

**We work for an  
equal future**

**odeabank**

Annual Report 2021

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As Turkey's young, dynamic and innovative bank, we are proud to take part in and run projects that make a difference. With our "Fair Tales" project, in which we interpret the world's classic tales from a gender equal perspective, we aim to raise understanding among parents and contribute to a change in public awareness. Through the project, the recipient of numerous prestigious awards, we advance our "more than it seems" approach at full steam so that our children can wake up to an equal future.

RETELD BY  
MEYSİM YENİET  
**LITTLE RED  
RIDING HOOD**  
CHARLES PERCIVAL  
ILLUSTRATED BY  
CEMRE AĞSLAN



odotbank  
**FAIR**  
OKUL

RETELD BY  
MEHMET GÜLSÖY  
**CINDERELLA'S  
RIDDLE**  
BROTHERS GRIMM  
ILLUSTRATED BY  
GİZET KAYMAK



odotbank  
**ESit**  
MAYALAN


RETELD BY  
CANZE AĞSLAN  
**RAPUNZEL**  
BROTHERS GRIMM  
ILLUSTRATED BY  
SENA KARAKUS



odotbank  
**FAIR**  
OKUL

# A project that raises awareness

Equality is a basic human right as well as being essential to the sustainable development of societies. Sustainable social development is possible where women contribute equally to community development. As Odeabank, our aim in championing this project was to embed the idea of equality fully and positively in children's minds from a young age, while raising awareness of this issue among parents.



# **Gender equal tales that reach hundreds of thousands of people**

The positive feedback we have received confirms that our efforts are on the right track, motivating us to take the project further. Since we launched the Fair Tales project, we have re-interpreted five world classic tales from a gender equality point of view. We have gifted 310,000 printed books so far, and our digital books have been viewed over 200,000 times on our website.





Güneş batmış üzereyken Kırmızı Başlıklı Kız birden,  
"Eyvah! Çok oyalandım. Kırabiyelen anneme  
gölmeliyim, Otman yolundan ayrılmalıyım,"  
diye telaşlanıy.

Kızlar da, "Biz seni  
biliyoruz," demiyorlar. H  
Annemesinin evine var  
birbirlerine veda edip ayrıl





# Towards gender equality

We are leaning towards social problems with our approach beyond appearances. We signed up to the United Nations' Women's Empowerment Principles, a private sector initiative of the UN, and with our signature, we have acknowledged our support for its women-friendly policies.

In line with this approach, we provided gender equality training to more than 350 colleagues in cooperation with Equality Matters, a social enterprise of Mother Child Education Foundation (AÇEV).

We continue to raise awareness with the collaborations and projects we have developed in this field.

# Celebrating our 9<sup>th</sup> year in the sector

We established our presence in the banking sector in 2012, whereupon we became the first bank in 15 years to be licensed from scratch. And since then we have consistently delivered successful performance. Within a very short time we came to rank among the top 10 institutions by asset size among private deposit banks.



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odeabank



# Continuing our advance despite challenging conditions

We have consistently exhibited successful performance since the first day of our establishment. Being Turkey's young, dynamic and innovative bank, we continue to grow despite prevailing uncertainty in internal and external markets. And as we continue our contribution to the growth of the Turkish economy, our gross loans have reached TL 27.6 billion and our net profit has scaled TL 206 million, a rise of 53%.





# Section 01

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## **Introduction**

# Chair's Message

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At Odeabank, we have focused predominantly on the active support of the financing needs of our customers as well as the community we serve while improving our customer experience.

**Our commitment to the Turkish society continues to be visible through our dynamic social responsibility activities.**

Dear Shareholders,

Since the end of 2019, the Covid-19 pandemic continues to have a significant impact on our livelihood globally exacerbating social and economic challenges. Although it is expected to continue to spread around the world for years to come thanks to the emergence of new variants, the sustained roll out of vaccination is allowing for a more optimistic outlook of global growth forecasts by international organizations, albeit tempered by the advent of supply constraints and inflationary developments, triggering, in turn, a need for central banks to normalize monetary policies followed since the outset of the pandemic, a direction followed by many so far.

In Turkey, economic growth which resumed in the middle of last year and scaled to a periodic high in the second quarter of 2021 before continuing with a solid performance in the third and fourth quarter of the year, is expected to reach 9.0% in full year 2021, exceeding forecasts while highlighting a balanced domestic and foreign demand composition. Over

the coming period, global inflationary trends and changes in monetary policies at large as well as the evolution of the pandemic impacting the services sector will continue to be the principal determinant of the economic and banking activities.

Throughout this period, we, at Odeabank, have focused predominantly on the active support of the financing needs of our customers as well as the community we serve while improving our customer experience. On that front, Odea Bank registered successful NPS scores for "Excellent Customer Experience". Our commitment to the Turkish society continues to be visible through our dynamic social responsibility activities. To name only one, Odeabank's Oksijen Account, a product adding value to its customers' savings, turned in 2021 its 7 years anniversary. On this date, Odea Bank choose to champion the global fundamental need for oxygen and the pollution of oceans, with a contribution to the DenizTemiz Association/TURMEPA, which has assumed an important role in safeguarding the future of Turkey's seas and water resources.



On the operations front, Odea Bank adopted in 2021 a new vision and mission focusing on digitalization in line with recent market trends in parallel with the roll-out of a new hybrid & agile working model driven by the Covid-9 pandemic which combines together the benefits of working from the office and from home. With that in mind, we have revamped extensively our digital channels infrastructure so as to continue to provide the highest quality to our existing customers while increasing our outreach to potential customers in regions where the Bank does not have an existing physical infrastructure.

Business wise, Odea Bank reported in 2021 a resilient performance supported by sustained results despite the long vol-

atility period. Activity growth, although limited in real terms, continued to exceed private deposits banks performance. A close monitoring of asset quality with engaged collection efforts resulted in the NPLs ratio dropping to 7.2% from double-digit highs in 2018 while we continue to report a solid capital position exceeding regulatory minima without BRSA forbearance measures.

Going forward, we will continue to focus our efforts on reinforcing the Bank's financial standing in the face of potential reversal trends in the market. We will look as well to invest in technology and digitalization, to develop products and services in parallel to new generation banking approaches, and to support our customers and the wider community.

I would like to extend my thanks to all our stakeholders, especially our business partners, customers, and employees for their support and contribution.

Sincerely,

**DR. IMAD ITANI**  
**Bank Audi S.A.L. Board Member**  
**Odeabank Chair of the Board**

# CEO's Message

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At Odeabank, we maintain our growth by exceeding our targets, and in accordance with the conditions of the present and the period we are in, we continue our investments in digital banking without pause.

**In 2021, our  
deposits reached  
TL 38.4 billion.**

Dear Shareholders,

As you know all too well, 2020 was a year in which we witnessed unprecedented economic, social and environmental developments in recent world history. The year 2021 was also shaped by the ongoing effects of the Covid-19 pandemic and efforts to create a new normal. And as we seek to develop a new model for living that both protects public health and preserves our social and economic lives, we also strive to adapt our banking system to it.

Measures were eased and economic activities resumed once the effect of Covid-19 had been mitigated with the precautions taken. Due to increased consumer and investor confidence arising from successful and rapid nationwide vaccination, the easing of restricting measures and the resumption of normal consumer behavior in the first half of 2021, the recovery continued.

Despite the global developments resulting from the pandemic, and mirrored in Turkey, as Odeabank, we successfully implemented our customer-oriented working strategy in 2021 as well. We prioritized

efficiency and risk management more than ever and continued to perform our operations according to the priorities of our nation. Moreover, we proudly delivered on our commitment to creating added value for our shareholders in this activity period as a result of these efforts.

With the aim of developing our customer-oriented banking approach in value-generating areas, within the framework of technological developments, we aimed at using sustainable, innovative solutions and digitalization across all areas of our bank.

As the numeric data confirms, we achieved extremely successful results in 2021. This success is the result of the contributions firstly of our customers, who trusted us, our colleagues who are extremely competent throughout the branch network, our services and products focused on technology, and our dynamic banking approach. At Odeabank, we maintain our growth by exceeding our targets, and in accordance with the conditions of the present and the period we are in, we continue our investments in digital banking without pause.





We created a roadmap that we named “phygital” by combining the convenience provided by digitalization with the human touch. At Odeabank, by combining our physical and digital experience, with the phygital banking approach, we aim to offer our customers an optimal next-generation service.

Our target is to become the best “phygital” bank of Turkey and the wider region with our digital experience integrated with physical services. As a bank facilitating daily life in our focus areas, with our expertise, authentic, simple and fast service, and by contributing to sustainable public welfare, we will continue working with our full capabilities to contribute to the economic development of our country.

In 2021, we achieved strong financial results. Our loans reached a net TL 25.2 billion and our deposits reached TL 38.4 billion. With a gross loan-to-deposit ratio of 72%, the Bank maintained a robust balance sheet structure that can fund itself. In line with our long-term goals, we continue to expand the funding base and increase diversity. The provisions and our pre-tax profit are TL 1 billion, and our principal capital ratio is at 12.5%, thanks to effective management of our asset structure and strong equity structure, while our capital adequacy ratio remains above the sector average at 25.7%.

At Odeabank, we maintain growth by exceeding our targets, and in accordance with the conditions of the present and the period we are in, we continue our investments without pause. As a bank fa-

cilitating daily life in our focus areas with our expertise; authentic, simple and fast service, and contributing to sustainable public welfare, we keep working with all our power to contribute to the economic development of our country.

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

Sincerely,

**DR. MERT ÖNCÜ**  
CEO and Board Member

# Odeabank in Brief

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Odeabank, a dynamic member of the Turkish banking sector, continues to make strong contributions to the national economy by strengthening its value and position in the sector every year with its strong capital structure and expert staff.

**1,111**  
**Employees**

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

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

Operating with 48 branches and a total of 1,111 employees across the country, Odeabank takes active steps to carry its customers, shareholders and our country forward with its customer-focused strategy. The Bank conducts commercial and retail banking operations.

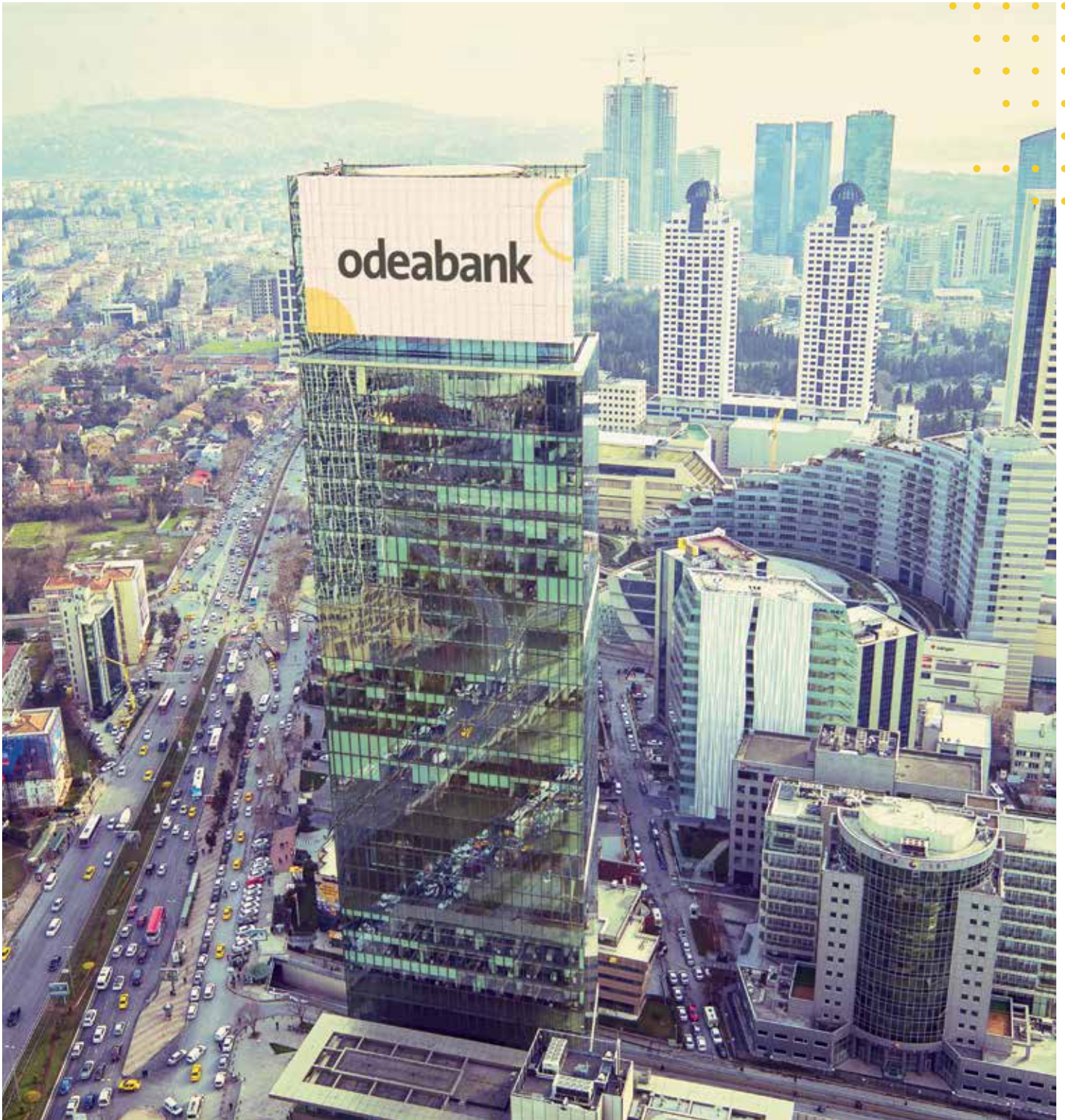
Odeabank, a dynamic member of the Turkish banking sector, celebrated its 9<sup>th</sup> anniversary in Turkey in 2021. As in the previous 9 years, it will continue to make contributions to the national economy by strengthening its value and position in the sector every year with its strong capital structure and expert staff.

Maintaining its position among private deposit banks with an asset size of TL 55.5 billion as of December 31, 2021, the Bank has become one of the most innovative and competitive banks in Turkey in a short time, thanks to its successful strategy. Through customer and service-oriented activities, Odeabank has increased its customers steadily, while maintaining development efforts and innovations in digital banking channels to address customer needs swiftly, easily and smoothly.

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

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



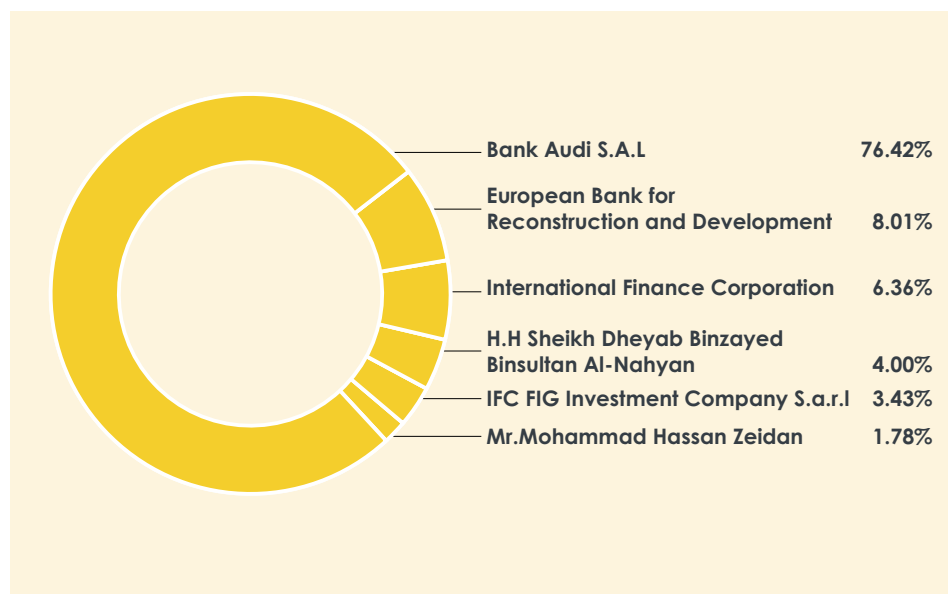


# Capital and Shareholding Structure

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

Shareholders	Number of Shares	Share Price (TL)	Shareholding Ratio
Bank Audi S.A.L	2,513,293,000	2,513,293,000	76.42%
European Bank for Reconstruction and Development	263,394,000	263,394,000	8.01%
International Finance Corporation	209,251,900	209,251,900	6.36%
H.H Sheikh Dheyab Binsultan Al-Nahyan	131,697,000	131,697,000	4.00%
IFC FIG Investment Company S.a.r.l	112,674,100	112,674,100	3.43%
Mr. Mohammad Hassan Zeidan	58,532,000	58,532,000	1.78%
<b>TOTAL</b>	<b>3,288,842,000</b>	<b>3,288,842,000</b>	<b>100.00%</b>

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



## Articles of Association

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

## Branch Network and Personnel Information

Headquartered in Istanbul, the Bank has 48 branches and 1,111 employees in Turkey as of December 31, 2021. The Bank has been authorized and organized to engage in commercial and retail banking activities within the framework of the Banking Law Article 4. The Bank does not have any direct subsidiaries operating in the financial sector.



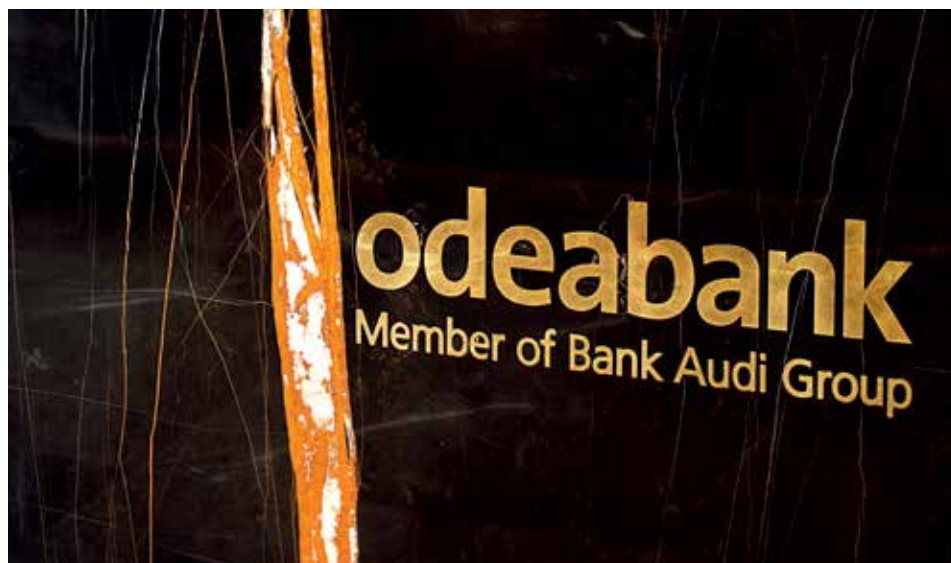
# About Bank Audi Group

The Bank Audi Group, which has one of the largest branch networks of Lebanon, has also two principal subsidiaries in the MENA region outside Lebanon, two principal subsidiaries in Europe and one in Turkey.

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

As at end-September 2021, based on unaudited financial statements, Bank Audi's consolidated assets reached USD 28 billion, principally driven by private customers' deposits of USD 20.8 billion, with shareholders' equity reaching USD 2.7 billion.

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



Founded in 1830, Bank Audi Group was incorporated in its present form in 1962 as a private joint stock company with limited liability (société anonyme libanaise) for a period of 99 years. The initial shareholders of the Bank were members of the Audi family, together with Kuwaiti investors.

Since 1983, the shareholder base has expanded and, today, the Group's shareholder base encompasses more than 1,500 holders of common shares and/or holders of Global Depositary Receipts (GDR), which represent common shares. The Bank's common shares including its GDRs are listed on the Beirut Stock Exchange.



# Turkish Economy and Turkish Banking Sector in 2021

Despite macroeconomic fluctuations and an active environment of rapid fluctuation, the banking sector maintains a strong capital capacity.

**36.08%**  
**Annual Consumer Inflation**

## Turkish Economy

The Turkish economy started to recover as of the second half of 2019. And despite recording a significant decline of 10.4% in the second quarter of 2020 due to the Covid-19 pandemic taking hold worldwide from the first quarter onward, the economy grew 1.8% for the full year, thus continuing its solid growth trend. Accordingly, Turkey was one of the few countries to achieve growth in this period. Due to the rise in consumer and investor confidence in light of successful vaccination efforts, rapid vaccination nationwide, the easing of restrictive measures, and the resumption of normal consumer behavior in the first half of 2021, the recovery continued. Maintaining its growth trend in 2021, the Turkish economy recorded 7.4% growth in the third quarter compared to the same period of the previous year.

Vaccination, which started in the first and accelerated in the second quarter of 2021, positively impacted expectations for the course of the pandemic. Due to increased production and exports, despite prevailing difficulties, a strong economic growth outlook was maintained. The industrial sector grew 11.7% in the first and 40.5% in the second quarter and thus continued to significantly contribute to GDP growth.

As a result of the increased number of cases in the second quarter of 2021, lockdown measures were briefly reimposed. Upon the success of those measures, case numbers were reduced, and as of June, restrictions were eased. Indeed, with accelerated vaccination, expectations regarding the economy improved. Considering leading indicators, we note that the strong outlook for economic activity was maintained in the third quarter of the year.

Once the impact of the Covid-19 pandemic in 2021 on the global economy and trade declined, international trade activities recovered rapidly. Of note, due to vibrant economic activity in the main export markets, increased foreign demand caused a rapid boom in exports.

In 2021, global inflation rates saw rises due to supply constraints caused by difficulties in global supply chains, demand increase due to the reopening of economies, and the effect of commodity prices. The high course of global borrowing, especially real sector and public borrowing, the ongoing pandemic with new variants, and the impact of climate change on the financial system are primary causes of uncertainty and therefore global financial instability. Accordingly, as of December

2021, annual consumer inflation has risen to 36.08%. Together with international commodity prices, energy price developments, continuing supply constraints, and supply chain issues, continuously rising producer prices continue to put pressure on consumer prices. Supply-related factors affecting inflation are expected to continue during the first half of 2022.

It is foreseen that the acceleration in growth of the global economy will continue in 2022, with the global trade volume accompanying this trend. It is also foreseen that the Turkish economy will continue to grow in 2022 with the support of financial and structural reforms in this positive economic environment.

### **Turkish Banking Sector**

The global pandemic, which began at the start of 2020 and persists today, has reshaped the world we live in. It has negatively impacted the global economy, and has also affected the banking sector financially and economically, like so many other business sectors. In particular, as of the second quarter of 2020, rising uncertainty together with the trajectory of the pandemic, as well as decreasing demand and mandatory constraints, caused economic conditions to enter a sudden and deep phase of decline. In order to reduce the negative impact of the pandemic on economies and prevent permanent damage, many countries, especially developed ones, implemented financial and monetary measures and announced support packages. In this period, where uncertainty and risk in global markets were high, many regulations were adopted to support the real sector, bank customers, and the banks themselves.

The banking sector integrated technology extremely rapidly into its business models, providing efficiency and meeting customer needs. This process brought about a crucial opportunity for the sector to consider alternative distribution channels and digital banking applications and capacities and determine sector needs.



Entering 2021 in an environment of low exchange rates and high-interest rates, the banking sector entered one of the lowest interest rate and high exchange rate when the Central Bank began to reduce policy interest rates. At the same time, inflation continues to increase due to a range of global factors

According to Banking Regulation and Supervision Agency (BRSA) data, as of December 2021, the total assets of the Turkish banking sector, which realized growth exceeding previous period averages, increased by 50% to TL 9.2 trillion. While, as of December 2021, loan growth in TL terms was 20%, and in FX -5% in USD, total growth compared to the same month of the previous year was realized at 37% as a result of the exchange rates. As of December 2021, an annual increase of 53.5% in the deposit volumes of the banks including the exchange rate effect was observed. And with this increase, the sector's total deposits exceeded TL 5.3 trillion, following the annual rise of 34.6% in 2020.

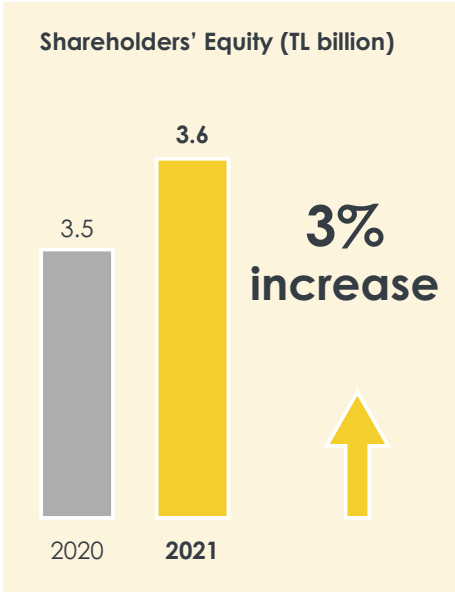
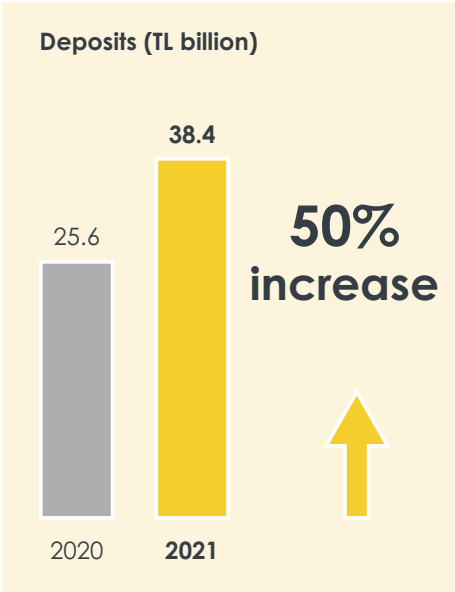
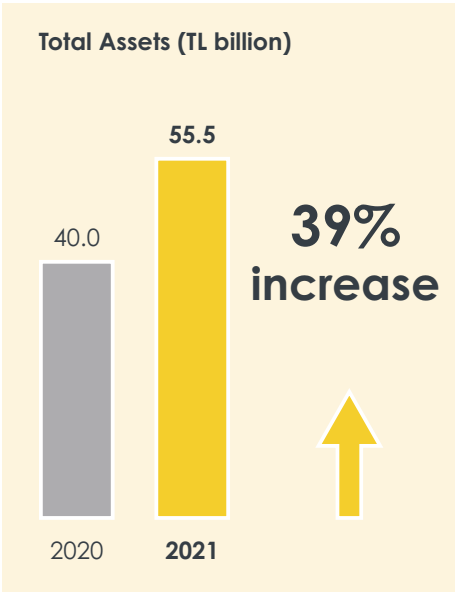
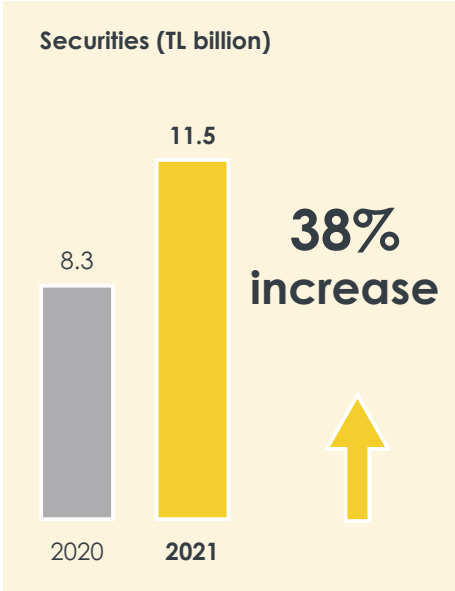
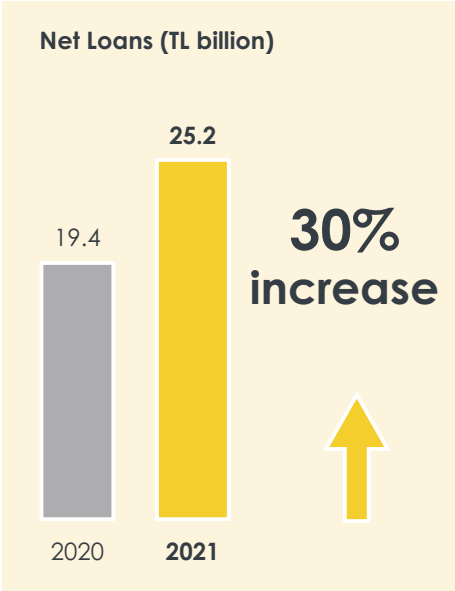
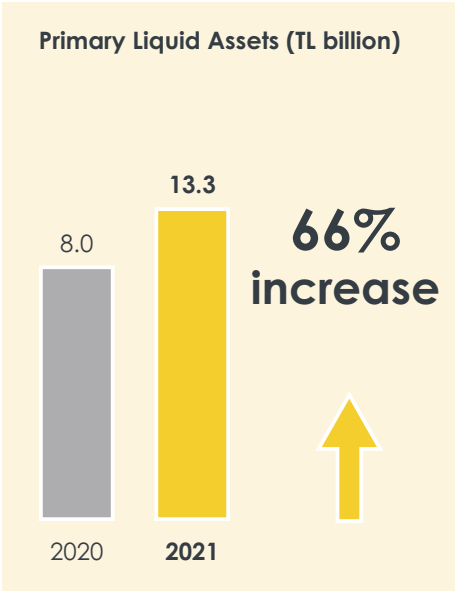
The sector saw a profit of TL 59 billion in 2020. This value indicates an increase of more than 19% in profitability. But, as of the last quarter of 2020, increasing interest rates and macroeconomic uncertainties have put pressure on profitability. Additionally, it must be stated that the possible impact of the pandemic on asset quality is not wholly behind us. Despite all these

developments, the sector generated TL 92 billion of net profit as of December 2021. The contraction of loan deposit spread caused by funding costs has driven down net interest margins, namely the main profit-generating hub of the sector. Together with the low-interest environment of the recent period, pressure on profitability expectations is expected to decrease.

Despite macroeconomic fluctuations and an active environment of rapid fluctuation, the banking sector maintains a strongly adequate capital capacity. The total capital adequacy ratio closed 2020 at 18.7%. This ratio is at 17.8% as of November 2021, indicative of a robust capital structure. The regulation implemented by the BRSA for pandemic measures, which determines the amount based on loan risks used by banks in CAR calculations, and which enables the use of average exchange rates for 252 days, supports the present strong outlook.

The sector stood strong against risks during the pandemic, where important changes were seen and operated under competitive conditions. The effects of potential crises in the national economy were mitigated by the banking sector and its a strong structure.

# Financial Indicators



# Our Vision, Mission, Values and Strategic Goals

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## Our Vision

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

## Our Mission

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

## Our Values

### Customer-Focus

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

### Employee Satisfaction

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

### Passion to Succeed

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

### Innovation

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

### High-Quality and Unique

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

## Our Strategic Goals

### For Our Customers

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

### For Our Employees

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

### For Our Society

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

### For Our Sector

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





# Section 02

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## **2021 Activities**

# Commercial Banking

Maintaining its support of commercial activities since the beginning of the Covid-19 pandemic, Odeabank understood the financial needs of its clients and offered them the right financial resources.

## 13

### Commercial Branches

**As a result of these intense efforts, Commercial Banking achieved a steady growth in its loan volume in 2021.**

Commercial Banking, elaborates creating needed financial supports while realizing its activities in a fast and customer-oriented way. In addition to strengthening its long-term relationships with existing clients, the Bank continues also to expand its portfolio with new client acquisitions. As a result of these intense efforts, Commercial Banking achieved a steady growth in its loan volume in 2021. Offering value-added services to its customers in 13 cities via 5 Commercial Centers, 13 Commercial Branches, and expert teams constituting professional human resources, Commercial Banking offers cash loans, foreign trade financing, letters of guarantee, cash management solutions, and treasury products.

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

Commercial Banking aims to expand the cash and non-cash loan portfolio in the coming year in parallel with the macro goals of Turkey while optimizing business opportunities amid evolving market conditions, developing cross-sales opportunities to customers, and maintaining sectoral diversification. The Unit will continue to work towards making its services the leading and most preferred in the banking sector by creating sustainable achievement and high-quality brand image and value.

The Commercial Banking structure is composed of the following departments:

#### Network Management

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



## Product Management

### Deposit and Cash Management

Following a customer-focused approach in 2021, too, Odeabank Cash Management continued its efforts to offer customers the right products for their needs. Caring about versatile and long-term customer relations, Odeabank offers its customers products that enable rapid and easy payment and collection processes within Cash Management.

Via the e-signature application, which provides savings, security, business continuity, and mobility, and with the addition of the s-ftp channel during 2021, the process of instruction transmission has resulted in a product capable of responding to customer needs with greater agility during the pandemic. Within this context, in 2021, the number of customers using e-signature has increased 9-fold.

In 2021, the Direct Debiting System (DDS) continued to grow, aiming to diversify the sectoral distribution of DDS main companies. As a result of these efforts, the commercial financing of the iron-steel, beverage, and paper industries has been supported. The number of dealers working with the DDS product increased by 150%, and the established total limit by 228%.

The Bulk Payment System product enables Odeabank to be included in its customers' cash flows, especially as a payment bank. Thus, the Bank has mediated 223 thousand payment transactions, providing an annual increase of 60% in transaction volume.

The Bank started to mediate the health payment transactions of the Social Security Institution, and institutions such as hospitals and pharmacies started to receive payments via Odeabank.

The Bank has started to mediate electronic bid bonds for public tenders thanks to the Takasbank Settlement and Custody Bank Public Collateral Management Platform – Public Procurement Authority cooperation implemented in 2021. Also, in 2021, tailor-made solutions offered to customers in cash collection services have been expanded.

In 2021, for corporate customers to view their account movements in different banks on one platform, the Bank collaborated with Fintechs, which provide multiple bank account management services. In 2022, Odeabank will continue to take active steps towards digitalizing its Cash Management products.

# 900%

**Rate of Increase  
in the Number of  
Customers Using  
e-Signature**

# Commercial Banking

Trade Finance and Insurance Unit will continue to support financing and guarantee needs in trade finance and insurance issues by maintaining close contact with customers through head office product managers and trade finance sales representatives positioned in the regions and its branch network, as well as the Trade Finance and Cash Management Hotline which was launched in 2021.



**Trade Finance and Insurance Unit provides marketing and sales support through a diversified product portfolio for its commercial branches' customer needs.**

Within 2022, Open Banking transactions will be focused on, and Cash Management products will be offered via the API channel.

## **Trade Finance and Insurance**

Trade Finance and Insurance Unit provides marketing and sales support through a diversified product portfolio for its commercial branches' customer

needs, actively engages in new customer acquisition, deepens the relationship with its existing customer base and leads sales campaigns.

Odeabank develops quick and boutique solutions for trade finance products. The Head Office provides solutions to support import, export and international projects via an extensive branch network and trade finance sales representatives po-

sitioned at branches. In addition to conventional trade finance products, the Bank develops tailor-made products for Odeabank customers in parallel with market dynamics, provides special solutions adapted to companies' trade finance cycles in order to minimize potential risks, creates large operational comfort zones through a branch network covering 80% of Turkish exports and experienced trade finance sales representatives positioned at branches. In 2021, the unit continued its efforts to deepen relations with customers in the field of trade finance. It focused on the activities related to exporters, the most prominent actors of Turkish economic development, and performed transactions by utilizing the trade finance opportunities created by Bank Audi's group offices and connections in the Middle East and North Africa Region. In 2022, it will continue to secure customers' trade finance transactions in various countries and especially in the MENA Region, together with the global network of the Bank Audi Group.

Odeabank has been one of the banks quickly adapting new set of rules for CBRT Rediscount Credits. Meeting with related counterparties, the Bank has played an important role in shaping the new structure of the product. Thanks to its pioneering position in the product, Odeabank provides financing in both FX and TL for its exporting customers through CBRT rediscount credits.

In addition to the trade finance transactions of commercial customers, the Unit increases cross-sales possibilities by engaging in customer's local trade cycles via letters of guarantee and domestic letters of credit. In addition, transactions with Licensed Warehouse Receipts were added to the product portfolio in 2021 providing an additional financing opportunity to companies.

Due to Covid-19, the Unit introduced online meetings practice -a first in Turkey- by replacing its conventional Trade Finance-focused customer gatherings, which used to be held quarterly basis. More than 4,500 guests attended these meetings, in which the impact of Covid-19 on macroeconomic indicators in Turkey and the world was discussed, followed by question-and-answer sessions. Along with the needs identified during the meetings, region-, city- and sector-specific financing packages being created and offered to customers. Online meetings will continue to be held during pandemics while ensuring customer contact.

Trade Finance and Insurance Unit will continue to support financing and guarantee needs in trade finance and insurance issues by maintaining close contact with customers through head office product managers and trade finance sales representatives positioned in the regions and its branch network, as well as the Trade Finance and Cash Management Hotline which was launched in 2021.

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

### **Segment Management and CRM**

The aim is to establish a strong marketing foundation and support product teams through the functions of Customer Relationship Management (CRM) and "Commercial Banking Segment Management," which were established for a strong focus on marketing activities.

### **Credit Support Management**

Responsible for preparing credit applications for Commercial Banking customers to be evaluated by the Credit Committee, coordinating the approval process and presenting to the Credit Committee.



# Retail Banking and Private Banking

In 2021, Odeabank was awarded the “Fastest Growing Private Bank of Turkey Award” by Global Banking and Finance Review.



Odeabank's primary goal is to provide customers with products and services tailored to their needs and establish long-lasting relationships based on trust.

In accordance with its customer-focused approach, Retail and Private Banking expanded its product portfolio to bring added value to the investments of its customers and continued its initiatives in this regard in 2021. The unit continued its efforts to increase customer satisfaction with its products and service approach, featuring model portfolios offering investment funds and asset distribution alternatives appropriate for different risk groups. In 2021, the Unit was awarded the “Fastest Growing Private Bank of Turkey Award” by Global Banking and Finance Review.

The FX'O platform was established in 2021 via the branch channel to provide spot and derivative transactions by quickly responding to customer expectations with competitive pricing amid changing market conditions. The platform will be launched for the direct use of its customers in 2022.

**20  
thousand+**  
“Yakından” Banking  
Customers

As of the end of 2021, Retail and Private Banking, operating in 48 branches in 16 cities across Turkey with its experienced staff, continues to develop structures that will provide the best service in deposit and investment products at each point of contact with customers by improving its service and activity processes.

The Robo Consultancy platform, which aims to offer investment funds appropriate for the needs and expectations of customers, and which will enable performance monitoring, has been opened for internal customer use and made ready to meet customers in 2022.

In line with the ability to respond to the changing needs of diverse customers, Retail Banking serves under the Affluent Banking segment for customers with assets above a specific size. The Bank aims to offer boutique services that meet customers' non-financial expectations and financial needs through Affluent Banking services. A wide range of alternatives helps customers to feel privileged. These include products and services such as dedicated RMs, rich investment product alternatives, free-of-charge EFT and money transfers through digital channels, free money withdrawal from all domestic ATMs, discounted safe deposit boxes, and the "Ayrıcalıklı" Card, explicitly designed for this segment.

Considering the needs and expectations of doctors, who do not make any sacrifice for public health, Odeabank has designed the "Care for Doctors Package," a single package with many advantages to facilitate their lives.

As a pioneer of the sector, taking the remote account opening process, launched in 2015, one step further, Odeabank Retail Banking has offered "a phygital banking experience" under the umbrella of "Yakından" Banking for the past two years. This move marks a combination of its experienced financial consultancy service and Digital Banking. Continuing its investments in this area in 2021, after adopting the regulation regarding remote identification on May 1, Odeabank became one of the leading banks to adopt the rapid and remote customer acquisition process through video calls.

Odeabank "Yakından" Banking has shown a successful growth trajectory with over 20,000 customers keen to benefit from phygital banking services with more than 20,000 customers.

In 2022, Retail and Private Banking will continue to make a difference, acquiring new customers by reaching the right target audience, transforming the world with improved process management, increased awareness, and digital marketing power.

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

### Investment Products

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

The Investment Management approach consists of five key pillars:

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

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

### Deposit Products

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

The Oksijen Account continued to play an important role in acquiring new customers in 2021. The Bank strengthened its TL and FX Retail Banking deposit base, thanks to the Oksijen Account product, with its daily demand and nightly term deposit structure, and the Oksijen Dynamic Account, which is a new product having an on-demand lower limit changing according to balance, offered to customers desiring to increase the value of their savings without the term breakdown concern. Through the Earn as You Spend campaign, customers' expenses of a total of TL 2,500 and more made with Odeabank credit or debit cards in the present month are charged to the Oksijen Accounts as plus interest rate for the coming month.

**Considering the needs and expectations of doctors, who do not make any sacrifice for public health, Odeabank has designed the "Care for Doctors Package," a single package with many advantages to facilitate their lives.**

# Retail Banking and Private Banking

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Inflation-Indexed Deposit products met the return expectations and needs of customers offering them long-term return expectations to gain income above inflation without the risk of loss in capital value.

**The Savings Account offers customers who wish to make regular savings the opportunity to make the most of their savings in gold or silver.**

To those customers seeking medium- or long-term savings deposits, Odeabank offers various options suitable for present-day conditions. These include Periodical Payment Deposit with quarterly fixed interest payments, Fund Deposit Account aiming to provide a higher income than standard term deposits where savings can be utilized with a double investment possibility in one account, Future Savings Account with monthly or quarterly regular payments which enables savings in the long term and interest income, Multi-Currency Deposit Account with the flexibility to freely move between TL, USD, EUR and GBP currencies providing interest income, and Money Withdrawal Deposit Account with the flexibility of making withdrawals without breaking term. Additionally, the Savings Account offers customers who wish to make regular savings the opportunity to make the most of their savings in gold or silver.

Launched in May 2019 as an alternative product for customers and playing an important role in diversifying the deposit portfolio, in 2020 and 2021, Inflation-Indexed Deposit products met the return expectations and needs of customers offering them long-term return expecta-

tations to gain income above inflation without the risk of loss in capital value. On the other hand, in addition to the existing indexed products, in 2021 December, new currency protected TL time deposit products that protect the savings of account owners against the fluctuations in exchange rates and that remove the exchange rate risk at the end of maturity date were put into practice.

Within the framework of analytical approaches and with the principle of offering the correct price to the correct customer, the customized TL deposit pricing model has been renewed as of the last quarter of 2019. The aim is for a more competitive pricing policy and to establish a structure parallel to needs and expectations. Customized pricing model has been implemented as of April 2021 also for USD deposits.

Retail Banking, which prioritized customer satisfaction in 2021, will continue to offer the right product to the right customer at the right time at a fair price also in 2022; to improve customers' banking experience, and to make its resources available for a sustainable relationship with all existing and potential customers. It aims to re-



spond even more effectively to the current and potential needs of customers through digital platforms and processes, in line with the sector and the world.

### Debit and Credit Cards

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



In 2021, within the efforts to improve customer experience in credit cards, all credit cards started to be printed as contactless cards and the instalment feature of the credit cards was expanded. In 2022, the customers will continue to receive the best service through campaigns and experience improvements prepared according to customer needs.

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

### Insurance and Private Pension

Product and service development activities in the field of bank insurance continue in such a way that customers can fulfill their needs more quickly and easily through many channels. Activities in the field of bank insurance are continued in line with the corporations established with

AXA Sigorta A.Ş., MetLife Emeklilik, Hayat A.Ş., and recently with HDİ Sigorta A.Ş. Through product development efforts, we introduce new products together with existing products with increased coverage, which are offered to customers via branches and alternative distribution channels. Odeabank also offers private pension plans to help the customers and their underage children achieve their dream retirement in line with their saving objectives.

Having expanded its product range with the Life, Health, and Personal Accident Insurance products in 2021, Retail Banking aims for greater adaptation to the digitalized world in insurance products and to stand by customers with products that can meet more and diverse needs in 2022. In this context, innovations in both the product range and the service of products to customers will continue in 2022.

# Digital Banking

Odeabank realizes numerous innovations with its technological investments to create effective channels and provide its customers with the best digital customer experience.



**In 2021, nearly 200 thousand Odeabank customers used digital contact points to perform a total of 23.2 million transactions through these channels.**

The Odeabank Digital Banking Department, established in April 2021, consists of the four main organizational structures of digital services, digital transformation of office, customer experience, service design and digital marketing.

## Digital Services

Odeabank Digital Services continues its activities to offer an uninterrupted, simple, personalized and integrated experience to its customers through digital contact points (mobile, internet branch, ATM) in line with the strategies and business purposes of the bank. The Unit aims to develop, extend these channels, and increase efficiency.



In 2021, nearly 200 thousand Odeabank customers used digital contact points to perform a total of 23.2 million transactions through these channels. As a result of these transactions and compared to the previous year, the mobile transaction volume increased approx. 66% and total transaction volume reached TL 20.1 billion. In addition, the Odeabank mobile application has been downloaded more than 85 thousand times.

Monitoring technological trends and developments, the Digital Services Team provides solutions to help current and potential customers perform transactions faster and more efficiently. Thus Odeabank, which achieved an increase in efficiency, aims to continue its customer satisfaction-oriented efforts in 2022 by making many innovations with the technological investments it made to create effective channels and provide its customers with the best digital customer experience.

In 2021, Odeabank customers could perform precious metals/silver purchase and sales transactions through the mobile and Internet Branch without visiting a branch.

In addition to initiatives and experience-enhancing projects within the scope of the BRSA Information Systems and Electronic Banking Services Regulation, the developments planned in 2021

have been completed. Developments to comply with regulations that allow potential customers to complete account openings via digital channels through video calls without a wet signature and branch visits were completed. Improvements to facilitate the user experience are planned for 2022.

Odeabank also grants bonuses and rewards while performing banking transactions with "Kazandıry'O" using its mobile app, which offers many features that facilitate the lives of both its customer and non-customer users while making banking transactions profitable. Thanks to the gamification platform on Mobile, Odeabank customers won 260 gifts in total in 2021, in collaboration with different companies, or benefited from special discounts and opportunities.

Odeabank enables its customers to perform their banking transactions through 69 established ATMs throughout Turkey. Leveraging the power of its technological infrastructure, the Bank continues to develop security measures against various card cloning attacks at ATMs. In 2021, 340 thousand financial transactions were performed from ATMs, and the total transaction volume reached TL 345 million.

Customers who withdraw salaries from Odeabank have the opportunity to withdraw and deposit money, free of charge,

from other banks' ATMs in Turkey. Customers can also apply for credit cards via the ATMs and open deposit and drawing accounts, place automatic payment orders on a credit card, apply for an additional card, and perform sales-related transactions such as automatic invoice payment orders.

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

Experience improvement and development projects continued in 2021 at Odeabank ATMs, which fully meet the expectations of its customers.

### **Digital Transformation Office**

Established in line with Odeabank's digital strategy and targets, the primary responsibility of the Digital Transformation Office is to pioneer the Bank's digitalization and lead the creation, application, and monitoring of a digital roadmap.

Focusing on transformation, the Digital Transformation Office researches current global and local banking practices and trends and works on their implementation at Odeabank. To develop the Bank's innovative capabilities, it manages potential collaborations and partnerships with fintechs, universities, and academies.

# Digital Banking

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The Digital Banking Department focuses on digital growth in new businesses.

**The goal is to open new doors for customers by enhancing the existing power of customer representatives with new digital products and services.**

Teams established to realize an agile cultural transformation in-house continue their activities in step with agile methods. Focused on creating a customer-focused culture open to trial, discovery, and feedback, teams hold meetings on planning, daily alignment, and result evaluation at regular intervals within the scope of ways of doing business in accordance with agile methods. By ensuring the participation of interested stakeholders in these meetings, they aim to achieve the Bank's central vision together and strengthen communication among units. The aim is to expand the agile way of doing business across Odeabank such that more teams are included in the short term.

The strategies and activities of the Digital Banking Department are categorized under two main groups:

1. The Digital Transformation Office focuses on digital growth in new businesses. Supporting the phygital concept, the aim is to open new doors for customers and improve the current experience by enhancing the existing power of customer representatives with new digital products and services.

In this context, works are done to renew the existing mobile banking application to meet customer needs in Turkey. Activities also continue as follows:

- In areas such as investment-focused digital services, digital payments, and transfers,
- In personalized smart banking practices supported by artificial intelligence models and in line with customer needs,

- In activities for improvement of existing contact points with customers and creating new communication channels,
- In research and execution of potential collaborations and partnerships for designing products and services to create a difference in the market and shine a light on Odeabank,
- According to regulation, preparative activities in open banking are planned for implementation in the coming period.

## 2. Regarding the digitalization of essential banking services and operations:

- Within the scope of the digitalization of branches, regarding the new value propositions to be offered to customers, works are done to strengthen existing customer relations and support customer representatives in investment topics with AI-based models (digital asset assistant).

- At present, works are performed to digitalize basic banking and operations to develop and renew the digital experiences offered to customers.

### Customer Experience and Design

The Odeabank Customer Experience and Design Unit continues its operations with a team specialized in design and user experience. The aim is to improve the experience at customer contact points and increase interaction and commitment through innovative services aligned to needs. Therefore, efforts are made to create a roadmap for Odeabank's customer experience and design. For new services and experiences offered through digital channels, a user-focused strategy is applied, where at each step user feedback is taken.

Accordingly, the existing mobile banking application is renewed with the design team to provide services at global standards.

### Digital Marketing

The Odeabank Digital Marketing Unit manages the activities of determining, monitoring, and improving digital metrics and targets across the bank. It continues its planned works to achieve targets with internal and external stakeholders.

**For new services and experiences offered through digital channels, a user-focused strategy is applied, where at each step user feedback is received.**

# Treasury, Capital Markets and Financial Institutions

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In 2021, Odeabank provided solutions to its customers in terms of balance sheet management and financial risks and structured the necessary products.

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



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

Treasury, Capital Markets and Financial Institutions completed the opening process of the FX'O project for in-bank users. The project will allow more advantageous exchange rates and faster transactions. The project is planned to be offered to retail and commercial customers in the first quarter of 2022.

In spot and futures transactions in gold, the Unit started to apply competitive prices and achieved a significant increase in volume, based on authorization by Senior Management. Also, in 2021, improvements in silver spot and option transactions have been completed, providing for a high level customer satisfaction and an important increase in volume.

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

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

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

In 2022, the Unit will introduce the FX'O project, in which retail and commercial customers can perform transactions through alternative distribution channels with instant pricing in foreign currency, arbitrage and derivative transactions, depending on their profiles. The Unit has initiated the necessary studies for Odeabank to perform transactions with VIOP and US Future contracts in 2021 and has ensured that exchange rate updates are delivered to branches and alternative distribution channels in a faster and more competitive manner. Together with the transition to IBOR, adaptation activities will start at Odeabank.

### **Balance Sheet Management**

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

In 2021, Balance Sheet Management continued the resilience of the Bank's liquidity and took various actions to mitigate the effect of interest rate volatility on the bal-

ance sheet, providing a positive contribution to the Bank's interest income and total profitability.

### **Trading**

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

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

In 2021, the Covid-19 pandemic had a strong impact on the global markets and volatility in the Turkish Lira was high. The Trading Unit swiftly assessed developments and ensured the uninterrupted continuation of customer pricing, positively contributing to the profitability of the Bank.

In 2021, adding silver spot and term transaction varieties to the product portfolio has deepened impact of profitability. The Unit continues its efforts to increase product range and to deliver products directly to customers.



# Treasury, Capital Markets and Financial Institutions

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Treasury Sales determined the treasury product needs of customers together with portfolio representatives in branches and offered appropriate products to manage foreign exchange and interest rate risks in competitive markets and increase their returns.

**The electronic foreign exchange platform FX'O has been efficiently used and contributed significantly to non-interest income in 2021.**

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

ic foreign exchange platform FX'O has been efficiently used and contributed significantly to non-interest income in 2021. FX'O is planned to be offered to retail and commercial customers in the first quarter of 2022.

Treasury Sales continued its services outside the office uninterrupted and without any problems in 2021 within the scope of Covid-19 measures. Conducting customer visits through online platforms and if necessary face to face, the Unit determined the treasury product needs of customers together with portfolio representatives in branches and offered appropriate products to manage foreign exchange and interest rate risks in competitive markets and increase their returns. In 2021, the Unit provided solutions to customers in terms of balance sheet management and financial risks and structured the necessary products.

## **Financial Institutions and Funding**

In order to effectively offer Treasury and Foreign Trade products to customers, Financial Institutions and Funding strives to establish relationships with international financial institutions, allocate limits, and re-

view the maturities and amounts of limits according to Odeabank's and customers' needs. It creates medium and long-term funds for Odeabank with the most favorable terms and costs in domestic and foreign markets using various debt instruments. Financial Institutions and Funding works on asset purchases from secondary markets, in addition to borrowing activities.

Financial Institutions and Funding diversified its resources in 2021 by providing new financing opportunities from international financial institutions and banks. Providing diversity in debts thanks to its bond issues in Turkish Lira and in addition to its foreign currency borrowing activities, the Unit continues its activities to increase cooperation with international financial institutions operating in our country. In addition, the Unit established new collaborations and created solutions to increase exports and activated the CBRT TL rediscount loan.

### Treasury Middle Office

The Treasury Middle Office, established in March 2021, performs the following:

- Foreign currency position agreements as control activities,
- Control of treasury legal reports sent to the BRSA and MKK,
- BRSA Swap transaction limit control,
- Execution and documentation of ISDA/CSA/GMRA agreements with banks,

- Management and control of SGMK and cash securities held at banks and organized stock exchanges on behalf of Odeabank,
- Performing necessary definitions for treasury systems,
- Portfolio agreement,
- Control of transaction entries into the systems used by treasury management,
- Entering and controlling the branches' current ratio between the treasury and other lines of business.

**Treasury Sales continued its services outside the office uninterrupted and without any problems in 2021 within the scope of Covid-19 measures.**



# Technology and Operations

Odeabank closely traces developing technologies to increase productivity through solutions that allow customers to perform their transactions more rapidly and efficiently, implementing many innovations through technological investments that ensure the best digital customer experience.



**In 2021, Digital Banking Software Development Unit was established.**

The Technology and Operations Unit is responsible for the uninterrupted continuation of all transactions carried out through the Headquarters, Branches, and Direct Banking channels, especially the main banking system structure, following the established rules and regulations.

The Unit provided uninterrupted service throughout 2021 as it continued to follow technological advances and regulatory changes. Its expert team and functions are organized as follows:

### Information Technologies

The Information Technologies unit is responsible for developing the technological infrastructure required for the 24/7 uninterrupted service of all applications, hardware, and technical infrastructure offered to customers by Odeabank.

In 2021, an essential change in Information Technologies strategy occurred whereby it was decided to develop digital channel software from Bank resources in the software development activities carried out with solution partners. The organizational structure was renewed in accordance with this strategy, and the Digital Banking Software Development Unit was established. The responsibility area of the existing Software and Quality Team was expanded, and the team started to serve under the name IT Governance.

As part of the plans to address efficiency, operational risk, and market conditions within the framework of banking regulations and legal obligations, 28 projects were implemented in 2021 in line with the strategy, goals, and requirements of Senior Management, the business lines, and support units. With the introduction of the projects in question, the Bank ensured compliance with legal regulations and enabled customers to receive quality service on all channels.

To improve remote working conditions resulting from the pandemic, the decision was made to gather infrastructure elements on a shared platform to provide employees quick access to the data and sources required in performing their daily operations. Within this scope, all online meeting, messaging, and phone platforms were combined into one solution (Webex Teams).

The first phase of the project, "Online Meeting," was launched on March 1, with other platforms following on July 1 across the bank. As of the start of the service, 35 thousand meetings were held, 5.2 million messages were sent, 20,200 phone calls were made, and 7,000 Virtual Rooms were created.

For security, an infrastructure different from world solutions was chosen; with the KMS-Key Management infrastructure, all messages were encrypted with certificates belonging to Odeabank. On the other hand, in-house e-mails and phone usage percentages decreased significantly. On the platform, AI-supported bots enable rapid data access.

Odeabank was awarded third place for projects realized in 2021 at the IDC Cloud Roadshow event with this infrastructure.

The importance accorded to automation has continued in each area. Duly, 58 banking system and 23 Internet Banking system test run scenarios were achieved. Infrastructure preparations for automated test runs of mobile applications were completed, and integration activities have begun. With 12 new processes developed in robotic process automation, the total number of processes reached 30, and additional robots were purchased in 2021. On the infrastructure side, automation tools purchase and automation of effort-intense works have substantially been completed.

The DVP project has commenced the renewal of digital channel technologies and their enrichment with new investment products and features. In the project, where agile methodology development has commenced together with the Digital Banking business line, the aim is:

- To get to know customers better and to offer them better products/services by understanding their behavior within the application through mobile analysis,
- To direct customers to the right products and investments through financial analytical developments,
- To add local/foreign share purchase/sale/viewing functions,
- Together with the AI-supported robo advisory product, to assist customers in achieving maximum profit at minimum risk by preventing them from making errors in fund products in relation to their risk appetites.

Together with the project planned to be launched in mid-2022, this will enable the more agile performance of digital channels.

Efforts were undertaken to renew existing systems, together with various consolidation and transformation projects such that advantages in technological development, performance increase, and cost advantage are provided, and substantial gains have been achieved.

- A more transparent and traceable system has been designed and launched for project and change monitoring.
- Efforts were made to monitor banking system data and its momentary changes and its migration to other systems. This structure enabled the availability of real-time data in the source system for peripheral systems with a very short phase difference.
- The QlikSense product has been implemented starting from the senior management level, and access has been provided to report dashboards through mobile devices.
- Model portfolio and UX works were completed, and Robo Advisory was activated on Odeaport.
- Within the scope of the BRSA communicate regarding Remote Identification, Remote Customer Acquisition through Mobile Banking has been activated.
- Expansion of the Mobile Banking transaction set has continued, and silver purchase/sale transactions and Portfolio and Asset monitoring module arrangements activated.
- FAST application providing 24/7 money transfers has been activated.

**FAST application providing 24/7 money transfers has been activated.**

# Technology and Operations

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In 2021, steps were taken to review user authorizations and improve the user authorization infrastructure in order to prevent unauthorized access to information assets.

**Security vulnerabilities arising on Information Technology systems in 2021 were managed, and improvements were made in malware detection.**

- Spot, forward and swap transactions through the FX'O system from branches on behalf of the customer have been activated. For the customer to perform self-service spot transactions, Internet Banking and Mobile Banking improvements were performed. Upon completion of tests, the channel is planned to be opened for access.
- Regarding Ibor transformation, related Murex and basic banking developments were completed.

## Information Security

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

In 2021, steps were taken to review user authorizations and improve the user authorization infrastructure in order to pre-

vent unauthorized access to information assets. While the security logs of information systems infrastructures are constantly monitored, activities were carried out to improve the Cyber Incident Management infrastructure, which will allow the detection, and reporting cyber threats. In this framework, test studies have also been carried out to measure the effectiveness of cyber incident management processes. In addition, security vulnerabilities arising on Information Technology systems in 2021 were managed, and improvements were made in malware detection and prevention infrastructures for the end-user-computers and the network.

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

## Operation

Operations acts in line with Odeabank's principle of minimum risk, maximum efficiency and internal and external customers' satisfaction while ensuring transactions are performed rapidly, with ultimate quality and zero error. In addition to Teller





and Back-office Operations at branches, Head Office's Central Operations carries out product transactions in their respective area of responsibility and expertise with high quality and efficiency, to ensure that the goals of business functions are achieved in line with Odeabank's strategies.

The core activities conducted in 2021 are as follows:

- System updates aimed at customer satisfaction were performed, system integrations of processes were increased, and more emphasis was placed on risk-related developments.
- Significant savings were attained in labor and physical resources due to more efficient, more effective and expeditious operations.
- Processes were reviewed from a risk perspective, taking the assessments of internal and external auditors into account. Risk mitigation activities continued.
- Process improvement studies were carried out to increase customer satisfaction and the quality of the service provided and to reduce the service time.
- Regular information was provided by the Head Office teams for the effective implementation of the Risk Committee, which was established to increase the exchange of information by expanding communication between the operational staff and marketing teams in the branches.
- Close monitoring and effective NORM Management helped improve FTE & Scorecards, while both branch and Head Office teams were managed with a focus on efficiency and quality.
- In order to complete the Data Quality and missing Information/Documents, it took an active role in the comprehensive studies in the Bank and provided intensive support for the completion of deficiencies by all operational teams, especially the branch staff.
- As an environment- and nature-conscious Bank, efforts were made this year also to transform printed statements into e-statements, and paper savings were achieved by taking actions to reduce paper use.
- All transactions, documents, printed documents were reviewed. In order to minimize printed documents, efforts were made to maintain documents as much as possible on digital media.
- Centralization activities were carried out and, in this context, some basic operations were shifted from the branches to the Head Office operational teams to ensure efficiency, increase quality and reduce risks.
- Instructions of some products/transaction have been formatted into templates. Thus, a healthier communication with customers was enabled, contributing to processes being finalized quicker/without error.
- The profit center organized sales or recovery campaigns for various products to support the other business units.
- New developments in technology were followed closely and switching to Robotic Process Automation applications were continued. Many central processes have been robotized and automated to reduce the risk of operational errors, increase efficiency and provide faster service.
- Branch Operations started the SLA (Service Level Agreement) application, which has been used for years at Head Office Operational teams, for some critical transactions.
- Meetings were held for various sub-

# Technology and Operations

Analyses were conducted for end-of-day cash optimizations in branches and the necessary actions were taken to manage cash in the most efficient way.



**Within Operations the “Daily Tip” application has been started as a new initiative.**

jects with Branch and Headquarters operational teams and efforts were made to continue a warm communication during the pandemic.

- Branches were visited for “Quality Assessments” which is included especially in the performance criteria. Thus, both inspections were made and the site was controlled through on-site meetings.
- For the purpose of ensuring uniformity in operations and practices between branches, strengthening communication, increasing control over procedures and processes, and ultimately increasing operational quality, the Operation Mentors application continued partially remotely and partially on-site due to the pandemic; the application is formed by teams with high-level experience and knowledge, who are believed to carry out this duty successfully.
- Since the pandemic continued, all operations were carried out remotely and without interruption, by both branch and Head Office teams as necessary. Especially the field teams were managed as a single pool, and

all necessary support was provided to branches by other branches or from the Head Office to avoid problems in business continuity.

- Analyses were conducted for end-of-day cash optimizations in branches and the necessary actions were taken to manage cash in the most efficient way.
- Training sessions were held on 15 different subjects addressing the whole of our Bank. Products, processes, systems, responsibilities, controls and risk subjects were explained in detail. The aim was to increase the “know-how & quality/risk awareness” of participants.
- Within Operations the “Daily Tip” application has been started as a new initiative. With the application named “Paylaşım’O,” each morning, “useful notes to remember, glitches identified in operational processes, current legislative amendments, etc.” are shared through short, concise, easy to read information consisting of a few sentences.

### Contact Center

The Odeabank Contact Center creates a unique customer experience with a service approach tailored to individuals and institutions.

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

75 employees with bachelor's degrees and 21% English speakers work at the Contact Center to provide the best customer experience. In addition to efforts to continuously improve user-oriented technologies, the Odeabank Contact Center also offers 24/7 video call services along with voice calls.

The Odeabank Contact Center, which provides the best possible customer experience, offers the right products to the right customers and increases customer loyalty. The incoming call team delivers high performance without compromising service quality in its sales activities, designed according to customers' needs and the Bank's strategy for the period.

Aiming to deliver services in the fastest and easiest manner, the Contact Center receives an average of 1450 incoming calls per day.

Thanks to Customer Inquiry Management, which handles customer inquiries reaching the Bank on all channels and moderates platforms such as social media and şikayetvar.com, out of 25 banks in Turkey, Odeabank ranks among the top 5 responding to customers the fastest. Another objective of the unit is to perform root-cause analysis from incoming inquiries to produce permanent solutions to problems and reduce the number of complaints.

At the same time, to spread the "customer- and experience-oriented" approach throughout the Bank and achieve the perfect customer experience, the Unit provides training for all employees, organizes various events such as seminars, and leads the project carried out within the Bank.

### Process and Capacity Planning Management

Process and Capacity Planning Management develops new projects and improvement studies that create added value for Odeabank's strategies. The department performs the following functions;

- With the function of Process and Profile Management, internal document management (creation, updating, publication, coordination of policies, procedures and business processes, etc.), system/module/screen/user authorizations, execution of the internal customer suggestion system, defining and modelling of processes, process improvement, productivity, digital transformation, etc., and execution/coordination of other projects
- With the function Capacity Planning and Automation, Branch and Head Office performance measurements, modelling of scorecard and management, calculations of staff norms, and process automation (productivity analysis, robotic process automation, automation of reports within SSRS, etc.)
- With the Business Architecture function, positioning projects, infrastructure/product and applications within the corporate architecture which is managed under its responsibility in accordance with Bank strategies, the correct and efficient implementation

of existing system integrations with building and developing of infrastructure, and analyzing and going live process development/modeling and process audit studies together with the Project Management Office.

### Internal Services and Banking Support

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

The activities of the Internal Services and Banking Support Department in 2021 are as follows:

#### Procurement

- It was ensured that the procurement transactions that might be needed in line with the interests of the bank were completed in compliance with the procedures,
- During Covid-19 pandemic, in order to meet the needs of Bank employees, Covid-19 preventative materials such as masks, gloves, disinfectants, cologne, etc. were quickly and systematically purchased,
- Maximum due diligence is given to all procurement transactions in order to comply with the "Outsourced Service Procurement" article included in the "Regulation on Information Systems and Electronic Banking Services of Banks" published by the BRSA on July 1, 2020,
- Standard agreements were prepared to be used in procurement transactions and these were started to be used in jobs/projects performed with business partners,

# Technology and Operations

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

**The Internal Services and Banking Support Department will make the maximum contribution to be able to realize the business lines' and the Bank's strategies and goals in the coming period, in line with the Bank's mission, vision and policies.**

- Contracts to be signed with business partners are completed under a central structural aid and control under the coordination of the Contracts Management Unit.

## Security

- 35% savings were achieved with the optimizations made by considering the costs/benefits in electronic security systems expenditures,
- Priority is given to personnel trainings, desk-bound exercises, and awareness exercises and audits in order to increase the service quality, to establish fast communication and reaction processes, and to make the service measurable,
- During the Covid-19 pandemic, the circulars and communiqués issued by the relevant Ministries and Public Institutions are integrated into operational processes and implemented by coordinating with the relevant business lines of the Bank and making benchmarks with other banks,
- In order to manage the risk posed by the Covid-19 pandemic in terms of the health of employees, to protect the physical distance and to control the spread of the disease, audits and controls are carried out in branches for the implementation of the pandemic rules by the employees and customers,
- By integrating Odeabank's Card Pass System with the Ministry of Health's (HES-Vaccine) system, the tasks of determining risky personnel and making ID cards active/passive were started to be managed with data that flow automatically through the system. The results are regularly reported to the HR and Business Continuity departments.
- For possible emergencies, by İstanbul Metropolitan Municipality Department of Fire Brigade, security personnel were given fire training and fire drills were performed.
- Physical servers of Bank Card Pass System located in Olive Plaza Data Center were moved to the Data Center in the Headquarters as virtual servers and updated.
- License and upgrade actions of the CCTV systems of Headquarters and branches were performed and the 24/7 CCTV day-night monitoring displays were updated.

### Administrative Affairs

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

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

Providing all kinds of support services all the business lines need in a minimum time and with a maximum quality ratio will be the constant goal of the Internal Services

and Support Service Department in order for them to carry out their activities in the most efficient way.

The main activities planned to be performed and tracked in 2022 are as follows:

- The necessary actions will be taken by paying maximum attention to meeting the needs of the Bank's employees regarding the Covid-19 pandemic,
- Due diligence will continue to be carried out in the procurement processes in line with the interests of the Bank,
- Procurement and Contract modules will be managed more actively and accurately with the development and updates,
- It is aimed to shorten the contract signing periods for the operations subject to procurement with the standard contract,

- The coordination with the relevant business lines of the Headquarters and branches will continue to be carried out in a complete and healthy manner in electronic and physical security business processes,
- It is aimed to provide maximum savings and benefits with optimum security construction by focusing on integrated security solutions,
- Improvements will continue in the service mobile application project of the staff,
- Vehicle needs will be met within the framework of fleet requirements,
- Optimization and improvement activities for personnel shuttles will continue,
- Worksafe software program will be used throughout the Bank. All Occupational Health and Safety activities of the Headquarters and branches will be followed from here,
- The activity on archiving attachment investigation letters will continue.





# Credits

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The Credits unit is authorized to issue loans to commercial and retail customers within the scope of the Banking Law. Its scope of activity also includes loan processes, financial analysis, and efficient control and monitoring operations that enable the Bank to meet its targets.



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

In 2020, Credits continued to evaluate loan applications in an expedited manner by leveraging analytics, completing necessary intelligence-gathering procedures, and allocating loans efficiently as part of the relevant approval processes. Despite the volatility in financial markets, Credits maintained the effectiveness of



the Bank's credit evaluation processes without compromising customer satisfaction. Carrying out the effective collection and follow-up processes, Credits maintained the quality of its loan portfolio and its customer satisfaction focus throughout the year.

Credits operates within the following functional organization:

### **Credit Allocation**

Credit Allocation analyzes loan requests with analytical methods and manages the delivery process of the loan to the customer after the necessary approvals are obtained, completing the intelligence process. After obtaining the necessary approvals, Credit Allocation manages the process of delivering the loan to the customer. Credit rating processes are corroborated by a variety of private and official information sources, both national and international, including the Credit Bureau and the Risk Center, to expedite the loan process and meet the needs of customers within their credit limits.

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

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

- The amounts of credit allocation authorizations granted by the Board of Directors to the Credit Committee and Headquarters,
- Necessary measures have been taken to reduce the effects of the Covid-19 pandemic on the activities of the Bank's customers. Postponement requests of customers were evaluated in the most appropriate way in light of the BRSA's recommendations and by examining the activity cycle of each company, and supports were provided for the companies.
- Flow-based performance measurements of the Credit Allocation teams have been initiated and in the light of these measurements, changes have been made in the distribution of analysts and branches among allocation sub-teams for workforce optimization.
- Within the scope of the project, which was initiated to renew credit rating processes, the work flow was designed on a new platform, and studies were initiated to develop a model. New processes and models are planned to be introduced by the first quarter of 2021.

**With digitalization, solutions are produced that will increase efficiency without compromising the notion of risk in the Credit Allocation process.**

- Regular FX Study activities carried out to measure the foreign currency risks of credit customers in relation to changing exchange rates have been completed. Within this framework, the exchange risk sensitivity and the ability to manage exchange rate risk, equity power, export revenues, power of FX and FX-indexed revenues to cover FX debts of the first 250 firms on the basis of the groups and companies with the highest risk in Odeabank portfolio were examined.
- A strategy has been determined and implemented for the effective management of the risk appetite for financial institutions operating outside banking.

# Remedial and Recovery Management

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

**In 2022, system improvements are planned so that the early warning system is running on AI basis and includes financial data.**

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

The Department has adopted the following mission:

- To identify clients with potential credit issues at an early stage via various early warning signals with internal and external sources. Report findings and observations to raise Bank-wide awareness and collect customer feedback.
- To take action to closely follow up and develop exit scenarios for clients with delays of 0 to 30 days in their repayments and facing an exit decision due to reasons such as rating or sector; re-structure debt in line with exit scenarios for collection and additional collateral, if possible, and FX-TL conversion and re-pricing. Remediate and manage the customers within the group to which they belong.

- For customers with unresolved issues, despite preventive actions, who have been assigned to administrative follow-up teams, re-structure their debt if possible; receive additional guarantees to minimize potential losses and long collection periods for the Bank, or make collections through the support of credit asset management; and, if possible, work to solve and/or neutralize problems at this stage without final transition to the NPL status,
- Support Legal teams for NPL files; conduct negotiations with customers for potential collection opportunities; provide opinions and suggestions on protocols or collections to the benefit of the Bank.

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

The global pandemic, which started in 2020 and is expected to continue in 2022, had negative effects on the world and our country's economy. The role assumed by the Remedial and Recovery Management Unit is very important in terms of protecting the interests of both the Bank and the customers. The Unit, which made every effort to fulfill its important responsibilities during this period will continue to do the same in 2022.

In 2022, system improvements are planned so that the early warning system is running on AI basis and includes financial data.

#### **Early Warning and SME Close Monitoring oversees the following tasks:**

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

#### **Administrative Follow-up oversees the following tasks:**

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

#### **NPL Management oversees the following tasks:**

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

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

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

#### **Credit Asset Management is charged with:**

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

# Finance, Financial Control, Budget and Strategic Planning

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In 2021, Odeabank continued to make an impression with its corporate social responsibility project Fair Tales and Odeabank's art platform O'art exhibitions.

**Finance, Financial Control, Budget and Strategic Planning Department conducts accounting and taxation activities of the Bank in accordance with the standards.**

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

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

## **Appraisal, Hypothec and Property Sales**

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

### Construction and Real Estate

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

Furthermore,

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

In 2021, creation of Remote Account Opening Office, moving Mersin branch, creation of PB corners in 2 branches, new office arrangement preparations of Levant 199, integration of all branches' inventory control and counting with a monitoring system at branches have been completed.

### Corporate Communications and Marketing

The Corporate Communications and Marketing Department carries out Odeabank's advertising, marketing communications, social media communications,

internal communications, public relations and sponsorship, and social responsibility activities. The Unit is responsible for conveying information on the Bank's products, services, and activities to stakeholders, clearly and accurately and in line with the Bank's goals and strategies.

In 2021, Odeabank continued to impress with its corporate social responsibility project Fair Tales and Odeabank's art platform O'art exhibitions.

In 2021, communication activities regarding the 9<sup>th</sup> anniversary of Odeabank have been completed.

As in each year, various events were organized to reinforce internal communication. Within the scope of internal communication organizations, Odeabank

held quarterly online CEO Meetings, established work groups in line with Gender Equality Seminars, and clarified action plans. A year-end Online Odeabank Meeting was also held.

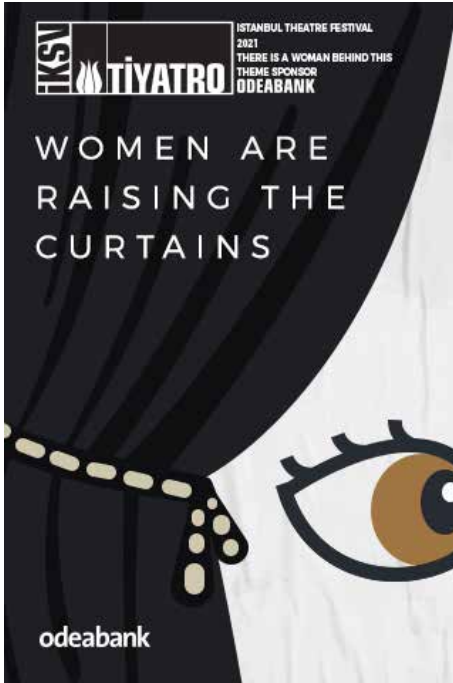
Within the scope of foreign communication organizations, "Foreign Trade Meetings," which include experts in their fields for foreign trade customers, continue to be held online.

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



# Finance, Financial Control, Budget and Strategic Planning

In 2021, Odeabank sponsored and staged the play Fair Tales at the 25th İKSV Istanbul Theater Festival, organized under the theme of “There is a Woman Behind This.”



Odeabank's Reading Corner O'blog page regularly publishes monthly content on Gender Equality, sustainability, the arts, banking, the economy, the business world, lifestyle, and technology.

Odeabank's art platform O'art's purpose is to make all disciplines of today's arts accessible to everyone through various media, including a critique of today's critical issues in the socio-cultural arena. Within this scope, during the pandemic and in 2021, Odeabank organized the online exhibitions “Şimdi 2021” and “Işıklık/Skylight” while the exhibitions “şey: nesnenin ihtimali” and “Canan Hayal-i Alem” met art lovers both physically and online.

In 2021, Odeabank published two new fairy tale books within the scope of the Fair Tales Project, where world classic fairy tales are reinterpreted, taking into account gender equality. The books “Frog Prince” and “Snow White Prince and the Seven Dwarfs” added to the series met readers on the Odeabank website and at all Odeabank branches.

In 2021, Odeabank sponsored and staged the play Fair Tales at the 25<sup>th</sup> İKSV Istanbul Theater Festival, organized under the theme of “There is a Woman Behind This.”





**Odeabank Oksijen Account is the main sponsor of national athlete, World Freediving Record Holder Şahika Ercümen. Within the scope of the sponsorship agreement made with Şahika Ercümen, the Bank supports her in all national and international events.**

Odeabank Oksijen Account is the main sponsor of national athlete, World Freediving Record Holder Şahika Ercümen. Within the scope of the sponsorship agreement made with Şahika Ercümen, the Bank supports her in all national and international events.

Corporate Communications and Marketing Department will develop projects in 2022 that further enhance the Bank's recognition, reputation, and brand awareness.

### **Budget and Strategic Planning**

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

# Legal Department

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The Legal Department prepares the legal infrastructure for all products, services, and projects within Odeabank.

**The Legal Department is responsible for drafting, negotiating, and concluding contracts for all types of banking products and services required and contracts for the procurement of goods and services.**

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

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

The Department prepares the legal infrastructure for all products, services, and projects within the Bank. In this regard, the Department prepared the legal infrastructure of all types of new products and services introduced by the Bank in 2021. The Legal Department examines the establishment documents of the Bank, related policies, and procedures from a legal perspective and ensures that they are kept up-to-date. It also supports the realization of the board of directors' decisions regarding the corporate management of the Bank and the organization of ordinary and extraordinary general assembly meetings.

Litigation attorneys employed within Odeabank's Legal Department are responsible for internally following, finalizing, and representing the Bank before related public authorities for all intermediation applications, litigation, complaints, and lawsuits to which the Bank is a party, which are not related to customers, and which are submitted to the Litigation accounts, in determining and assigning the case files to be assigned to contracted lawyers by case content, and for reporting lawsuits to interested parties. Where



the related line of business requires it, the Department provides legal support and consultancy on various topics that have turned, or that may turn into a lawsuit, or in communication with public authorities and organizations. Again, where the related line of business requires it, the Department provides file controls regarding possible lawsuits, where the Bank is not a party but may be impacted by its result, or else supplies information on its summary. In personnel processes such as rescission processes, termination notices, defense letters, warnings, etc., managed by Human Resources, the Department provides legal consultancy and guidance to Human Resources. It provides consultancy and guidance to Customer Enquiry Management regarding expense returns originating from Consumer Law, objections to THHK, complaints regarding repayment, etc.

Execution of the process regarding the collection of non-performing loans in accordance with the Bank's procedures

and principles and the law is among the fields of activity of the Legal Department. The Unit carries out the collection and liquidation of non-performing loans, which are submitted to litigation accounts at the earliest time and with minimum cost in a manner that seeks to avoid disputes by also evaluating reconciliation possibilities. Within this framework, the Unit carries out legal proceedings through contracted law offices or else in person and coordinates all operational procedures regarding systematic and legal proceeding files. The Unit aims to increase operational productivity through a new legal proceedings program integrated with the UYAP Institution Portal. Accordingly, in 2021, progress was made in supplying related software, aiming to employ it in 2022. The Department updates execution proceedings and lawsuit information, draws up sales attachments and organizes return and additional assignment procedures after the sales of receivables as per the Senior Management's decision.

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



# Section 03

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## **Sustainability**

# Sustainability Approach

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Odeabank has developed an Environmental and Social Management System, taking the best practices of international financial institutions as an example and aims to remove or minimize adverse environmental and social impacts that may arise.

**Odeabank aims to encourage robust and sustainable environmental and social development in conducting its banking activities.**



Aiming to produce value through an awareness of many transformative environmental, social and corporate conditions of our day and the expectations of internal and external stakeholders, Odeabank aims to encourage robust and sustainable environmental and social development in conducting its banking activities. With its responsible business approach, the Bank aims to eliminate, if possible, environmental and social im-

pacts that may arise directly or indirectly from its financial tools and service activities, or at least to minimize them. Within this context, the Bank has developed and implemented an Environmental and Social Management System, taking the best practices of international financial institutions as inspiration. To eliminate or minimize the negative environmental and social impacts that may occur within this framework, Odeabank takes the following steps:



- It has identified and adopted a Prohibited Activities List taking the International Finance Corporation's (IFC) Prohibited Activities List as a reference. The Bank does not provide financing for any business on the list, which is updated periodically under the guidance of other international finance organizations.
- In its activities, it complies with all national laws and regulations on environmental and social issues and aims to ensure that its credit customers do so as well.
- Prior to loan allocation, Odeabank assesses corporate and commercial customers for environmental and social risks using its Environmental and Social Risk Management System tools without an amount limit and includes them in the decision-making mechanism. In addition, corporate and commercial loans related to projects or project financing loans of above a specific investment amount are evaluated within the scope of ÇSYS. An independent consultant report is provided for medium- or high-risk projects, which are monitored according to all IFC Performance Standards.
- Thus, Odeabank conducts additional assessments on financed activities/ customers where indirect impact and risk can be identified, and determines measures to eliminate or mitigate the environmental or social risk associated with the activity to be financed.
- It supports accreditation projects that improve environmental conditions such as renewable energy investments, waste recycling investments, and those to reduce carbon emissions or increase efficiency.
- In collaboration with IFC, Finance in Motion, the Banks Association of Turkey, and professional consultants, training courses are organized to brief participants on the Environmental and Social Management System and raise environmental and social awareness within the Bank Audi Group.

Odeabank acts in an environmentally responsible manner in its operational practices:

- Odeabank utilizes business intelligence applications to analyze data in order to transition to entirely paper-free and eco-friendly business processes. Using a document management system that enables swift business flow among divisions, Odeabank stores all customer documents in digital format.
- Except for documents that require a wet signature, Odeabank branches do not use paper, and documents are archived electronically. Another green approach of Odeabank branches is the mobile Q-matic application. Thanks to this application, customers can get their sequence numbers without paper.

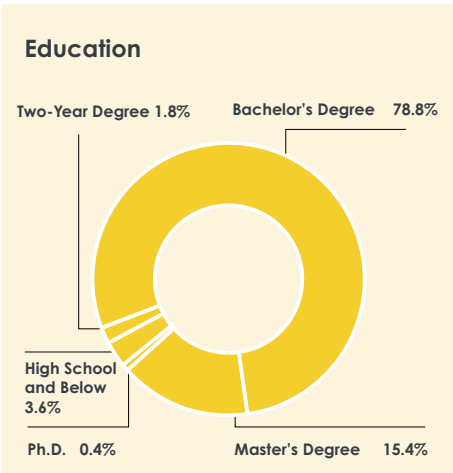
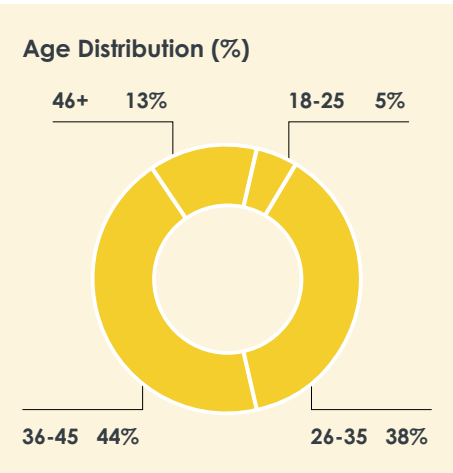
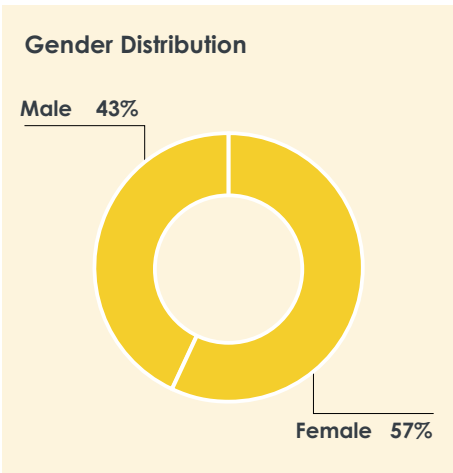
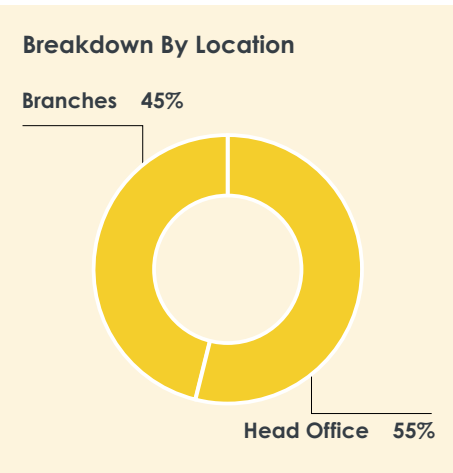
- Odeabank offers customers the option of receiving ATM receipts via SMS or e-mail, protecting the environment while expanding the service network offered to customers.

### **Environmental, Social, Managerial Sustainability Works and Sustainability Report**

Odeabank started preparations to publish its first sustainability report in May 2021. A Sustainability Working Group has been established, consisting of the representatives of related business units. This working group aims to determine sustainability priorities that may be significant for Odeabank in line with company strategies, activities, and next period targets. It will create the Bank's sustainability strategy in line with these priorities. As a first step, the working group performed a gap analysis and determined sustainability priorities with focus groups consisting of Odeabank's internal and external stakeholders. A roadmap was created in line with the company's vision and mission. The plan is to implement the actions in the roadmap to a set schedule and publish the results of all activities in the Sustainability Report. The aim is to complete and share the report with the public in the second half of 2022.

# Human Resources

While the pandemic continued, Odeabank Human Resources gave priority to protecting the health of its employees, keeping their spirits and safety up, and continuing frequent and open communication.



Odeabank Human Resources considers fair evaluation, equal opportunity and transparency as basic principles while managing its people, who are its most valuable resource. The department is approachable and solution-oriented. It monitors the respective goals of business units, provides senior management with supportive feedback, and offers consultancy and guidance on the Bank's areas of improvement.

The Human Resources department aims to bolster the efficiency and success of Odeabank by supporting its strategic goals and needs. It seeks results-oriented, honest, consistent, ethical and team-work-oriented candidates, and manages the orientation, career, wage, fringe benefits and performance processes. It establishes and leads processes for training, development and talent management, and is enabling the transformation of the learning experience to support personal development, and provide management consultancy.

The Human Resources department strives to create a professional working environment and offers career development opportunities to employees. Accordingly,

it carries out motivational and engagement activities and designs and implements new processes and practices, considering the diverse needs of employees from different generations.

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

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

### Employee Profile

Of the employees at Odeabank, 74% are Generation Y, with an average employee age of 37.

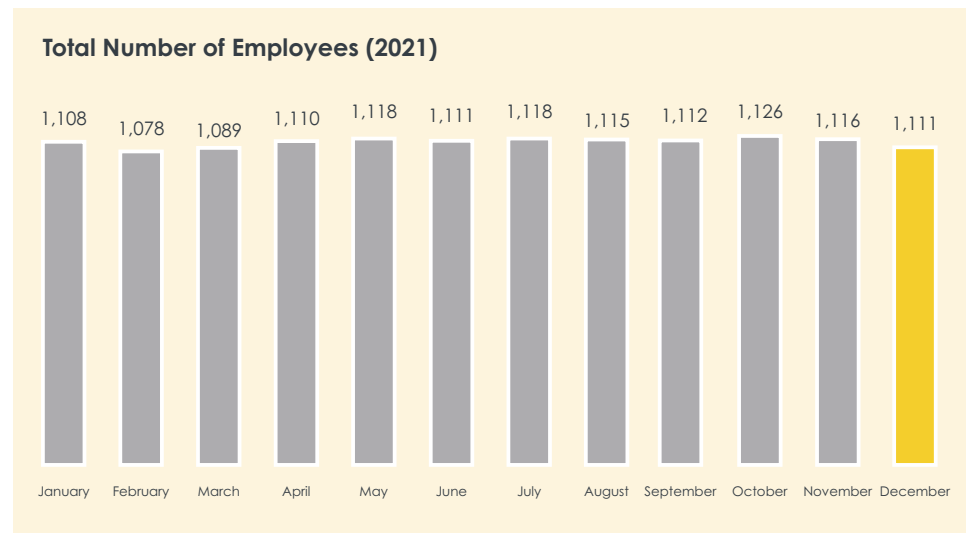
### Recruitment Processes

In 2021, the organization aimed to recruit success-oriented candidates who welcome change and hold the ideal levels of educational achievement and experience for their respective position.

During the pandemic, the Human Resources department migrated recruitment processes and onboarding practices to the online environment, taking into account the health of both its employees and candidates. Recruits are sent a First Day Guide to help them adapt readily to their workplace and responsibilities from the very first day. And when they begin work, they receive a warm welcome with the Welcome Box unique to Odeabank.

### Employee Relations and Internal Communications

Designed on the principle that, "Our most valuable asset is our people," Odeabank's HR practices continued to support



business units in parallel with the Bank's goals and policies. Cross-functional synergy was created between business units to improve collaboration, and internal communication activities were conducted to support employees' mental and physical wellbeing.

Online meetings took place with all branches and units to strengthen communication with employees. Employees were encouraged to submit their feedback, and processes that supported the sharing of ideas and recommendations were created.

As the pandemic continued, the Human Resources department prioritized protecting the health of its employees, keeping their spirits and safety up, and continuing frequent and open communication. Employees were regularly called, and information was obtained on their health status while their needs were regularly identified.

An Employee Support Line program has been developed. Employees can access many services provided 24/7 by experts

on topics ranging from psychological counseling to health and financial consultancy to technical support.

In addition to these activities, an employer branding project was initiated throughout the Bank in 2020 to transform employees' opinions into corporate success and continued in 2021. Based on research run together with an independent research company, Odeabank's vision, mission, and values, that is to say, its cultural codes, were explored afresh. In parallel with these results, an employee value proposition was determined, and employer branding strategies and action plans were prepared. In 2022, the promotion and expansion of the cultural codes and employer branding action plans will begin.

### Performance Management

To align the Odeabank performance system more closely with the target-based management approach, a mechanism for target determination and monitoring has been reorganized for senior management and site employees.

# Human Resources

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Alongside Odeabank's digitization targets, criteria such as customer satisfaction, service quality, and efficient management of human resources were closely monitored. The main digital practices such as Advanced Analytics and Digital Banking departments, were included in the organizational structure of the Bank.

Role-based target cards matching the company targets for senior management have been created. The targets on the cards were determined such that the senior management team is individually responsible for the quantitative results. Functions connected to internal systems have been excluded from this process.

The site organization's system of targets was reviewed, and a target system based on segments was designed. With the newly designed target system, the Finance, Financial Control and Strategy department centrally calculates performance against targets for all business lines. Conditions specific to the individual or portfolio are again managed by a central mechanism. A target-based, systematic performance system provides fairness across employees, and all employees are enabled to work with a focus on the main targets of the bank. Additionally, digitizing the definition of success, the reward criteria are identified transparently and measurably, highlighting those who play a role in success.

## **Organizational Structure and Management**

In 2021, the organizational structure of Odeabank was reviewed, and a new structure was created to carry the bank into the future. Within this scope, besides the digitizing targets of the Bank, criteria such as customer satisfaction, service quality, and efficient management of human resources were considered. The main functions, such as the Advanced Analytics and Digital Transformation departments, were included in the organizational structure of the Bank.

For the Bank to adapt swiftly to changing market conditions and operate with greater flexibility and efficiency, work towards transformation into an agile organization has begun. The Digital Banking department was chosen for the first implementation. Agile teams were established in the department, process methodology was created, appropriate individuals were assigned to the teams, and role-based training sessions were held. In order for the agile working culture to spread across the Bank, an Agile Transformation Team was also established. The

aim is for this team to have knowledge of all the Bank's agile practices and address agile culture in daily workflows. Project planning and practice activities are ongoing to enable agile working to spread to other units of the Bank.

## **Wage Management and Reward System**

Considering its employees to be the critical element of its success, Odeabank incorporates an employee- and value-oriented, fair-reward system to ensure that all employees are highly motivated and create added value.

In 2021, remuneration activities were carried out by taking into account the average wage in the banking sector, the volume of work by position, and employees' annual performance results, along with Bank dynamics and annual budgets.

## **Career Management**

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

Guidance and personal development opportunities are provided to employees in accordance with their competencies and areas of expertise. To fill vacant or newly opened positions at the Bank primarily from within the bank itself and offer employees diverse career opportunities, internal job postings are made, and position postings are published such that all bank employees can apply. Applications are then evaluated. In this regard, 32 internal postings were made, and through related applications, different career paths were opened for 24 employees.

### Training and Development

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

In 2021, Odeabank's training and development strategies were restructured to serve the Bank's long-term targets and redesigned to create a basis for an especially agile learning culture to be adopted by all the Bank's business units. Within this scope, in addition to the technical skills of all employees, such as economy, agile culture, and digitization a series of seminars was organized to increase employees' general knowledge levels in various disciplines. These have included culture and the arts, psychology, and archeology.

In parallel with the experience and knowledge of employees, an Internal Instructor Development program has been completed to spread know-how within the

Bank across the organization and ensure that internal training meets a certain standard. For the development programs intended to increase the knowledge and skills required by employees related to their duties, Measurement and Evaluation activities were implemented so that these programs meet the Bank's needs, and if possible, are tailored to the person. The Odeabank Leadership Program (O'luder) has been designed to measure the skills and potential of managers in accordance with the competencies that will carry the Bank into the future. Development plans and training programs were also prepared with leading Turkish education institutions and universities.

In addition to development programs, on-the-job training and e-training support the Bank's performance development.

All training took place on online platforms due to the pandemic in 2021. The professional development of all employees is supported by the e-Odea Human Resources Training Platform, as well as the training prepared for the behavioral and technical skills of employees and explicitly designed for the organization. Besides the formal training solutions mentioned above, to develop an Odeabank training culture, a mutual learning methodology has been adopted, contributing to the informal learning process. Within this scope, for portfolio managers assigned on-site, a mentoring program has been implemented in collaboration with Retail-Private Banking and Commercial Banking business lines. The Vide'O platform has been positioned as an alternative social learning platform. Short, instructive videos recorded by employees and seminar recordings are published here.

### 2022 Targets

- Improving the employee experience, providing for the digitization of practices in the Human Resources department; digitally managing recruitment, pre-onboarding, onboarding and orientation processes, competency evaluation, and the collection of target and feedback processes under one digital roof,
- Completing the transition to an OKR-based (Objective Key Results) system by redesigning the performance management system,
- Generalizing the agile working structure and agile working culture, which started in the Digital Banking department, throughout the Bank,
- In accordance with the competencies which will carry the Bank forward, continuing to measure manager competencies while implementing a similar practice for site managers, and designing new training programs based on measurable results,
- Determining the required competencies for career transitions in Headquarters teams and implementing them by clarifying criteria in promotions such as exams and certificates,
- Continuing more extensive training programs specific to business lines, which were started in 2021 to develop Odeabank competencies in data management and data science,
- Following the launch of the cultural codes and employer branding at Odeabank, implementing cultural transformation to apply the critical behavioral models that will carry the Bank forward throughout the organization.

# Corporate Social Responsibility

Odeabank encourages and supports all employees, both personally and at work, to act with a sense of social responsibility.

Odeabank focuses on gender equality, sustainable development, social responsibility, organizational management, human rights, business practices and fair business practices at an international level.



In addition to its commitment to sustainable development, Odeabank embraces corporate social responsibility and actively contributes to its community and society. It takes a proactive and collaborative role in improving quality of life, public good, cultural development, and social wellbeing.

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

In 2021, Odeabank added new fairy tale books to the "Fair Tales" project, in which world-famous fairy tales were reinterpreted with the concept of gender equality so that children can wake up to an equal tomorrow. Odeabank brought the project to the stage as a play in order to spread this message of equality.

With the Fair Tales project, which drew considerable interest, prioritizing disadvantaged children, books were sent to a total of 348 schools, including 81 village schools. With the collaboration of Süreyya



Ağaoğlu Children's Friends Association, the libraries of 25 village schools were gifted Fair Tales books that reached hundreds of children. Through projects realized with the LamOn9 Social Aid Association, 10 village schools were gifted these books reaching some 1,000 students.

For children to learn foreign languages while learning about gender equality, English editions of the Fair Tales series was created and made available on the Odeabank website. Moreover, Odeabank cooperated with the "Erişilebilir Her Şey (Everything Accessible)" Platform and added audio descriptions, sign language translations, and subtitles to the storytelling videos of the Fair Tales project, making it accessible to all children with visual and hearing impairments.

The Odeabank Fair Tales Project received 21 awards.

Odeabank has played an active role in projects other than its own regarding gender equality. In 2020, the Bank signed up to the UN's Women's Empowerment Principles.

Continuing its collaboration with the TEMA Foundation since 2017 under the slogan of "Odeabank Oksijen Account secures the oxygen of the future," active Odeabank Oksijen Account holders have the opportunity to donate saplings to the foundation's nature awareness project while promoting children's education on the natural environment. In 2021, on the occasion of the Oksijen Account's 7<sup>th</sup> anniversary, World Freediving Record Holder Şahika Ercümen drew attention to the world's need for oxygen and the pollution of oceans with a sea swim. To draw attention to this cause we made donations to Deniz Temiz Association/TURMEPA, of which Şahika Ercümen is an ambassador, and which plays a crucial role in protecting Turkey's seas and water resources.

In support of the International Day for the Elimination of Violence against Women, Odeabank supported the Firefly project of United Nations Women, and to raise awareness on Autism Day, Odeabank colored its Etiler Branch's lights.

In 2021, Odeabank donated 5,000 saplings in order to support life and nature following the forest fires that occurred across the country in 2021. It also supported the 1 Million Saplings campaign launched by the Banks Association of Turkey by donating saplings.

Odeabank encourages all managers and employees to embrace social responsibility in their personal lives and as the Bank's employees while performing professional duties. The Bank organizes special events and training activities to raise employee awareness on environmental and social issues.

Odeabank is committed to:

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

# Contributions to Art and Culture

In 2021, Odeabank's art platform O'Art brought together the art lovers with the Hayal-i Alem solo exhibition of the artist CANAN, who frequently features gender equality, family and women in her works, both in physical and online environments.



**Odeabank's art platform O'Art presented its first online exhibition, Şimdi 2021, the first exhibition of 2021, in which many of the artworks were produced during the Covid-19 pandemic and were made available to art lovers via Odeabank's website.**

## Odeabank O'Art

Having hosted representatives of modern art since 2015, Odeabank's art platform O'Art this year, for the first time, migrated the annual program of its traditionally physical exhibition to the digital realm. The platform supports new artistic production and contributes to the visibility of artists and their art.

Odeabank's art platform O'Art presented its first online exhibition, Şimdi 2021, the first exhibition of 2021, in which many of the artworks were produced during the Covid-19 pandemic and were made available to art lovers via Odeabank's website. Additionally, Özge Topçu's spatial installation Işıklık/Skylight was included in the simultaneous Senkron exhibition event, which put video arts in Turkey in the limelight. The Skylight exhibition was also made available online.

In support of the presence of women in all endeavors, Odeabank organized the şey: nesnenin ihtimali exhibition staged in 2021 by three female artists, in both physical and online spaces.

The solo exhibition CANAN Hayal-i Alem, which took place within the scope of O'Art, was brought to life under the curatorship of Begüm Güney, and the exhibition, which mostly included installation works, could be visited physically and also digitally on the Odeabank website for 24 hours. The exhibition received considerable media attention.







# Section 04

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## **Senior Management and Corporate Governance Practices**

# Board Members, Senior Management (Executive Committee Members) and Auditors

Name	Position	Appointment Date	Education
Dr. Imad Itani	Chair	24.05.2012	Ph.D.
Tamer Ghazaleh	Vice-Chair	24.05.2019	Bachelor's Degree
Khalil El Debs	Board Member	14.04.2014	Master's Degree
Dragica Pilipovic-Chaffey	Board Member	01.02.2018	Master's Degree
Mouayed Makhoul	Board Member	30.10.2019	Master's Degree
Antoine Najm	Board Member	09.01.2020	Bachelor's Degree
Dr. Ayşe Botan Berker	Board Member	12.10.2020	Ph.D.
Dr. Farid Lahoud	Board Member	14.12.2020	Ph.D.
Me. Chahdan Jebeyli	Board Member	03.06.2021	Master's Degree
Oya Aydınlik	Board Member	17.06.2021	Bachelor's Degree
Ebru Oğan Knottnerus	Board Member	01.07.2021	Bachelor's Degree
Dr. Mert Öncü	Board Member – General Manager	02.04.2018	Ph.D.
Yalçın Avcı	Deputy General Manager – AGM in Charge of Commercial Banking	07.06.2012	Master's Degree
Mehmet Gökmen Uçar	Deputy General Manager – AGM in charge of Finance, Financial Control and Strategy/CFO	02.07.2018	Bachelor's Degree
Cem Muratoğlu	AGM in charge of Retail Banking	18.06.2012	Master's Degree
Sinan Erdem Özer	AGM in charge of Technology and Operations	03.09.2018	Master's Degree
Hüseyin Gönül	Internal Systems AGM/CRO	24.06.2019	Bachelor's Degree
Emir Alpay	AGM in charge of Treasury, Capital Markets and Financial Institutions	09.09.2019	Master's Degree
Cenk Demiröz	AGM in charge of Credit Allocation	25.11.2019	Master's Degree
Ebru Vardar	Director, Human Resources	14.09.2020	Bachelor's Degree
Ebru Ersoy	Director, Chief Legal Counsel	13.02.2017	Bachelor's Degree
Tolga Usluer	Director, Head of Internal Audit	10.07.2017	Master's Degree
Hüseyin Cem Taner	Director, Remedial and Recovery Management	01.06.2012	Bachelor's Degree
Önder Yılmaz	Director, Secretary General	05.05.2020	Master's Degree
Murat Bitirici	Director, Digital Banking	10.02.2021	Bachelor's Degree





**Dr. Imad Itani**

Chair of the Board of Directors and Chair of the Remuneration Committee

2012 and was elected as Chair of the Board in November 2020.

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

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



**Tamer Ghazaleh**

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

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

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

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

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

# Board Members, Senior Management (Executive Committee Members) and Auditors



## **Khalil El Debs**

Board Member, Member of the Credit Committee

Khalil Debs currently acts as the Deputy Group Chief Executive Officer of Bank Audi s.a.l. He is in charge of Corporate & Commercial Banking, Capital Markets & Treasury, SME, Retail Banking, Energy & Infrastructure Finance, Operations, Private Banking, Private Equity and the International Division. In his role, he oversees the development and implementation of the business strategies and policies of the bank across these business lines.

He also serves as Chair of Bank Audi LLC (Qatar) and is member of the Board of Directors of Bank Audi France sa and Bank Audi (Suisse) SA.

When he joined Bank Audi in 1995, Khalil Debs played a key role in the development of the corporate and commercial lending activities of the bank in Lebanon, and he actively contributed to the regional expansion activities on which Bank Audi embarked since 2004. He previously acted as Group Head of Corporate Banking overseeing the corporate and commercial lending activities of the bank's entities in all countries of operation, in addition to his role as a member of their respective credit committees. In 2008, he established and successfully launched the Group's syndication and project finance division. He also led a number of key transactions in the MENA region.

Khalil Debs holds a Master's degree in Business Administration from the Lebanese American University and is a Chartered Financial Analyst (CFA) since 2001.



## **Dragica Pilipovic-Chaffey**

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

Dragica Pilipovic-Chaffey holds an MBA in business and finance, George Washington University, Washington DC (1981) and a BA in Economy, University of Belgrade (1970). Between May 1976 and October 1991, Mrs. Pilipovic-Chaffey worked for the International Monetary Fund in Washington DC. She began as Junior Researcher and rose through the ranks to reach senior positions in charge of macroeconomic research.

Between November 1991 and April 2008 Mrs. Pilipovic-Chaffey held a number of posts within the European Bank for Reconstruction and Development (EBRD). This included posts as country director of Serbia and Montenegro (2003 - 2007) and Russia (1999 - 2003). She was also Departmental Director in charge of Poland, Lithuania, Latvia and Estonia, as well as Director for Financial Institutions Teams in the HQ.

Prior to becoming Vice President for Corporate Affairs at the United Group in July 2015, Dragica Pilipovic-Chaffey served as CEO of Serbia Broadband (SBB - a member of the United Group), the largest cable TV, fixed telephony and broadband internet operator in the Former Yugoslavia region. Between May 2008 and Q2 2009, Mrs. Pilipovic-Chaffey served as chairperson of the board of SBB.

During her career, she was NED in several companies as well as banks and equity funds in Russia, Poland, Slovenia, Serbia and Croatia.

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


**Mouayed Makhoulf**

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

Mouayed Makhoulf is a member of the Board of Directors of Odeabank since October 2019.

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

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

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


**Antoine Najm**

Board Member, Member of the Credit Committee

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

He serves as Group Credit Head at Bank Audi sal since May 2015, in charge of the Group Credit division constituted of (i) Group Corporate Credit Management department, comprising Regional credit approvals and reviews, Group Credit Admin & MIS, (ii) Corporate Credit Risk-Lebanon department. He manages the Group Corporate Credit Portfolio, with responsibilities encompassing the entire process, from independent credit approval to portfolio reviews. He initiated and managed the de-risking strategy of the Group loan portfolio in early 2017 (ongoing) and acts as an independent credit approval authority across the Group for all credits above entities' local limits.

He is a member of the Group Executive Committee as well as IFRS9 steering committees across entities, including validation of staging and migration, permanent invitee of the Risk Committees of the Board and is a key member in remedial management forums.

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

# Board Members, Senior Management (Executive Committee Members) and Auditors



**Dr. Ayşe Botan Berker**

Board Member and Chair of the Risk Committee

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

Dr. Botan Berker, who is a member of the Board of Trustees of Turkish Education Foundation was appointed as a Board Member of Odea Bank A.Ş. as of October 2020.



**Dr. Farid Lahoud**

Board Member and Member of the Audit Committee

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

He joined Bank Audi, Lebanon, in 1991, moving from a leading London-based discount house. Throughout his career at Bank Audi, he played a senior role in corporate, structured, and project finance and led the origination and structuring of debt programs, bank capital instruments, hybrid equity issuance and asset-backed securities programs. He was appointed in 2006 as Corporate Secretary of the Bank Audi Group in 2006 and as Group Chief Compliance Officer in 2020. He is a member of the Boards of Directors of several affiliates.

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

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



**Me. Chahdan Jebeyli**

Board Member and Chair of the Corporate Governance Committee

Me. Chahdan Jebeyli is a member of the Board of Directors of Odeabank since June 2021.

In his capacity as Bank Audi Group Chief Legal & Compliance Officer, Me. Chahdan Jebeyli oversees Legal & Compliance affairs of the Group. He is member of the Board of Directors and Chair of the Audit Committee at Audi Capital, Kingdom of Saudi Arabia. Mr. Jebeyli is also Chair of the Compliance Officers Committee of the Association of Banks in Lebanon, and a lecturer at the Judiciary Studies Institute in Lebanon. He joined Bank Audi in 2007 from Citibank where he acted as Managing Director for the legal and compliance affairs in the Middle East and North Africa region. Before Citibank, he practiced in a law firm in the USA with a focus on commercial and banking matters.

Me. Chahdan Jebeyli is a former Lebanese Judge, he holds a LLM in International Banking Law Studies from the Boston University and is admitted to New York and American Bar Associations.



**Oya Aydınlık**

Board Member and Chair of the Audit Committee

Oya Aydınlık has a Bachelor's Degree in Business Administration from University of Maryland. She started her career as an Auditor in Arthur Andersen. Then she joined Societe Generale as Internal Auditor and she acted as an Assistant General Manager between 1991 and 1996. For a while, Oya Aydınlık worked in London to establish JPM's İstanbul Branch, she then moved to Turkey as Vice President and Management Board Member for JPMC Turkey. She was also a Management Board Member of JPM Menkul Degerler AS. Brokerage company transacting in equities, futures, and options.

In 2011, she joined Credit Agricole Turkey as an Independent Board Member and continued as Chair of Audit Committee. Then, she continued her career as a Board Member of Standard Chartered Investment Bank after the banking license was acquired by the Organization and she held this position until 2020.

She is currently the CEO of Koruncuk Vakfı, a Turkish philanthropy fund.

She has been an Independent Board Member and Chair of Audit Committee of Odea Bank A.Ş. since June 2021.



# Board Members, Senior Management (Executive Committee Members) and Auditors



**Ebru Oğan Knottnerus**

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

Ebru Oğan, who started her banking career in 1991, continued with roles at various private sector banks and organizations as manager and senior manager in the fields of internal audit, internal control, financial planning, various system software implementations and project management, predominantly focused on risk management.

She administered risk management activities of the bank and its subsidiaries as Risk Management President at T. Garanti Bankası A.Ş. between 2001 and 2018. She was a Board Member of Risk Managers' Association, which she was a founding member of since 2002 and she also acted as the Chair of the Association between 2008 and 2014.

Mrs. Knottnerus has been serving as an Independent Board Member of PASHA Yatırım Bankası A.Ş. and Board Member of PASHA Bank Georgia since 2018.

She has been an Independent Board Member of Odea Bank A.Ş. since July 2021. She has 30 years of experience in banking and business administration.



**Dr. Mert Öncü**

Board Member, General Manager, Chair of the Credit Committee

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

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

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





**Yalçın Avcı**

Deputy General Manager, Assistant General Manager

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

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

Between 2012-2018, he worked as Assistant General Manager in charge of Corporate and Commercial Banking in Odeabank. After the merger of Corporate, Commercial and SME business lines under the umbrella of Commercial Banking in November 2018, Mr. Avcı was appointed as Assistant General Manager in charge of Commercial Banking and Deputy General Manager in November 2019.



**Mehmet Gökmen Uçar**

Deputy General Manager, Assistant General Manager

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

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

He worked as Assistant General Manager responsible for Human Resources and Organization from January 2016 until July 2018, and also served as a Member of the Executive Committee at Yapı Kredi. Mr. Gökmen Uçar joined Odeabank as Assistant General Manager in charge of Strategy and Business Development in July 2018. He has served as CFO - Assistant General Manager in charge of Finance, Financial Control and Strategy since November 2018 and as Deputy General Manager as of December 2021.

# Board Members, Senior Management (Executive Committee Members) and Auditors



**Cem Muratoğlu**  
Assistant General Manager

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



**Sinan Erdem Özer**  
Assistant General Manager

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

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



**Hüseyin Gönül**  
Assistant General Manager

Hüseyin Gönül graduated from the Department of Business Engineering, Istanbul Technical University in 1995. That same year, Mr. Gönül joined Demirbank A.Ş. as a Management Trainee and served as Internal Auditor between 1996 and 1998. He was appointed Internal Auditor and Risk Manager, respectively, at Dışbank A.Ş. (1999- 2005).

In 2005, Mr. Gönül assumed the title of Credit Risk Management Director at Fortis Bank A.Ş. In February 2011, he was appointed Rating Models Development Director at TEB A.Ş. Mr. Gönül has been serving as Internal Systems Assistant General Manager/CRO at Odea Bank A.Ş. since June 2019.



**Emir Alpay**  
Assistant General Manager

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

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

# Board Members, Senior Management (Executive Committee Members) and Auditors

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**Cenk Demiröz**  
Assistant General Manager

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

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



**Ebru Vardar**  
Human Resources Director

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

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

# Committees

## Credit Committee

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

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

Committee Chair	Dr. Mert Öncü	Board Member (General Manager)
Committee Member	Khalil El Debs	Board Member
Committee Member	Antoine Najm	Board Member
Committee Associate Member	Tamer Ghazaleh	Vice-Chair of the Board
Committee Associate Member	Ebru Oğan Knottnerus	Board Member

## Audit Committee

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

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

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

# Committees

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

Committee Chair	Oya Aydınlık	Board Member
Committee Member	Dr. Farid Lahoud	Board Member
Committee Member	Mouayed Makhoul	Board Member

## Corporate Governance Committee

The Committee provides appropriate communication channels and thus it ensures that the appropriate actions and transactions are safely delivered to the related authorities within the Bank in line with the corporate values and ethical rules; designs a system that will enable the possible deviations to be reported and by monitoring their compliance with the Corporate Governance Principles the Committee makes improvement efforts and offers suggestions to the Board of Directors in respect thereof. The Committee revises annually the Corporate Governance Framework of the Bank and presents a report to the Board of Directors related thereto.

It monitors regularly the compliance of the Bank with the Corporate Governance Principles; manages the acceptance of a new member (director) to the Board of Directors and oversees the creation and implementation of the continuous director development program if necessary. Ensures that Board Member distribution, structure, policies and processes meet the relevant legal and regulatory requirements and further ensures the correct implementation of the Corporate Governance framework and provides opinions in the event of problems or deviations. Pursuant to the relevant regulations, the Chair of the Committee is a Board Member, who does not have executive duties.

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

Committee Chair	Me. Chahdan Jebeyli	Board Member
Committee Member	Dragica Pilipovic-Chaffey	Board Member
Committee Member	Mouayed Makhoul	Board Member



### Risk Committee

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

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

Committee Chair	Dr. Ayşe Botan Berker	Board Member
Committee Member	Dragica Pilipovic-Chaffey	Board Member
Committee Member	Tamer Ghazaleh	Vice-Chair of the Board
Committee Member	Mouayed Makhoul	Board Member
Committee Member	Ebru Oğan Knottnerus	Board Member

### Remuneration Committee

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

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

Committee Chair	Dr. Imad Itani	Chair
Committee Member	Tamer Ghazaleh	Vice-Chair of the Board
Committee Member	Dragica Pilipovic-Chaffey	Board Member

# Information on the Participation of the Board of Directors and Committee Members at the Respective Meetings

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In 2021, within the scope of Covid-19 precautions, the Board of Directors of Odeabank held its meetings through videoconferencing on January 6, 2021, February 11, 2021, March 24, 2021, May 6, 2021 and November 26, 2021; and physically convened on August 3, 2021, November 5, 2021 and December 16, 2021.

## On January 6, 2021

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

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

## On February 11, 2021

the Board of Directors held a meeting chaired by the Chair Dr. Imad Itani and through video-conferencing within the scope of Covid-19 precautions. Chair Dr. Imad Itani, Vice Chair of the Board Mr. Tamer Ghazaleh, and board members Mr. Khalil El Debs, Mr. Philippe Elias El-Khoury, Mr. Bülent Adanır, Mr. Mouayed Makhoulf, Mr. Antoine Najm, Dr. Ayşe Botan Berker, Dr. Farid Lahoud and Dr. Mert Öncü attended the meeting through vid-

eo-conferencing. Members of the Board of Directors Mr. Samir Hanna and Mrs. Dragica Pilipovic-Chaffey were unable to attend the meeting due to their prior commitments.

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

## On March 24, 2021

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

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

## On May 6, 2021

the Board of Directors held a meeting chaired by the Chair Dr. Imad Itani and through video-conferencing within the scope of Covid-19 precautions. Chair Dr. Imad Itani, Vice Chair of the Board Mr. Tamer Ghazaleh, and board members Mr. Khalil El

Debs, Mr. Philippe Elias El-Khoury, Mr. Bülent Adanır, Mrs. Dragica Pilipovic-Chaffey, Mr. Mouayed Makhoulf, Mr. Antoine Najm, Mrs. Ayşe Botan Berker, Dr. Farid Lahoud and Dr. Mert Öncü attended the meeting through video-conferencing. Board Member Mr. Samir Hanna was unable to attend the meeting due to his prior commitments.

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

#### **On August 3, 2021**

the Board of Directors held a meeting chaired by the Chair Dr. Imad Itani. Chair Dr. Imad Itani, Vice Chair of the Board Mr. Tamer Ghazaleh and board members Mr. Khalil El Debs, Mr. Mouayed Makhoulf, Mr. Antoine Najm, Dr. Ayşe Botan Berker, Dr. Farid Lahoud, Mrs. Oya Aydınlık, Mrs. Ebru Oğan Knottnerus and Dr. Mert Öncü attended the meeting. Members of the Board of Directors Mrs. Dragica Pilipovic-Chaffey and Me. Chahdan Jebeyli were unable to attend the meeting due to their prior commitments.

6 (six) Board resolutions were taken at this meeting.

#### **On November 5, 2021**

the Board of Directors held a meeting chaired by the Chair Dr. Imad Itani. Chair Dr. Imad Itani, Vice Chair of the Board Mr. Tamer Ghazaleh and board members Mr. Khalil El Debs, Mrs. Dragica Pilipovic-Chaffey, Mr. Mouayed Makhoulf, Mr. Antoine Najm, Dr. Ayşe Botan Berker, Dr. Farid Lahoud, Mrs. Oya Aydınlık, Mrs. Ebru Oğan Knottnerus and Dr. Mert Öncü attended the meeting. Board Member Me. Chahdan Jebeyli was unable to attend the meeting due to his prior commitments.

7 (seven) Board resolutions were taken at this meeting.

#### **On November 26, 2021**

the Board of Directors held a meeting chaired by the Chair Dr. Imad Itani and through video-conferencing within the scope of Covid-19 precautions. Chair Dr. Imad Itani, Vice Chair of the Board Mr. Tamer Ghazaleh, and board members Mr. Khalil El Debs, Mrs. Dragica Pilipovic-Chaffey, Mr. Mouayed Makhoulf, Mr. Antoine Najm, Dr. Ayşe Botan Berker, Dr. Farid Lahoud, Mrs. Oya Aydınlık, Mrs. Ebru Oğan Knottnerus and Dr. Mert Öncü attended the meeting through video-conferencing.

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

#### **On December 16, 2021**

the Board of Directors held a meeting in the absence of the Chair of the Board of Directors Mr. Imad Itani, chaired by Vice Chair of the Board Mr. Tamer Ghazaleh and board members Mr. Khalil El Debs, Mr. Mouayed Makhoulf, Mr. Antoine Najm, Dr. Ayşe Botan Berker, Dr. Farid Lahoud, Mrs. Oya Aydınlık, Mrs. Ebru Oğan Knottnerus and Dr. Mert Öncü attended the meeting. Chair of the Board of Directors Mr. Imad Itani and Members of the Board of Directors Mrs. Dragica Pilipovic-Chaffey and Me. Chahdan Jebeyli were unable to attend the meeting due to their prior commitments.

10 (ten) Board resolutions were taken at this meeting.

In 2021, apart from those that were discussed during the foregoing Board meetings and submitted for approval by circulation as per Article 390/4 of the Turkish Commercial Code, 20 (twenty) board resolutions were taken in accordance with Article 390/4 of Turkish Commercial Code without holding actual or video-conference meetings.

# Committee Meetings

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## **Audit Committee**

In 2021, within the scope of Covid-19 precautions, the Audit Committee of the Bank held its meetings through videoconferencing on February 10, 2021 and May 4, 2021 and physically convened on August 2, 2021 and November 3, 2021 and adopted 14 (fourteen) resolutions.

## **Corporate Governance Committee**

In 2021, within the scope of Covid-19 precautions, the Corporate Governance Committee of the Bank held its meetings through videoconferencing on February 11, 2021, March 22, 2021 and May 5, 2021 and physically convened on November 4, 2021 and adopted 1 (one) resolution.

## **Risk Committee**

In 2021, within the scope of Covid-19 precautions, the Risk Committee of the Bank held its meetings through videoconferencing on February 10, 2021 and May 5, 2021 and physically convened on August 2, 2021, November 4, 2021 and December 16, 2021 and adopted 4 (four) resolutions.

## **Remuneration Committee**

In 2021, within the scope of Covid-19 precautions, the Remuneration Committee of the Bank held its meetings through videoconferencing on March 15, 2021 and December 29, 2021 and adopted 3 (three) resolutions.

Odeabank paid TL 1,998,132.92 (gross) to its independent Board and Committee members in 2021.

# Managers of Internal Systems Units

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**Hüseyin Gönül**Internal Systems Assistant General Manager/CRO

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

**Tolga Usluer**Internal Audit DepartmentDirector

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

**Kaan Çiftçi**Internal Control and ComplianceDirector

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

# Managers of Internal Systems Units

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## **Kıvanç Eren**

Risk Management

Credit Risk Senior Manager

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

## **Tolga Aktürk**

Risk Management

Market & ALM Risk Senior Manager

Tolga Aktürk graduated from Middle East Technical University (METU), Department of Mathematics in 2004. He received his master's degree from Middle East Technical University (METU), Financial Mathematics in 2006. He started his career in 2007 and he worked at the Risk Management Department of Türk Ekonomi Bankası (TEB) in November 2013 before joining Odea Bank A.Ş. He is specialized in Asset Liability Management (ALM) Risk, balance sheet analysis, modeling, market risk and counterparty credit risk.

## **Kemal Oğuz Ilgar**

Risk Management

Operational Risk and Business Continuity Manager

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



# Board of Directors Summary Report Presented to the General Assembly

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Welcome to our Bank's Ordinary General Assembly Meeting of 2021.

I would like to greet our partners, their representatives, and our valued guests who have graced this meeting where the reports of the Board of Directors and Auditors and the profit and loss statements for the fiscal year 2021 will be submitted for your review and approval.

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

The Covid-19 pandemic, having struck at the end of 2019, continues to register its global impact. The global health crisis has required mandatory economic lockdown measures, while in financial markets, we have observed the flight from risk assets to more secure ports. Fiscal stimulus and monetary expansion policies, unprecedented in size and scale, were widely implemented to reduce the severe economic effects of the pandemic. Even though financial support packages and complementary monetary policy have somewhat prompted a global economic recovery, the return to a pre-pandemic normal is likely to be prolonged and indeterminate.

It is forecast that during this period, among emerging market economies, the Asia region will give the most robust performance on the strength of China, while Africa will be the region with the weakest performance. It is believed that this differentiation will arise from the capacity to combat the pandemic and differences in economic support policies.

Without a doubt, the economies of developing countries will emerge from the pandemic with a faster recovery process. This group, headed by China, will enjoy advantages due to its high production factor potential and adaptation capacity. Following the collapse in 2020, this group, wherein our own country is located, has displayed strong growth compared to other countries in 2021.

The global economy, which shrank by 3.2% in 2020, grew strongly in 2021 by 6%, due to the low base effect. In 2022, it is expected to grow by 3%. Since the initial shock of the pandemic, progress in vaccination efforts and emergency precautions taken to mitigate the fallout have determined the relative recovery trend of the global economy in 2021.

Examining the short-term global economic indicators, recovery in the manufacturing industry appears to be relatively more stable. In the services industry, which was directly affected by contact, social distancing, and mobility, a fluctuating course reflecting the trajectory of the pandemic is observed.

# Board of Directors Summary Report Presented to the General Assembly

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Despite the general expectation that the rise in global inflation will have a more prolonged impact but decrease to normal levels at the end of 2022, uncertainty remains.

Throughout 2020 the Turkish economy maintained its solid growth observed since the 2008 global financial crisis, appreciating by 1.8%, despite the negative impact of the COVID-19 pandemic on the health system and general economy. Vaccination, which started in the first and accelerated in the second quarter of 2021, positively impacted expectations for the course of the pandemic. And due to the rise in industrial production and exports despite prevailing difficulties, a robust economic growth outlook was maintained.

Thanks to our leading technology and digital banking applications, we have successfully ranked among those banks to adapt swiftly to the new normal during the pandemic. In this period of increased digitalization, we will continue to contribute to our customers and sector with innovative activities and applications.

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

Our financial results for 2021 reveal that net loans have reached TL 25.2 billion and our deposits TL 38.4 billion. With a gross loan-to-deposit ratio of 72%, Odeabank maintained its robust balance sheet structure capable of funding itself. In line with our long-term goals, we continue the pursuit of financial inclusion and diversification. Our reserves and profit before tax were realized at TL 1.4 million. Our principal capital ratio is at 12.5% thanks to effective management of our asset structure and a robust equity structure, while our capital adequacy ratio, at 25.7%, remains above the sector average.

Odeabank can weather any storm and welcomes the upcoming period with confidence thanks to its strong capital structure.

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

**Mert Öncü**

General Manager and Board Member

# Explanation on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) 31 December 2021:

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	-	-	-	24,198	-	526
Balance at end of period	-	-	424	15,486	-	561
Interest and commission income	-	-	36	-	-	-

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 <sup>(*)</sup>	-	-	52	-	-	-

<sup>(\*)</sup> Prior periods are as of 31 December 2020.

**b.1) Information on related party deposits balances:**

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
<b>Deposits</b>						
Balance at beginning of pe-riod	-	-	641,592	33,814	5,162	1,686
Balance at end of period	-	-	10,856	641,592	8,413	5,162
Interest on deposits <sup>(*)</sup>	-	-	128	89	1,047	645

<sup>(\*)</sup> Prior periods are as of 31 December 2020.

**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
<b>Financial assets at fair value through profit and loss</b>						
Balance at beginning of period	-	-	22,328,683	11,966,589	-	-
Balance at end of period	-	-	40,470,430	22,328,683	-	-
Total loss/ profit <sup>(*)</sup>	-	-	361,391	701,616	-	-

<sup>(\*)</sup> As of 31 December 2021 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. Daily margining is provided in accordance with the current international derivative contracts (ISDA, CSA).

# Information on Outsourced Operations and the Individuals and Organizations Supplying the Outsourced Services

Supplier	Service Definition
Verifone Elektronik ve Danışmanlık Ltd. Şti.	Verifone Vplatform - Contracted merchant agreement - Payment systems - Software service
32 Bit Bilgisayar Hizmetleri San. ve Tic. Ltd.	MQ Murex Deal Integrator Software Maintenance and Support Services Contract (Murex deals integration)
32 Bit Bilgisayar Hizmetleri San. ve Tic. Ltd.	TCMB Crawler Software Maintenance and Support Services Contract (automatic FX flow)
32 Bit Bilgisayar Hizmetleri San. ve Tic. Ltd.	BBPAPI Integrator Software Maintenance and Support Services Contract (BLST with OTASS connection)
Active Bilgisayar Hizmetleri ve Tic. Ltd. Şti. (Nova)	Nova 2000 Sale and Service Contract - Securities Software
Akademi Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Atlas Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
Bantaş Nakit ve Kıymetli Mal ve Güvenlik Hiz. A.Ş.	Bantaş ATM Services Contract
Bantaş Nakit ve Kıymetli Mal ve Güvenlik Hiz. A.Ş.	High-value goods transport contract
BI Stratejik Yazılım San. Tic. A.Ş.-Qlikview	Data Mining Services - Technical support service for QlickView
Bilin Yazılım ve Bilişim Dan. Ltd. Şti. (Humanist)	License and Service Contract - Human Resources Data Management Application
Callact İletişim Hizmetleri Ltd. Şti.	ALTAŞ, KIRÇIL, TOPAN Law Office which performs calls for customers subject to NPL process and Call Center company opened by Burcu Kırçıl for our work
Callus Bilgi ve İletişim Hizmetleri A.Ş. (Comdata)	Services specified for customer document scanning transactions (scanning customer documents into the banking system)
CMC İletişim Bilgisayar Reklam ve Danışmanlık Hizmetleri Sanayi Ticaret A.Ş.	Providing call center services regarding banking, credit card or insurance products that will be determined by the Bank (external calls)
CPP Sigorta Aracılık Hizmetleri A.Ş.	According to Bank's collaboration with AXA and CPP, insurance product sales through the CPP call center
Çizgi Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Denge Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Digital Planet D.T.P. Bilgi İşlem İletişim Tic. Ltd.	Sale and maintenance contract - Designing credit card statements, carrying out operational processes, ensuring SMS and e-mail deliveries
Eastern Networks Çöz. Tic. A.Ş. (Fineksus)	Sale, maintenance and support contract for Paygate Applications
Etik Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Superonline İletişim Hizmetleri A.Ş. (Turkcell Superonline)	Secondary systems (server) hosting support services
Intertech Bilgi Teknolojileri A.Ş.	IT Technology Infrastructure and Banking Platform
Iron Mountain Arşivleme Hizmetleri A.Ş. (RM Arşiv Yönetim Hizmetleri A.Ş.)	Archive Services
Karbil Yazılım Bilişim A.Ş. (Paycore/Cordis/Cardtek)	Credit card and POS Operations
Key Yazılım Çözümleri A.Ş.-Key İnternet Hizmetleri Bilgisayar Yazılım Donanım Mühendislik Müşavirlik San. ve Tic. Ltd. Şti.	Expertise Reports Evaluation System Software, Maintenance and Support Service, Mortgage Service

Kuryenet Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.	Kuryenet Credit Card Delivery
Magiclick-Netlab Arge	Service Level Agreement - Web Service
MTM Holografi Güvenlik ve Bilişim Tek. San. Tic. A.Ş.	MTM Printing Cheques
NCR Bilişim Sistemleri Ltd. Şti.	ATM Management - ATM Hardware and Software Maintenance, Repair of Defects
ODC İş Çözümleri Danışmanlık Tic. A.Ş. (Smart Message)	ODC Smart SMS and E-Mail Management Software - License, Installation and Maintenance Services
Plastikkart Akıllı Kart İletişim Sistemleri Sanayi ve Ticaret A.Ş.	Plastkart Card Purchase & Sale Contract and Personalization, Card Issue
Bilişim Destek Hizmetleri (BDH)-Netaş	Infrastructure and Service Supplementary Contract - Providing the hardware needs and maintenance for branches and the Headquarters
Postcom Basım Posta ve İletişim Hizmetleri A.Ş. (MasterCard Payment Transaction Services Turkey Bilişim Hizmetleri A.Ş./ (Provus Bilişim Hizmetleri A.Ş.))	Printing and enveloping documents, making the account statements of card systems and current accounts ready for printing in the specified format and delivering them to the Bank electronically, making the loan account statements ready for printing in the specified format, printing them and delivering them to the distribution channel to be determined by the Bank.
Target İletişim Hizmetleri ve Danışmanlık A.Ş.	Telephone calls, SMS, Outbound IVR calls, SSI inquiries and warning letter sending services to be made in order to collect the unpaid and delayed receivables arising from the operations and transactions of the Bank with its current and/or potential customers.
Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş.	Procurement of Physical Security Services
Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.	Real Estate Value Assessment
"UGM-Ulusal Gözlem Merkezi (UİM-Ulusal İzleme Merkezi- (Securitas))"	Procurement of Alarm and Intelligence Service
Yatırım Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Key Yazılım Çözümleri A.Ş.-Key İnternet Hizmetleri Bilgisayar Yazılım Donanım Mühendislik Müşavirlik San. ve Tic. Ltd. Şti.	Real Estate Management and Sales
Anıkovani Yazılım Araştırma Geliştirme Mühendislik Sanayi	Linking customers with the ATM in the flows of Money Withdrawal without Card-BEACON-Money Withdrawal; allowing customers using SMS OTP to draw cash without a card
Loomis Güvenlik Hizmetleri A.Ş.	FX Check Clearing Transactions Contract - Delivery of FX clearing checks as instructed by the Bank. (Delivery from the Headquarters to clearing center at Karaköy and delivery of Odeabank Local FX checks from said center to the bank)
Aktif İleti ve Kurye Hizmetleri A.Ş.	Distribution main contract with the Aktif courier company for sending and delivering necessary documents to customers in order for Odeabank's remote account opening process to be carried out throughout Turkey, making identity confirmation, and delivering signed documents to the Bank.
Lodos Gayrimenkul Değerleme Ve Danışmanlık A.Ş.	Real Estate Value Assessment
Asal Gayrimenkul Değerleme Ve Danışmanlık A.Ş.	Real Estate Value Assessment
Ege Taşınmaz Değerleme Ve Danışmanlık A.Ş.	Real Estate Value Assessment
Arves Gayrimenkul Değerleme Ve Danışmanlık A.Ş.	Real Estate Value Assessment
Nova Taşınmaz Değerleme Ve Danışmanlık A.Ş.	Real Estate Value Assessment
Ulusal Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Kalme Kurumsal Gayrimenkul Değerleme Ve Danışmanlık A.Ş.	Real Estate Value Assessment
Ekip Taşınmaz Değerleme A.Ş.	Real Estate Value Assessment
İstanbul Gayrimenkul Değerleme Ve Danışmanlık A.Ş.	Real Estate Value Assessment
Gerçek Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Ekol Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Aden Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Tskb Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Eva Gayrimenkul Değerleme A.Ş.	Real Estate Value Assessment
Figo Ticari Bilgi ve Uygulama Platformu A.Ş.- Figopara	Supplier Financing Service

# Awards

Odeabank's corporate social responsibility project "Fair Tales," which draws attention to gender equality by demolishing stereotypes, has received many awards in 2021.

Odeabank's efforts have captured the limelight in the sector in 2021 as well. Among the Bank's activities, the following were deemed worthy of awards:

## IDC Turkey Cloud Awards

- 3<sup>rd</sup> Place at Cloud Transition, in the "Webex-Cloud Collaboration" category

## Global Banking and Finance Review Awards 2021

- Fastest Growing Private Banking Award

## A.C.E Awards

- Banking B Segment Gold Award

## Standard Chartered Bank Awards

- "Outstanding Quality in Payments Formatting" award for faultlessness in our FC transfer transactions

## **FAIR TALES PROJECT AWARDS**

## Mediacat Felis Awards

- Social Responsibility "Quality Education" Category Felis Award

- Social Responsibility "Children and Youth Projects" Category Achievement Award
- Social Responsibility "Reducing Inequalities" Category Achievement Award
- Branded Content "Best Scenario-Music Match" Category Achievement Award
- Press "Purpose Oriented Press and Publication" Category Achievement Award
- PR "Content Production" Category Felis and Grand Award
- Digital and Mobile "Holistic Digital Campaign" Category Felis Award
- Media "Access to Target Audience" Category Felis Award
- Transforming Marketing Impact "Eye-Opening Projects/Ideas" Category Felis Award
- Transforming Marketing Impact "Positive Social Impact/Social" Category Felis Award

## Stevie International Business Awards

- Corporate Responsibility – Communication or Public Relations Category of the Year Category Bronze Award

## Social Media Awards Turkey

- "Gender Equality" Category Gold Award
- Grand Prix Jury Award

## MIXX Award Europe 2021

- "Non-Profit Corporate Social Responsibility" Category Silver Award

## PRiDA Communication Awards

- Strategic Communication, Corporate Social Responsibility Communication
- Gender Equality in Communication Special Award
- Special Awards: Ground Breaking Project Award
- Special Awards: UNICEF Campaigns That Bring Hope to Children Special Award

## Crystal Apple Awards

- Silver Award in the "Culture, Art, Sports, Event" category of the "Film/Online Film" Department







# Section 05

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## **Financial Information and Risk Management Assessments**

# Evaluations of the Audit Committee on the Operation of Internal Control, Internal Audit and Risk Management Systems and Assessment of their Activities in the Accounting Period

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

On behalf of the Board of Directors,

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

The Audit Committee convened 4 (four) times in 2021 and following its observations and the relevant examinations, it concluded that the internal systems of the Bank were efficient, functioning as planned and the internal controls on financial reporting were effective.

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

## **Internal Audit Department**

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

Within this scope, Internal Audit Department informs the Board of Directors regularly through Audit Committee with the activity reports it submits in quarterly periods. Pursuant to the audit plan prepared by considering the risk assessments performed in 2021, the Internal Audit Department has conducted its activities, communicated the reports issued to the Senior Management and Board of Directors through the Audit Committee; followed up the actions taken for the identified matters throughout the year and reported the results on a regular basis. Within the scope of the foregoing plan, it has carried out branch audits, process audits, head office audits, audits of information technologies and support service companies, and allocated a certain part of the labor to activities such as examinations and investigations, participation to various projects and conducting some consultancy engagements along with the unplanned missions.

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

As the Department took responsibilities for supporting to reach Odeabank's ultimate aims, via contributing to assess and improve the effectiveness of corporate management, risk management and internal control environments with its actions during 2021, it took into account each units' main risk concerns. In this context, it will continue to add value to the Bank in 2022 through an audit plan framework that has been strengthened in the meetings with the senior management and with digital innovations it planned to put in practice for all audit activities.

### **Internal Control and Compliance**

Composed of Internal Control, Legislation and Protection of Personal Data Compliance, Product and Customer Security and Compliance functions, the Internal Control and Compliance Department operates with 29 staff.

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

The results obtained following the head office and branch controls executed by the Internal Control in 2021, as well as the areas of improvement were shared with the relevant units of the Bank and the Senior Management. The new risks that arise out of the changing regulation depending on the Covid-19 pandemic and work flows both in banking business processes and information systems areas were analyzed and additional controls were performed in this respect. Moreover, it was ensured that second level controls established on first level controls and reconciliations were enhanced. The controls created on a process basis as part of Management Assertion engagements were tested in terms of design and functionality and the report containing recommendations was presented to the Senior Management. Additionally, periodical controls and ICAAP validation activities for support system companies were realized. Second-level controls in Information Technologies were carried out in line with the annual plan and recommended actions were shared with relevant departments for the identified matters and completion of these recommendations were followed up.

Legislation and Protection of Personal Data Compliance Unit performs compliance activities for legislation and protection of personal data. Previously, for activities performed under the Personal Data Protection Law (KVKK) at the Legislation Unit, in April 2021, the 'Protection of Personal Data Compliance' function was established. Following this development and positioning legislation and protection of personal data functions separately, the Unit was renamed Legislation and Protection of Personal Data Compliance.

# Evaluations of the Audit Committee on the Operation of Internal Control, Internal Audit and Risk Management Systems and Assessment of their Activities in the Accounting Period

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Within the scope of the legislation function the following activities were performed:

- Routinely monitoring legislation changes and announcing them across the Bank,
- Coordination between Bank and regulatory authorities,
- Besides answering questions of Bank personnel and performing controls according to legislation in force, providing the Bank's compliance to legislation for account openings with video calls, which started in 2021 through a new regulation coming into force, and performing review activities,
- Performing compliance activities regarding the Regulation on Sharing of Confidential Information,
- Consultancy on legislation for projects performed within the scope of the Regulation on Information Systems of Bank and Electronic Banking Services,
- Supporting and providing consultancy within the scope of Capital Market Legislation for projects related to various products and services of the Bank directed to increase product variety in investment products, customer numbers, and transaction volumes,
- Updating bank agreements and information forms within the scope of changed banking legislation and increased product portfolio,
- Compliance activities to changes made in terms of CBRT rediscount credits,
- Compliance to temporary arrangements during the pandemic.

Regarding the compliance function to the Law on Protection of Personal Data, which was established in April 2021, the following activities were carried out:

- Reviewing existing internal bank processes in terms of compliance to the KVK Law,
- Interpreting and announcing the changes in regulations to related units,
- Consultancy to the Bank's business units regarding new businesses and projects in terms of KVKK.

Within this framework, process-based clarification texts at the website of the Bank have been updated and published, and cookie processing has been harmonized in accordance to Law. Express consent processes have been redesigned. Performing an in-Bank KVK awareness survey, new training and tests were designed to be applied to all employees. Decisions published by the KVK Council



have been announced regularly. Regarding request for deletion of contact information received by third parties or Bank customers, processes have been redesigned and are run. Opinions and consultancy have been provided to in-Bank questions and continuing projects.

In 2021, the Legislation and Protection of Personal Data Compliance Unit, representing the Bank, participated and contributed to workshops and meetings of Personal Data Protection Authority through the work groups of the Banks Association of Turkey and International Investors Association (YASED).

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

Odeabank has an effective strategy related to activities for complying with the Law on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism, and related national and international legislation, national and international sanctions practices and managing possible compliance risks it may face. To this end, efforts are expended to enhance the compliance culture within the Bank by the Compliance Unit. Odeabank formulated its Policy on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism. The policy was developed with a risk management-based approach and in line with the commitments the Bank has made with all its stakeholders. In addition, the Bank's policy is in compliance with local legal and regulatory requirements, including those issued by the Financial Crimes Investigation Board (MASAK), as well as applicable standards, such as those of the Financial Action Task Force (FATF), Wolfsberg Principles, and BASEL Principles, that are issued by international institutions and entities. The Bank's compliance policy formulated upon the approval of the Senior Management was enforced primarily focusing on certain responsibilities such as customer approval principles, monitoring and control activities, notifications, training and delivery of information and documents.

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

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

In 2021, improvements were made in the currently used software in order to increase the level of compliance with the recommendations of international organizations, to better manage the increased risks due to the Covid-19 outbreak and to perform more effective monitoring.

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

# Evaluations of the Audit Committee on the Operation of Internal Control, Internal Audit and Risk Management Systems and Assessment of their Activities in the Accounting Period

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## **Risk Management**

### ***Credit Risk***

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

### ***Market and Asset Liability Risk Management***

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

Market and Asset Liability Risk Management continuously improves analysis and reporting processes, carries out projects regarding Asset and Liability Risk, Liquidity Risk and Market Risk, and conducts comprehensive studies within the context of ICAAP. The Division, under volatile market conditions, particularly the Bank's liquidity and interest rate risks regarding legal and internal regulations, took an active role together with the Senior Management in managing the Treasury Trading Portfolio and Asset & Liability Risk. Also, it provides detailed data analyses for use in internal management processes and takes on significant tasks in the improvements related to Treasury and Core Banking systems.

### ***Operational Risk and Business Continuity***

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

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

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

In addition, various training activities are organized in order to raise awareness on Operational Risk and Business Continuity in Odeabank. In 2021, Operational Risk and Business Continuity trainings were provided to the entire Bank via an e-training portal.

Best Regards,

Oya Aydınlik  
Board Member  
Chair of the Audit Committee

Dr. Farid Lahoud  
Board Member  
Audit Committee Member

Mouayed Makhoul  
Board Member  
Audit Committee Member

# Information on Odeabank's Financial Status, Profitability and Solvency

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The global economy, which had just started to emerge from fragility in 2019, operated in an environment of much more uncertainty due to the Covid-19 pandemic in 2020. Although there is a trend of recovery in 2021, uncertainties in global economy continue.

Under these conditions, Odeabank continued its rebalancing process, which it initiated after a six-year rapid growth period, in 2021. With this respect, in addition to actions to strengthen profitability and asset quality, it underwent a leaner organizational structure for a healthy and sustainable performance and diversified its funding sources through expanding its funding base.

With the various investment funds options offered to customers, the Bank's fund volume increased to TL 3.4 billion. Thanks to the support of newly introduced cash management products, relations with customers were deepened and demand deposits increased. The share of demand deposits in total customer deposits reached 21%.

With the effect of global developments, while the loan demand in the banking sector increased in 2021, Odeabank's total loan portfolio grew by TL 6.3 billion compared to the previous year. While TL loans increased from TL 11.9 billion at the end of 2020 to TL 13.4 billion at the end of 2021, foreign currency loans increased with the exchange rate effect, from TL 9.3 billion to TL 14.1 billion in the same period. On the other hand, the Bank's securities portfolio reached TL 11.5 billion in 2021. Thus, the asset size of the Bank increased to TL 55.5 billion with an increase of TL 15.5 billion at the end of 2021.

Despite the challenging business conditions in 2021, deposits continued to be Odeabank's main funding source. During the year, while TL deposits increased by TL 3.2 billion to TL 11.2 billion, foreign currency deposits is TL 27.3 billion with the exchange rate effect. According to these results, the gross loan to deposit ratio was 82.9% at the end of 2020 and 72% in 2021. At the same time, in addition to the existing foreign currency subordinated bond, Odeabank continued to issue bonds in 2021 and diversified its funding resources. Additionally, Odeabank reduced its maturity mismatch between assets and liabilities via derivative instruments.

As the slowdown in economic activity had negative impacts on the banking sector's asset quality, the NPL ratio of privately-held banks continued to rise particularly in the segment of commercial loans. With its portfolio consisting primarily of commercial loans, Odeabank's ratio of non-performing loans to total loans, which was 10.7% at the end of 2020 became 7.2% at the end of 2021. On the other hand, while the 3<sup>rd</sup> stage loan reserve ratio increased from 40.6% at the end of 2020 to 47% at the end of 2021, the 2<sup>nd</sup> stage loan reserve ratios increased from 13% to 14.7% in the same period. Moreover, the Bank's capital adequacy and liquidity ratios remained solid thanks to the measures taken. While the capital adequacy ratio was 19.8% in 2020, it was 25.7% in 2021 and still remains above the market average.

In 2021, while interest income was realized at the level of TL 4 billion, interest expenses reached TL 2.8 billion. Thus, while net interest income increased by TL 107 million to TL 1.2 billion, the net income before provisions increased from TL 949 million in 2020 to TL 1.4 billion in 2021.

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

# Five-Year Summary Financial Information

## Five-Year Summary of Unconsolidated Financial Information (TL Thousand)

	2017	2018	2019	2020	2021
Total Assets	33,104,375	31,400,618	32,667,338	40,035,829	55,466,005
Loans (Net)	22,631,506	18,587,945	17,066,538	19,401,162	25,218,257
Securities	2,905,877	3,011,069	3,504,034	8,338,314	11,476,235
Deposits	23,910,387	21,561,048	22,097,373	25,639,194	38,417,088
Loans Borrowed	2,942,720	3,007,182	1,860,419	1,407,171	1,708,596
Interbank Money Market	-	100	178,604	3,545,993	2,224,902
Marketable Securities Issued	-	207,110	760,000	563,046	-
Subordinated Loans and Borrowing Instruments	1,174,992	1,636,012	1,735,813	2,109,077	3,833,893
Shareholder's Equity	3,758,130	3,219,822	3,299,581	3,455,830	3,566,950
Net Profit	320,572	17,150	71,122	134,209	205,688

# Information and Content on Ratings Provided by Rating Agencies

## FITCH RATINGS (June 2021)

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

## MOODY'S RATINGS (August 2020)

Outlook	Negative
Long Term FC Deposit	Caa1
Long Term TL Deposit	Ba1.tr
Short Term FC Deposit	NP
Short Term TL Deposit	TR-4
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1
Long Term National Scale Rating	Baa1.tr
Short Term National Scale Rating	TR-2



# Statement Concerning the 2021 Annual Report of Odea Bank A.Ş.

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## STATEMENT OF COMPLIANCE CONCERNING THE 2021 ANNUAL REPORT OF ODEA BANK A.Ş.

The accompanying 2021 annual report of Odea Bank A.Ş. has been prepared in accordance with the "Regulation on Principles and Standards for the Preparation and Publication of Annual Reports by Banks" published in the Official Gazette dated 1 November 2006 and numbered 26333.



**İmad İTANİ**  
Chair of the Board  
of Directors



**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 and  
Deputy General Manager



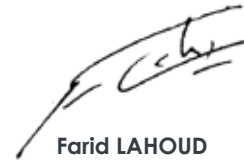
**Öcal PERÇİN**  
Financial Reporting  
Director



**Oya AYDINLIK**  
Member of Board of  
Directors and Chair of the  
Audit Committee



**Mouayed MAKHLOUF**  
Member of Board  
of Directors and  
Audit Committee Member



**Farid LAHOUD**  
Member of Board of  
Directors and Audit  
Committee Member

# Independent Auditor's Report Regarding The Annual Report of the Board of Directors

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

To the General Assembly of Odea Bank Anonim Şirketi

### Qualified Opinion

We have audited the annual report of Odea Bank Anonim Şirketi (the "Bank") for the period between 1 January 2021 and 31 December 2021, since we have audited the complete set unconsolidated financial statements for this period.

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

### Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the complete set of audited unconsolidated financial statements of the Bank for the period between 1 January 2021 and 31 December 2021 dated 4 February 2022; the complete set of unconsolidated financial statements of the Bank as at 31 December 2021 include a general provision of total of TRL 130.000 thousand, which was recognized as expense in the current period with a deferred tax asset on this general provision amounting to TRL 32.500 thousand which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

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

### Auditor's Opinion on Complete Set of Unconsolidated Financial Statements

We have expressed an qualified opinion on the complete set of unconsolidated financial statements of the Bank for the period between 1 January 2021 and 31 December 2021 on 4 February 2022.

### Board of Directors' Responsibility for the Annual Report

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

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

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

### Auditor's Responsibility for the Audit of the Annual Report

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

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Erdal Tıkmak, SMMM  
Partner  
25 February 2022  
Istanbul, Turkey



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

# Odea Bank Anonim Şirketi

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## **Unconsolidated Financial Statements, Related Disclosures and Independent Auditors' Report Thereon as of and for the Year-Ended 31 December 2021**

4 February 2022

This report includes "Auditors' Report"  
comprising 4 pages and;  
"Unconsolidated Financial Statements  
and Related Disclosures  
and Footnotes" comprising 113 pages.



KPMG Bağımsız Denetim ve  
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Fax +90 212 316 6060  
www.kpmg.com.tr

**Convenience Translation of the Independent 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**

*Qualified 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 2021 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, except for the effect of the matter described in the *Basis For Qualified Opinion* section of our report, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Odea Bank Anonim Şirketi as at 31 December 2021, 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.

*Basis for Qualified Opinion*

As stated in Note 2.9. of Section Five, the accompanying unconsolidated financial statements as at 31 December 2021 include a general provision of total of TRL 130,000 thousand, which was recognized as expense in the current period; with a deferred tax asset on this general provision amounting to TRL 32,500 thousand which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

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 (including Independence Standards) ("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 qualified 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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

*Impairment of loans measured at amortized 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 amortized cost.





<b>Key audit matter</b>	<b>How the matter is addressed in our audit</b>
<p>As of 31 December 2021, loans measured at amortized cost comprise 50% of the Bank's total assets.</p> <p>The Bank recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>The Bank applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.</p> <p>The significant assumptions and estimates of the Bank's management are as follows:</p> <ul style="list-style-type: none"> <li>• significant increase in credit risk</li> <li>• incorporating the forward looking macroeconomic information in calculation of credit risk</li> <li>• design and implementation of expected credit loss model</li> </ul> <p>The determination of the impairment of loans measured at amortized 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 amortized cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the market value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models.</p> <p>Impairment on loans measured at amortized cost was considered to be a key audit matter, due to the significance of the estimates, assumptions including the impact of COVID-19, the level of judgements and its complex structure as explained above.</p>	<p>Our procedures for auditing the expected credit losses on loans include below:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• We evaluated the qualitative and quantitative assessments, including the effects of COVID-19, which are used in determining the significant increase in credit risk.</li> <li>• We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.</li> </ul>



#### *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 Audit 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 and 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 if any, actions taken to eliminate threats or safeguards applied.



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**

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 2021 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

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 A.Ş.

Erdal Tıkmak, SMMM

Partner

4 February 2022

Istanbul, Turkey

Esentepe Mahallesi,  
Büyükdere Caddesi,  
Levent 199  
ŞİŞLİ/İSTANBUL  
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**odeabank**

**Translated into English from the original Turkish report and financial statements**

**ODEA BANK A.Ş.  
UNCONSOLIDATED FINANCIAL REPORT  
AS OF DECEMBER 31, 2021**

Address : Esentepe Mahallesi Büyükdere Cad. Levent 199 Apt. No: 199/119  
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Web Site : <http://www.odeabank.com.tr>

Contact E-mail Address : <https://www.odeabank.com.tr/en-us/contact-us/sayfalar/contact-form.aspx>

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	Mert ÖNCÜ	Mehmet Gökmen UÇAR	Öcal PERÇİN
Chair of the Board of Directors	Member of the Board of Directors and General Manager	Deputy General Manager and Assistant General Manager in charge of Finance, Financial Control and Strategy	Financial Reporting Director
	Oya AYDINLIK	Mouayed MAKHLOUF	Farid LAHOUD
	Member of Board of Directors and Chair of the Audit Committee	Member of Board of Directors and Audit Committee Member	Member of Board of Directors and Audit Committee Member

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

Name-Surname / Title : Senem Sarohan / Financial Reporting Manager  
Telephone Number : +90 (212) 304 86 50  
Fax Number : +90 (212) 304 84 45

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2021**

(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 2021 and 31 December 2020, 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%
	<b>3.288.842</b>	<b>100,00%</b>	<b>3.288.842</b>	<b>100,00%</b>

**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 114 branches as of 31 December 2021.

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2021**

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

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

<b><u>Title</u></b>	<b><u>Name-Surname</u></b>	<b><u>Responsibility</u></b>	<b><u>Education</u></b>
<b>Chair of the Board of Directors</b>	Imad ITANI	Chair of the Board of Directors	Ph.D. Degree
<b>Vice Chair of the Board of Directors</b>	Tamer GHAZALEH	Vice Chair of the Board of Directors	Bachelor's Degree
<b>Members of the Board of Directors</b>	Khalil El DEBS	Member of the Board of Directors	Master's Degree
	Dragica PILIPOVIC-CHAFHEY	Member of the Board of Directors	Master's Degree
	Mouayed MAKHLOUF	Member of the Board of Directors and Member of the Audit Committee	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
	Farid LAHOUD	Member of the Board of Directors and Member of the Audit Committee	Ph.D. Degree
	Chahdan JEBEYLI	Member of the Board of Directors	Master's Degree
	Oya AYDINLIK	Member of the Board of Directors and Chair of the Audit Committee	Bachelor's Degree
<b>Member of the Board of Directors and General Manager</b>	Ebru OĞAN KNOTTNERUS	Member of the Board of Directors	Bachelor's Degree
	Mert ÖNCÜ	Member of the Board of Directors and General Manager	Ph.D. Degree
<b>Deputy General Manager</b>	Yalçın AVCI	Commercial Banking	Master's Degree
	Mehmet Gökmen UÇAR(*)	Finance, Financial Control and Strategy	Bachelor's Degree
<b>Assistant General Managers</b>	Cem MURATOĞLU	Retail Banking	Master's Degree
	Emir Kadir ALPAY	Treasury and Capital Markets	Master'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

(\*) On 24 December 2021 Mr. Mehmet Gökmen Uçar was appointed as the Deputy General Manager.

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



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

**ODEA BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2021**

(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 2021:

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 2021. The Bank has 48 domestic branches with 1.111 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 2020: 48 domestic branches, 1.109 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 2021

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

#### I. BALANCE SHEET – ASSETS

			Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020			
			Note Ref (Section Five)	TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)			8.897.971	18.235.706	27.133.677	6.326.607	11.202.414	17.529.021
1.1	Cash and cash equivalents			698.155	12.591.571	13.289.726	739.014	7.261.076	8.000.090
1.1.1	Cash and balances at Central Bank	I-1		698.223	8.744.186	9.442.409	278.774	4.597.321	4.876.095
1.1.2	Banks	I-3		186	3.849.928	3.850.114	150.215	2.665.257	2.815.472
1.1.3	Receivables from Money Markets			-	-	-	310.151	-	310.151
1.1.4	Allowance for expected credit losses (-)			254	2.543	2.797	126	1.502	1.628
1.2	Financial assets at fair value through profit or loss	I-2		82.571	19.184	101.755	167.166	31.047	198.213
1.2.1	Public debt securities			723	201	924	679	20.246	20.925
1.2.2	Equity instruments			-	18.983	18.983	-	10.801	10.801
1.2.3	Other financial assets			81.848	-	81.848	166.487	-	166.487
1.3	Financial assets at fair value through other comprehensive income	I-4		6.015.351	4.024.089	10.039.440	4.589.660	2.491.578	7.081.238
1.3.1	Public debt securities			3.839.372	3.477.533	7.316.905	3.153.523	2.012.359	5.165.882
1.3.2	Equity instruments			4.897	359	5.256	4.897	213	5.110
1.3.3	Other financial assets			2.171.082	546.197	2.717.279	1.431.240	479.006	1.910.246
1.4	Derivative financial assets	I-2		2.101.894	1.600.862	3.702.756	830.767	1.418.713	2.249.480
1.4.1	Derivative financial assets at fair value through profit or loss			2.009.458	1.600.862	3.610.320	830.767	1.418.713	2.249.480
1.4.2	Derivative financial assets at fair value through other comprehensive income	I-11		92.436	-	92.436	-	-	-
II.	FINANCIAL ASSET MEASURED AT AMORTISED COST (Net)			12.343.360	14.203.781	26.547.141	10.828.423	9.626.143	20.454.566
2.1	Loans	I-5		13.422.045	14.147.077	27.569.122	11.916.386	9.343.578	21.259.964
2.2	Receivables from leasing transactions	I-10		-	-	-	-	-	-
2.3	Factoring receivables			-	-	-	-	-	-
2.4	Other financial assets measured at amortized cost	I-6		270.117	1.064.923	1.335.040	196.335	862.528	1.058.863
2.4.1	Public debt securities			198.108	1.064.923	1.263.031	196.335	862.528	1.058.863
2.4.2	Other financial assets			72.009	-	72.009	-	-	-
2.5	Allowance for expected credit losses (-)			1.348.802	1.008.219	2.357.021	1.284.298	579.963	1.864.261
III.	NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS" (Net)	I-16		296.839	-	296.839	672.505	-	672.505
3.1	Held for sale			296.839	-	296.839	672.505	-	672.505
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		181.790	-	181.790	189.036	-	189.036
VI.	INTANGIBLE ASSETS AND GOODWILL (Net)	I-13		147.126	-	147.126	97.369	-	97.369
6.1	Goodwill			-	-	-	-	-	-
6.2	Other			147.126	-	147.126	97.369	-	97.369
VII.	INVESTMENT PROPERTIES (Net)	I-14		-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS			4.739	-	4.739	27.428	-	27.428
IX.	DEFERRED TAX ASSETS	I-15		256.329	-	256.329	227.363	-	227.363
X.	OTHER ASSETS	I-17		710.991	187.373	898.364	643.970	194.571	838.541
TOTAL ASSETS				22.839.145	32.626.860	55.466.005	19.012.701	21.023.128	40.035.829

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 2021**

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

**I. BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY**

				Audited Current Period 31 December 2021		Audited Prior Period 31 December 2020	
	Note Ref. (Section Five)	TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	<b>II-1</b>	<b>11.162.411</b>	<b>27.254.677</b>	<b>38.417.088</b>	<b>7.914.614</b>	<b>17.724.580</b>	<b>25.639.194</b>
<b>II. LOANS RECEIVED</b>	<b>II-3</b>	<b>-</b>	<b>1.708.596</b>	<b>1.708.596</b>	<b>1.040</b>	<b>1.406.131</b>	<b>1.407.171</b>
<b>III. MONEY MARKET FUNDS</b>	<b>II-4</b>	<b>1.884.402</b>	<b>340.500</b>	<b>2.224.902</b>	<b>2.868.068</b>	<b>677.925</b>	<b>3.545.993</b>
<b>IV. MARKETABLE SECURITIES (Net)</b>	<b>II-5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>563.046</b>	<b>-</b>	<b>563.046</b>
4.1 Bills		-	-	-	499.471	-	499.471
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	63.575	-	63.575
<b>V. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-2</b>	<b>1.155.844</b>	<b>1.572.905</b>	<b>2.728.749</b>	<b>762.984</b>	<b>1.423.732</b>	<b>2.186.716</b>
7.1 Derivative financial liabilities at fair value through profit or loss		1.155.844	1.572.905	2.728.749	762.984	1.423.732	2.186.716
7.2 Derivative financial liabilities at fair value through other comprehensive income	II-8	-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. LEASE PAYABLES</b>	<b>II-7</b>	<b>120.180</b>	<b>-</b>	<b>120.180</b>	<b>120.954</b>	<b>-</b>	<b>120.954</b>
<b>X. PROVISIONS</b>	<b>II-9</b>	<b>288.862</b>	<b>62.439</b>	<b>351.301</b>	<b>138.985</b>	<b>33.566</b>	<b>172.551</b>
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		35.868	-	35.868	24.506	-	24.506
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		252.994	62.439	315.433	114.479	33.566	148.045
<b>XI. CURRENT TAX LIABILITIES</b>	<b>II-10</b>	<b>73.803</b>	<b>-</b>	<b>73.803</b>	<b>67.042</b>	<b>-</b>	<b>67.042</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	<b>II-10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. LIABILITIES RELATED TO ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>	<b>II-11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	<b>II-12</b>	<b>-</b>	<b>3.833.893</b>	<b>3.833.893</b>	<b>-</b>	<b>2.109.077</b>	<b>2.109.077</b>
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		-	3.833.893	3.833.893	-	2.109.077	2.109.077
<b>XV. OTHER LIABILITIES</b>	<b>II-6</b>	<b>564.536</b>	<b>1.876.007</b>	<b>2.440.543</b>	<b>420.103</b>	<b>348.152</b>	<b>768.255</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>		<b>3.725.750</b>	<b>(158.800)</b>	<b>3.566.950</b>	<b>3.388.122</b>	<b>67.708</b>	<b>3.455.830</b>
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		(5.961)	-	(5.961)	(3.931)	-	(3.931)
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		91.338	(158.800)	(67.462)	(46.298)	67.708	21.410
16.5 Profit reserves		148.041	-	148.041	17.498	-	17.498
16.5.1 Legal reserves	II-13	36.415	-	36.415	29.705	-	29.705
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		111.626	-	111.626	(12.207)	-	(12.207)
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		205.688	-	205.688	134.209	-	134.209
16.6.1 Prior periods profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		205.688	-	205.688	134.209	-	134.209
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>18.975.788</b>	<b>36.490.217</b>	<b>55.466.005</b>	<b>16.244.958</b>	<b>23.790.871</b>	<b>40.035.829</b>

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 2021**

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

**II. STATEMENT OF OFF-BALANCE SHEET ITEMS**

	Note Ref. (Section Five)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>36.143.655</b>	<b>148.048.781</b>	<b>184.192.436</b>	<b>29.013.648</b>	<b>87.556.663</b>	<b>116.570.311</b>
<b>I. GUARANTEES</b>	<b>III-1</b>	<b>3.412.776</b>	<b>5.270.535</b>	<b>8.683.311</b>	<b>2.239.071</b>	<b>3.146.535</b>	<b>5.385.606</b>
1.1 Letters of guarantee		3.061.521	1.333.953	4.395.474	1.687.371	645.127	2.332.498
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		3.061.521	1.333.953	4.395.474	1.687.371	645.127	2.332.498
1.2 Bank acceptances		-	4.976	4.976	-	9.759	9.759
1.2.1 Import letter of acceptance		-	4.976	4.976	-	9.759	9.759
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		4.211	2.211.783	2.215.994	-	867.081	867.081
1.3.1 Documentary letters of credit		4.211	2.211.783	2.215.994	-	867.081	867.081
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		347.044	1.719.823	2.066.867	551.700	1.624.568	2.176.268
1.9 Other collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>III-1</b>	<b>13.618.283</b>	<b>2.521.407</b>	<b>16.139.690</b>	<b>9.567.154</b>	<b>3.063.959</b>	<b>12.631.113</b>
2.1 Irrevocable commitments		1.680.493	2.521.407	4.201.900	1.224.838	3.063.959	4.288.797
2.1.1 Forward asset purchase and sales commitments		595.909	2.497.633	3.093.542	335.537	3.050.880	3.386.417
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		620.130	-	620.130	430.136	-	430.136
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		62.333	-	62.333	48.352	-	48.352
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		396.015	-	396.015	404.739	-	404.739
2.1.10 Commitments for promotions related with credit cards and banking activities		2.413	-	2.413	6.074	-	6.074
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		3.693	23.774	27.467	-	13.079	13.079
2.2 Revocable commitments		11.937.790	-	11.937.790	8.342.316	-	8.342.316
2.2.1 Revocable loan granting commitments		11.937.790	-	11.937.790	8.342.316	-	8.342.316
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>III-2</b>	<b>19.112.596</b>	<b>140.256.839</b>	<b>159.369.435</b>	<b>17.207.423</b>	<b>81.346.169</b>	<b>98.553.592</b>
3.1 Derivative financial instruments for hedging purposes		2.250.000	-	2.250.000	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		2.250.000	-	2.250.000	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Trading derivatives		16.862.596	140.256.839	157.119.435	17.207.423	81.346.169	98.553.592
3.2.1 Forward foreign currency buy/sell transactions		2.078.511	7.235.331	9.313.842	838.395	3.024.469	3.862.864
3.2.1.1 Forward foreign currency transactions-buy		1.693.029	2.925.800	4.618.829	704.788	1.254.165	1.958.953
3.2.1.2 Forward foreign currency transactions-sell		385.482	4.309.531	4.695.013	133.607	1.770.304	1.903.911
3.2.2 Swap transactions related to foreign currency, and interest rates		10.142.298	93.932.934	104.075.232	14.757.089	58.027.396	72.784.485
3.2.2.1 Foreign currency swaps-buy		789.765	17.710.189	18.499.954	833.409	12.077.136	12.910.545
3.2.2.2 Foreign currency swaps-sell		4.552.533	13.292.433	17.844.966	3.493.680	9.453.770	12.947.450
3.2.2.3 Interest rate swaps-buy		2.400.000	31.465.156	33.865.156	5.215.000	18.248.245	23.463.245
3.2.2.4 Interest rate swaps-sell		2.400.000	31.465.156	33.865.156	5.215.000	18.248.245	23.463.245
3.2.3 Foreign currency, interest rate and securities options		4.641.787	39.088.574	43.730.361	1.611.939	20.275.745	21.887.684
3.2.3.1 Foreign currency options-buy		3.320.031	4.963.669	8.283.700	984.684	1.933.212	2.917.896
3.2.3.2 Foreign currency options-sell		1.321.756	7.144.617	8.466.373	627.255	3.161.253	3.788.508
3.2.3.3 Interest rate options-buy		-	13.490.144	13.490.144	-	7.590.640	7.590.640
3.2.3.4 Interest rate options-sell		-	13.490.144	13.490.144	-	7.590.640	7.590.640
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>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>74.646.303</b>	<b>113.840.341</b>	<b>188.486.644</b>	<b>71.658.526</b>	<b>56.146.034</b>	<b>127.804.560</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5.471.688</b>	<b>3.692.871</b>	<b>9.164.559</b>	<b>5.628.951</b>	<b>1.508.628</b>	<b>7.137.579</b>
4.1 Assets under management		5.426.545	1.142.809	6.569.354	5.060.521	336.073	5.396.594
4.2 Investment securities held in custody		5.989	1.363.782	1.369.771	509.349	442.778	952.127
4.3 Checks received for collection		4.244	1.185.098	1.189.342	4.124	723.459	727.583
4.4 Commercial notes received for collection		11.401	1.182	12.583	54.957	6.318	61.275
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		23.509	-	23.509	-	-	-
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>69.144.605</b>	<b>110.065.382</b>	<b>179.209.987</b>	<b>65.979.409</b>	<b>54.598.185</b>	<b>120.577.594</b>
5.1 Marketable securities		2.123.355	3.062.952	5.186.307	2.221.576	1.672.962	3.894.538
5.2 Guarantee notes		29.307.079	14.140.699	43.447.778	26.981.755	7.903.308	34.885.063
5.3 Commodities		10.522.916	5.677.350	16.200.266	8.790.103	1.705.633	10.495.736
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		17.054.937	55.367.793	72.422.730	18.782.042	24.786.473	43.568.515
5.6 Other pledged items		10.136.318	31.816.588	41.952.906	9.203.933	18.529.809	27.733.742
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>30.010</b>	<b>82.088</b>	<b>112.098</b>	<b>50.166</b>	<b>39.221</b>	<b>89.387</b>
<b>TOTAL OFF - BALANCE SHEET ITEMS (A+B)</b>		<b>110.789.958</b>	<b>261.889.122</b>	<b>372.679.080</b>	<b>100.672.174</b>	<b>143.702.697</b>	<b>244.374.871</b>

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

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2021**  
(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 2021	Audited Prior Period 1 January- 31 December 2020
<b>I. INTEREST INCOME</b>	<b>IV-1</b>	<b>3,967,219</b>	<b>2,634,527</b>
1.1 Interest on loans		2,656,174	1,848,864
1.2 Interest received from reserve deposits		45,685	2,552
1.3 Interest received from banks		17,877	62,734
1.4 Interest received from money market transactions		7,438	60,834
1.5 Interest received from marketable securities portfolio		1,218,541	620,038
1.5.1 Financial assets at fair value through profit or loss		21,618	12,982
1.5.2 Financial assets at fair value through other comprehensive income		1,123,171	499,946
1.5.3 Financial assets measured at amortized cost		73,752	107,110
1.6 Finance lease income		-	-
1.7 Other interest income		21,504	39,505
<b>II. INTEREST EXPENSE</b>	<b>IV-2</b>	<b>2,781,774</b>	<b>1,555,837</b>
2.1 Interest on deposits		1,988,938	987,203
2.2 Interest on funds borrowed		45,227	42,579
2.3 Interest on money market transactions		432,557	173,087
2.4 Interest on securities issued		285,678	278,410
2.5 Finance lease interest expenses		23,497	27,805
2.6 Other interest expenses		5,877	46,753
<b>III. NET INTEREST INCOME (I - II)</b>		<b>1,185,445</b>	<b>1,078,690</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>102,646</b>	<b>77,519</b>
4.1 Fees and commissions received		129,359	101,585
4.1.1 Non-cash loans		65,470	53,346
4.1.2 Other		63,889	48,239
4.2 Fees and commissions paid (-)		26,713	24,066
4.2.1 Non-cash loans		2	4
4.2.2 Other		26,711	24,062
<b>V. DIVIDEND INCOME</b>	<b>IV-3</b>	<b>-</b>	<b>-</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>	<b>IV-4</b>	<b>7,221</b>	<b>42,888</b>
6.1 Profit/losses from capital market transactions		35,028	42,457
6.2 Profit/losses from derivative financial transactions		956,184	(88,021)
6.3 Foreign exchange profit/losses		(983,991)	88,452
<b>VII. OTHER OPERATING INCOME</b>	<b>IV-5</b>	<b>851,911</b>	<b>430,386</b>
<b>VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>2,147,223</b>	<b>1,629,483</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>	<b>IV-6</b>	<b>964,560</b>	<b>769,366</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>IV-6</b>	<b>173,748</b>	<b>11,940</b>
<b>XI. PERSONNEL EXPENSES (-)</b>	<b>IV-6</b>	<b>354,445</b>	<b>293,116</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>IV-7</b>	<b>415,885</b>	<b>387,135</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>238,585</b>	<b>167,926</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>-</b>	<b>-</b>
<b>XVI. NET MONETARY POSITION GAIN/LOSS</b>		<b>-</b>	<b>-</b>
<b>XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	<b>IV-8</b>	<b>238,585</b>	<b>167,926</b>
<b>XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>IV-9</b>	<b>(32,897)</b>	<b>(33,717)</b>
18.1 Current tax provision		(37,749)	(20,885)
18.2 Expense effect of deferred tax (+)		(535,702)	(284,159)
18.3 Income effect of deferred tax (-)		540,554	271,327
<b>XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	<b>IV-10</b>	<b>205,688</b>	<b>134,209</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/LOSSES (XIX+XXIV)</b>	<b>IV-11</b>	<b>205,688</b>	<b>134,209</b>
<b>Profit / Loss per Share (*)</b>		<b>0,063</b>	<b>0,041</b>

(\*) 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 2021**  
(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 2021	Audited Prior Period 1 January- 31 December 2020
<b>I. CURRENT PERIOD PROFIT / (LOSS)</b>	<b>205.688</b>	<b>134.209</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(94.568)</b>	<b>22.040</b>
<b>2.1 Other comprehensive income that will not be reclassified to profit or loss</b>	<b>(5.696)</b>	<b>(7.918)</b>
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	(7.120)	(5.717)
2.1.4 Other Components of other comprehensive income that will not be reclassified to profit or loss	-	(4.204)
2.1.5 Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	1.424	2.003
<b>2.2 Other comprehensive income that will be reclassified to profit or loss</b>	<b>(88.872)</b>	<b>29.958</b>
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	(134.538)	33.745
2.2.3 Income (loss) related with cash flow hedges	22.976	3.861
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	22.690	(7.648)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>111.120</b>	<b>156.249</b>

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



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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2021**  
(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						
		Note (Section Five)	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 31/12/2021															
I.	Balance at the beginning of the period		3,288,842	-	-	(2,198)	-	(7,182)	3,251	-	64,066	(42,656)	17,498	-	134,209	3,455,830
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)	-	(7,182)	3,251	-	64,066	(42,656)	17,498	-	134,209	3,455,830
IV.	Total comprehensive income (loss)		-	-	-	-	-	(5,696)	-	-	(107,590)	18,718	-	-	205,688	111,120
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		-	-	-	-	-	-	3,666	-	-	-	130,543	-	(134,209)	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves (*)		-	-	-	-	-	-	-	-	-	-	134,209	-	(134,209)	-
11.3	Others		-	-	-	-	-	-	3,666	-	-	-	(3,666)	-	-	-
End Balance (III+IV+.....+X+XI)			3,288,842	-	-	(2,198)	-	(12,878)	6,917	-	(43,524)	(23,938)	148,041	-	205,688	3,566,950

(\*) At the Ordinary General Assembly meeting dated March 24, 2021, TL 6.710, which is 5% of the Bank's net profit for the year 2020, TL 134,209, was reserved as 1st Arrangement Legal Reserve in accordance with Article 519 of the Turkish Commercial Code numbered 6102 and the remaining amount of TL 127,499 has been decided to reserve as extraordinary Reserves

(\*\*) TL 3.666 presented under extraordinary reserves includes the share sales gain benefited from corporate tax exemption and transferred to the Revaluation Surplus on Tangible and Intangible Assets account.

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

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

ODEA BANK ANONİM ŞİRKETİ  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021

(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				
		Note (Section Five)	Paid- In Capital	Share Premiums	Share Cancellations 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
Prior 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.

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

**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**VI. STATEMENT OF CASH FLOWS**

	Footnotes (Section Five)	Audited Current Period 1 January- 31 December 2021	Audited Prior Period 1 January- 31 December 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit / (loss) before changes in operating assets and liabilities</b>		<b>317.027</b>	<b>(179.737)</b>
1.1.1 Interest received		3.478.628	2.134.797
1.1.2 Interest paid		(2.455.754)	(1.539.586)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		129.359	101.585
1.1.5 Other income/(expense)		102.319	179.784
1.1.6 Collections from previously written off loans		518.325	391.648
1.1.7 Payments to personnel and service suppliers		(579.746)	(492.275)
1.1.8 Taxes paid		(82.125)	(55.532)
1.1.9 Others	<b>VI-1</b>	(793.979)	(900.158)
<b>1.2 Changes in operating assets and liabilities</b>		<b>665.587</b>	<b>725.393</b>
1.2.1 Net (increase) decrease in financial assets held for trading		91.193	(188.601)
1.2.2 Net (increase) decrease in due from banks and other financial institutions		(2.333.989)	(569.828)
1.2.3 Net (increase) decrease in loans		(6.434.186)	(2.801.337)
1.2.4 Net (increase) decrease in other assets	<b>VI-1</b>	37.608	(1.380.849)
1.2.5 Net increase (decrease) in bank deposits		(465.503)	773.752
1.2.6 Net increase (decrease) in other deposits		12.999.250	2.765.126
1.2.7 Net (increase) decrease in financial liability at fair value through profit or loss		(3.605.485)	(332.343)
1.2.8 Net increase (decrease) in funds borrowed		(1.025.265)	2.916.878
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	<b>VI-1</b>	1.401.964	(457.405)
<b>I. Net cash used in from banking operations</b>		<b>982.614</b>	<b>545.656</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>(279.393)</b>	<b>(3.863.386)</b>
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		(112.443)	(86.167)
2.4 Fixed assets sales		378.251	234.348
2.5 Cash paid for purchase of financial assets available for sale		(3.757.908)	(6.393.597)
2.6 Cash obtained from sale of financial assets available for sale		2.963.813	1.208.346
2.7 Cash paid for purchase of investment securities		(71.232)	(30.193)
2.8 Cash obtained from sale of investment securities		320.126	1.203.877
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flows from financing activities</b>		<b>(786.009)</b>	<b>(36.085)</b>
3.1 Cash obtained from funds borrowed and securities issued		1.528.052	5.296.951
3.2 Cash used for repayment of funds borrowed and securities issued		(2.280.702)	(5.317.091)
3.3 Issued equity instrument		-	-
3.4 Dividends paid		-	-
3.5 Payments for leases		(33.359)	(15.945)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>3.038.506</b>	<b>958.149</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>2.955.718</b>	<b>(2.395.666)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>VI-2</b>	<b>4.013.859</b>	<b>6.409.525</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>VI-2</b>	<b>6.969.577</b>	<b>4.013.859</b>

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

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**ODEA BANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	Audited Current Period 31.12.2021 (*)	Audited Prior Period 31.12.2020 (**)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME/(LOSS)</b>		
1.1 CURRENT YEAR INCOME	238.585	167.926
1.2 TAXES AND DUTIES PAYABLE (-)	32.897	33.717
1.2.1 Corporate tax (Income tax)	37.749	20.885
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(4.852)	12.832
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>205.688</b>	<b>134.209</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	6.710
1.5 OTHER STATUTORY RESERVES (-)	-	3.666
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>205.688</b>	<b>123.833</b>
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	-	123.833
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>	-	-
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 (-)	-	-
<b>III. EARNINGS PER SHARE (***)</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0,063	0,041
3.2 TO OWNERS OF ORDINARY SHARES ( % )	6,3%	4,1%
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>	-	-
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 2021 Profit Distribution will be taken at the General Assembly meeting.

(\*\*) At the Ordinary General Assembly meeting dated March 24, 2021, TL 6.710, which is 5% of the Bank's net profit for the year 2020, TL 134.209, was reserved as 1st Arrangement Legal Reserve in accordance with Article 519 of the Turkish Commercial Code numbered 6102 and the remaining amount of TL 127. 499 has been decided to reserve as extraordinary Reserves. TL 3.666 presented under extraordinary reserves includes the share sales gain benefited from corporate tax exemption and transferred to the Revaluation Surplus on Tangible and Intangible Assets account.

(\*\*\*) Presented in Full TL.

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

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**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.

Pursuant to the announcement made by the POA on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") is 74.41%, It has been stated that businesses applying TFRS will not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies. Therefore, no inflation adjustment was made according to TAS 29 while preparing the financial statements as of 31 December 2021.

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 2021 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.

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**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; 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); when the transaction or quoted price does not represent fair value; and / or when a price for a similar asset requires significant adjustment to make it comparable to the asset being measured, or 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.

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**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.

**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 (Internal rate of return)" 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.



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**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 numbered 9312 and dated 8 December 2020 and numbered 9624 and dated 17 June 2021, the default definition is that the debt is delayed more than 180 days instead of 90 days is terminated with the decision numbered 9795 and dated 16 September 2021. Again, based on the same date and numbered decision, as of 1 October 2021, it was decided to continue the application of the aforementioned default definition for loans with a delay period of more than 91 days and not exceeding 180 days. 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.

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**VII. Explanations on Expected Credit Losses (continued)**

*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:

- 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 and numbered 9624 and dated 17 June 2021 loans with an overdue more than 90 days instead of 30 days are taken into consideration was terminated with the decision numbered 9795 and dated 16 September 2021. Again, based on the same date and numbered decision, as of 1 October 2021, it was decided to continue the aforementioned stage 2 limit for loans with a delay period of more than 31 days and not exceeding 90 days. 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.

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**VII. Explanations on Expected Credit Losses (continued)**

*Significant Increase in Credit Risk (continued)*

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.

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 an internal rate of return.

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, 2021, 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 2021, and the Bank calculated the expected loss provision with the model updated at the end of 2021.

*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.

*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.

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**VII. Explanations on Expected Credit Losses (continued)**

*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.

**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 2021 and 31 December 2020 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 software are purchased and there are no completed or continuing software development projects by the Bank.



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**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.

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.

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**XIII. Explanations on Leasing Transactions (continued)**

**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.

According to Provisional Article 13 added to the Corporate Tax Law, Corporate Tax at 20% shall be applied as 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period.

In accordance with tax legislation, temporary tax is paid at the rate in force in the relevant period on earnings generated as of quarterly periods, and the amounts paid are deducted from the calculated tax on annual earnings.

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.

The Law No. 7352, dated January 20, 2022, on the amendment of the Tax Procedure Law and the Corporate Tax Law was enacted with the Official Gazette numbered 31734 on January 29, 2022. It has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met.

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**XVI. Explanations on Taxation (continued)**

*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.

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 15 April 2021 and the Law was published in the Official Gazette on 22 April 2021. Accordingly, the corporate income tax rate will be determined as 25% and 23% for the years 2021 and 2022. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 25% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2022 and after deferred tax assets and liabilities were measured by 23% and 20% tax rate. As of 31 December 2021, the Bank calculated deferred tax on its assets and liabilities according to the rates corresponding to the relevant periods.

**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 XII of Section Four.

**XXII. Explanations on Reclassifications**

The Bank has made some classifications on the financial statements in order to comply with the presentation of the financial statements dated 31 December 2021. These classifications does not have any impact over Bank's asset size or financial performance.

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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 2021.

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.

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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**SECTION FOUR**  
**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF**  
**THE BANK**

**I. Explanations on Equity**

As of 31 December 2021, Bank's total capital has been calculated as TL 7.936.802 and capital adequacy ratio is 25,67%. As of 31 December 2020, Bank's total capital amounted to TL 5.976.985 and capital adequacy ratio was 19,82%. These ratios are above the minimum ratio required by the legislation.

**a. Information about Total Capital:**

	<b>Current Period 31 December 2021</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>	
Paid-up Capital following all debts in terms of claim in liquidation of the Bank	3.288.842
Share issue premiums	-
Reserves (*)	148.041
Gains recognized in equity as per TAS	300.954
Profit	205.688
Current Period Profit	205.688
Prior Period Profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.943.525</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	
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	32.393
Goodwill (net of related tax liability)	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	147.126
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	23.938
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	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>203.457</b>
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	139.398
<b>Total Common Equity Tier 1 Capital</b>	<b>3.879.466</b>

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#### I. Explanations on Equity (continued)

	Current Period 31 December 2021
<b>ADDITIONAL TIER I CAPITAL</b>	
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)	-
<b>Additional Tier I Capital before Deductions</b>	
<b>Deductions from Additional Tier I Capital</b>	
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	-
<b>Transition from the Core Capital to Continue to deduct Components</b>	-
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 (-)	-
<b>Total Deductions From Additional Tier I Capital</b>	-
<b>Total Additional Tier I Capital</b>	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.879.466</b>
<b>TIER II CAPITAL</b>	
Debt instruments and share issue premiums deemed suitable by the BRSA (**)	4.047.043
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	
Provisions (Article 8 of the Regulation on the Equity of Banks)	341.274
<b>Tier II Capital Before Deductions</b>	<b>4.388.317</b>
<b>Deductions From Tier II Capital</b>	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	330.981
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 (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>330.981</b>
<b>Total Tier II Capital</b>	<b>4.057.336</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>7.936.802</b>
<b>Deductions from Total Capital</b>	
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 (-)	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	
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 (-)	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)</b>	<b>7.936.802</b>



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#### I. Explanations on Equity (continued)

	Current Period 31 December 2021
<b>TOTAL CAPITAL</b>	
Total Capital (TIER I Capital and TIER II Capital) (***)	7.936.802
Total risk weighted amounts	30.920.469
<b>CAPITAL ADEQUACY RATIOS</b>	
Core Capital Adequacy Ratio	12,55
Tier I Capital Adequacy Ratio	12,55
Capital Adequacy Ratio	25,67
<b>BUFFERS</b>	
Total buffer requirement	2,515
Capital conservation buffer requirement	2,500
Bank specific counter-cyclical buffer requirement	0,015
Systemic important bank buffer ratio	-
The ratio of Additional Common Equity Tier 1 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	8,05
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	
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	-
<b>Limits related to provisions considered in Tier II calculation</b>	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.514.119
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	341.274
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	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	
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 24, 2021 to book legal reserves of TL 6.710, which is 5% of the distributable net statutory profit of TL 134.209 and the remaining amount of TL 127.499 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 2021 , 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.

(\*\*\*) Pursuant to the decision of the Banking Regulation and Supervision Agency dated December 21, 2021 and numbered 9996, the net negative valuation differences of the securities in the "Securities at Fair Value through Other Comprehensive Income" portfolio amounting to TL 352.637 are not taken into account in the total capital calculation. Apart from that, the amounts included in the total capital calculation are compatible with the amounts in the balance sheet.

As of December 31, 2021 in accordance with BRSA's decision dated December 8, 2020 and numbered 9312 and dated September 16 2021 and numbered 9795, 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 21 December 2021 has not been included in capital calculation. Had the Bank not applied these regulations, the equity amount as of 31 December 2021 would be calculated as TL 7.663.009 and the capital adequacy standard ratio would be calculated as 20,58 %.

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#### I. Explanations on Equity (continued)

	Prior Period 31 December 2020
<b>COMMON EQUITY TIER 1 CAPITAL</b>	
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 recognised within profit for the period	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.508.257</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>-</b>
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	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>184.359</b>
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
<b>Total Common Equity Tier 1 Capital</b>	<b>3.602.694</b>

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#### I. Explanations on Equity (continued)

	Prior Period 31 December 2020
<b>ADDITIONAL TIER I CAPITAL</b>	
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)	-
<b>Additional Tier I Capital before Deductions</b>	
<b>Deductions from Additional Tier I Capital</b>	-
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	-
<b>Transition from the Core Capital to Continue to deduct Components</b>	-
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 (-)	-
<b>Total Deductions From Additional Tier I Capital</b>	-
<b>Total Additional Tier I Capital</b>	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.602.694</b>
<b>TIER II CAPITAL</b>	
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
<b>Tier II Capital Before Deductions</b>	<b>2.556.371</b>
<b>Deductions From Tier II Capital</b>	
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 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 (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>182.080</b>
<b>Total Tier II Capital</b>	<b>2.374.291</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.976.985</b>
<b>Deductions from Total Capital</b>	-
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 (-)	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-
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 (-)	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital and After The Deductions from Total Capital)</b>	<b>5.976.985</b>

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**I. Explanations on Equity (continued)**

	Prior Period 31 December 2020
<b>TOTAL CAPITAL</b>	
Total Capital (TIER I Capital and TIER II Capital)	5.976.985
Total risk weighted amounts	30.153.312
<b>CAPITAL ADEQUACY RATIOS</b>	
Core Capital Adequacy Ratio	11,95
Tier I Capital Adequacy Ratio	11,95
Capital Adequacy Ratio	19,82
<b>BUFFERS</b>	
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
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	
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	-
<b>Limits related to provisions considered in Tier II calculation</b>	
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	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	
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, 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 2021 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)**

**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) (**)	3.716.062
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 3.716.062 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 2021, 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 2021, 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
<b>EQUITY COMPONENTS</b>					
Core Capital	3.672.542	3.601.419	3.602.694	3.879.466	3.740.068
Transition Process Unapplied Core Capital	3.114.950	3.183.222	3.323.898	3.740.068	3.740.068
Tier I Capital	3.672.542	3.601.419	3.602.694	3.879.466	3.740.068
Transition Process Unapplied Main Capital	3.114.950	3.183.222	3.323.898	3.740.068	3.740.068
Equity	5.535.732	5.558.945	5.976.985	7.936.802	7.797.404
Transition Process Unapplied Equity	4.978.141	5.140.747	5.698.189	7.797.404	7.797.404
<b>TOTAL RISK WEIGHTED AMOUNTS</b>					
Total Risk Weighted Amounts	25.873.673	25.575.654	30.153.312	30.920.469	30.920.469
<b>CAPITAL ADEQUACY RATIO</b>					
Core Capital Adequacy Ratio (%)	14,19%	14,08%	11,95%	12,55%	12,10%
Transition Process Unapplied Core Capital Adequacy Ratio (%)	12,04%	12,45%	11,02%	12,10%	12,10%
Main Capital Adequacy Ratio (%)	14,19%	14,08%	11,95%	12,55%	12,10%
Transition Period Unapplied Main Capital Adequacy Ratio (%)	12,04%	12,45%	11,02%	12,10%	12,10%
Capital Adequacy Ratio (%)	21,40%	21,74%	19,82%	25,67%	25,22%
Transition Process Unapplied Capital Adequacy Ratio (%)	19,24%	20,10%	18,90%	25,22%	25,22%
<b>LEVERAGE RATIO</b>					
Total Leverage Ratio Risk Exposure	44.358.365	41.192.104	53.410.064	70.612.134	70.612.134
Leverage Ratio	8,53	8,70	6,62	5,55	5,49
Transition Process Unapplied Leverage Ratio	7,76	7,61	6,45	5,49	5,49

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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
<b>Risk Types</b>		
Contingent and Non-Contingent Receivables from central governments or central banks	14.308.586	12.398.381
Contingent and Non-Contingent Receivables from regional or local governments	165.054	128.863
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	925.470	917.888
Contingent and Non-Contingent Receivables from International Organizations	-	3
Contingent and Non-Contingent Receivables from banks and brokerage houses	7.960.592	9.592.306
Contingent and Non-Contingent Corporates	24.160.870	21.435.680
Contingent and Non-Contingent Retail Receivables	804.329	810.422
Contingent and Non-Contingent Receivables Secured by Mortgages	3.525.274	4.011.995
Past Due Receivables	605.993	787.445
Receivables defined in high risk category by Regulator	1.913	2.351
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	1.943.811	1.569.537
<b>Total</b>	<b>54.401.892</b>	<b>51.654.871</b>

(\*) 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
<b>Risk Types(*)</b>		
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
<b>Total</b>	<b>46.484.009</b>	<b>43.962.598</b>

(\*) 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 80% and 88% respectively. (31 December 2020: 74% and 83%)

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 63% and 82%. (31 December 2020: 70% and 87%)

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 2020: 38% and 45%)

The Bank provided a collective loan loss provision for cash loans (stage 1 and stage 2) amounting to TL 1.416.555 (31 December 2020: TL 932.334).

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**II. Explanations on Credit Risk (continued)**

**Information on loan types and provisions: (\*)**

<b>31 December 2021</b>	<b>Commercial</b>	<b>Retail</b>	<b>Total</b>
Standard Loans	16.447.515	292.273	16.739.788
Watchlist	8.350.732	43.754	8.394.486
Significant Increase in Credit Risk	445.720	-	445.720
Non-performing Loans	1.867.157	121.971	1.989.128
Specific Provision (-)	(869.302)	(65.008)	(934.310)
<b>Total</b>	<b>26.241.822</b>	<b>392.990</b>	<b>26.634.812</b>

<b>31 December 2020</b>	<b>Commercial</b>	<b>Retail</b>	<b>Total</b>
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)
<b>Total</b>	<b>19.815.854</b>	<b>517.642</b>	<b>20.333.496</b>

(\*) According to the internal segmentation of the bank

**Information on past due loan and other receivables (\*):**

<b>31 December 2021</b>	<b>Corporate and Commercial</b>	<b>SME</b>	<b>Consumer Loans</b>	<b>Total</b>
Not past due and 30 days past due	23.568.930	992.144	299.295	24.860.369
30-90 days past due	133.575	136.157	36.367	306.099
Other (**)	358.992	54.169	365	413.526
<b>Total</b>	<b>24.061.497</b>	<b>1.182.470</b>	<b>336.027</b>	<b>25.579.994</b>

<b>31 December 2020</b>	<b>Corporate and Commercial</b>	<b>SME</b>	<b>Consumer Loans</b>	<b>Total</b>
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
<b>Total</b>	<b>16.972.785</b>	<b>1.542.848</b>	<b>463.848</b>	<b>18.979.481</b>

(\*) 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 2021**

	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	14,308,584	165,054	-	839,456	-	1,827,605	20,613,997	365,178	3,515,472	605,993	1,913	-	-	-	-	1,943,811	44,187,063
European Union Countries	-	-	-	86,014	-	1,996,604	7,622	25	-	-	-	-	-	-	-	-	2,090,265
OECD Countries**	-	-	-	-	-	344,878	-	2	-	-	-	-	-	-	-	-	344,880
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	1,556,418	-	-	-	-	-	-	-	-	-	-	1,556,418
Other Countries	-	-	-	-	-	743,621	141,805	328	-	-	-	-	-	-	-	-	885,754
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,308,584</b>	<b>165,054</b>	<b>-</b>	<b>925,470</b>	<b>-</b>	<b>6,469,126</b>	<b>20,763,424</b>	<b>365,533</b>	<b>3,515,472</b>	<b>605,993</b>	<b>1,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,943,811</b>	<b>49,064,380</b>

**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 ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,119,390</b>	<b>47,188</b>	<b>-</b>	<b>870,610</b>	<b>2</b>	<b>5,716,162</b>	<b>17,605,579</b>	<b>451,515</b>	<b>3,501,663</b>	<b>921,166</b>	<b>3,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,715,238</b>	<b>41,952,152</b>

(\*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratio 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 2021**

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 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	TL	FC	Total
<b>1 Agriculture</b>	-	-	-	-	-	-	<b>248.171</b>	<b>221</b>	<b>440</b>	<b>1.270</b>	-	-	-	-	-	-	<b>185.245</b>	<b>64.857</b>	<b>250.102</b>
1.1 Farming and Raising Livestock	-	-	-	-	-	-	193.753	219	440	1.270	-	-	-	-	-	-	143.686	51.996	195.682
1.2 Forests, TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	54.418	2	-	-	-	-	-	-	-	-	41.559	12.861	54.420
<b>2 Manufacturing</b>	-	-	-	-	-	-	<b>8.425.524</b>	<b>6.343</b>	<b>394.390</b>	<b>153.046</b>	<b>8</b>	-	-	-	-	-	<b>4.610.633</b>	<b>4.368.678</b>	<b>8.979.311</b>
2.1 Mining and Quarry	-	-	-	-	-	-	435.584	342	29.513	5.470	-	-	-	-	-	-	449.265	21.644	470.909
2.2 Production	-	-	-	-	-	-	6.441.343	6.000	280.958	141.239	8	-	-	-	-	-	3.561.430	3.308.118	6.869.548
2.3 Electricity, Gas and Water	-	-	-	-	-	-	1.548.597	1	83.919	6.337	-	-	-	-	-	-	599.938	1.038.916	1.638.854
<b>3 Construction</b>	-	-	-	-	-	-	<b>4.937.232</b>	<b>2.949</b>	<b>1.223.465</b>	<b>203.050</b>	<b>30</b>	-	-	-	-	-	<b>3.089.677</b>	<b>3.277.049</b>	<b>6.366.726</b>
<b>4 Services</b>	<b>916.809</b>	-	-	<b>86.014</b>	-	<b>4.570.515</b>	<b>6.134.663</b>	<b>10.000</b>	<b>1.107.732</b>	<b>225.034</b>	<b>65</b>	-	-	-	-	-	<b>6.180.895</b>	<b>6.869.937</b>	<b>13.050.832</b>
4.1 Wholesale and Retail Trade	-	-	-	-	-	-	2.072.918	6.174	126.316	80.489	38	-	-	-	-	-	1.800.189	485.746	2.285.935
Hotel, Tourism, Food and Beverage	-	-	-	-	-	-	1.950.309	401	783.035	95.047	-	-	-	-	-	-	342.105	2.486.687	2.828.792
Services	-	-	-	-	-	-	727.733	1.831	28.702	9.196	27	-	-	-	-	-	477.776	289.713	767.489
4.3 Transportation and Communication	-	-	-	-	-	-	4.570.515	1.171	30.077	9.392	-	-	-	-	-	-	2.699.009	3.406.453	6.105.462
4.4 Financial Institutions	916.809	-	-	86.014	-	4.570.515	491.484	1.171	30.077	9.392	-	-	-	-	-	-	174.609	41.729	216.338
4.5 Real Estate and Renting Services	-	-	-	-	-	-	209.094	150	4.089	3.005	-	-	-	-	-	-	-	-	-
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education Services	-	-	-	-	-	-	24.088	195	72.455	4.464	-	-	-	-	-	-	101.202	-	101.202
4.8 Health and Social Services	-	-	-	-	-	-	659.037	78	63.058	23.441	-	-	-	-	-	-	586.005	159.609	745.614
<b>5 Other</b>	<b>13.391.775</b>	<b>165.054</b>	-	<b>839.456</b>	-	<b>1.898.611</b>	<b>1.017.834</b>	<b>346.020</b>	<b>789.445</b>	<b>23.593</b>	<b>1.810</b>	-	-	-	-	-	<b>1.943.811</b>	<b>9.713.673</b>	<b>10.703.736</b>
<b>Total</b>	<b>14.308.584</b>	<b>165.054</b>	-	<b>925.470</b>	-	<b>6.469.126</b>	<b>20.763.424</b>	<b>365.533</b>	<b>3.515.472</b>	<b>605.993</b>	<b>1.913</b>	-	-	-	-	-	<b>1.943.811</b>	<b>23.780.123</b>	<b>25.284.257</b>
																			<b>49.064.380</b>

(\*) 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 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 Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Secured Receivables	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
<b>1 Agriculture</b>	-	-	-	-	-	-	<b>283.049</b>	<b>54</b>	<b>7.737</b>	<b>3.992</b>	-	-	-	-	-	-	<b>190.959</b>	<b>103.873</b>	<b>294.832</b>
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
<b>2 Manufacturing</b>	-	-	-	-	-	-	<b>7.256.855</b>	<b>12.822</b>	<b>437.010</b>	<b>194.200</b>	<b>2</b>	-	-	-	-	-	<b>3.913.554</b>	<b>3.987.335</b>	<b>7.900.889</b>
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
<b>3 Construction</b>	-	-	-	-	-	-	<b>3.441.265</b>	<b>4.211</b>	<b>1.511.921</b>	<b>285.707</b>	<b>20</b>	-	-	-	-	-	<b>2.520.955</b>	<b>2.722.169</b>	<b>5.243.124</b>
<b>4 Services</b>	<b>521.383</b>	-	-	<b>100.747</b>	-	<b>4.030.114</b>	<b>4.921.421</b>	<b>23.712</b>	<b>1.042.879</b>	<b>398.882</b>	<b>3.009</b>	-	-	-	-	-	<b>4.646.274</b>	<b>6.395.873</b>	<b>11.042.147</b>
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	-	-	-	-	-	-	1.394.176	1.278	768.124	197.148	2.989	-	-	-	-	-	446.324	1.917.391	2.363.715
4.3 Services	-	-	-	-	-	-	932.670	2.612	27.864	14.589	-	-	-	-	-	-	554.057	423.678	977.735
4.4 Transportation and Communication	-	-	-	-	-	-	213.909	212	-	9.089	-	-	-	-	-	-	1.398.676	3.476.278	4.874.954
4.5 Financial Institutions	520.883	-	-	100.747	-	4.030.114	213.909	212	-	9.089	-	-	-	-	-	-	1.398.676	3.476.278	4.874.954
4.6 Real Estate and Renting Services	-	-	-	-	-	-	51.007	756	2.945	3.933	-	-	-	-	-	-	33.690	24.951	58.641
4.7 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.8 Education Services	-	-	-	-	-	-	38.721	709	33.313	5.773	-	-	-	-	-	-	78.516	-	78.516
4.9 Health and Social Services	-	-	-	-	-	-	634.998	514	61.462	24.363	6	-	-	-	-	-	494.262	227.081	721.343
<b>5 Other</b>	<b>10.598.007</b>	<b>47.188</b>	-	<b>769.863</b>	<b>2</b>	<b>1.686.048</b>	<b>1.702.989</b>	<b>410.716</b>	<b>502.116</b>	<b>38.385</b>	<b>608</b>	-	-	-	-	<b>1.715.238</b>	<b>8.754.090</b>	<b>8.717.070</b>	<b>17.471.160</b>
<b>Total</b>	<b>11.119.390</b>	<b>47.188</b>	-	<b>870.610</b>	<b>2</b>	<b>5.716.162</b>	<b>17.605.579</b>	<b>451.515</b>	<b>3.501.663</b>	<b>921.166</b>	<b>3.639</b>	-	-	-	-	<b>1.715.238</b>	<b>20.025.832</b>	<b>21.926.320</b>	<b>41.952.152</b>

(\*) 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 2021**

Risk Types (*)	Time to Maturity						Total
	Demand	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	3.095.357	4.121.480	-	-	-	7.091.747	14.308.584
Regional or Local Government Receivables	-	-	-	-	-	165.054	165.054
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-
Receivables on Multilateral Development Banks	42.985	-	-	186.131	107.198	589.156	925.470
Receivables on International Organizations	-	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	2.722.049	881.245	547.663	266.972	474.515	1.576.682	6.469.126
Receivables from Corporates	-	1.473.574	1.588.250	1.938.846	4.136.403	11.626.351	20.763.424
Retail Receivables	135.561	28.692	9.205	11.166	17.400	163.509	365.533
Receivables Secured by Mortgages	451.852	117.152	30.668	21.016	101.829	2.792.955	3.515.472
Past Due Receivables	605.598	75	-	-	-	320	605.993
Receivables defined in high risk category by Regulators	1.913	-	-	-	-	-	1.913
Secured by mortgages	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-
Other Receivables	1.943.811	-	-	-	-	-	1.943.811
<b>Total</b>	<b>8.999.126</b>	<b>6.622.218</b>	<b>2.175.786</b>	<b>2.424.131</b>	<b>4.837.345</b>	<b>24.005.774</b>	<b>49.064.380</b>

**31 December 2020**

Risk Types (*)	Time to Maturity						Total
	Demand	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	2.506.689	2.590.311	3.124	18.735	-	6.000.531	11.119.390
Regional or Local Government Receivables	-	-	-	-	-	47.188	47.188
Receivables on Administrative Units and Non commercial Enterprises	-	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	18.676	-	851.934	870.610
Receivables on International Organizations	-	-	-	-	-	2	2
Receivables on Banks and Brokerage Houses	3.188.617	306.539	216.372	319.299	433.736	1.251.599	5.716.162
Receivables from Corporates	-	2.029.971	1.784.231	1.891.645	3.577.477	8.322.255	17.605.579
Retail Receivables	119.013	35.866	11.778	23.043	31.165	230.650	451.515
Receivables Secured by Mortgages	465.602	259.541	76.053	347.104	161.326	2.192.037	3.501.663
Past Due Receivables	886.828	8.815	758	1.352	1.745	21.668	921.166
Receivables defined in high risk category by Regulators	3.639	-	-	-	-	-	3.639
Secured by mortgages	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-
Other Receivables	1.715.238	-	-	-	-	-	1.715.238
<b>Total</b>	<b>8.885.626</b>	<b>5.231.043</b>	<b>2.092.316</b>	<b>2.619.854</b>	<b>4.205.449</b>	<b>18.917.864</b>	<b>41.952.152</b>

**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	16.008.228	-	3.978.293	-	2.513.880	383.311	25.204.778	975.890	-	-	-	-	49.064.380
2 Amount after the credit risk mitigation	16.158.452	-	3.978.293	26.502	4.397.089	323.050	23.022.370	504.650	-	-	-	-	48.410.406

(\*) 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:**

													Deductions from the shareholders' equity	
Risk Weights (*)														Total
Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%			
Amount before the credit														
1 risk mitigation	12.286.006	-	3.340.364	-	1.500.935	506.239	21.808.305	2.510.303	-	-	-	-	-	41.952.152
Amount after the credit														
2 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.

**Important sectors or type of information according to counterparty**

31 December 2021	Loans	Provisions
Current Period	Impaired	
	Significant Increase in Credit Risk (Stage 2)	Non-performing Loans (Stage 3)
Sectors/Counterparties (*)		Allowance for expected credit losses (IFRS 9)
<b>Agricultural</b>	<b>23.373</b>	<b>6.591</b>
Farming and raising livestock	-	6.591
Forestry	-	-
Fishing	23.373	-
<b>Manufacturing</b>	<b>2.115.406</b>	<b>416.917</b>
Mining	163.379	30.937
Production	891.454	361.695
Electricity, Gas, Water	1.060.573	24.285
<b>Construction</b>	<b>3.199.112</b>	<b>594.682</b>
<b>Services</b>	<b>2.582.763</b>	<b>547.627</b>
Wholesale and retail trade	300.889	190.934
Hotel, Food, Beverage services	2.069.876	242.646
Transportation and Telecommunication	154.857	22.965
Financial Institutions	3.677	20.314
Real Estate and Lending Service	6.883	7.713
Self employment service	-	-
Education Service	30.134	6.747
Health and social services	16.447	56.308
<b>Other(**)</b>	<b>919.552</b>	<b>423.311</b>
<b>Total</b>	<b>8.840.206</b>	<b>1.989.128</b>

(\*) Sector classification is based on the type of principal activity of customers.

(\*\*) Includes retail credit cards, retail loans and other loans.

31 December 2020	Loans	Provisions
Prior Period	Impaired	
	Significant Increase in Credit Risk (Stage 2)	Non-performing Loans (Stage 3)
Sectors/Counterparties (*)		Allowance for expected credit losses (IFRS 9)
<b>Agricultural</b>	<b>31.114</b>	<b>12.066</b>
Farming and raising livestock	6.730	12.066
Forestry	-	-
Fishing	24.384	-
<b>Manufacturing</b>	<b>1.591.248</b>	<b>459.728</b>
Mining	142.988	35.191
Production	726.781	392.858
Electricity, Gas, Water	721.479	31.679
<b>Construction</b>	<b>2.164.860</b>	<b>644.879</b>
<b>Services</b>	<b>1.880.379</b>	<b>714.199</b>
Wholesale and retail trade	313.067	308.111
Hotel, Food, Beverage services	1.331.791	275.218
Transportation and Telecommunication	150.563	39.186
Financial Institutions	12.523	13.618
Real Estate and Lending Service	8.429	9.683
Self employment service	-	-
Education Service	44.664	6.345
Health and social services	19.342	62.038
<b>Other(**)</b>	<b>812.921</b>	<b>449.611</b>
<b>Total</b>	<b>6.480.522</b>	<b>2.280.483</b>

(\*) 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:**

<b>Current Period</b>	<b>Opening Balance 31 December 2021</b>	<b>The Amount of Provision in the period</b>	<b>Reversal of Provision</b>	<b>Other</b>	<b>Closing Balance</b>
Specific Provisions	926.468	429.867	389.840	(32.185)	934.310
Collective Provisions	932.334	912.608	428.387	-	1.416.555

<b>Prior Period</b>	<b>Opening Balance 31 December 2020</b>	<b>The Amount of Provision in the period</b>	<b>Reversal of Provision</b>	<b>Other</b>	<b>Closing Balance</b>
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

**Risk included in counter-cyclical capital buffer calculation:**

<b>31 December 2021</b>			
<b>Ultimate country of risk</b>	<b>Private sector credit exposures in banking book</b>	<b>Risk Weighted Equivalent trading book</b>	<b>Total</b>
Turkey	22.476.610	475.365	22.951.975
United Arab Emirates	35.705	-	35.705
Albania	78.424	-	78.424
Saudi Arabia	1.808	-	1.808
Switzerland	2	-	2
Azerbaijan	2	-	2
Netherlands	9	-	9
Lebanon	2	-	2
Germany	3	-	3
Austria	4	-	4
USA	-	-	-
Slovenia	-	-	-
Other	1.694.858	-	1.694.858
<b>Total</b>	<b>24.287.427</b>	<b>475.365</b>	<b>24.762.792</b>

**Risk included in counter-cyclical capital buffer calculation:**

<b>31 December 2020</b>			
<b>Ultimate country of risk</b>	<b>Private sector credit exposures in banking book</b>	<b>Risk Weighted Equivalent trading book</b>	<b>Total</b>
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
<b>Total</b>	<b>22.093.756</b>	<b>130.382</b>	<b>22.224.138</b>

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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 2021 Portion in total	31 December 2020 Portion in total
Debtor has a solid financial position	1	%0	0%
Debtor has a good financial position	2	%37	46%
Debtor's financial position is at risk within short and medium term	3	%54	37%
Debtor's financial position is at high risk within short term	4	%1	2%
Debtor has been defaulted	5	%7	10%
Debtor has not been rated	6	%1	5%

### Collateral Distribution(\*)

31 December 2021	Corporate and Commercial	SME	Retail	Total
Deposit	647.408	60.583	17.192	725.183
Mortgage	8.223.941	1.755.900	131.427	10.111.268
Assignment of claim	22.052.426	936.285	-	22.988.711
Cheque	1.928.585	168.512	-	2.097.097
Pledge of vehicle	1.085.353	41.831	921	1.128.105
<b>TOTAL</b>	<b>33.937.713</b>	<b>2.963.111</b>	<b>149.540</b>	<b>37.050.364</b>

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
<b>TOPLAM</b>	<b>25.142.810</b>	<b>3.128.984</b>	<b>231.962</b>	<b>28.503.756</b>

(\*) 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 2021 and the previous five working days in full TL are as follows (Bank's FC evaluation rates):

	24 December 2021	27 December 2021	28 December 2021	29 December 2021	30 December 2021	31 December 2021
<b>USD</b>	11,7985	11,3099	11,8267	12,6368	13,1524	13,4901
<b>CHF</b>	12,8422	12,3029	12,9065	13,7822	14,3558	14,8044
<b>GBP</b>	15,8168	15,1849	15,9183	17,0060	17,7423	18,2195
<b>100 JPY</b>	10,31596	9,85648	10,30868	10,99454	11,4204	11,72074
<b>EURO</b>	13,3573	12,7927	13,3932	14,3037	14,8711	15,3123

	24 December 2020	25 December 2020	28 December 2020	29 December 2020	30 December 2020	31 December 2020
<b>USD</b>	7,5601	7,5620	7,4478	7,3507	7,3636	7,4212
<b>CHF</b>	8,4919	8,4937	8,3743	8,3002	8,3366	8,4323
<b>GBP</b>	10,2750	10,2781	10,0633	9,9244	10,0140	10,1276
<b>100 JPY</b>	7,2935	7,2935	7,1878	7,0873	7,1454	7,1999
<b>EURO</b>	9,2159	9,2178	9,0967	9,0052	9,0483	9,1141

The simple arithmetic averages of foreign exchange buying rates of the Bank for major currencies the thirty days before 31 December 2021 are as follows:

	Monthly Average Foreign Exchange Rate
<b>USD</b>	13,7536
<b>CHF</b>	14,9392
<b>GBP</b>	18,3108
<b>100 JPY</b>	12,0829
<b>EURO</b>	15,5513

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**III. Explanations on Currency Risk (continued)**

31 December 2021	EUR	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (Cash in Vault, Foreign tax Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.798.382	4.680.921	264.883	8.744.186
Banks	167.474	3.577.633	104.821	3.849.928
Financial Assets at Fair Value through Profit and Loss	132	19.052	-	19.184
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	779.679	3.244.410	-	4.024.089
Loans (*)	7.988.548	6.209.981	-	14.198.529
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-
Financial Assets measured at Amortized Cost	222.706	842.217	-	1.064.923
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	12	187.607	8	187.627
<b>Total Assets (**)</b>	<b>12.956.933</b>	<b>18.761.821</b>	<b>369.712</b>	<b>32.088.466</b>
<b>Liabilities</b>				
Bank Deposits	-	10.444	-	10.444
Other Deposits	6.555.086	16.821.887	3.867.260	27.244.233
Money Market Balances	-	340.500	-	340.500
Funds Provided From Other Financial Institutions (***)	1.127.995	4.414.494	-	5.542.489
Marketable securities issued	-	-	-	-
Miscellaneous payables	287.886	1.384.041	120	1.672.047
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	22.355	213.469	-	235.824
<b>Total Liabilities (**)</b>	<b>7.993.322</b>	<b>23.184.835</b>	<b>3.867.380</b>	<b>35.045.537</b>
<b>Net Balance Sheet Position</b>	<b>4.963.611</b>	<b>(4.423.014)</b>	<b>(3.497.668)</b>	<b>(2.957.071)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(3.949.693)</b>	<b>1.973.525</b>	<b>3.953.282</b>	<b>1.977.114</b>
Derivative Financial Assets	4.585.116	47.164.596	7.125.937	58.875.649
Derivative Financial Liabilities	8.534.809	45.191.071	3.172.655	56.898.535
<b>Non-Cash Loans (****)</b>	<b>2.041.392</b>	<b>3.217.423</b>	<b>11.720</b>	<b>5.270.535</b>
<b>Prior Period</b>				
Total Assets	8.214.743	11.703.594	350.925	20.269.262
Total Liabilities	5.721.652	14.686.962	1.857.251	22.265.865
<b>Net Balance Sheet Position</b>	<b>2.493.091</b>	<b>(2.983.368)</b>	<b>(1.506.326)</b>	<b>(1.996.603)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(2.322.666)</b>	<b>3.587.527</b>	<b>1.470.316</b>	<b>2.735.177</b>
Financial Derivative Assets	4.154.328	28.056.560	3.764.585	35.975.473
Financial Derivative Liabilities	6.476.994	24.469.033	2.294.269	33.240.296
<b>Non-Cash Loans (****)</b>	<b>1.581.902</b>	<b>1.559.890</b>	<b>4.743</b>	<b>3.146.535</b>

(\*) Foreign currency indexed loans amounting to TL 51.452 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 (Euro) and USD (US Dollars) currencies as a result of foreign currency transactions and manages it by using miscellaneous financial instruments.

As of 31 December 2021, the Bank's net foreign exchange exposure as per internal calculation is presented below:

<b>31 December 2021</b>	<b>EURO</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TOTAL</b>
Net currency position including on-balance sheet and off-balance sheet	3.435	(57.497)	(124.889)	(178.951)
<b>31 December 2020</b>	<b>EURO</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TOTAL</b>
Net currency position including on-balance sheet and off-balance sheet	(25.153)	(86.450)	58.714	(52.889)

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 72.770 and TL (198.361) respectively (31 December 2020: TL 56.937 and TL (62)).

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.

<b>Change in currency rate in %</b>		<b>Effect on profit or loss (*)</b>		<b>Effect on equity(*)</b>	
		<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
USD	10%	(5.750)	(8.645)	(5.750)	(8.645)
USD	-10%	5.750	8.645	5.750	8.645
EUR	10%	344	(2.515)	344	(2.515)
EUR	-10%	(344)	2.515	(344)	2.515

(\*) 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
<b>31 December 2021</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.232.412	-	-	-	-	8.209.997	9.442.409
Banks (****)	148.391	-	-	-	-	3.698.926	3.847.317
Financial Assets at Fair Value Through Profit and Loss	77.378	23.562	27	364	424	-	101.755
Money Market Placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	182.104	545.348	1.918.110	5.675.018	1.713.605	5.255	10.039.440
Loans (****)	6.684.346	3.427.243	4.341.269	5.910.594	5.216.542	(361.737)	25.218.257
Financial assets measured at amortized cost (****)	-	68.129	415.299	591.965	259.647	(6.156)	1.328.884
Other Assets (*) (****)	779.871	506.809	831.303	154.385	1.430.388	1.785.187	5.487.943
<b>Total Assets</b>	<b>9.104.502</b>	<b>4.571.091</b>	<b>7.506.008</b>	<b>12.332.326</b>	<b>8.620.606</b>	<b>13.331.472</b>	<b>55.466.005</b>
<b>Liabilities</b>							
Bank Deposits	312.792	36.619	-	-	-	10.856	360.267
Customer Deposits	22.715.157	6.301.462	965.113	55.197	-	8.019.892	38.056.821
Money Market Borrowings	2.224.902	-	-	-	-	-	2.224.902
Miscellaneous Payables	-	-	-	-	-	1.968.952	1.968.952
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	283.732	1.424.864	-	-	1.708.596
Subordinated Loans(**)	-	-	-	-	3.833.893	-	3.833.893
Other Liabilities (***)	221.301	300.219	304.678	466.656	1.435.896	4.583.824	7.312.574
<b>Total Liabilities</b>	<b>25.474.152</b>	<b>6.638.300</b>	<b>1.553.523</b>	<b>1.946.717</b>	<b>5,269.789</b>	<b>14.583.524</b>	<b>55.466.005</b>
Balance Sheet Long Position	-	-	5.952.485	10.385.609	3.350.817	-	19.688.911
Balance Sheet Short Position	(16.369.650)	(2.067.209)	-	-	-	(1.252.052)	(19.688.911)
Off-Balance Sheet Long Position	21.706.513	36.155.554	7.412.368	503.327	13.490.144	-	79.267.906
Off-Balance Sheet Short Position	(18.735.344)	(6.364.690)	(10.989.296)	(2.867.262)	(41.144.937)	-	(80.101.529)
<b>Total Position</b>	<b>(13.398.481)</b>	<b>27.723.655</b>	<b>2.375.557</b>	<b>8.021.674</b>	<b>(24.303.976)</b>	<b>(1.252.052)</b>	<b>(833.623)</b>

(\*) 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 2021, 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 3.566.950, tax liabilities amounting to TL 73.803, provisions amounting to TL 351.301, lease payables to TL 120.180 and other liabilities amounting to TL 471.591. In addition, other liabilities include derivative financial liabilities amounting to TL 2.728.749.

(\*\*\*\*) Expected Credit losses for related items are presented in non-interest bearing column.



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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
<b>31 December 2020</b>							
<b>Assets</b>							
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 (*)	5.866.856	3.211.796	4.516.818	3.323.891	2.060.120	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	436.182	306.741	44.892	1.310.797	1.776.607	4.026.087
<b>Total Assets</b>	<b>7.096.586</b>	<b>4.391.447</b>	<b>6.185.784</b>	<b>8.274.808</b>	<b>4.438.327</b>	<b>9.648.877</b>	<b>40.035.829</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>19.417.963</b>	<b>5.048.509</b>	<b>1.607.537</b>	<b>1.053.329</b>	<b>3.736.047</b>	<b>9.172.444</b>	<b>40.035.829</b>
Balance Sheet Long Position	-	-	4.578.247	7.221.479	702.280	476.433	12.978.439
Balance Sheet Short Position	(12.321.377)	(657.062)	-	-	-	-	(12.978.439)
Off-Balance Sheet Long Position	14.248.631	14.788.297	3.918.056	1.307.912	15.124.766	-	49.387.662
Off-Balance Sheet Short Position	(13.684.863)	(11.520.142)	(6.218.655)	(2.691.977)	(15.050.293)	-	(49.165.930)
<b>Total Position</b>	<b>(11.757.609)</b>	<b>2.611.093</b>	<b>2.277.648</b>	<b>5.837.414</b>	<b>776.753</b>	<b>476.433</b>	<b>221.732</b>

(\*) 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 2021, 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)**

**Current period interest rates applied to monetary financial instruments:**

	EURO %	USD %	JPY %	TL %
<b>31 December 2021</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	8,50
Banks	-	0,08	-	-
Financial Assets at Fair Value Through Profit and Loss	5,64	7,42	-	23,70
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4,23	4,49	-	24,16
Loans	4,45	6,21	-	17,80
Financial Assets Measured at Amortized Cost	4,50	6,62	-	14,16
<b>Liabilities</b>				
Bank Deposits	-	-	-	14,38
Customer Deposits	0,47	0,99	-	16,23
Money Market Borrowings	-	1,82	-	13,99
Subordinated Loans	-	7,63	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	1,60	4,52	-	-

**Prior Period interest rates applied to monetary financial instruments:**

	EURO %	USD %	JPY %	TL %
<b>31 December 2020</b>				
<b>Assets</b>				
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
<b>Liabilities</b>				
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

**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	(315.432)	-3,97%
	-400	295.894	3,73%
EUR	200	(485.082)	-6,11%
	-200	26.127	0,33%
USD	200	43.203	0,54%
	-200	(44.975)	-0,57%
<b>Total (For Positive Shock)</b>		<b>(757.312)</b>	<b>-9,54%</b>
<b>Total (For Negative Shock)</b>		<b>277.045</b>	<b>3,49%</b>

\* 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
<b>Current Period- 31 December 2021</b>					
<b>HIGH QUALITY LIQUID ASSETS</b>				<b>13.768.175</b>	<b>9.687.303</b>
1	High quality liquid assets	17.946.203	13.472.916	13.768.175	9.687.303
<b>CASH OUTFLOWS</b>					
2	<b>Retail and Small Business Customer Deposits</b>	<b>21.516.301</b>	<b>12.656.948</b>	<b>2.032.533</b>	<b>1.265.695</b>
3	Stable deposits	2.381.942	-	119.097	-
4	Less stable deposits	19.134.359	12.656.948	1.913.436	1.265.695
5	<b>Unsecured Funding other than Retail and Small Business Customer Deposits</b>	<b>8.324.719</b>	<b>5.892.910</b>	<b>3.834.792</b>	<b>2.525.159</b>
6	Operational deposits	7.004	-	1.751	-
7	Non-Operational Deposits	7.651.391	5.675.764	3.166.717	2.308.013
8	Other Unsecured Funding	666.324	217.146	666.324	217.146
9	Secured funding	-	-	-	-
10	<b>Other Cash Outflows</b>	<b>11.618.706</b>	<b>6.906.861</b>	<b>2.830.846</b>	<b>2.640.066</b>
11	Liquidity needs related to derivatives and market	1.671.075	1.925.598	1.671.075	1.925.598
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	9.947.631	4.981.263	1.159.771	714.468
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			<b>8.698.171</b>	<b>6.430.920</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	18.967	-	-	-
18	Unsecured Lending Transactions	5.099.696	3.518.441	3.676.898	2.855.557
19	Other contractual cash inflows	513.564	1.068.240	513.564	1.068.240
20	<b>TOTAL CASH INFLOWS</b>	<b>5.632.227</b>	<b>4.586.681</b>	<b>4.190.462</b>	<b>3.923.797</b>
				<b>Upper Limit Applied Amounts</b>	
21	<b>TOTAL HQLA</b>			<b>13.768.175</b>	<b>9.687.303</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>4.507.708</b>	<b>2.509.061</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>310,03</b>	<b>399,97</b>

(\*) 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 2020 is as follows:

Prior Period- 31 December 2020		Rate of "Percentage to be taken into account" not implemented Total value (*)		Rate of "Percentage to be taken into account" implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				<b>8.751.462</b>	<b>5.930.843</b>
1	High quality liquid assets	11.059.513	8.157.853	8.751.462	5.930.843
<b>CASH OUTFLOWS</b>					
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	<b>TOTAL CASH OUTFLOWS</b>			<b>7.722.784</b>	<b>5.962.297</b>
<b>CASH INFLOWS</b>					
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	<b>TOTAL CASH INFLOWS</b>	<b>3.688.499</b>	<b>3.186.231</b>	<b>2.778.522</b>	<b>2.804.522</b>
				<b>Upper Limit Applied Amounts</b>	
21	<b>TOTAL HQLA</b>			<b>8.751.462</b>	<b>5.930.843</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>4.944.262</b>	<b>3.157.775</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>179,06</b>	<b>194,03</b>

(\*) 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 2021		Prior Period-31 December 2020	
	TL+FC	FC	TL+FC	FC
Lowest	241,65	264,16	145,68	140,19
Week	03.12.2021	31.12.2021	01.01.2021	06.11.2020
Highest	392,84	631,82	225,51	294,45
Week	19.11.2021	24.12.2021	20.11.2020	27.11.2020
Average	310,03	399,97	179,06	194,03

**Presentation of assets and liabilities according to their remaining maturities:**

31 December 2021	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.461.146	5.981.263	-	-	-	-	-	9.442.409
Banks (*****)	3.701.723	148.391	-	-	-	-	(2.797)	3.847.317
Financial Assets at Fair Value Through Profit and Loss	-	77.378	23.562	27	364	424	-	101.755
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.255	182.104	545.348	1.918.111	5.675.017	1.713.605	-	10.039.440
Loans (*****)	-	2.834.979	1.599.460	4.348.906	9.876.524	6.920.125	(361.737)	25.218.257
Financial Assets Measured at Amortized Cost (*****)	-	-	68.129	415.299	591.965	259.647	(6.156)	1.328.884
Other Assets (**)(*****)	-	779.871	307.560	685.178	499.758	1.430.388	1.785.188	5.487.943
<b>Total Assets</b>	<b>7.168.124</b>	<b>10.003.986</b>	<b>2.544.059</b>	<b>7.367.521</b>	<b>16.643.628</b>	<b>10.324.189</b>	<b>1.414.498</b>	<b>55.466.005</b>
<b>Liabilities</b>								
Bank Deposits	10.856	312.792	36.619	-	-	-	-	360.267
Customer Deposits	8.019.892	21.747.989	6.496.275	1.737.468	55.197	-	-	38.056.821
Money Market Borrowings	-	2.224.902	-	-	-	-	-	2.224.902
Miscellaneous Payables	-	-	-	-	-	-	1.968.952	1.968.952
Marketable Securities Issued	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	133.094	-	405.320	1.170.182	-	-	1.708.596
Subordinated Loans (****)	-	-	-	-	-	3.833.893	-	3.833.893
Other Liabilities (*****)	-	221.301	300.219	304.678	466.656	1.435.896	4.583.824	7.312.574
<b>Total Liabilities</b>	<b>8.030.748</b>	<b>24.640.078</b>	<b>6.833.113</b>	<b>2.447.466</b>	<b>1.692.035</b>	<b>5.269.789</b>	<b>6.552.776</b>	<b>55.466.005</b>
<b>Liquidity (Gap)/ Surplus</b>	<b>(862.624)</b>	<b>(14.636.092)</b>	<b>(4.289.054)</b>	<b>4.920.055</b>	<b>14.951.593</b>	<b>5.054.400</b>	<b>(5.138.278)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>1.082.462</b>	<b>(447.517)</b>	<b>(1.366.804)</b>	<b>(101.764)</b>	<b>-</b>	<b>-</b>	<b>(833.623)</b>
Financial Derivative Assets	-	19.075.848	5.782.272	9.892.295	3.372.554	41.144.937	-	79.267.906
Financial Derivative Liabilities	-	(17.993.386)	(6.229.789)	(11.259.099)	(3.474.318)	(41.144.937)	-	(80.101.529)
<b>Non-Cash Loans</b>	<b>1.650.633</b>	<b>1.245.544</b>	<b>1.475.023</b>	<b>4.312.111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.683.311</b>
<b>Prior period</b>								
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
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
<b>Liquidity (Gap)/ Surplus</b>	<b>(1.390.693)</b>	<b>(13.654.876)</b>	<b>(2.566.874)</b>	<b>4.578.980</b>	<b>11.147.252</b>	<b>2.413.963</b>	<b>(527.752)</b>	<b>-</b>

(\*) The assets which are necessary to provide banking services and can not be liquidated in the short term, such as expected credit losses, 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.

(\*\*\*\*) 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 2021, 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 3.566.950, tax liabilities amounting to TL 73.803, provisions amounting to TL 351.301, lease payables to TL 120.180 and other liabilities amounting to TL 471.591. In addition, other liabilities include derivative financial liabilities amounting to TL 2.728.749.

(\*\*\*\*\*) Expected Credit losses for related items are presented in undistributed column.



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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
<b>As of December 31, 2021</b>								
Bank Deposits	10.856	313.257	37.722	-	-	-	-	361.835
Customer deposits	8.019.892	21.781.683	6.570.173	1.859.684	81.060	-	-	38.312.492
Subordinated Loans	-	-	-	-	-	6.592.097	-	6.592.097
Funds Provided From Other Financial Institutions	-	296.694	-	1.705.153	-	2.001.847	-	4.003.694
Funds From interbank money market	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8.030.748</b>	<b>22.391.634</b>	<b>6.607.895</b>	<b>3.564.837</b>	<b>81.060</b>	<b>8.593.944</b>	<b>-</b>	<b>49.270.118</b>

(\*) 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
<b>As of December 31, 2020</b>								
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
<b>Total</b>	<b>4.587.602</b>	<b>15.969.038</b>	<b>4.951.219</b>	<b>1.129.581</b>	<b>1.218.734</b>	<b>4.025.790</b>	<b>-</b>	<b>31.881.964</b>

(\*) 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
<b>As of December 31, 2021</b>						
Gross settled						
Foreign exchange forward contracts	3.509.250	2.992.638	2.351.294	460.660	-	9.313.842
Currency swaps	30.530.880	3.745.447	1.755.733	312.860	-	36.344.920
Interest rate swap agreement	3.100.465	29.143.081	5.984.901	1.847.072	27.654.793	67.730.312
Foreign currency sell and buy options	3.301.259	5.139.078	8.309.736	-	-	16.750.073
Interest rate sell and buy options	-	-	-	-	26.980.288	26.980.288
<b>Total</b>	<b>40.441.854</b>	<b>41.020.244</b>	<b>18.401.664</b>	<b>2.620.592</b>	<b>54.635.081</b>	<b>157.119.435</b>

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>As of December 31, 2020</b>						
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
<b>Total</b>	<b>26.446.339</b>	<b>6.568.915</b>	<b>11.508.702</b>	<b>8.522.017</b>	<b>45.507.619</b>	<b>98.553.592</b>

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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 5,55 % (31 December 2020: 6,62%). As of 31 December 2021, the Bank's leverage ratio is dropped to 6,62% from 5,55%. The decrease springs from the increase in risk amounts of on and off balance sheet items. According to Regulations, minimum leverage ratio is 3%.

**Disclosure of Leverage ratio template:**

	Current Period 31 December 2021 (*)	Prior Period 31 December 2020 (*)
<b>Balance sheet transactions</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	51.854.048	40.748.946
2 (Assets deducted from Core capital)	(161.512)	(122.761)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	51.692.536	40.626.185
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	1.938.507	3.867.566
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)	1.938.507	3.867.566
<b>Financing transactions secured by marketable security or commodity</b>		
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)	-	-
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	17.221.315	13.405.754
11 (Correction amount due to multiplication with credit conversion rates)	(5.010.168)	(3.990.858)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	12.211.147	9.414.896
<b>Capital and total risk</b>		
13 Core Capital	3.620.357	3.567.912
14 Total risk amount(sum of lines 3, 6, 9 and 12)	65.842.190	53.908.647
<b>Leverage ratio</b>		
15 Leverage ratio	5,55	6,62

(\*) 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**

The presentation of the Bank's financial assets and liabilities with their fair values is as follows;

	31 December 2021		31 December 2020	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>	<b>42.793.716</b>	<b>38.630.514</b>	<b>30.935.434</b>	<b>30.496.860</b>
Money Market Placements	-	-	310.151	310.151
Banks	3.850.114	3.850.114	1.225.218	1.225.218
Financial assets at fair value through other comprehensive income	10.039.440	10.039.440	7.081.238	7.081.238
Financial assets measured at amortized cost	1.335.040	1.274.136	1.058.863	1.086.816
Loans	27.569.122	23.466.823	21.259.964	20.793.437
<b>Financial Liabilities</b>	<b>48.625.022</b>	<b>48.175.623</b>	<b>34.032.736</b>	<b>33.347.722</b>
Bank Deposits	360.267	360.267	825.106	825.106
Other Deposits	38.056.821	38.059.987	24.814.088	24.817.284
Funds Borrowed From Other Financial Institutions	3.933.498	4.180.681	4.953.164	4.988.007
Subordinated Loans	3.833.893	3.134.145	2.109.077	1.390.690
Issued Bonds	-	-	563.046	558.380
Miscellaneous Payables	2.440.543	2.440.543	768.255	768.255

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, 2021	Level 1	Level 2	Level 3(*)	Total
<b>Financial Assets</b>	<b>10.116.957</b>	<b>3.721.739</b>	<b>5.255</b>	<b>13.843.951</b>
Financial Assets at Fair Value through Profit and Loss	82.772	18.983	-	101.755
Financial Assets at Fair Value through Other Comprehensive Income	10.034.185	-	5.255	10.039.440
Derivative Financial Assets at Fair Value through Profit and Loss	-	3.702.756	-	3.702.756
Derivative Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-
<b>Financial Liabilities</b>	<b>-</b>	<b>2.728.749</b>	<b>-</b>	<b>2.728.749</b>
Derivative Financial Liabilities at Fair Value Through Profit and Loss	-	2.728.749	-	2.728.749
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	-	-	-
<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>7.263.540</b>	<b>2.260.281</b>	<b>5.110</b>	<b>9.528.931</b>
<b>Financial Liabilities</b>	<b>-</b>	<b>2.186.716</b>	<b>-</b>	<b>2.186.716</b>

(\*) The Bank has 3rd level financial assets amounting to TL 5.255 (31 December 2020: TL 5.110). The exchange increase in current period is amounting to TL 145.

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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 30 June 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 2021:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

**a) Overview of RWA**

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
		31 December 2021	31 December 2020	31 December 2021
1	Credit risk (excluding counterparty credit risk) (CCR)	26.176.414	23.671.953	2.094.113
2	Standardised approach (SA)	26.176.414	23.671.953	2.094.113
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1.125.467	2.727.696	90.037
5	Standardised approach for counterparty credit risk (SA-CCR)	1.125.467	2.727.696	90.037
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	1.201.288	1.109.800	96.103
17	Standardised approach (SA)	1.201.288	1.109.800	96.103
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	2.417.300	2.643.863	193.384
20	Basic Indicator Approach	2.417.300	2.643.863	193.384
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>30.920.469</b>	<b>30.153.312</b>	<b>2.473.637</b>

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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
<b>Assets</b>						
Cash and balances with Central Bank	9.442.409	9.442.409	-	-	-	-
Financial assets at fair value through profit and loss	101.755	-	-	-	101.755	-
Banks	3.850.114	3.850.114	122.650	-	-	-
Money market placements	-	-	-	-	-	-
Expected credit losses (-)	2.797	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	10.039.440	10.039.440	-	-	-	-
Derivative financial assets	3.702.756	-	1.983.950	-	1.467.433	-
Financial assets measured at amortised cost	1.335.040	1.335.040	-	-	-	-
Expected credit losses (-)	2.357.021	932.388	-	-	-	-
Loans	27.569.122	27.569.122	-	-	-	-
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-
Tangible assets (net)	181.790	181.790	-	-	-	32.393
Intangible assets (net)	147.126	147.126	-	-	-	147.126
Investment property (net)	-	-	-	-	-	-
Tax asset	261.068	261.068	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	296.839	296.839	-	-	-	-
Other assets	898.364	872.344	-	-	-	-
<b>Total assets</b>	<b>55.466.005</b>	<b>53.062.904</b>	<b>2.106.600</b>	<b>-</b>	<b>1.569.188</b>	<b>179.519</b>
<b>Liabilities</b>						
Deposit	38.417.088	-	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	2.728.749	-	-	-	1.255.727	-
Loans received	1.708.596	-	-	-	-	-
Money market funds	2.224.902	-	-	-	-	-
Securities Issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	120.180	-	-	-	-	-
Derivative financial liabilities at fair value through other comprehensive income	-	-	-	-	-	-
Provisions	351.301	-	-	-	-	-
Tax liability	73.803	-	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	3.833.893	-	-	-	-	-
Other liabilities	2.440.543	-	-	-	-	-
Shareholders' equity	3.566.950	-	-	-	-	-
<b>Total liabilities</b>	<b>55.466.005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.255.727</b>	<b>-</b>

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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 counter party credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
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	-	-	-	-
<b>Total assets</b>	<b>40.035.829</b>	<b>38.227.293</b>	<b>1.398.900</b>	<b>-</b>	<b>2.400.920</b>	<b>134.660</b>
<b>Liabilities</b>						
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	-	-	-	-	-
<b>Total liabilities</b>	<b>40.035.829</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.065.753</b>	<b>-</b>

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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)**

<b>Current Period</b>	<b>Total</b>	<b>Subject to credit risk</b>	<b>Securitization positions</b>	<b>Subject to counterparty credit risk</b>	<b>Subject to market risk (*)</b>
Assets carrying value in accordance with TAS	55.286.486	53.062.904	-	2.106.600	1.569.188
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	-	-	-	-	1.255.727
<b>Total net amount under scope of regulatory consolidation</b>	<b>55.286.486</b>	<b>53.062.904</b>	<b>-</b>	<b>2.106.600</b>	<b>313.461</b>
Off-balance sheet amount	11.702.429	11.702.429	-	-	45.772.306
Differences due to risk mitigation	-	(738.124)	-	-	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	-
<b>Exposure amounts</b>	<b>66.988.915</b>	<b>64.027.209</b>	<b>-</b>	<b>2.106.600</b>	<b>46.085.767</b>

<b>Prior Period</b>	<b>Total</b>	<b>Subject to credit risk</b>	<b>Securitization positions</b>	<b>Subject to counterparty credit risk</b>	<b>Subject to market risk (*)</b>
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
<b>Total net amount under scope of regulatory consolidation</b>	<b>39.901.169</b>	<b>38.227.293</b>	<b>-</b>	<b>1.398.900</b>	<b>335.167</b>
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	-	-	-	-	-
<b>Exposure amounts</b>	<b>51.513.844</b>	<b>49.067.453</b>	<b>-</b>	<b>1.398.900</b>	<b>83.923.504</b>

**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:**

<b>Gross carrying values of (according to TAS)</b>				
<b>31 December 2021</b>	<b>Defaulted exposures</b>	<b>Non-defaulted exposures</b>	<b>Allowances/ impairments</b>	<b>Net values</b>
1 Loans	1.989.128	25.579.994	2.350.865	25.218.257
2 Debt Securities	-	11.369.224	6.156	11.363.068
3 Off-balance sheet exposures	22.730	24.800.271	58.723	24.764.278
<b>4 Total</b>	<b>2.011.858</b>	<b>61.749.489</b>	<b>2.415.744</b>	<b>61.345.603</b>

<b>Gross carrying values of (according to TAS)</b>				
<b>31 December 2020</b>	<b>Defaulted exposures</b>	<b>Non-defaulted exposures</b>	<b>Allowances/ impairments</b>	<b>Net values</b>
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
<b>4 Total</b>	<b>2.304.545</b>	<b>36.764.813</b>	<b>1.926.203</b>	<b>37.143.155</b>

**3. Changes in stock of defaulted loans and debt securities:**

	<b>31.12.2021</b>
<b>1 Defaulted loans and debt securities at end of the previous reporting period</b>	<b>2.280.483</b>
2 Loans and debt securities that have defaulted since the last reporting period	84.290
3 Returned to non-defaulted status	-
4 Amounts written off	32.185
5 Other changes (*)	(343.460)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>1.989.128</b>

	<b>31.12.2020</b>
<b>1 Defaulted loans and debt securities at end of the previous reporting period</b>	<b>2.803.192</b>
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)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>2.280.483</b>

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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:

	31.12.2021	31.12.2020
Domestic	25.428.269	18.695.133
European Union Countries	13	63
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other	151.712	284.285
<b>Total</b>	<b>25.579.994</b>	<b>18.979.481</b>

(\*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector (\*):

	31.12.2021	31.12.2020
<b>Agricultural</b>	<b>664.947</b>	<b>659.214</b>
Farming and raising live stock	603.968	601.152
Forestry	-	-
Fishing	60.979	58.062
<b>Manufacturing</b>	<b>6.277.807</b>	<b>4.882.861</b>
Mining	310.497	168.584
Production	3.453.269	2.766.857
Electricity, Gas, Water	2.514.041	1.947.420
<b>Construction</b>	<b>7.155.626</b>	<b>4.651.124</b>
<b>Services</b>	<b>9.695.717</b>	<b>7.568.301</b>
Wholesale and Retail Trade	1.582.943	1.427.245
Hotel, Food, Beverage Services	3.787.771	2.329.668
Transportation and Telecommunication	983.554	1.011.484
Financial Institutions	1.140.498	943.701
Real Estate and Lending Service	57.444	155.477
Self Employment Service	-	-
Education Service	532.638	327.611
Health and Social Services	1.610.869	1.373.115
<b>Other</b>	<b>1.785.897</b>	<b>1.217.981</b>
<b>Total</b>	<b>25.579.994</b>	<b>18.979.481</b>

(\*) Breakdown of sector classified according to type of principal activity of costumers.

Breakdown by outstanding maturity:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>31 December 2021</b>						
Loans	2.834.979	1.599.460	4.348.906	9.876.524	6.920.125	25.579.994
<b>31 December 2020</b>						
Loans	2.400.551	1.423.991	4.657.073	6.989.040	3.508.826	18.979.481

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**X. Explanations on Risk Management (continued)**

**c. Credit risk explanation (continued)**

Breakdown by sector (\*):

b) 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:

<b>31 December 2021</b>	<b>Non-performing Loans</b>	<b>Provisions</b>
Domestic	1.989.128	934.310
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other	-	-
<b>Total</b>	<b>1.989.128</b>	<b>934.310</b>

(\*) OECD Countries other than EU countries, USA and Canada.

<b>31 December 2020</b>	<b>Non-performing Loans</b>	<b>Provisions</b>
Domestic	2.280.483	926.468
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other	-	-
<b>Total</b>	<b>2.280.483</b>	<b>926.468</b>

(\*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector (\*):

<b>31 December 2021</b>	<b>Non-performing Loans</b>	<b>Provisions</b>
<b>Agricultural</b>	<b>8.813</b>	<b>7.685</b>
Farming and raising live stock	8.813	7.685
Forestry	-	-
Fishing	-	-
<b>Manufacturing</b>	<b>448.182</b>	<b>213.547</b>
Mining	34.807	9.756
Production	314.780	110.735
Electricity, Gas, Water	98.595	93.056
<b>Construction</b>	<b>646.582</b>	<b>250.458</b>
<b>Services</b>	<b>765.062</b>	<b>400.391</b>
Wholesale and Retail Trade	230.399	85.983
Hotel, Food, Beverage Services	258.440	136.920
Transportation and Telecommunication	26.214	10.796
Financial Institutions	27.870	21.449
Real Estate and Lending Service	4.761	173
Self Employment Service	-	-
Education Service	129.653	102.513
Health and Social Services	87.725	42.557
<b>Other</b>	<b>120.489</b>	<b>62.229</b>
<b>Total</b>	<b>1.989.128</b>	<b>934.310</b>

(\*) Classified according to type of principal activity of costumers.

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**X. Explanations on Risk Management (continued)**

**c. Credit risk explanation (continued)**

Breakdown by sector (\*):

<b>31 December 2020</b>	<b>Non-performing Loans</b>	<b>Provisions</b>
<b>Agricultural</b>	<b>16.841</b>	<b>9.616</b>
Farming and raising live stock	16.841	9.616
Forestry	-	-
Fishing	-	-
<b>Manufacturing</b>	<b>490.986</b>	<b>212.252</b>
Mining	40.833	14.726
Production	345.497	105.790
Electricity, Gas, Water	104.656	91.736
<b>Construction</b>	<b>697.750</b>	<b>237.583</b>
<b>Services</b>	<b>946.889</b>	<b>398.371</b>
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
<b>Other</b>	<b>128.017</b>	<b>68.646</b>
<b>Total</b>	<b>2.280.483</b>	<b>926.468</b>

(\*) Classified according to type of principal activity of costumers.

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**X. Explanations on Risk Management (continued)**

**c. Credit risk explanation (continued)**

5. Expected Credit Loss

a. Expected Credit Loss for Cash and Cash Equivalents

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning Balance (1 January 2021)</b>	<b>1.628</b>	-	-	<b>1.628</b>
Additions	6.217	-	-	6.217
Disposals (-)	(5.048)	-	-	(5.048)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
<b>Balance at the end of the period</b>	<b>2.797</b>	-	-	<b>2.797</b>

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning Balance (1 January 2020)</b>	<b>2.095</b>	-	-	<b>2.095</b>
Additions	1.914	-	-	1.914
Disposals (-)	(2.381)	-	-	(2.381)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
<b>Balance at the end of the period</b>	<b>1.628</b>	-	-	<b>1.628</b>

b. Expected Credit Loss for Financial Assets Measured at Fair Value through Other Comprehensive Income

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning Balance (1 January 2021)</b>	<b>5.459</b>	-	-	<b>5.459</b>
Additions	6.069	-	-	6.069
Disposals (-)	(5.372)	-	-	(5.372)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
<b>Balance at the end of the period</b>	<b>6.156</b>	-	-	<b>6.156</b>

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning Balance (1 January 2020)</b>	<b>40.927</b>	-	-	<b>40.927</b>
Additions	7.372	-	-	7.372
Disposals (-)	(42.840)	-	-	(42.840)
Write-offs (-)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
<b>Balance at the end of the period</b>	<b>5.459</b>	-	-	<b>5.459</b>

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**X. Explanations on Risk Management (continued)**

**c. Credit risk explanation (continued)**

5. Expected Credit Loss

a. Expected Credit Loss for Loans

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning Balance (1 January 2021)</b>	<b>92.773</b>	<b>839.561</b>	<b>926.468</b>	<b>1.858.802</b>
Additions	117.943	794.665	395.558	1.308.166
Disposals (-)	(106.921)	(287.157)	(389.840)	(783.918)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	(32.185)	(32.185)
Transfers to Stage 1	17.932	(17.932)	-	-
Transfers to Stage 2	(2.315)	2.315	-	-
Transfers to Stage 3	(92)	(34.217)	34.309	-
<b>Balance at the end of the period</b>	<b>119.320</b>	<b>1.297.235</b>	<b>934.310</b>	<b>2.350.865</b>

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning Balance (1 January 2020)</b>	<b>81.785</b>	<b>653.824</b>	<b>1.465.137</b>	<b>2.200.746</b>
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	-
<b>Balance at the end of the period</b>	<b>92.773</b>	<b>839.561</b>	<b>926.468</b>	<b>1.858.802</b>

b. Expected Credit Loss for Non-cash Loans

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning Balance (1 January 2021)</b>	<b>37.851</b>	<b>14.203</b>	<b>9.888</b>	<b>61.942</b>
Additions	43.725	7.592	252	51.569
Disposals (-)	(45.305)	(8.588)	(895)	(54.788)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfers to Stage 1	102	(102)	-	-
Transfers to Stage 2	(34)	34	-	-
Transfers to Stage 3	(10)	(2)	12	-
<b>Balance at the end of the period</b>	<b>36.329</b>	<b>13.137</b>	<b>9.257</b>	<b>58.723</b>

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning Balance (1 January 2020)</b>	<b>17.640</b>	<b>7.297</b>	<b>9.799</b>	<b>34.736</b>
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	-
<b>Balance at the end of the period</b>	<b>37.851</b>	<b>14.203</b>	<b>9.888</b>	<b>61.942</b>

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**X. Explanations on Risk Management (continued)**

**c. Credit risk explanation (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 communicate 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 (*)	22.735.074	2.483.183	574.292	-	-	-	-
2	Debt securities	11.363.068	-	-	-	-	-	-
3	<b>Total</b>	<b>34.098.142</b>	<b>2.483.183</b>	<b>574.292</b>	-	-	-	-
4	Of which defaulted	1.988.955	173	81	-	-	-	-

(\*) 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)**

**c. Credit risk explanation (continued)**

**8. Standard approach – credit risk exposure and credit risk mitigation (CRM) effects**

Current Period - 31.12.2021		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	14.308.583	3	14.458.807	1	-	0%
2	Exposures to regional governments or local authorities	165.054	-	165.054	-	82.527	50%
3	Exposures to public sector entities	-	-	-	-	-	0%
4	Exposures to multilateral development banks	925.470	-	925.470	-	-	0%
5	Exposures to international organisations	-	-	-	-	-	0%
6	Exposures to institutions	5.803.783	2.156.809	5.803.783	665.343	2.262.317	35%
7	Exposures to corporates	16.585.867	7.575.003	15.858.539	4.135.655	19.999.500	100%
8	Retail exposures	311.322	493.007	285.623	47.004	255.818	77%
9	Exposures secured by residential property	26.567	-	26.502	-	9.276	35%
10	Exposures secured by commercial real estate	3.431.996	66.711	3.430.068	56.909	2.545.338	73%
11	Past-due loans	605.993	-	605.924	-	697.834	115%
12	Higher-risk categories by the Agency Board	1.913	-	1.913	-	2.865	150%
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	1.943.811	-	1.943.811	-	1.169.635	60%
17	Investments in equities	-	-	-	-	-	0%
18	<b>Total</b>	<b>44.110.359</b>	<b>10.291.533</b>	<b>43.505.494</b>	<b>4.904.912</b>	<b>27.025.110</b>	<b>56%</b>

Prior 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	<b>Total</b>	<b>37.936.990</b>	<b>8.547.019</b>	<b>37.272.363</b>	<b>3.968.447</b>	<b>25.109.909</b>	<b>61%</b>

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**X. Explanations on Risk Management (continued)**

**c. Credit risk explanation (continued)**

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

Current Period - 31.12.2021 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	14.458.808	-	-	-	-	-	-	-	-	14.458.808
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	165.054	165.054
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	925.470	-	-	-	-	-	-	-	-	925.470
Exposures to international organisations	-	-	-	-	-	-	-	-	-	-
Exposures to institutions	-	-	3.978.293	-	-	129.044	156.720	-	2.205.069	6.469.126
Exposures to corporates	-	-	-	-	-	19.983.581	10.613	-	-	19.994.194
Retail exposures	-	-	-	-	323.050	1.670	7.907	-	-	332.627
Exposures secured by residential property	-	-	-	-	-	-	-	-	26.502	26.502
Exposures secured by commercial real estate	-	-	-	1.883.278	-	1.603.699	-	-	-	3.486.977
Past-due loans	-	-	-	-	-	134.729	327.507	-	143.688	605.924
Higher-risk categories by the Agency Board	-	-	-	-	-	10	1.903	-	-	1.913
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	774.174	-	-	-	-	1.169.637	-	-	-	1.943.811
<b>Total</b>	<b>16.158.452</b>	<b>-</b>	<b>3.978.293</b>	<b>1.883.278</b>	<b>323.050</b>	<b>23.022.370</b>	<b>504.650</b>	<b>-</b>	<b>2.540.313</b>	<b>48.410.406</b>

(\*) 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)**

**c. Credit risk explanation (continued)**

										Total credit risk exposure amount (***)
Prior Period - 31.12.2020									Other (35% - 50%)(**)	
Asset classes/ Risk weight(*)	0%	10%	20%	50%(*)	75%	100%	150%	200%		
Exposures to central governments or central banks	11.362.156	-	-	-	-	-	-	-	-	11.362.156
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	47.188	47.188
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	870.611	-	-	-	-	-	-	-	-	870.611
Exposures to international organisations	2	-	-	-	-	-	-	-	-	2
Exposures to institutions	-	-	3.340.364	-	-	89.177	985.213	-	1.301.406	5.716.160
Exposures to corporates	-	-	-	-	-	16.731.162	-	-	-	16.731.162
Retail exposures	-	-	-	-	404.460	1.157	-	-	-	405.617
Exposures secured by residential property	-	-	-	-	-	-	-	-	41.968	41.968
Exposures secured by commercial real estate	-	-	-	1.790.062	-	1.637.013	-	-	-	3.427.075
Past-due loans	-	-	-	-	-	69.569	701.993	-	148.432	919.994
Higher-risk categories by the Agency Board	-	-	-	-	-	593	21	-	3.025	3.639
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other assets	296.003	-	-	-	-	1.419.235	-	-	-	1.715.238
Total	12.528.772	-	3.340.364	1.790.062	404.460	19.947.906	1.687.227	-	1.542.019	41.240.810

(\*) Collateralized with the Real Estate Mortgage

(\*\*) Except that Collateralized with the Real Estate Mortgage

(\*\*\*) After Credit Conversion Rate and after credit risk mitigation

**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)**

d. Counterparty Credit risk (CCR) explanations (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
<b>Current Year – 31.12.2021</b>							
1	Standart Approach-CCR	980.297	350.665	-	1,40	1.299.428	846.344
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	122.650	2.352
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	122.650	2.352
6	<b>Total</b>	-	-	-	-	-	<b>848.696</b>

(\*) Effective expected positive risk amount

		Revaluation Cost	Potential credit risk exposure	EBPRT(*)	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
<b>Prior Year – 31.12.2020</b>							
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	<b>Total</b>	-	-	-	-	-	<b>1.437.956</b>

(\*) Effective expected positive risk amount

3. Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
<b>Current Year – 31.12.2021</b>			
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)	1.286.393	276.771
3	Total portfolio value with simplified approach CVA capital adequacy	1.286.393	276.771
4	Total amount of CVA capital adequacy	-	-

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
<b>Prior Year – 31.12.2020</b>			
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

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**X. Explanations on Risk Management (continued)**

d. Counterparty Credit risk (CCR) explanations (continued)

4. Standard approach – CCR exposures by regulatory portfolio and risk weights

<b>Current Period Risk Weights</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total Credit Risk(*)</b>
Risk Classes									
Central governments and central banks receivables	498.728	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	23.539	267.087	-	-	-	-	138.251
Corporate receivables	-	-	-	-	-	473.451	156.720	-	708.531
Retail receivables	-	-	-	-	2.552	-	-	-	1.914
Other assets(**)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>498.728</b>	<b>-</b>	<b>23.539</b>	<b>267.087</b>	<b>2.552</b>	<b>473.451</b>	<b>156.720</b>	<b>-</b>	<b>848.696</b>

(\*) 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.

<b>Prior Period Risk Weights</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total Credit Risk(*)</b>
Risk Classes									
Central governments and central banks receivables	16.561	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International Organisations receivables	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	56.122	190.088	-	-	-	-	106.268
Corporate receivables	-	-	-	-	-	129.255	800.871	-	1.330.562
Retail receivables	-	-	-	-	1.502	-	-	-	1.126
Other assets(**)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16.561</b>	<b>-</b>	<b>56.122</b>	<b>190.088</b>	<b>1.502</b>	<b>129.255</b>	<b>800.871</b>	<b>-</b>	<b>1.437.956</b>

(\*) 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 2021	31 December 2020
	RWA	RWA
<b>Outright products</b>		
1 Interest rate risk (general and specific)	276.411	866.422
2 Equity risk (general and specific)	37.975	21.600
3 Foreign exchange risk	386.625	76.513
4 Commodity risk	407.789	1.690
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	92.488	143.575
7 Scenario approach	-	-
8 Securitisation	-	-
<b>9 Total</b>	<b>1.201.288</b>	<b>1.109.800</b>

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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	1.319.634	1.345.000	1.203.049	1.289.228	15	193.384
The amount subject to operational risk (Total*12,5)						2.417.300

**XI. Explanations on Hedge Accounting**

The Bank, utilize derivative instruments effectively in the process of asset and liability management. In this context, the Bank applies TAS 39 standard for hedge accounting.

As of December 31, 2021, The Bank applies cash flow hedge accounting using interest swap transactions to hedge its TL customer deposits partially amounting to 1.125.000 TL with short term cyclical basis (31 December 2020: None).

Within the scope of cash flow hedge accounting, the amount on balance sheet under "Derivative financial assets at fair value through other comprehensive income" is TL 92.436, the effective portion of the change in the fair value of the hedging instrument which is accounted for in the equity under "Other accumulated comprehensive income that will be reclassified in profit or loss" after tax is amounting to TL 23.938 and the ineffective portion of derivative financial liabilities accounted under "Profit/losses from derivative financial transactions" within the income statement is nil.



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**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.

<b>Current Period (1 January-31 December 2021)</b>	<b>Commercial Banking</b>	<b>Retail Banking</b>	<b>Other and Unallocated (*)</b>	<b>Bank's Total Activities</b>
Net Interest Income	458.250	196.433	530.762	1.185.445
Net Fee and Commission Income	68.250	37.605	(3.209)	102.646
Dividend Income	-	-	-	-
Other Operating Income and Net Profit/Loss	731.517	101.256	26.359	859.132
<b>Operating Income</b>	<b>1.258.017</b>	<b>335.294</b>	<b>553.912</b>	<b>2.147.223</b>
Other Operating Expenses	(151.897)	(265.502)	(352.931)	(770.330)
Credit and Other Provisions	(820.396)	(30.181)	(287.731)	(1.138.308)
<b>Profit Before Tax</b>	<b>285.724</b>	<b>39.611</b>	<b>(86.750)</b>	<b>238.585</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>(32.897)</b>	<b>(32.897)</b>
<b>Net Profit</b>	<b>285.724</b>	<b>39.611</b>	<b>(119.647)</b>	<b>205.688</b>
<b>Total Asset</b>	<b>26.222.458</b>	<b>496.712</b>	<b>28.746.835</b>	<b>55.466.005</b>
Segment Assets	26.222.458	496.712	28.746.835	55.466.005
<b>Total Liability</b>	<b>12.847.179</b>	<b>24.962.140</b>	<b>17.656.686</b>	<b>55.466.005</b>
Segment Liability	12.847.179	24.962.140	10.255.843	48.065.162
Subordinated Loan	-	-	3.833.893	3.833.893
Equity	-	-	3.566.950	3.566.950

(\*) 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.

<b>Prior Period (1 January-31 December 2020)</b>	<b>Commercial Banking</b>	<b>Retail Banking</b>	<b>Other and Unallocated (*)</b>	<b>Bank's Total Activities</b>
Net Interest Income	386.060	196.151	496.479	1.078.690
Net Fee and Commission Income	56.052	26.805	(5.338)	77.519
Dividend Income	-	-	-	-
Other Operating Income and Net Profit/Loss	371.217	70.853	31.204	473.274
<b>Operating Income</b>	<b>813.329</b>	<b>293.809</b>	<b>522.345</b>	<b>1.629.483</b>
Other Operating Expenses	(143.860)	(247.727)	(288.664)	(680.251)
Credit and Other Provisions	(668.159)	2.648	(115.795)	(781.306)
<b>Profit Before Tax</b>	<b>1.310</b>	<b>48.730</b>	<b>117.886</b>	<b>167.926</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>(33.717)</b>	<b>(33.717)</b>
<b>Net Profit</b>	<b>1.310</b>	<b>48.730</b>	<b>84.169</b>	<b>134.209</b>
<b>Total Asset</b>	<b>20.043.472</b>	<b>604.905</b>	<b>19.387.452</b>	<b>40.035.829</b>
Segment Assets	20.043.472	604.905	19.387.452	40.035.829
<b>Total Liability</b>	<b>7.018.564</b>	<b>17.705.171</b>	<b>15.312.094</b>	<b>40.035.829</b>
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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**XIII. Information on international risk ratings**

**FITCH RATINGS (June 2021)**

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	5
NSR AA(tur)	BBB(tur)
Long Term National Scale Rating (NSR) Stable	Negative
Subordinated Notes B	CCC+

**MOODY'S RATINGS (August 2020)**

Outlook	Negative
Long Term FC Deposit	Caa1
Long Term TL Deposit	Ba1.tr
Short Term FC Deposit	NP
Short Term TL Deposit	TR-4
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1
Long Term National Scale Rating	Baa1.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 2021		31 December 2020	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	54.693	1.083.980	31.322	252.891
Balances with the Central Bank of Turkey	643.530	7.660.206	247.452	4.344.430
Other	-	-	-	-
<b>Total</b>	<b>698.223</b>	<b>8.744.186</b>	<b>278.774</b>	<b>4.597.321</b>

**b) Information related to the account of the Central Bank of Turkey:**

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Unrestricted Demand Deposit	643.530	2.298.863	247.452	1.584.987
Unrestricted Time Deposit	-	612.491	-	364.565
Restricted Time Deposit	-	4.748.852	-	2.394.878
<b>Total</b>	<b>643.530</b>	<b>7.660.206</b>	<b>247.452</b>	<b>4.344.430</b>

**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 3 % and 8% for TL deposits and other liabilities according to their maturities as of 31 December 2021 (31 December 2020: 1 % and 6% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 26% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2021 (31 December 2020: 5% and 22% 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. 8,5% 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.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 15/4/2022 It has been decided not to apply an annual commission of 1,5% to the banks that have reached the 10% level and the 20% level as of the 8/7/2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022.

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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 2020: None).
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (31 December 2020: None).
- b) Positive differences related to derivative financial assets held-for-trading:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	128.538	4.439	44.149	23.452
Swap Transactions	1.486.029	1.567.496	771.242	1.388.381
Futures Transactions	-	-	-	-
Options	394.891	28.927	15.376	6.880
Other	-	-	-	-
<b>Total</b>	<b>2.009.458</b>	<b>1.600.862</b>	<b>830.767</b>	<b>1.418.713</b>

**3. Information on banks:**

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	186	82.417	150.215	37.815
Foreign	-	3.767.511	-	2.627.442
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>186</b>	<b>3.849.928</b>	<b>150.215</b>	<b>2.665.257</b>

**Information on foreign bank accounts:**

	Unrestricted Amount		Restricted Amount	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
European Union Countries	164.774	88.967	7.350	10.117
USA and Canada	1.879.323	813.516	-	-
OECD Countries	154.650	2.695	-	-
Other	9.189	132.010	1.552.225	1.580.137
<b>Total</b>	<b>2.207.936</b>	<b>1.037.188</b>	<b>1.559.575</b>	<b>1.590.254</b>

**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 2021		31 December 2020	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar securities	613.194	3.694.661	366.663	1.894.112
Other	-	-	-	-
<b>Total</b>	<b>613.194</b>	<b>3.694.661</b>	<b>366.663</b>	<b>1.894.112</b>

- a.2) Information on financial assets subject to repurchase agreements:

As of 31 December 2021, financial assets at fair value through other comprehensive income subject to repurchase agreements: TL 1.857.808 (31 December 2020: TL 3.345.438).

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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 2021	31 December 2020
Debt securities	10.333.261	7.093.509
Quoted on a stock exchange	10.333.261	7.093.509
Not quoted	-	-
Share certificates	5.256	5.110
Quoted on a stock exchange	-	-
Not quoted	5.256	5.110
Value Increase/Impairment Losses (-)	299.077	17.381
<b>Total</b>	<b>10.039.440</b>	<b>7.081.238</b>

**5. Information on loans:**

a) Information on all types of loans or advances given to shareholders and employees of the Bank:

	31 December 2021		31 December 2020	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	424	15.486	-	24.198
Loans granted to employees	5.134	-	5.136	-
<b>Total</b>	<b>5.558</b>	<b>15.486</b>	<b>5.136</b>	<b>24.198</b>

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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 2021**

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	16.739.788	2.493.644	-	6.346.562
Loans given to enterprises	-	-	-	5.825.501
Export loans	1.914.430	-	-	11.168
Import loans	-	-	-	-
Loans given to financial sector	1.140.498	-	-	-
Consumer loans	175.901	15.708	-	17.829
Credit cards	135.833	2.812	-	2.137
Other	13.373.126	2.475.124	-	489.927
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>16.739.788</b>	<b>2.493.644</b>	<b>-</b>	<b>6.346.562</b>

(\*) 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 445.720.

**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	-	-	-	-
<b>Total</b>	<b>12.498.959</b>	<b>4.309.965</b>	<b>-</b>	<b>2.170.557</b>

(\*) 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 2021			31 December 2020	
First and Second Stage Expected Loss Provisions	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-Month provisions for possible losses	119.320	-	92.773	-
Significant increase in credit risk	-	1.297.235	-	839.561
<b>Total</b>	<b>119.320</b>	<b>1.297.235</b>	<b>92.773</b>	<b>839.561</b>

(\*) The expected loss provision amounting to TL 6.156 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: (\*)

<b>31 December 2021</b>	<b>Commercial</b>	<b>Retail</b>	<b>Total</b>
Standard Loans	16.447.515	292.273	16.739.788
Watchlist	8.350.732	43.754	8.394.486
Significant Increase in Credit Risk	445.720	-	445.720
Non-performing Loans	1.867.157	121.971	1.989.128
Specific Provision (-)	(869.302)	(65.008)	(934.310)
<b>Total</b>	<b>26.241.822</b>	<b>392.990</b>	<b>26.634.812</b>
(*) According to the internal segmentation of the bank			

<b>31 December 2020</b>	<b>Commercial</b>	<b>Retail</b>	<b>Total</b>
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)
<b>Total</b>	<b>19.815.854</b>	<b>517.642</b>	<b>20.333.496</b>
(*) 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:

<b>31 December 2021</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>6.167</b>	<b>188.371</b>	<b>194.538</b>
Housing Loans	24	141.272	141.296
Car Loans	-	36	36
General Purpose Loans	6.143	47.063	53.206
Other	-	-	-
<b>Consumer Loans - Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards - TL</b>	<b>113.031</b>	<b>1.658</b>	<b>114.689</b>
With Installments	13.901	1.658	15.559
Without Installments	99.130	-	99.130
<b>Individual Credit Cards-FC</b>	<b>144</b>	<b>-</b>	<b>144</b>
With Installments	-	-	-
Without Installments	144	-	144
<b>Personnel Loans - TL</b>	<b>306</b>	<b>3.428</b>	<b>3.734</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	306	3.428	3.734
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards - TL</b>	<b>1.398</b>	<b>2</b>	<b>1.400</b>
With Installments	215	2	217
Without Installments	1.183	-	1.183
<b>Personnel Credit Cards - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installments	-	-	-
Without Installments	-	-	-
<b>Overdraft Accounts – TL (Real Persons)</b>	<b>11.165</b>	<b>-</b>	<b>11.165</b>
<b>Overdraft Accounts – FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>132.211</b>	<b>193.459</b>	<b>325.670</b>

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**5. Information on loans (continued)**

d) Information on consumer loans and credit cards given to customers and bank's personnel: (continued)

<b>31 December 2020</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>4.566</b>	<b>296.147</b>	<b>300.713</b>
Housing Loans	-	221.555	221.555
Car Loans	-	211	211
General Purpose Loans	4.566	74.381	78.947
Other	-	-	-
<b>Consumer Loans - Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards - TL</b>	<b>113.451</b>	<b>4.633</b>	<b>118.084</b>
With Installments	16.681	4.633	21.314
Without Installments	96.770	-	96.770
<b>Individual Credit Cards-FC</b>	<b>25</b>	<b>-</b>	<b>25</b>
With Installments	-	-	-
Without Installments	25	-	25
<b>Personnel Loans - TL</b>	<b>95</b>	<b>3.959</b>	<b>4.054</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	95	3.959	4.054
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards - TL</b>	<b>1.080</b>	<b>2</b>	<b>1.082</b>
With Installments	172	2	174
Without Installments	908	-	908
<b>Personnel Credit Cards - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installments	-	-	-
Without Installments	-	-	-
<b>Overdraft Accounts – TL (Real Persons)</b>	<b>13.448</b>	<b>-</b>	<b>13.448</b>
<b>Overdraft Accounts – FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>132.665</b>	<b>304.741</b>	<b>437.406</b>

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**5. Information on loans (continued)**

e) Information on commercial loans with installments and corporate credit cards:

<b>31 December 2021</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial loans with installment facility-TL</b>	<b>1.015.959</b>	<b>6.009.697</b>	<b>7.025.656</b>
Business Loans	-	849	849
Car Loans	5.604	77.125	82.729
General Purpose Loans	1.010.231	5.919.044	6.929.275
Other	124	12.679	12.803
<b>Commercial loans with installment facility-Indexed to FC</b>	<b>-</b>	<b>51.452</b>	<b>51.452</b>
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	51.452	51.452
Other	-	-	-
<b>Commercial loans with installment facility -FC</b>	<b>363.326</b>	<b>10.708.548</b>	<b>11.071.874</b>
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	363.326	10.708.548	11.071.874
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>24.548</b>	<b>-</b>	<b>24.548</b>
With Installments	563	-	563
Without Installments	23.985	-	23.985
<b>Corporate Credit Cards-FC</b>	<b>1</b>	<b>-</b>	<b>1</b>
With Installments	-	-	-
Without Installments	1	-	1
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>3.778</b>	<b>-</b>	<b>3.778</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1.407.612</b>	<b>16.769.697</b>	<b>18.177.309</b>

f) Distribution of credits by users:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Public	163.542	138.016
Private	25.416.452	18.841.465
<b>Total</b>	<b>25.579.994</b>	<b>18.979.481</b>

g) Distribution of domestic and foreign loans:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Domestic loans	25.428.269	18.695.133
Foreign loans	151.725	284.348
<b>Total</b>	<b>25.579.994</b>	<b>18.979.481</b>

h) Loans granted to subsidiaries and associates: None. (31 December 2020: None)

i) Expected credit losses provided against loans (Stage 3):

	<b>31 December 2021</b>	<b>31 December 2020</b>
Expected credit losses		
Loans with limited collectability	67.458	138.865
Loans with doubtful collectability	8.835	28.591
Uncollectible loans	858.017	759.012
<b>Total</b>	<b>934.310</b>	<b>926.468</b>

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**5. Information on loans (continued)**

j) Information on non-performing loans (Net):

j.1) Information on loans and other receivables which are restructured or rescheduled within non-performing portfolio:

	<b>III. Group</b> Loans and other receivables with limited collectability	<b>IV. Group</b> Loans and other receivables with doubtful collectability	<b>V. Group</b>  Uncollectible loans and other receivables
<b>Current Period</b>			
(Gross amounts before provisions)	-	2.844	128.744
Restructured loans and other receivables	-	2.844	128.744
<b>Prior Period</b>			
(Gross amounts before provisions)	8.440	-	69.092
Restructured loans and other receivables	8.440	-	69.092

j.2) The movement of total non-performing loans:

	<b>III. Group</b> Loans with limited collectability	<b>IV. Group</b> Loans with doubtful collectability	<b>V. Group</b> Uncollectible loans
<b>31 December 2020 balance</b>	<b>200.435</b>	<b>58.878</b>	<b>2.021.170</b>
Additions (+)	84.290	84.393	90.472
Transfers from other categories of non-performing loans (+)	-	135.214	241.369
Transfers to other categories of non-performing loans (-)	135.214	241.369	-
Collections (-)	6.697	15.382	496.246
Write-offs (-)	-	-	32.185
Sold	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other (-)	-	-	-
<b>31 December 2021 balance</b>	<b>142.814</b>	<b>21.734</b>	<b>1.824.580</b>
Specific provision (-)	67.458	8.835	858.017
<b>Net Balances on Balance Sheet</b>	<b>75.356</b>	<b>12.899</b>	<b>966.563</b>

j.3) Information on foreign currency non-performing loans and other receivables:

	<b>III. Group</b> Loans with limited collectability	<b>IV. Group</b> Loans with doubtful collectability	<b>V. Group</b> Uncollectible loans
<b>Current Period</b>			
Period end balance	-	-	607.290
Provision (-)	-	-	254.339
<b>Net Balances on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>352.951</b>
<b>Prior Period</b>			
Period end balance	32.889	-	591.926
Provision (-)	32.889	-	147.872
<b>Net Balances on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>444.054</b>

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**5. Information on loans (continued)**

j.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
<b>31 December 2021 (Net)</b>	<b>75.356</b>	<b>12.899</b>	<b>966.563</b>
Loans to Real Persons and Legal Entities (Gross)	142.814	21.734	1.824.580
Specific provision (-)	67.458	8.835	858.017
Loans to Real Persons and Legal Entities (Net)	75.356	12.899	966.563
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>31 December 2020 (Net)</b>	<b>134.362</b>	<b>36.837</b>	<b>1.182.816</b>
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)	-	-	-

j.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
<b>Current Period (Net)</b>			
Interest Accruals, Rediscounts and Valuation Differences	347	413	552.163
Special Provision Amount (-)	347	413	552.163
<b>Prior Period (Net)</b>			
Interest Accruals, Rediscounts and Valuation Differences	97	1.869	420.371
Special Provision Amount (-)	68	1.309	294.260

k) 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 2021, the net amount after provisions of the non-performing loans and receivables is TL 966.563 (31 December 2020: TL 1.182.816).

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

**5. Information on loans (continued)**

l) 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 other related departments. As of 31 December 2021, The Bank has written-off TL 32.185 of non-performing loan portfolio. As of 31 December 2021, The Bank has written-off TL 32.185 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 2021, financial assets measured at amortized cost given as collateral is amounting to TL 616.352 (31 December 2020: TL 495.999).
- b) Investments and legal liabilities subject to repurchase agreements: As of 31 December 2021, financial assets measured at amortized cost subject to repurchase agreements is amounting to TL 644.937 (31 December 2020: TL 562.864).
- c) The Bank has TL 1.335.040 financial assets measured at amortized cost as of 31 December 2021 (31 December 2020: TL 1.058.863).
- d.1) Government securities measured at amortised cost:

	31 December 2021	31 December 2020
Government Bonds	1.263.031	1.058.863
Treasury Bills	-	-
Other Government Securities	72.009	-
<b>Total</b>	<b>1.335.040</b>	<b>1.058.863</b>
	31 December 2021	31 December 2020
Debt securities		
Quoted on a stock exchange	1.335.040	1.058.863
Not quoted	-	-
Value Increase/Impairment Losses (-)	-	-
<b>Total</b>	<b>1.335.040</b>	<b>1.058.863</b>

d.2) Movement on financial assets measured at amortized cost:

	31 December 2021	31 December 2020
Beginning Balance	1.058.863	2.352.629
Foreign Currency Differences on Monetary Assets (*)	525.071	(120.082)
Purchases During Year	71.232	30.193
Disposals Through Sales and Redemptions (**)	(320.126)	(1.203.877)
Impairment Provision (-)	-	-
<b>Total</b>	<b>1.335.040</b>	<b>1.058.863</b>

(\*) 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.

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**7. Information on associates (Net):**

The Bank has no associates in the current period (31 December 2020: None).

**8. Information on subsidiaries (Net):**

The Bank has no subsidiaries in the current period (31 December 2020: None).

**9. Information on jointly controlled entities (Net):**

The Bank has no jointly controlled entities in the current period (31 December 2020: None).

**10. Information on lease receivables (Net):**

The Bank has no lease receivables in the current period (31 December 2020: None).

**11. Information on derivative financial assets for hedging purposes:**

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	92.436	-	-	-
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>92.436</b>	<b>-</b>	<b>-</b>	<b>-</b>

**12. Information on tangible assets (Net):**

	Closing Balance December 31, 2020		Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2021
Cost:							
Land and buildings	9.174	-	-	-	-	-	9.174
Leased tangible assets	163.077	14.124	-	-	-	-	177.201
Vehicles	-	-	-	-	-	-	-
Other	284.940	27.111	(12.209)	-	-	-	299.842
<b>Total Cost</b>	<b>457.191</b>	<b>41.235</b>	<b>(12.209)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>486.217</b>
	Closing Balance December 31, 2020		Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2021
Accumulated Depreciation:							
Land and buildings	1.498	183	-	-	-	-	1.681
Leased tangible assets	62.404	33.359	(13.829)	-	-	-	81.934
Vehicles	-	-	-	-	-	-	-
Other	204.253	28.197	(11.638)	-	-	-	220.812
<b>Total Accumulated Depreciation</b>	<b>268.155</b>	<b>61.739</b>	<b>(25.467)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304.427</b>
<b>Net Book Value</b>	<b>189.036</b>	<b>(20.504)</b>	<b>13.258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181.790</b>

- a) Disclosure for impairment losses or releases individually material for financial statements:
- a.1) Conditions for allocating/releasing any impairment: None. (31 December 2020: None)
- a.2) Amount of impairment losses provided or released in financial statements during current period: None (31 December 2020: 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 2020: None).
- c) Restriction on tangible assets, capitalized expenditures and purchase commitments: None (31 December 2020: None).

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**13. Information on intangible assets:**

	Closing Balance December 31, 2020	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2021
Cost:						
Software cost	294.900	85.332	-	-	-	380.232
Other intangible assets	-	-	-	-	-	-
<b>Total Cost</b>	<b>294.900</b>	<b>85.332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>380.232</b>
	Closing Balance December 31, 2020	Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2020
Accumulated Depreciation:						
Software cost	197.531	35.575	-	-	-	233.106
Other intangible assets	-	-	-	-	-	-
<b>Total Accumulated Depreciation</b>	<b>197.531</b>	<b>35.575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233.106</b>
<b>Net Book Value</b>	<b>97.369</b>	<b>49.757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147.126</b>

**14. Investment Property (Net):**

None (31 December 2020: None).

**15. Explanations on deferred tax assets:**

- a) As of 31 December 2021, the Bank has deferred tax asset amounting to TL 256.329 arising from deductible temporary differences (31 December 2020: TL 227.363).

	Current Period		Prior Period	
Timing differences constituting the basis for deferred tax	Basis	Deferred tax asset/(liability)	Basis	Deferred tax asset/(liability)
Difference between net book value and tax value of financial assets	53.856	10.855	68.587	13.717
Provisions	2.760.097	571.979	2.058.998	411.800
Valuation differences	2.973.831	623.100	2.163.483	432.697
Deferred commissions	36.862	7.372	37.550	7.510
Tangible assets differences	15.922	3.184	11.076	2.215
Financial Loss	-	-	-	-
Other	76.809	17.753	65.728	13.146
<b>Deferred Tax Asset</b>	<b>5.917.377</b>	<b>1.234.243</b>	<b>4.405.422</b>	<b>881.085</b>
Valuation differences	3.702.756	777.579	2.320.184	464.037
Provisions	855.124	171.025	844.233	168.847
Other	147.876	29.310	104.190	20.838
<b>Deferred Tax Liability (-)</b>	<b>4.705.756</b>	<b>977.914</b>	<b>3.268.607</b>	<b>653.722</b>
<b>Total deferred tax assets, net</b>	<b>1.211.621</b>	<b>256.329</b>	<b>1.136.815</b>	<b>227.363</b>



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**15. Explanations on deferred tax assets:**

- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None (31 December 2020: None).

	<b>Current Period</b>	<b>Prior Period</b>
<b>Net deferred tax asset / (debt)</b>	<b>(1 January-31 December 2021)</b>	<b>(1 January-31 December 2020)</b>
<b>As of January 1</b>	<b>227.363</b>	<b>245.840</b>
TFRS 16 transition effect	-	-
TFRS 9 transition effect	-	-
Deferred tax income/(expense) in profit or loss table	4.852	(12.832)
Deferred tax income / (expense) under equity	24.114	(5.645)
<b>Ending balance</b>	<b>256.329</b>	<b>227.363</b>

- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None (31 December 2020: None).

**16. Information on assets held for sale and discontinued operations:**

As of 31 December 2021, the Bank has assets held for sale and discontinued operations amounting to TL 296.839 (31 December 2020: TL 672.505).

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

As of 31 December 2021, the right of repurchase value of assets of the Bank is TL 119.669 (31 December 2020: TL 471.297).

**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 2020: None).

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**II. Explanations and Disclosures Related to the Liabilities**

**1. Information on maturity structure of deposits:**

**a) 31 December 2021**

	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	369.129	-	1.866.924	3.542.895	679.912	354.960	1.228.831	-	8.042.651
Foreign currency deposits	3.866.856	-	4.629.731	14.553.988	865.197	103.264	133.750	-	24.152.786
Residents in Turkey	3.726.059	-	4.566.882	14.143.219	857.071	100.540	124.839	-	23.518.610
Residents abroad	140.797	-	62.849	410.769	8.126	2.724	8.911	-	634.176
Public sector deposits	57.891	-	-	-	-	-	-	-	57.891
Commercial deposits	774.483	-	542.485	863.288	7.933	64.852	2.900	-	2.255.941
Other institutions deposits	1.317	-	2.381	31.280	1.109	-	420.018	-	456.105
Precious metals deposits	2.950.216	-	17.222	124.009	-	-	-	-	3.091.447
Interbank deposits	10.856	-	304.480	44.931	-	-	-	-	360.267
Central Bank of Turkey	-	-	304.480	-	-	-	-	-	304.480
Domestic Banks	-	-	-	44.931	-	-	-	-	44.931
Foreign Banks	10.856	-	-	-	-	-	-	-	10.856
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8.030.748</b>	<b>-</b>	<b>7.363.223</b>	<b>19.160.391</b>	<b>1.554.151</b>	<b>523.076</b>	<b>1.785.499</b>	<b>-</b>	<b>38.417.088</b>

Foreign exchange-protected deposit instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign exchange rates, started to be offered to bank customers as of the current accounting period reported. As of 31 December 2021, total deposit amount includes TL 489.997 thousand TL deposits within this scope.

**31 December 2020**

	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	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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4.587.602</b>	<b>-</b>	<b>4.633.789</b>	<b>14.146.872</b>	<b>1.244.725</b>	<b>205.761</b>	<b>820.445</b>	<b>-</b>	<b>25.639.194</b>

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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 2021	31 December 2020	31 December 2021	31 December 2020
Saving deposits	2.581.661	2.629.268	5.460.990	3.739.067
Foreign currency saving deposits	1.975.430	1.659.358	15.839.206	9.829.626
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>4.557.091</b>	<b>4.288.626</b>	<b>21.300.196</b>	<b>13.568.693</b>

(\*) 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 2021	31 December 2020
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chair, members of the Board of Directors and assistant general managers and their close families	8.413	6.487
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> 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:**

Negative differences table related to derivative financial liabilities at fair value through profit or loss:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	215.654	64.838	16.799	17.695
Swap Transactions	794.406	1.488.071	716.449	1.399.463
Futures Transactions	-	-	-	-
Options	145.784	19.996	29.736	6.574
Other	-	-	-	-
<b>Total</b>	<b>1.155.844</b>	<b>1.572.905</b>	<b>762.984</b>	<b>1.423.732</b>

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**3. Information on borrowings:**

a) Information on banks and other financial institutions:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Domestic Banks and Institutions	-	-	1.040	15.209
From Foreign Banks, Institutions and Funds	-	1.708.596	-	1.390.922
<b>Total</b>	-	<b>1.708.596</b>	<b>1.040</b>	<b>1.406.131</b>

b) Maturity analysis of borrowings:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Short-term	-	-	1.040	15.209
Medium and long-term	-	1.708.596	-	1.390.922
<b>Total</b>	-	<b>1.708.596</b>	<b>1.040</b>	<b>1.406.131</b>

**4. Information on funds provided from repurchase agreement transactions:**

Funds Provided Under Repurchase Agreements:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Funds Provided Under Repurchase Agreements		2.224.902		3.545.993
<b>Total</b>		<b>2.224.902</b>		<b>3.545.993</b>

**5. Marketable Securities Issued (Net):**

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Bills	-	-	499.200	-
Bonds	-	-	63.846	-
<b>Total</b>	-	-	<b>563.046</b>	-

**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 2020: None).

**7. Explanations on lease obligations (Net):**

	31 December 2021		31 December 2020	
	Gross	Net	Gross	Net
Less Than 1 Year	7.820	7.290	6.758	6.368
Between 1-4 Years	99.176	78.390	47.354	34.720
More Than 4 Years	54.275	34.500	121.683	79.866
<b>Total</b>	<b>161.271</b>	<b>120.180</b>	<b>175.795</b>	<b>120.954</b>

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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 2021		31 December 2020	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	-	-	-	-
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As of 31 December 2021, the Bank has no derivative financial liabilities subject to cash flow hedge accounting (31 December 2020: None).

**9. Information on provisions:**

a) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: None (31 December 2020: None).

b) Information on employee termination benefits and unused vacation accrual:

b.1) Information on employee termination benefits and unused vacation accrual:

	31 December 2021	31 December 2020
Employee termination benefit provision	26.355	16.611
Unused vacation provision	9.513	7.895
<b>Total of provision for employee benefits</b>	<b>35.868</b>	<b>24.506</b>

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 2021	31 December 2020
<b>Balance at the beginning of period</b>	<b>16.611</b>	<b>8.216</b>
Service Cost	3.273	2.439
Interest expense	2.892	1.879
Actuarial gain/loss (*)	7.120	5.717
Payments during the period	(3.541)	(1.640)
<b>Balance at the end of period</b>	<b>26.355</b>	<b>16.611</b>

(\*) Recognized in other comprehensive income.

	Current Period	Prior Period
Discount rate in real terms	%3,33	%3,01
Interest rate	%24,00	%12,80
Estimated salary/ Employee termination benefit increase rate	%20,00	%9,50

c) Information on other provisions:

c.1) Provisions for possible losses: TL 130.000 (31 December 2020: 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 60.113 (31 December 2020: TL 27.000), provision for credit cards promotion and banking services amounting to TL 1.048 (31 December 2020: TL 3.316) and other provisions amounting to TL 65.550 (31 December 2020: TL 55.787).

c.3) Expected loss provisions for non-cash loans: TL 49.466 (31 December 2020: TL 52.054 provision).

c.4) Information on provisions for non-cash loans that are non-funded and non-transformed into cash: TL 9.256 (31 December 2020: TL 9.888 provision).

d) Liabilities on pension rights: None.

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- d.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2020: None).
- d.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None (31 December 2020: None).

**10. Explanations on taxes payable:**

- a) Information on current tax liability:

- a.1) Information on corporate tax:

As of 31 December 2021, the provision of corporate income tax: None (31 December 2020: TL 17.847).

- a.2) Explanations on taxes payable:

	31 December 2021	31 December 2020
Withholding tax on deposits	27.357	26.116
BITT	23.006	9.026
Payroll Tax	6.050	4.339
Property Tax	407	1.279
Value Added Tax Payable	5.580	2.654
Stamp Tax	188	160
Corporate Taxes Payable	-	17.847
Foreign Exchange Tax	4.964	649
Other	729	533
<b>Total</b>	<b>68.281</b>	<b>62.603</b>

- a.3) Information on premiums:

	31 December 2021	31 December 2020
Social Security Premiums-Employee	2.339	1.895
Social Security Premiums-Employer	2.694	2.147
Unemployment Insurance-Employer	326	265
Unemployment Insurance-Employee	163	132
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	-	-
<b>Total</b>	<b>5.522</b>	<b>4.439</b>

- b) Explanations on deferred tax liabilities, if any: None.

- 11. Information on liabilities regarding assets held for sale and discounted operations:** None (31 December 2020: None).

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**12. Information on subordinated loans:**

	31 December 2021 (*)		31 December 2020	
	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	-	3.833.893	-	2.109.077
Subordinated loans	-	-	-	-
Subordinated debt	-	3.833.893	-	2.109.077
<b>Total</b>	-	<b>3.833.893</b>	-	<b>2.109.077</b>

(\*) 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 2021, 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.

**13. Information on Shareholders' Equity:**

a) Presentation of Paid-in capital:

As of 31 December 2021, 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 2021	31 December 2020
Common stock (*)	3.288.842	3.288.842
Preferred stock	-	-
<b>Total</b>	<b>3.288.842</b>	<b>3.288.842</b>

(\*) 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 2021		31 December 2020	
	TP	YP	TP	YP
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	115.272	(158.796)	(3.645)	67.711
Foreign Exchange Difference	-	-	-	-
<b>Toplam</b>	<b>115.272</b>	<b>(158.796)</b>	<b>(3.645)</b>	<b>67.711</b>

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**13. Information on Shareholders' Equity (continued):**

i) Information on legal reserves:

	31 December 2021	31 December 2020
Primary Legal Reserves	36.415	29.705
Secondary Legal Reserve	-	-
Other Legal Reserves Per Special Legislation	-	-
<b>Total</b>	<b>36.415</b>	<b>29.705</b>

The Bank, in accordance with Article 519 of the Turkish Commercial Code No.6102, decided in the Extraordinary General Assembly on March 24, 2021 to book legal reserves of TL 6.710, which is 5% of the distributable net statutory profit of TL 134.209 and the remaining amount of TL 127.499 has been decided to be reserved as extraordinary reserves.

j) Earnings per share:

	31 December 2021	31 December 2020
Bank's profit	205.688	134.209
Weighted Average Number of Issued Ordinary Shares (Thousand)	3.288.842	3.288.842
<b>Earnings Per Share (Full TL)</b>	<b>0,063</b>	<b>0,041</b>

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 2021 net profit for the general assemblies they will hold until 31 March 2022, 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.

k) 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 31 December 2021, the net amount after provisions of the non-performing loans and receivables in the fifth group (in Stage 3) is TL 966.563 (31 December 2020: TL 1.182.816).

**14. Information on minority shares:**

None.



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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 2021	31 December 2020
Forward asset purchase and sales commitments	3.093.542	3.386.417
Loan granting commitments	620.130	430.136
Commitments for checks	62.333	48.352
Credit card limit commitments	396.015	404.739
Other irrevocable commitments (*)	29.880	19.153
<b>Total</b>	<b>4.201.900</b>	<b>4.288.797</b>

(\*) 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 2021	31 December 2020
Letters of guarantee	4.395.474	2.332.498
Letters of credit	2.215.994	867.081
Bank acceptance loans	4.976	9.759
Other guarantees	2.066.867	2.176.268
<b>Total</b>	<b>8.683.311</b>	<b>5.385.606</b>

b.2) Guarantees, suretyships, and similar transactions:

	31 December 2021	31 December 2020
Definite letter of guarantees	3.134.625	1.522.493
Temporary letter of guarantees	111.798	88.106
Other letter of guarantees	1.149.051	721.899
<b>Total</b>	<b>4.395.474</b>	<b>2.332.498</b>

c) Total amount of non-cash loans:

	31 December 2021	31 December 2020
Non-cash loans given to cover cash loans	859.750	631.460
With maturity of 1 year or less than 1 year	236.742	154.491
With maturity of more than 1 year	623.009	476.969
Other non-cash loans	7.823.561	4.754.146
<b>Total</b>	<b>8.683.311</b>	<b>5.385.606</b>

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**III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments**  
**(continued)**

**1. Information on off-balance sheet liabilities (continued):**

c.2) Information on sectoral risk breakdown of non-cash loans and irrevocable loan commitments (excluding forward asset sales and purchase commitments):

	December 31, 2021 (*)			
	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>31.941</b>	<b>0,94</b>	<b>51.340</b>	<b>0,97</b>
Farming and raising livestock	29.613	0,87	51.340	0,97
Fores TL	-	0,00	-	0,00
Fishery	2.328	0,07	-	0,00
<b>Manufacturing</b>	<b>1.152.869</b>	<b>33,78</b>	<b>2.949.146</b>	<b>55,96</b>
Mining	23.065	0,68	20.235	0,38
Production	1.116.956	32,73	2.922.166	55,44
Electric, gas and water	12.848	0,38	6.745	0,13
<b>Construction</b>	<b>479.349</b>	<b>14,05</b>	<b>180.174</b>	<b>3,42</b>
<b>Services</b>	<b>1.488.783</b>	<b>43,62</b>	<b>1.640.020</b>	<b>31,12</b>
Wholesale and retail trade	817.050	23,94	777.669	14,76
Hotel, food and beverage services	10.311	0,30	74.418	1,41
Transportation and telecommunication	129.656	3,80	308.695	5,86
Financial institutions	347.253	10,18	414.243	7,86
Real estate and renting services	64.836	1,90	29.845	0,57
Self-employment services	31.935	0,94	919	0,02
Education services	100	0,00	-	0,00
Health and social services	87.642	2,57	34.231	0,65
<b>Other</b>	<b>259.834</b>	<b>7,61</b>	<b>449.855</b>	<b>8,53</b>
<b>Total</b>	<b>3.412.776</b>	<b>100,00</b>	<b>5.270.535</b>	<b>100,00</b>

(\*) Classified according to type of principal activity of costumers.

	December 31, 2020 (*)			
	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>29.125</b>	<b>1,30</b>	<b>80.865</b>	<b>2,57</b>
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
<b>Manufacturing</b>	<b>797.686</b>	<b>35,63</b>	<b>1.949.874</b>	<b>61,97</b>
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
<b>Construction</b>	<b>312.158</b>	<b>13,94</b>	<b>189.626</b>	<b>6,03</b>
<b>Services</b>	<b>934.311</b>	<b>41,73</b>	<b>686.312</b>	<b>21,81</b>
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
<b>Other</b>	<b>165.791</b>	<b>7,40</b>	<b>239.858</b>	<b>7,62</b>
<b>Total</b>	<b>2.239.071</b>	<b>100,00</b>	<b>3.146.535</b>	<b>100,00</b>

(\*) Classified according to type of principal activity of costumers.

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**1. Information on off-balance sheet liabilities (continued):**

c.3) Information on I st and II nd group non-cash loans:

<b>31.12.2021</b>	<b>I st Group</b>		<b>II nd Group</b>	
<b>Non-cash loans</b>	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Letters of guarantee	3.029.167	930.228	32.354	403.725
Bank acceptances	-	4.976	-	-
Letters of credit	4.211	2.211.783	-	-
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Factoring Commitments	-	-	-	-
Other commitments and contingencies	347.044	1.719.823	-	-
<b>Total</b>	<b>3.380.422</b>	<b>4.866.810</b>	<b>32.354</b>	<b>403.725</b>

<b>31.12.2020</b>	<b>I st Group</b>		<b>II nd Group</b>	
<b>Non-cash loans</b>	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
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	-	-
<b>Total</b>	<b>2.207.544</b>	<b>2.904.900</b>	<b>31.527</b>	<b>241.635</b>

**2. Information related to derivative financial instruments:**

	<b>Derivative transactions according to purposes</b>			
	<b>Trading</b>	<b>Hedging</b>	<b>Trading</b>	<b>Hedging</b>
	<b>December 31, 2021</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2020</b>
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I):	62.408.835	-	36.427.263	-
Forward transactions	9.313.842	-	3.862.864	-
Swap transactions	36.344.920	-	25.857.995	-
Futures transactions	-	-	-	-
Option transactions	16.750.073	-	6.706.404	-
Interest related derivative transactions (II) :	94.710.600	-	62.107.770	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	67.730.312	-	46.926.490	-
Interest option transactions	26.980.288	-	15.181.280	-
Futures interest transactions	-	-	-	-
Other derivative transactions for trade (III)	-	-	18.559	-
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>157.119.435</b>	<b>-</b>	<b>98.553.592</b>	<b>-</b>
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	-	-
Cash flow hedges	-	2.250.000	-	-
Net investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	<b>-</b>	<b>2.250.000</b>	<b>-</b>	<b>-</b>
<b>Total Derivative Transactions (A+B)</b>	<b>157.119.435</b>	<b>2.250.000</b>	<b>98.553.592</b>	<b>-</b>

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**III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)**

**1. Information on off-balance sheet liabilities (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:**

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
<b>Interest on loans</b>				
Short term loans	761.798	66.583	517.481	70.667
Medium and long term loans	938.915	716.001	501.332	553.038
Interest collected from non-performing loans	172.877	-	206.346	-
<b>Total</b>	<b>1.873.590</b>	<b>782.584</b>	<b>1.225.159</b>	<b>623.705</b>

**b) Information on interest received from banks:**

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From The Central Bank of Republic of Turkey	513	-	-	-
From domestic banks	10.997	32	15.798	3.308
From foreign banks	-	6.335	-	43.628
From branches and offices abroad	-	-	-	-
<b>Total</b>	<b>11.510</b>	<b>6.367</b>	<b>15.798</b>	<b>46.936</b>

**c) Interest received from marketable securities portfolio:**

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss (Net)	21.234	384	12.743	239
Financial assets at fair value through other comprehensive income	987.379	135.792	419.049	80.897
Financial Assets Measured at Amortized Cost	18.559	55.193	56.952	50.158
<b>Total</b>	<b>1.027.172</b>	<b>191.369</b>	<b>488.744</b>	<b>131.294</b>

**2. a) Information on interest on funds borrowed:**

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
<b>Interest on funds borrowed</b>				
Banks	2	43.896	1.022	40.307
The Central Bank of Turkey	-	-	-	-
Domestic banks	2	351	1.022	1.099
Foreign banks	-	43.545	-	39.208
Branches and offices abroad	-	-	-	-
Other institutions	1.329	-	1.250	-
<b>Total</b>	<b>1.331</b>	<b>43.896</b>	<b>2.272</b>	<b>40.307</b>

**b) Information on interest expense to associates and subsidiaries: None.**

**c) Information on interest expense to marketable securities issued:** As of 31 December 2021, the Bank has interest expense to Tier II sub-loan issued amounting to TL 285.678 (31 December 2020: TL 278.410).

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**IV. Explanations and Disclosures Related to the Statement of Profit or Loss (continued)**

**d) Distribution of interest expense on deposits based on maturity of deposits:**

<b>31 December 2021</b>								
<b>Time Deposits</b>								
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More than 1 Year</b>	<b>Accumulating Deposits</b>	<b>Total</b>
<b>TL</b>								
Bank deposits	-	19.374	-	-	-	-	-	19.374
Saving deposits	223	289.922	618.556	204.571	49.345	292.731	-	1.455.348
Public sector deposits	-	75	126	1.318	-	-	-	1.519
Commercial deposits	35	64.591	150.662	13.285	16.610	6.225	-	251.408
Other deposits	-	746	8.229	2.191	3.746	39.916	-	54.828
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>258</b>	<b>374.708</b>	<b>777.573</b>	<b>221.365</b>	<b>69.701</b>	<b>338.872</b>	<b>-</b>	<b>1.782.477</b>
<b>Foreign Currency</b>								
Foreign currency deposits	50	28.273	159.638	12.188	2.756	2.030	-	204.935
Bank deposits	-	872	-	-	-	-	-	872
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	32	619	3	-	-	-	654
<b>Total</b>	<b>50</b>	<b>29.177</b>	<b>160.257</b>	<b>12.191</b>	<b>2.756</b>	<b>2.030</b>	<b>-</b>	<b>206.461</b>
<b>Grand Total</b>	<b>308</b>	<b>403.885</b>	<b>937.830</b>	<b>233.556</b>	<b>72.457</b>	<b>340.902</b>	<b>-</b>	<b>1.988.938</b>
<b>31 December 2020</b>								
<b>Time Deposits</b>								
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More than 1 Year</b>	<b>Accumulating Deposits</b>	<b>Total</b>
<b>TL</b>								
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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>239</b>	<b>248.587</b>	<b>349.917</b>	<b>10.767</b>	<b>1.947</b>	<b>135.857</b>	<b>-</b>	<b>747.314</b>
<b>Foreign Currency</b>								
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
<b>Total</b>	<b>117</b>	<b>35.266</b>	<b>185.515</b>	<b>15.709</b>	<b>1.660</b>	<b>1.622</b>	<b>-</b>	<b>239.889</b>
<b>Grand Total</b>	<b>356</b>	<b>283.853</b>	<b>535.432</b>	<b>26.476</b>	<b>3.607</b>	<b>137.479</b>	<b>-</b>	<b>987.203</b>

3. **Information on Dividend Income:** None (31 December 2020: None).

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**IV. Explanations and Disclosures Related to the Statement of Profit or Loss (continued)**

**4. Information on net trading income:**

	31 December 2021	31 December 2020
<b>Income</b>	<b>273.108.485</b>	<b>76.154.246</b>
Gains on capital market operations	50.351	89.313
Gains on derivative financial instruments	7.078.358	3.996.352
Foreign exchange gains	265.979.776	72.068.581
<b>Losses (-)</b>	<b>273.101.264</b>	<b>76.111.358</b>
Losses on capital market operations	15.323	46.856
Losses on derivative financial instruments	6.122.174	4.084.373
Foreign exchange losses	266.963.767	71.980.129
<b>Net Amount</b>	<b>7.221</b>	<b>42.888</b>

**5. Information on other operating income:**

For the period ended 31 December 2021, other operating income includes reversals from previous years' expenses and other operating income.

	31 December 2021	31 December 2020
Income from Reversal of Prior Years' General and Specific Provisions	758.262	362.657
Income from Reversal of Prior Years' Other Provisions	26.862	19.305
Other Income	66.787	48.424
<b>Total</b>	<b>851.911</b>	<b>430.386</b>

**6. Provision for impairment of loans and other receivables:**

a) Expected credit loss provisions:

	31 December 2021	31 December 2020
Expected Credit Loss Provisions	964.255	769.366
12-Month Expected Credit Losses (Stage 1)	100.764	83.026
Significant Increase In Credit Risk (Stage 2)	368.136	249.094
Credit-Impaired (Stage 3)	495.355	437.246
Impairment Provisions For Financial Assets	305	-
Financial Assets At Fair Value Through Profit Or Loss	305	-
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	-	-
<b>Total</b>	<b>964.560</b>	<b>769.366</b>

b) Other Provisions:

As of 31 December 2021, other provision expenses are TL 173.748 (31 December 2020: TL 11.940).

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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 2021	31 December 2020
Employee termination benefit provision	2.706	2.677
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Amortization expenses of fixed assets	61.739	55.130
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	35.575	32.845
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	310.073	293.060
Leasing expenses related to TFRS 16 exemptions (*)	2.559	2.728
Maintenance expenses	7.407	6.786
Advertisement expenses	23.900	17.505
Other expenses (**)	276.207	266.041
Loss on sales of assets	5.792	3.423
Other	-	-
<b>Total</b>	<b>415.885</b>	<b>387.135</b>

(\*) Includes all operating lease expenses within the scope of the exemption.

(\*\*) 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. Fees for Services Received from Independent Auditor / Independent Audit Firm**

The fee (excluding VAT) information for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated 26 March 2021 is given in the table below.

	31 December 2021 (*)	31 December 2020 (*)
Audit Fee	1.495	909
Tax Advisory Fee	-	-
Other Advisory Fees	8	40
<b>Total</b>	<b>1.503</b>	<b>949</b>

(\*) Services received from KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi are presented.

**9. Information on profit/(loss) from continued and discontinued operations before taxes:**

As of 31 December 2021, the Bank's profit before tax from continued operations is TL 238.585 (31 December 2020: 167.926).

**10. Information on tax provision for continued and discontinued operations:**

As of 31 December 2021, The Bank has deferred tax income amounting to TL 4.852 and TL 37.749 current tax expense amounting (31 December 2020: TL 20.885 current tax expense and TL 12.832 deferred tax expense).

**11. Information on net profit/(loss) from continued and discontinued operations:**

As of 31 December 2021, the Bank's net profit from continued operations is TL 205.688 (31 December 2020: TL 134.209).

**12. The explanations on net income / loss for the period:**

- Free provision expense amounting to TL 130.000 has been incurred by the Bank's management in the current period due to the possible effects of adverse developments that may occur in the economy and in the markets.
- The effect of a change in the estimation made as painting on the financial statement items on the profit / loss, if it affects the following periods, the effect including those periods: None.

- 13. 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:** The other item under the "Fees and Commissions Received" in the income statement mainly consists of banking service income and credit card transactions.



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**V. Explanations and notes related to consolidated statement of changes in shareholders' equity**

**1. Information on dividends :**

At the Ordinary General Assembly meeting dated March 24, 2021, TL 6.710, which is 5% of the Bank's net profit for the year 2020, TL 134.209, was reserved as 1st Arrangement Legal Reserve in accordance with Article 519 of the Turkish Commercial Code numbered 6102 and the remaining amount of TL 127. 499 has been decided to reserve as extraordinary Reserves. TL 3.666 presented under extraordinary reserves includes the share sales gain benefited from corporate tax exemption and transferred to the Revaluation Surplus on Tangible and Intangible Assets account.

**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 2021, there is TL 23.938 after tax in the hedging funds (effective part) account in equity (31 December 2020: TL 42.656).

**3. Changes on after revaluation of financial assets at fair value through other comprehensive income:** None (31 December 2020: None).

**4. Reconciliation of currency rate differences at the beginning and end of the period:** None (31 December 2020: None).

**5. Effects of previous adjustments on the opening balance sheet:** None (31 December 2020: None).

**6. Explanations on issuance of share certificates** None (31 December 2020: 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 793.979 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 1.401.964 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 37.608 consists of changes in temporary accounts.

**2. Cash and cash equivalents at beginning and end of periods:**

<b>Beginning of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>2.478.711</b>	<b>1.790.375</b>
Cash in TL/foreign currency	284.213	192.338
Central Bank of Republic of Turkey	2.194.498	1.598.037
<b>Cash equivalents</b>	<b>1.535.148</b>	<b>4.619.150</b>
Receivables from banks and other financial institutions	1.225.148	2.559.150
Receivables from money market placements	310.000	2.060.000
<b>Total cash and cash equivalents</b>	<b>4.013.859</b>	<b>6.409.525</b>

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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):**

<b>End of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>4.679.039</b>	<b>2.478.711</b>
Cash in TL/foreign currency	1.138.673	284.213
Central Bank of Republic of Turkey	3.540.366	2.194.498
<b>Cash equivalents</b>	<b>2.290.538</b>	<b>1.535.148</b>
Receivables from banks and other financial institutions	2.290.538	1.225.148
Receivables from money market placements	-	310.000
<b>Total cash and cash equivalents</b>	<b>6.969.577</b>	<b>4.013.859</b>

**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 2021:**

<b>Risk Group of The Bank</b>	<b>Subsidiaries, associates and jointly controlled entities</b>		<b>Direct and indirect shareholders of the Bank</b>		<b>Other entities and real persons included in the risk group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	-	24.198	-	526
Balance at end of period	-	-	424	15.486	-	561
Interest and commission income	-	-	36	-	-	-

**31 December 2020:**

<b>Risk Group of The Bank</b>	<b>Subsidiaries, associates and jointly controlled entities</b>		<b>Direct and indirect shareholders of the Bank</b>		<b>Other entities and real persons included in the risk group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
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	-	-	-

(\*) Prior periods are as of 31 December 2020.

**b.1) Information on related party deposits balances:**

<b>Risk Group of The Bank</b>	<b>Subsidiaries, associates and jointly controlled entities</b>		<b>Direct and indirect shareholders of the Bank</b>		<b>Other entities and real persons included in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposits</b>						
Balance at beginning of period	-	-	641.592	33.814	5.162	1.686
Balance at end of period	-	-	10.856	641.592	8.413	5.162
Interest on deposits (*)	-	-	128	89	1.047	645

(\*) Prior periods are as of 31 December 2020.

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**VII. Explanations on the Risk Group of the Bank (continued)**

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	
Financial assets at fair value through profit and loss	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at beginning of period	-	-	22.328.683	11.966.589	-	-
Balance at end of period	-	-	40.470.430	22.328.683	-	-
Total loss/ profit (*)	-	-	361.391	701.616	-	-

(\*) As of 31 December 2021 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. Daily margining is provided in accordance with the current international derivative contracts (ISDA, CSA).

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 2021 is TL 31.410 (31 December 2020: TL 25.486).

**VIII. Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of bank**

	Number of Branches	Number Of Employees	Country	Total Assets	Legal Capital
Domestic Branches	48	1.111			
Foreign Representative Offices	-	-	-	-	-
Foreign Branches	-	-	-	-	-
Off-shore Banking Branches	-	-	-	-	-

**IX. 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**

**Brief Information on Odea Bank A.Ş:**

The unconsolidated financial statements for the period ended 31 December 2021 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 4 February 2022 is presented preceding the unconsolidated financial statements.

**II. Explanations and Notes Prepared By Independent Auditor**

None.











# odeabank

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