in construction and machinery, and equipment investments. The Turkish economy grew by 6.7% compared to the same period of the previous year in the third quarter of 2020, as the pandemic's negative effects eased and the recovery process accelerated. With this performance, Turkey became the fastest growing of the G-20 countries in the third quarter.

As of the last quarter of the year, annual inflation amounted to 14.6% in consumer prices.

Despite the pre-existing fragility in Turkey, the financial measures taken during the pandemic have led to a recovery in the economy. The tightening process of the monetary policies since end-2020 and the relaxation of temporary regulatory measures have limited the pressure placed on Turkish lira. It is expected that the structural reforms will promote consolidation and financial risks will diminish, thus there will be a positive growth in the economy.

TURKISH BANKING SECTOR

The Turkish banking sector, which had sustained minimal damage during the economic turmoil of 2018-2019, signaled that a resumption of growth was imminent as financial conditions restabilized in early 2020. However, the onslaught of the Covid-19 pandemic in early 2020 had a significant impact on the Turkish economy, especially in the second quarter of the year, with almost every nation in the world compelled to take a series of protective measures to control the spread of the pandemic. Strict measures such as travel prohibitions, business closures, social isolation, and curfews brought most sectors in the economy to a standstill.

The banking sector responded to these variables and volatility in 2020 and acted in accordance with sectoral competition conditions. The effects of potential crises in the national economy can be mitigated by the banking sector, which has a strong structure. The Central Bank of the Republic of Turkey (CBRT) and supervisory authorities have taken certain measures and actions to shield the sector and contribute to the national economy. In 2020, the Central Bank changed monetary policy instruments, took measures to increase liquidity, and increased the required foreign currency reserve ratios. The Banking Regulation and Supervision Agency (BRSA) also took measures to relieve the economy, offering flexibility in the calculation rules of certain ratios such as deferred loan payments and the number of legal default days, liquidity fulfillment and capital adequacy. Moreover, in the second quarter of 2020, the BRSA implemented an asset ratio calculation that encouraged the sector to grant more loans. This practice was terminated by the end of 2020.

According to BRSA data, a slowdown was observed in loan growth in the banking sector in 2019, with growth was realized as 10.9%. In 2020, loan growth rose to 35%, despite challenging conditions and the effects of the Covid-19 pandemic. An increase was experienced, especially in June, in the amount of loans granted, by lowering interest rates and increasing maturities in housing loans for new and secondhand sales via public banks.

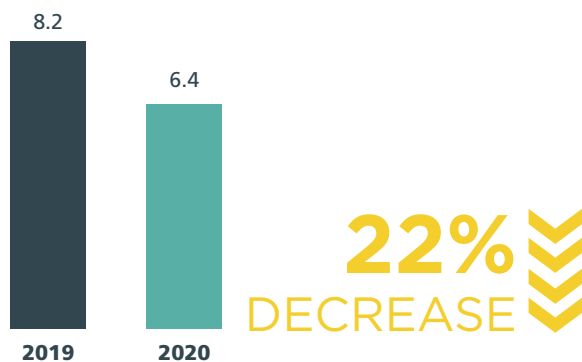
The amount of deposits, which grew by 26% in 2019, increased by 35% in 2020. While there was an increase of 17% in FX deposits in 2019, which remained the same in 2020. The loan/deposit ratio was 103% at the end of 2019 and realized as 103.5% at the end of 2020, but the TL loan/deposit ratio increased from 130% to 152% in 2020.

Although national growth is likely to fall below the expectations set at the beginning of the year, due to the pandemic, the V-shaped recovery trend, which started especially after the third quarter, is expected to have a positive effect on growth in 2021. While the Turkish banking sector is expected to post a rebalancing year in parallel with overall economic developments, FX-adjusted loan and deposit growth rates are projected to recover, to some extent.

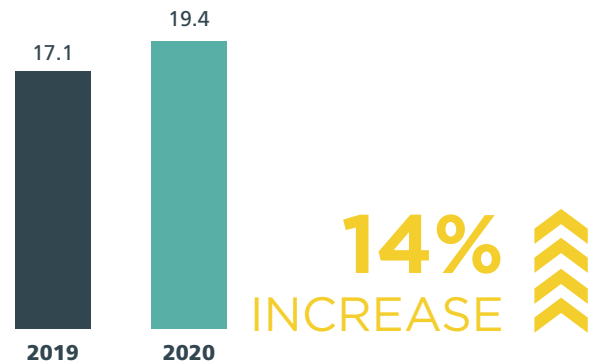
FINANCIAL INDICATORS

ODEABANK'S PRIMARY LIQUID ASSETS WERE TL 6.4 BILLION AT THE END OF 2020.

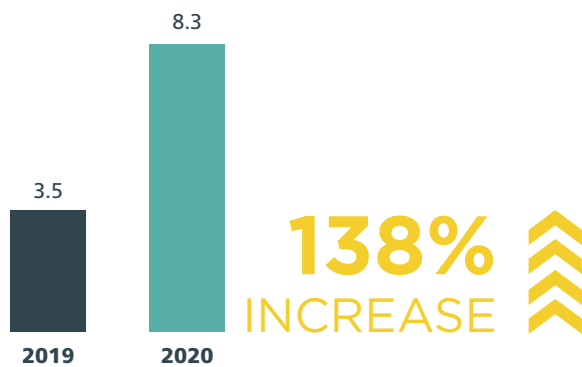
PRIMARY LIQUID ASSETS (TL BILLION)



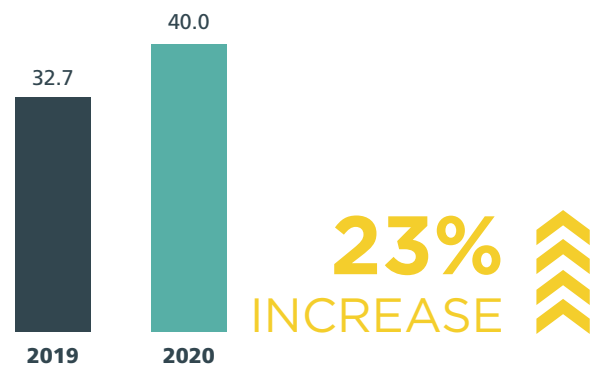
NET LOANS (TL BILLION)



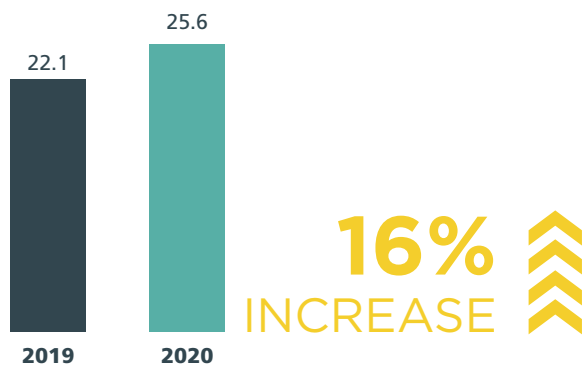
SECURITIES (TL BILLION)



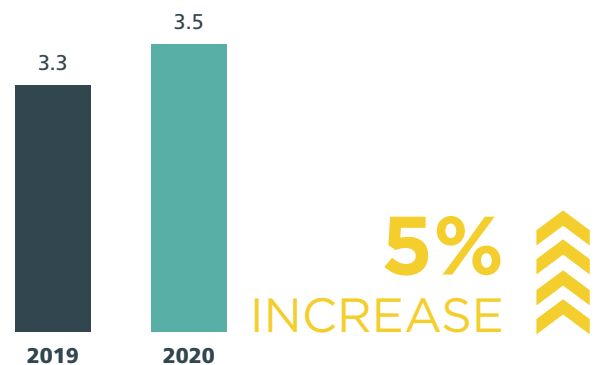
TOTAL ASSETS (TL BILLION)



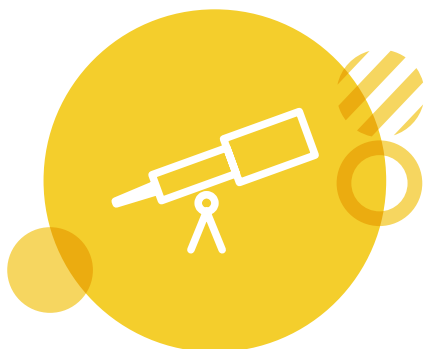
DEPOSITS (TL BILLION)



SHAREHOLDER'S EQUITY (TL BILLION)

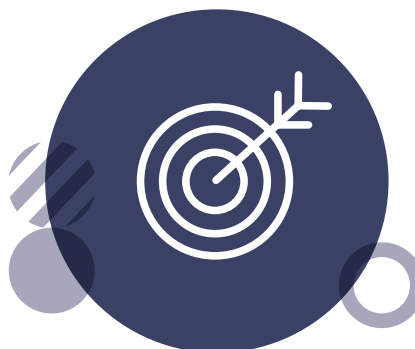


OUR VISION, MISSION, VALUES AND STRATEGIC GOALS



OUR VISION

To become the first bank that comes to mind for the banking needs of everyone who prioritize their life and time.



OUR MISSION

To invest in the best, aim to provide total satisfaction to our stakeholders and over them a concept of banking that places their lives at the center of our operations.



OUR VALUES

Customer-Focus

Customers are our core focus in all of our business endeavors; we identify their needs with a holistic approach and strive to become their ideal solution partner.

Employee Satisfaction

We value our employees, treat them fairly, and establish an open and transparent communication environment for all employees.

Passion to Succeed

We work with superior performance, passion and enthusiasm to attain the best outcome at all times and to achieve and sustain success and ensure the satisfaction of our clients.

Innovation

We are always one step ahead of the competition by using advanced technology to create effective business processes and delivering quality products and services for our customers.

High-Quality and Unique

We always invest in the best. We dare to be different, pioneer the industry and act with ambition. We embrace standards of quality to ensure sustainability.



OUR STRATEGIC GOALS

For Our Customers

To become a bank that can identify its customers' needs accurately and increase their quality of life to make them feel special and become their indispensable business partner.

For Our Employees

To become a Bank where each and every employee will be proud to be a part of, treated fairly, and are given the opportunity to improve themselves and achieve their career goals.

For Our Society

To become a Bank that is sensitive towards the needs of the community in which it operates, aware of the duties of being a corporate citizen, and determined to improve the prosperity of the society.

For Our Sector

To become a dynamic and innovative Bank in the sector with its technological infrastructure, efficient service approach and experienced human resources.



02

**2020
ACTIVITIES**



COMMERCIAL BANKING

IN ADDITION TO STRENGTHENING ITS LONG-TERM RELATIONSHIPS WITH EXISTING CLIENTS, THE COMMERCIAL BANKING CONTINUES TO EXPAND ITS PORTFOLIO WITH NEW CLIENT ACQUISITIONS.



Commercial Banking, elaborates creating needed financial supports while realizing its activities in a fast and customer-oriented way. In addition to strengthening its long-term relationships with existing clients, the Bank continues to expand its portfolio with new client acquisitions. As a result of these intense efforts, Commercial Banking achieved a steady growth in its loan volume in 2020. Offering value-added services to its customers in 13 cities via five Commercial Centers, 13 Commercial Branches, and expert teams constituting professional human resources, Commercial Banking offers cash loans, foreign trade financing, letters of guarantee, cash management solutions, and treasury products.

From March 2020, Commercial Banking has maintained its support of commercial activities for companies throughout the global pandemic process, understanding the financial needs of its clients and offering them the right financial resources.

Commercial Banking aims to expand the cash and non-cash loan portfolio in 2021 in parallel with the macro goals of Turkey while optimizing business opportunities amid evolving market conditions, developing cross-sales opportunities to customers, and maintaining sectoral diversification. The Unit will continue

to work towards making its services the leading and most preferred in the banking sector by creating sustainable achievement and high-quality brand image and value.

The Commercial Banking structure is composed of the following departments.

MARKETING AND SALES

Marketing and Sales Unit visits branches and customers to closely follow up the needs of the customers and the market conditions. The unit coordinates the budget planning and allocation of targets among branches and ensures the management of the sales performance of the branch channel, as well as undertakes the responsibility for centralized pricing.

CASH MANAGEMENT, FOREIGN TRADE, AND INSURANCE

Cash Management

The Odeabank Cash Management Unit performs its activities with the aim of offering products to customers that enable reliable, fast and easy transactions in all kinds of collection and payment processes by using the power of technology.



In 2020, the Unit continued to expand the Direct Debiting System, which financed the trade of the main companies and dealers and increased the number of main companies, sectors and dealers it works with.

The Unit completed the necessary efforts for integration with FAST 24/7 and Easy Address Identification (KOLAS), established by the CBRT and BKM within the scope of its approach on digital transformation, and provided customers with uninterrupted service. Thanks to these improvements, customers of Odeabank have started to match their mobile phones, national ID numbers and e-mail addresses with their IBANs, and pilot tests were performed for 24/7 money transfer.

With the solution it developed for multinational companies seeking to perform banking transactions through Corporate SWIFT, all businesses using Kyriba, the international Treasury and Finance Management application, have the opportunity to make payments via MX format messages sent from the SWIFT system and obtain bank statements via FileAct.

During the pandemic, the necessary activities to carry out all kinds of instructions and transactions permitted by the E-signature Law No. 5070 with electronic or mobile signature were completed upon intense demand by legal entity customers.

Within the scope of diversification of funding sources, the Bank issued a large number of bank bills and collected a significant amount of demand from commercial customers for Odeabank bills. In the same period, repo sales were made to commercial customers for the first time.

In addition to existing services for deposit products, efforts continued to meet the expectations and needs of commercial customers to increase the value of their savings in an optimal manner.

COMMERCIAL BANKING

ODEABANK IS AMONG THE LEADING INTERMEDIARY BANKS EXTENDING REDISCOUNT CREDITS IN TL FROM THE CBRT, TAKING ADDITIONAL MEASURES WITHIN THE SCOPE OF THE COVID-19 PANDEMIC TO FINANCE PAYMENTS INCURRED BY COMPANIES UNDER THEIR COMMERCIAL ACTIVITIES.

The Unit will continue to extend its cooperation with Fintechs in 2021, in particular with the clarification of the legislative infrastructure in Open Banking applications. With the aim of becoming the Bank of Platforms, it will continue to cooperate with expert companies in all transactions involving trade (supplier financing, secondhand stock financing).

Trade Finance and Insurance

Trade Finance and Insurance Unit provides marketing and sales support through a diversified product portfolio for its commercial branches, actively engages in new customer acquisition, deepens the relationship with its existing customer base and leads sales campaigns.

Odeabank develops fast and boutique solutions for trade finance products. The Head Office provides solutions to support import, export and international projects via an extensive branch network and trade finance sales representatives domiciled at branches. In addition to conventional trade finance products, the Bank develops tailor-made products for Odeabank customers in parallel with market dynamics, provides solutions meeting companies' trade finance cycles to meeting potential risks, and creates large operational comfort zones through a branch network covering 80% of Turkish exports, and expertised trade finance sales representatives at branches.

In 2020, the unit continued its efforts to deepen relations with customers in the field of trade finance. It focused on the activities related to exporters, who are the basic actors in the development of the Turkish economy, and mediated the transactions of the customers by using the trade finance opportunities created by Bank Audi's group offices and connections in the Middle East and North Africa Region. In 2021, it will continue to secure and trade finance transactions of customers in many different countries, especially in the MENA Region, together with the global network of the Bank Audi Group.

Odeabank is among the leading intermediary banks extending rediscount credits in TL from the CBRT, taking additional measures within the scope of the covid-19 pandemic to finance payments incurred by companies under their commercial activities. In this context, the Unit continues to support customers, especially SMEs, with TL rediscount credits by

closely monitoring their financial needs. In FX CBRT rediscount credits, on the other hand, it continues to offer financing opportunities to exporters within the daily transaction limits defined for the Bank by the CBRT.

The Unit continued its Trade Finance-focused customer meetings, which used to be held quarterly basis, through online on weekly due to Covid-19 - a first in Turkey. More than 1,500 guests attended these meetings, in which the impact of Covid-19 on macroeconomic indicators in Turkey and the world was discussed, followed by question-and-answer sessions. Prior to the meetings, the meeting agenda was generated, and solutions were offered for the financing needs of the companies according to the results of surveys sent to them. Along with the needs identified during the meetings, region-, city- and sector-specific financing packages will be created and offered to customers. Customer contact and online meetings will continue for the duration of the pandemic process. Trade Finance and Insurance will continue to support financing and guarantee needs in trade finance and insurance issues by maintaining close contact with customers through head office product managers and trade finance sales representatives located in the regions and its branch network, as well as the Trade Finance and Cash Management Call Center which will be launched in 2021.

With the strategic cooperation agreement signed with Marsh Sigorta ve Reasürans Brokerliği A.Ş., one of the leading companies in the insurance sector, the Bank continues to provide services to customers through the branch network with structured products designed to meet the needs of customers.

BUSINESS STRATEGY AND INFRASTRUCTURE

In line with Odeabank's strategy and objectives, the Business Strategy and Infrastructure team ensures coordination for foreign resources, manages infrastructure projects and system developments, provides effective support to the branches against their day-to-day challenges, and monitors and analyzes the market. The team is also in charge of developing tools to monitor performance and improve business processes to boost internal customer satisfaction.

RETAIL BANKING

IN LINE WITH ODEABANK'S GOAL OF BECOMING THE FIRST BOUTIQUE BANK THAT COMES TO MIND IN TERMS OF DEPOSIT AND INVESTMENT, RETAIL BANKING CONTINUED ITS DEVELOPMENT EFFORTS IN INVESTMENT PRODUCTS AND PROCESSES IN 2020.



As of the end of 2020, Retail Banking, operating in 48 branches in 16 cities across Turkey with its experienced staff, has continued to develop structures that will provide the best service in deposit and investment products at every point of contact with customers by improving its service and activity processes. Odeabank's main goal is to provide customers with products and services that are tailored to their needs and establish long-lasting relationships based on trust.

In line with Odeabank's goal of becoming the first boutique bank that comes to mind in terms of deposit and investment, Retail Banking continued its development efforts in investment products and processes in 2020. Carried out with this vision, a significant part of the investment platform activities was completed and put into use. It is aimed that, in 2021, customers will be able to perform transactions directly from the relevant platform at competitive prices.

As the range of investment funds expanded to meet the needs and expectations of customers in changing market conditions, significant progress was also made in Robo-Consultancy activities that will enable portfolio diversification, change and performance monitoring in line with the customer risk profile.

Founded in 2019, Odeabank Private Banking completed its structuring and started activities with an expert and experienced staff, providing private banking services to customers not just in certain centers, but in all cities where it operates.

Retail Banking launched the segmentation project at Odeabank in September 2020 to meet the changing needs of customers with different characteristics. In this context, the Affluent Banking segment, called "Ayrıcalıklı" Banking, was established for customers in the upper-income segment in order to offer the right products and services to the right customers. The Bank aims to offer boutique services that will meet the non-financial expectations of customers as well as their financial needs through Affluent Banking services offered to customers with assets between TL 100 thousand and 1 million. A wide range of alternatives supports customers in feeling privileged, including products and services such as dedicated RMs, rich investment product alternatives, free of charge EFT and money transfers through digital channels, free money withdrawal from all domestic ATMs, discounted safe deposit boxes, and the "Ayrıcalıklı" Card, designed specifically for this segment.

As a pioneer of the sector, Retail Banking took the remote account opening process, launched in 2015, one step further in 2019, and started to offer its phygital experience under the umbrella of "Yakından" Banking, combining Odeabank's experienced financial consultancy service with Digital Banking. While the pandemic expanded digitalization across the entire financial sector, changes had already been seen in customer behavior, with many preferring to open accounts without going to the branch and to be served by digital channels. "Yakından" Banking offered by Odeabank fully met the digitalization expectations of customers during the pandemic. In the field of Retail Banking, a total of more than 10,000 additional customers were gained in one year, together with existing customers who desire to receive digital banking services and prefer "Yakından" Banking, driving a successful growth graph with an asset size of more than TL 120 million. In 2021, Retail Banking will continue to make a difference in the market, acquiring new customers by reaching the right target audience in the new, transforming the world with its improved process management, increased awareness and digital marketing power.

RETAIL BANKING

IT HAS STRENGTHENED ITS TL AND FX RETAIL BANKING DEPOSIT BASE THANKS TO THE OKSIJEN ACCOUNT PRODUCT OFFERED FOR THE CUSTOMERS WHO DESIRE TO INCREASE THE VALUE OF THEIR SAVINGS DAILY WITHOUT THE TERM BREAKDOWN CONCERN.



Strategies and practices for Retail Banking products are designed as follows:

INVESTMENT PRODUCTS

Aligned with our customers' expectations of risk and return, we provide world-class products and services to protect and increase customers' savings.

The Investment Management approach consists of five key pillars:

- Fully understanding the customer;
- Managing the risks in the portfolio according to the client's risk profile;
- Providing the most diverse and innovative investment opportunities in the market;
- Managing customers' investments with a certified team of experienced investment professionals;
- Creating an investment strategy through a planned process independent of possible risks.

CMB-certified and highly specialized and experienced in their respective fields, Branch personnel offer the ideal product, service and consultancy support to customers on an individual basis.

DEPOSIT PRODUCTS

Odeabank offers various options to customers wishing to utilize their savings in deposit products with fixed income. In addition to conventional deposit products with monthly terms, Oksijen enables customers to earn overnight interest with TL, USD and EUR accounts that can address customers' daily cash needs with an on-demand lower limit.

The Oksijen Account continued to play an important role in acquiring new customers in 2020. The Bank strengthened its TL and FX Retail Banking deposit base, thanks to the Oksijen Account product offered for customers who desire to increase the value of their savings daily without the term breakdown concern.

To those customers seeking medium- or long-term savings deposits, Odeabank offers various options suitable for present-day conditions. These include Periodical Payment Deposit, Fund Deposit Account Linked to Fund Distribution Channel, Future Savings Account, Multi-Currency Deposit Account with the flexibility to move between currencies, and Savings Account with the flexibility of making withdrawals. The Gold Account offers customers the opportunity to make the most of their savings in gold.

Launched in May 2019 as an alternative product for customers, Inflation Indexed Deposit continues to meet the diverse maturity needs of customers in 2020, offering customers long-term return expectations to gain income above inflation without the risk of loss in capital value.

In 2021, Retail Banking, which prioritizes customer satisfaction, will continue to offer the right product to the right customer at the right time at a fair price; to improve customers' banking experience, and to make its resources available for a sustainable relationship with all existing and potential customers. It will aim to respond even more effectively to the current and potential needs of customers through digital platforms and processes, in line with the sector and the world.

DEBIT AND CREDIT CARDS

In credit card products, Retail Banking makes offers to customers that meet their needs and ensures easy and fast access to these offers. In this context, in 2020 the Unit launched the "Ayrıcalıklı" Card, the first in the sector to offer a cash refund, for "Ayrıcalıklı" Banking -the service for affluent segment- customers. The existing Private Card was renewed for private banking customers. It aims to take a more prominent place in the wallets of upper segment customers with its segment-specific credit cards.

On the Retail Loans side, through our branches and RMs, we continue to offer financial consultancy and payment plan options to customers in accordance with their cash needs and at the highest standards of service.



INSURANCE AND PRIVATE PENSION

Product and service development activities in the field of bank insurance continue in such a way that customers can fulfill their needs through many channels. Activities in the field of bank insurance are continued in line with the corporations established with AXA Sigorta A.Ş. and MetLife Emekli li k ve Hayat A.Ş. Through product development efforts, we introduce new life insurance and non-life insurance products, which are offered to customers via branches and alternative distribution channels. Odeabank also offers private pension plans to protect customers from risks and help them achieve their dream retirement in line with their saving objectives.

Having expanded its product range with the new Life and Personal Accident Insurance products in 2020, Retail Banking aims for greater adaptation to the digitalized world in insurance products and to stand by customers with products that can meet more and diverse needs in 2021. In this context, innovations in both the product range and the service of products to customers will continue in 2021.

TREASURY, CAPITAL MARKETS AND FINANCIAL INSTITUTIONS

TREASURY, CAPITAL MARKETS AND FINANCIAL INSTITUTIONS HAVE COMPLETED THE OPENING PROCESS OF THE FX'O PROJECT, WHICH WILL ALLOW MORE ADVANTAGEOUS EXCHANGE RATES AND FASTER TRANSACTIONS, FOR IN-BANK USERS.

The Treasury, Capital Markets and Financial Institutions are managed within the framework of the strategy determined by the Senior Management of the Bank and approved by the Board of Directors, and in this direction, the efforts affecting the funding and investment activities are made. Treasury, Capital Markets and Financial Institutions have the following functions:

Treasury, Capital Markets and Financial Institutions completed the opening process of the FX'O project for in-bank users. The project will allow more advantageous exchange rates and faster transactions.

In spot and futures transactions in gold, the Unit started to apply competitive prices and achieved a significant increase in volume, based on authorization by Senior Management.

Considering the market interest in Eurobond products among Fixed Income Securities, the Unit increased the activity in both interbank transactions and transactions with customers.

The Unit restricted the effect of transaction restrictions with foreign counterparties in option and interest transactions on customer activity by alternative risk minimization methods.

As it has done in previous years, Treasury, Capital Markets and Financial Institutions will play an active role in supporting the strong capital structure of Odeabank in the upcoming years. With its know-how and experienced team, the Unit will continue to provide services, adding new product varieties to the wide range of products offered in all interbank and customer transactions. While continuing to make contributions towards the Bank's high return and profitability targets, the Unit will also continue to efficiently manage liquidity and interest rate risk in accordance with the general policies of the Bank.

In 2021, the Unit will introduce the FX'O project, in which retail and commercial customers can perform transactions through Alternative Distribution Channels with instant pricing in foreign currency, arbitrage and derivative transactions, depending on their profiles. Odeabank initiated the necessary studies to perform transactions with VIOP and US Future contracts in 2021 and has ensured that exchange rate updates are delivered to branches and Alternative Distribution Channels in a faster and more competitive manner. Together with the transition to IBOR, adaptation activities will start at Odeabank.



BALANCE SHEET MANAGEMENT

Balance Sheet Management manages Odeabank's liquidity and interest rate risks. Management of the liquidity needs or surpluses that may arise in TL and FX in the short and medium-term is under the responsibility of the Unit within the framework of the responsibilities and obligations imposed by the general policies of the Bank, and the relevant legislation and regulations. Furthermore, it monitors long-term interest rate risks in the balance sheet and executes hedging transactions as required. Balance Sheet Management's responsibilities also include monitoring funding costs, calculating internal transfer prices for loans and deposits, and managing the securities portfolio.

In 2020, Balance Sheet Management ensured the sustainability and resilience of the Bank's liquidity and took various actions to mitigate the effect of increasing market interest rates on the balance sheet.

TRADING

In line with the Bank's profit goals and within the limits determined by the Bank's Board of Directors, the Trading team trades in interbank markets in derivatives such as Spot and Forward FX Transactions, Arbitrage, Gold, FX / Interest Rate Swaps, Treasury Bills, Government Bonds, Eurobonds, Cross Currency Swaps and Options.

In addition, Trading prices all products that it trades through Treasury Sales for branch and direct Treasury customers, and the Bank announces the prices of products such as Foreign Exchange, Arbitrage, Treasury Bills, Government Bonds and Eurobonds, which it offers pricing service through branches and alternative distribution channels.



In 2020, the Covid-19 pandemic had a strong impact on the global markets and volatility in the Turkish Lira was high. The Trading Unit swiftly assessed developments and ensured the uninterrupted continuation of customer pricing, positively contributing to the profitability of the Bank.

Together with the launch of FX'O in the pricing services area in 2020, product pricing made by the Trading Unit started to reach Odeabank branches quickly and accurately. The Unit continues its efforts to increase product range and to deliver products directly to customers.

TREASURY SALES

Authorized by its Portfolio Intermediation License, Treasury Sales offers price quotations for Spot FX, Forward FX, Arbitrage, Forward Arbitrage, FX - Interest Rate Swaps, Treasury Bills, Government Bonds, Corporate Bonds, Eurobonds and Cross Currency Swaps for the Bank's retail and commercial customers in line with their respective risk appetite. These operations are carried out in accordance with the principles and rules established by Odeabank's Senior Management and CMB. Treasury Sales designs and offers structured products to manage foreign currency and interest rate risks and increase their returns. It provides internal and external customers with up-to-date information on economic developments and market conditions. Within this scope, video conferences are held every day in all branches, before the markets open, to discuss developments in Turkey and around the world. Supporting efforts to increase cross-sales opportunities within the Bank, Treasury Sales operates with a competitive pricing strategy, broad product range, and fast and close customer relations. The electronic FX platform FX'O was made available for internal use to increase the breadth for customers and the Bank's share in overall transactions. FX'O is planned to be offered to retail and commercial customers in the first quarter of 2021.

Treasury Sales continued its services outside the office without interruption and problems in 2020 within the scope of Covid-19 measures. Conducting customer visits through online platforms, the Unit determined the treasury product needs of customers together with portfolio representatives in branches and offered appropriate products to manage foreign exchange and interest rate risks in competitive markets and increase their returns. In 2020, the Unit provided solutions to customers in terms of balance sheet management and financial risks and structured the necessary products.

FINANCIAL INSTITUTIONS AND FUNDING

In order to effectively offer Treasury and Foreign Trade products to customers, Financial Institutions and Funding strives to establish relationships with international financial institutions, allocate limits, and review the maturities and amounts of limits according to Odeabank's and customers' needs. It creates medium and long-term funds for Odeabank with the most favorable terms and costs in domestic and foreign markets using various debt instruments. Financial Institutions and Funding works on asset purchases from secondary markets, in addition to borrowing activities.

Financial Institutions and Funding diversified its resources in 2020 by providing new financing opportunities from international financial institutions and banks. The Unit, which provided diversity in debts thanks to its bond issues in Turkish Lira, in addition to its foreign currency borrowing activities, concluded an agreement with the FMO in 2020 for a loan of USD 25 million with a maturity of more than five years to support foreign trade. In addition, the Unit established new collaborations and created solutions to increase exports and activated the CBRT TL rediscount loan.

TECHNOLOGY AND OPERATIONS

ODEABANK DIRECT BANKING DEPARTMENT CONTINUES ITS ACTIVITIES TO OFFER UNINTERRUPTED, SIMPLE, PERSONALIZED AND INTEGRATED EXPERIENCE TO ITS CUSTOMERS THROUGH DIGITAL CONTACT POINTS (MOBILE, INTERNET BRANCH, ATM AND CONTACT CENTER IN LINE WITH THE STRATEGIES AND BUSINESS PURPOSES OF THE BANK.



Technology and Operations Unit is responsible for the uninterrupted continuation of all transactions carried out through the Headquarters, Branches and Direct Banking channels, especially the main banking system structure, in accordance with the established rules and regulations. Technology and Operations provided services throughout 2020 without interruption as the Department continued to follow technological advances and regulatory changes. Its expert team and functions are organized as follows.

DIRECT BANKING

Odeabank Direct Banking Department continues its activities to offer an uninterrupted, simple, personalized and integrated experience to its customers through digital contact points (Mobile, Internet Branch, ATM and Contact Center), in line with the strategies and business purposes of the Bank. The Department aims to develop and disseminate these channels and increase their efficiency.

In 2020, nearly 200 thousand Odeabank customers used Mobile, Internet Branch, ATM and Contact Center channels, and performed a total of 13.3 million transactions through these channels. As a result, the transaction volume in Mobile increased by approximately 20% compared to last year, the transaction volume in the Contact Center increased by

approximately 90%, and the total volume reached TL 14.3 billion, while the ratio of customers actively using digital contact points reached 50%.

Monitoring the trends and developments in technology, Direct Banking provides solutions to help existing and potential customers perform transactions faster and more easily. Thus the Bank, which achieved an increase in efficiency, aims to continue its customer satisfaction-oriented efforts in 2021 by making many innovations with the technological investments it made in order to create effective channels and provide its customers with the best digital customer experience.

DIGITAL CHANNELS

Odeabank continued to add value to its customers' lives in 2020 with the renewed design of its Mobile, Internet Branch and ATM channels and its robust technological infrastructure.

Approximately 75 thousand users visit Odeabank Mobile, Internet Branch and ATMs per month. These channels are constantly developing and renewing while providing a unique customer experience, ease of operation and fast solution offers. In 2020, a total of 12.9 million transactions were performed through these channels and a volume of TL 14.2 billion was created as a result of these transactions. The Odeabank mobile application has been downloaded more than 70 thousand times.



Odeabank also grants bonuses and rewards while performing banking transactions with “Kazandırıyor” in its mobile app, which offers many features that facilitate the lives of both its customer and non-customer users and makes banking transactions profitable. Thanks to the gamification platform on Mobile, Odeabank customers won 555 gifts in total in 2020, in corporations with different companies or benefited from special discounts and opportunities.

Odeabank introduced the digital approval structure, which moves the process of obtaining approvals for investment products and services to a digital format through its Mobile and Internet Branch channels. With this structure, the Bank started to identify the risk profiles of investors and present them through the channels to add value to customers’ savings.

In addition to initiatives and experience improvement projects within the scope of the BRSA Information Systems and Electronic Banking Services Regulation, the developments planned in 2020 have been completed; additional developments are planned for 2021 in order to comply with regulations that allow potential customers to complete account openings via digital channels through video calls, without the need for a wet signature and a branch visit.

Odeabank enables its customers to perform banking transactions through 69 established ATMs throughout Turkey. Using the power of its technological infrastructure, the Bank continued to develop security measures against various card cloning attacks at ATMs. In 2020, a total of 485 thousand financial transactions were performed from ATMs and the total transaction volume reached TL 441 million.

Customers who withdraw salaries from Odeabank have the opportunity to withdraw and deposit money, free of charge, from other banks’ ATMs in Turkey. Customers can also apply for credit cards and loans via the ATMs, as well as open deposit and drawing accounts, place automatic payment orders on a credit card, apply for an additional card, and perform sales-related transactions such as automatic invoice payment orders.

Odeabank ATMs display news on waiting screens, redirect users to the Oksijen Account and send transaction receipts via SMS and e-mail.



Experience improvement and development projects continued in 2020 at Odeabank ATMs, which fully meet the expectations of customers. With the new fast cash withdrawal flow at ATMs, the cash withdrawal rate rose by 20%. Odeabank ATMs will continue to add value to customers’ lives, with new designs and new transactions planned for 2021.

CONTACT CENTER

The Odeabank Contact Center continues its efforts to create a unique customer experience with a service approach tailored to individuals and institutions.

The Contact Center strives to meet the needs of customers at the highest level through continuous analyses of customer calls, in order to reduce the need for such calls. The Contact Center consistently works to become one of the Bank’s main service channels with even more effective services.

90 employees with bachelor’s degrees and %29 who are able to speak english are working at the Contact Center, which aims to provide the best customer experience. In addition to making efforts with the aim of continuously improving user-oriented technologies, Odeabank Contact Center also offers 24/7 video call services along with voice calls.

Odeabank Contact Center which operates with the aim of providing its customers with the best customer experience, offers the right products to the right customers and increases customer loyalty. The incoming call team delivers a high performance, without compromising quality in services, in its sales activities, which are designed according to customers’ needs and the Bank’s strategy for the period.

CUSTOMER ENQUIRY

Management, handling customer inquiries from all channels that come to the bank and moderates platforms such as social media and şikayetvar.com, out of 25 banks in Turkey it is one of the top 5 banks that respond to our customers as soon as possible. Another target of the unit; performing root-cause analysis from incoming inquiries to produce permanent solutions to problems and to reduce the number of complaints.

TECHNOLOGY AND OPERATIONS

IN 2020, INFORMATION TECHNOLOGIES CARRIED THE SYSTEM IT USED FOR INFORMATION TECHNOLOGIES AND OPERATION SERVICES TO A NEW PLATFORM CALLED DESTEK'O AND OFFERED AN INFRASTRUCTURE TO THE USERS WHERE THEY CAN MANAGE THE PROCESSES IN INFORMATION TECHNOLOGIES SERVICES MORE EFFECTIVELY WITH EXTERNAL STAKEHOLDERS.

At the same time, to spread the “customer- and experience-oriented” approach throughout the bank and provide training for all employees to achieve the perfect customer experience, organizes various events such as webinars and lead the project carried out within the Bank.

Aiming to deliver services in the fastest and easiest manner, the Contact Center receives an average of 2,500 incoming calls on a daily basis. Forty percent of the customers calling the contact center to carry out self-service actions in a rapid and simple process through the voice response system, whereas the remainder wishes to reach customer representatives to perform transactions, submit inquiries and requests, or share their problems.

INFORMATION TECHNOLOGIES

Information Technologies is responsible for the development of the technological infrastructure required for the 24/7 uninterrupted service of all applications, hardware and technical infrastructure offered to customers by Odeabank. In line with the Information Technologies strategy, short-term operations of information systems, and software development and help desk activities are conducted with solution partners, and important tasks related to the main field of activity are performed within Information Technologies Department.

In 2020, the Bank improved upon all Information Technologies products to introduce cost, usage and benefit enhancements. Further focus was placed on automation in parallel with digital transformation goals; and the technical groundwork for a number of upcoming Bank projects was prepared and integrated into the main banking platform.

As part of the plans to address efficiency, operational risk and market conditions within the framework of banking regulations and legal obligations, 26 projects were implemented in 2020 in line with the strategy, goals and requirements of the Senior Management, business lines and support units. With the introduction of the projects in question, the Bank ensured compliance with legal regulations and contributed to the provision of quality service to domestic, retail and corporate customers, especially Retail and Commercial Banking customers from branches and Direct Banking channels.

In 2020, Information Technologies moved the system used for Information Technologies and Operation Services to a new platform called Destek'O, offering users an infrastructure by which they can more effectively manage processes in Information Technologies services with external stakeholders.

The Unit prioritized automation in software processes and expanded its test coverage network to support ATM and Contact Center applications. Thus, the number of automation scenarios increased by 12% and test run periods increased by 30% compared to 2019. Information Technologies added 11 more processes in 2020 to the robotic process automation initiated in 2019, and the total number of processes reached 18.

In January 2020, the OFSAA platform was commissioned. The Platform allows everyone from portfolio managers to Senior Management to follow Odeabank's financial status, goals and achievements. Thanks to the ALM infrastructure, which is integrated with OFSAA and includes asset and liability risk reports, the cost of issuing reports by Senior Management has been reduced and immediate reports are provided.

Some of the data transfers covered by outsourced companies until 2020 were fulfilled by Information Technologies, reducing dependence on outsourcing. In this context, customer segments and their activities were calculated and served to all reporting and line of business screens.

Information Technologies plans to integrate the service virtualization solution into the test automation infrastructure in 2021 in order to reduce dependence on non-bank services in the test automation infrastructure and meet the substitute service needs in project development processes. Furthermore, new functions and flows will be added to the Destek'O platform to integrate project processes with existing Information Technologies processes and to configure them to operate end-to-end.

While planning to purchase additional bots to increase the existing capacity of the robotic process automation infrastructure in 2021, Information Technologies also continues its efforts to enrich the number of its processes and the target systems it covers and aims to increase the operations of creating data transfer, reporting and Business Intelligence environments to reduce dependency on outsourcing.

INFORMATION SECURITY

An effective risk management approach is adopted to guarantee the security of Odeabank's information assets. Activities performed within the scope of information security encompass the Bank's information systems, information infrastructure, data and related processes. Development efforts for human resources, processes and technologies are undertaken to protect information assets against cyber threats and attacks that become more sophisticated each passing day.

In 2020, it was necessary to switch to the remote working model due to the Covid-19 pandemic. Since the existing remote access infrastructure was flexible and had already been established by evaluating the necessary security measures, the transition process to this working model was completed quickly and securely.

In 2020, steps were taken to review user authorizations and improve the user authorization infrastructure to prevent unauthorized access to information assets. While the security logs of information systems infrastructures are constantly monitored, activities were carried out to improve the Cyber Incident Management infrastructure, which will allow the detection, and reporting cyber threats. In this context, the security orchestration and automation infrastructure were improved, and the ability to respond to information security violations was increased. In addition, security vulnerabilities arising on Information Technology systems were managed in 2020, and improvements were made in malware detection and prevention infrastructures for the end-user-computers and the network.

However, in order to prevent vulnerabilities that may result from user errors, training courses and awareness-raising activities were organized to educate employees on information security and current information security threats.

OPERATIONS

Operations acts in line with Odeabank's principle of minimum risk, maximum efficiency and internal and external customers' satisfaction while ensuring transactions are performed rapidly, with ultimate quality and zero error. In addition to Teller and Back-office Operations at branches, Head Office's Central Operations carries out product transactions in their respective area of responsibility and expertise with high quality and efficiency, to ensure that the goals of business functions are achieved in line with Odeabank's strategies.

The core activities conducted in 2020 are as follows:

- System updates aimed at customer satisfaction were performed, system integrations of processes were increased, and more emphasis was placed on risk-related developments,
- Significant savings were attained in labor and physical resources due to more efficient, more effective and expeditious operations,
- Processes were reviewed from a risk perspective, taking the assessments of internal and external auditors into account. Risk mitigation activities continued,
- Process improvement studies were carried out to increase customer satisfaction and the quality of the service provided and to reduce the service time,
- Odeabank has gained additional benefits through product sales and collection transactions by Branch Operations teams, albeit limited due to the pandemic,
- Regular information was provided by the Head Office teams for the effective implementation of the Risk Committee,

which was established to increase the exchange of information by expanding communication between the operational staff and marketing teams in the branches,

- Close monitoring and effective NORM Management helped improve FTE & Scorecards, while both branch and Head Office teams were managed with a focus on efficiency and quality,
- In order to complete the missing information and documents, it took an active role in the comprehensive studies in the Bank and provided intensive support for the completion of deficiencies by all operational teams, especially the branch staff,
- As an environment- and nature-conscious Bank, efforts were made to transform printed statements into e-statements, and paper savings were achieved by taking actions to reduce paper use,
- Centralization activities were carried out and, in this context, some basic operations were shifted from the branches to the Head Office operational teams to ensure efficiency, increase quality and reduce risks,
- New developments in technology were followed closely and Robotic Process Automation applications were started to be used accordingly. Many central processes have been robotized and automated to reduce the risk of operational errors, increase efficiency and provide faster service,
- For the purpose of ensuring uniformity in operations and practices between branches, strengthening communication, increasing control over procedures and processes, and ultimately increasing operational quality, the Operation Mentors application continued remotely due to the pandemic; the application is formed by teams with high-level experience and knowledge, who are believed to carry out this duty successfully,
- The process of accepting e-signed customer instructions has been implemented. After the verification and control processes are carried out by the Head Office, appropriate and non-problematic instructions are forwarded to their branches for processing,
- During the pandemic, operations were carried out remotely and without interruption by both branch and Head Office teams as necessary. Especially the field teams were managed as a single pool, and all necessary support was provided to branches by other branches or from the Head Office to avoid problems in business continuity,
- Odeabank became the first bank to grant CBRT rediscount credits in TL,
- In 2020, trainings of the Operations team continued. A total of 46 different trainings were assigned to the entire operations staff and their completion was ensured,
- Analyses were conducted for end-of-day cash optimizations in branches and the necessary actions were taken to manage cash in the most efficient way,
- Odeabank was deemed worthy of the "Outstanding Quality in Payments Formatting" award within the scope of the 'Client Award Program' by Standard Chartered Bank for foreign currency transfers abroad in 2020.

TECHNOLOGY AND OPERATIONS

INTERNAL SERVICES AND BANKING SUPPORT DEPARTMENT CONDUCTS ALL SUPPORT ACTIVITIES REQUIRED FOR THE BANKING PROCESSES IN THE MOST EFFICIENT WAY AND WITH THE MOST APPROPRIATE COSTS UNDER THE MAIN AXIS OF PROCUREMENT, SECURITY AND ADMINISTRATIVE AFFAIRS IN LINE WITH THE PRIMARY GOALS, STRATEGY AND OBJECTIVES OF ODEABANK.

ORGANIZATION, PROCESS AND PERFORMANCE MANAGEMENT

Organization, Process and Performance Management develops new projects and improvement works that create added value for Odeabank's strategies.

Organization, Process and Performance Management oversees the following:

- Internal management of documents (developing, updating, releasing, coordinating policies, procedures and business processes), system/module/screen/user authorizations, and execution of the internal customer suggestion system through the Organization function.
- Defining and modeling processes, executing/coordinating process improvement, efficiency, digital transformation and other project activities through the Process Management function.
- Branch and Head Office performance measurements, scorecard monitoring and design efforts, calculations for the permanent staff, and process automation (efficiency analysis, robotic process automation) through the Performance Management function.

INTERNAL SERVICES AND BANKING SUPPORT

Internal Services and Banking Support Department conducts all support activities required for the banking processes in the most efficient way and with the most appropriate costs under the main axis of procurement, security and administrative affairs in line with the primary goals, strategy and objectives of Odeabank.

The activities of the Internal Services and Banking Support Department in 2020 are as follows:

Procurement

- At the beginning of the Covid-19 pandemic, the necessary materials such as masks, gloves, disinfectants, cologne, etc. needed by the Bank were quickly purchased and then the procurements were systematized to meet the needs of the Bank's employees throughout the pandemic,
- A working group was established with the participation of the relevant teams to comply with the "Outsourced Service Procurement" article included in the "Regulation on Information Systems and Electronic Banking Services of Banks" published by the BRSA on July 1, 2020,
- As a result of the studies carried out with the working team, it was assessed whether all procurements after July 1, 2020 are within the scope of the relevant regulation, and the necessary actions/controls were carried out for all procurements within the scope,

- Necessary actions were taken to share the Additional Protocol draft prepared by the Working Group with the business partners and to complete the signing process to add the necessary articles to make the contracts signed before July 1, 2020 and continue to be effective compliance with the regulation,
- The contracts for the transactions that proceed through the Procurement Unit were completed and followed up,
- Contracts to be signed with business partners were completed under a central structural aid and control under the coordination of the Contracts Management Unit established in 2019.

Security

- 35% savings were achieved with the optimizations made by considering the costs/benefits in electronic security systems expenditures,
- Within the scope of the regulation published by the BRSA, the disc capacities currently used were increased in order to extend the ATM camera recording periods and the software used was replaced and adapted to the circular,
- Priority has been given to personnel trainings, desk-bound exercises, and awareness exercises and audits, and the KPI system has been established in order to increase the service quality, to establish fast communication and reaction processes, and to make the service measurable,
- During the Covid-19 pandemic, the circulars and communiqués issued by the relevant Ministries and Public Institutions are integrated into operational processes and implemented by coordinating with the relevant business lines of the Bank and making benchmarks with other banks,
- During the Covid-19 pandemic, emergency action plans including supplier companies were established against curfews and emergencies to ensure the continuity of the transportation and personnel supply chain,
- In order to manage the risk posed by the Covid-19 pandemic in terms of the health of employees, to protect the physical distance and to control the spread of the disease, audits are carried out in branches for the implementation of the pandemic rules by the employees, HES code inquiries are monitored and regular reporting is made to the Pandemic Working Group established within the Bank,
- All processes from the evacuation of employees and the preservation of assets to the return of business life to normal in five branches located in Izmir after the earthquake experienced in the region were managed in coordination with business lines.



Administrative Affairs

- All necessary actions have been carried out to take necessary physical measures within the scope of Covid-19,
- Within the framework of Occupational Health and Safety studies, a project has been initiated for the tracking of all the activities through the software program called Worksafe,
- The activity has been initiated to archive public institutions' documents incoming to Attachment Investigation over UETS,
- The capacity of the physical archiving area has been increased,
- Within the scope of inventory management system studies, it has been initiated to track the entire inventory over the system.

The Internal Services and Banking Support Department will make the maximum contribution to the realization of the business lines and the Bank's strategies and goals in 2021, in line with the Bank's mission, vision and policies, increase the competitive environment by including new suppliers in its portfolio that comply with the Bank's quality and continue its activities in accordance with ethical principles.

Providing all kinds of support services all the business lines need in a minimum time and with a maximum quality ratio will be the constant goal of the Internal Services and Support Service Department in order for them to carry out their activities in the most efficient way.

The main activities planned to be performed and tracked in 2021 are as follows:

- The necessary actions will be taken by paying maximum attention to meeting the needs of the Bank's employees regarding the Covid-19 pandemic,
- Due diligence will continue to carry out the procurement processes in line with the interests of the Bank,
- Procurement and Contract modules will be managed more actively and accurately with the development and updates,
- It is aimed to shorten the contract signing periods for the operations subject to procurement with the standard contract,
- The coordination with the relevant business lines of the Headquarters and branches will continue to be carried out in a complete and healthy manner in electronic and physical security business processes,
- It is aimed to provide maximum savings and benefits with optimum security construction by focusing on integrated security solutions,
- It will be focused on developments and updates related to processes such as software, licenses, etc. in electronic security management,
- Trainings, inspections and practices will continue to increase motivation, performance and belonging in physical security management,
- Improvements will continue in the service mobile application project of the staff,
- Vehicle needs will be met within the framework of fleet requirements,
- Optimization and improvement activities for personnel shuttles will continue,
- Worksafe software program will be used throughout the Bank. All Occupational Health and Safety activities of the Headquarters and branches will be followed from here,
- The activity on archiving attachment investigation letters will continue.

CREDITS

IN 2020, CREDITS CONTINUED TO EVALUATE LOAN APPLICATIONS IN AN EXPEDITED MANNER BY LEVERAGING ANALYTICS, COMPLETING NECESSARY INTELLIGENCE-GATHERING PROCEDURES, AND ALLOCATING LOANS EFFICIENTLY AS PART OF THE RELEVANT APPROVAL PROCESSES.

The Credits unit is authorized to issue loans to commercial and retail customers within the scope of the Banking Law. It monitors the workflow in the main banking system to control and revise credit processes as necessary. The field of activity of the Credits Department covers the credit processes, correct financial analyses, effective control and effective monitoring functions required for the Bank to achieve its goals. Credits periodically compiles results from its expansive database of customer financials to inform revisions on the Bank's sectoral strategies.

In 2020, Credits continued to evaluate loan applications in an expedited manner by leveraging analytics, completing necessary intelligence-gathering procedures, and allocating loans efficiently as part of the relevant approval processes. Despite the volatility in financial markets, Credits maintained the effectiveness of the Bank's credit evaluation processes without compromising customer satisfaction. Carrying out the effective collection and follow-up processes, Credits maintained the quality of its loan portfolio and its customer satisfaction focus throughout the year.

Credits operates within the following functional organization:

Credit Allocation

Credit Allocation analyzes loan requests with analytical methods, and forwards the request to the relevant approval mechanisms after completing the intelligence process, taking into account the conditions specific to the loan request. The Unit also manages the delivery process of the loan to the customer after the necessary approvals are obtained. Credit rating processes are corroborated by a variety of private and official information sources, both national and international, including the Credit Bureau and the Risk Center, to expedite the loan process and meet the needs of customers within their credit limits.

Credit Allocation contributes to the development of new products by evaluating and providing feedback on the feasibility of alternative loan products based on customer demand and ensures compliance with the Bank's policies and strategies in the development of those products.

The activities carried out by the Loan Allocation team in 2020 and the activities to improve the processes are as follows:

- The amounts of credit allocation authorizations granted by the Board of Directors to the Credit Committee and Headquarters, and also transferred by the Headquarters to the Directors and Group Managers were increased,
- Necessary measures have been taken to reduce the effects of the Covid-19 pandemic on the activities of the Bank's customers. Postponement requests of customers were evaluated in the most appropriate way in light of the BRSA's recommendations and by examining the activity cycle of each company, and supports were provided for the companies.
- Flow-based performance measurements of the Credit Allocation teams have been initiated and in the light of these measurements, changes have been made in the distribution of analysts and branches among allocation sub-teams for workforce optimization.
- Within the scope of the project, which was initiated to renew credit rating processes, the work flow was designed on a new platform, and studies were initiated to develop a model. New processes and models are planned to be introduced by the end of 2020.
- Regular FX Study activities carried out to measure the foreign currency risks of credit customers in relation to changing exchange rates have been completed. Within this framework, the exchange risk sensitivity and the ability to manage exchange rate risk, equity power, export revenues, power of FX and FX-indexed revenues to cover FX debts of the first 240 firms on the basis of the groups and companies with the highest risk in Odeabank portfolio were examined.
- A strategy has been determined and implemented for the effective management of the risk appetite for financial institutions operating outside banking.



REMEDIAL AND RECOVERY MANAGEMENT

REMEDIAL AND RECOVERY MANAGEMENT UNIT MADE GREAT EFFORTS IN 2020 WITH PREVENTIVE ACTIONS FOR INCREASING THE ASSET QUALITY OF THE BANK AND MAKING COLLECTIONS FOR CURRENTLY NON-PERFORMING LOANS.



It is composed of Early Warning and SME Close Monitoring, Administrative Follow-up, Non-performing Loans Management Data Analysis, Reporting & Retail Collection and Credit Asset Management.

The Department has adopted the following mission:

- To identify clients with potential credit issues at an early stage via various early warning signals with internal and external sources. Report findings and observations to raise Bank-wide awareness and collect customer feedback.
- To take action to closely follow up and develop exit scenarios for clients with delays of 0 to 30 days in their repayments and facing an exit decision due to reasons such as rating or sector; re-structure debt in line with exit scenarios for collection and additional collateral, if possible, and FX-TL conversion and re-pricing. Remediate and manage the customers within the group to which they belong.
- For customers with unresolved issues, despite preventive actions, who have been assigned to administrative follow-up teams, re-structure their debt if possible; receive additional guarantees to minimize potential losses and long collection periods for the Bank, or make collections through the support of credit asset management; and, if possible, work to solve and/or neutralize problems at this stage without final transition to the NPL status,
- Support Legal teams for NPL files; conduct negotiations with customers for potential collection opportunities; provide opinions and suggestions on protocols or collections to the benefit of the Bank.

Remedial and Recovery Management Unit made great efforts in 2020 with preventive actions for increasing the asset quality of the Bank and making collections for currently non-performing loans.

The global pandemic, which started in 2020 and is expected to continue in 2021, had negative effects on the world and our country's economy. The role assumed by the Remedial and Recovery Management Unit is very important in terms of protecting the interests of both the Bank and the customers. The Unit will make every effort to fulfill its important responsibilities during this period.

With the IFRS 9 project, systemic improvements are planned for the compact operation of the rating and early warning mechanism in 2021.

Early Warning and SME Close Monitoring oversees the following tasks:

- Identifying potentially problematic loans in advance through close monitoring of all Odeabank loans via Early Warning scenarios; working in collaboration with relevant functions for necessary action.
- Liquidate the risks associated with problematic SME customers in the most efficient and expeditious manner.

Administrative Follow-up oversees the following tasks:

- Managing and closely following up on customers whose repayments have been overdue for 30 to 90 days, under applicable law.
- Re-structuring debt for customers who have delinquencies despite their ongoing operations in line with their current cash flows; obtaining additional collaterals as necessary; Harmonization of clients' loans with their incomes, in case of currency mismatch between income and expense, eliminating delays and lastly remediating customers who are or may be problematic for Odeabank; or, if not possible, deciding to initiate legal proceedings.

NPL Management oversees the following tasks:

- Working in coordination with the Legal Department to prepare the roadmap for the most expeditious and effective collections process for Odeabank, if it is determined that legal proceedings are necessary,
- It is responsible for aiding the Legal Department in negotiations and agreements with customers in the legal proceedings phase for the fast settlement of risks.

Data Analysis, Reporting and Retail Collection oversees the following tasks:

- Meeting all reporting requirements of the Department and conducting analyses.
- Keeping procedures and regulations up to date and ensuring coordination with internal and external auditors.
- Leveraging internal and external sources to effectively monitor retail customers with overdue payments between 1 to 90 days and ensuring collection.
- Effectively following up on customers whose loans are overdue from 1 to 90 days; taking actions and providing necessary data to the committees convening to reach a decision at relevant levels of authority; making preparations, keeping records, submitting and communicating the same to relevant departments to this end.

Credit Asset Management is charged with:

- Negotiating with customers who wish to hand over their personal or commercial properties as an offset to their liabilities against Odeabank or as part of a buyback guarantee; determining and agreeing on the terms of the agreement; obtaining the committee approvals at relevant authority levels regarding those mutually-agreed terms; and signing such agreements with customers to ensure collection on behalf of Odeabank.

FINANCE, FINANCIAL CONTROL, BUDGET AND STRATEGIC PLANNING

FINANCE, FINANCIAL CONTROL, BUDGET AND STRATEGIC PLANNING DEPARTMENT CONDUCTS ACCOUNTING AND TAXATION ACTIVITIES OF ODEABANK IN ACCORDANCE WITH THE STANDARDS, REPORTS ITS FINANCIAL RESULTS TO ITS DOMESTIC AND INTERNATIONAL CUSTOMERS, AND SHARES ITS ANALYSES WITH NATIONAL AND INTERNATIONAL PUBLIC INSTITUTIONS AND REGULATORY AUTHORITIES SPECIFIC TO THE SECTOR AND THE BANK.

Finance, Financial Control, Budget and Strategic Planning Department consists of Accounting and Taxation, Financial and Legal Reporting, Financial Control, Budget and Planning, Strategy and Business Development departments.

Finance, Financial Control, Budget and Strategic Planning Department conducts accounting and taxation activities of the Bank in accordance with the standards, reports its financial results to its domestic and international customers, shares its analyses with national and international public institutions and regulatory authorities specific to the sector and the Bank, and analyzes the Bank's performance periodically. It prepares short- and long-term budgets and comprehensive periodic reports to help the Bank monitor the results and take necessary actions. It prepares market share tracking and periodic financial comparison analyses with other banks in the sector in order to analyze the total performance of the Bank.

APPRAISAL, HYPOTHEC AND PROPERTY SALES

The Department is charged with ensuring transparent and reliable preparation of appraisals for real estate taken as a guarantee in accordance with the rules determined by regulatory authorities. In addition, it is responsible for seamless receipt of collaterals, managing release processes as necessary, and developing and implementing strategies on the disposal of real estate received as an offset for receivables. Appraisal, Hypothec and Property Sales also reports monthly to regulatory authorities such as the BRSA, CMB and the Central Bank. The Unit has introduced the e-release project in 2020 and has also started e-hypothec activities. It also continues to work on the real estate management system project, in which all processes about the real estates acquired in return for receivables will be followed.

CONSTRUCTION AND REAL ESTATE

In line with the Bank's strategy, the Department manages and develops all real estate and/or properties that Odeabank branches and Head Office use for operations or intermediation as well as investments in the same by taking costs and benefits into consideration.

Construction and Real Estate is also charged with:

- All arrangements related to the procurement, construction, maintenance and repair of the sites belonging to the Head Office functions and branches;
- Organization of potential changes to the concept or design of the Bank's practices;
- Addressing construction-related requirements of Branches and Head Office buildings.

In 2020, the evacuation of 3 floors and the relocation of three branches (Yeşilyurt, Maslak, OSTİM) were completed within the scope of the Levent 199 Headquarters building optimization operations. In 2021, it is aimed to relocate 5 branches and to establish Private Banking centers and corners in the branches.

Discounts were provided by negotiating with the owners of branches and service buildings within the scope of reducing operational costs during the pandemic.

CORPORATE COMMUNICATIONS AND MARKETING

Corporate Communications and Marketing Department carries out Odeabank's advertising, marketing communications, social media communications, internal communications, public relations and sponsorship and social responsibility activities. Odeabank is responsible for conveying information on the Bank's products, services and activities to stakeholders, clearly and accurately, and in line with the Bank's goals and strategies.

At the beginning of 2020, Odeabank took part in television, radio, digital and open-air channels through Oksijen Account communication, and continued to take part in the memories with the communication of the Wonderful Saving Days and corporate social responsibility project, Fair Tales, which it responded to the consumption frenzy with savings.

In 2020, Odeabank reinforced internal and external communications by organizing numerous events. Odeabank initiated the CEO Meetings, which were held quarterly online within the scope of internal communication organizations, and held the Gender Equality seminars which were physically held online in 2019.



Within the scope of foreign communication organizations, "Foreign Trade Meetings," which include experts in their fields for foreign trade customers, started to be held online.

The culture and arts magazine O'mag, which is prepared with interesting topics such as culture, art, fashion, travel and new trends and distributed to the Headquarters and all branches throughout the year, was sent together with Time Out magazine and met with its readers.

Focusing on the arts, Odeabank positioned the O'Art Art Gallery as a platform embracing contemporary art and supporting dynamic and talented artists who complement the Bank's character. During the pandemic, it continued to support both artists and art by making live broadcasts on social media in order to reach more people under the name of "Odeabank Art Talks."

In 2020, Odeabank initiated the "Fair Tales" project with the promise of an equal future for children. Tales of Rapunzel, Little Red Riding Hood and Cinderella, which were handled again equally with this project, met their readers at all Odeabank

branches with the Odeabank website. Two tales to be added to the "Fair Tales" project, which has received great interest, will meet with all readers in 2021.

Corporate Communications and Marketing will develop projects in 2021 to further enhance the Bank's recognition, reputation, and brand awareness.

BUDGET AND STRATEGIC PLANNING

The Budget and Strategic Planning Department is responsible for the establishment of basic strategies for Odeabank's budget, profitability tracking, and growth and asset quality improvement. In addition, it ensures the execution and coordination of the Bank's relations with its shareholders and third parties within the scope of corporate governance principles and also shares its information and opinions about Odeabank and the banking sector with internal and external customers, national and international public institutions and regulatory authorities. It analyzes the Bank's performance periodically, in comparison with competitor banks by identifying the market trends in the Turkish banking sector and preparing projections.

LEGAL DEPARTMENT

LEGAL DEPARTMENT PROVIDES TIMELY, EFFECTIVE AND OBJECTIVE LEGAL SUPPORT AND CONSULTANCY FOR ALL THE ACTIVITIES OF ODEABANK'S HEADQUARTERS AND BRANCH ORGANIZATIONS, ENSURES THE SETTLEMENT OF DISPUTES TO WHICH THE BANK IS A PARTY, AND FOLLOWS THE LAWSUITS, AND MANAGES THE COLLECTION PROCESS OF NON-PERFORMING LOANS.

Legal Department provides timely, effective and objective legal support and consultancy for all the activities of Odeabank's Headquarters and branch organizations, ensures the settlement of disputes to which the Bank is a party, and follows the lawsuits, and manages the collection process of non-performing loans. Legal Department is also responsible for supervising and guiding the corporate secretariat of the Bank.

The Unit is responsible for drafting, negotiating and concluding contracts for all kinds of banking products and services needed and contracts for the procurement of goods and services. It audits the legal adequacy and compliance of all contracts to which the Bank is a party. In this context, it prepares legal opinions on the necessary issues and makes the necessary guidance in terms of compliance with the legislation during the fulfillment of daily banking transactions. At its own discretion and upon the request of business lines, the Legal Department organizes relevant training courses.

The Unit prepares the legal infrastructure for all products, services and projects within the Bank. In this regard, the legal infrastructure of all kinds of new products and services introduced by the Bank in 2020 was prepared by the Unit. Legal Department examines the establishment documents of the Bank, related policies and procedures from a legal perspective and ensures that they are kept up-to-date, and supports the establishment of the board of directors decisions regarding the corporate management of the Bank and the organization of the ordinary and extraordinary general assembly meetings.

Litigation attorneys employed within Odeabank's Legal Department are responsible for evaluating and reporting all lawsuits to which the Bank is a party. Representation of the Bank before domestic and foreign jurisdictions through permanent or contracted lawyers is provided and coordinated by the Unit.

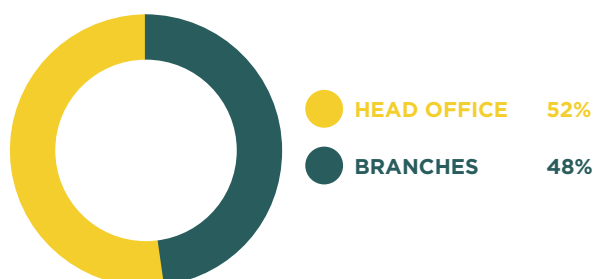
Execution of the process regarding the collection of non-performing loans in accordance with the Bank's procedures and principles and the law is among the fields of activity of the Legal Department. The Unit coordinates all operational procedures of contracted law offices regarding systematic and legal proceedings files. The Department updates execution proceedings and lawsuit information draws up sales attachments and organizes return and additional assignment procedures after sales of receivables as per the decision of the Senior Management. The Unit aims to achieve perfectionism in its operations through a new legal proceedings program integrated with UYAP Institution Portal.

The Legal Department plays an effective role in dispute resolution. Indeed, that the Department is actively involved in the Bank's strategy and planning processes underscores its importance in the Bank's vision for the future. A successful collection performance in NPLs will have an outstanding impact on the Bank's financial statements. Therefore, effective performance is key for the overall rating of the Bank. Furthermore, a competent approach in litigations protects the Bank's nominal and financial value. Legal Department will continue to be in a strategic partnership with all other business lines in the upcoming period.

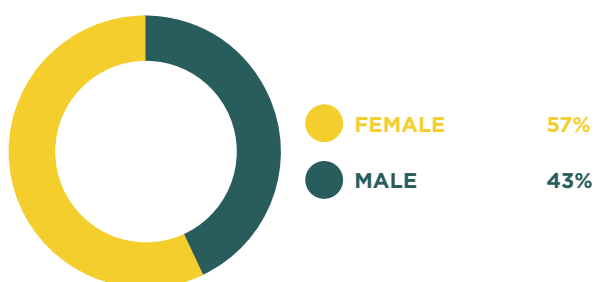
HUMAN RESOURCES

HUMAN RESOURCES STRIVES TO CREATE A PROFESSIONAL WORKING ENVIRONMENT AND OFFERS CAREER DEVELOPMENT OPPORTUNITIES TO EMPLOYEES. ACCORDINGLY, IT CARRIES OUT MOTIVATION AND ENGAGEMENT ACTIVITIES, AND DESIGNS AND IMPLEMENTS NEW PROCESSES AND PRACTICES, CONSIDERING THE DIVERSE NEEDS OF EMPLOYEES FROM DIFFERENT GENERATIONS.

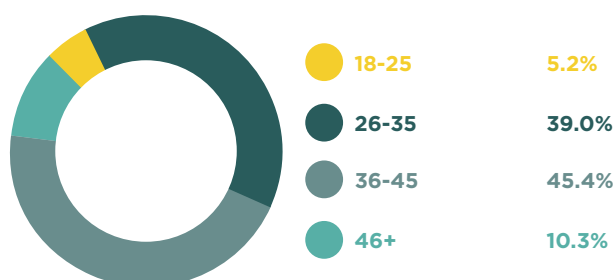
BREAKDOWN BY LOCATION



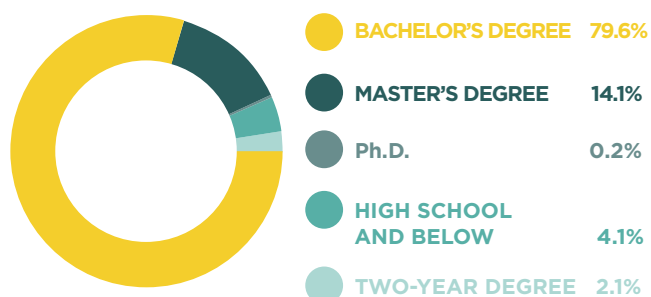
GENDER DISTRIBUTION



AGE DISTRIBUTION (%)



EDUCATION



Odeabank Human Resources considers fair evaluation, equal opportunity and transparency as basic principles while managing its human resources, which is its most valuable capital. The Department is approachable and solution-oriented. It monitors the respective goals of business units, provides Senior Management with supportive feedback, and offers consultancy and guidance in the Bank's areas of improvement.

With the aim of efficiency and success of Odeabank, the Unit assumes the responsibilities, within the scope of the Bank's strategic goals and needs, to employ success and result-oriented, honest, consistent, ethical, teamwork-oriented candidates, manage the orientation, career, wage, fringe benefits and performance processes, establish and lead processes for training, development, talent management, and backup plan that will enable the transformation of the learning experience to personal development, and provide management consultancy.

Human Resources strives to create a professional working environment and offer career development opportunities to employees. Accordingly, it carries out motivation and engagement activities and designs and implements new processes and practices, considering the diverse needs of employees from different generations.

Human Resources also contributes to Odeabank's efficiency and performance by establishing an environment that is accessible, supportive, and responsive to its employees.

During recruitments, Odeabank enriches its staff in every sense by selecting individuals who are success-oriented, dynamic, competitive, innovative and unique, who understand the needs of their customers and have high social sensitivity.

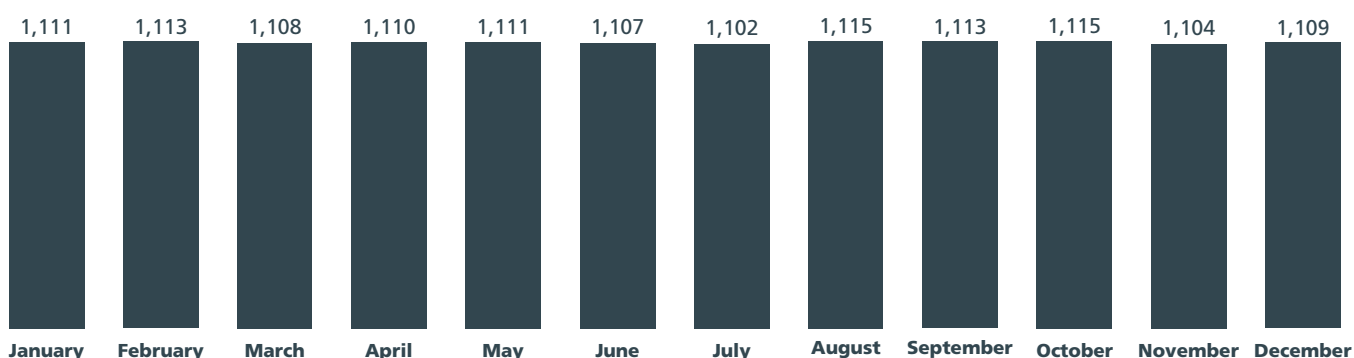
HUMAN RESOURCES PROFILE

Of the employees at Odeabank, 72% are Generation Y, with an average employee age of 37.

HUMAN RESOURCES

DURING THE PANDEMIC, HUMAN RESOURCES GAVE PRIORITY TO PROTECT THE HEALTH OF EMPLOYEES, KEEP THEIR SPIRITS AND SAFETY UP, AND TO CONTINUE FREQUENT AND OPEN COMMUNICATION.

PROGRESS OF TOTAL NUMBER OF EMPLOYEES (2020)



RECRUITMENT PROCESSES

In 2020, the organization aimed to recruit success-oriented candidates who welcome change and hold the ideal levels of educational achievement and experience for their respective position.

During the pandemic, Human Resources Department carried the recruitment processes and onboarding practices to online environment, taking into account the health of both its employees and candidates.

EMPLOYEE RELATIONS AND INTERNAL COMMUNICATIONS

Designed along with the principle that "our most valuable asset is our human resources," Odeabank's HR practices continued to support business units in parallel with the Bank's goals and policies. Cross-functional synergy was created between business units to improve collaboration, and internal communication activities were conducted.

During the pandemic, Human Resources gave priority to protecting the health of employees, keep their spirits and safety up, and continuing frequent and open communication.

Employees were regularly called and information was obtained about their health status, face-to-face interviews were held to keep the morale and motivation of all employees high and support them, besides health, and regularly communicated with them about their needs. Human Resources, which carried branch visits to online environment, supported employees who had to work in branches during this challenging period.

An "Employee Support Line" program has been developed through which employees can 24/7 reach many services ranging from psychological counseling to health, and from financial consultancy to technological support. With this program, it is aimed that employees get the right information from experts in every issue they need.

In addition to these activities, the Employer Branding project was initiated throughout the Bank in 2020 in order to transform the opinions of the employees into corporate success. The entire process is carried out by an independent research company within the framework of confidentiality principles, and the evaluations are handled by the Senior Management and Human Resources Department and planned to take action on the necessary issues.

PERFORMANCE MANAGEMENT

In parallel with the development of the performance management system and strategic practices, the focus was placed on individual performance in order to strengthen corporate performance.

Odeabank's performance management is designed to develop specific, measurable, accessible, realistic and time-bound goals for the purposes of achieving better and sustainable results, and helping employees fully realize their potential in a high-performance organization.

The importance of competencies was underscored in achieving these goals, and activities were carried out to reinforce the development and retention of result-oriented employees with outstanding communication skills who can effectively manage customers, business processes and change and, as well, communicate with their peers and act in accordance with leadership principles.

Performance assessment processes were managed effectively within the pre-defined timeline, and the 2019 year-end assessment was completed smoothly. Support was provided to managers and employees in the process of setting targets for 2020.

WAGE MANAGEMENT AND REWARD SYSTEM

The Human Resources Management Strategy and its practices are considered among the key drivers behind Odeabank's success, and incorporate an employee- and value-oriented, a fair-reward system to ensure that all employees are highly motivated.

In 2020, remuneration activities were carried out by taking into account the average wage in the banking sector, the volume of work by position, and employees' annual performance indicators, along with dynamics within the Bank and annual budgets.

HUMAN RESOURCES SYSTEM IMPROVEMENTS

Odeabank makes a difference in the sector by offering HR practices via a robust technology infrastructure. Human Resources processes are aligned with emerging technologies to meet employee needs with quick, high-quality, accurate and systemic solutions. All tools and practices to support employees' needs and development are available online and accessible at all times.

CAREER MANAGEMENT

As part of Odeabank's Human Resources practices, Odeabank employees have opportunities for vertical and horizontal promotions with corresponding authority and responsibilities in alignment with their competency development.

Guidance and personal development opportunities are provided to employees in accordance with their competencies and areas of expertise. Internal resources have priority among applications for new career opportunities within the organization.

TRAINING AND DEVELOPMENT

Odeabank considers employee training and development as a defining factor for its success. In line with the Bank's long-term strategic needs and goals, it continues to organize training activities and provide a constant learning environment aimed at a professional, highly motivated and effective workforce, and employees with outstanding performances.

Career training designed to improve employees' competencies and skills for their respective positions is enriched with on-the-job-learning and e-training modules to support the Bank's performance development. Furthermore, corporate training courses are prepared for employees in accordance with the corporate culture and corporate goals and strategies of Odeabank.

In this context, all trainings continued on online platforms due to the pandemic in 2020. Professional development of all employees is supported by the "e-Odea Human Resources Training Platform" and Vide'O e-learning platforms, as well as these trainings prepared for the behavioral and technical skills of the employees and designed specifically for the organization.

2021 TARGETS

- Designing the organizational structure that will carry the Bank to the future and provide a competitive advantage, and repositioning title, promotion and career development in this regard,
- Generalizing the agile working culture throughout the Bank and the implementation of agile working within the organization,
- Spreading the goals of the Bank to the entire organization, ensuring that the teams work in line with common goals, digitizing the definition of success and identifying the reward criteria in a transparent and measurable manner highlighting those who have roles in the success,
- Measuring the competencies and potential of our managers in line with the competencies that will carry the Bank forward and establishing development plans and training structure in this regard,
- Defining the current culture and making Odeabank's values a part of life, and implementing cultural transformation in order to apply the key behavioral models that will carry the Bank forward throughout the Bank,
- Determining the working order after the pandemic and preparing the appropriate infrastructure and implementation in the areas of technology, communication, side benefits, law, performance evaluation and leadership.

SUSTAINABILITY APPROACH

IN ITS ACTIVITIES, ODEABANK COMPLIES WITH ALL NATIONAL LAWS AND REGULATIONS ON ENVIRONMENTAL AND SOCIAL ISSUES, AND AIMS TO ENSURE THAT ITS CREDIT CUSTOMERS DO SO AS WELL.



Odeabank aims to encourage robust and sustainable environmental and social development in conducting its banking activities. With its responsible business approach, the Bank aims to eliminate, if possible, environmental and social impacts that may arise directly or indirectly from its activities,

and if not, to minimize them. Within this context, the Bank has developed and implemented the Environmental and Social Management System, taking the best practices of international financial institutions as an example. In order to eliminate or minimize the negative environmental and social impacts that may occur within this framework, Odeabank;

- Has identified and adopted Odeabank's Prohibited Activities List taking the International Finance Corporation's (IFC) Prohibited Activities List as a reference. The Bank does not provide financing for any business on the list, which is updated periodically under the guidance of other international finance organizations.
 - In its activities, it complies with all national laws and regulations on environmental and social issues and aims to ensure that its credit customers do so as well.
 - Prior to loan allocation, Odeabank assesses corporate and commercial customers for environmental and social risks using its Environmental and Social Risk Management System tools.
 - Odeabank conducts additional assessments on activities/ customers presenting high environmental or social risks and determines measures to be taken to eliminate or mitigate the environmental or social risk associated with the activity to be financed.
 - It supports crediting projects that improve environmental conditions such as renewable energy investments, waste recycling investments, and investments to reduce carbon emissions or to increase efficiency.
 - In collaboration with IFC, Finance in Motion, the Banks Association of Turkey and professional consultants, training courses were organized to brief participants on the Environmental and Social Management System and raise environmental and social awareness within the Bank Audi group.
- Odeabank acts in an environmentally responsible manner in its practices. Accordingly:
- Striving to provide its customers with the best services, Odeabank builds the finest technical equipment and service fields, and carefully reviews customers' experiences starting from their first steps into the branches. Odeabank focuses on eco-friendly practices in all facilities for customers and employees. All meeting rooms feature Apple TV units and 'whiteboard technology' to enable paper-free meetings.
 - Odeabank utilizes business intelligence applications to analyze data for a transition into literally paper-free and eco-friendly business processes. Using a document management system that enables swift business flow Odeabank stores all customer documents in the digital format.
 - Except for documents that require a wet signature, Odeabank branches do not use paper and documents are archived electronically. Another green approach of Odeabank branches is the mobile Q-matic application. Thanks to this application, customers can get their sequence numbers without using paper.
 - Odeabank offers customers the option of receiving ATM receipts via SMS or e-mail, protecting the environment while also expanding the service network offered to customers.

CORPORATE SOCIAL RESPONSIBILITY

UNDERLINING THAT GENDER EQUALITY IS LEARNED AT EARLY AGES AND HANDLING WORLD-FAMOUS FAIRY TALES IN AN EGALITARIAN MANNER, ODEABANK INTRODUCED THE TALES RAPUNZEL, CINDERELLA AND RED RIDING HOOD, WHICH WERE REWRITTEN WITH THE “FAIR TALES” PROJECT, IN 2020.



In addition to its commitment to sustainable development, Odeabank embraces corporate social responsibility and actively works for its community and society. It takes on a proactive and collaborative role to improve the quality of life, the public good, cultural development and the well-being of society.

Odeabank focuses on issues such as gender equality, organizational management, human rights, business practices, environment, fair business practices, consumer problems and social participation, at the international level.

Underlining that gender equality is learned at early ages and handling world-famous fairy tales in an egalitarian manner, Odeabank introduced the tales Rapunzel, Cinderella and Little Red Riding Hood, which were rewritten with the “Fair Tales” project, in 2020. The Fair Tales project, with the slogan “Children shall wake up to an equal tomorrow,” will continue to spread the egalitarian understanding with two new tales in 2021.

Since 2017, the Bank has collaborated with the TEMA Foundation on the “Odeabank Oksijen Account secures the oxygen of the future” project. Active Oksijen Account holders fulfilling the necessary conditions can contribute to educating children about nature through the TEMA Foundation’s Nature Education Projects, or they can donate saplings. Odeabank, which is celebrating Oksijen Account’s 6th anniversary this year and donated 500 saplings to TEMA Foundation within the framework of social media activities, continues to guarantee the oxygen of the future with Oksijen Account.

The Etiler Branch of Odeabank colors its lighting in special installations to raise awareness on the International Day for the Elimination of Violence against Women and on World Autism Awareness Day.

Odeabank donated 5,000 saplings to lessen the effect of forest fires in Hatay.

Odeabank encourages all managers and employees to embrace social responsibility both in their personal lives and as the Bank’s employees while performing professional duties.

The Bank organizes special events and training activities to raise employee awareness on environmental and social issues.

Accordingly;

- Odeabank is committed to embracing the principle of honesty and open communication in interactions, communicating openly with all internal and external stakeholders;
- valuing human resources by promoting versatility, diversity and equal opportunity;
- rewarding talent, supporting teamwork and employees’ development;
- applying the highest standards of integrity in business relations;
- promoting healthy ecosystems, social equity and good organizational governance within its sphere of influence and supply chain;
- taking responsibility for decisions and actions and being trustworthy;
- and positively affecting its entire value chain with its social responsibility awareness.

CONTRIBUTIONS TO ART AND CULTURE

IN COLLABORATION WITH THE FOUNDERS OF STANDART ISTANBUL, O'ART HELPS SHOWCASE ORIGINAL ARTWORKS, ADDING FURTHER VALUE TO ISTANBUL'S CULTURAL AND ARTISTIC ASPECT, WHILE HOSTING DYNAMIC CONTEMPORARY ARTISTS.



ODEABANK O'ART

As an original art platform, O'Art is a significant representation of Odeabank's standing as a sponsor of the arts. O'Art has been hosting important exhibitions since 2015.

Odeabank's art platform O'Art's purpose is to make all disciplines of today's art accessible to everyone in various mediums, including the criticism of today's problems of the socio-cultural system.

Odeabank CEO Mert Öncü expressed his pleasure to be hosting the art world at O'Art and said, "At Odeabank, we have stood by artists on our art platform O'Art. We are sharing their artworks, through which they express their rich emotional worlds, with our customers and with art enthusiasts. We will advance and carry on our support for arts and artists."

Odeabank continued to support both the artists and the art by making live broadcasts on social media under the name of "Odeabank Art Talks" as part of O'Art, along with the art events carried online during the pandemic in 2020. Continuing its exhibition preparations for 2021, Odeabank will continue to share with all art lovers, focusing on contemporary art and artists.





03

**SENIOR MANAGEMENT
AND CORPORATE
GOVERNANCE
PRACTICES**

BOARD MEMBERS, SENIOR MANAGEMENT (EXECUTIVE COMMITTEE MEMBERS) AND AUDITORS

Name	Position	Appointment Date	Education
Imad Itani	Chairman	24.05.2012	Ph.D.
Tamer Ghazaleh	Vice-Chairman	24.05.2019	Bachelor's Degree
Samir Hanna	Board Member	24.05.2012	High School
Khalil El Debs	Board Member	25.03.2014	Master's Degree
Philippe El-Khoury	Board Member	28.03.2016	Master's Degree
Bülent Adanır	Board Member	28.04.2017	Master's Degree
Dragica Pilipovic-Chaffey	Board Member	01.02.2018	Master's Degree
Mouayed Makhlouf	Board Member	30.10.2019	Master's Degree
Antoine Najm	Board Member	09.01.2020	Bachelor's Degree
Ayşe Botan Berker	Board Member	12.10.2020	Ph.D.
Farid Lahoud	Board Member	14.12.2020	Ph.D.
Mert Öncü	Board Member – General Manager	02.04.2018	Ph.D.
Yalçın Avcı	Deputy General Manager – AGM in Charge of Commercial Banking	07.06.2012	Master's Degree
Cem Muratoğlu	AGM in charge of Retail Banking	18.06.2012	Master's Degree
Mehmet Gökmen Uçar	AGM in charge of Finance, Financial Control and Strategy/CFO	02.07.2018	Bachelor's Degree
Sinan Erdem Özer	AGM in charge of Technology and Operations	03.09.2018	Master's Degree
Hüseyin Gönül	Internal Systems AGM/CRO	24.06.2019	Bachelor's Degree
Emir Alpay	AGM in charge of Treasury, Capital Markets and Financial Institutions	09.09.2019	Master's Degree
Cenk Demiröz	AGM in charge of Credit Allocation	25.11.2019	Master's Degree
Ebru Vardar	Director, Human Resources	14.09.2020	Bachelor's Degree
Ebru Ersoy	Director, Chief Legal Counsel	13.02.2017	Bachelor's Degree
Tolga Usluer	Director, Head of Internal Audit	10.07.2017	Master's Degree
Hüseyin Cem Taner	Director, Remedial and Recovery Management	01.06.2012	Bachelor's Degree
Önder Yılmaz	Director, Secretary General	05.05.2020	Master's Degree



DR. IMAD ITANI

Chairman of the Board of Directors, Chairman of the Audit Committee and Remuneration Committee

Imad Itani serves as a Member of the Board of Directors of Odeabank since its establishment in 2012 and was elected as Chairman of the Board in November 2020.

He started his banking career at Bank Audi, Lebanon, in 1997, after having worked for a few years in Corporate Finance for major energy companies in Canada. He was later appointed as General Manager and Group Head of Retail Banking and of Islamic Banking of the Bank Audi Group, and member of its Board of Directors since 2002. In July 2020, he resigned from his executive role at Bank Audi and remains a non-executive member of its Board of Directors. He currently serves also as a member of the Board of Directors of Bank Audi sae (Egypt) and Chairman of its Audit Committee.

Imad Itani holds a Ph.D. in Economics from the University of Chicago (USA) and is a former lecturer in Economics and Finance to graduate students at the American University of Beirut.



TAMER GHAZALEH

Vice-Chairman of Board of Directors, Member of the Risk Committee and Remuneration Committee, Associate Member of the Credit Committee

Tamer Ghazaleh holds a Bachelor's Degree in Accounting from the University of Jordan (1998) and is a graduate of the Executive Management Program at the Harvard Business School (2009) and Advanced Management Program (AMP) at the Harvard Business School in 2019.

Tamer Ghazaleh joined Bank Audi Group in 2004 as Chief Financial Officer (CFO) of Jordan Branches, in charge of the Finance and Administration Departments there. In March 2006, Mr. Tamer Ghazaleh moved to Bank Audi sae (EGYPT) where he became assistant General Manager and CFO, bringing a significant contribution to the expansion of the bank's activities in Egypt and to the establishment of its strong financial pillars, and then to Deputy Group CFO at Head Office in Beirut in June 2014, and to Group CFO in March 2015, and in July 2020 was promoted to Deputy Group CEO.

Throughout his career at Bank Audi Group, Tamer Ghazaleh was a key contributor to the development and adaptation of the Bank's financial management to its complex needs and expansion plans, mobilizing adequate human resources for financial management and making use of advanced integrated information technology to align the Bank to international best practice in financial management and reporting, and to abide by the evolving International Financial Reporting Standards. He is currently a member of the Board of Directors of several affiliates of Bank Audi, and Co-Chair of the Group Executive Committee of the bank, whose mission is to assist the Group CEO in the strategic and day-to-day running of the Bank.

Prior to joining Bank Audi Group, Tamer Ghazaleh occupied several positions in international companies, as he worked for three years with Deloitte and Touch M.E. Jordan and UAE. In 2001, he joined the Standard Chartered Bank in Jordan to become the CFO in 2002 and a member of the Executive, Risk, and ALCO committees until 2004. He has been appointed as Vice-Chairman of the Board of Directors of Odeabank as of November 2020.

BOARD MEMBERS, SENIOR MANAGEMENT (EXECUTIVE COMMITTEE MEMBERS) AND AUDITORS



SAMIR HANNA
Board Member

Samir Hanna is a member of the Board of Directors of Odeabank and has previously served as Chairman of the Board (since the establishment of the Bank in 2012 and until November 2020).

Samir Hanna joined Bank Audi Group, Lebanon in January 1963. He held several managerial and executive positions across various departments of the Bank and was appointed General Manager in 1986 and member of the Board of Directors of Bank Audi in 1990. In the early 1990s, he initiated and managed the restructuring and expansion strategy of Bank Audi, transforming it into a strong banking group offering universal banking products and services including Corporate, Commercial, Retail, Investment, and Private Banking.

He was elected Chairman of the Board of Bank Audi sal, succeeding Mr. Raymond Audi, in April 2017, and now serves as the Chairman and Group Chief Executive Officer of the Bank Audi Group, heading all aspects of the Group's Executive Management.



KHALIL EL DEBS
Board Member, Member of the Credit Committee

Khalil Debs holds a Master in Business Administration from the Lebanese American University. He joined Bank Audi sal in 1995. He currently acts as the Deputy Group Chief Executive Officer. He is responsible for the management of the front office activities of the bank. These include Corporate & Commercial Banking, SME, Retail Banking, Energy and Infrastructure Finance, Operations, Private Banking, Private Equity and the International Division. In his role, he manages and oversees the development and implementation of the business strategies and policies of the bank across these different business lines in Lebanon and in the international entities.

Until July 1st 2020, Khalil Debs acted as the Group Head of Corporate Banking overseeing the corporate and commercial lending activities of the bank's entities spanning across several countries in addition to his role as a member of their respective credit committees. He played a key role in the development of the corporate and commercial lending activities of the bank in Lebanon and actively contributed to the regional expansion policy on which Bank Audi embarked since 2004. He established during 2008 the group's syndication and project finance division, which successfully structured and led a number of key transactions in the MENA region.

He currently serves as the Chairman of Bank Audi LLC (Qatar) and of Solifac (Bank Audi's factoring arm in Lebanon) and is a member of the Board of Directors of (i) Odeabank (Turkey), (ii) Bank Audi France sa, (iii) Bank Audi sae (Egypt) and (iv) Audi Investment Bank sal. Prior to joining Bank Audi, he worked with ABN-AMRO Bank N.V for two years. Khalil Debs is a Chartered Financial Analyst (CFA) since 2001.



PHILIPPE EL-KHOURY

Board Member, Chairman of the Corporate Governance Committee

Philippe El-Khoury holds an undergraduate degree in economics from Trinity College, Cambridge University and a Master's Degree in International Relations from the London School of Economics. He started his professional life at the Central Bank of Lebanon in 1993, where he was Assistant to the First Vice Governor. From 1995 to 1997, he worked at Merrill Lynch in London in the Financial Institutions Group, focusing on mergers and acquisitions of financial institutions in Southern Europe and Emerging Markets. From 1997 to 2000, he worked at Robert Fleming and Merrill Lynch in their equity research departments, covering financial institutions in Turkey and the Middle East and North Africa. From 2000 to 2002, he ran his own start-up company, Sharqfin, an independent economics and banking sector-focused research consultancy. From 2002 to 2008, he was Head of Research at EFG Hermes, a leading Cairo-based investment bank that is a leader in the Middle East and North Africa.

From 2004 to 2008 he was a Member of the Executive Committee that oversaw the expansion of the firm's footprint from Egypt to other countries in the Middle East and North Africa and saw the market value of the company rise from USD 70 million to USD 4,000 million. Since 2008, he has run Impera Capital, a consultancy and investment advisory firm focused on emerging and frontier countries, and has been Independent Board or Advisory Board Member to a number of companies in the Middle East and North Africa, including Bankmed, Credit Libanais, Fattal Holding.



BÜLENT ADANIR

Board Member, Chairman of the Risk Committee and Member of the Audit Committee and Remuneration Committee

Bülent Adanır received his high school diploma, undergraduate and graduate degrees in the United States of America. He holds a Master's degree in Economics from Rutgers State University. Bülent Adanır began his banking and finance career at Citigroup, where he worked for 26 years. After assuming multiple senior roles as well as the Vice Chairman of the Board at Citibank Turkey between 1981 and 1996, he was transferred to Citigroup in London in 1996, where he served as the Chief Risk Officer for Europe, Middle East and Africa region until 2007. Bülent Adanır was an Executive Board Member at Akbank from 2007 to 2012, and he also served as Chairman of the Bank's domestic and foreign subsidiaries. He has served as Board Member at Odeabank since May 2017.

BOARD MEMBERS, SENIOR MANAGEMENT (EXECUTIVE COMMITTEE MEMBERS) AND AUDITORS



DRAGICA PILIPOVIC-CHAFFEY

Board Member, Member of the Corporate Governance Committee and Risk Committee

Dragica Pilipovic-Chaffey holds an MBA in business and finance, George Washington University, Washington DC (1981) and a BA in Economy, University of Belgrade (1970). Between May 1976 and October 1991, Mrs. Pilipovic- Chaffey worked for the International Monetary Fund in Washington DC. She began as Junior Researcher and rose through the ranks to reach senior positions in charge of macroeconomic research. Between November 1991 and April 2008 Mrs. Pilipovic-Chaffey held a number of posts within the European Bank for Reconstruction and Development (EBRD). This included posts as country director of Serbia and Montenegro (2003 - 2007) and Russia (1999 - 2003). She was also Departmental Director in charge of Poland, Lithuania, Latvia and Estonia, where she managed and supervised 40 bankers and additional staff in five national offices.

Prior to becoming Vice President for Corporate Affairs at the United Group in July 2015, Dragica Pilipovic-Chaffey served as CEO of Serbia Broadband (SBB - a member of the United Group), the largest cable TV, fixed telephony and broadband internet operator in the Former Yugoslavia region. Between May 2008 and Q2 2009, Mrs. Pilipovic- Chaffey served as chairperson of the board of SBB. Besides her position in SBB, till November 2014, Mrs. Pilipovic-Chaffey was appointed by the EBRD as a non-executive director, member of the Audit and Compensation committees of Komercijalna Banka, the second-largest bank in Serbia.

Since June 2015, Mrs. Pilipovic-Chaffey serves as a member of the Supervisory Board of Addiko bank, Austria and as of February 2018, she is the Board Member of Odeabank.



MOUAYED MAKHLOUF

Board Member, Member of the Risk Committee and Corporate Governance Committee, Associate Member of the Credit Committee

Mouayed Makhoulf holds a Master of Science degree in Finance from George Washington University in Washington, DC. Mouayed Makhoulf joined Bank Audi Group in August 2019 as a General Manager and a member of the Group Executive Committee of Bank Audi sal with a primary focus on the regional corporate business as well as the various special initiatives within the Group.

Prior to joining Bank Audi Group, Mouayed Makhoulf was the Regional Director of the Middle East and North Africa region (MENA) at the International Finance Corporation (IFC), World Bank Group. He was responsible for IFC's investments and advisory programs in more than 20 countries in MENA, with over 250 staff across 14 offices. During his tenor as a Regional Director of MENA, IFC's work in the region witnessed a considerable effort in creating the space for stronger private sector contribution in the development of the regional economies, through both participating in direct investments as well as focusing on the upstream work with the relevant authorities and governments.

Prior to that, Mr. Makhoulf was a Manager in the Financial Institutions Group responsible for IFC's investments in all the financial institutions in the Middle East and North Africa region based in Dubai, UAE. Mr. Makhoulf joined IFC in Washington DC in 1998. During his career at IFC, he then relocated to several major offices across many regions and covered a large number of markets including Central Asia, MENA, Turkey, Europe, Latin America and Asia.



ANTOINE NAJM

Board Member, Credit Committee Member

Antoine Najm holds a Bachelor's Degree in Business Administration (Finance) from HEC Montreal (1993) and has received his undergraduate degree and high school diploma in Canada.

He serves as Group Credit Head at Bank Audi sal since May 2015, in charge of the Group Credit division constituted of (i) Group Corporate Credit Management department, comprising Regional credit approvals and reviews, Group Credit Admin & MIS, (ii) Corporate Credit Risk-Lebanon department. He manages the Group Corporate Credit Portfolio, with responsibilities encompassing the entire process, from independent credit approval to portfolio reviews. He initiated and managed the de-risking strategy of the Group loan portfolio in early 2017 (ongoing) and acts as an independent credit approval authority across the Group for all credits above entities' local limits. He is a member of the IFRS9 steering committees across entities within the Group, including validation of staging and migration, permanent invitee of the Risk Committees of the Board and is a key member in remedial management forums.

Antoine Najm joined Bank Audi Group in May 2005 as Head of Credit Risk Review. Before joining Bank Audi Group, he worked for eleven years with Bank Saradar where he occupied several positions including the position of Head of Credit Department from January 2000 until April 2005. He has been appointed as Board Member and Credit Committee member of Odea Bank A.Ş. as of January 2020.



DR. AYŞE BOTAN BERKER

Board Member

Dr. Botan Berker completed her secondary education at TED Ankara and holds a Bachelor's degree in Business Administration from Middle East Technical University, a Master's degree in Economics from the University of Delaware (USA), and a Ph.D. in Banking & Finance from Marmara University. Beginning her professional career at the Central Bank of the Republic of Turkey as a specialist in external debt, Dr. Berker then worked on various assignments such as loans provided within the body of the World Bank and OECD Consortium to Aid Turkey. Serving as an assistant manager in the Department of Balance of Payments, she then worked as Manager in the Department of International Institutions in charge of borrowing from foreign markets at the Central Bank. Between 1994-1996, Dr. Berker worked as London Representative of the Central Bank of the Republic of Turkey. Before leaving the Central Bank in January 1999, she served as External Affairs Assistant General Manager. She then opened the Turkey office of Fitch International Credit Rating Company, where she worked as Turkey General Manager and Board Member until March 2012. Dr. Berker founded Merit Risk Management and Consultancy Services company in April 2012. She served as the independent board member and chairperson of the Risk Committee of Turcas Petrol A.Ş. between 2012 and 2018, and is currently serving as an independent Board Member of İş Leasing A.Ş. Dr. Berker, who is a member of the Board of Trustees of Turkish Education Foundation, is also a part-time lecturer in Banking and Finance at Marmara University. Dr. Botan Berker has been appointed as a Board Member of Odea Bank A.Ş. as of October 2020.

BOARD MEMBERS, SENIOR MANAGEMENT (EXECUTIVE COMMITTEE MEMBERS) AND AUDITORS



DR. FARID LAHOUD

Board Member

Farid Lahoud is a member of the Board of Directors of Odeabank since December 2020.

He joined Bank Audi, Lebanon, in 1991, moving from a leading London-based discount house. Throughout his career at Bank Audi, he played a senior role in corporate, structured, and project finance and led the origination and structuring of debt programs, bank capital instruments, hybrid equity issuance and asset-backed securities programs. He was appointed in 2006 as Corporate Secretary of the Bank Audi Group - in charge of developing, implementing and maintaining a high-quality Corporate Governance framework for the Bank and the Group - and member of the Boards of Directors of several affiliates.

He currently serves also as a member of the Oversight Advisory Committee of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and has served, from 2013 until 2016, as a member (Chair from 2014 onwards) of the Oversight Advisory Committee of the United Nations World Health Organization (WHO).

Farid Lahoud holds a Doctorate in Business Administration from ESA Business School in Lebanon, in association with Paris I Panthéon Sorbonne, and a Master's degree in Business Administration from the City University of London. He also holds a Bachelor's degree in Engineering from the American University of Beirut.



DR. MERT ÖNCÜ

Board Member, General Manager, Chairman of the Credit Committee

Dr. Mert Öncü holds a Bachelor's degree from Istanbul Technical University, Electronics and Telecommunications Department (1992) and an MBA in Finance from DePaul University, Chicago, where he also worked as a graduate assistant. He served as an intern in the Chicago Mercantile Exchange Group between 1992-1994 and, in 2001, he received a Ph.D. in banking from Marmara University Banking and Insurance Institute. In 2010, he completed the Emerging Leaders and Emerging Companies Certification Program at Insead France, followed by the Advanced Management Program of Harvard Business School in 2017.

Starting his banking career in Koçbank's Treasury Department in 1994, Dr. Öncü was present during the merger of Koçbank with Yapı Kredi Bank in 2006. Following the merger, Dr. Öncü held various executive roles in Treasury Management. He served as a Board Member and Vice-Chairman of the Board for the İzmir Futures and Options Exchange between 2007-2013 until its merger with Borsa İstanbul.

Between May 2011- March 2018, Dr. Öncü served as Assistant General Manager responsible for Treasury and Financial Institutions and as a member of the Executive Committee at Yapı Kredi Bank. He also served as a Board Member at Yapı Kredi Yatırım in 2018. On April 2, 2018, Dr. Öncü was appointed as the CEO and a Board Member at Odeabank.



YALÇIN AVCI

Deputy General Manager, Assistant General Manager

Yalçın Avcı holds an undergraduate degree in Metallurgical Engineering from Middle East Technical University (1995) and an MBA from Ankara Bilkent University (1997). He worked as a credit analyst and customer representative at Türk Boston A.Ş. (1995-1997) and as a customer representative in the Ankara Branch of İktisat Bank (1997- 1998).

From 1997 through 2012, Mr. Avcı served at HSBC Bank as Specialist Customer Representative (1998-2000), Assistant Manager (2000-2002), Corporate Banking Senior Manager (2002-2005), Corporate Banking Sector Head (2005-2010) and Corporate Banking Group Head (2010-2012).

Between 2012-2018, he worked as Assistant General Manager in charge of Corporate and Commercial Banking in Odeabank. After the merger of Corporate, Commercial and SME business lines under the umbrella of Commercial Banking in November 2018, Mr. Avcı was appointed as Assistant General Manager in charge of Commercial Banking.



CEM MURATOĞLU

Assistant General Manager

Cem Muratoğlu graduated from the Middle East Technical University Petroleum Engineering Department (1989) and completed his MBA at Ankara Bilkent University (1992). In 2008, Mr. Muratoğlu completed the Corporate Leadership Program (TCL) at Harvard University. He started his banking career in 1992 at Interbank A.Ş. as a Corporate Banker. After assuming different duties and positions until 1999, he was appointed as Director in charge of Retail Banking and Alternative Distribution Channels. In 1999, Mr. Muratoğlu joined the senior management of Finansbank as Manager in charge of Retail Banking Sales. Serving Akbank in 2001 as Department Head responsible for marketing Retail Banking products and services and managing non-branch channels, he was appointed Assistant General Manager in charge of Retail Banking in 2008. He assumed the same title at ING Bank in late 2008. Since 2012, Mr. Muratoğlu has served as Odeabank A.Ş. Assistant General Manager in charge of Retail Banking.

BOARD MEMBERS, SENIOR MANAGEMENT (EXECUTIVE COMMITTEE MEMBERS) AND AUDITORS



MEHMET GÖKMEN UÇAR
Assistant General Manager

Mehmet Gökmen Uçar graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Economics Department in 1998. Between 1998 and 2002, he worked at Başaran Nas Bağımsız Denetim ve S.M.M.M. A.Ş. (PwC) as an Independent Auditor and obtained the Certified Public Accountant qualification. He joined Koçbank in 2002 and worked in Budget Control and Planning as Budget Planning and MIS Supervisor until 2005.

Between 2005 and 2007, Mr. Gökmen Uçar assumed various management responsibilities in the strategy, budgeting and planning areas under UniCredit Group, in Italy, Germany and Austria. He returned to Yapı Kredi in 2008 and worked as Capital Management, Cost Control and Allocation Supervisor, Head of Financial Reporting and Vice President in charge of Financial Reporting and Accounting, respectively. In 2011, he was appointed as Financial Reporting and Accounting Executive Vice President. Between 2012 and 2015, he served as Assistant General Manager responsible for Retail Credits, concurrently serving as a Member of the Board of Directors at KKB.

He worked as Assistant General Manager responsible for Human Resources and Organization from January 2016 until July 2018, and also served as a Member of the Executive Committee at Yapı Kredi. Mr. Gökmen Uçar joined Odeabank as Assistant General Manager in charge of Strategy and Business Development in July 2018. He has served as CFO - Assistant General Manager in charge of Finance, Financial Control and Strategy since November 2018.



SİNAN ERDEM ÖZER
Assistant General Manager

Sinan Erdem Özer graduated from the Department of Computer Engineering at Middle East Technical University and completed the MBA program at Koç University between 1998-1999. Beginning his banking career in 1994 at Koçbank, Mr. Özer has worked as System Engineer, Division Manager and System Support and Operations Group Manager. He led the infrastructure team during the integration project of Yapı Kredi Bank and Koçbank and served as the head of Yapı Kredi Bank's IT Service and Support Groups between 2008 and 2010. Between 2010 and 2018, he worked as the Group Director in charge of IT Infrastructure, Operations, IT Security, Software Development and IT Governance of Subsidiaries at Yapı Kredi Bank.

Mr. Özer has been serving as Assistant General Manager in charge of Technology and Operations at Odea Bank A.Ş. since September 2018.



HÜSEYİN GÖNÜL
Assistant General Manager

Hüseyin Gönül graduated from the Department of Business Engineering, Istanbul Technical University in 1995. That same year, Mr. Gönül joined Demirbank A.Ş. as a Management Trainee and served as Internal Auditor between 1996 and 1998. He was appointed Internal Auditor and Risk Manager, respectively, at Dışbank A.Ş. (1999- 2005). In 2005, Mr. Gönül assumed the title of Credit Risk Management Director at Fortis Bank A.Ş. In February 2011, he was appointed Rating Models Development Director at TEB A.Ş. Mr. Gönül has been serving as Internal Systems Assistant General Manager / CRO at Odea Bank A.Ş. since June 2019.



EMİR ALPAY
Assistant General Manager

Emir Alpay graduated from the Department of International Business Administration and Marketing at Marmara University in 1996. He completed his MA in Business Administration at the University of North London in 1997.

Mr. Alpay started his career in 1999 at Koçbank and, in 2006, joined Akbank, where he held the titles of Corporate Sales Director and Director in charge of Treasury, Derivatives and FX Markets, respectively. In 2013, he was appointed CEO of Yapı Kredi Portfolio Management. Since September 2019, Mr. Alpay has worked as Assistant General Manager in charge of Treasury, Capital Markets and Financial Institutions at Odeabank A.Ş.

BOARD MEMBERS, SENIOR MANAGEMENT (EXECUTIVE COMMITTEE MEMBERS) AND AUDITORS



CENK DEMİRÖZ
Assistant General Manager

Cenk Demiröz holds a BA and MA from the Department of Economics at Boğaziçi University and Cornell University, respectively. In 2000, he started working as a Customer Representative in Corporate Banking at HSBC Bank.

Between 2002 and 2010, Mr. Demiröz served in the Corporate and Commercial Loans Department at HSBC Bank. In 2010, he joined ING Bank as Co-Chair of Commercial and SME Loans, after which he returned to HSBC Bank to serve as Director in charge of Corporate, Commercial and Financial Institutions Credit Allocation, Market and Counterparty Risks. He served as Assistant General Manager and Deputy General Manager in charge of Credits at Albaraka Türk from 2017 to 2019. In November 2019, Mr. Demiröz joined Odeabank A.Ş. as Assistant General Manager in charge of Credits.



EBRU VARDAR
Human Resources Director

Ebru Vardar completed her undergraduate degree in Engineering Management at Istanbul Technical University. Starting her career at Vestel, she then took the HR Consultant position at Arthur Andersen from 1997 to 2003.

She later continued her career at Ernst & Young as HR Director between 2003 and 2013. In 2013 she took the role of HR Director at Yapı Kredi Bank and during her career, she carried out projects on corporate culture, employer branding, performance management and reward systems, recruitment and talent management. She later took the position of HR Assistant General Manager at Boyner Grand Retailing INC. Ebru Vardar joined Odeabank as HR Director and Member of the Executive Committee in September 2020.

COMMITTEES

CREDIT COMMITTEE

The Credit Committee is responsible for creating guidelines for the credit allocation activities of the Bank in accordance with the credit policy, economic goals and the general risk profile of the credit portfolio of the Bank. The Credit Committee is a consultancy and decision making body in charge of credit allocations, provided that it is limited to ten percent of the equity of the Bank. In addition, the Committee also provides opinions and recommendations to the Board for loans where the amounts are above the delegated authority of the Committee and execution of the duties related to loans assigned by the Board.

The composition of the Credit Committee of Odea Bank A.Ş. is as follows:

Committee Chairman	Dr. Mert Öncü	Board Member (General Manager)
Committee Member	Khalil El Debs	Board Member
Committee Member	Antoine Najm	Board Member
Committee Associate Member	Tamer Ghazaleh	Vice-Chairman of the Board
Committee Associate Member	Mouayed Makhoulouf	Board Member

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the efficiency and effectiveness of the Internal Control, Risk Management and Internal Audit systems on behalf of the Board and for monitoring the processing of these systems, as well as the accounting and reporting systems under the Banking Law and related regulations. The Committee is also responsible for following the integrity of the information generated; it is further responsible for making the necessary preliminary assessment for the selection of Independent Audit Institutions by the Board and regularly monitoring the activities of the Independent Audit Institutions selected by the Board. The Audit Committee pursues whether the provisions of the Regulations concerning internal control, internal audit and risk management as stipulated in the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" and internal policies and implementing procedures approved by the Board are abided by or otherwise, and the Committee makes recommendations to the Board regarding the precautions to be put into place, which are deemed necessary.

In addition, it is among the duties and responsibilities of the Audit Committee to supervise whether the Internal Audit system covers the Bank's current and planned activities and the risks arising therefrom; to examine in-house regulations concerning the internal audit to be validated upon the approval of the Board; to maintain the communication channels, which will enable the notification of irregularities that may arise within the Bank to the Audit Committee or Internal Audit unit or otherwise to auditors.

The Audit Committee obtains reports from the relevant units and Independent Audit Institutions related to the execution of such duties and carries out its evaluations and findings in respect thereof.

The composition of the Bank's Audit Committee is as follows:

Committee Chairman	Dr. Imad Itani	Chairman of the Board
Committee Member	Bülent Adanır	Board Member

COMMITTEES

CORPORATE GOVERNANCE COMMITTEE

The Committee provides appropriate communication channels and thus it ensures that the appropriate actions and transactions are securely delivered to the related authorities within the Bank in line with the corporate values and ethical rules; designs a system that will enable the possible deviations to be reported and by monitoring their compliance with the Corporate Governance Principles the Committee makes improvement efforts and offers suggestions to the Board of Directors in respect thereof. The Committee revises annually the Corporate Governance Framework of the Bank and presents a report to the Board of Directors related thereto. It monitors regularly the compliance of the Bank with the Corporate Governance Principles; manages the acceptance of a new member (director) to the Board of Directors and oversees the creation and implementation of the continuous director development program if necessary; ensures that Board Member distribution, structure, policies and processes meet the relevant legal and regulatory requirements and further ensures the correct implementation of the Corporate Governance framework and provides opinions in the event of problems or deviations. Pursuant to the relevant regulations, the Chairman of the Committee is a Board Member, who does not have executive duties.

The composition of the Corporate Governance Committee of Odea Bank A.Ş. is as follows:

Committee Chairman	Philippe El-Khoury	Board Member
Committee Member	Dragica Pilipovic-Chaffey	Board Member
Committee Member	Mouayed Makhoulouf	Board Member

RISK COMMITTEE

The Risk Committee is responsible for and in charge of identifying, measuring, monitoring and controlling of all risks, which the Bank may be exposed to, by means of the policies, implementing procedures and limits determined for the monitoring, controlling and when necessary changing the risk-return structure involved based on the future cash flows of the Bank, and in accordance with the nature and level of activities. The Risk Committee supports the Board of Directors in fulfilling the responsibilities of the Board such as maintaining the risk appetite, examining and approving the risk framework and policies of the Bank, examining periodic risk reports and monitoring risk functions within the Bank.

The composition of the Risk Committee of Odea Bank A.Ş. is as follows:

Committee Chairman	Bülent Adanır	Board Member
Committee Member	Dragica Pilipovic-Chaffey	Board Member
Committee Member	Tamer Ghazaleh	Vice-Chairman of the Board
Committee Member	Mouayed Makhoulouf	Board Member

REMUNERATION COMMITTEE

The Committee evaluates the remuneration policy and its applications within the framework of risk management and submits annually its suggestions related to these evaluations and findings to the Board of Directors via periodic reports. The Committee further ensures that the salaries to be approved for Board Members, Senior Managers and other Bank personnel are in compliance with the ethical values, internal balances and strategic goals of the Bank.

The composition of the Remuneration Committee of Odea Bank A.Ş. is as follows:

Committee Chairman	Dr. Imad Itani	Chairman of the Board
Committee Member	Tamer Ghazaleh	Vice-Chairman of the Board
Committee Member	Bülent Adanır	Board Member

INFORMATION ON THE PARTICIPATION OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS AT THE RESPECTIVE MEETINGS

BOARD MEETINGS

In 2020, the Board of Directors of the Bank convened on February 27, 2020, physically, and within the scope of Covid-19 precautions, it held its meetings through videoconferencing on the following dates: May 6, August 13, November 10 and December 17, 2020.

On February 26, 2020,

the Board of Directors held a meeting chaired by the Vice-Chairman Dr. Imad Itani. Vice-Chairman Dr. Imad Itani and board members Dr. Marwan Ghandour, Mr. Khalil El Debs, Mr. Tamer Ghazaleh, Mr. Philippe Elias El-Khoury, Mr. Bülent Adanır, Mrs. Dragica Pilipovic-Chaffey, Mr. Mouayed Makhoulf, Mr. Antoine Najm and Dr. Mert Öncü attended the meeting. Chairman of the Board, Mr. Samir Hanna, was unable to attend the meeting due to his prior commitments.

21 (twenty-one) Board resolutions were taken at this meeting.

On May 6, 2020,

the Board of Directors held a meeting chaired by the Vice-Chairman Dr. Imad Itani and through video-conferencing within the scope of Covid-19 precautions. Vice-Chairman Dr. Imad Itani and board members Dr. Marwan Ghandour, Mr. Khalil El Debs, Mr. Tamer Ghazaleh, Mr. Philippe Elias El-Khoury, Mr. Bülent Adanır, Mrs. Dragica Pilipovic-Chaffey, Mr. Mouayed Makhoulf, Mr. Antoine Najm and Dr. Mert Öncü attended the meeting through video-conferencing. Chairman of the Board, Mr. Samir Hanna, was unable to attend the meeting due to his prior commitments.

12 (twelve) Board resolutions were taken at this meeting via circulation in accordance with Article 390/4 of the Turkish Commercial Code, as the meeting was held through video-conferencing.

On August 13, 2020,

the Board of Directors held a meeting chaired by the Vice-Chairman Dr. Imad Itani and through video-conferencing within the scope of Covid-19 precautions. Vice-Chairman Dr. Imad Itani and board members Mr. Khalil El Debs, Mr. Tamer Ghazaleh, Mr. Philippe Elias El-Khoury, Mr. Bülent Adanır, Mrs. Dragica Pilipovic-Chaffey, Mr. Mouayed Makhoulf, Mr. Antoine Najm and Dr. Mert Öncü attended the meeting through video-conferencing. Chairman of the Board, Mr. Samir Hanna, and Board Member Dr. Marwan Ghandour were unable to attend the meeting due to their prior commitments.

11 (eleven) Board resolutions were taken at this meeting via circulation in accordance with Article 390/4 of the Turkish Commercial Code, as the meeting was held through video-conferencing.

INFORMATION ON THE PARTICIPATION OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS AT THE RESPECTIVE MEETINGS

On November 10, 2020,

the Board of Directors held a meeting chaired by the Vice-Chairman Dr. Imad Itani and through video-conferencing within the scope of Covid-19 precautions. Vice-Chairman Dr. Imad Itani and board members Mr. Khalil El Debs, Mr. Tamer Ghazaleh, Mr. Philippe Elias El-Khoury, Mr. Bülent Adanır, Mrs. Dragica Pilipovic-Chaffey, Mr. Mouayed Makhoulf, Mr. Antoine Najm, Dr. Ayse Botan Berker and Dr. Mert Öncü attended the meeting through video-conferencing. Chairman of the Board, Mr. Samir Hanna, and Board Member Dr. Marwan Ghandour were unable to attend the meeting due to their prior commitments.

12 (twelve) Board resolutions were taken at this meeting via circulation in accordance with Article 390/4 of the Turkish Commercial Code, as the meeting was held through video-conferencing.

On December 17, 2020,

the Board of Directors held a meeting chaired by the Chairman Dr. Imad Itani and through video-conferencing within the scope of Covid-19 precautions. Chairman Dr. Imad Itani and board members Mr. Khalil El Debs, Mr. Tamer Ghazaleh, Mr. Philippe Elias El-Khoury, Mr. Bülent Adanır, Mrs. Dragica Pilipovic-Chaffey, Mr. Mouayed Makhoulf, Mr. Antoine Najm, Dr. Ayse Botan Berker, Dr. Farid Lahoud and Dr. Mert Öncü attended the meeting through video-conferencing. Board Member Mr. Samir Hanna was unable to attend the meeting due to his prior commitments.

9 (nine) Board resolutions were taken at this meeting via circulation in accordance with Article 390/4 of the Turkish Commercial Code, as the meeting was held through video-conferencing.

In 2020, apart from those that were discussed during the foregoing Board meetings and submitted for approval by circulation as per Article 390/4 of the Turkish Commercial Code, 30 (thirty) board resolutions were taken in accordance with Article 390/4 of Turkish Commercial Code without holding actual or video-conference meetings.

COMMITTEE MEETINGS

AUDIT COMMITTEE

In 2020, the Audit Committee of the Bank convened on February 24, 2020, physically, and within the scope of Covid-19 precautions, the Committee held its meetings through videoconferencing on the following dates: May 4, August 4 and November 6, 2020. Accordingly, Audit Committee adopted 13 (thirteen) resolutions within 2020.

CORPORATE GOVERNANCE COMMITTEE

In 2020, the Corporate Governance Committee of the Bank convened on February 25, 2020, physically, and within the scope of Covid-19 precautions, the Committee held its meetings through videoconferencing on the following dates: May 5, November 9, and December 14-17, 2020. Accordingly, the Corporate Governance Committee adopted 1 (one) resolution within 2020.

RISK COMMITTEE

In 2020, the Risk Committee of the Bank convened on February 25, 2020, physically, and within the scope of Covid-19 precautions, the Committee held its meetings through videoconferencing on the following dates: May 5, August 4 and November 9, 2020. Accordingly, Risk Committee adopted 1 (one) resolution within 2020.

REMUNERATION COMMITTEE

The Remuneration Committee adopted 2 (two) resolutions in 2020.

Odeabank paid TL 1,289,500 (gross) to its independent Board and Committee members in 2020.

MANAGERS OF INTERNAL SYSTEMS UNITS

HÜSEYİN GÖNÜL

Internal Systems Assistant General Manager/CRO

Hüseyin Gönül graduated from the Department of Business Engineering, Istanbul Technical University in 1995. Gönül began his professional life in 1995, joining Demirbank A.Ş. as a Management Trainee and later as Internal Auditor between 1996 and 1998. He was appointed Internal Auditor and Risk Manager, respectively, at Dışbank A.Ş. (1999-2005). In 2005, Gönül assumed the title of Credit Risk Management Director at Fortis Bank A.Ş. In February 2011, he was appointed Rating Models Development Director at TEB A.Ş. Gönül has been serving as Internal Systems Assistant General Manager / CRO at Odeabank A.Ş. since June 2019.

TOLGA USLUER

Internal Audit Department Director

He received his B.A. degree in Economics from Middle East Technical University in 2000, and his MBA from the Social Sciences Institute of Bahçeşehir University in 2009. Currently, he is pursuing a Ph.D. in Business Administration at Yeditepe University. Mr. Usluer began his banking career in 2000 as an Assistant Auditor at Finansbank. He served in various positions at the same bank, and finally as Deputy Head of Internal Audit. Mr. Usluer holds several certifications, including Certified Internal Auditor (CIA), Certification in Risk Management Assurance (CRMA) and Certified Fraud Examiner (CFE). He is also a Board Member at the Institute of Internal Auditing - Turkey. After resigning from his former position, Mr. Usluer began working at Odeabank A.Ş. on July 10, 2017, as Head of Internal Audit.

KAAN ÇİFTÇİ

Internal Control and Compliance Director

Kaan Çiftçi obtained a BA from the Department of Business Administration at Bilkent University in 1996, followed by an MBA at Yeditepe University in 2000. Çiftçi began his career in 1996 at Demirbank T.A.Ş. (which was later taken over by HSBC Bank A.Ş.) as an Assistant Auditor. After serving the Internal Audit Department of the same bank until 2005, he worked at the Enterprise Banking Department of HSBC Bank A.Ş. (2005- 2012). Joining Odeabank A.Ş. as the Business Strategy and Infrastructure Director - Commercial Banking in 2012, Çiftçi remained in office until June 2019, when he was appointed Internal Control and Compliance Director.

KIVANÇ EREN**Risk Management****Credit Risk Senior Manager**

He received his Bachelor's degree from the Mathematics Department of Hacettepe University in 1998 and his MBA from Yeditepe University in 2002. Eren started his banking career in 1999 and has worked at the Risk Management departments of Fortis, Finansbank and ING Bank before joining Odea Bank A.Ş. Currently, he is a Senior Manager of Credit Risk Management in Odeabank. He holds the certificate of Financial Risk Manager (FRM) awarded by the Global Association of Risk Professionals (GARP) and is specialized in Basel II, statistical analysis, Scorecard/rating modeling, and economic capital.

TOLGA AKTÜRK**Risk Management****Market & ALM Risk Senior Manager**

Tolga Aktürk graduated from Middle East Technical University (METU), Department of Mathematics in 2004. He received his master's degree from Middle East Technical University (METU), Financial Mathematics in 2006. He started his career in 2007 and he worked at the Risk Management Department of Türk Ekonomi Bankası (TEB) before joining Odea Bank A.Ş. He is specialized in Asset Liability Management (ALM) Risk, balance sheet analysis, modeling, and market risk.

KEMAL OĞUZ ILGAR**Risk Management****Operational Risk and Business Continuity Manager**

Ilgar holds a BA in Business Administration from the Faculty of Economics and Administrative Sciences, Anadolu University in 2003. In 2005, he completed his MBA at Clarkson University, New York. Between 2006 and 2012, Kemal Ilgar worked as an Independent Auditor and Advisor in the Corporate Risk Services Department at an independent audit firm, DRT (Deloitte). Joining Odeabank in 2012, Ilgar was Assistant Manager in the Internal Control Unit until 2015. In April 2015, he was appointed Manager to the Operational Risk and Business Continuity Unit. Mr. Ilgar holds several certifications, including Certified Internal Auditor (CIA), Certification in Risk Management Assurance (CRMA) and Certified Control Self-Assessment (CCSA). He is specialized in internal control, operational risk, business continuity, and risk assessment.

BOARD OF DIRECTORS SUMMARY REPORT PRESENTED TO THE GENERAL ASSEMBLY

Welcome to our Bank's Ordinary General Assembly Meeting of 2020.

I would like to greet our partners, their representatives, and our valued guests who have graced this meeting where the reports of the Board of Directors and Auditors, and the profit and loss statements for the fiscal year 2020 will be submitted for your review and approval.

Before reviewing Odeabank's financial results, we would like to share with you recent developments in Turkey and the world that have played an important role in our operations.

The global economy, which has just started to emerge from the fragility in 2019, has operated in an environment with much more uncertainty due to the Covid-19 pandemic, which appeared in Wuhan, China in 2020 and created devastating effects on human health and economic stability. The measures implemented during the prevention and treatment process caused negative effects on the economies of the countries and lead to a global crisis. The global economy has suffered an enormous loss of production due to the effect of mandatory measures. In the first half of 2020, GDP declined by more than 20% in some developed countries. Deceleration, which was previously present in the global economy, turned into a historical crisis in 2020 due to the pandemic.

Countries have taken measures through monetary, fiscal and other policies to reduce the negative effects of the pandemic on the economy. During the process of combating the pandemic, a series of monetary policies such as restructuring loans and debts, providing liquidity support to the markets, low-interest loan options and changes in policy rates have come into effect rapidly.

It was observed that the impact of the pandemic on global GDP was more limited in the first quarter of the year, as it hit the Chinese economy, which has a significant share in the world economy, and some Asian economies at the first stage. However, with the rapid spread of the pandemic to other regions of the world in the second quarter of the year, its effects on the global economy were felt much more deeply and widely. According to the latest estimates, the global economy is predicted to shrink by 4.4% in 2020 compared to the previous year, and to grow by 5.2% in 2021.

While the currencies of developing countries depreciated, oil prices fell to historically deep levels with rapidly falling demand, gold and silver prices, which were regarded as safe harbors, rose, and other commodity prices decreased. Global markets are still very sensitive to the pandemic and the policies applied, and globally share, gold and oil prices still have not achieved a fully steady view.

During the pandemic, we have managed to become one of the banks that adapt to the new normal quickly thanks to our leading technology and applications in digital banking. In this period where digitalization is increasing, we will continue to make contributions to our customers and our sector with our new activities and applications.

Despite the negative effects of global developments throughout the year, as Odeabank, we have successfully leveraged its customer-oriented business strategy with an increased focus on efficiency and risk management, prioritizing national goals within its operations.

Considering our financial results for 2020, our net loans reached TL 19.4 billion and our deposits to TL 25.6 billion. While our gross loan-to-deposit ratio equaled 82.9% Odeabank maintained its robust balance sheet structure that can fund itself. In line with our long-term goals, we continue financial inclusion and diversification. The volume of our bond issues reached TL 563 million. Our reserves and profit before tax were realized as TL 949 million. Our principal capital ratio stands at 11.95% thanks to proper management of our asset structure and strong equity structure, while our capital adequacy ratio still remains above the sector average with 19.82%.

Thanks to its strong capital structure, Odeabank is able to weather any storm and welcomes the upcoming period with confidence.

Fully confident in Turkey's future and its great potential, we, at Odeabank, will continue our efforts to create added value.

MERT ÖNCÜ

CEO and Board Member

EXPLANATION ON THE RISK GROUP OF THE BANK

1. VOLUME OF RELATED PARTY TRANSACTIONS, INCOME AND EXPENSE AMOUNTS INVOLVED AND OUTSTANDING LOAN AND DEPOSIT BALANCES:

A) 31 DECEMBER 2020:

Risk Group of the Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	2,497	86,071	-	125
Balance at end of period	-	-	-	24,198	-	526
Interest and commission income	-	-	52	-	-	-

31 DECEMBER 2019::

Risk Group of the Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	2,587	57.898	-	125
Balance at end of period	-	-	2,497	86,071	-	125
Interest and commission income ^(*)	-	-	149	-	-	-

^(*) As of 31 December 2019.

EXPLANATION ON THE RISK GROUP OF THE BANK

b.1) Information on related party deposits balances:

31 DECEMBER 2020:

Risk Group of the Bank	Subsidiaries associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	-	-	33,814	452,934	1,686	1,326
Balance at end of period	-	-	641,592	33,814	5,162	1,686
Interest on deposits (*)	-	-	89	2.979	645	193

b.2) Information on forward and option agreements and other similar agreements made with related parties:

Risk Group of the Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial assets at fair value through profit and loss						
Balance at beginning of period	-	-	11,966,589	10,673,688	-	-
Balance at end of period	-	-	22,328,683	11,966,589	-	-
Total loss/ profit (*)	-	-	701,616	440,620	-	-

(*) Represents derivative financial assets due to outstanding IRS transactions with the Bank's parent company, Bank Audi sal and does not have any material impact on the Bank's performance as such transactions are backed-to-back with third parties almost with similar terms.

INFORMATION ON OUTSOURCED OPERATIONS AND THE INDIVIDUALS AND ORGANIZATIONS SUPPLYING THE OUTSOURCED SERVICES

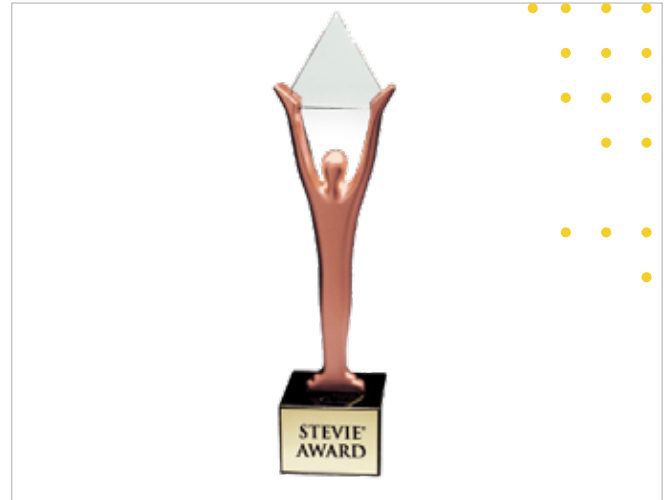
Supplier	Service Description
32 Bit Bilgisayar Hizmetleri San. ve Tic. Ltd.	MQ Murex Deal Integrator Software Maintenance and Support Services Contract (Murex deals integration)
32 Bit Bilgisayar Hizmetleri San. ve Tic. Ltd.	TCMB Crawler Software Maintenance and Support Services Contract (automatic FX flow)
32 Bit Bilgisayar Hizmetleri San. ve Tic. Ltd.	BBPAPI Integrator Software Maintenance and Support Services Contract (BIST with OTASS connection)
Active Bilgisayar Hizmetleri ve Tic. Ltd. Şti. (Nova)	Nova 2000 Sale and Service Contract - Securities Software
Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Akademi Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Aktif İletişim ve Kurye Hizmetleri A.Ş.	Sending and delivering necessary documents to customers in order for Odeabank's remote account opening process to be carried out throughout Turkey, making identity confirmation, and delivering signed documents to the Bank
Arkovani Yazılım Araştırma Geliştirme Mühendislik San.	Linking customers with the ATM in the flows of Money Withdrawal without Card-Beacon-Money Withdrawal; allowing customers using SMS OTP to draw cash without a card
Arves Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Asal Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Atlas Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Bantaş Nakit ve Kıymetli Mal ve Güvenlik Hiz. A.Ş.	Bantaş ATM Services Contract
Bantaş Nakit ve Kıymetli Mal ve Güvenlik Hiz. A.Ş.	High-value goods transport contract
BI Stratejik Yazılım San. Tic. A.Ş.	Data Mining Services - technical support service for QlickView
Bilin Yazılım ve Bilişim Dan. Ltd. Şti.	License and Service Contract - Human Resources Data Management Application - Humanist
Callact İletişim Hizmetleri Ltd. Şti.	Making calls of customers in the legal proceedings phase
Callus Bilgi ve İletişim Hizmetleri A.Ş. (Comdata)	Services specified for data entry transactions (scanning customer documents into the banking system)
CMC İletişim Bilgisayar Reklam ve Danışmanlık Hizmetleri San. Tic. A.Ş.	Providing call center services regarding banking, credit card or insurance products that will be determined by the Bank (external calls)
CPP Sigorta Aracılık Hizmetleri A.Ş.	According to Bank's collaboration with AXA and CPP, insurance product sales through the CPP call center
Çizgi Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Denge Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Digital Planet D.T.P. Bilgi İşlem İletişim Tic. Ltd.	Sale and maintenance contract - Designing credit card statements, carrying out operational processes, ensuring SMS and e-mail deliveries
Eastern Networks Çöz. Tic. A.Ş. (Fineksus)	Sale, maintenance and support contract for Paygate Applications
Ege Taşınmaz Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Ekip Taşınmaz Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Etik Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment

INFORMATION ON OUTSOURCED OPERATIONS AND THE INDIVIDUALS AND ORGANIZATIONS SUPPLYING THE OUTSOURCED SERVICES

Supplier	Service Description
Eva Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Gerçek Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Intertech Bilgi Teknolojileri A.Ş.	IT Technology Infrastructure and Banking Platform
Iron Mountain Arşivleme Hizmetleri A.Ş.	Archiving Services
İstanbul Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Kalme Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Karbil Yazılım Bilişim A.Ş. (Paycore/Cordis/Cardtek)	Credit card and POS Operations
Key Yazılım Çözümleri A.Ş.-Key İnternet Hizmetleri Bilgisayar Yazılım Donanım Mühendislik Müşavirlik San. ve Tic. Ltd. Şti.	Expertise reports evaluation system software, maintenance and support contract
Key Yazılım Çözümleri A.Ş.-Key İnternet Hizmetleri Bilgisayar Yazılım Donanım Mühendislik Müşavirlik San. ve Tic. Ltd. Şti.	Real Estate Management and Sales
Kuryenet Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.	Kuryenet Credit Card Delivery
Lodos Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Loomis Güvenlik Hizmetleri A.Ş.	FX Check Clearing Transactions Contract - Delivery of FX clearing checks as instructed by the Bank
Netlab Arge-Magiclick	Service Level Agreement-Web Service
MTM Holografi Güvenlik ve Bilişim Tek. San. Tic. A.Ş.	MTM Check Printing
NCR Bilişim Sistemleri Ltd. Şti.	ATM Management - ATM Hardware and Software Maintenance, Repair of Defects
Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
ODC İş Çözümleri Danışmanlık Tic. A.Ş.	ODC Smart SMS and E-Mail Management Software - License, Installation and Maintenance Services
Plastikkart Akıllı Kart İletişim Sistemleri San. ve Tic. A.Ş.	Plastkart Card Purchase & Sale Contract and Personalization, Card Issue
Probil İşlem Destek ve Danışmanlık San. ve Tic. A.Ş.	Infrastructure and Service Supplementary Contract - Providing the hardware needs and maintenance of branches and the Headquarters
Postcom Basım Posta ve İletişim Hizmetleri A.Ş. (MasterCard Payment Transaction Services Turkey Bilişim Hizmetleri A.Ş./ (Provus Bilişim Hizmetleri A.Ş.))	Printing and enveloping documents, making the account statements of card systems and current accounts ready for printing in the specified format and delivering them to the Bank electronically, making the loan account statements ready for printing in the specified format, printing them and delivering them to the distribution channel to be determined by the Bank.
Turkcell Superonline İletişim Hizmetleri A.Ş.	Secondary systems (server) hosting support services
Target İletişim Hizmetleri ve Danışmanlık A.Ş.	Telephone calls, SMS, Outbound IVR calls, SSI inquiries and warning letter sending services to be made in order to collect the unpaid and delayed receivables arising from the operations and transactions of the Bank with its current and/or potential customers.
Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş.	Procurement of Physical Security Services
Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
TSKB Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
UGM-Ulusal Gözlem Merkezi (UİM-Ulusal İzleme Merkezi- (Securitas)	Procurement of Alarm and Intelligence Service
Ulusal Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Verifone Elektronik ve Danışmanlık Ltd. Şti.	Verifone Vplatform - Contracted merchant agreement - Payment systems - Software service
Yatırım Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment

AWARDS

ODEABANK 2019 ANNUAL REPORT WAS CONSIDERED WORTHY FOR GOLD AWARD WITH INTERIOR DESIGN AT BANKS CATEGORY IN ARC ANNUAL REPORT AWARDS.



Odeabank's efforts have captured the limelight in the sector in 2020 as well. The following activities of the Bank were deemed worthy of awards:

ARC ANNUAL REPORT AWARDS

- Odeabank 2019 Annual Report Interior Design Gold Award-Banks category (International)
- Odeabank 2019 Annual Report Cover Design Gold Award-Banks category (International)
- Odeabank 2019 Annual Report Traditional Annual Report Silver Award-Banks category (International)
- Odeabank 2019 Annual Report Printing and Production Honor Award-Banks category (International)

STEVIE AWARDS BRONZE AWARDS

- "Oksi Bot" Chat Bot project-Financial Services category

STANDARD CHARTERED BANK "CUSTOMER REWARDS PROGRAM" AWARDS

- High-Quality Award in Payment Methods

IMI CONFERENCES - TURKEY CALL CENTER AWARDS

- First Prize in the category Best Call Center with Less Than 100 Seats

The background features a dark teal color with several overlapping circles of varying shades. A central circle contains a stylized globe with diagonal lines. The page number '04' is positioned to the right of the main title.

04

FINANCIAL INFORMATION AND RISK MANAGEMENT ASSESSMENT

EVALUATIONS OF THE AUDIT COMMITTEE ON THE OPERATION OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ASSESSMENT OF THEIR ACTIVITIES IN THE ACCOUNTING PERIOD

The Audit Committee is established within the framework of Banking Law No. 5411 and Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process. Internal Audit Department, Internal Control and Compliance Department and Risk Management Department, which are part of the internal systems, directly report to the Audit Committee.

On behalf of the Board of Directors,

The Audit Committee supervises the efficiency and adequacy of the Bank's internal systems, and the compliance of these systems with laws, regulations and internal policies. The Committee also evaluates whether or not the methods, tools and implementing procedures are in place to identify, measure, monitor and control the risks that the Bank is exposed to. Furthermore, it supervises the functioning of accounting and reporting systems, and the integrity of the information that is generated, while carrying out the necessary preliminary assessment for the selection of independent audit institutions and rating, valuation and support service institutions by the Board of Directors and monitoring regularly the activities of the institutions selected by the Board of Directors and with which contracts have been signed.

The Audit Committee convened 4 (four) times in 2020 and following its observations and the relevant examinations, it concluded that the internal systems of the Bank were efficient, functioning as planned and the internal controls on financial reporting were effective.

The Audit Committee is structured functionally as below while carrying out its activities:

INTERNAL AUDIT DEPARTMENT

The objective of the Internal Audit Department is to provide assurance that the Bank's activities are conducted in accordance with the law and other related regulation along with the Bank's internal strategies, policies, principles and targets; as well as to provide assurance on the efficiency and adequacy of internal control and risk management systems. While undertaking this assurance role, the Department carries out its activities by reporting to the Board of Directors through Audit Committee to ensure that requirements of independence and objectivity needed for the team are fulfilled.

Within this scope, Internal Audit Department informs the Board of Directors regularly through Audit Committee with the activity reports it submits in quarterly periods. Pursuant to the audit plan prepared by considering the risk assessments performed in 2020, the Internal Audit Department has conducted its activities, communicated the reports issued to the Senior Management and Board of Directors through the Audit Committee; followed up the actions taken for the identified matters throughout the year and reported the results on a regular basis. Within the scope of the foregoing plan, it has carried out branch audits, process audits, head office audits, audits of information technologies and support service companies, and allocated a certain part of the labor to activities such as examinations and investigations, participation to various projects and conducting some consultancy engagements along with the unplanned missions.

The Internal Audit Department utilizes computer-aided audit technologies and creates requirement-oriented special data or sample sets with the analytical queries during audit engagements; further, it conducts fraud-preventive engagements with scenario-based examination methods. Besides, launched by the Internal Audit Department, which enables branch audits to be conducted electronically in its entirety, the O'dit app was developed according to the requirements and continued to be used. Continuous audit activities were incepted with a view to creating a more effective control environment.

As the Department took responsibilities for supporting to reach Odeabank's ultimate aims, via contributing to assess and improve the effectiveness of corporate management, risk management and internal control environments with its actions during 2020, it took into account each units' main risk concerns. In this context, it will continue to add value to the Bank in 2021 through an audit plan framework that has been strengthened in the meetings with the senior management and with the innovations it planned to put in practice through prospective technological developments.

INTERNAL CONTROL AND COMPLIANCE

Composed of Internal Control, Regulations, Product and Customer Security and Compliance functions, the Internal Control and Compliance Department operates with 28 staff.

Internal Control is responsible for monitoring and independent evaluation of the financial, operational and other controls and timely and effectively reporting their results to senior management periodically in order to ensure that all banking activities are performed in accordance with current policies, methodologies, and related regulations.

The results obtained following the head office and branch controls executed by the Internal Control in 2020, as well as the areas of improvement were shared with the relevant units of the Bank and the Senior Management. The new risks that arise out of the changing regulation depending on the Covid-19 pandemic and work flows both in banking business processes and information systems areas were analyzed and additional controls were performed in this respect. Moreover, it was ensured that second level controls established on first level controls and reconciliations were enhanced. The controls created on a process basis as part of Management Assertion engagements were tested in terms of design and functionality and the report containing recommendations was presented to the Senior Management. Additionally, periodical controls and ICAAP activities for support system companies were realized. Second-level controls in Information Technologies were carried out in line with the annual plan and recommended actions were shared with relevant departments for the identified matters and completion of these recommendations were followed up.

As part of Regulatory efforts, the following activities were continuously carried out: following up regulatory changes and communicating them across the Bank; announcing new regulations issued due to the Covid-19 pandemic and ensuring regulatory alignment with the Bank; establishing regulatory communication between the Bank and the regulatory authorities; responding to employees' inquiries regarding regulations and guiding them accordingly; performing controls for regulatory compliance; overseeing compliance with the Law on the Protection of Personal Data; and improving legal and regulatory awareness across the Bank.

As part of Product and Customer Security, all retail loan, credit card and overdraft account applications, as well as new account opening processes were examined; fraudulent activities were tracked and finalized; and preventive measures were taken against potential fraud. Responding to official letters coming from legal authorities (including the Prosecutor's Office, Police and Interbank Card Center), monitoring of application forgery objections and SABAS records to prevent fraud are also performed by the Unit. Within the scope of Product Security, transaction frauds, credit card, POS, internet and mobile banking and ATM transactions are monitored via designated scenarios. Taking predetermined actions for preventing fraudulent activities for necessary cases, training employees against fraudulent activities, taking preventive measures to prevent prospective fraudulent activities, performing required controls in the contracted merchant's application process for the risky merchants are also performed by the Unit. As a result of the uncertain environment and quarantine conditions occurred with the onset of Covid-19 pandemic in Q1 2020, the fraudulent activities, which are performed through social media, in particular, and aiming to open accounts on behalf of customers or access their accounts and products by obtaining customer information have increased significantly throughout the sector. Such attempts were successfully managed by means of additional physical and software-based precautions and customer losses and/or possible operational risks were prevented.

Odeabank has an effective strategy related to activities for complying with the Law on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism, and related national and international legislation, national and international sanctions practices and managing possible compliance risks it may face. To this end, efforts are expended to enhance the compliance culture within the Bank by the Compliance Unit. Odeabank formulated its Policy on the Prevention of Laundering Proceeds of Crime and

EVALUATIONS OF THE AUDIT COMMITTEE ON THE OPERATION OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ASSESSMENT OF THEIR ACTIVITIES IN THE ACCOUNTING PERIOD

Financing of Terrorism. The policy was developed with a risk management-based approach and in line with the commitments, the Bank has made with all its stakeholders. In addition, the Bank's policy is in compliance with local legal and regulatory requirements, including those issued by the Financial Crimes Investigation Board (MASAK), as well as applicable standards, such as those of the Financial Action Task Force (FATF), Wolfsberg Principles, and BASEL Principles, that are issued by international institutions and entities. The Bank's compliance policy formulated upon the approval of the Senior Management was enforced primarily focusing on certain responsibilities such as customer approval principles, monitoring and control activities, notifications, training and delivery of information and documents.

To fulfill the Bank's commitments with regard to compliance policies, the Compliance Unit monitors customer acquisition processes; customers' financial or non-financial transactions; the parties with which the Bank enters into business contracts, correspondent banking relations and transactions; and the Bank's entire range of products, services, and service channels, in a systematic fashion.

Aiming to raise awareness on the prevention of laundering proceeds from crime and financing of terrorism and on compliance with FATCA and CRS, enhance the efficiency of Odea Bank A.Ş. controls and practices, and cultivate a culture of compliance, all Bank employees undergo annual training programs, complete with information on the latest developments. Information on recent developments in domestic and international compliance is provided to all Bank units at the same time, thereby raising awareness and fostering a shared culture on this matter.

In 2020, improvements were made in the currently used software in order to increase the level of compliance with the recommendations of international organizations, to better manage the increased risks due to the Covid-19 outbreak and to perform more effective monitoring. Furthermore, the Bank complied seamlessly with the reporting requirements brought recently by the regulatory authorities.

Odea Bank A.Ş. believes that all employees must take part in an efficient fight to prevent the laundering of criminal proceeds and financing terrorism, and organizes its operations and services accordingly.

RISK MANAGEMENT

Credit Risk

Credit Risk is the risk that a debtor or counterparty will fail to fulfill the terms of the contract in its simplest definition. Credit Risk is present at every stage of the credit process from its origination. Credit Risk Management is in charge of implementing internationally recognized methods to define, digitize and measure credit risk. Credit Risk Management sets the limits as per the risk strategy and appetite adhering to the legislation and regularly monitors and reports the foregoing to the Audit Committee and the Board of Directors. Moreover, it makes regular analyses, and in case of a discrepancy between the risk profile of the Bank and the risk appetite, which is approved by the Board of Directors, action plans determined to align the Bank with the defined appetite are prepared. It is under the responsibility of the Credit Risk Management to calculate the provisions required to be reserved according to BRSA and IFRS9 directives and preparation of the entire infrastructure and ensuring the continuity of the foregoing. Besides, Credit Risk Management is responsible for the preparation of the Internal Capital Adequacy Assessment Process (ICAAP) report within the scope of compliance with regulatory capital requirements. The Credit Risk Management also carries out the activities such as calculation of capital adequacy and modeling of credit risk parameters (probability of default, exposure at default and loss given default).

Market and Asset Liability Risk Management

Market and Asset Liability Risk Management is actively engaged in managing the market risk resulting from Trading portfolio activities, counterparty credit risk regarding the derivative transactions, structural interest rate risk and liquidity risk within the scope of balance sheet risks whereas establishing relevant policies for managing those risks and executing them. Those risks are measured in line with the national regulations as well as Odeabank and Bank Audi risk limit policies, and monitored, reported and managed within the framework of the risk limits approved by the Board of Directors.

Market and Asset Liability Risk Management has improved its reporting processes, carried out projects regarding Asset and Liability Risk, Liquidity Risk and Market Risk, and conducted comprehensive studies within the context of ICAAP over the past year. Under volatile market conditions throughout the year, particularly pandemic conditions, Asset Ratio and other legislative regulations, it took an active role together with the Senior Management in managing the Treasury Trading Portfolio and Asset & Liability Risk. It provided detailed data analyses for use in internal management processes and took on significant tasks in the improvements related to Treasury and Core Banking systems.

Asset & Liability Risk, Liquidity Risk and Market Risk projects, infrastructure improvement activities of which are ongoing, are planned to be completed and put into practice in the current year. The unit will keep on supporting the integration works for effective follow-up of Treasury front office practice along with Customer and Financial Institutions risks, and activities on the improvement of risk management processes will be maintained.

Operational Risk and Business Continuity

Operational Risk means losses arising from insufficient or improper business processes, human, system or external event impacts. Within the scope of Operational Risk engagements, the following tasks have been carried out within the Bank in line with the Basel II and local regulations: monitoring, recording, reporting operational risk incidents, updating the Operational Risk policy and procedures, determining Bank's Operational Risk profile, taking and tracking preventive and remedial actions against risk and loss cases. Additionally, activities were carried out within the scope of execution of Support Services Risk Management Program, Risk Control Self-Assessment Study, Key Risk Indicators Study, management of Bankers Blanket Bond Insurance (BBB), Directors & Officers Insurance (D&O) and Employment Practice Liability Insurance (EPLI), Scenario Analysis Studies providing input to ICAAP, consolidated follow up of the findings from internal and external audit teams, coordination of New Product and Service Committee, and activities aimed at reputational risk.

Within the scope of Business Continuity engagements, the following tasks were carried out: coordination of the activities aimed to ensure that critical business processes and technical infrastructure are sufficient and ready so that operations will not be interrupted in case of a probable disaster; updating the Business Continuity policy and procedures; carrying out and updating Business Impact studies; preparing and updating business recovery plans; performing Business Continuity tests.

As of the outbreak of Covid-19 pandemic in 2020, a working group was established within the Bank in order to minimize the impacts of the pandemic on the business and operational risks ensuring the necessary coordination and necessary studies were carried out by taking precautions towards business continuity. Within the scope of the Business Continuity tests, the critical activities of critical units were successfully tested from the home location for the first time by connecting through secure remote access (VPN) to secondary systems within this year. After the Covid-19 outbreak, a Business Continuity Plan specific to pandemic diseases has been established, engagements have also been completed as to the establishment of necessary scenarios and action plans.

In addition, various training activities are organized in order to raise awareness on Operational Risk and Business Continuity in Odeabank. In 2020, Operational Risk and Business Continuity trainings were provided to the entire Bank via an e-training portal.

Best Regards,

DR. IMAD ITANI

Chairman

Chairman of the Audit Committee

BÜLENT ADANIR

Board Member

Audit Committee Member

INFORMATION ON ODEABANK'S FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

The global economy, which had just started to emerge from fragility in 2019, operated in an environment of much more uncertainty due to the Covid-19 pandemic in 2020.

Under these conditions, Odeabank continued its rebalancing process, which it initiated after a six-year rapid growth period, in 2020. With this respect, in addition to actions to strengthen profitability and asset quality, it underwent a leaner organizational structure for a healthy and sustainable performance and diversified its funding sources through expanding its funding base. The bond issues equaled to TL 563 million.

With the various investment funds options offered to customers, the Bank's fund volume increased to TL 1.5 billion. Thanks to the support of newly introduced cash management products, relations with customers were deepened and demand deposits increased. The share of demand deposits in total customer deposits reached 16%.

With the effect of global developments, while the loan demand in the banking sector increased in 2020, Odeabank's total loan portfolio grew by TL 1.9 billion compared to the previous year. While TL loans increased from TL 9.9 billion at the end of 2019 to TL 11.9 billion at the end of 2020, foreign currency loans decreased from TL 9.4 billion to TL 9.3 billion in the same period. On the other hand, the Bank's securities portfolio reached TL 8.3 billion in 2020. Thus, the asset size of the Bank increased to TL 40 billion with an increase of TL 7.4 billion at the end of 2020.

Despite the challenging business conditions in 2020, deposits continued to be Odeabank's main funding source. During the year, while TL deposits decreased by TL 195 million to TL 7.9 billion, foreign currency deposits increased by TL 3.7 billion to TL 17.7 billion. According to these results, the gross loan to deposit ratio was 87.4% at the end of 2019 and 82.9% in 2020. At the same time, in addition to the existing foreign currency subordinated bond, Odeabank continued to issue bonds in 2020 and diversified its funding resources. Additionally, Odeabank reduced its maturity mismatch between assets and liabilities via derivative instruments.

As the slowdown in economic activity had negative impacts on the banking sector's asset quality, the NPL ratio of privately-held banks continued to rise particularly in the segment of commercial loans. With its portfolio consisting primarily of commercial loans, Odeabank's ratio of non-performing loans to total loans, which was 14.5% at the end of 2019, declined to 10.7% at the end of 2020. On the other hand, while the 3rd stage loan reserve ratio declined from 52.3% at the end of 2019 to 40.6% at the end of 2020 with the effect of the write-offs, the 2nd stage loan reserve ratios increased from 11.8% to 13% in the same period. Moreover, the Bank's capital adequacy and liquidity ratios remained solid thanks to the measures taken. While the capital adequacy ratio was 21.7% in 2019, it was 19.8% in 2020 and still remains above the market average.

In 2020, while interest income was realized at the level of TL 2.6 billion, interest expenses reached TL 1.5 billion. Thus, while net interest income increased by TL 127 million to TL 1.1 billion, the net income before provisions increased from TL 626 million in 2019 to TL 949 million in 2020. On the other hand, the Bank's net interest margin adjusted with swaps increased from 3.0% in 2019 to 3.5%.

To sum up, in addition to the quantitative actions during the year, Bank's financial structure was strengthened through qualitative modifications. Therefore, while global developments suggest that rebalancing in the banking sector may continue, Odeabank welcomes the future with confidence thanks to its solid capital structure and recently taken measures.

FIVE YEAR SUMMARY FINANCIAL INFORMATION

Five-Year Summary of Unconsolidated Financial Information (TL Thousand)	2016	2017	2018	2019	2020
Total Assets	38,278,400	33,104,375	31,400,618	32,667,338	40,035,829
Loans (Net)	26,447,786	22,631,506	18,587,945	17,066,538	19,395,703
Securities	1,759,543	2,905,877	3,011,069	3,504,034	8,338,314
Deposits	29,254,396	23,910,387	21,561,048	22,097,373	25,639,194
Loans Borrowed	3,665,497	2,942,720	3,007,182	1,860,419	1,407,171
Interbank Money Market	2,457	-	100	178,604	3,545,993
Marketable Securities Issued	-	-	207,110	760,000	563,046
Subordinated Loans and Borrowing Instruments	528.417	1,174,992	1,636,012	1,735,813	2,109,077
Shareholder's Equity	3,443,155	3,758,130	3,219,822	3,299,581	3,455,830
Net Profit	200,354	320,572	17,150	71,122	134,209

INFORMATION AND CONTENT ON RATINGS PROVIDED BY RATING AGENCIES

FITCH RATINGS (June 2020)

Long Term FC B+ / Stable Outlook	B-
Short Term FC B	B
Long Term TL BB-/ Stable Outlook	B-
Short Term TL B	B
Financial Capacity b+	B
Support 4	5
NSR AA(tur)	BBB(tur)-
Long Term National Scale Rating (NSR) Stable	Negative
Subordinated Notes B	CCC+

MOODY'S RATINGS (August 2020)

Outlook	Negative
Long Term FC Deposit	Caa1
Long Term TL Deposit	Ba1.tr
Short Term FC Deposit	NP
Short Term TL Deposit	TR-4
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1
Long Term National Scale Rating	Ba1.tr
Short Term National Scale Rating	TR-2

STATEMENT CONCERNING THE 2020 ANNUAL REPORT OF ODEA BANK A.Ş.

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STATEMENT of COMPLIANCE CONCERNING THE 2020 ANNUAL REPORT OF ODEA BANK A.Ş.

The accompanying 2020 annual report of Odea Bank A.Ş. has been prepared in accordance with the “Regulation on Principles and Standards for the Preparation and Publication of Annual Reports by Banks” published in the Official Gazette dated 1 November 2006 and numbered 26333.

İmad İTANİ

Chairman of the Board of
Directors and Chairman of
the Audit Committee

Mert ÖNCÜ

Member of the Board of Directors
and General Manager

Mehmet Gökmen UÇAR

Assistant General Manager in charge
of Finance, Financial Control and
Strategy

Öcal PERÇİN

Financial Reporting Director

Bülent ADANIR

Member of Board of Directors
and Audit Committee Member

INDEPENDENT AUDITOR'S REPORT REGARDING THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Odea Bank Anonim Şirketi

Opinion

We have audited the annual report of Odea Bank Anonim Şirketi (the "Bank") for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set unconsolidated financial statements for this period.

In our opinion, the unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRSA Auditing Regulation") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on Complete Set of Unconsolidated Financial Statements

We have expressed an unqualified opinion on the complete set of unconsolidated financial statements of the Bank for the period between 1 January 2020 and 31 December 2020 on 11 February 2021.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

- The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's unconsolidated financial statements. The annual report shall also clearly indicates the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- The annual report also includes the matters below:
 - Significant events occurred in the Company after the reporting period,
 - The Bank's research and development activities.
 - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent with the audited unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent with the unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Erdal Tıkmak, SMMM
Partner
25 February 2021
Istanbul, Turkey

(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)

ODEA BANK ANONİM ŞİRKETİ

**UNCONSOLIDATED FINANCIAL STATEMENTS,
RELATED DISCLOSURES AND INDEPENDENT
AUDITORS' REPORT THEREON
AS OF AND FOR THE YEAR-ENDED
31 DECEMBER 2020**

11 February 2021

This report includes "Auditors' Report" comprising 4 pages and;
"Unconsolidated Financial Statements and Related Disclosures
and Footnotes" comprising 114 pages.



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Convenience Translation of the Auditors' Report Originally Prepared and Issued in Turkish
to English (See Note I in Section Three)

To the General Assembly of Odea Bank Anonim Şirketi

A) Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Odea Bank Anonim Şirketi ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2020 and the unconsolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity, cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Odea Bank Anonim Şirketi as at 31 December 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Board Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Audit Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA"s) published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

Refer to Section III, No: VII to the unconsolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.



Key audit matter	How the matter is addressed in our audit
<p>As of 31 December 2020, loans measured at amortised cost comprise 53% of the Bank's total assets.</p> <p>The Bank recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>The Bank applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.</p> <p>The significant assumptions and estimates of the Bank's management are as follows:</p> <ul style="list-style-type: none"> • significant increase in credit risk • incorporating the forward looking macroeconomic information in calculation of credit risk • design and implementation of expected credit loss model <p>The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the market value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models.</p> <p>Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions including the impact of COVID-19, the level of judgements and its complex structure as explained above.</p>	<p>Our procedures for auditing the expected credit losses on loans include below:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. • We evaluated the Banks's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialist. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. In this context, the current status of the loan customer has been evaluated by including forward looking information and macroeconomic expectations. • We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models including the effects of COVID-19, that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments, including the effects of COVID-19, which are used in determining the significant increase in credit risk. • Additionally, we also evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.



Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the “BRSA Accounting and Reporting Legislation”, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Regulation and TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with BRSA Audit Regulation TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code No. 6102 ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2020 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the unconsolidated financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Erdal Tıkmak, SMMM
Partner

11 February 2021
İstanbul, Turkey

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odeabank

Translated into English from the original Turkish report and financial statements

**ODEA BANK A.Ş.
UNCONSOLIDATED FINANCIAL REPORT
AS OF DECEMBER 31, 2020**

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The unconsolidated financial report as at and for the year-ended prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITORS’ REPORT

The accompanying unconsolidated financial statements for the year-end and notes to these financial statements are prepared based on the financial records of the Bank and in accordance with the Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations of these, have been subject to independent audit and presented in **thousands of Turkish Lira** unless otherwise stated.

Imad ITANI

Chairman of the Board of
Directors and Chairman of
the Audit Committee

Mert ÖNCÜ

Member of the Board of Directors
and General Manager

Mehmet Gökmen UÇAR

Assistant General Manager in charge
of Finance, Financial Control and
Strategy

Öcal PERÇİN

Financial Reporting Director

Bülent ADANIR

Member of Board of Directors
and Audit Committee Member

Contact information of the personnel in charge of addressing questions about this financial report:

Name-Surname / Title : Senem Sarohan / Financial Reporting Manager
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**Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish,
See Note I of Section Three**

INDEX

SECTION ONE
General Information About the Bank

	Page
I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue	90
II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank	90
III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank	91
IV. Information about the Persons and Institutions that have Qualified Shares	92
V. Summary on the Bank's Functions and Areas of Activity	92
VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions which are deducted from equity or not included in these three methods	92
VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities	92

SECTION TWO

Unconsolidated Financial Statements of the Bank

I. Statement of Financial Position	94
II. Statement of Off-Balance Sheet Items	96
III. Statement of Profit or Loss	97
IV. Statement of Profit or Loss and Other Comprehensive Income	98
V. Statement of Changes in Shareholders' Equity	99
VI. Statement of Cash Flows	101
VII. Statement of Profit Distribution	102

SECTION THREE

Accounting Policies

I. Basis of Presentation	103
II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	104
III. Explanations on Futures and Options Contracts and Derivative Instruments	104
IV. Explanations on Interest Income and Expenses	105
V. Explanations on Fees and Commission Income and Expenses	105
VI. Explanations on Financial Assets	106
VII. Explanations on Expected Credit Losses	109
VIII. Explanations on Offsetting of Financial Instruments	111
IX. Explanations on Sales and Repurchase Agreements and Lending of Securities	112
X. Explanations on Assets Held for Sale and Discontinued Operations	112
XI. Explanations on Goodwill and Other Intangible Assets	112
XII. Explanations on Tangible Fixed Assets	112
XIII. Explanations on Leasing Transactions	113
XIV. Explanations on Provisions and Contingent Liabilities	114
XV. Explanations on Liabilities Regarding Employee Benefits	114
XVI. Explanations on Taxation	114
XVII. Additional Explanations on Borrowings	115
XVIII. Explanations on Issued Share Certificates	115
XIX. Explanations on Avalized Drafts and Acceptances	115
XX. Explanations on Government Incentives	115
XXI. Explanations on Segment Reporting	115
XXII. Explanations on Reclassifications	115
XXIII. Explanations on Other Disclosures	116

SECTION FOUR

Information Related to Financial Position and Risk Management of the Bank

I. Explanations on Equity	117
II. Explanations on Credit Risk	125
III. Explanations on Currency Risk	136
IV. Explanations on Interest Rate Risk	139
V. Explanations on Share Certificates Position Risk	142
VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio	143
VII. Explanations on Leverage Ratio	148
VIII. Explanations on Presentation of Financial Assets and Liabilities at Fair Value	149
IX. Explanations Related to Transactions Carried Out on Behalf on Customers, Items Held in Trust	150
X. Explanations on Risk Management	150
XI. Explanations on Hedge Accounting	167
XII. Explanations on Segment Reporting	167
XIII. Information on International Risk Rating	168

SECTION FIVE

Explanations and Disclosures on Financial Statements

I. Explanations and Disclosures Related to the Assets	169
II. Explanations and Disclosures Related to the Liabilities	184
III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments	192
IV. Explanations and Disclosures Related to Statement of Profit or Loss	196
V. Explanations and notes related to consolidated statement of changes in shareholders' equity	200
VI. Explanations and Disclosures On Statement of Cash Flows	200
VII. Explanations on the Risk Group of the Bank	201
VIII. Domestic, Foreign and Off-Shore Branches or Equity Investments, and Foreign Representative Offices of Bank	203
IX. Explanations and Disclosures Related to Subsequent Event	203

SECTION SIX

Other Explanations

I. Other explanations on the Bank's operations	204
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SECTION SEVEN

Explanation on Independent Auditor's Report

I. Explanations on Independent Auditor's Report	204
II. Explanations and Notes Prepared by Independent Auditor	204

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. Bank's Incorporation Date, Beginning Statute, Changes in the Existing Statute

Odea Bank A.Ş. ("the Bank") was established as a deposit bank with USD 300 Million capital with the permission of BRSA numbered 4432 dated October 27, 2011, which was published in the Official Gazette on October 28, 2011, numbered 28098. The Bank started its operations in the "foreign deposit banks founded in Turkey" group, by taking operating permission from BRSA numbered 4963 on September 28, 2012, which was published in Official Gazette dated October 2, 2012 numbered 28429.

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of 31 December 2020 and 31 December 2019, the shareholders' structure and their ownerships are summarized as follows:

Name and Surname / Commercial Title	Share Amount	Current Period	Share Amount	Prior Period
		Share Ratios		Share Ratios
Bank Audi sal	2.513.293	76,419%	2.513.293	76,419%
European Bank for Reconstruction and Development	263.394	8,009%	263.394	8,009%
International Finance Corporation	209.252	6,362%	209.252	6,362%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131.697	4,004%	131.697	4,004%
IFC FIG Investment Company S.a.r.l	112.674	3,426%	112.674	3,426%
Mr. Mohammad Hassan Zeidan	58.532	1,780%	58.532	1,780%
	3.288.842	100,00%	3.288.842	100,00%

Bank Audi sal

Bank Audi Group is a leading Lebanese based banking group with a universal banking profile. Based on a diversified universal service model, it operates principally in Lebanon in the Middle East and North Africa (MENA) region, in Europe and in Turkey. The Group offers universal financial products and services including Corporate, Commercial, Retail and Private Banking services in addition to capital market activities and factoring.

Bank Audi Group boasts one of the largest branch networks in Lebanon, covering the Greater Beirut area and other strategic regions in Lebanon. The Group has also two principal subsidiaries in the MENA region outside Lebanon, two principal subsidiaries in Europe and one in Turkey.

The Group ranks among the top banks in Lebanon in terms of asset size, shareholders' equity, customer deposits, loans and net income. Having one of the largest branch networks in Lebanon, the Group has 195 branches as of 31 December 2020.

The Bank Audi Group, established in 1830, has become a private joint stock company (Société Anonyme Libanaise), limited to 99 years in 1962. The Group's shareholder base has been expanding since 1983, with the first shareholders being the members of the Audi family along with Kuwaiti investors. Today, the Group's shareholder base covers 1.500 shares and/or Global Depository Receipt (GDR) holders representing the shares. The parent bank of the Group, Bank Audi's shares are listed on the Beirut Stock Exchange, while its Global Depository Receipt (GDR) are quoted on the Beirut Stock Exchange.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank

<u>Title</u>	<u>Name-Surname</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	Imad ITANI	Chairman of the Board of Directors and Chairman of the Audit Committee	Ph.D. Degree
Vice Chairman of the Board of Directors	Tamer GHAZALEH	Vice Chairman of the Board of Directors	Bachelor's Degree
Members of the Board of Directors	Samir HANNA	Member of the Board of Directors	High School
	Khalil El DEBS	Member of the Board of Directors	Master's Degree
	Philippe Elias Farid EL-KHOURY	Member of the Board of Directors	Master's Degree
	Bülent ADANIR	Member of the Board of Directors and Member of the Audit Committee	Master's Degree
	Dragica PILIPOVIC-CHAFFEY	Member of the Board of Directors	Master's Degree
	Farid LAHOUD (*)	Member of the Board of Directors	Ph.D. Degree
	Mouayed MAKHLOUF	Member of the Board of Directors	Master's Degree
	Antoine NAJM	Member of the Board of Directors	Bachelor's Degree
Member of the Board of Directors and General Manager	Ayşe Botan BERKER (**)	Member of the Board of Directors	Ph.D. Degree
	Mert ÖNCÜ	Member of the Board of Directors and General Manager	Ph.D. Degree
Deputy General Manager	Yalçın AVCI	Commercial Banking	Master's Degree
Assistant General Managers	Cem MURATOĞLU	Retail Banking	Master's Degree
	Emir Kadir ALPAY	Treasury and Capital Markets	Master's Degree
	Mehmet Gökmen UÇAR	Finance, Financial Control and Strategy	Bachelor's Degree
	Sinan Erdem ÖZER	Technology and Operations	Master's Degree
	Hüseyin GÖNÜL	Internal Systems	Bachelor's Degree
	Cenk DEMİRÖZ	Credit Allocation	Master's Degree

(*) With the decision of the Board of Directors dated 13 November 2020, Farid Lahoud was appointed as a Member of the Board of Directors as of 14 December 2020.

(**) With the decision of the Extraordinary General Assembly dated 7 October 2020, Ayşe Botan Berker was appointed as a Member of the Board of Directors as of 12 October 2020.

Individuals mentioned above do not own any shares of the Bank.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Information About The Persons and Institutions That Have Qualified Shares

Information about the persons and institutions that have qualified shares as of 31 December 2020:

Name and Surname / Commercial Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
Bank Audi sal	2.513.293	76,419%	2.513.293	-

V. Summary on the Bank's Functions and Areas of Activity

The headquarters of the Bank is located in Istanbul and as of 31 December 2020. The Bank has 48 domestic branches with 1.109 employees. The Bank is organized to operate in all operational aspects of commercial and retail banking under the scope of 4th Article of the Banking Law. The Bank has no subsidiaries in the financial sector (31 December 2019: 48 domestic branches, 1.091 employees).

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions which are deducted from equity or not included in these three methods

The Bank has no consolidated subsidiaries.

VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities

None.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I of Section Three

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Items
- III. Statement of Profit or Loss
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows
- VII. Statement of Profit Distribution

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – ASSETS

		Audited Current Period 31 December 2020			Audited Prior Period 31 December 2019		
	Note Ref (Section Five)	TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		6,326.607	9,612.160	15,938.767	4,030.375	6,746.197	10,776.572
1.1 Cash and cash equivalents		739.014	5,670.822	6,409.836	2,801.724	5,433.950	8,235.674
1.1.1 Cash and balances at Central Bank	I-1	278.774	4,597.321	4,876.095	190.797	3,426.917	3,617.714
1.1.2 Banks	I-3	150.215	1,075.003	1,225.218	550.424	2,008.987	2,559.411
1.1.3 Receivables from Money Markets		310.151	-	310.151	2,060.644	-	2,060.644
1.1.4 Allowance for expected credit losses (-)		126	1,502	1,628	141	1,954	2,095
1.2 Financial assets at fair value through profit or loss	I-2	167.166	31.047	198.213	1,463	2,631	4,094
1.2.1 Public debt securities		679	20,246	20,925	1,463	2,631	4,094
1.2.2 Equity instruments		-	10,801	10,801	-	-	-
1.2.3 Other financial assets		166,487	-	166,487	-	-	-
1.3 Financial assets at fair value through other comprehensive income	I-4	4,589.660	2,491.578	7,081.238	519.598	627.713	1,147.311
1.3.1 Public debt securities		3,153,523	2,012,359	5,165,882	454,788	620,108	1,074,896
1.3.2 Equity instruments		4,897	213	5,110	4,897	7,605	12,502
1.3.3 Other financial assets		1,431,240	479,006	1,910,246	59,913	-	59,913
1.4 Derivative financial assets	I-2	830.767	1,418.713	2,249.480	707.590	681.903	1,389.493
1.4.1 Derivative financial assets at fair value through profit or loss		830,767	1,418,713	2,249,480	707,590	681,903	1,389,493
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSET MEASURED AT AMORTISED COST (Net)		10,828.423	9,626.143	20,454.566	8,727.759	10,691.408	19,419.167
2.1 Loans	I-5	11,916.386	9,343.578	21,259.964	9,890.346	9,417.865	19,308.211
2.2 Receivables from leasing transactions	I-10	-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
2.4 Other financial assets measured at amortized cost	I-6	196.335	862.528	1,058.863	631.544	1,721.085	2,352.629
2.4.1 Public debt securities		196,335	862,528	1,058,863	464,877	894,811	1,359,688
2.4.2 Other financial assets		-	-	-	166,667	826,274	992,941
2.5 Allowance for expected credit losses (-)		1,284.298	579.963	1,864.261	1,794.131	447.542	2,241.673
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS" (Net)	I-16	672.505	-	672.505	590.474	-	590.474
3.1 Held for sale		672,505	-	672,505	590,474	-	590,474
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1 Investments in associates (Net)	I-7	-	-	-	-	-	-
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		-	-	-	-	-	-
4.2 Investments in subsidiaries (Net)	I-8	-	-	-	-	-	-
4.2.1 Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	I-9	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-12	189.036	-	189.036	212.317	-	212.317
VI. INTANGIBLE ASSETS AND GOODWILL (Net)	I-13	97.369	-	97.369	74.813	-	74.813
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		97,369	-	97,369	74,813	-	74,813
VII. INVESTMENT PROPERTIES (Net)	I-14	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		27.428	-	27.428	21.454	-	21.454
IX. DEFERRED TAX ASSETS	I-15	227.363	-	227.363	245.840	-	245.840
X. OTHER ASSETS	I-17	643.970	1,784.825	2,428.795	493.682	833.019	1,326.701
TOTAL ASSETS		19,012.701	21,023.128	40,035.829	14,396.714	18,270.624	32,667.338

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)** **AS OF 31 DECEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

		Audited Current Period 31 December 2020			Audited Prior Period 31 December 2019		
	Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-1	7.914.614	17.724.580	25.639.194	8.109.852	13.987.521	22.097.373
II. LOANS RECEIVED	II-3	1.040	1.406.131	1.407.171	16.497	1.843.922	1.860.419
III. MONEY MARKET FUNDS	II-4	2.868.068	677.925	3.545.993	9.013	169.591	178.604
IV. MARKETABLE SECURITIES (Net)	II-5	563.046	-	563.046	760.000	-	760.000
4.1 Bills		499.471	-	499.471	760.000	-	760.000
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		63.575	-	63.575	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-2	762.984	1.423.732	2.186.716	568.129	692.781	1.260.910
7.1 Derivative financial liabilities at fair value through profit or loss		762.984	1.423.732	2.186.716	568.129	692.781	1.260.910
7.2 Derivative financial liabilities at fair value through other comprehensive income	II-8	-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	II-7	120.954	-	120.954	165.095	2.084	167.179
X. PROVISIONS	II-9	138.985	33.566	172.551	108.822	18.609	127.431
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		24.506	-	24.506	14.571	-	14.571
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		114.479	33.566	148.045	94.251	18.609	112.860
XI. CURRENT TAX LIABILITIES	II-10	67.042	-	67.042	42.265	-	42.265
XII. DEFERRED TAX LIABILITIES	II-10	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-11	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-12	-	2.109.077	2.109.077	-	1.735.813	1.735.813
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		-	2.109.077	2.109.077	-	1.735.813	1.735.813
XV. OTHER LIABILITIES	II-6	420.103	348.152	768.255	171.433	966.330	1.137.763
XVI. SHAREHOLDERS' EQUITY		3.388.122	67.708	3.455.830	3.275.982	23.599	3.299.581
16.1 Paid-in capital	II-13	3.288.842	-	3.288.842	3.288.842	-	3.288.842
16.2 Capital reserves		(2.198)	-	(2.198)	(2.198)	-	(2.198)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(2.198)	-	(2.198)	(2.198)	-	(2.198)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		(3.931)	-	(3.931)	708	3.279	3.987
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		(46.298)	67.708	21.410	(28.868)	20.320	(8.548)
16.5 Profit reserves		17.498	-	17.498	(53.624)	-	(53.624)
16.5.1 Legal reserves	II-13	29.705	-	29.705	26.149	-	26.149
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		(12.207)	-	(12.207)	(79.773)	-	(79.773)
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		134.209	-	134.209	71.122	-	71.122
16.6.1 Prior periods profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		134.209	-	134.209	71.122	-	71.122
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16.244.958	23.790.871	40.035.829	13.227.088	19.440.250	32.667.338

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

		Audited Current Period 31 December 2020			Audited Prior Period 31 December 2019		
	Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		20.671.332	87.556.663	108.227.995	12.398.893	71.068.645	83.467.538
I. GUARANTEES	III-1	2.239.071	3.146.535	5.385.606	858.528	2.915.929	3.774.457
1.1 Letters of guarantee		1.687.371	645.127	2.332.498	848.364	926.587	1.774.951
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		1.687.371	645.127	2.332.498	848.364	926.587	1.774.951
1.2 Bank acceptances		-	9.759	9.759	-	395.765	395.765
1.2.1 Import letter of acceptance		-	9.759	9.759	-	395.765	395.765
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	867.081	867.081	10.164	739.775	749.939
1.3.1 Documentary letters of credit		-	867.081	867.081	10.164	739.775	749.939
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Purchase guarantees for Securities issued		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		551.700	1.624.568	2.176.268	-	853.802	853.802
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	1.224.838	3.063.959	4.288.797	749.720	1.888.880	2.638.600
2.1 Irrevocable commitments		1.224.838	3.063.959	4.288.797	749.720	1.888.880	2.638.600
2.1.1 Forward asset purchase and sales commitments		335.537	3.050.880	3.386.417	41.440	1.878.130	1.919.570
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		430.136	-	430.136	180.846	268	181.114
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		48.352	-	48.352	57.317	-	57.317
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		404.739	-	404.739	463.581	-	463.581
2.1.10 Commitments for promotions related with credit cards and banking activities		6.074	-	6.074	6.536	-	6.536
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	13.079	13.079	-	10.482	10.482
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	17.207.423	81.346.169	98.553.592	10.790.645	66.263.836	77.054.481
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Trading derivatives		17.207.423	81.346.169	98.553.592	10.790.645	66.263.836	77.054.481
3.2.1 Forward foreign currency buy/sell transactions		838.395	3.024.469	3.862.864	1.477.974	3.847.264	5.325.238
3.2.1.1 Forward foreign currency transactions-buy		704.788	1.254.165	1.958.953	1.170.486	1.488.792	2.659.278
3.2.1.2 Forward foreign currency transactions-sell		133.607	1.770.304	1.903.911	307.488	2.358.472	2.665.960
3.2.2 Swap transactions related to foreign currency. and interest rates		14.757.089	58.027.396	72.784.485	7.676.360	59.039.793	66.716.153
3.2.2.1 Foreign currency swaps-buy		833.409	12.077.136	12.910.545	1.339.859	13.320.243	14.660.102
3.2.2.2 Foreign currency swaps-sell		3.493.680	9.453.770	12.947.450	2.796.501	11.801.534	14.598.035
3.2.2.3 Interest rate swaps-buy		5.215.000	18.248.245	23.463.245	1.770.000	16.959.008	18.729.008
3.2.2.4 Interest rate swaps-sell		5.215.000	18.248.245	23.463.245	1.770.000	16.959.008	18.729.008
3.2.3 Foreign currency, interest rate and securities options		1.611.939	20.275.745	21.887.684	1.636.311	3.376.779	5.013.090
3.2.3.1 Foreign currency options-buy		984.684	1.933.212	2.917.896	609.888	1.683.030	2.292.918
3.2.3.2 Foreign currency options-sell		627.255	3.161.253	3.788.508	1.026.423	1.284.941	2.311.364
3.2.3.3 Interest rate options-buy		-	7.590.640	7.590.640	-	204.404	204.404
3.2.3.4 Interest rate options-sell		-	7.590.640	7.590.640	-	204.404	204.404
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	18.559	18.559	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		74.495.141	61.537.250	136.032.391	83.837.857	48.747.950	132.585.807
IV. ITEMS HELD IN CUSTODY		5.628.951	1.508.628	7.137.579	12.876.546	436.938	13.313.484
4.1 Assets under management		5.060.521	336.073	5.396.594	12.062.174	131.569	12.193.743
4.2 Investment securities held in custody		509.349	442.778	952.127	701.393	87.148	788.541
4.3 Checks received for collection		4.124	723.459	727.583	1.061	195.025	196.086
4.4 Commercial notes received for collection		54.957	6.318	61.275	111.918	23.196	135.114
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		68.816.024	59.989.401	128.805.425	70.924.562	48.279.579	119.204.141
5.1 Marketable securities		2.221.576	1.672.962	3.894.538	2.329.875	1.389.507	3.719.382
5.2 Guarantee notes		26.981.755	7.903.308	34.885.063	25.391.867	6.109.638	31.501.505
5.3 Commodities		8.790.103	1.705.633	10.495.736	9.168.853	1.403.972	10.572.825
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		21.618.657	30.177.689	51.796.346	24.972.330	24.768.570	49.740.900
5.6 Other pledged items		9.203.933	18.529.809	27.733.742	9.061.637	14.607.892	23.669.529
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		50.166	39.221	89.387	36.749	31.433	68.182
TOTAL OFF - BALANCE SHEET ITEMS (A+B)		95.166.473	149.093.913	244.260.386	96.236.750	119.816.595	216.053.345

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. INCOME AND EXPENSE ITEMS

	Note (Section Five)	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
I. INTEREST INCOME	IV-1	2,634,527	2,954,151
1.1 Interest on loans		1,848,864	2,253,133
1.2 Interest received from reserve deposits		2,552	32,273
1.3 Interest received from banks		62,734	185,879
1.4 Interest received from money market transactions		60,834	126,403
1.5 Interest received from marketable securities portfolio		620,038	305,830
1.5.1 Financial assets at fair value through profit or loss		12,982	786
1.5.2 Financial assets at fair value through other comprehensive income		499,946	73,377
1.5.3 Financial assets measured at amortized cost		107,110	231,667
1.6 Finance lease income		-	-
1.7 Other interest income		39,505	50,633
II. INTEREST EXPENSE	IV-2	1,555,837	2,002,074
2.1 Interest on deposits		987,203	1,553,318
2.2 Interest on funds borrowed		42,579	84,829
2.3 Interest on money market transactions		173,087	7,040
2.4 Interest on securities issued		278,410	271,116
2.5 Finance lease interest expenses		27,805	33,895
2.6 Other interest expenses		46,753	51,876
III. NET INTEREST INCOME (I - II)		1,078,690	952,077
IV. NET FEES AND COMMISSIONS INCOME		77,519	106,961
4.1 Fees and commissions received		101,585	131,898
4.1.1 Non-cash loans		53,346	46,573
4.1.2 Other		48,239	85,325
4.2 Fees and commissions paid (-)		24,066	24,937
4.2.1 Non-cash loans		4	-
4.2.2 Other		24,062	24,937
V. DIVIDEND INCOME	IV-3	-	13
VI. TRADING PROFIT/LOSS (Net)	IV-4	42,888	10,849
6.1 Profit/losses from capital market transactions		42,457	28,379
6.2 Profit/losses from derivative financial transactions		(88,021)	179,642
6.3 Foreign exchange profit/losses		88,452	(197,172)
VII. OTHER OPERATING INCOME	IV-5	430,386	191,739
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		1,629,483	1,261,639
IX. EXPECTED CREDIT LOSSES (-)	IV-6	769,366	536,037
X. OTHER PROVISION EXPENSES (-)	IV-6	11,940	-
XI. PERSONNEL EXPENSES (-)		293,116	252,416
XII. OTHER OPERATING EXPENSES (-)	IV-7	387,135	383,108
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		167,926	90,078
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI. NET MONETARY POSITION GAIN/LOSS		-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-8	167,926	90,078
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-9	(33,717)	(18,956)
18.1 Current tax provision		(20,885)	-
18.2 Expense effect of deferred tax (+)		(284,159)	(19,506)
18.3 Income effect of deferred tax (-)		271,327	550
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-10	134,209	71,122
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from assets held for sale		-	-
20.2 Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3 Other income from discontinued operations		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on assets held for sale		-	-
21.2 Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3 Other expenses from discontinued operations		-	-
XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSSES (XIX+XXIV)	IV-11	134,209	71,122
Profit / Loss per Share (*)		0,041	0,022

(*) Presented in Full TL.

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
I. CURRENT PERIOD PROFIT / (LOSS)	134.209	71.122
II. OTHER COMPREHENSIVE INCOME	22.040	80.146
2.1 Other comprehensive income that will not be reclassified to profit or loss	(7.918)	(207)
2.1.1 Gains (losses) on revaluation of property, plant and equipment	-	-
2.1.2 Gains (losses) on revaluation of intangible assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	(5.717)	(2.554)
2.1.4 Other Components of other comprehensive income that will not be reclassified to profit or loss	(4.204)	2.288
2.1.5 Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	2.003	59
2.2 Other comprehensive income that will be reclassified to profit or loss	29.958	80.353
2.2.1 Exchange differences on translation	-	-
2.2.2 Valuation and/or reclassification profit or loss from financial assets at fair value through other comprehensive income	33.744	71.917
2.2.3 Income (loss) related with cash flow hedges	3.861	31.100
2.2.4 Income (loss) related with hedges of net investments in foreign operations	-	-
2.2.5 Other components of other comprehensive income that will be reclassified to other profit or loss	-	-
2.2.6 Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	(7.648)	(22.664)
III. TOTAL COMPREHENSIVE INCOME (I+II)	156.249	151.268

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[illegible]

(*) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 26, 2020 to book legal reserves of TL 3.556, which is 5% of the distributable net statutory profit of TL 71.122 and the remaining amount of TL 67.566 has been decided to be reserved as extraordinary reserves.

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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(*) During the derecognition of credit card risk balances subject to receivables sales, the accruals related to the related cards are inadvertently left in the balance sheet and the effect of the previous years amounting to 10,047 TL has been corrected from equity in accordance with TAS 8.

(**) In accordance with the option provided by the transition provisions of TFRS 16 "Leases", the Bank did not restate the prior period financial statements but the transition effect of the standard amounting to TL 61,462 has been recognized in the "Extraordinary Reserves" in equity as of 1 January 2019.

(***) The Bank, in accordance with Article 519 of the Turkish Commercial Code No 6102, decided in the Extraordinary General Assembly on March 29, 2019 to book legal reserves of TL 17,150, which is 5% of the distributable net statutory profit of TL 858 and the remaining amount of TL 16,292 has been decided to be reserved as extraordinary reserves.

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit / (loss) before changes in operating assets and liabilities	(211.627)	1.706.333
1.1.1 Interest received	2.134.797	2.880.235
1.1.2 Interest paid	(1.539.586)	(1.858.303)
1.1.3 Dividend received	-	13
1.1.4 Fees and commissions received	101.585	131.898
1.1.5 Other income/(expense)	179.784	213.135
1.1.6 Collections from previously written off loans	391.648	245.527
1.1.7 Payments to personnel and service suppliers	(492.275)	(496.659)
1.1.8 Taxes paid	(55.532)	(143.054)
1.1.9 Others	(932.048)	733.541
1.2 Changes in operating assets and liabilities	725.393	(1.036.533)
1.2.1 Net (increase) decrease in financial assets held for trading	(188.601)	(1.130)
1.2.2 Net (increase) decrease in due from banks and other financial institutions	(569.828)	(862.474)
1.2.3 Net (increase) decrease in loans	(2.801.337)	(288.404)
1.2.4 Net (increase) decrease in other assets	(1.380.849)	(267.622)
1.2.5 Net increase (decrease) in bank deposits	773.752	147.645
1.2.6 Net increase (decrease) in other deposits	2.765.126	(1.102.471)
1.2.7 Net (increase) decrease in financial liability at fair value through profit or loss	(332.343)	1.615.115
1.2.8 Net increase (decrease) in funds borrowed	2.916.878	(992.477)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(457.405)	715.285
I. Net cash used in from banking operations	513.766	669.800
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(3.863.386)	(569.034)
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries	-	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(86.167)	(67.941)
2.4 Fixed assets sales	234.348	148.191
2.5 Cash paid for purchase of financial assets available for sale	(6.393.597)	(1.058.555)
2.6 Cash obtained from sale of financial assets available for sale	1.208.346	-
2.7 Cash paid for purchase of investment securities	(30.193)	(355.359)
2.8 Cash obtained from sale of investment securities	1.203.877	764.630
2.9 Others	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flows from financing activities	(4.195)	561.893
3.1 Cash obtained from funds borrowed and securities issued	5.296.951	3.849.820
3.2 Cash used for repayment of funds borrowed and securities issued	(5.317.091)	(3.293.000)
3.3 Issued equity instrument	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	15.945	5.073
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	958.149	459.324
V. Net increase in cash and cash equivalents	(2.395.666)	1.121.983
VI. Cash and cash equivalents at beginning of the period	6.409.525	5.287.542
VII. Cash and cash equivalents at end of the period	4.013.859	6.409.525

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period 31.12.2020 (*)	Audited Prior Period 31.12.2019 (**)
I. DISTRIBUTION OF CURRENT YEAR INCOME/(LOSS)		
1.1 CURRENT YEAR INCOME	167.926	90.078
1.2 TAXES AND DUTIES PAYABLE (-)	33.717	18.956
1.2.1 Corporate tax (Income tax)	20.885	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	12.832	18.956
A. NET INCOME FOR THE YEAR (1.1-1.2)	134.209	71.122
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	3.556
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	134.209	67.566
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	67.566
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (***)	-	-
3.1 TO OWNERS OF ORDINARY SHARES	0,041	0,022
3.2 TO OWNERS OF ORDINARY SHARES (%)	%4,1	%2,2
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) The decision regarding the 2020 Profit Distribution will be taken at the General Assembly meeting.

(**) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 26, 2020 to book legal reserves of TL 3.556, which is 5% of the distributable net statutory profit of TL 71.122 and the remaining amount of TL 67.566 has been decided to be reserved as extraordinary reserves.

(***) Presented in Full TL.

The accompanying notes are an integral part of these financial statements.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

a. The preparation of the unconsolidated financial statements and related notes and explanations in accordance with the Turkish Financial Reporting Standards and regulation on the Regulation on Accounting Applications for Banks and Safeguarding of Documents

The unconsolidated financial statements have been prepared in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" published in the Official Gazette no.26333 dated 1 November 2006 with regard to Banking Law No. 5411, and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by those, by those, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation).

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value. The accompanying unconsolidated financial statements and notes to these financial statements are expressed in thousands of Turkish Lira (TL), unless otherwise stated.

In preparing the unconsolidated financial statements in accordance with "BRSA Accounting and Financial Reporting Legislation", the Bank management has to make assumptions and estimates about the assets and liabilities in the balance sheet. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss. The assumptions and estimates used are explained in the related notes.

b. Information on accounting policies and changes in financial statements

Accounting policies and valuation principles used in the preparation of the unconsolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency and in case where a specific regulation is not made by BRSA, TFRS.

In accordance with the Communiqué on the Amendment to the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks that published in the Official Gazette dated 1 February 2019 and numbered 30673, the financial statements of the previous year have been aligned with the new financial statements.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in section three notes II to XXIII.

c. Changes in accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2020 have no material effect on the financial statements, financial performance and on the Bank's accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Bank's accounting policies.

The Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from the beginning of 2021, was published in December 2020 and early implementation of the changes is allowed. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Bank's financials are being assessed.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Basis of Presentation (continued)

Explanation for convenience translation into English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank's main activities comprise retail, commercial and corporate banking, money market and securities market operations.

The Bank uses financial assets intensely by its nature. The Bank's basic strategy regarding the use of financial assets is intended for ensuring the balance between the profits from and risk levels of assets.

The most important funding source of the Bank is the deposits accepted for various time periods and apart from deposits, the most important funding sources are equity, securities issued, money market transactions and borrowings obtained from foreign financial institutions, generally medium and long term. In order to use these sources in high-yield and high-quality financial assets, the Bank follows an effective asset-liability management strategy. The Bank manages interest rate risk, liquidity risk, exchange rate risk and credit risk carried on in and off balance sheet assets and liabilities within the framework of internal and legal limits.

The Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. Foreign currency denominated assets and liabilities are translated into TL with the prevailing buying rate of exchange of the Bank on reporting date and gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

III. Explanations on Futures and Options Contracts and Derivative Instruments

The derivative transactions mainly consist of options, foreign currency swaps, interest rate swaps, and foreign currency forward contracts. Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. The changes in their fair values are recorded on balance sheet under "the portion of derivative financial assets measured at fair value through profit and loss" or "the portion of derivative financial liabilities measured at fair value through profit and loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "income / losses" from derivative transactions under income statement.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts as their contractual values. Embedded derivatives are separated from the host contract and accounted as derivative instruments according to "TFRS – 9 Financial Instruments" in case the related embedded derivative's economic features and risks are not closely related to the host contract, another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and the hybrid instrument is not carried at fair value through profit or loss. If the underlying contract is closely related to the embedded derivative, the embedded derivative is accounted for in accordance with the standard which the underlying contract is based on without any separation from the contract.

Within the scope of TFRS 13 Fair Value Measurement standard; (i) if there is a significant decrease in the volume or level of activity for that asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities); (ii) when the transaction or quoted price does not represent fair value; and / or (iii) when a price for a similar asset requires significant adjustment to make it comparable to the asset being measured, or (iv) when the price is stale, the Bank makes an adjustment to the transactions or quoted prices and reflects this adjustment to the fair value measurement. In this context, the Bank determines the point within the range that is most representative of fair value under current market conditions. As of 31 December 2020, fair value measurement adjustments are made in TL yield curves used in valuation of derivative transactions.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations on Futures and Options Contracts and Derivative Instruments (continued)

Derivative financial instruments held for hedging purpose

The Bank may apply cash flow hedge accounting to mitigate interest rate changes on TL deposit through interest rate swaps.

The Bank utilizes derivative instruments effectively in the process of asset and liability management. TFRS 9 permits to defer application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank continues to apply hedge accounting in accordance with TAS 39 in this context.

Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" whereas ineffective part is accounted in the income statement.

The Bank hedges its cash flow risk arising from Turkish Lira floating interest rate liabilities by using interest rate swaps. Within the scope of cash flow hedge accounting the fair values being positive or negative and effective portions in the equity under "Other Comprehensive Income Items to be recycled to profit and loss" and ineffective portions in the income statement under "profit / loss from derivative financial transaction".

In the periods in which the cash flows (interest expenses) of the hedged item affects the income statement, the profit/ loss of the hedging instrument is recycled to the income statement from equity.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the Dollar off-set model and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective.

When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized to income statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in income statement considering the original maturity.

As of 31 December 2020 , the Bank has no transaction subject to hedge accounting.

IV. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the statement of income by using the "Effective interest method". Starting from January 1, 2018, Bank has started accruing interest income on non-performing loans.

V. Explanations on Fees and Commission Income and Expenses

Fees and commissions those that are not an integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted for in accordance with "TFRS 15 - Revenue from Customer Contracts". Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest method" according to the nature of the fee and commission. Income earned in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third party real person or corporate body are recognized when realized.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects.

Basically, financial instruments create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority.

The methods and assumptions used in the recognition and measurement of financial instruments are mentioned below.

Cash, Banks, and Other Financial Institutions:

Cash and cash equivalents comprise cash on hand, demand placements, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash and are carried at amortized cost. The book values of these assets are at their fair values.

Financial Assets at Fair Value Through Profit and Loss:

"Financial assets at fair value through profit/loss" are financial assets that are either managed by a model other than the ones that are managed with a business model of hold to collect contractual cash flows or with a business model of hold to collect contractual cash flows or to sell financial assets, or being subject to mentioned business models, of which cash flows does not meet the "solely for the payments of principal and interest" criteria.

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Transaction costs related to such assets are recorded as expense at the time of occurrence.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Financial Assets (continued)

Financial Assets at Fair Value Through Other Comprehensive Income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows which are solely payments of principal and interest are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the receipt of consideration against that asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted for under the "other comprehensive income or expense items to be recycled to profit or loss" under shareholders' equity.

Equity instruments, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Financial Assets Measured at Amortized Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted for in the income statement.

"Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Bank contains Consumer Price Indexed (CPI) bonds. These securities are valued and accounted for using the effective interest method based on the CPI of two months before the reporting date together with the real coupon rates and the reference index at the issuance date, with the index coefficient generated on the inflation rate is estimated by the Bank. The inflation rate estimated by the inflation expectations of Central Bank and the Bank, is updated when necessary during the year. Securities are valued at the end of the year with reference index announced by the Ministry of Treasury and Finance.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Financial Assets (continued)

Loans and Receivables:

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method".

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the statement of income.

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses in the statement of income.

Derecognition of a financial asset:

Before evaluating whether, and to what extent, derecognition is appropriate, the Bank determines whether those criteria should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety. Criteria is applied to a part of financial asset (or a part of a group of similar financial assets) if, and only if, the part being considered for derecognition meets one of the following three conditions: (i) The part comprises only specifically identified cash flows from a financial asset (or a group of similar financial assets) (ii) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a group of similar financial assets) (iii) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

A financial asset (or, a part of a financial asset or a part of group of financial assets, where appropriate) is derecognized when, and only when,

- The contractual rights to the cash flows from the financial asset expire; or
- The contractual rights to the cash flows from the financial asset are transferred; or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in the arrangement without material delay and:
- If the entity transfers substantially all the risks and rewards of ownership of the financial asset or,
- If the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, whether it has retained control of the financial asset.

If the Bank transfers the contractual rights to the cash flows from the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in the arrangement without material delay and if the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the entity shall determine whether it has retained control of the financial asset and it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset. In this case, the entity also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

The Bank has evaluated the non-performing loan portfolio of which contractual rights are transferred to the asset management companies, in the context of above statements and derecognizes the loans that are subject to agreements in which all risks and rewards are transferred to the buyer.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. Explanations on Expected Credit Losses

As of 1 January 2018, a loss allowance for expected credit losses is provided by Bank for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, all financial assets which are not measured at fair value through profit or loss, commitments and financial guarantee contracts in accordance with TFRS 9 International Financial Reporting Standard and "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside" published in the Official Gazette No. 29750 dated 22 June 2016. Equity instruments are not subject to impairment assessment as they are measured at fair value.

The Bank has started its credit calculation method with the expected credit loss models in accordance with IFRS 9 rules as of 1 January 2018. Expected credit losses include a probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that are current conditions and forecasts of future economic conditions and the time value of money. The financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

They are financial assets that do not have a significant increase in credit risk at initial recognition or since initial recognition. Loss allowance for impairment of credit risk for these assets is recorded in the amount of 12-month expected credit loss.

Stage 2:

In the case of a significant increase in credit risk since initial recognition the financial asset is transferred to Stage 2. Loss allowance for impairment of credit risk is determined on the basis of the instrument's lifetime expected credit losses.

Stage 3 (Default):

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. In the calculation of expected credit losses, probability of default is considered as 100%. In determining the impairment, the Bank considers the following criteria:

- Delinquency in interest and/or principal payments by more than 90 days. On the other hand, based on the BRSA's decision numbered 8948 dated 17 March 2020 and 9312 dated and numbered 9312 and dated 8 December 2020, the default definition is that the debt is delayed more than 180 days instead of 90 days, to be valid until 30 June 2021. In this context, the Bank measures the expected credit loss according to risk models, while considering the temporariness of the process and the liquidity shortage experienced by the borrower due to Covid-19 outbreak in calculating the expected credit loss within the scope of IFRS 9 for loans delayed between 91-180 days.
- Having the opinion that collection of principal and /or interest will be past due more than 90 days from its maturity or due date due to reasons such as having problems in the financing operating capital or creating additional liquidity due to unfavourable developments in macroeconomic conditions or in the sectors the debtor operates or, independent from all, due to adverse developments peculiar to the debtor.

The collections made based on provision provided for loans in the current period are deducted from "Expected Credit Losses" account in income statement, and the principal collections made in respect of loans that have been provision set aside in the previous periods or write-off exposures under off-balance sheet are recognized under "Other Operating Income" account.

Significant Increase in Credit Risk

The Bank performs qualitative and quantitative assessments for the determination of financial assets that will be classified as Stage 2 due to the significant increase in credit risk.

To make the quantitative assessment, the Bank compares the rating information of the financial asset at the reporting date with the rating information at the date of initial recognition. The change above the defined threshold is considered as significant increase in credit risk, meaning that the credit is classified under Stage 2 loans.

Within the scope of qualitative assessments, if any of the following criteria occurs; the related financial asset would be taken into account as Stage 2:

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note 1. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. Explanations on Expected Credit Losses (continued)

Significant Increase in Credit Risk (continued)

- Delinquency in principal and/or interest payments, which is between 30 days and 90 days. In accordance with the BRSA Decision numbered 8970 dated 27 March 2020 and numbered 9312 dated 8 December 2020 starting from 27 March 2020, loans with an overdue more than 90 days instead of 30 days are taken into consideration from 17 March 2020 until 30 June 2021. In accordance with the related decisions, borrowers with a DPD between 30 and 90 days were classified as Stage 1, however lifetime ECL (S2 ECL) was calculated for them.
- Watchlist exposures,
- Forborne exposures,
- The other retail exposures which belong to an obligor who has a retail exposure that is classified as non-performing loans.

Measurement of Expected Credit Losses

ECL is estimated according to several macroeconomic scenarios and final ECL is an average of each scenario's ECL weighted by scenario probabilities. The parameters subject to the expected credit loss measurement are as follows:

Exposure at Default (EAD): The EAD represents the incurred amortized cost for cash obligations as of reporting date. It refers to the value calculated through credit conversion factors for non-cash loans and commitments.

Credit Conversion Factor (CCF): As of the reporting date, CCF corresponds to the rate used to convert non-cash loans and commitments to loan equivalents. Conversion rates are determined based on Circular 2016/1 published by local regulatory (BRSA) under the Basel 1 Framework.

Lost Given Default (LGD): It represents the economic loss incurred on the loan, if a loan defaults. It is represented as a percentage. The recovery rate summarizes all cash flows from the customer after default, including collections through cash, prior lien mortgages and vehicle pledges. In this context, different LGD values are calculated for the segments in the retail and non-retail portfolios using historical data.

Probability of Default (PD): PD represent the likelihood of default over a specified time period. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

- 12-month PD: as the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

The Bank uses two separate internal rating systems for non-retail portfolio in the Corporate and SME segment. The both internal rating models include the borrower's financial information and the answers to the qualitative question set. PD's used in ECL calculation consider both current conditions and historical data. For retail portfolio, the cumulative multiplication of the 12-month averages of the roll rates for each delinquency cluster on the basis of products that are sharing common characteristics is considered as PD.

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as "Base", "Upside" and "Downside". Macroeconomic scenarios should be reviewed and if necessary, updated at least on an annual basis or earlier in case of a major event necessitating a review. Each scenario has its own probability to occur. The expected credit loss amount corresponding to each scenario is discounted to the net present value by using the exposure's contractual rate of interest.

If the loan classified under Stage 1, expected credit losses is calculated by considering 12-month PDs. The Bank calculates expected 12-month credit loss on the basis of a 12-month anticipation of default following the reporting date. The marginal PDs calculated as the difference between the cumulative PDs in two consecutive periods multiplied by the total loss in default calculated on EAD amounts for each horizon. This calculation is performed for each of the three scenarios as described above, each scenario is discounted to the net present value by using the exposure's effective interest rate of interest from related date and final ECL is derived from average of each scenario ECL weighted by scenario probabilities. If the loan classified under Stage 2, expected credit losses is calculated by considering lifetime. The expected credit loss measurement, including the use of forward-looking macroeconomic scenarios is similar to that described above however the probability of default is estimate lifetime of the financial instrument.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. Explanations on Expected Credit Losses (continued)

For non-retail loans classified under Stage 3, ECL estimated based on individual assessment in accordance with internal policies and IFRS9. Expected credit loss calculation is performed by discounting the expected collections of the financial instrument to its net present value with a defined interest rate.

In addition, the Bank assesses a certain portion of Stage 2 non-retail loans individually in the calculation of the expected credit losses based on TFRS 9. As of December 31, 2020, due to the negative effects of the COVID-19 epidemic, the Bank reviewed its cash flow expectations, collection forecasts and scenario weights for its individual assessed loans, and reflected the related effects to the expected loss provisions with the best estimation approach.

For retail products sharing similar credit risk characteristics, a collective approach is used for ECL measurement. In making this calculation, the Bank takes into consideration the transition rates between the clusters in the thirty-day intervals past due of the financial assets sharing the similar credit risk characteristics as of the end of the month. The probability of loss for related cluster is calculated by multiplying the average of the 12-month transition rates corresponding to each cluster with the average of the 12-month transition rates of afterthought clusters. The outstanding balance per cluster is multiplied by the probability of loss, LGD and weighted average remaining maturity. Finally, expected credit loss is computed by applying the respective impact from the forward looking model which accounts 3 probability weighted scenarios considering the stage and the remaining maturity of the retail product.

The Bank updates TFRS 9 models at least once a year in accordance with its internal policies. The model update for the probability of default and future expectations was made in the 4th quarter of 2020, and the Bank calculated the expected loss provision with the model updated at the end of 2020.

Approaches to Determine Forward Looking Economic Scenario

As mentioned above, by using scenarios related to macroeconomic factors, the effect of future expectations is included in the calculation of ECL. The macro indicators that make up these macroeconomic forecasting models are Gross Domestic Product (GDP) and unemployment rate. That macroeconomic model contains more than one scenario that are considered along with their respective probability of occurrence and the weighted average of the results of these scenarios are taken into account in ECL calculations.

Due to the COVID-19 outbreak, within the scope of forward-looking indicators, the scenarios have been updated in line with the new conditions and the probability of occurrence has been changed.

Behavioural Maturity Calculation Methodology

The loss allowance for expected credit losses is measured for loans in Stage 1 until the end of maturity for those with less than one year of maturity and one year for loans with a remaining maturity of more than one year. For loans in Stage 2, lifetime (up to maturity) expected credit losses is measured. This calculation is based on the remaining maturity information for each loan. While using this information for products with maturity information, behavioural maturity determined in accordance with internal policies is taken into consideration for products without maturity information such as off-balance sheet items and overdrafts. Expected credit losses are measured over these maturities according to the type of loan.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

As of 1 January 2018, The Bank applied the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income in accordance with TFRS 9 principles. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

When the related financial asset is de-recognised from the financial statement, the loss allowance for expected credit losses previously reflected to the other comprehensive income is classified under the profit-loss statement.

VIII. Explanations on Offsetting of Financial Instruments

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined re-sell price is accrued over the life of repurchase agreements.

The income and expenses from these transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the income statement.

X. Explanations on Assets Held for Sale and Discontinued Operations

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables and are accounted in the unconsolidated financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)".

The Bank, in some portion of the foreclosed assets, provides repurchase right to the debtor.

A discontinued operation is a division of a bank that is either disposed or held for sale.

Results of discontinued operations are included in the income statement separately. As of 31 December 2020 and 31 December 2019 the Bank does not have any discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There have been no changes in the amortization calculation method during the current period.

As of the balance sheet date, all softwares are purchased and there are no completed or continuing software development projects by the Bank.

XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Safety box	2
ATM	10
Furniture, fixtures and others	6-20
Office equipment's	10-33

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other lien on tangible fixed assets.

Branches, service buildings and vehicles subject to operational lease are accounted in accordance with TFRS 16 as of 1 January 2019.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

XII. Explanations on Tangible Fixed Assets (continued)

At the commencement date, the Bank measures the right-of-use asset in accordance with TFRS 16. The depreciation requirements in TAS 16 Property, Plant and Equipment is applied in depreciating real assets considered as right-of-use asset. Amortization calculation considers the length of contract as useful lifetime.

The amortization expenses related to operational leases subject to TFRS 16 are recorded in profit/loss table under amortization expenses of tangible asset.

XIII. Explanations on Leasing Transactions

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in assets and liabilities, respectively. Financial costs on leasing agreements are distributed throughout the lease periods at fixed interest rates. Interest expenses and foreign exchange losses related with financial leasing are accounted in income statement. Depreciation for assets acquired through financial leases is calculated consistently with the same principle as for the tangible assets.

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

a. Disclosures of TFRS 16

Bank- lessee:

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- All initial direct costs incurred by the Bank and

When Bank applying the cost method, the existence of the right to use:

- Accumulated depreciation and accumulated impairment losses are deducted and
- Measures the restatement of the lease obligation at the restated cost.

TAS 16 Impairment of Assets is applied to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

The Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- Increase the book value to reflect the interest on the lease obligation
- Reduces the book value to reflect the lease payments made and
- The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation and discounted to present value if material.

XV. Explanations on Liabilities Regarding Employee Benefits

In accordance with the existing labor law, the Bank is required to make lump-sum termination indemnities to each employee who has completed over one year of service and whose employment is terminated due to retirement or for reasons other than resignation and misconduct.

The Bank has calculated provision for employee severance benefits in the accompanying financial statements in accordance with TAS 19 "Employee Benefits" by using the "Projection Method" and discounted the total provision by using the current market yield at the balance sheet date on government bonds based on their past experiences in the issues of completion of personnel service period and severance pay eligibility.

The Bank has no retirement fund or foundation that the employees are the member of.

Defined Contribution Plans:

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Short-term Employee Benefits:

In accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits"; defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

XVI. Explanations on Taxation

Corporate Tax:

According to the Article 32 of the Corporate Tax Law No 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offset against the final tax liability for the year.

According to Provisional Article 10 added to the Corporate Tax Law, Corporate Tax at 20% shall be applied as 22% for the corporate earnings of the taxation periods of 2018, 2019 and 2020 of the institutions.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities.

The balance resulting from netting off prepaid taxes and the corporate tax provision is shown in the current tax asset or liability as being positive or negative, respectively.

Deferred Tax Liability / Asset:

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS 12 "Turkish Accounting Standard on Income Taxes" the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences, if sufficient taxable profit within five-year period to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

XVI. Explanations on Taxation (continued)

Deferred Tax Liability / Asset (continued)

The book value of the deferred tax asset is reviewed at the end of each reporting period. The book value of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient financial profit will be available to allow the benefit of part or all of the deferred tax asset to be obtained.

If the deferred tax transactions and other issues are recognized (accounted) in profit and loss, related tax effects are recognized in profit and loss. On the other hand, if the deferred tax transactions and other issues are recognized (accounted) in equity accounts, related tax effects are also recognized (accounted) in equity accounts.

Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet.

In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate. As of 31 December 2020, the Bank calculated deferred tax at a rate of 20% over its assets and liabilities.

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

Direct transaction costs related to issuance of stock certificates are recognized as discount from equity.

XIX. Explanations on Avalized Drafts and Acceptances

Avalized draft and acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

Reporting according to the operational segment is presented in Note VIII of Section Four.

XXII. Explanations on Reclassifications

None

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

XXIII. Explanations on Other Disclosures

The new type of virus, COVID-19, and precautions regarding it, cause malfunctions in operations in countries exposed to it. Moreover, it affects economic conditions negatively both in our country and globally.

The process is monitored and managed by the Bank's Executive Committee with an integrated approach by giving priority to employee and customer safety, business continuity and including the assessment of its financial impacts.

The Bank has reflected possible effects of the COVID-19 outbreak on the estimates and judgments used in preparation of the financial statements as of 31 December 2020.

The Bank's detailed assessments in terms of financial impacts are ongoing, and which may have a significant impact on the financial statements are identified and addressed as follows:

- TFRS 9 – Within Financial Instruments Standard, the adequacy of the Expected Credit Losses has been evaluated taking into account the effects of outbreak and accounting estimates and assumptions has been reviewed and the necessary updates have been reflected.
- TFRS 16 - The effects within Leasing standard has been reviewed and deemed that no change is required.
- TAS 12 – The effects of recoverable amounts within Income Taxes Standard has been reviewed and deemed that no change is required.
- The effects of TFRS 15 - Revenue from Contracts with Customers and TAS 37 - Provisions, Contingent Liabilities and Contingent Assets Standard on the contracts with customers and suppliers have been reviewed and deemed that no change is required.

Additionally, the Bank's capital adequacy standard ratios and liquidity coverage ratios remain above from minimum limits stated on the legislation.

The Bank's management continues to monitor and evaluate the possible impacts as of the reporting date.

The Bank's management analyses the permanent depreciation on assets monitored with their Fair Value and it is decided that there is no such indication.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Explanations on Equity

As of 31 December 2020, Bank's total capital has been calculated as TL 5.976.985 and capital adequacy ratio is 19,82%. As of 31 December 2019, Bank's total capital amounted to TL 5.558.945 and capital adequacy ratio was 21,74%. These ratios are above the minimum ratio required by the legislation.

a. Information about Total Capital:

	Current Period 31 December 2020
COMMON EQUITY TIER 1 CAPITAL	
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842
Share issue premiums	-
Reserves (*)	17.498
Gains recognized in equity as per TAS	67.708
Profit	134.209
Current Period Profit	134.209
Prior Period Profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-
Common Equity Tier 1 Capital Before Deductions	3.508.257
Deductions from Common Equity Tier 1 Capital	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	7.043
Improvement costs for operating leasing	37.291
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	97.369
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	42.656
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total Deductions From Common Equity Tier 1 Capital	184.359
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	278.796
Total Common Equity Tier 1 Capital	3.602.694

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish,
See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

	Current Period 31 December 2020
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.602.694
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA (**)	2.226.375
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	329.996
Tier II Capital Before Deductions	2.556.371
Deductions From Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	182.080
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation when the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	182.080
Total Tier II Capital	2.374.291
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.976.985
Deductions from Total Capital	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	-

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

	Current Period 31 December 2020
TOTAL CAPITAL	
Total Capital (TIER I Capital and TIER II Capital)	5.976.985
Total risk weighted amounts	30.153.312
CAPITAL ADEQUACY RATIOS	
Core Capital Adequacy Ratio	11,95
Tier I Capital Adequacy Ratio	11,95
Capital Adequacy Ratio	19,82
BUFFERS	
Total buffer requirement	2,530
Capital conservation buffer requirement	2,500
Bank specific counter-cyclical buffer requirement	0,030
Systemic important bank buffer ratio	-
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,45
Amounts Lower Than Excesses as per Deduction Rules	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.025.495
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	329.996
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

(*) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 26, 2020 to book legal reserves of TL 3.556, which is 5% of the distributable net statutory profit of TL 71.122 and the remaining amount of TL 67.566 has been decided to be reserved as extraordinary reserves.

(**) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 24.535 thousands of Tier II sub-loan as of 31 December 2020, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

As of December 31, 2020 in accordance with BRSA's decision dated December 8, 2020 and numbered 9312, the Bank, effective until June 30, 2021 the amount subject to credit risk in capital adequacy calculations calculated by taking into account the simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date. Additionally, negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which acquired before 23 March 2020 has not been included in capital calculation. Had the Bank not applied these regulations, the equity amount as of 31 December 2020 would be calculated as TL 5.989.862 and the capital adequacy standard ratio would be calculated as 19,07 %.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

	Prior Period 31 December 2019
COMMON EQUITY TIER 1 CAPITAL	
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842
Share issue premiums	-
Reserves (*)	(53.624)
Gains recognized in equity as per TAS	37.841
Profit	71.122
Current Period Profit	71.122
Prior Period Profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-
Common Equity Tier 1 Capital Before Deductions	3.344.181
Deductions from Common Equity Tier 1 Capital	-
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-
Improvement costs for operating leasing	41.543
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	74.813
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	44.600
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total Deductions From Common Equity Tier 1 Capital	160.956
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	418.194
Total Common Equity Tier 1 Capital	3.601.419

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

	Prior Period 31 December 2019
ADDITIONAL TIER 1 CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
Additional Tier I Capital before Deductions	
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.601.419
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA(**)	1.784.283
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	275.007
Tier II Capital Before Deductions	2.059.290
Deductions From Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	101.764
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	101.764
Total Tier II Capital	1.957.526
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.558.945
Deductions from Total Capital	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)	-

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish,
See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

	Prior Period 31 December 2019
TOTAL CAPITAL	
Total Capital (TIER I Capital and TIER II Capital)	5.558.945
Total risk weighted amounts	25.575.654
CAPITAL ADEQUACY RATIOS	
Core Capital Adequacy Ratio	14,08
Tier I Capital Adequacy Ratio	14,08
Capital Adequacy Ratio	21,74
BUFFERS	
Total buffer requirement	2,532
Capital conservation buffer requirement	2,500
Bank specific counter-cyclical buffer requirement	0,032
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	9,58
Amounts below the Excess Limits as per the Deduction Principles	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	817.276
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	275.007
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

(*) The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2019 to book legal reserves of TL 17.150, which is 5% of the distributable net statutory profit of TL 858 and the remaining amount of TL 16.292 has been decided to be reserved as extraordinary reserves. The effect of TFRS 16 on equity amounting to TL 61.462 is reflected in the reserve funds line.

(**) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 17.110 thousands of Tier II sub-loan as of 31 December 2019, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

Details on Subordinated Liabilities:

Lender	Odea Bank A.Ş
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1655085485/ US67576MAA27
Governing law(s) of the instrument	It is subject to English law additionally certain articles are subject to Turkish law. It has been issued under the "Communiqué on Borrowing Instruments" of the CMB and the "Regulation on Equities of Banks" of the BRSA.
Regulatory treatment	Tier II Capital
Subject to 10% deduction as of 1/1/2015	No
Eligible at stand-alone / consolidated (*)	Stand Alone
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date) (**)	2,044.295
Per value of instrument (Thousand USD) (***)	275.465
Accounting classification	Liability-Subordinated Loans
Original date of issuance	01/08/2017
Perpetual or dated	10 Years Dated
Original maturity date	-
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	On 1 August 2022, there is an early repayment option. Amount to pay back: TL 2,044.295 thousand
Subsequent call dates, if applicable	-
Coupons / dividends	-
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	7,625%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	None
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
Write-down feature	Yes
If write-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (1) its operating license is to be revoked and the Bank is liquidated or (2) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (3) it is probable that the Issuer will become non-viable; then the bonds can be written-down
If write-down, full or partial	Fully or partially
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In priority of receivables, it comes after the debt instruments which are nonsubordinated loans.
Whether the sub-loan agreement contains all the items stated within the article number 7 and 8 of "Own fund regulation" or not	The instrument is in compliance with article number 8.
Details of above mentioned items within article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.

(*) As of most recent reporting date, the bank does not have participation or subsidiary company.

(**) Does not include accrued interests.

(***) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 24.535 thousands of Tier II sub-loan as of 31 December 2020, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

Basic information in the TFRS 9 transition process: As of 31 December 2020, the Bank implements Provisional Article 5 of the "Regulation on Equity of Banks" published in the Official Gazette dated September 5, 2015 and numbered 29756. Therefore, in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside, eighty percent for the first year, sixty percent for the second year, forty percent for the third year, and twenty percent for the fourth year of the positive difference between the total expected loan loss provision calculated as of the date when the expected loan loss provisions are started to be recognized under TFRS 9 and the total provision amount calculated before starting the application of TFRS 9, can be added to the core capital amount after the tax deduction.

EQUITY COMPONENTS	2018	2019	2020	2021	2022
Core Capital	3,672,542	3,601,419	3,602,694	3,463,296	3,323,898
Transition Process Unapplied Core Capital	3,114,950	3,183,222	3,323,898	3,323,898	3,323,898
Tier I Capital	3,672,542	3,601,419	3,602,694	3,463,296	3,323,898
Transition Process Unapplied Main Capital	3,114,950	3,183,222	3,323,898	3,323,898	3,323,898
Equity	5,535,732	5,558,945	5,976,985	5,837,587	5,698,189
Transition Process Unapplied Equity	4,978,141	5,140,747	5,698,189	5,698,189	5,698,189
TOTAL RISK WEIGHTED AMOUNTS					
Total Risk Weighted Amounts	25,873,673	25,575,654	30,153,312	30,153,312	30,153,312
CAPITAL ADEQUACY RATIO					
Core Capital Adequacy Ratio (%)	%14,19	%14,08	%11,95	%11,49	%11,02
Transition Process Unapplied Core Capital Adequacy Ratio (%)	%12,04	%12,45	%11,02	%11,02	%11,02
Main Capital Adequacy Ratio (%)	%14,19	%14,08	%11,95	%11,49	%11,02
Transition Period Unapplied Main Capital Adequacy Ratio (%)	%12,04	%12,45	%11,02	%11,02	%11,02
Capital Adequacy Ratio (%)	%21,40	%21,74	%19,82	%19,36	%18,90
Transition Process Unapplied Capital Adequacy Ratio (%)	%19,24	%20,10	%18,90	%18,90	%18,90
LEVERAGE RATIO					
Total Leverage Ratio Risk Exposure	44,358,365	41,192,104	53,410,064	53,410,064	53,410,064
Leverage Ratio	8,53	8,70	6,62	6,53	6,45
Transition Process Unapplied Leverage Ratio	7,76	7,61	6,45	6,45	6,45

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations on Equity (continued)

Explanations on Internal Capital Management

To define Bank's internal capital requirement assessment process; "Internal capital requirements assessment process" and "risk strategy" were prepared and approved by the Board of Directors in August 2012 and are being followed since then. In the related process and strategy; criterias are defined which provides maintaining of continuity of capital adequacy in compliance with risk profile and appetite. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set.

Capital adequacy ratio is calculated by Risk Management Group on a monthly basis, when requested by Senior Management capital requirement according to strategic plans is explained and studies on internal capital management is conducted. Capital requirement internal assessment process is designed and conducted by Risk Management Group. Risk Management Group informs Senior Management and Board of Directors about these issues directly or through Risk Committee.

II. Explanations on Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and cause to incur a financial loss.

The credit allocation is performed on a debtor and a debtor's group basis within the limits and updated on a defined frequency based on market developments. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

Risks and limits related to treasury activities and customer based commercial activities are monitored daily. Moreover, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

The credit worthiness of the debtors of the loans and other receivables is monitored regularly as prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Most of the statement of accounts for the loans has been tried to derive from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies when the companies are audited. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

	Current Period Risk Amount (*)	Average Net Loan Amount After Provisions
Risk Types		
Contingent and Non-Contingent Receivables from central governments or central banks	11.119.892	8.911.629
Contingent and Non-Contingent Receivables from regional or local governments	47.188	16.247
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	870.611	795.432
Contingent and Non-Contingent Receivables from International Organizations	9	9
Contingent and Non-Contingent Receivables from banks and brokerage houses	8.255.563	10.920.290
Contingent and Non-Contingent Corporates	19.113.100	15.451.775
Contingent and Non-Contingent Retail Receivables	906.686	1.329.108
Contingent and Non-Contingent Receivables Secured by Mortgages	3.530.917	4.013.689
Past Due Receivables	921.166	887.688
Receivables defined in high risk category by Regulator	3.639	4.026
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	1.715.238	1.632.705
Total	46.484.009	43.962.598

(*) The figures represent total risk amounts before credit risk mitigation and before credit conversion factor.

	Prior Period Risk Amount (*)	Average Net Loan Amount After Provisions
Risk Types(*)		
Contingent and Non-Contingent Receivables from central governments or central banks	6.936.743	7.027.447
Contingent and Non-Contingent Receivables from regional or local governments	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	168.014	189.778
Contingent and Non-Contingent Receivables from International Organizations	8	8
Contingent and Non-Contingent Receivables from banks and brokerage houses	6.440.646	11.269.093
Contingent and Non-Contingent Corporates	14.705.300	14.720.828
Contingent and Non-Contingent Retail Receivables	2.923.148	2.069.036
Contingent and Non-Contingent Receivables Secured by Mortgages	4.914.643	5.869.776
Past Due Receivables	801.222	630.384
Receivables defined in high risk category by Regulator	14.730	19.894
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	1.585.767	1.461.259
Total	38.490.221	43.257.503

(*) The figures represent total risk amounts before credit risk mitigation and before credit conversion factor.

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and acquirements related to forward transactions is normally realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market.

Indemnified non-cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 74% and 83% respectively. (31 December 2019: 69% and 77%)

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 70% and 87%. (31 December 2019: 85% and 96%)

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 38% and 45% respectively. (31 December 2019: 46% and 53%)

The Bank provided a collective loan loss provision for cash loans (stage 1 and stage 2) amounting to TL 932.334 (31 December 2019: TL 735.609).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Information on loan types and provisions: (*)

31 December 2020	Commercial	Retail	Total
Standard Loans	12.121.279	377.680	12.498.959
Watchlist	5.054.517	86.168	5.140.685
Significant Increase in Credit Risk	1.339.837	-	1.339.837
Non-performing Loans	2.157.785	122.698	2.280.483
Specific Provision (-)	(857.564)	(68.904)	(926.468)
Total	19.815.854	517.642	20.333.496

31 December 2019	Commercial	Retail	Total
Standard Loans	10.387.312	560.350	10.947.662
Watchlist	4.778.781	165.650	4.944.431
Significant Increase in Credit Risk	612.926	-	612.926
Non-performing Loans	2.685.541	117.651	2.803.192
Specific Provision (-)	(1.389.075)	(76.062)	(1.465.137)
Total	17.075.485	767.589	17.843.074

(*) According to the internal segmentation of the bank

Information on past due loan and other receivables (*):

31 December 2020	Corporate and Commercial	SME	Consumer Loans	Total
Not past due and 30 days past due	15.836.271	1.477.270	382.086	17.695.627
30-90 days past due	24.692	44.024	38.566	107.282
Other (**)	1.111.822	21.554	43.196	1.176.572
Total	16.972.785	1.542.848	463.848	18.979.481

31 December 2019	Corporate and Commercial	SME	Consumer Loans	Total
Not past due and 30 days past due	10.479.152	1.352.257	665.700	12.497.109
30-90 days past due	2.887.163	386.248	112.105	3.385.516
Other (**)	588.447	33.641	306	622.394
Total	13.954.762	1.772.146	778.111	16.505.019

(*) According to the internal segmentation of the bank

(**) Refers to loans and receivables over 90 days.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish. See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Significant Risks that are significant on the profile of the regions

Risk Classifications (*)

31 December 2020

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non- Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	10.666.991	47.188	-	-	-	2	1.753.783	450.528	3.501.663	871.011	3.639	-	-	-	-	1.715.238	36.413.680
European Union Countries	-	-	-	186.085	-	-	1.971.486	101	-	-	-	-	-	-	-	-	2.167.021
OECD Countries**	-	-	-	-	-	-	52.820	2	-	-	-	-	-	-	-	-	52.822
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	452.399	-	-	92.430	-	-	802.301	-	-	-	-	-	-	-	-	-	1.347.130
Other Countries	-	-	-	592.095	-	-	1.135.772	884	-	50.155	-	-	-	-	-	-	1.971.499
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	11.119.390	47.188	-	870.610	2	5.716.162	17.605.579	451.515	3.501.663	921.166	3.639	-	-	-	-	1.715.238	41.952.152

31 December 2019

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non- Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	6.110.461	-	-	127.128	-	2	1.256.138	859.046	4.889.976	801.222	14.730	-	-	-	-	1.585.767	28.904.343
European Union Countries	-	-	-	40.886	-	-	1.547.805	436	-	-	-	-	-	-	-	-	1.589.128
OECD Countries (**)	-	-	-	-	-	-	447.437	138	-	-	-	-	-	-	-	-	447.575
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	832.071	3	59	-	-	-	-	-	-	-	832.074
Other Countries	826.273	-	-	-	-	-	461.152	2.928	-	-	-	-	-	-	-	-	1.630.180
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6.936.734	-	-	168.014	2	4.544.603	13.599.642	862.551	4.890.035	801.222	14.730	-	-	-	-	1.585.767	33.403.300

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

(**) EU countries, OECD countries other than USA and Canada

(***) Assets and liabilities that are not distributed according to a consistent principle

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Sector concentrations for cash loans:

Risk Classifications (*)

31 December 2020

Sectors/Counterparties (**)	Due from Central Governments or Central Banks	Regional Governments or Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Receivables	Contingent and Non-Contingent Receivables	Contingent and Non-Contingent Receivables	Past Due Receivables	Receivables defined in high risk category by regulator	Collateralized Mortgage Securities	Securitization Portions	Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	Total
1 Agriculture	-	-	-	-	-	283.049	54	7.737	3.992	-	-	-	-	-	-	190.959	103.873	294.832
1.1 Farming and Raising Livestock	-	-	-	-	-	216.198	53	6.707	3.992	-	-	-	-	-	-	180.835	46.115	226.950
1.2 Forests, TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	66.851	1	1.030	-	-	-	-	-	-	-	10.124	57.758	67.882
2 Manufacturing	-	-	-	-	-	7.256.885	12.822	437.010	194.200	2	-	-	-	-	-	3.913.554	3.987.335	7.900.889
2.1 Mining and Quarry	-	-	-	-	-	304.179	951	5.940	21.403	-	-	-	-	-	-	314.846	17.627	332.473
2.2 Production	-	-	-	-	-	5.612.823	11.869	391.460	161.754	2	-	-	-	-	-	2.925.603	3.248.305	6.177.908
2.3 Electricity, Gas and Water	-	-	-	-	-	1.339.853	2	39.610	11.043	-	-	-	-	-	-	669.105	721.403	1.390.508
3 Construction	-	-	-	-	-	3.441.365	4.211	1.511.921	285.707	20	-	-	-	-	-	2.520.955	2.722.169	5.243.124
4 Services	521.383	-	100.747	-	4.030.114	4.921.421	23.712	1.042.879	398.882	3.009	-	-	-	-	-	4.646.274	6.395.873	11.042.147
4.1 Wholesale and Retail Trade	500	-	-	-	1.655.940	149.171	17.631	143.987	14	-	-	-	-	-	-	1.640.749	326.494	1.967.243
4.2 Hotel, Tourism, Food and Beverage Services	-	-	-	-	1.394.176	1.278	768.124	197.148	2.989	-	-	-	-	-	-	446.324	1.917.391	2.363.715
4.3 Transportation and Communication	-	-	-	-	932.670	2.612	27.864	14.589	-	-	-	-	-	-	-	554.057	423.678	977.735
4.4 Financial Institutions	520.883	-	100.747	-	4.030.114	213.909	212	9.089	-	-	-	-	-	-	-	1.398.676	3.476.278	4.874.954
4.5 Real Estate and Renting Services	-	-	-	-	51.007	756	2.945	3.933	-	-	-	-	-	-	-	33.690	24.951	58.641
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education Services	-	-	-	-	38.721	709	33.313	5.773	-	-	-	-	-	-	-	78.516	-	78.516
4.8 Health and Social Services	-	-	-	-	634.998	514	61.462	24.363	-	-	-	-	-	-	-	494.262	227.081	721.343
Other	10.598.007	47.188	769.863	2	1.686.048	1.702.889	410.716	502.116	38.385	608	-	-	-	-	1.715.238	8.754.090	8.717.070	17.471.160
Total	11.119.390	47.188	870.610	2	5.716.162	17.605.579	451.515	3.501.663	921.166	3.639	-	-	-	-	1.715.238	20.025.832	21.926.320	41.952.152

(*) The risk classes in the regulation is taken into consideration to measure and assess the capital adequacy of banks.

(**) Before credit risk mitigation and after credit conversion rate, refers to the amount of total risk

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Sector concentrations for cash loans:

Risk Classifications (*)

31 December 2019

Sectors/Counterparties (**)	Due from Governments or Governmental Banks	Regional Governments or Governmental Receivables	Receivables on Administrative and Financial Enterprises	Receivables on Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerages	Contingent and Non-Contingent Receivables on Corporates	Contingent and Non-Contingent Receivables on Real Estate	Contingent and Non-Contingent Receivables on Mortgages	Past Due Receivables	Receivables denominated in high risk currencies by Regulator	Collateralized Receivables on Marketable Securities	Securitization Positions	Receivables from Bank Housing Corporates	Short-Term Receivables from Bank Housing Corporates	Investment similar to bank housing investment funds	Other Receivables	TL	FC	Total
1 Agriculture	-	-	-	-	-	-	96,036	776	13,280	7,010	-	-	-	-	-	-	-	35,351	81,751	117,102
1.1 Farming and Raising Livestock	-	-	-	-	-	-	35,409	765	12,275	7,010	-	-	-	-	-	-	-	27,342	28,117	55,459
1.2 Forests, TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	60,627	11	1,005	-	-	-	-	-	-	-	-	8,009	53,634	61,643
2 Manufacturing	-	-	-	-	-	-	5,982,757	32,745	596,209	257,409	2,288	-	-	-	-	-	-	2,770,941	4,006,557	6,771,498
2.1 Mining and Quarry	-	-	-	-	-	-	4,030,111	2,516	735,207	41,019	-	-	-	-	-	-	-	196,098	24,755	221,753
2.2 Production	-	-	-	-	-	-	4,304,275	30,184	487,037	203,314	2,288	-	-	-	-	-	-	2,283,377	2,943,721	5,227,098
2.3 Electricity, Gas and Water	-	-	-	-	-	-	1,275,471	45	33,965	13,166	-	-	-	-	-	-	-	290,566	1,032,081	1,322,647
3 Construction	-	-	-	-	-	-	2,634,488	19,302	2,424,966	228,784	3,171	-	-	-	-	-	-	2,404,876	2,905,835	5,310,711
3.1 Construction	-	-	-	-	-	-	3,630,333	60,686	1,425,636	307,929	7,222	-	-	-	-	-	-	2,878,660	6,782,028	9,660,688
4 Services	839,639	-	-	71,596	-	-	3,036,274	42,405	1,053,942	261,376	134,485	26	-	-	-	-	-	983,792	1,365,426	2,349,218
4.1 Wholesale and Retail Trade	826,274	-	-	30,710	-	-	999,868	2,671	870,121	142,788	-	-	-	-	-	-	-	286,631	1,728,817	2,015,448
4.2 Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	762,187	7,852	89,403	17,753	1	-	-	-	-	-	-	293,883	583,313	877,196
4.3 Transportation and Communication	-	-	-	40,886	-	-	30,760	1,739	28,009	4,960	7,176	-	-	-	-	-	-	636,405	2,828,137	3,464,542
4.4 Financial Institutions	13,365	-	-	-	-	-	58,038	1,047	8,952	3,025	16	-	-	-	-	-	-	19,999	51,079	71,078
4.5 Real Estate and Renting Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6 Self-Employment Services	-	-	-	-	-	-	46,143	1,345	34,658	3,856	3	-	-	-	-	-	-	70,939	15,066	86,005
4.7 Education Services	-	-	-	-	-	-	659,395	3,627	133,117	1,062	-	-	-	-	-	-	-	587,011	210,190	797,201
4.8 Health and Social Services	-	-	-	-	-	-	1,356,028	749,042	429,944	-	2,049	-	-	-	-	-	-	1,585,767	7,091,722	11,543,301
5 Other	6,097,095	-	-	96,418	2	1,226,956	-	-	429,944	-	-	-	-	-	-	-	-	4,451,579	7,091,722	11,543,301
Total	6,936,734	-	-	168,014	2	4,544,603	13,899,642	862,551	4,890,035	801,222	14,730	-	-	-	-	-	-	12,541,407	20,861,893	33,403,300

(*) The risk classes in the regulation is taken into consideration to measure and assess the capital adequacy of banks.

(**) Before credit risk mitigation and after credit conversion rate, refers to the amount of total risk

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Distribution of time exposures according to Remaining Maturities:

31 December 2020

Risk Types (*)	Time to Maturity						Total
	Demand	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	2.506.689	2.590.311	3.124	18.735	-	6.000.531	11.119.390
Regional or Local Government Receivables	-	-	-	-	-	47.188	47.188
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	18.676	-	851.934	870.610
Receivables on International Organizations	-	-	-	-	-	2	2
Receivables on Banks and Brokerage Houses	3.188.617	306.539	216.372	319.299	433.736	1.251.599	5.716.162
Receivables from Corporates	-	2.029.971	1.784.231	1.891.645	3.577.477	8.322.255	17.605.579
Retail Receivables	119.013	35.866	11.778	23.043	31.165	230.650	451.515
Receivables Secured by Mortgages	465.602	259.541	76.053	347.104	161.326	2.192.037	3.501.663
Past Due Receivables	886.828	8.815	758	1.352	1.745	21.668	921.166
Receivables defined in high risk category by Regulators	3.639	-	-	-	-	-	3.639
Secured by mortgages	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-
Other Receivables	1.715.238	-	-	-	-	-	1.715.238
Total	8.885.626	5.231.043	2.092.316	2.619.854	4.205.449	18.917.864	41.952.152

31 December 2019

Risk Types (*)	Time to Maturity						Total
	Demand	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	1.870.874	1.827.338	-	-	-	3.238.522	6.936.734
Regional or Local Government Receivables	-	-	-	-	-	-	-
Receivables on Administrative Units and Non commercial Enterprises	-	-	-	-	-	2	2
Receivables on Multilateral Development Banks	-	-	-	-	-	168.014	168.014
Receivables on International Organizations	-	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	1.708.043	1.817.575	125.679	292.785	342.698	257.823	4.544.603
Receivables from Corporates	70.537	2.864.746	1.057.199	1.176.839	1.579.885	6.850.435	13.599.641
Retail Receivables	161.135	73.150	28.758	34.514	66.402	498.592	862.551
Receivables Secured by Mortgages	542.013	193.544	132.772	31.644	170.246	3.819.818	4.890.037
Past Due Receivables	782.526	18.390	-	-	-	305	801.221
Receivables defined in high risk category by Regulators	14.730	-	-	-	-	-	14.730
Secured by mortgages	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-
Other Receivables	1.585.767	-	-	-	-	-	1.585.767
Total	6.735.625	6.794.743	1.344.408	1.535.782	2.159.231	14.833.511	33.403.300

Risk by Risk Weights Balances:

Risk Weights (*) Current Period	Deductions from the shareholders' equity											Total
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
1 Amount before the credit risk mitigation	12.286.006	-	3.340.364	-	1.500.935	506.239	21.808.305	2.510.303	-	-	-	41.952.152
2 Amount after the credit risk mitigation	12.528.772	-	3.340.364	41.968	3.290.113	404.460	19.947.906	1.687.227	-	-	-	41.240.810

(*) Balances with financial collateral are shown as 0% risk weight.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Risk by Risk Weights Balances:

Risk Weights (*)													Deductions from the shareholders' equity	Total
Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%			
Amount before the credit risk mitigation	4.944.718	-	3.069.614	-	2.720.359	983.900	19.214.798	2.469.911	-	-	-	-	-	33.403.300
Amount after the credit risk mitigation	5.300.148	-	3.069.614	78.098	5.355.408	722.774	16.002.804	1.311.529	-	-	-	-	-	31.840.375

(*) Balances with financial collateral are shown as 0% risk weight.

Important sectors or type of information according to counterparty

31 December 2020	Loans		Provisions
Current Period	Impaired		
	Significant Increase in Credit Risk (Stage 2)	Non-performing Loans (Stage 3)	Allowance for expected credit losses (TFRS 9)
Sectors/Counterparties (*)			
Agricultural	31.114	12.066	17.477
Farming and raising livestock	6.730	12.066	7.573
Forestry	-	-	-
Fishing	24.384	-	9.904
Manufacturing	1.591.248	459.728	432.503
Mining	142.988	35.191	36.307
Production	726.781	392.858	307.820
Electricity, Gas, Water	721.479	31.679	88.376
Construction	2.164.860	644.879	512.502
Services	1.880.379	714.199	451.292
Wholesale and retail trade	313.067	308.111	113.540
Hotel, Food, Beverage services	1.331.791	275.218	241.785
Transportation and Telecommunication	150.563	39.186	32.528
Financial Institutions	12.523	13.618	11.090
Real Estate and Lending Service	8.429	9.683	5.092
Self employment service	-	-	-
Education Service	44.664	6.345	6.193
Health and social services	19.342	62.038	41.064
Other(**)	812.921	449.611	352.255
Total	6.480.522	2.280.483	1.766.029

(*) Sector classification is based on the type of principal activity of customers.

(**) Includes retail credit cards, retail loans and other loans.

31 December 2019	Loans		Provisions
Prior Period	Impaired		
	Significant Increase in Credit Risk (Stage 2)	Non-performing Loans (Stage 3)	Allowance for expected credit losses (TFRS 9)
Sectors/Counterparties (*)			
Agricultural	26.002	44.205	41.313
Farming and raising livestock	8.199	44.205	39.997
Forestry	-	-	-
Fishing	17.803	-	1.316
Manufacturing	1.201.104	662.082	463.314
Mining	123.966	146.413	165.608
Production	590.108	484.178	253.640
Electricity, Gas, Water	487.030	31.490	44.066
Construction	1.763.078	696.420	516.524
Services	1.685.532	791.206	533.837
Wholesale and retail trade	388.502	412.724	224.359
Hotel, Food, Beverage services	861.914	287.481	185.423
Transportation and Telecommunication	149.044	57.172	56.125
Financial Institutions	11.749	13.501	4.562
Real Estate and Lending Service	9.306	10.186	5.947
Self employment service	-	-	-
Education Service	62.421	6.633	8.049
Health and social services	202.595	3.509	49.372
Other(**)	881.641	609.279	563.973
Total	5.557.357	2.803.192	2.118.961

(*) Sector classification is based on the type of principal activity of customers.

(**) Includes retail credit cards, retail loans and other loans.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Information related to Impairment and Expected Credit Loss Provisions:

Current Period	Opening Balance 31 December 2020	The Amount of Provision in the period	Reversal of Provision	Other Provisions	Closing Balance
Specific Provisions	1.465.137	533.972	461.140	(611.501)	926.468
Collective Provisions	735.609	872.051	574.521	(100.805)	932.334

Prior Period	Opening Balance 31 December 2019	The Amount of Provision in the period	Reversal of Provision	Other Provisions	Closing Balance
Specific Provisions	929.952	535.185	-	-	1.465.137
Collective Provisions	958.747	8.981	232.119	-	735.609

31 December 2020			
Ultimate country of risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	20.195.395	130.382	20.325.777
United Arab Emirates	169.334	-	169.334
Albania	79.247	-	79.247
Saudi Arabia	1.781	-	1.781
Switzerland	47	-	47
Azerbaijan	40	-	40
Netherlands	30	-	30
Lebanon	24	-	24
Germany	11	-	11
Austria	4	-	4
USA	2	-	2
Slovenia	1	-	1
Other	1.647.840	-	1.647.840
Total	22.093.756	130.382	22.224.138

Risk included in counter-cyclical capital buffer calculation:

31 December 2019			
Ultimate country of risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	16.529.412	84.833	16.614.245
United Arab Emirates	285.277	-	285.277
Albania	44.008	-	44.008
Saudi Arabia	1.343	-	1.343
Switzerland	103	-	103
Azerbaijan	93	-	93
Netherlands	85	-	85
Lebanon	21	-	21
Germany	11	-	11
Austria	4	-	4
USA	2	-	2
Slovenia	1	-	1
Other	1.650.527	-	1.650.527
Total	18.510.887	84.833	18.595.720

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Internal credit rating system

Internal credit rating system is used by The Bank. As a basis for the rating classification; financial data of customers has been processed by the MRA - Moody's Risk Analyst software and output rate is considered.

The risks that are subject to rating models can be allocated as follows.

Rating	Risk	Description
	Grade	
(1) Excellent	1	Judged to be of the highest quality, with minimal credit risk. Superior asset quality and financial capacity; excellent and proven management; market leader.
(2) Strong	2+	Very good credit with very good asset quality, consistently strong liquidity and debt capacity; highly regarded in the industry with strong market share.
	2	
	2-	
(3) Good	3+	Good credit considered upper-medium grade, subject to low credit risk; good asset quality, strong liquidity and debt capacity. Company is above average size and holds a good position in the industry.
	3	
	3-	
(4) Satisfactory	4+	Acceptable credit subject to moderate credit risk, considered medium grade and as such may possess certain higher than average risk characteristics. Company has demonstrated adequate to good performance.
	4	
	4-	
(5) Adequate	5+	Average to low credit subject to moderate credit risk, considered medium grade and as such may possess certain higher risk characteristics. Company has demonstrated adequate performance. Monitoring status or II. Note that companies that are being followed in the group can have a maximum of 5 (+).
	5	
	5-	
(6) Marginal	6+	Below average credit subject to high credit risk. Company is likely a lower tier competitor in its industry. Acceptable but requiring close monitoring and support of strong risk mitigants. A company that can take the lowest note in the normal state is 7.
	6	
	6-	
(7) Vulnerable	7+	Weak credit: Judged to be of poor standing and subject to very high credit risk. Constitutes undue and unwarranted credit risk. Currently in performing status not to the point of justifying a Substandard classification.
	7	
	7-	
(8) Substandard	8	Substandard (Default): Unacceptable credit with normal repayment in jeopardy. As mentioned in the credit provisions III. Group (Stage 3) loans are monitored with this note.
(9) Doubtful	9	Doubtful (Default): Full repayment questionable. Serious problems to the point where partial loss of principal is likely. As mentioned in the credit provisions IV. Group (Stage 3) loans are monitored with this note.
(10) Loss	10	Loss (Default): Expected loss. Such an asset may have recovery but not to the point of avoiding loss classification. As mentioned in the credit provisions V. Group (Stage 3) loans are monitored with this note.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations on Credit Risk (continued)

Below table shows the portion of the performing cash loans as per BRSA's scale that is equivalent to the MRA ratings:

Debtors financial Position	Degree	31 December 2020 Portion in total	31 December 2019 Portion in total
Debtor has a solid financial position	1	0%	0%
Debtor has a good financial position	2	46%	43%
Debtor's financial position is at risk within short and medium term	3	36%	35%
Debtor's financial position is at high risk within short term	4	2%	0%
Debtor has been defaulted	5	10%	14%
Debtor has not been rated	6	5%	8%

Collateral Distribution(*)

31 December 2020	Corporate and Commercial	SME	Retail	Total
Deposit	680.408	54.827	11.356	746.591
Mortgage	7.962.973	2.079.374	218.548	10.260.895
Assignment of claim	14.812.365	753.313	-	15.565.678
Cheque	954.829	102.530	-	1.057.359
Pledge of vehicle	732.235	138.940	2.058	873.233
TOTAL	25.142.810	3.128.984	231.962	28.503.756

31 December 2019	Corporate and Commercial	SME	Retail	Total
Deposit	1.126.298	40.807	10.967	1.178.072
Mortgage	6.190.610	2.328.882	319.546	8.839.038
Assignment of claim	2.716.017	152.962	-	2.868.979
Cheque	249.086	44.245	-	293.331
Pledge of vehicle	21.683	66.077	5.876	93.636
TOPLAM	10.303.694	2.632.973	336.389	13.273.056

(*) Represents the amounts weighted by taking into consideration the credit risks of the customers.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations on Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions and stop losses which are followed up daily and weekly. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced foreign exchange buying rates of the Bank at 31 December 2020 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	25 December 2020	28 December 2020	29 December 2020	30 December 2020	31 December 2020
USD	7,5620	7,4478	7,3507	7,3636	7,4212
CHF	8,4937	8,3743	8,3002	8,3366	8,4323
GBP	10,2781	10,0633	9,9244	10,0140	10,1276
100 JPY	0,0729	0,0719	0,0709	0,0715	0,0720
EURO	9,2178	9,0967	9,0052	9,0483	9,1141

	25 December 2019	26 December 2019	27 December 2019	30 December 2019	31 December 2019
USD	5,9481	5,9356	5,9563	5,9451	5,9476
CHF	6,0519	6,0477	6,1013	6,1225	6,1624
GBP	7,7001	7,7082	7,7950	7,8003	7,8595
100 JPY	5,4360	5,4139	5,4361	5,4434	5,4792
EURO	6,5875	6,5866	6,6431	6,6530	6,6824

The simple arithmetic averages of foreign exchange buying rates of the Bank for major currencies the thirty days before 31 December 2020 are as follows:

	Monthly Average Foreign Exchange Rate
USD	7,7013
CHF	8,6658
GBP	10,3526
100 JPY	0,0742
EURO	9,3736

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations on Currency Risk (continued)

31 December 2020	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (Cash in Vault, Foreign tax Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.963.755	2.460.824	172.742	4.597.321
Banks	88.152	808.672	178.179	1.075.003
Financial Assets at Fair Value through Profit and Loss	1.116	29.931	-	31.047
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	347.107	2.144.471	-	2.491.578
Loans (*)	5.387.015	4.035.706	-	9.422.721
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Financial Assets measured at Amortized Cost	362.788	499.740	-	862.528
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	64.810	1.724.250	4	1.789.064
Total Assets (**)	8.214.743	11.703.594	350.925	20.269.262
Liabilities				
Bank Deposits	-	641.569	-	641.569
Other Deposits	4.680.387	10.545.501	1.857.123	17.083.011
Money Market Balances	-	677.925	-	677.925
Funds Provided From Other Financial Institutions (***)	888.561	2.626.647	-	3.515.208
Marketable securities issued	-	-	-	-
Miscellaneous payables	150.707	86.799	128	237.634
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	1.997	108.521	-	110.518
Total Liabilities (**)	5.721.652	14.686.962	1.857.251	22.265.865
Net Balance Sheet Position	2.493.091	(2.983.368)	(1.506.326)	(1.996.603)
Net Off-Balance Sheet Position	(2.322.666)	3.587.527	1.470.316	2.735.177
Derivative Financial Assets	4.154.328	28.056.560	3.764.585	35.975.473
Derivative Financial Liabilities	6.476.994	24.469.033	2.294.269	33.240.296
Non-Cash Loans (****)	1.581.902	1.559.890	4.743	3.146.535
Prior Period				
Total Assets	7.442.585	10.528.561	353.371	18.324.517
Total Liabilities	7.443.010	10.848.778	413.473	18.705.261
Net Balance Sheet Position	(425)	(320.217)	(60.102)	(380.744)
Net Off-Balance Sheet Position	(21.302)	972.464	65.240	1.016.402
Financial Derivative Assets	8.987.087	24.626.474	965.623	34.579.184
Financial Derivative Liabilities	9.008.389	23.654.010	900.383	33.562.782
Non-Cash Loans (****)	1.432.760	1.478.585	4.584	2.915.929

(*) Foreign currency indexed loans amounting to TL 79.143 are included in the loan portfolio. Expected loss provisions are not considered.

(**) The foreign currency risk calculation is presented in accordance with the "Regulation on Foreign Currency Net General Position / Equity Standard Ratio Calculation and Implementation of Banks' on Consolidated and Non-Consolidated Basis" as published in the Official Gazette dated 1 November 2006 and numbered 26333 (FCNGP Regulation) and does not include all items in the financial statements.

(***) Subordinated loans are included.

(****) Does not affect net off-balance sheet position.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations on Currency Risk (continued)

Foreign currency sensitivity:

The Bank holds EUR and USD currencies as a result of foreign currency transactions and manages it by using miscellaneous financial instruments.

As of 31 December 2020 the Bank's net foreign exchange exposure as per internal calculation is presented below:

31 December 2020	EURO	USD	OTHER FC	TOTAL
Net currency position including on-balance sheet and off-balance sheet	(25.153)	(86.450)	58.714	(52.889)
31 December 2019	EURO	USD	OTHER FC	TOTAL
Net currency position including on-balance sheet and off-balance sheet	(28.972)	36.019	(12.266)	(5.219)

The internal currency risk calculation includes derivative financial assets / liabilities, securities valuation differences and similar positions which are not included in the FCNGP Regulation of the BRSA and options are taken into account with their delta equivalents for internal currency risk management purposes.

The maximum and minimum positions presented in Other FC column of internal foreign exchange exposure calculation are TL 56.937 and TL (62) respectively (31 December 2019: TL 942 and TL (8.077)).

The table below shows the sensitivity of the Bank to a 10% change in USD and EURO exchange rates. 10% is the sensitivity rate and represents possible change in foreign exchange rates. Positive/Negative number indicates a change in profit or loss and other equity where USD and EUR appreciate 10% against TL.

Change in currency rate in %		Effect on profit or loss (*)		Effect on equity(*)	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	10%	(8.645)	3.602	(8.645)	3.602
USD	(10)%	8.645	(3.602)	8.645	(3.602)
EUR	10%	(2.515)	(2.897)	(2.515)	(2.897)
EUR	(10)%	2.515	2.897	2.515	2.897

(*) Represents before tax amounts

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations on Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Management Group performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank monitors maturity mismatches very closely a significant interest rate risk exposure is not expected.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
31 December 2020							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	364.565	-	-	-	-	4.511.530	4.876.095
Banks	150.071	-	-	-	-	1.075.147	1.225.218
Financial Assets at Fair Value Through Profit and Loss	53.677	119.250	4.402	11.470	9.414	-	198.213
Money Market Placements	310.151	-	-	-	-	-	310.151
Financial assets at fair value through other comprehensive income	200.398	586.568	1.128.397	4.320.894	839.871	5.110	7.081.238
Loans	2.499.883	1.416.022	4.614.976	6.939.900	3.508.700	2.280.483	21.259.964
Financial assets measured at amortized cost	-	37.651	229.426	573.661	218.125	-	1.058.863
Other Assets (*)	150.868	314.173	164.663	308.979	1.310.797	1.776.607	4.026.087
Total Assets	3.729.613	2.473.664	6.141.864	12.154.904	5.886.907	9.648.877	40.035.829
Liabilities							
Bank Deposits	183.514	-	-	-	-	641.592	825.106
Customer Deposits	15.046.780	4.817.967	998.429	4.902	-	3.946.010	24.814.088
Money Market Borrowings	3.545.993	-	-	-	-	-	3.545.993
Miscellaneous Payables	-	-	-	-	-	539.392	539.392
Marketable Securities Issued	419.622	79.583	63.841	-	-	-	563.046
Funds Provided From Other Financial Institutions	1.040	-	347.003	743.784	315.344	-	1.407.171
Subordinated Loans(**)	-	-	-	-	2.109.077	-	2.109.077
Other Liabilities (***)	221.014	150.959	198.264	304.643	1.311.626	4.045.450	6.231.956
Total Liabilities	19.417.963	5.048.509	1.607.537	1.053.329	3.736.047	9.172.444	40.035.829
Balance Sheet Long Position	-	-	4.534.327	11.101.575	2.150.860	476.433	18.263.195
Balance Sheet Short Position	(15.688.350)	(2.574.845)	-	-	-	-	(18.263.195)
Off-Balance Sheet Long Position	10.826.524	1.909.154	8.450.212	4.342.097	16.149.036	-	41.677.023
Off-Balance Sheet Short Position	(10.639.038)	(1.920.195)	(8.381.042)	(4.336.426)	(16.149.036)	-	(41.425.737)
Total Position	(15.500.864)	(2.585.886)	4.603.497	11.107.246	2.150.860	476.433	251.286

(*) Expected credit losses for performing loans are shown in the non-interest bearing column. Derivative financial assets are classified under other assets and expected credit losses of other assets are netted in other assets.

(**) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 24.535 thousands of Tier II sub-loan as of 31 December 2020, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

(***) Other liabilities consist of shareholders' equity amounting to TL 3.455.830, tax liabilities amounting to TL 67.042, provisions amounting to TL 172.551, lease payables to TL 120.954 and other liabilities amounting to TL 228.863. In addition, other liabilities include derivative financial liabilities amounting to TL 2.186.716.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations on Interest Rate Risk (continued)

Prior period information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
31 December 2019							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.529.933	-	-	-	-	2.087.781	3.617.714
Banks	1.680.307	-	-	-	-	879.104	2.559.411
Financial Assets at Fair Value Through Profit and Loss	148	616	-	560	2.770	-	4.094
Money Market Placements	2.060.644	-	-	-	-	-	2.060.644
Financial assets at fair value through other comprehensive income	-	-	87.801	295.765	751.243	12.502	1.147.311
Loans (*)	7.771.706	2.327.267	3.413.796	2.273.995	718.255	2.803.192	19.308.211
Financial assets measured at amortized cost	8.598	270.214	381.986	1.070.167	621.664	-	2.352.629
Other Assets (**)	136	73	179	348	-	1.616.588	1.617.324
Total Assets	13.051.472	2.598.170	3.883.762	3.640.835	2.093.932	7.399.167	32.667.338
Liabilities							
Bank Deposits	15.417	36.281	-	-	-	701	52.399
Customer Deposits	13.344.388	4.054.940	1.840.172	12.156	-	2.793.318	22.044.974
Money Market Borrowings	178.604	-	-	-	-	-	178.604
Miscellaneous Payables	-	-	-	-	-	924.204	924.204
Marketable Securities Issued	570.504	189.496	-	-	-	-	760.000
Funds Provided From Other Financial Institutions	-	-	184.896	261.091	1.414.432	-	1.860.419
Subordinated Loans(**)	-	-	-	-	1.735.813	-	1.735.813
Other Liabilities (***)	197	103	130	308	-	5.110.187	5.110.925
Total Liabilities	14.109.110	4.280.820	2.025.198	273.555	3.150.245	8.828.410	32.667.338
Balance Sheet Long Position	-	-	1.858.564	3.367.280	-	-	5.225.844
Balance Sheet Short Position	(1.057.638)	(1.682.650)	-	-	(1.056.313)	(1.429.243)	(5.225.844)
Off-Balance Sheet Long Position	12.367.445	4.057.201	3.944.478	5.847.170	12.329.416	-	38.545.710
Off-Balance Sheet Short Position	(12.389.946)	(4.064.104)	(3.916.733)	(5.808.573)	(12.329.415)	-	(38.508.771)
Total Position	(1.080.139)	(1.689.553)	1.886.309	3.405.877	(1.056.312)	(1.429.243)	36.939

(*) Expected credit losses for performing loans are shown in the non-interest bearing column. Derivative financial assets are classified under other assets and expected credit losses of other assets are netted in other assets.

(**) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 17.110 thousands of Tier II sub-loan as of 31 December 2019, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

(***) Other liabilities consist of shareholders' equity amounting to TL 3.299.581, tax liabilities amounting to TL 42.265, provisions amounting to TL 127.431, lease payables to TL 167.179 and other liabilities amounting to TL 213.559. In addition, other liabilities include derivative financial liabilities amounting to TL 1.260.910.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations on Interest Rate Risk (continued)

Current period interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
31 December 2020				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	10,64
Banks	-	1,30	-	16,98
Financial Assets at Fair Value Through Profit and Loss	2,85	5,08	-	17,38
Money Market Placements	-	-	-	17,84
Financial Assets at Fair Value Through Other Comprehensive Income	4,00	3,92	-	16,80
Loans	5,14	6,92	-	13,71
Financial Assets Measured at Amortized Cost	2,82	6,52	-	8,99
Liabilities				
Bank Deposits	-	-	-	16,77
Customer Deposits	1,65	2,48	-	14,83
Money Market Borrowings	-	2,84	-	16,98
Subordinated Loans	-	7,63	-	-
Marketable Securities Issued	-	-	-	9,61
Funds Provided From Other Financial Institutions	3,07	2,80	-	8,79
	EURO %	USD %	JPY %	TL %
31 December 2019				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	1,63	-	11,11
Financial Assets at Fair Value Through Profit and Loss	-	6,68	-	15,00
Money Market Placements	-	-	-	11,40
Financial Assets at Fair Value Through Other Comprehensive Income	4,00	5,66	-	6,00
Loans	5,22	8,53	-	14,28
Financial Assets Measured at Amortized Cost	1,88	6,48	-	17,81
Liabilities				
Bank Deposits	1,34	4,81	-	12,41
Customer Deposits	0,53	2,24	-	10,15
Money Market Borrowings	-	2,64	-	10,50
Subordinated Loans	-	7,63	-	-
Marketable Securities Issued	-	-	-	13,48
Funds Provided From Other Financial Institutions	1,59	5,84	-	14,21

Nature of interest rate risk resulted from banking book:

The interest rate risk for all on-balance sheet and off-balance sheet items, which are interest sensitive, and for banking accounts has been calculated. In calculation of interest rate risk, the bank has no any assumptions for early repayment of loans and demand deposits. Interest rate risk arising from banking accounts is calculated and is reported to BRSA monthly.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations on Interest Rate Risk (continued)

Economic value differences resulted from interest rate instabilities calculated according to Regulation on Measurement and Evolution of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method.

Unit of Currency	Applicable Shock (+ / -) base point)*	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
TL	500	(344.119)	(5,76)%
	-400	317.035	5,30%
EUR	200	(149.073)	(2,49)%
	-200	(30.113)	(0,50)%
USD	200	(153.532)	(2,57)%
	-200	47.087	0,79%
Total (For Positive Shock)	-	(646.724)	(10,82)%
Total (For Negative Shock)	-	334.008	5,59%

* The intensity and direction of a currency different rows were entered separately for each shock.

The interest rate risk arising from banking book is calculated and reported according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no. 28034 on 23 August 2011. The positive and negative shocks do not show results in the opposite direction in EUR shocks since a floor applies to EUR shocks. The effects of positive and negative shocks result in an opposite direction in internal calculations where aforementioned effects are not included. The impact of interest rate shocks on equity is close to the data described above and within the internal limits.

V. Explanations on Share Certificates Position Risk

The Bank has no outstanding share certificate position.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

Liquidity risk is a risk that occurs as a result of, not having cash in hand or cash inflow at a level and nature to meet cash outflow as a consequence of imbalance in cash flow in time and completely. Liquidity risk consists of sum of two main risk types; funding liquidity risk and market liquidity risk.

Management of the Bank's liquidity risk is carried out in scope of responsibilities of Board of Directors, Risk Committee of the Board, Assets and Liabilities Management Committee (ALCO), Risk Management Department and other business units which are members of ALCO.

Board of Directors has the ultimate responsibility concerning the liquidity risk and its management. Board of Directors also has the responsibility to determine liquidity risk appetite as a part of holistic risk appetite, evaluate and approve proposed limits, approve liquidity risk management policy and confirm changes regarding limit and confinement.

Risk Committee evaluates and approves short, medium and long term liquidity risk management strategies. Risk Committee also provides general adaptability of the Bank to principals and management procedures included in the management of the risk. Risk Committee reviews and evaluates liquidity risk reports periodically.

Assets and Liabilities Management Committee (ALCO) establishes short, medium and long term liquidity management strategies and evaluates the liquidity risk profile of the Bank and impacts of recently developed trends on the liquidity of the Bank through periodical meetings. ALCO makes a decision regarding the qualification of liquidity buffer of the Bank in line with risk appetite and liquidity strategy of the Bank. Additionally, ALCO reviews liquidity reports and feedbacks of the Risk Management, considers Treasury's opinions and action plans and informs Risk Committee and Board of Directors about the possible adverse conditions regarding liquidity and its material impacts.

Risk Management establishes liquidity risk management policy, determines liquidity risk limits and submits these policies and limits to the approval of Board of Directors. It also provides to measure and manage liquidity risk in the framework of risk appetite and limits approved by the Board of Directors. Risk management performs reporting to ALCO, Risk Committee and members of Board of Directors regarding adherence to risk appetite and limit excess. Additionally, risk management is also responsible to form and implement liquidity stress tests and share the results with the related parties.

Liquidity risk analysis and early warning signals are reported to the senior management periodically. Furthermore, all the analysis including regulatory and internal rates with respect to liquidity risk are reported to ALCO and limit and warning levels approved by the Board of Directors are monitored periodically and reported to related parties.

Funding management of the Bank is carried out under the control of the Treasury and with the knowledge of ALCO. The Bank's funding strategy is intended to ensure sufficient liquidity and diversity of funding sources to meet actual and contingent liabilities through both normal and stress periods. A significant part of Bank's liquidity needs is met with deposits which represent the main funding source of the Bank. On the other hand, when it is deemed necessary, bond issuance and pre-financing products can be provided in addition to the aforementioned sources.

Almost all the liabilities of the Bank are denominated in TL, USD or EUR and the concentration risk in the funding sources is monitored closely. Concentration analysis related to deposits are performed and factors, which can deteriorate access to funding sources and trigger a sudden withdrawal of funds at a significant level, are analyzed.

Liquidity risk is closely monitored and managed in order to keep it at a level appropriate to risk appetite and liquidity risk management policies, by promoting diversification of funding sources, keeping high quality liquid assets and reduction or termination of activities causing limit excess.

In scope of the Liquidity Stress Test, the Bank monitors stress scenarios arising from internal and external factors and manages its high quality liquid assets, deposits, other balance sheet items generating cash outflows, loans and other cash inflows in that respect. There are designated risk limits for indicators. The compliance with the risk and the determined risk limits is shared with the Senior Management and the relevant business units and necessary actions are taken.

The Bank has established a Liquidity Emergency Action Plan to explain the actions that should be taken in possible liquidity tightness scenarios. In this context, normal market conditions and various stress levels are defined and action plans are created for each situation. In addition to the Emergency Action Plan, Basic Risk Indicators and Liquidity Early Warning Signals are defined within the scope of Liquidity Risk Management Policy and these indicators are regularly monitored.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage ratios should be at least 80% for foreign currency assets and liabilities and 100% for total assets and liabilities.

Information regarding weekly solo liquidity coverage ratios realized in the last three months is as follows:

Current Period- 31 December 2020		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				8.751.462	5.930.843
1	High quality liquid assets	11.059.513	8.157.853	8.751.462	5.930.843
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	16.683.366	10.394.649	1.562.644	1.039.465
3	Stable deposits	2.113.858	-	105.693	-
4	Less stable deposits	14.569.508	10.394.649	1.456.951	1.039.465
5	Unsecured Funding other than Retail and Small Business Customer Deposits	7.936.366	6.263.556	3.931.224	2.826.904
6	Operational deposits	637	16	159	4
7	Non-Operational Deposits	7.143.457	6.112.972	3.138.793	2.676.332
8	Other Unsecured Funding	792.272	150.568	792.272	150.568
9	Secured funding	-	-	-	-
10	Other Cash Outflows	8.094.314	4.802.445	2.228.916	2.095.928
11	Liquidity needs related to derivatives and market	1.533.145	1.684.132	1.533.145	1.684.133
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	6.561.169	3.118.313	695.771	411.795
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			7.722.784	5.962.297
CASH INFLOWS					
17	Secured Lending Transactions	124.929	-	-	-
18	Unsecured Lending Transactions	3.355.828	2.447.939	2.570.780	2.066.230
19	Other contractual cash inflows	207.742	738.292	207.742	738.292
20	TOTAL CASH INFLOWS	3.688.499	3.186.231	2.778.522	2.804.522
				Upper Limit Applied Amounts	
21	TOTAL HQLA			8.751.462	5.930.843
22	TOTAL NET CASH OUTFLOWS			4.944.262	3.157.775
23	Liquidity Coverage Ratio (%)			179,06	194,03

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Information regarding weekly unconsolidated liquidity coverage ratios realized in the fourth quarter of 2019 is as follows:

Prior Period- 31 December 2019		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				6.823.367	3.795.111
1	High quality liquid assets	8.453.437	5.396.470	6.823.367	3.795.111
CASH OUTFLOWS					
2	Retail and Small Business Customer Deposits	15.118.805	9.400.569	1.404.221	940.057
3	Stable deposits	2.153.193	-	107.660	-
4	Less stable deposits	12.965.612	9.400.569	1.296.561	940.057
5	Unsecured Funding other than Retail and Small Business Customer Deposits	5.062.816	3.240.397	2.577.796	1.430.008
6	Operational deposits	1.510	49	378	13
7	Non-Operational Deposits	4.165.581	3.035.627	1.681.693	1.225.274
8	Other Unsecured Funding	895.725	204.721	895.725	204.721
9	Secured funding	15.118.805	9.400.569	1.404.221	940.057
10	Other Cash Outflows	5.148.435	3.940.794	915.421	1.317.684
11	Liquidity needs related to derivatives and market	424.900	965.317	424.900	965.317
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	4.723.535	2.975.477	490.521	352.367
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	TOTAL CASH OUTFLOWS			4.897.438	3.687.749
CASH INFLOWS					
17	Secured Lending Transactions	1.697.821	-	-	-
18	Unsecured Lending Transactions	3.683.060	2.341.648	2.953.275	2.060.811
19	Other contractual cash inflows	203.325	1.181.376	203.326	1.181.376
20	TOTAL CASH INFLOWS	5.584.206	3.523.024	3.156.601	3.242.187
				Upper Limit Applied Amounts	
21	TOTAL HQLA			6.823.367	3.795.111
22	TOTAL NET CASH OUTFLOWS			1.744.639	941.438
23	Liquidity Coverage Ratio (%)			404,69	406,93

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

Liquidity coverage ratio is calculated by proportioning the high quality liquid assets owned by the bank to the net cash outflows in the one month maturity window. Important balance sheet items that determine the ratio can be listed as required reserves held at the CBRT, securities not subject to repo / collateral, deposits according to counterparty, securities taken as collateral with reverse repo, placements to banks and derivative transactions. Since these items have a high share in liquid assets and net cash outflows in terms of volume, their ratio of consideration is high and they may change over time, their effect on liquidity coverage ratio is higher than other items.

Although derivative transactions create a low amount of net cash flow in terms of total liquidity coverage ratio, fluctuations in foreign currency derivative transaction volumes may affect the foreign currency liquidity coverage ratio.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

The weeks having the highest and lowest level of liquidity coverage ratios calculated for the last three months and their average values are given below:

	Current Period-31 December 2020		Prior Period-31 December 2019	
	TL+FC	FC	TL+FC	FC
Lowest	145,68	140,19	289,24	295,28
Week	01.01.2021	06.11.2020	25.10.2019	08.11.2019
Highest	225,51	294,45	574,28	506,73
Week	20.11.2020	27.11.2020	06.12.2019	03.01.2020
Average	179,06	194,03	404,69	406,93

Presentation of assets and liabilities according to their remaining maturities:

31 December 2020	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	2.116.652	2.759.443	-	-	-	-	-	4.876.095
Banks	1.075.147	150.071	-	-	-	-	-	1.225.218
Financial Assets at Fair Value Through Profit and Loss	-	53.677	119.250	4.402	11.470	9.414	-	198.213
Money Market Placements	-	310.151	-	-	-	-	-	310.151
Financial Assets at Fair Value Through Other Comprehensive Income	5.110	17.649	586.568	1.128.398	4.503.642	839.871	-	7.081.238
Loans	-	2.400.551	1.423.991	4.657.073	6.989.040	3.508.826	2.280.483	21.259.964
Financial Assets Measured at Amortized Cost	-	-	37.651	229.426	573.661	218.125	-	1.058.863
Other Assets (**)	-	150.868	314.173	164.663	308.979	1.310.797	1.776.607	4.026.087
Total Assets	3.196.909	5.842.410	2.481.633	6.183.962	12.386.792	5.887.033	4.057.090	40.035.829
Liabilities								
Bank Deposits	641.592	183.514	-	-	-	-	-	825.106
Customer Deposits	3.946.010	15.046.782	4.817.965	998.429	4.902	-	-	24.814.088
Money Market Borrowings	-	3.545.993	-	-	-	-	-	3.545.993
Miscellaneous Payables	-	-	-	-	-	-	539.392	539.392
Marketable Securities Issued	-	419.622	79.583	63.841	-	-	-	563.046
Funds Provided From Other Financial Institutions	-	80.361	-	344.448	929.995	52.367	-	1.407.171
Subordinated Loans (***)	-	-	-	-	-	2.109.077	-	2.109.077
Other Liabilities (****)	-	221.014	150.959	198.264	304.643	1.311.626	4.045.450	6.231.956
Total Liabilities	4.587.602	19.497.286	5.048.507	1.604.982	1.239.540	3.473.070	4.584.842	40.035.829
Liquidity (Cap)/ Surplus	(1.390.693)	(13.654.876)	(2.566.874)	4.578.980	11.147.252	2.413.963	(527.752)	-
Net Off-Balance Sheet Position	-	187.486	(11.041)	69.170	5.671	-	-	251.286
Financial Derivative Assets	-	10.826.524	1.909.154	8.450.212	4.342.097	16.149.036	-	41.677.023
Financial Derivative Liabilities	-	(10.639.038)	(1.920.195)	(8.381.042)	(4.336.426)	(16.149.036)	-	(41.425.737)
Non-Cash Loans	803.035	576.598	988.593	3.017.380	-	-	-	5.385.606
Prior period								
Total Assets	1.121.043	10.230.771	1.139.629	2.877.038	6.762.867	6.104.275	4.431.715	32.667.338
Total Liabilities	3.718.223	14.108.996	4.282.878	2.075.821	947.701	2.424.202	5.109.517	32.667.338
Liquidity (Cap)/ Surplus	(2.597.180)	(3.878.225)	(3.143.249)	801.217	5.815.166	3.680.073	(677.802)	-

(*) The assets which are necessary to provide banking services and can not be liquidated in the short term, such as tangible assets, other assets, current tax assets, equity instruments, and non-performing loans are classified under undistributed.

(**) Other assets includes the asset items except from the presented above and allowance for expected credit losses.

(***) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, bought back USD 24.535 thousands of Tier II sub-loan as of 31 December 2020, and the relevant amount has been deducted from the capital amount in the equity calculation. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

(****) Other liabilities consist of shareholders' equity amounting to TL 3.455.830, tax liabilities amounting to TL 67.042, provisions amounting to TL 172.551, lease payables to TL 120.954 and other liabilities amounting to TL 228.863. In addition, other liabilities include derivative financial liabilities amounting to TL 2.186.716.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Analysis of financial liabilities by remaining contractual maturities (*):

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of December 31, 2020								
Bank Deposits	641.592	183.900	-	-	-	-	-	825.492
Customer deposits	3.946.010	15.340.963	4.867.275	1.043.445	5.765	-	-	25.203.458
Subordinated Loans	-	-	-	-	-	3.626.470	-	3.626.470
Funds Provided From Other Financial Institutions	-	1.084	-	15.935	1.212.969	399.320	-	1.629.308
Funds From interbank money market	-	443.091	83.944	70.201	-	-	-	597.236
Total	4.587.602	15.969.038	4.951.219	1.129.581	1.218.734	4.025.790	-	31.881.964

(*) Includes total interest to be paid

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of December 31, 2019								
Bank Deposits	701	15.515	92.622	-	-	-	-	108.838
Customer deposits	2.793.318	13.382.559	4.111.786	1.923.051	12.688	-	-	22.223.402
Subordinated Loans	-	-	-	-	-	2.984.327	-	2.984.327
Funds Provided From Other Financial Institutions	-	246.450	1.157.990	2.218	892.929	-	-	2.299.587
Funds From interbank money market	-	573.520	191.826	-	-	-	-	765.346
Total	2.794.019	14.218.044	5.554.224	1.925.269	905.617	2.984.327	-	28.381.500

(*) Includes total interest to be paid

Breakdown of derivative instruments due to their remaining contractual maturities:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of December 31, 2020						
Gross settled						
Foreign exchange forward contracts	1.928.871	1.231.735	702.258	-	-	3.862.864
Currency swaps	20.649.602	2.469.702	1.056.818	1.681.873	-	25.857.995
Interest rate swap agreement	-	1.230.286	8.190.937	6.840.144	30.665.123	46.926.490
Foreign currency sell and buy options	3.867.866	1.637.192	1.219.905	-	-	6.724.963
Interest rate sell and buy options	-	-	338.784	-	14.842.496	15.181.280
Total	26.446.339	6.568.915	11.508.702	8.522.017	45.507.619	98.553.592

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of December 31, 2019						
Gross settled						
Foreign exchange forward contracts	3.215.755	1.253.419	846.397	9.667	-	5.325.238
Currency swaps	17.808.497	4.658.221	3.598.757	3.192.662	-	29.258.137
Interest rate swap agreement	200.000	1.727.319	2.827.260	8.044.606	24.658.831	37.458.016
Foreign currency sell and buy options	3.533.140	482.346	588.796	-	-	4.604.282
Interest rate sell and buy options	-	-	-	408.808	-	408.808
Total	24.757.392	8.121.305	7.861.210	11.655.743	24.658.831	77.054.481

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. Explanations on Leverage Ratio

Information on subjects that causes difference in leverage ratio between current and prior periods:

“Regulation on the Measurement and Evaluation of Banks Leverage Levels” regulates the procedures and principles regarding to ensure adequate capital at the consolidated and non-consolidated basis for exposure of possible risk of Banks. Leverage ratio of the Bank calculated amounting to 6,62 % (31 December 2019: 8,70%). As of 31 December 2020, the Bank's leverage ratio is dropped to 6,62% from 8,70%. The decrease springs from the increase in risk amounts of on and off balance sheet items. According to Regulations, minimum leverage ratio is 3%.

Disclosure of Leverage ratio template:

	Current Period 31 December 2020 (*)	Prior Period 31 December 2019 (*)
Balance sheet transactions		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	40.748.946	31.651.078
2 (Assets deducted from Core capital)	(122.761)	(109.718)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	40.626.185	31.541.360
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	3.867.566	683.002
5 Potential credit risk amount of derivative financial assets and credit derivatives	-	-
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	3.867.566	683.002
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	-	-
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	13.405.754	11.626.181
11 (Correction amount due to multiplication with credit conversion rates)	(3.990.858)	(2.818.558)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	9.414.896	8.807.623
Capital and total risk		
13 Core Capital	3.567.912	3.566.665
14 Total risk amount(sum of lines 3, 6, 9 and 12)	53.908.647	41.031.985
Leverage ratio		
15 Leverage ratio	6,62	8,70

(*) The arithmetic average of the last 3 months in the related periods.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VIII. Explanations on Presentation of Financial Assets and Liabilities at Fair Value

	31 December 2020		31 December 2019	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets	30.935.434	30.496.860	27.428.206	26.663.393
Money Market Placements	310.151	310.151	2.060.644	2.060.644
Banks	1.225.218	1.225.218	2.559.411	2.559.411
Financial assets at fair value through other comprehensive income	7.081.238	7.081.238	1.147.311	1.147.311
Financial assets measured at amortized cost	1.058.863	1.086.816	2.352.629	1.942.647
Loans	21.259.964	20.793.437	19.308.211	18.953.380
Financial Liabilities	34.032.736	33.347.722	25.909.553	25.521.091
Bank Deposits	825.106	825.106	52.399	52.399
Other Deposits	24.814.088	24.817.284	22.044.974	22.046.041
Funds Borrowed From Other Financial Institutions	4.953.164	4.988.007	178.604	178.533
Subordinated Loans	2.109.077	1.390.690	1.735.813	1.345.492
Issued Bonds	563.046	558.380	760.000	760.863
Miscellaneous Payables	768.255	768.255	1.137.763	1.137.763

The following methods and assumptions were used to estimate the fair value of the financial instruments:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

a) Quoted market prices (non-adjusted) (1st level)

b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)

c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

December 31, 2020	Level 1	Level 2	Level 3(*)	Total
Financial Assets	7.263.540	2.260.281	5.110	9.528.931
Financial Assets at Fair Value through Profit and Loss	187.412	10.801	-	198.213
Financial Assets at Fair Value through Other Comprehensive Income	7.076.128	-	5.110	7.081.238
Derivative Financial Assets at Fair Value through Profit and Loss	-	2.249.480	-	2.249.480
Derivative Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-
Financial Liabilities	-	2.186.716	-	2.186.716
Derivative Financial Liabilities at Fair Value Through Profit and Loss	-	2.186.716	-	2.186.716
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	-	-	-
December 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets	1.146.351	1.389.493	5.054	2.540.898
Financial Liabilities	-	1.260.910	-	1.192.620

(*) The Bank has 3rd level financial assets amounting to TL 5.110 (31 December 2019: TL 5.054). The exchange increase in current period is amounting to TL 56.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IX. Explanations Related to Transactions Carried Out on Behalf on Customers, Items Held in Trust

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. Details of these transactions are provided in the off-balance sheet table. The Bank has no trust transactions.

X. Explanations on Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué these notes have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of 31 December 2020:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

a) Overview of RWA

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
		31 December 2020	31 December 2019	31 December 2020
1	Credit risk (excluding counterparty credit risk) (CCR)	23.671.953	21.491.464	1.893.756
2	Standardised approach (SA)	23.671.953	21.491.464	1.893.756
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	2.727.696	509.074	218.216
5	Standardised approach for counterparty credit risk (SA-CCR)	2.727.696	509.074	218.216
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	1.109.800	869.103	88.784
17	Standardised approach (SA)	1.109.800	869.103	88.784
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	2.643.863	2.706.013	211.509
20	Basic Indicator Approach	2.643.863	2.706.013	211.509
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	30.153.312	25.575.654	2.412.265

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

b. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

Current Period	Revalued amount in accordance with TAS as reported in published financial statements	Subject to credit risk	Subject to counter party credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances with Central Bank	4.876.095	4.876.095	-	-	-	-
Financial assets at fair value through profit and loss	198.213	-	-	-	198.213	-
Banks	1.225.218	1.225.218	126.441	-	-	-
Money market placements	310.151	-	53	-	-	-
Expected credit losses (-)	1.628	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	7.081.238	7.081.238	-	-	-	-
Derivative financial assets	2.249.480	-	1.272.406	-	2.202.707	-
Financial assets measured at amortised cost	1.058.863	1.058.863	-	-	-	-
Expected credit losses (-)	1.864.261	926.229	-	-	-	-
Loans	21.259.964	21.259.964	-	-	-	-
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-
Tangible assets (net)	189.036	189.036	-	-	-	37.291
Intangible assets (net)	97.369	97.369	-	-	-	97.369
Investment property (net)	-	-	-	-	-	-
Tax asset	254.791	254.791	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	672.505	672.505	-	-	-	-
Other assets	2.428.795	2.438.443	-	-	-	-
Total assets	40.035.829	38.227.293	1.398.900	-	2.400.920	134.660
Liabilities						
Deposit	25.639.194	-	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	2.186.716	-	-	-	2.065.753	-
Loans received	1.407.171	-	-	-	-	-
Money market funds	3.545.993	-	-	-	-	-
Securities Issued	563.046	-	-	-	-	-
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	120.954	-	-	-	-	-
Derivative financial liabilities at fair value through other comprehensive income	-	-	-	-	-	-
Provisions	172.551	-	-	-	-	-
Tax liability	67.042	-	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	2.109.077	-	-	-	-	-
Other liabilities	768.255	-	-	-	-	-
Shareholders' equity	3.455.830	-	-	-	-	-
Total liabilities	40.035.829	-	-	-	2.065.753	-

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

b. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation (continued)

Prior Period	Revalued amount in accordance with TAS as reported in published financial statements	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances with Central Bank	3.617.714	3.617.713	-	-	-	-
Financial assets at fair value through profit and loss	4.094	1.383	-	-	4.094	-
Banks	2.559.411	2.559.411	15.145	-	-	-
Money market placements	2.060.644	1.275	-	-	-	-
Expected credit losses (-)	(2.095)	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1.147.311	1.134.808	-	-	-	-
Derivative financial assets	1.389.493	-	503.485	-	1.373.662	-
Financial assets measured at amortised cost	2.352.629	2.352.629	-	-	-	-
Expected credit losses (-)	2.241.673	1.464.850	-	-	-	-
Loans	19.308.211	19.308.211	-	-	-	-
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-
Tangible assets (net)	212.317	212.317	-	-	-	41.543
Intangible assets (net)	74.813	74.813	-	-	-	74.813
Investment property (net)	-	-	-	-	-	-
Tax asset	267.294	283.029	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	590.474	590.474	-	-	-	-
Other assets	1.326.701	1.336.467	-	-	-	-
Total assets	32.667.338	30.007.680	518.630	-	1.377.756	116.356
Liabilities						
Deposit	22.097.373	-	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	1.260.910	-	-	-	1.253.523	-
Loans received	1.860.419	-	-	-	-	-
Money market funds	178.604	-	-	-	-	-
Securities Issued	760.000	-	-	-	-	-
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	167.179	-	-	-	-	-
Derivative financial liabilities at fair value through other comprehensive income	-	-	-	-	-	-
Provisions	127.431	-	-	-	-	-
Tax liability	42.265	-	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	1.735.813	-	-	-	-	-
Other liabilities	1.137.763	-	-	-	-	-
Shareholders' equity	3.299.581	-	-	-	-	-
Total liabilities	32.667.338	-	-	-	1.253.523	-

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

b. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation (continued)

Current Period	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	39.901.169	38.227.293	-	1.398.900	2.400.920
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	-	-	-	-	2.065.753
Total net amount under scope of regulatory consolidation	39.901.169	38.227.293	-	1.398.900	335.167
Off-balance sheet amount	11.612.675	11.612.675	-	-	83.588.337
Differences due to risk mitigation	-	(772.515)	-	-	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	-
Exposure amounts	51.513.844	49.067.453	-	1.398.900	83.923.504

Prior Period	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	32.550.982	30.007.680	-	518.630	1.377.756
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	-	-	-	-	1.253.523
Total net amount under scope of regulatory consolidation	32.550.982	30.007.680	-	518.630	124.233
Off-balance sheet amount	7.963.911	7.963.911	-	-	72.251.798
Differences due to risk mitigation	-	(1.591.274)	-	-	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	-
Exposure amounts	40.514.893	36.380.317	-	518.630	72.376.031

c. Credit risk explanation

1. General qualitative information about credit risk:

Credit Risk Management Department operates under Internal Systems pillar directly subject to Board of Directors as it is mentioned in scope of "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process". Reports, prepared in a wider perspective, are reported to Board of Directors and senior management as well as reports having given minimum standards in scope of aforementioned regulation. Risk Report include customer, group, collateral and sector concentrations, stress tests, risk profile, overdue receivables and specific provision development, close monitoring development and capital adequacy analysis as general scope and main content.

The Bank determines risk limits including all risks and covering all activities of the Bank and those limits are approved by Board of Directors. Limits of the Bank are determined in a way to reflect risk appetite, which is planned to be undertaken, and expectations in economy with our main partner. Credit policies are established in compliance with risk limits accordingly. Those limits are periodically monitored by Risk Management and Board of Directors is informed in scope of respective outputs.

Credit allocation processes are established in line with risk appetite and limits determined in scope of credit policies. In this scope, rating and decision support systems are used in evaluation of credits in order to reflect related risks. Access levels are determined by Board of Directors.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

c. Credit risk explanation (continued)

Credit Risk is the possibility of loss to which the current or future return or capital of the bank shall be exposed since the debtor cannot fulfil its liability in due time through violating requirements of related contract. The Bank approaches risk management as a cycle. Credit allocation units, form the first level of line of defence for credit risk in scope of allocation decision. Board of Directors holds the control over credit process in scope of authorization levels. Credit Risk Management Department of the Bank carries out its operations under Internal Systems organization which is directly subject to Board of Directors as it is mentioned in scope of "Communique on Internal Systems and Internal Capital Adequacy Assessment Process of Banks". Risk Management executes measurement, monitoring and reporting activities of credit risk through using statistical methods and forms line of defence at second level. Internal Control and Supervisory Board Directorate forms line of defence at third level in this process.

Board of Directors is responsible for determination of taking risks and appetite level. Board of Directors manages risks through Risk Committee. Committee is responsible for determination of risk policies, measurement and monitoring of risks. Reports, which are issued in a wider perspective in addition to reports whose minimum standards are determined in scope of "Communique on Internal Systems and Internal Capital Adequacy Assessment Process of Banks", are reported to Board of Directors and senior management. The aforementioned reports include customer, group, collateral and sector concentrations; stress tests, risk profile, follow-up and special provision development, close monitoring development and analysis of capital adequacy.

2. Credit quality of assets:

Gross carrying values of (according to TAS)					
31 December 2020		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
1	Loans	2.280.483	18.979.481	1.858.802	19.401.162
2	Debt Securities	-	8.134.991	5.459	8.129.532
3	Off-balance sheet exposures	24.062	9.650.341	61.942	9.612.461
4	Total	2.304.545	36.764.813	1.926.203	37.143.155

Gross carrying values of (according to TAS)					
31 December 2019		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
1	Loans	2.803.192	16.505.019	2.200.746	17.107.465
2	Debt Securities	-	3.498.980	40.927	3.458.053
3	Off-balance sheet exposures	28.333	7.960.632	34.736	7.954.229
4	Total	2.831.525	27.964.631	2.276.409	28.519.747

3. Changes in stock of defaulted loans and debt securities:

		31.12.2020
1	Defaulted loans and debt securities at end of the previous reporting period	2.803.192
2	Loans and debt securities that have defaulted since the last reporting period	401.009
3	Returned to non-defaulted status	-
4	Amounts written off	611.501
5	Other changes (*)	(312.217)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	2.280.483
		31.12.2019
1	Defaulted loans and debt securities at end of the previous reporting period	1.761.656
2	Loans and debt securities that have defaulted since the last reporting period	1.568.035
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	(526.499)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	2.803.192

(*) The Bank has sold loans amounting to TL 195.512 and provisioned with TL 105.512 to an asset management company on 15 November 2019.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

c. Credit risk explanation (continued)

4. Additional disclosure related to the credit quality of assets:

a. Breakdown of receivables by geographical area, sector and outstanding maturity:

Breakdown by geographical area:

	31.12.2020	31.12.2019
Domestic	18.695.133	16.126.149
European Union Countries	63	113
OECD Countries (*)	-	136
Off-Shore Banking Regions	-	2.183
USA, Canada	-	-
Other	284.285	376.438
Total	18.979.481	16.505.019

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector (*):

	31.12.2020	31.12.2019
Agricultural	659.214	348.856
Farming and raising live stock	601.152	319.045
Forestry	-	-
Fishing	58.062	29.811
Manufacturing	4.882.861	4.240.314
Mining	168.584	223.911
Production	2.766.857	2.249.488
Electricity, Gas, Water	1.947.420	1.766.915
Construction	4.651.124	4.666.947
Services	7.568.301	5.522.139
Wholesale and Retail Trade	1.427.245	1.024.724
Hotel, Food, Beverage Services	2.329.668	1.702.750
Transportation and Telecommunication	1.011.484	820.053
Financial Institutions	943.701	52.206
Real Estate and Lending Service	155.477	90.995
Self Employment Service	-	-
Education Service	327.611	479.440
Health and Social Services	1.373.115	1.351.971
Other	1.217.981	1.726.763
Total	18.979.481	16.505.019

(*) Breakdown of sector classified according to type of principal activity of costumers.

Breakdown by outstanding maturity:

31 December 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans	2.400.551	1.423.991	4.657.073	6.989.040	3.508.826	18.979.481
31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans	3.105.254	868.778	2.407.070	5.395.878	4.728.039	16.505.019

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

Breakdown by sector (*):

f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

Breakdown by geographical area:

31 December 2020	Non-performing Loans	Provisions
Domestic	2.280.483	926.468
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other	-	-
Total	2.280.483	926.468

(*) OECD Countries other than EU countries, USA and Canada.

31 December 2019	Non-performing Loans	Provisions
Domestic	2.743.279	1.405.234
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other	59.913	59.903
Total	2.803.192	1.465.137

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector (*):

31 December 2020	Non-performing Loans	Provisions
Agricultural	16.841	9.616
Farming and raising live stock	16.841	9.616
Forestry	-	-
Fishing	-	-
Manufacturing	490.986	212.252
Mining	40.833	14.726
Production	345.497	105.790
Electricity, Gas, Water	104.656	91.736
Construction	697.750	237.583
Services	946.889	398.371
Wholesale and Retail Trade	353.234	134.214
Hotel, Food, Beverage Services	292.884	82.273
Transportation and Telecommunication	43.407	15.489
Financial Institutions	21.258	12.449
Real Estate and Lending Service	5.257	767
Self Employment Service	-	-
Education Service	134.658	106.136
Health and Social Services	96.191	47.043
Other	128.017	68.646
Total	2.280.483	926.468

(*) Classified according to type of principal activity of costumers.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

Breakdown by sector (*):

31 December 2019	Non-performing Loans	Provisions
Agricultural	44.205	39.860
Farming and raising live stock	44.205	39.860
Forestry	-	-
Fishing	-	-
Manufacturing	662.082	365.855
Mining	146.413	124.414
Production	484.178	222.066
Electricity, Gas, Water	31.491	19.375
Construction	696.420	287.816
Services	791.206	348.551
Wholesale and Retail Trade	412.724	212.383
Hotel, Food, Beverage Services	287.481	86.803
Transportation and Telecommunication	57.172	36.850
Financial Institutions	13.501	3.766
Real Estate and Lending Service	10.186	5524
Self Employment Service	-	-
Education Service	6.633	1305
Health and Social Services	3.509	1.920
Other	609.279	423.055
Total	2.803.192	1.465.137

(*) Classified according to type of principal activity of costumers.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

5. Expected Credit Loss

a. Expected Credit Loss for Cash and Cash Equivalents

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2020)	2.095	-	-	2.095
Additions	1.914	-	-	1.914
Disposals (-)	(2.381)	-	-	(2.381)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Balance at the end of the period	1.628	-	-	1.628

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2019)	428	-	-	428
Additions	9.868	-	-	9.868
Disposals (-)	(8.201)	-	-	(8.201)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Balance at the end of the period	2.095	-	-	2.095

b. Expected Credit Loss for Financial Assets Measured at Fair Value through Other Comprehensive Income

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2020)	40.927	-	-	40.927
Additions	7.372	-	-	7.372
Disposals (-)	(42.840)	-	-	(42.840)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Balance at the end of the period	5.459	-	-	5.459

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2019)	21.807	-	-	21.807
Additions	52.540	-	-	52.540
Disposals (-)	(33.420)	-	-	(33.420)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Balance at the end of the period	40.927	-	-	40.927

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

5. Expected Credit Loss

c. Expected Credit Loss for Loans

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2020)	81.785	653.824	1.465.137	2.200.746
Additions	98.827	773.224	394.033	1.266.084
Disposals (-)	(102.305)	(332.277)	(461.140)	(895.722)
Sales (-)	-	(100.805)	-	(100.805)
Write-offs (-)	-	-	(611.501)	(611.501)
Transfers to Stage 1	30.896	(30.896)	-	-
Transfers to Stage 2	(16.413)	16.413	-	-
Transfers to Stage 3	(17)	(139.922)	139.939	-
Balance at the end of the period	92.773	839.561	926.468	1.858.802

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2019)	107.550	851.197	929.952	1.888.699
Additions	98.482	421.849	810.485	1.330.816
Disposals (-)	(130.330)	(305.618)	(477.309)	(913.257)
Sales (-)	-	-	(105.512)	(105.512)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	60.379	(60.379)	-	-
Transfers to Stage 2	(54.015)	54.015	-	-
Transfers to Stage 3	(281)	(307.240)	307.521	-
Balance at the end of the period	81.785	653.824	1.465.137	2.200.746

d. Expected Credit Loss for Non-cash Loans

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2020)	17.640	7.297	9.799	34.736
Additions	49.494	21.417	1.240	72.151
Disposals (-)	(29.090)	(14.382)	(1.473)	(44.945)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfers to Stage 1	2.394	(2.394)	-	-
Transfers to Stage 2	(2.584)	2.584	-	-
Transfers to Stage 3	(3)	(319)	322	-
Balance at the end of the period	37.851	14.203	9.888	61.942

	Stage 1	Stage 2	Stage 3	Total
Beginning Balance (1 January 2019)	14.076	13.438	20.789	48.303
Additions	23.000	3.739	15.959	42.698
Disposals (-)	(25.049)	(4.003)	(27.213)	(56.265)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfers to Stage 1	10.488	(10.397)	(91)	-
Transfers to Stage 2	(4.850)	4.860	(10)	-
Transfers to Stage 3	(25)	(340)	365	-
Balance at the end of the period	17.640	7.297	9.799	34.736

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

6. Credit risk mitigation techniques – overview:

The Bank considers appropriate collaterals mentioned in “Regulation on Measurement and Evaluation of Bank’s Capital Adequacy” published on Official Gazette numbered 29511 for the calculation of capital adequacy. Since mortgages determine a receivable class, collateral used in credit risk reduction consists of cash collaterals with blockage.

All expertise reports, get done by the Bank, are assigned to valuation institutions, which are authorized by Banking Regulation and Supervision Agency and also having CMB license. Expertise requests, received from branches for valuation reports issued for the purpose of collateral, are evaluated by Expertise and Mortgage Department and forwarded to contracted valuation institutions through expertise system of the Bank. Valuation institutions submits expertise report through using expertise system of the bank following the completion of expertise activity. The report, submitted by expertise institution, is reviewed by Expertise and Mortgage Department and delivered to branches via aforementioned system. If there exists elements, which are considered as risks, in collateralization, those elements are included in valuation report.

Mortgage transaction is performed by law firms following the collateralization decision. Mortgage request is submitted from branch to our mortgage department via mortgage system of the bank. Mortgage department forwards the request to contracted law firms after controlling the request in question. Authenticated deeds and mortgage receipt certificates are delivered to branches via aforementioned system following the finalisation of mortgage transaction.

If the mortgage is in release phase, release request, submitted by the branch, is delivered to directorate of land registry with release letter which is obtained on mortgage release system following getting approval of required approvers.

An audit report is issued on an annual basis in scope of communique on risk mitigation techniques for received collaterals.

		Exposures not covered with cash collateral	Exposures secured by cash collateral	Exposures secured by cash collateral, of which: secured amount(**)	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans (*)	17.160.468	2.240.694	632.027	-	-	-	-
2	Debt securities	8.129.532	-	-	-	-	-	-
3	Total	25.290.000	2.240.694	632.027	-	-	-	-
4	Of which defaulted	2.278.351	2.132	928	-	-	-	-

(*) Shows loans that are covered with cash collateral

(**) Shows risk adjusted cash collaterals in line with related BRSA’s credit risk mitigation regulation with the maturity profile of the loan.

7. Qualitative disclosures related to rating grades used by the Banks for the calculation of credit risk with standard approach:

The Bank uses external rating grades provided by Fitch Ratings for the calculation of credit risk with standard method. In this scope, risk weights in Receivables from Central Administrations or Central Banks class of the Bank are determined through taking ratings provided by Fitch Ratings and guidance given by BRSA for the aforementioned CRA into account.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

8. Standard approach – credit risk exposure and credit risk mitigation (CRM) effects

Current Period - 31.12.2020		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Assets classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	11.118.890	1.002	11.361.656	500	-	0%
2	Exposures to regional governments or local authorities	47.188	-	47.188	-	23.594	50%
3	Exposures to public sector entities	-	-	-	-	-	0%
4	Exposures to multilateral development banks	870.611	-	870.611	-	-	0%
5	Exposures to international organisations	-	9	-	2	-	0%
6	Exposures to institutions	5.276.131	2.979.432	5.276.131	440.029	2.885.772	50%
7	Exposures to corporates	14.158.728	4.954.372	13.324.343	3.406.819	16.731.162	100%
8	Retail exposures	395.794	510.892	356.578	49.039	304.502	75%
9	Exposures secured by residential property	42.128	-	41.968	-	14.689	35%
10	Exposures secured by commercial real estate	3.387.477	101.312	3.355.017	72.058	2.532.044	74%
11	Past-due loans	921.166	-	919.994	-	1.196.775	130%
12	Higher-risk categories by the Agency Board	3.639	-	3.639	-	2.136	59%
13	Exposures in the form of covered bonds	-	-	-	-	-	0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0%
16	Other assets	1.715.238	-	1.715.238	-	1.419.235	83%
17	Investments in equities	-	-	-	-	-	0%
18	Total	37.936.990	8.547.019	37.272.363	3.968.447	25.109.909	61%

Prior Period - 31.12.2019		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Assets classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	6.936.733	10	6.953.504	2	1.444.392	21%
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	168.014	-	168.014	-	-	-
5	Exposures to international organisations	-	8	-	2	-	-
6	Exposures to institutions	4.393.666	2.046.980	4.393.666	150.936	1.791.027	39%
7	Exposures to corporates	11.011.630	3.693.670	9.645.196	2.565.795	12.210.991	100%
8	Retail exposures	792.969	2.130.179	671.161	57.806	548.274	75%
9	Exposures secured by residential property	78.294	-	78.098	-	27.334	35%
10	Exposures secured by commercial real estate	4.743.285	93.064	4.686.981	68.456	3.467.810	73%
11	Past-due loans	801.222	-	800.261	-	952.592	119%
12	Higher-risk categories by the Agency Board	14.730	-	14.730	-	14.794	100%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	1.585.767	-	1.585.767	-	1.373.925	87%
17	Investments in equities	-	-	-	-	-	-
18	Total	30.526.310	7.963.911	28.997.378	2.842.997	21.831.139	69%

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

9. Standard approach – exposures by asset classes and risk weights

Current Period - 31.12.2020										Other (35% - 50% (**))	Total credit risk exposure amount (***)
Asset classes/ Risk weight(*)	0%	10%	20%	50% (*)	75%	100%	150%	200%			
Exposures to central governments or central banks	11.362.156	-	-	-	-	-	-	-	-	-	11.362.156
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	47.188	-	47.188
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	870.611	-	-	-	-	-	-	-	-	-	870.611
Exposures to international organisations	2	-	-	-	-	-	-	-	-	-	2
Exposures to institutions	-	-	3.340.364	-	-	89.177	985.213	-	1.301.406	-	5.716.160
Exposures to corporates	-	-	-	-	-	16.731.162	-	-	-	-	16.731.162
Retail exposures	-	-	-	-	404.460	1.157	-	-	-	-	405.617
Exposures secured by residential property	-	-	-	-	-	-	-	-	41.968	-	41.968
Exposures secured by commercial real estate	-	-	-	1.790.062	-	1.637.013	-	-	-	-	3.427.075
Past-due loans	-	-	-	-	-	69.569	701.993	-	148.432	-	919.994
Higher-risk categories by the Agency Board	-	-	-	-	-	593	21	-	3.025	-	3.639
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-	-
Other assets	296.003	-	-	-	-	1.419.235	-	-	-	-	1.715.238
Total	12.528.772	-	3.340.364	1.790.062	404.460	19.947.906	1.687.227	-	1.542.019	-	41.240.810

(*) Collateralized with the Real Estate Mortgage

(**) Except that Collateralized with the Real Estate Mortgage

(***) After Credit Conversion Rate and after credit risk mitigation

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

Current Period - 31.12.2019 Asset classes/ Risk weight(*)	0%	10%	20%	50%(*)	75%	100%	150%	200%	Other (35% - 50%(**))	Total credit risk exposure amount (***)
Exposures to central governments or central banks	4.920.290	-	-	-	-	-	427.784	-	1.605.432	6.953.506
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	168.014	-	-	-	-	-	-	-	-	168.014
Exposures to international organisations	2	-	-	-	-	-	-	-	-	2
Exposures to institutions	-	-	3.069.614	-	-	32.984	423.118	-	1.018.886	4.544.602
Exposures to corporates	-	-	-	-	-	12.210.991	-	-	-	12.210.991
Retail exposures	-	-	-	-	722.774	6.193	-	-	-	728.967
Exposures secured by residential property	-	-	-	-	-	-	-	-	78.098	78.098
Exposures secured by commercial real estate	-	-	-	2.575.255	-	2.180.182	-	-	-	4.755.437
Past-due loans	-	-	-	-	-	191.338	456.792	-	152.131	800.261
Higher-risk categories by the Agency Board	-	-	-	-	-	7.191	3.835	-	3.704	14.730
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other assets	211.842	-	-	-	-	1.373.925	-	-	-	1.585.767
Total	5.300.148	-	3.069.614	2.575.255	722.774	16.002.804	1.311.529	-	2.858.251	31.840.375

(*) Collateralized with the Real Estate Mortgage

(**) Except that Collateralized with the Real Estate Mortgage

(***) After Credit Conversion Rate and after credit risk mitigation

d. Counterparty Credit risk (CCR) explanations:

1. Qualitative disclosure related to counterparty credit risk:

Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. The Bank monitors Counterparty Credit Risk in the framework of Counterparty Credit Risk and Exchange Risk Management Policy which is approved by Board of Directors. Counterparty Credit Risk and Exchange Risk Management Policy includes rules, limits and actions in case of non-compliance related to transactions in counterparty credit risk and exchange risk.

The Bank internally applies different action rules for each of the action groups determined for measurement of counterparty credit risk. Action groups are divided into Individual Business Line, Non-Individual Business Line (except for Stock Exchange and Banks) and Banks and Stock Exchanges.

Potential and current risk exposures of transactions are calculated/determined in order to determine CCR. Internal netting application is taken into account while calculating risk exposures.

Daily collateral management is performed in accordance with provisions of agreements related to transactions of counterparty credit risk and exchange risk with stock exchanges and banks having ISDA-CSA agreement.

Internal limits related to counterparty credit risk and exchange risk are evaluated by Credits Department with respect to requests from related departments and submitted to the approval of Director of Credits Department, General Manager, Credit Committee or Board of Directors according to magnitude of exposures.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

The Bank legally calculates counterparty credit risk and exchange risk in accordance with the rules and explanations mentioned in "Regulation on Measurement and Evaluation of Bank's Capital Adequacy". Counterparty credit risk and exchange risk, calculated legally, is subject to limit of capital adequacy ratio.

2. Analysis of counterparty credit risk (CCR) exposure by approach

		Revaluation Cost	Potential credit risk exposure	EBPRT(*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
Current Year – 31.12.2020							
1	Standart Approach-CCR	916.670	287.147	-	1,40	1.167.905	1.426.597
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	126.494	11.359
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	126.494	11.359
6	Total	-	-	-	-	-	1.437.956

(*) Effective expected positive risk amount

		Revaluation Cost	Potential credit risk exposure	EBPRT(*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
Prior Year – 31.12.2019							
1	Standart Approach-CCR	237.102	266.385	-	1,4	423.920	336.473
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	15.145	3.202
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	15.145	3.202
6	Total	-	-	-	-	-	339.675

(*) Effective expected positive risk amount

3. Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Current Year – 31.12.2020			
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (3*multiplier included)	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	1.063.561	1.289.740
4	Total amount of CVA capital adequacy	1.063.561	1.289.740

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Prior Year – 31.12.2019			
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (3*multiplier included)	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	475.517	169.399
4	Total amount of CVA capital adequacy	475.517	169.399

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

4. Standard approach – CCR exposures by regulatory portfolio and risk weights

Current Period Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk(*)
Risk Classes	16.561	-	-	-	-	-	-	-	-
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	56.122	190.088	-	-	-	-	106.268
Corporate receivables	-	-	-	-	-	129.255	-	-	-
Retail receivables	-	-	-	-	1.502	-	800.871	-	1.330.562
Mortgage receivables	-	-	-	-	-	-	-	-	1.126
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	16.561	-	56.122	190.088	1.502	129.255	800.871	-	1.437.956

(*) Total credit risk; After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: "Central to the counterparty risk" table includes amounts that are not included in the reported counterparty credit risk.

Prior Period Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk(*)
Risk Classes	-	-	-	-	-	-	-	-	-
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	37.179	226.634	-	-	-	-	120.753
Corporate receivables	-	-	-	-	-	81.760	-	-	81.760
Retail receivables	-	-	-	-	4.098	-	-	-	3.073
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	-	-	37.179	226.634	4.098	81.760	-	-	205.586

(*) Total credit risk; After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: "Central to the counterparty risk" table includes amounts that are not included in the reported counterparty credit risk.

5. Composition of collateral for CCR exposure: Due to absence of derivative collateral considered in the calculation of capital adequacy, related table was not given.

6. Credit derivatives exposures: None.

7. Risk exposure to CCP: None.

e. Explanations Related to Securitization Positions: None.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

f. Explanations on Market Risk

Market risk is the probability of impairment of in/off balance sheet positions based on fluctuations in market risk factors. Fluctuations in market risk factors states changes occurring in interest rates, exchange rates, share prices, commodity prices and volatility. Exchange rate and interest rate risks are considered as two of the most significant components forming market risk and derivative financial transactions are made in order to provide hedging from exposed financial risks, when required.

The Bank manages market risk in line with Market Risk Management Policy including rules and limits to be adopted related to management of trading portfolio and required actions to be taken in case of non-compliance. Trading Portfolio Strategy, approved by Board of Directors, determines which products shall be reviewed under trading portfolio. Principles, policies and risk limits with respect to management of market risk are approved by Board of Directors, reviewed periodically and applied by senior management of the Bank and related departments.

The Bank applies legal and internal limits which are determined in scope of measurement of market risk belonging to trading portfolio and approved by Board of Directors. Foreign exchange position, interest rate and volatility limits are included in various breakdowns under internal limits and compliance with limits are monitored and reported daily by Risk Management Department.

Legal capital requirement, sourcing from Market Risk, is calculated and reported using standard method in line with principles related to Calculation of Value at Market Risk of Regulation on Measurement and Evaluation of Bank's Capital Adequacy.

Responsibilities of Board of Directors, Member of Board of Directors Responsible from Internal Systems, General Manager, Asset-Liabilities Committee (ALCO), Treasury Department, Finance Department and Risk Management Department with respect to management of Market Risk are determined and detailed in Market Risk Management Policy.

Treasury Front-Office system and Banking Application is used related to measurement and reporting of Market Risk and integration process of a risk software application is still going on.

Standardised approach

	31 December 2020	31 December 2019
	RWA	RWA
Outright products		
1 Interest rate risk (general and specific)	866.422	731.565
2 Equity risk (general and specific)	21.600	-
3 Foreign exchange risk	76.513	119.963
4 Commodity risk	1.690	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	143.575	17.575
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	1.109.800	869.103

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

X. Explanations on Risk Management (continued)

g. Explanations on Operational Risk

Basic indicator approach:

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities classified as financial assets at fair value through other comprehensive income (previously, available for sale) and financial assets measured at amortized cost (previously, held-to-maturity), extraordinary income and income derived from insurance claims at year-end.

The value at operational risk is calculated according to the basic indicator approach of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette No. 28337 dated June 28, 2012.

	2 PY Amount	1 PY Amount	CY Amount	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross income	1.565.540	1.319.634	1.345.000	1.410.058	15	211.509
The amount subject to operational risk (Total*12,5)						2.643.863

XI. Explanations on Hedge Accounting

None (31 December 2019: None).

XII. Explanations on Segment Reporting

Organized to operate in all operational aspects of banking under the scope of 4th Article of the Banking Law, the Bank is providing diversified financial solutions focused on capital financing, foreign trade, project finance, non-cash products, cash management and internet banking services to commercial (segregated as Corporate, Commercial and SME prior to unification under Commercial Banking in 2018) customers. Retail Banking, formed under three major divisions, namely, Retail Loans, Bank and Credit Cards and Wealth Management, serves to the financial needs of customers through branches, internet and mobile channels. Treasury and Capital Markets department is managing TL and FCY liquidity in healthy and sustainable manner, performing profit oriented trading activities in the market within the limits given by the Board. In addition, Treasury sales unit delivers pricing services of government bills and bonds, Eurobonds and derivatives to the Bank customers.

Current Period (1 January-31 December 2020)	Commercial Banking	Retail Banking	Other and Unallocated (*)	Bank's Total Activities
Net Interest Income	351.671	194.375	532.644	1.078.690
Net Fee and Commission Income	85.376	28.180	(36.037)	77.519
Dividend Income	-	-	-	-
Other Operating Income and Net Profit/Loss	26.693	52.720	393.861	473.274
Operating Income	463.740	275.275	890.468	1.629.483
Other Operating Expenses	-	-	(680.251)	(680.251)
Credit and Other Provisions	(323.635)	20.781	(478.452)	(781.306)
Profit Before Tax	140.105	296.056	(268.235)	167.926
Tax Provision	-	-	(33.717)	(33.717)
Net Profit	-	-	134.209	134.209
Total Asset	20.043.472	604.905	19.387.452	40.035.829
Segment Assets	20.043.472	604.905	19.387.452	40.035.829
Total Liability	7.018.564	17.705.171	15.312.094	40.035.829
Segment Liability	7.018.564	17.705.171	9.747.187	34.470.922
Subordinated Loan	-	-	2.109.077	2.109.077
Equity	-	-	3.455.830	3.455.830

(*) Shows operating expenses, general provisions and equity items and also funding return on capital, that is calculated as part of bank's asset liability management strategy as well as unallocated liquidity items and their income/expense amounts.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

XII. Explanations on Business Segments (continued)

Prior Period (1 January-31 December 2019)	Commercial Banking	Retail Banking	Other and Unallocated (*)	Bank's Total Activities
Net Interest Income	338.191	213.716	400.170	952.077
Net Fee and Commission Income	115.710	45.580	(54.329)	106.961
Dividend Income	-	-	13	13
Other Operating Income and Net Profit/Loss	16.472	37.097	149.019	202.588
Operating Income	470.373	296.393	494.873	1.261.639
Other Operating Expenses	-	-	(635.524)	(635.524)
Credit and Other Provisions	(464.048)	(62.600)	(9.389)	(536.037)
Profit Before Tax	6.325	233.793	(150.040)	90.078
Tax Provision	-	-	(18.956)	(18.956)
Net Profit	-	-	71.122	71.122
Total Asset	17.925.257	946.209	13.795.872	32.667.338
Segment Assets	17.925.257	946.209	13.795.872	32.667.338
Total Liability	6.377.645	15.586.818	10.702.875	32.667.338
Segment Liability	6.377.645	15.586.818	5.667.481	27.631.944
Subordinated Loan	-	-	1.735.813	1.735.813
Equity	-	-	3.299.581	3.299.581

(*) Shows operating expenses, free provisions, general provisions and equity items and also funding return on capital, that is calculated as part of bank's asset liability management strategy as well as unallocated liquidity items and their income/expense amounts.

XIII. Information on international risk ratings

FITCH RATINGS (June 2020)

Long Term FC B+ / Stable Outlook	B-
Short Term FC B	B
Long Term TL BB-/ Stable Outlook	B-
Short Term TL B	B
Financial Capacity b+	B
Support 4	5
NSR AA(tur)	BBB(tur)-
Long Term National Scale Rating (NSR) Stable	Negative
Subordinated Notes B	CCC+

MOODY'S RATINGS (August 2020)

Outlook	Negative
Long Term FC Deposit	Caa1
Long Term TL Deposit	Ba1.tr
Short Term FC Deposit	NP
Short Term TL Deposit	TR-4
Baseline Credit Assessment	caal
Adjusted Baseline Credit Assessment	caal
Long Term National Scale Rating	Ba1.tr
Short Term National Scale Rating	TR-2

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE

INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	31.322	252.891	30.584	161.754
Balances with the Central Bank of Turkey	247.452	4.344.430	160.213	3.265.163
Other	-	-	-	-
Total	278.774	4.597.321	190.797	3.426.917

b) Information related to the account of the Central Bank of Turkey:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Unrestricted Demand Deposit	247.452	1.584.987	154.643	1.443.395
Unrestricted Time Deposit	-	364.565	-	-
Restricted Time Deposit	-	2.394.878	5.570	1.821.768
Total	247.452	4.344.430	160.213	3.265.163

c) Explanations related to reserve deposits:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold.

The required reserve rates for TL liabilities vary between 1 % and 6% for TL deposits and other liabilities according to their maturities as of 31 December 2020 (31 December 2019: 1 % and 7% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 22% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2020 (31 December 2019: 5% and 21% for all foreign currency liabilities).

With the Communiqué numbered 2019/15, and dated August 9, 2019, the application of required reserve ratios differentiated according to loan growth was abolished on 11 December 2020. 12% interest rate is applied by the CBRT for Required Reserves in Turkish Lira. No interest is paid for required reserves kept in USD by the CBRT since 19 September 2019. Based on the CBRT's letter dated 24 January 2020, the Bank pays an annual commission amount of 12.5 per ten thousand over the required reserve amount to be kept for deposits in foreign currencies other than US dollars.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

1. Explanations and Disclosures Related to the Assets (continued)

2. Information on financial assets at fair value through profit and loss (net):

- a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2019: None).
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (31 December 2019: None).
- b) Positive differences related to derivative financial assets held-for-trading:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	44.149	23.452	11.845	5.668
Swap Transactions	771.242	1.388.381	687.335	674.774
Futures Transactions	-	-	-	-
Options	15.376	6.880	8.410	1.461
Other	-	-	-	-
Total	830.767	1.418.713	707.590	681.903

3. Information on banks:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	150.215	37.815	550.424	770
Foreign	-	1.037.188	-	2.008.217
Branches and head office abroad	-	-	-	-
Total	150.215	1.075.003	550.424	2.008.987

Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
European Union Countries	88.967	458.262	-	-
USA and Canada	813.516	832.071	-	-
OECD Countries	2.695	446.901	-	-
Other	132.010	270.983	-	-
Total	1.037.188	2.008.217	-	-

4. Information on financial assets at fair value through other comprehensive income:

- a.1) Information on financial assets given as collateral or blocked:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar securities	366.663	1.894.112	441.639	298.770
Other	-	-	-	-
Total	366.663	1.894.112	441.639	298.770

- a.2) Information on financial assets subject to repurchase agreements:

As of 31 December 2020 financial assets at fair value through other comprehensive income subject to repurchase agreements: TL 3.345.438 (31 December 2019: TL 4.208).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

4. Information on financial assets at fair value through other comprehensive income: (continued)

b) Information on financial assets at fair value through other comprehensive income portfolio:

	31 December 2020	31 December 2019
Debt securities	7.093.509	1.134.809
Quoted on a stock exchange	7.093.509	1.134.809
Not quoted	-	-
Share certificates	5.110	12.502
Quoted on a stock exchange	-	7.605
Not quoted	5.110	4.897
Value Increase/Impairment Losses (-)	17.381	-
Total	7.081.238	1.147.311

5. Information on loans:

a) Information on all types of loans or advances given to shareholders and employees of the Bank:

	31 December 2020		31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	2.497	-
Corporate shareholders	-	-	2.497	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	24.198	-	86.071
Loans granted to employees	5.136	-	3.882	-
Total	5.136	24.198	6.379	86.071

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

b) Information on the first and second group loans including restructured or rescheduled loans:

31 December 2020

Cash Loans	Standard loans	Loans under close monitoring (*)		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-specialized loans	12.498.959	4.309.965	-	2.170.557
Loans given to enterprises	-	-	-	-
Export loans	1.302.181	23.863	-	19.525
Import loans	-	-	-	-
Loans given to financial sector	943.701	-	-	-
Consumer loans	254.957	22.979	-	40.279
Credit cards	113.829	2.150	-	6.148
Other	9.884.291	4.260.973	-	2.104.605
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	12.498.959	4.309.965	-	2.170.557

(*) In accordance with TFRS 9 and the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside the loans subject to significant increase in the credit risk of the borrower are included in the above table amounting to TL 1.339.837

31 December 2019

Cash Loans	Standard loans	Loans under close monitoring (*)		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-specialized loans	10.947.662	4.628.936	-	928.421
Loans given to enterprises	-	-	-	-
Export loans	656.616	116.332	-	1.275
Import loans	-	-	-	-
Loans given to financial sector	557.231	-	-	-
Consumer loans	442.246	64.188	-	51.646
Credit cards	145.230	26.099	-	-
Other	9.146.339	4.422.317	-	875.500
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	10.947.662	4.628.936	-	928.421

(*) In accordance with TFRS 9 and the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside the loans subject to significant increase in the credit risk of the borrower are included in the above table amounting to TL 612.926

31 December 2020			31 December 2019	
First and Second Stage Expected Loss Provisions	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-Month provisions for possible losses	92.773	-	81.785	-
Significant increase in credit risk	-	839.561	-	653.824
Total	92.773	839.561	81.785	653.824

(*) The expected loss provision amounting to TL 5.459 related to other financial assets measured at amortized cost is not included.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

c) Information on loan types and provisions: (*)

31 December 2020	Commercial	Retail	Total
Standard Loans	12.121.279	377.680	12.498.959
Watchlist	5.054.517	86.168	5.140.685
Significant Increase in Credit Risk	1.339.837	-	1.339.837
Non-performing Loans	2.157.785	122.698	2.280.483
Specific Provision (-)	(857.564)	(68.904)	(926.468)
Total	19.815.854	517.642	20.333.496

(*) According to the internal segmentation of the bank

31 December 2019	Commercial	Retail	Total
Standard Loans	10.387.312	560.350	10.947.662
Watchlist	4.778.781	165.650	4.944.431
Significant Increase in Credit Risk	612.926	-	612.926
Non-performing Loans	2.685.541	117.651	2.803.192
Specific Provision (-)	(1.389.075)	(76.062)	(1.465.137)
Total	17.075.485	767.589	17.843.074

(*) According to the internal segmentation of the bank

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

d) Information on consumer loans and credit cards given to customers and bank's personnel:

31 December 2020	Short Term	Medium and Long Term	Total
Consumer Loans – TL	4.566	296.147	300.713
Housing Loans	-	221.555	221.555
Car Loans	-	211	211
General Purpose Loans	4.566	74.381	78.947
Other	-	-	-
Consumer Loans - Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	113.451	4.633	118.084
With Installments	16.681	4.633	21.314
Without Installments	96.770	-	96.770
Individual Credit Cards-FC	25	-	25
With Installments	-	-	-
Without Installments	25	-	25
Personnel Loans - TL	95	3.959	4.054
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	95	3.959	4.054
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TL	1.080	2	1.082
With Installments	172	2	174
Without Installments	908	-	908
Personnel Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts – TL (Real Persons)	13.448	-	13.448
Overdraft Accounts – FC (Real Persons)	-	-	-
Total	132.665	304.741	437.406

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

d) Information on consumer loans and credit cards given to customers and bank's personnel: (continued)

31 December 2019	Short Term	Medium and Long Term	Total
Consumer Loans – TL	5.919	529.570	535.489
Housing Loans	-	317.782	317.782
Car Loans	-	1.925	1.925
General Purpose Loans	5.919	209.863	215.782
Other	-	-	-
Consumer Loans - Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	152.906	13.657	166.563
With Installments	25.232	13.657	38.889
Without Installments	127.674	-	127.674
Individual Credit Cards-FC	52	-	52
With Installments	-	-	-
Without Installments	52	-	52
Personnel Loans - TL	280	2.296	2.576
Housing Loans	-	-	-
Car Loans	-	18	18
General Purpose Loans	280	2.278	2.558
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TL	1.302	4	1.306
With Installments	221	4	225
Without Installments	1.081	-	1.081
Personnel Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts – TL (Real Persons)	20.014	-	20.014
Overdraft Accounts – FC (Real Persons)	-	-	-
Total	180.473	545.527	726.000

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

e) Information on commercial loans with installments and corporate credit cards:

31 December 2020	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TL	1.309.082	4.143.787	5.452.869
Business Loans	-	1.516	1.516
Car Loans	-	18.694	18.694
General Purpose Loans	1.309.082	4.123.577	5.432.659
Other	-	-	-
Commercial loans with installment facility-Indexed to FC	-	74.318	74.318
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	74.318	74.318
Other	-	-	-
Commercial loans with installment facility -FC	20.327	8.003.468	8.023.795
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	20.327	8.003.468	8.023.795
Other	-	-	-
Corporate Credit Cards-TL	2.936	-	2.936
With Installments	62	-	62
Without Installments	2.874	-	2.874
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL (Legal Entities)	3.398	-	3.398
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	1.335.743	12.221.573	13.557.316

f) Distribution of domestic and foreign loans:

	31 December 2020	31 December 2019
Domestic loans	18.695.133	16.126.149
Foreign loans	284.348	378.870
Total	18.979.481	16.505.019

g) Loans granted to subsidiaries and associates: None. (31 December 2019: None)

h) Expected credit losses provided against loans (Stage 3):

	31 December 2020	31 December 2019
Expected credit losses		
Loans with limited collectability	138.865	218.942
Loans with doubtful collectability	28.591	287.403
Uncollectible loans	759.012	958.792
Total	926.468	1.465.137

i) Information on non-performing loans (Net):

i.1) Information on loans and other receivables which are restructured or rescheduled within non-performing portfolio: None.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

i.2) The movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
31 December 2019 balance	465.956	604.436	1.732.800
Additions (+)	401.009	12.744	66.687
Transfers from other categories of non-performing loans (+)	-	647.983	970.047
Transfers to other categories of non-performing loans (-)	647.983	970.047	-
Collections (-)	18.547	137.203	235.898
Write-offs (-) (*)	-	99.035	512.466
Sold	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other (-)	-	-	-
31 December 2020 balance	200.435	58.878	2.021.170
Specific provision (-)	66.073	22.041	838.354
Net Balances on Balance Sheet	134.362	36.837	1.182.816

(*) In accordance with the change in the Communiqué on the "The Regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside" dated 27 November 2019 and numbered Official Gazette 30961, the Bank has set "Writedown Policy" and this policy has been approved on Audit Committee Meeting on 24 February 2020. According to this policy, the Bank has written down fully provisioned loan portfolio amounting to TL 611.501.

i.3) Information on foreign currency non-performing loans and other receivables:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Period end balance	32.889	-	591.926
Provision (-)	32.889	-	147.872
Net Balances on Balance Sheet	-	-	444.054
Prior Period			
Period end balance	34.574	111.993	297.118
Provision (-)	7.345	33.155	102.625
Net Balances on Balance Sheet	27.229	78.838	194.493

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

i.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2020 (Net)	134.362	36.837	1.182.816
Loans to Real Persons and Legal Entities (Gross)	200.435	58.878	2.021.170
Specific provision (-)	66.073	22.041	838.354
Loans to Real Persons and Legal Entities (Net)	134.362	36.837	1.182.816
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2019 (Net)	246.810	317.033	774.212
Loans to Real Persons and Legal Entities (Gross)	465.956	604.436	1.732.800
Specific provision (-)	219.146	287.403	958.588
Loans to Real Persons and Legal Entities (Net)	246.810	317.033	774.212
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

i.5) Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)			
Interest Accruals, Rediscounts and Valuation Differences	61.714	60.184	300.439
Special Provision Amount (-)	43.200	42.129	210.308
Prior Period (Net)			
Interest Accruals, Rediscounts and Valuation Differences	21.412	81.979	212.342
Special Provision Amount (-)	21.412	81.979	212.342

j) Main principles of liquidation policies of non-performing loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 29750 dated June 22, 2016; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree. As of 31 December 2020, the net amount after provisions of the non-performing loans and receivables is TL 1.182.816 (31 December 2019: TL 774.212).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans (continued)

k) Explanations on write-off policy:

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Uncollectible loans" if it cannot reasonably be expected to be recovered. Loans and receivables considered as non-collectable are written-off pursuant to approval of Board of Directors (BoD) and treated accordingly as per the requirements of tax legislation.

As of 31 December 2020, The Bank has written-off TL 611.501 of non-performing loan portfolio which has 100% provision.

6. Information on financial assets measured at amortized cost:

- a) Information on financial assets given as collateral or blocked: As of 31 December 2020 financial assets measured at amortized cost given as collateral is amounting to TL 495.999 (31 December 2019: TL 1.046.277).
- b) Investments and legal liabilities subject to repurchase agreements: As of 31 December 2020, financial assets measured at amortized cost subject to repurchase agreements is amounting to TL 562.864 (31 December 2019: TL 235.447).
- c) The Bank has TL 1.058.863 financial assets measured at amortized cost as of 31 December 2020 (31 December 2019: TL 2.352.629).
- d.1) Government securities measured at amortised cost:

	31 December 2020	31 December 2019
Government Bonds	1.058.863	1.359.688
Treasury Bills	-	-
Other Government Securities	-	992.941
Total	1.058.863	2.352.629

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

6. Information on financial assets measured at amortized cost:

d.1) Government securities measured at amortised cost (continued):

	31 December 2020	31 December 2019
Debt Securities	1.058.863	2.352.629
Quoted at Stock Exchange	1.058.863	2.352.629
Unquoted at Stock Exchange	-	-
Valuation Increase /Decrease	-	-
Total	1.058.863	2.352.629

d.2) Movement on financial assets measured at amortized cost:

	31 December 2020	31 December 2019
Beginning Balance	2.352.629	2.702.342
Foreign Currency Differences on Monetary Assets (*)	(120.082)	54.669
Purchases During Year	30.193	360.248
Disposals Through Sales and Redemptions (**)	(1.203.877)	(764.630)
Impairment Provision (-)	-	-
Total	1.058.863	2.352.629

(*) Represents exchange differences and accrual interest.

(**) The Bank has sold its financial assets has nominal value of USD 138.000 and issued by Lebanese Government on 20 February 2020, before its maturity due to credit risk increase.

7. Information on associates (Net):

The Bank has no associates in the current period (31 December 2019: None).

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period (31 December 2019: None).

9. Information on jointly controlled entities (Net):

The Bank has no jointly controlled entities in the current period (31 December 2019: None).

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period (31 December 2019: None).

11. Information on derivative financial assets for hedging purposes:

As of 31 December 2020, The Bank has no derivative financial assets for hedging purposes (31 December 2019: None).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

12. Information on tangible assets (Net):

	Closing Balance December 31, 2019	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2020
Cost:						
Land and buildings	9.174	-	-	-	-	9.174
Leased tangible assets	160.603	2.474	-	-	-	163.077
Vehicles	-	-	-	-	-	-
Other	263.961	30.766	(9.787)	-	-	284.940
Total Cost	433.738	33.240	(9.787)	-	-	457.191
Accumulated Depreciation:						
Land and buildings	1.312	186	-	-	-	1.498
Leased tangible assets	32.053	30.351	-	-	-	62.404
Vehicles	-	-	-	-	-	-
Other	188.056	24.593	(8.396)	-	-	204.253
Total Accumulated Depreciation	221.421	55.130	(8.396)	-	-	268.155
Net Book Value	212.317	(21.890)	(1.391)	-	-	189.036

- a) Disclosure for impairment losses or releases individually material for financial statements:
- a.1) Conditions for allocating/releasing any impairment: None. (31 December 2019: None)
- a.2) Amount of impairment losses provided or released in financial statements during current period: None (31 December 2019: None).
- b) Disclosure on conditions and amounts of allocating / releasing any impairment as per asset class, which are not individually but on an aggregated basis material to financial statements: None (31 December 2019: None).
- c) Restriction on tangible assets, capitalized expenditures and purchase commitments: None (31 December 2019: None).

13. Information on intangible assets:

	Closing Balance December 31, 2019	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2020
Cost:						
Software cost	239.499	55.401	-	-	-	294.900
Other intangible assets	-	-	-	-	-	-
Total Cost	239.499	55.401	-	-	-	294.900
Accumulated Depreciation:		Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2020
Software cost	164.686	32.845	-	-	-	197.531
Other intangible assets	-	-	-	-	-	-
Total Accumulated Depreciation	164.686	32.845	-	-	-	197.531
Net Book Value	74.813	22.556	-	-	-	97.369

14. Investment Property (Net):

None (31 December 2019: None).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

15. Explanations on deferred tax assets:

- a) As of 31 December 2020 the Bank has deferred tax asset amounting to TL 227.363 arising from deductible temporary differences (31 December 2019: TL 245.840).

Timing differences constituting the basis for deferred tax	Current Period		Prior Period	
	Basis	Deferred tax asset/(liability)	Basis	Deferred tax asset/(liability)
Difference between net book value and tax value of financial assets	53.317	10.663	57.178	12.579
Provisions (*)	323.965	64.793	93.904	20.659
Valuation differences (**)	3.059.754	617.929	2.181.998	466.003
Deferred commissions	39.812	7.962	38.596	8.491
Tangible assets differences	11.076	2.215	21.137	4.528
Financial Loss	-	-	392.937	86.446
Other	25.486	5.097	90.232	19.851
Deferred Tax Asset	3.513.410	708.659	2.875.982	618.557
Valuation differences	2.326.515	465.303	1.434.524	315.486
Provisions (*)	-	-	218.880	48.153
Other	80.585	15.993	41.969	9.078
Deferred Tax Liability (-)	2.407.100	481.296	1.695.373	372.717
Total deferred tax assets, net	1.106.310	227.363	1.180.609	245.840

(*) Provisions does not include loan provisions.

(**) Includes Stage 1 and Stage 2 provisions.

- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None (31 December 2019: None).

Net deferred tax asset / (debt)	Current Period	Prior Period
	(1 January-31 December 2020)	(1 January-31 December 2019)
As of January 1	245.840	272.167
TFRS 16 transition effect	-	15.234
TFRS 9 transition effect	-	-
Deferred tax income/(expense) in profit or loss table	(12.832)	(18.956)
Deferred tax income / (expense) under equity	(5.645)	(22.605)
Ending balance	227.363	245.840

16. Information on assets held for sale and discontinued operations:

As of 31 December 2020 the Bank has assets held for sale and discontinued operations amounting to TL 672.505 (31 December 2019: TL 590.474).

The Bank, in some portion of the foreclosed assets, provides repurchase right to the debtor.

As of 31 December 2020 , the right of repurchase value of assets of the Bank is TL 471.297 (31 December 2019: TL 370.091).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Explanations and Disclosures Related to the Assets (continued)

17. Information on other assets

- a) Other assets do not exceed 10% of the balance sheet total (excluding off balance sheet commitments).
- b) Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None (31 December 2019: None).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a) 31 December 2020

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	171.792	-	1.511.236	3.405.705	516.085	33.774	729.743	-	6.368.335
Foreign currency deposits	1.746.555	-	2.538.647	10.233.087	703.735	141.138	85.658	-	15.448.820
Residents in Turkey	1.659.315	-	2.511.568	10.082.244	629.463	140.532	63.046	-	15.086.168
Residents abroad	87.240	-	27.079	150.843	74.272	606	22.612	-	362.652
Public sector deposits	126.185	-	-	631	-	-	-	-	126.816
Commercial deposits	324.115	-	392.941	399.039	3.962	506	4.956	-	1.125.519
Other institutions deposits	1.321	-	2.391	55.321	20.943	30.343	88	-	110.407
Precious metals deposits	1.576.042	-	12.265	45.884	-	-	-	-	1.634.191
Interbank deposits	641.592	-	176.309	7.205	-	-	-	-	825.106
Central Bank of Turkey	-	-	168.869	-	-	-	-	-	168.869
Domestic Banks	-	-	7.440	7.205	-	-	-	-	14.645
Foreign Banks	641.592	-	-	-	-	-	-	-	641.592
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4.587.602	-	4.633.789	14.146.872	1.244.725	205.761	820.445	-	25.639.194

31 December 2019

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	268.713	-	2.084.708	2.609.898	22.856	14.723	795.917	-	5.796.815
Foreign currency deposits	1.190.360	-	1.994.754	9.342.805	939.740	123.077	68.095	-	13.658.831
Residents in Turkey	1.120.029	-	1.967.775	9.057.806	868.554	118.983	57.942	-	13.191.089
Residents abroad	70.331	-	26.979	284.999	71.186	4.094	10.153	-	467.742
Public sector deposits	46.131	-	-	-	-	-	-	-	46.131
Commercial deposits	987.874	-	304.490	814.295	4.867	832	3.683	-	2.116.041
Other institutions deposits	862	-	2.139	116.316	-	8.125	336	-	127.778
Precious metals deposits	299.378	-	-	-	-	-	-	-	299.378
Interbank deposits	701	-	-	22.161	-	28.135	1.402	-	52.399
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	6.742	-	-	1.402	-	8.144
Foreign Banks	701	-	-	15.419	-	28.135	-	-	44.255
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	2.794.019	-	4.386.091	12.905.475	967.463	174.892	869.433	-	22.097.373

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations and Disclosures Related to the Liabilities (continued)

1. Information on maturity structure of deposits (continued):

b.1) Information on saving deposits under the guarantee of saving deposits insurance:

Information on saving deposits and exceeding the limit of insurance saving deposits:

Saving deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Saving deposits	2.629.268	2.666.104	3.739.067	3.130.711
Foreign currency saving deposits	1.659.358	1.269.116	9.829.626	9.682.751
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	4.288.626	3.935.220	13.568.693	12.813.462

(*) Accruals were included to deposits under the guarantee of insurance in accordance with BRSA declaration numbered 1584 dated February 23, 2005.

b.2) Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of saving deposit insurance:

	31 December 2020	31 December 2019
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	6.487	4.958
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities at fair value through profit or loss:

a) Negative differences table related to derivative financial liabilities at fair value through profit or loss:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	16.799	17.695	29.982	4.977
Swap Transactions	716.449	1.399.463	532.469	686.807
Futures Transactions	-	-	-	-
Options	29.736	6.574	5.678	997
Other	-	-	-	-
Total	762.984	1.423.732	568.129	692.781

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations and Disclosures Related to the Liabilities (continued)

3. Information on borrowings:

a) Information on banks and other financial institutions:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From Domestic Banks and Institutions	1.040	15.209	16.497	39.030
From Foreign Banks, Institutions and Funds	-	1.390.922	-	1.804.892
Total	1.040	1.406.131	16.497	1.843.922

b) Maturity analysis of borrowings:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Short-term	1.040	15.209	16.497	173.516
Medium and long-term	-	1.390.922	-	1.670.406
Total	1.040	1.406.131	16.497	1.843.922

4. Information on funds provided from repurchase agreement transactions:

a) Funds Provided Under Repurchase Agreements:

	31 December 2020	31 December 2019
Funds Provided Under Repurchase Agreements	3.545.993	178.604
Total	3.545.993	178.604

5. Marketable Securities Issued (Net):

	31 December 2020		31 December 2019	
	TP	YP	TP	YP
Bills	499.200	-	760.000	-
Bonds	63.846	-	-	-
Total	563.046	-	760.000	-

6. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

None (31 December 2019: None).

7. Explanations on lease obligations (Net):

	31 December 2020		31 December 2019	
	Gross	Net	Gross	Net
Less Than 1 Year	6.758	6.368	7.578	6.964
Between 1-4 Years	47.354	34.720	72.701	54.340
More Than 4 Years	121.683	79.866	168.269	105.875
Total	175.795	120.954	248.548	167.179

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations and Disclosures Related to the Liabilities (continued)

8. Information on derivative financial liabilities at fair value through other comprehensive income:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	-	-	-	-
Total	-	-	-	-

As of 31 December 2020, The Bank has no cash flow hedge (31 December 2019: TL None).

9. Information on provisions:

- a) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (31 December 2019: None).
- b) Information on employee termination benefits and unused vacation accrual:
- b.1) Information on employee termination benefits and unused vacation accrual:

	31 December 2020	31 December 2019
Employee termination benefit provision	16.611	8.216
Unused vacation provision	7.895	6.355
Total of provision for employee benefits	24.506	14.571

The Bank reserved for employee severance indemnities using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits" for all its employees who is retired or whose employment is terminated, called up for military service or died.

- b.2) Movements in the employee termination benefit provision during the year:

	31 December 2020	31 December 2019
Balance at the beginning of period	8.216	6.644
Service Cost	2.439	609
Interest expense	1.878	325
Actuarial gain/loss (*)	5.717	2.543
The amount of provision	(1.640)	(1.905)
Balance at the end of period	16.611	8.216

(*) Recognized in other comprehensive income.

	Current Period	Prior Period
Discount rate in real terms	%3,01	%3,83
Interest rate	%12,80	%13,00
Estimated salary/ Employee termination benefit increase rate	%9,50	%8,83

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations and Disclosures Related to the Liabilities (continued)

9. Information on provisions (continued):

c) Information on other provisions:

- c.1) Provisions for possible losses: None. (31 December 2019: None).
- c.2) The breakdown of the sub accounts if other provisions exceed 10% of the grand total of provisions: Other provisions consist of litigation provision amounting to TL 27.000 (31 December 2019: TL 32.500), provision for credit cards promotion and banking services amounting to TL 3.316 (31 December 2019: TL 253) and other provisions amounting to TL 55.787 (31 December 2019: TL 45.371).
- c.3) Expected loss provisions for non-cash loans: TL 52.054 (31 December 2019: TL 24.936 provision).
- c.4) Information on provisions for non-cash loans that are non-funded and non-transformed into cash: TL 9.888 (31 December 2019: TL 9.800 provision).
- d) Liabilities on pension rights: None.
- d.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2019: None).
- d.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None (31 December 2019: None).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations and Disclosures Related to the Liabilities (continued)

10. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of 31 December 2020, the Bank has no provision of corporate income tax (31 December 2019: None).

a.2) Explanations on taxes payable:

	31 December 2020	31 December 2019
Withholding tax on deposits	26.116	19.086
BITT	9.026	12.579
Payroll Tax	4.339	3.638
Property Tax	1.279	483
Value Added Tax Payable	2.654	1.581
Stamp Tax	160	115
Corporate Taxes Payable	17.847	-
Foreign Exchange Tax	649	457
Other	533	503
Total	62.603	38.442

a.3) Information on premiums:

	31 December 2020	31 December 2019
Social Security Premiums-Employee	1.895	1.638
Social Security Premiums-Employer	2.147	1.841
Unemployment Insurance-Employer	265	229
Unemployment Insurance-Employee	132	115
Bank Social Aid Pension Fund Premium-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Other	-	-
Total	4.439	3.823

b) Explanations on deferred tax liabilities, if any: None.

11. Information on liabilities regarding assets held for sale and discounted operations: None (31 December 2019: None).

12. Information on subordinated loans:

	31 December 2020 (*)		31 December 2019	
	TL	FC	TL	FC
Debt instruments to be included in core capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	2.109.077	-	1.735.813
Subordinated loans	-	-	-	-
Subordinated debt	-	2.109.077	-	1.735.813
Total	-	2.109.077	-	1.735.813

(*) The Bank, on August 1, 2017 issued the Basel III compliant, 10 year, semi-annual fixed 7,625% coupon paying bond of USD 300 million to foreign domicile investors. The bond, with the permission of BRSA dated July 17, 2017 was classified as Tier II sub-loan. The Bank, pursuant to the approval of the BRSA on 26 September 2018, As of 31 December 2020, the total amount of Tier II sub-loan the Bank has bought back amounts to USD 24.535 thousand. The Bank has not redeemed or cancelled the shares in circulation, thus selling back any portion of such amount at any time is completely at the Bank management's discretion.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations and Disclosures Related to the Liabilities (continued)

13. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of 31 December 2020 the Bank's paid in capital consists of TL 3.288.842.000 shares which nominal value is TL 1(full TL).

TL	31 December 2020	31 December 2019
Common stock (*)	3.288.842	3.288.842
Preferred stock	-	-
Total	3.288.842	3.288.842

(*) Nominal Capital

b) The registered capital system is not applied in the bank.

c) Information on share capital increases from revaluation funds in the current period: None.

d) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

e) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank takes timely action to strengthen its equity in accordance with previous indicators of the Bank's income, profitability and liquidity and taking into consideration and evaluations made within the frame of those indicators and changes in accounting policies.

f) Information on preferred shares: None.

g) Information on preferred shares: None.

h) Information on marketable securities value increase fund:

	31 December 2020		31 December 2019	
	TP	YP	TP	YP
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(3.645)	67.711	15.250	20.802
Foreign Exchange Difference	-	-	-	-
Toplam	(3.645)	67.711	15.250	20.802

i) Information on legal reserves:

	31 December 2020	31 December 2019
Primary Legal Reserves	29.705	26.149
Secondary Legal Reserve	-	-
Other Legal Reserves Per Special Legislation	-	-
Total	29.705	26.149

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanations and Disclosures Related to the Liabilities (continued)

The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 26, 2020 to book legal reserves of TL 3.556, which is 5% of the distributable net statutory profit of TL 71.122 and the remaining amount of TL 67.566 has been decided to be reserved as extraordinary reserves.

j) Earnings per share:

	31 December 2020	31 December 2019
Bank's profit	134.209	71.122
Weighted Average Number of Issued Ordinary Shares (Thousand)	3.288.842	3.288.842
Earnings Per Share (Full TL)	0,041	0,022

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

The Law No. 7244 on the Reduction of the Effects of the Coronavirus (COVID-19) Epidemic on Economic and Social Life and the Law Amending Certain Laws ("Law") was published in the Official Gazette dated 17 April 2020. In accordance with the aforementioned Law, the Turkish Commercial Code numbered 6102 was amended and restrictions and restrictions regarding the distribution of profits were foreseen. The mentioned regulation has been implemented as of the publication date of the Law.

Within the scope of this regulation, capital companies will be able to decide to distribute only 25% of the 2019 net profit for the general assemblies they will hold until 31 December 2020, and prior-years' profits and free reserves will not be subject to profit distribution. In addition, the board of directors can not be authorized by the general assembly to distribute advance dividends. The duration of such restrictions and restrictions may be extended or shortened by a decision of the President for three months.

i) Main principles of liquidation policies of non-performing loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 26333 dated November 1, 2006; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree. As of 30 September 2020, the net amount after provisions of the non-performing loans and receivables in the fifth group (in Stage 3) is TL 1.182.816 (31 December 2019: TL 774.212).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	31 December 2020	31 December 2019
Forward asset purchase and sales commitments	3.386.417	1.919.570
Loan granting commitments	430.136	181.114
Commitments for checks	48.352	57.317
Credit card limit commitments	404.739	463.581
Other irrevocable commitments (*)	19.153	17.018
Total	4.288.797	2.638.600

(*) Other irrevocable commitments includes promotion practices commitment regarding credit cards and banking services

b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letters of credits:

	31 December 2020	31 December 2019
Letters of guarantee	2.332.498	1.774.951
Letters of credit	867.081	749.939
Bank acceptance loans	9.759	395.765
Other guarantees	2.176.268	853.802
Total	5.385.606	3.774.457

b.2) Guarantees, suretyships, and similar transactions:

	31 December 2020	31 December 2019
Definite letter of guarantees	1.522.493	900.655
Temporary letter of guarantees	88.106	50.888
Other letter of guarantees	721.899	823.408
Total	2.332.498	1.774.951

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

c) Total amount of non-cash loans:

	31 December 2020	31 December 2019
Non-cash loans given to cover cash loans	631.460	675.927
With maturity of 1 year or less than 1 year	154.491	675.927
With maturity of more than 1 year	476.969	-
Other non-cash loans	4.754.146	3.098.530
Total	5.385.606	3.774.457

c.2) Information on sectoral risk breakdown of non-cash loans and irrevocable loan commitments (excluding forward asset sales and purchase commitments):

	December 31, 2020			
	TL	(%)	FC	(%)
Agricultural	29.125	1,30	80.865	2,57
Farming and raising livestock	26.865	1,20	65.553	2,08
Fores TL	-	0,00	-	0,00
Fishery	2.260	0,10	15.312	0,49
Manufacturing	797.686	35,63	1.949.874	61,97
Mining	42.302	1,89	7.656	0,24
Production	747.324	33,38	1.909.488	60,69
Electric, gas and water	8.060	0,36	32.730	1,04
Construction	312.158	13,94	189.626	6,03
Services	934.311	41,73	686.312	21,81
Wholesale and retail trade	450.413	20,12	216.509	6,88
Hotel, food and beverage services	1.790	0,08	46.455	1,48
Transportation and telecommunication	112.460	5,02	209.027	6,64
Financial institutions	286.764	12,81	175.402	5,57
Real estate and renting services	34.891	1,56	157	0,00
Self-employment services	13.679	0,61	3.646	0,12
Education services	100	0,00	-	0,00
Health and social services	34.214	1,53	35.116	1,12
Other	165.791	7,40	239.858	7,62
Total	2.239.071	100,00	3.146.535	100,00

	December 31, 2019			
	TL	(%)	FC	(%)
Agricultural	3.456	0,40	51.809	1,78
Farming and raising livestock	1.911	0,22	21.003	0,72
Fores TL	-	-	-	-
Fishery	1.545	0,18	30.806	1,06
Manufacturing	248.967	29,00	1.809.159	62,04
Mining	21.417	2,49	1.011	0,03
Production	218.808	25,49	1.803.300	61,84
Electric, gas and water	8.742	1,02	4.848	0,17
Construction	269.805	31,43	48.724	1,67
Services	324.856	37,84	963.784	33,05
Wholesale and retail trade	223.551	26,04	470.733	16,14
Hotel, food and beverage services	2.061	0,24	89.173	3,06
Transportation and telecommunication	43.586	5,08	181.102	6,21
Financial institutions	3.808	0,44	194.004	6,65
Real estate and renting services	28.643	3,34	682	0,02
Self-employment services	5.651	0,66	2.716	0,09
Education services	100	0,01	-	-
Health and social services	17.456	2,03	25.374	0,87
Other	11.444	1,33	42.453	1,46
Total	858.528	100,00	2.915.929	100,00

(*) Classified according to type of principal activity of costumers.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

c.3) Information on I st and II nd group non-cash loans:

31/12/2020	I st Group		II nd Group	
Non-cash loans	TL	FC	TL	FC
Letters of guarantee	1.655.844	405.098	31.527	240.029
Bank acceptances	-	9.759	-	-
Letters of credit	-	865.475	-	1.606
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Factoring Commitments	-	-	-	-
Other commitments and contingencies	551.700	1.624.568	-	-
Total	2.207.544	2.904.900	31.527	241.635

31/12/2019	I st Group		II nd Group	
Non-cash loans	TL	FC	TL	FC
Letters of guarantee	798.056	730.945	50.308	195.642
Bank acceptances	-	373.045	-	22.720
Letters of credit	10.164	738.588	-	1.187
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Factoring Commitments	-	-	-	-
Other commitments and contingencies	-	853.802	-	-
Total	808.220	2.696.380	50.308	219.549

2) Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading	Hedging	Trading	Hedging
	December 31, 2020	December 31, 2020	December 31, 2019	December 31, 2019
Types of trading transactions				
Foreign currency related derivative transactions (I):	36.427.263	-	39.187.657	-
Forward transactions	3.862.864	-	5.325.238	-
Swap transactions	25.857.995	-	29.258.137	-
Futures transactions	-	-	-	-
Option transactions	6.706.404	-	4.604.282	-
Interest related derivative transactions (II) :	62.107.770	-	37.866.824	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	46.926.490	-	37.458.016	-
Interest option transactions	15.181.280	-	408.808	-
Futures interest transactions	-	-	-	-
Other derivative transactions for trade (III)	18.559	-	-	-
A. Total trading derivative transactions (I+II+III)	98.553.592	-	77.054.481	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B. Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	98.553.592	-	77.054.481	-

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments
(continued)

Forward foreign currency, swap and option transactions include mainly proprietary transactions as well as customer deals, which are entered into for hedging of foreign exchange and interest rate risk purposes regardless of them being subject to hedge accounting and measured at fair value in line with Turkish accounting Standards. Both legs of every derivative transaction are aggregated in the table.

2. Information related to credit derivatives and risk exposures:

None.

3. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of jointly controlled entity (joint venture) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in jointly controlled entities (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
 - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: None.
 - b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: None.

4. Explanations on the activities carried out on behalf and account of other persons:

The Bank is engaged in trading and custody of securities on behalf of real and legal persons. The details of the securities taken into custody are presented in the off-balance sheet accounts.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations and Disclosures Related to the Statement of Profit or Loss

1. a) Information on interest on loans:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Interest on loans				
Short term loans	517.481	70.667	656.702	78.679
Medium and long term loans	501.332	553.038	867.955	640.920
Interest collected from non-performing loans	206.346	-	8.877	-
Total	1.225.159	623.705	1.533.534	719.599

b) Information on interest received from banks:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From The Central Bank of Republic of Turkey	-	-	3.208	-
From domestic banks	15.798	3.308	89.736	5.487
From foreign banks	-	43.628	44	87.404
From branches and offices abroad	-	-	-	-
Total	15.798	46.936	92.988	92.891

c) Interest received from marketable securities portfolio:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss (Net)	12.743	239	506	280
Financial assets at fair value through other comprehensive income	419.049	80.897	61.793	10.766
Financial Assets Measured at Amortized Cost	56.952	50.158	121.921	110.564
Total	488.744	131.294	184.220	121.610

2. a) Information on interest on funds borrowed:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Interest on funds borrowed				
Banks	1.022	40.307	1.815	83.014
The Central Bank of Turkey	-	-	-	-
Domestic banks	1.022	1.099	1.815	880
Foreign banks	-	39.208	-	82.134
Branches and offices abroad	-	-	-	-
Other institutions	1.250	-	-	-
Total	2.272	40.307	1.815	83.014

b) Information on interest expense to associates and subsidiaries: None.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations and Disclosures Related to the Statement of Profit or Loss (continued)

c) Information on interest expense to marketable securities issued: As of 31 December 2020, the Bank has interest expense to Tier II sub-loan issued amounting to TL 278.410 (31 December 2019: TL 271.116).

d) Distribution of interest expense on deposits based on maturity of deposits:

31 December 2020								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	6.632	-	-	-	-	-	6.632
Saving deposits	-	212.995	293.061	8.125	1.100	134.972	-	650.253
Public sector deposits	-	-	683	605	-	-	-	1.288
Commercial deposits	237	28.630	51.343	739	138	881	-	81.968
Other deposits	2	330	4.830	1.298	709	4	-	7.173
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	6.632	-	-	-	-	-	6.632
Total	239	248.587	349.917	10.767	1.947	135.857	-	747.314
Foreign Currency								
Foreign currency deposits	117	35.218	185.481	15.707	1.660	1.622	-	239.805
Bank deposits	-	41	-	-	-	-	-	41
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	7	34	2	-	-	-	43
Total	117	35.266	185.515	15.709	1.660	1.622	-	239.889
Grand Total	356	283.853	535.432	26.476	3.607	137.479	-	987.203

31 December 2019								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TL								
Bank deposits	-	2.579	-	-	-	-	-	2.579
Saving deposits	-	347.164	524.433	49.948	20.581	117.380	-	1.059.506
Public sector deposits	-	-	169	191	-	-	-	360
Commercial deposits	25	42.163	99.250	1.662	1.313	4.080	-	148.493
Other deposits	-	694	11.187	120	488	173	-	12.662
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	25	392.600	635.039	51.921	22.382	121.633	-	1.223.600
Foreign Currency								
Foreign currency deposits	161	56.362	244.992	20.591	3.452	1.779	-	327.337
Bank deposits	-	2.381	-	-	-	-	-	2.381
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	161	58.743	244.992	20.591	3.452	1.779	-	329.718
Grand Total	186	451.343	880.031	72.512	25.834	123.412	-	1.553.318

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations and Disclosures Related to the Statement of Profit or Loss (continued)

3. Information on Dividend Income: None (31 December 2019: TL 13).

4. Information on net trading income:

	31 December 2020	31 December 2019
Income	76.154.246	44.640.091
Gains on capital market operations	89.313	34.523
Gains on derivative financial instruments	3.996.352	2.749.286
Foreign exchange gains	72.068.581	41.856.282
Losses (-)	76.111.358	44.629.242
Losses on capital market operations	46.856	6.144
Losses on derivative financial instruments	4.084.373	2.569.644
Foreign exchange losses	71.980.129	42.053.454
Net Amount	42.888	10.849

5. Information on other operating income:

	31 December 2020	31 December 2019
Income from Reversal of Prior Years' Provisions	381.962	171.114
Other Income	48.424	20.625
Total	430.386	191.739

6. Provision for impairment of loans and other receivables:

a) Expected credit loss provisions:

	31 December 2020	31 December 2019
Expected Credit Loss Provisions	769.366	536.037
12-Month Expected Credit Losses (Stage 1)	83.026	2.406
Significant Increase In Credit Risk (Stage 2)	249.094	6.575
Credit-Impaired (Stage 3)	437.246	527.056
Impairment Provisions For Financial Assets	-	-
Financial Assets At Fair Value Through Profit Or Loss	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-
Impairment Provisions Related To Investments In Associates, Subsidiaries And Jointly Controlled Partnerships (Joint Ventures)	-	-
Investments in associates	-	-
Subsidiaries	-	-
Jointly controlled partnerships (joint ventures)	-	-
Other	-	-
Total	769.366	536.037

b) Other Provisions:

As of 31 December 2020, there is no provision for possible risks. As of 31 December 2019, provision for possible risks amounting to TL 11.940 is included.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Explanations and Disclosures Related to the Statement of Profit or Loss (continued)

7. Information on other operating expenses:

	31 December 2020	31 December 2019
Employee termination benefit provision	2.677	934
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Amortization expenses of fixed assets	55.130	48.305
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	32.845	31.408
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Amortization expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	293.060	302.461
Leasing expenses related to TFRS 16 exemptions (*)	2.728	6.854
Maintenance expenses	6.786	9.653
Advertisement expenses	17.505	21.059
Other expenses (**)	266.041	264.895
Loss on sales of assets	3.423	-
Other	-	-
Total	387.135	383.108

(*) Includes all operating lease expenses.

(**) Other operating expenses majorly consist of IT expenses, premiums for saving deposit insurance fund, auditing and consultancy services, credit card related expenses, support services, taxes, duties and charges and other expenses.

8. Information on profit/(loss) from continued and discontinued operations before taxes:

As of 31 December 2020, the Bank's profit before tax from continued operations is TL 167.926 (31 December 2019: TL 90.078).

9. Information on tax provision for continued and discontinued operations:

As of 31 December 2020, The Bank has deferred tax expense amounting to TL 12.832 and corporate tax expense amounting to TL 20.885 (31 December 2019: TL 18.956 deferred tax expense).

10. Information on net profit/(loss) from continued and discontinued operations:

As of 31 December 2020, the Bank's net profit from continued operations is TL 134.209 (31 December 2019: TL 71.122).

11. The explanations on net income / loss for the period:

- Any further explanation on operating results needed for better understanding of Bank's performance: The Bank has sold its financial assets has nominal value of USD 138.000 and issued by Lebanese Government on 20 February 2020, before its maturity due to credit risk increase. Due to this sale, the Bank has reflected Banking Insurance Transaction Tax amounting to TL 20.544 to its financial statements.
- Financial effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

None.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

1. Information on dividends :

The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 29, 2020 to book legal reserves of TL 71.122, which is 5% of the distributable net statutory profit of TL 3.556 and the remaining amount of TL 67.566 has been decided to be reserved as extraordinary reserves.

2. Explanations on share certificates position risk from banking book:

Bank, Section III. Section and Section Four XI. As explained in the section, it applies cash flow hedge accounting and as of 31 December 2020, there is TL 42.656 after tax in the hedging funds (effective part) account in equity (31 December 2019: TL 44.600).

3. Changes on after revaluation of financial assets at fair value through other comprehensive income:
None (31 December 2019: None).

4. Reconciliation of currency rate differences at the beginning and end of the period: None (31 December 2019: None).

5. Effects of previous adjustments on the opening balance sheet: None (31 Aralık 2019: None).

6. Explanations on issuance of share certificates None (31 December 2019: None).

VI. Explanations and Disclosures on Statement of Cash Flows

1. The effects of the other items stated in the statement of cash flows and the changes in foreign currency exchange rates on cash and cash equivalents:

"Others" line amounting to TL 932.048 also includes the effect of change in foreign exchange rate on cash and cash equivalents.

"Net increase/decrease in other liabilities" line amounting to TL 457.405 in "Changes in bank operations assets and liabilities" consists of changes in miscellaneous payables, other liabilities and tax liability.

"Net increase/decrease in other assets" line amounting to TL 1.380.849 consists of changes in temporary accounts.

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the statement of cash flow:

Beginning of the period	Current Period	Prior Period
Cash	1.790.375	2.595.355
Cash in TL/foreign currency	192.338	175.198
Central Bank of Republic of Turkey	1.598.037	2.420.157
Cash equivalents	4.619.150	2.692.187
Receivables from banks and other financial institutions	2.559.150	2.002.187
Receivables from money market placements	2.060.000	690.000
Total cash and cash equivalents	6.409.525	5.287.542

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations and Disclosures on Statement of Cash Flows (continued)

2. Cash and cash equivalents at beginning and end of period (continued):

End of the period	Current Period	Prior Period
Cash	2.478.711	1.790.375
Cash in TL/foreign currency	284.213	192.338
Central Bank of Republic of Turkey	2.194.498	1.598.037
Cash equivalents	1.535.148	4.619.150
Receivables from banks and other financial institutions	1.225.148	2.559.150
Receivables from money market placements	310.000	2.060.000
Total cash and cash equivalents	4.013.859	6.409.525

VII. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) 31 December 2020:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	2.497	86.071	-	125
Balance at end of period	-	-	-	24.198	-	526
Interest and commission income	-	-	52	-	-	-

31 December 2019:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	2.587	57.898	-	125
Balance at end of period	-	-	2.497	86.071	-	125
Interest and commission income (*)	-	-	149	-	-	-

(*) As of 31 December 2019.

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. Explanations on the Risk Group of the Bank (continued)

b.1) Information on related party deposits balances:

31 December 2020:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	-	-	33.814	452.934	1.686	1.326
Balance at end of period	-	-	641.592	33.814	5.162	1.686
Interest on deposits (*)	-	-	89	2.979	645	193

b.2) Information on forward and option agreements and other similar agreements made with related parties:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities and real persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial assets at fair value through profit and loss						
Balance at beginning of period	-	-	11.966.589	10.673.688	-	-
Balance at end of period	-	-	22.328.683	11.966.589	-	-
Total loss/ profit (*)	-	-	701.616	440.620	-	-

(*) Represents derivative financial assets due to outstanding IRS transactions with the Bank's parent company, Bank Audi sal and does not have any material impact on the Bank's performance as such transactions are backed-to-back with third parties almost with similar terms.

b.3) Explanation on the benefits granted to the executive management of the Bank:

Gross payment made to the executive management as of 31 December 2020 is TL 25.486 (31 December 2019: TL 14.231).

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VIII. Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of bank

	Number of Branches	Number Of Employees			
Domestic Branches	48	1.109			
			Country		
Foreign Representative Offices	-	-	-		
				Total Assets	Legal Capital
Foreign Branches	-	-	-	-	-
Off-shore Banking Branches	-	-	-	-	-

VII. Explanations and Disclosures Related To Subsequent Events

None

Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

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AS OF 31 DECEMBER 2020
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SECTION SIX

OTHER EXPLANATIONS

I. Other explanations on the Bank's operations

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. Explanations on Independent Auditors' Report

The unconsolidated financial statements for the period ended 31 December 2020 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative). The auditor's report dated 11 February 2021 is presented preceding the unconsolidated financial statements.

II. Explanations and Notes Prepared By Independent Auditor

None.

The logo features a stylized 'O' composed of two overlapping circles. The left circle is dark blue, and the right circle is a lighter shade of blue. The word 'odeabank' is written in a white, lowercase, sans-serif font, centered horizontally and partially overlaid by the 'O' graphic.

odeabank

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