

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

Odea Bank Anonim Şirketi

**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.

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

As of 31 December 2020, loans measured at amortised cost comprise 53% of the Bank's total assets.

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").

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.

The significant assumptions and estimates of the Bank's management are as follows:

- significant increase in credit risk
- incorporating the forward looking macroeconomic information in calculation of credit risk
- design and implementation of expected credit loss model

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.

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.

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.

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.

How the matter is addressed in our audit

Our procedures for auditing the expected credit losses on loans include below:

- 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

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:

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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**

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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 Statue, Changes in the Existing Statue

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	Current Period		Prior Period	
	Share Amount	Share Ratios	Share Amount	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.

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
	Ayşe Botan BERKER (**)	Member of the Board of Directors	Ph.D. Degree
Member of the Board of Directors and General Manager	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.

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

	Note Ref (Section Five)	Audited Current Period 31 December 2020			Audited Prior Period 31 December 2019		
		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		3.153.323	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	I-10	-	-	-	-	-	-
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

	Note Ref. (Section Five)	Audited Current Period 31 December 2020			Audited Prior Period 31 December 2019		
		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		
		TL	FC	Total	TL	FC	Total
		Note Ref. (Section Five)					
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	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	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	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	5.013.900
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.

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+...+XVD)	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.

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

						Other Comprehensive Income/Expense Items Not To Be Recycled To Profit and Loss			Other Comprehensive Income/Expense Items To Be Recycled To Profit and Loss						
		Paid- In Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Tangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Recycled to Profit or Loss)	Translation Differences	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	Profit Reserves	Prior Period Income and Losses	Current Year Income and Losses	Total Shareholders' Equity
Current Period 31/12/2020															
I.	Balance at the beginning of the period	3.288.842	-	-	(2.198)	-	(2.543)	6.530	-	36.052	(44.600)	(53.624)	-	71.122	3.299.581
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I-II)	3.288.842	-	-	(2.198)	-	(2.543)	6.530	-	36.052	(44.600)	(53.624)	-	71.122	3.299.581
IV.	Total comprehensive income (loss)	-	-	-	-	-	(4.639)	(3.279)	-	28.014	1.944	-	-	134.209	156.249
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	71.122	-	(71.122)	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves (*)	-	-	-	-	-	-	-	-	-	71.122	-	-	(71.122)	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	End Balance (III+IV+.....+X+XI)	3.288.842	-	-	(2.198)	-	(7.182)	3.251	-	64.066	(42.656)	17.498	-	134.209	3.455.830

(*) 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.

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

	Note (Section Five)	Paid- In Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss			Profit Reserves	Prior Period Income and Losses	Current Year Income and Losses	Total Shareholders' Equity	
						Tangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)					
I.	Prior Period 31/12/2019															
II.	Balance at the beginning of the period	3.288.842	-	-	(2.198)	-	(551)	4.745	-	(20.043)	(68.858)	735	-	17.150	3.219.822	
2.1	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	(71.509)	-	-	(71.509)	
2.2	Correction of error (*)	-	-	-	-	-	-	-	-	-	-	(10.047)	-	-	(10.047)	
2.2	Changes in accounting policies (**)	-	-	-	-	-	-	-	-	-	-	(61.462)	-	-	(61.462)	
III.	New Balance (I-II)	3.288.842	-	-	(2.198)	-	(551)	4.745	(551)	(20.043)	(68.858)	(70.774)	-	17.150	3.148.313	
IV.	Total comprehensive income (loss)	-	-	-	-	-	(1.992)	1.785	-	56.095	24.258	-	-	71.122	151.268	
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	17.150	-	(17.150)	-	
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers to legal reserves (***)	-	-	-	-	-	-	-	-	-	-	17.150	-	(17.150)	-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	End Balance (III+IV+.....+X+XI)	3.288.842	-	-	(2.198)	-	(2.543)	6.530	-	36.052	(44.600)	(53.624)	-	71.122	3.299.581	

(*) 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.

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.

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.

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.

ODEA BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(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.

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.

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.

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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.

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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.

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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:

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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.

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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.

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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.

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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:

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

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

- a) Accumulated depreciation and accumulated impairment losses are deducted and
- b) 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:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) 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.

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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.

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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

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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.

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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

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I. Explanations on Equity (continued)

	Current Period 31 December 2020
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)	3.602.694
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)	-

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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 %.

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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

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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)	-

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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.

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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.

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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.

	2018	2019	2020	2021	2022
EQUITY COMPONENTS					
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

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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.

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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).

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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.

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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	17.403.637	450.528	3.501.663	871.011	3.639	-	-	-	-	1.715.238	36.413.680
European Union Countries	-	-	-	186.085	-	1.971.486	9.349	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	192.593	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	13.259.873	859.046	4.889.976	801.222	14.730	-	-	-	-	1.585.767	28.904.343
European Union Countries	-	-	-	40.886	-	1.547.805	1	436	-	-	-	-	-	-	-	-	1.589.128
OECD Countries (**)	-	-	-	-	-	447.437	-	138	-	-	-	-	-	-	-	-	447.575
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	832.071	-	3	-	-	-	-	-	-	-	-	832.074
Other Countries	826.273	-	-	-	-	461.152	339.768	2.928	59	-	-	-	-	-	-	-	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

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II. Explanations on Credit Risk (continued)

Risk Classifications (*)

Sector concentrations for cash loans:

31 December 2020

Sectors/Counterparties (**)	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 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	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 Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	66.851	1	1.030	-	-	-	-	-	-	10.124	57.758	67.882
2 Manufacturing	-	-	-	-	-	-	7.256.855	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	-	-	-	-	2.929.603	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	-	-	-	-	-	-	3.441.265	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	17.631	149.171	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	6	-	-	-	-	494.262	227.081	721.343
5 Other	10.598.007	47.188	-	769.863	2	1.686.048	1.702.989	410.716	502.116	38.385	608	-	-	-	-	1.715.238	8.754.090	8.717.070
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

(*) 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

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II. Explanations on Credit Risk (continued)

Risk Classifications (*)

Sector concentrations for cash loans:

31 December 2019

Sectors/Counterparties (**)	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 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	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 Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	60.627	11	1.005	-	-	-	-	-	-	8.009	53.634	61.643
2 Manufacturing	-	-	-	-	-	-	5.882.757	32.745	596.209	257.499	2.288	-	-	-	-	2.770.941	4.000.557	6.771.498
2.1 Mining and Quarry	-	-	-	-	-	-	103.011	2.516	75.207	41.019	-	-	-	-	-	196.998	24.755	221.753
2.2 Production	-	-	-	-	-	-	4.504.275	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
4 Services	839.639	-	-	71.596	-	3.317.647	3.630.333	60.686	1.425.636	307.929	7.222	-	-	-	-	2.878.660	6.782.028	9.660.688
4.1 Wholesale and Retail Trade	826.274	-	-	30.710	-	-	1.053.942	42.405	261.376	134.485	26	-	-	-	-	983.792	1.365.426	2.349.218
4.2 Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	999.868	2.671	870.121	142.788	-	-	-	-	-	286.631	1.728.817	2.015.448
4.3 Transportation and Communication	-	-	-	-	-	-	762.187	7.852	89.403	17.753	1	-	-	-	-	293.883	583.313	877.196
4.4 Financial Institutions	13.365	-	-	40.886	-	3.317.647	50.760	1.739	28.009	4.960	7.176	-	-	-	-	636.405	2.828.137	3.464.542
4.5 Real Estate and Renting Services.	-	-	-	-	-	-	58.038	1.047	8.952	3.025	16	-	-	-	-	19.999	51.079	71.078
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education Services	-	-	-	-	-	-	46.143	1.345	34.658	3.856	3	-	-	-	-	70.939	15.066	86.005
4.8 Health and Social Services	-	-	-	-	-	-	659.395	3.627	133.117	1.062	-	-	-	-	-	587.011	210.190	797.201
5 Other	6.097.095	-	-	96.418	2	1.226.956	1.356.028	749.042	429.944	-	2.049	-	-	-	-	1.585.767	4.451.579	7.091.722
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	12.541.407	20.861.893

(*) 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

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II. Explanations on Credit Risk (continued)

Distribution of time exposures according to Remaining Maturities:

31 December 2020

Risk Types (*)	Time to Maturity						Over 1 Year	Total
	Demand	1 Month	1-3 Months	3-6 Months	6-12 Months			
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						Over 1 Year	Total
	Demand	1 Month	1-3 Months	3-6 Months	6-12 Months			
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.

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II. Explanations on Credit Risk (continued)

Risk by Risk Weights Balances:

Risk Weights (*) Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from the shareholders' equity	Total
Amount before the credit													
1 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													
2 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 (IFRS 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 (IFRS 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.

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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

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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.

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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.

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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

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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.

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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

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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.

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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.

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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
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.

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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.

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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.

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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:

		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
Current Period- 31 December 2020					
HIGH QUALITY LIQUID ASSETS					
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.

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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:

		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
Prior Period- 31 December 2019					
HIGH QUALITY LIQUID ASSETS					
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.

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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 Week	145,68	140,19	289,24	295,28
	01.01.2021	06.11.2020	25.10.2019	08.11.2019
Highest Week	225,51	294,45	574,28	506,73
	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 (Gap)/ 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 (Gap)/ 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.

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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

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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	Prior Period	
	31 December	31 December	
	2020 (*)	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.

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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:

IFRS 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.

- Quoted market prices (non-adjusted) (1st level)
- 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)
- 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.

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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 31 December 2020	Prior Period 31 December 2019	Current Period 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

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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	-

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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	-

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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.

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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.

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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

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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.

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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.

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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

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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

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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.

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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%

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X. Explanations on Risk Management (continued)

9. Standard approach – exposures by asset classes and risk weights

Current Period - 31.12.2020 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	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

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X. Explanations on Risk Management (continued)

Current Period - 31.12.2019									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	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.

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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

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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	-	-	-	-	-	-	-	-	-
Internatinal Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	56.122	190.088	-	-	-	-	106.268
	-	-	-	-	-	129.255	-	-	-
Corporate receivables	-	-	-	-	-	-	800.871	-	1.330.562
Retail receivables	-	-	-	-	1.502	-	-	-	1.126
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	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	-	-	-	-	-	-	-	-	-
Internatinal 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.

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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

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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.

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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

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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.

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I. 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).

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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

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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

First and Second Stage Expected Loss Provisions	31 December 2020		31 December 2019	
	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.

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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

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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

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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

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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.

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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

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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).

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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

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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).

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I. Explanations and Disclosures Related to the Assets (continued)

12. Information on tangible assets (Net):

	Closing Balance December 31,					Change in estimate	Ending Balance December 31, 2020
	2019	Additions	Disposals	Other			
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
	Closing Balance December 31,					Change in estimate	Ending Balance December 31, 2020
	2019	Additions	Disposals	Other			
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,					Change in estimate	Ending Balance December 31, 2020
	2019	Additions	Disposals	Other			
Cost:							
Software cost	239.499	55.401	-	-	-	-	294.900
Other intangible assets	-	-	-	-	-	-	-
Total Cost	239.499	55.401	-	-	-	-	294.900
	Closing Balance December 31,					Change in estimate	Ending Balance December 31, 2020
	2019	Period Charge	Disposals	Other			
Accumulated Depreciation:							
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).

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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).

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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).

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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 Months- 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

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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

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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

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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

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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).

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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.

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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

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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).

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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

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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.

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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	
	TL	FC	TL	FC
Non-cash loans				
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	
	TL	FC	TL	FC
Non-cash loans				
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	
	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	-

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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.

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IV. Explanations and Disclosures Related to the Statement of Profit or Loss

1. a) Information on interest on loans:

Interest on loans	31 December 2020		31 December 2019	
	TL	FC	TL	FC
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:

Interest on funds borrowed	31 December 2020		31 December 2019	
	TL	FC	TL	FC
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.

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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

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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.

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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.

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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

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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.

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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).

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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

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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.