

GOLDEN GLOBAL YATIRIM BANKASI A.Ş.

**REVIEW REPORT, FINANCIAL
STATEMENTS AND NOTES TO THE FINANCIAL
STATEMENTS FOR THE ACCOUNTING PERIOD
1 JANUARY – 30 JUNE 2021**

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AND NOTES ORIGINALLY ISSUED IN TURKISH)**

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Golden Global Yatırım Bankası A.Ş.

Introduction

We have reviewed the balance sheet of Golden Global Yatırım Bankası A.Ş. (“the Bank”) as at 30 June 2021 and the related statement of income, statement of income and expense items recognized in equity, statement of changes in shareholders’ equity, statement of cash flows and a summary of significant accounting policies and other explanatory notes for the six-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “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 Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information do not present fairly in all material respects the financial position of Golden Global Yatırım Bankası A.Ş. as of 30 June 2021, and its financial performance and cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on Other Regulatory Requirements Arising from Legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in section eight, is not consistent with the reviewed financial statements and disclosures in all material respects.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Erdem Taş
Partner

İstanbul, 16 August 2021

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND AUDITORS' REVIEW REPORT ORIGINALLY ISSUED IN
TURKISH**

**THE REPORT OF
GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
FOR THE SIX-MONTH PERIOD AS OF 30 JUNE 2021**

The Bank's Address of Headquarter : Büyükdere Caddesi No :127 Astoria B/17 Blok Kat:6
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The Bank's Telephone and Fax : (0212) 215 26 41, (0212) 215 26 44
The Bank's Web Site : <https://goldenglobalbank.com.tr>
E-Mail Address for Contact : info.ggbank@goldenglobalbank.com.tr

The financial report for the six-month period ended prepared in accordance with the Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced as regulated by the Banking Regulation and Supervision Agency, consist of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES RELATED TO THE FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- OTHER EXPLANATIONS AND DISCLOSURES
- INTERIM ACTIVITY REPORT

The accompanying financial statements and notes to these financial statements for the six-month period ended which are expressed, unless otherwise stated, in **thousands of Turkish Lira** have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed.

Mustafa AKIN

Özay BALTA

Bedri SAYIN

Chairman of the Board of
Directors

General Manager

Member of the Audit Committee

Murat Tekbaş

Yeter Ak

Group Head of Corporate Marketing

Financial Accounting and
Tax Unit Manager

For the questions regarding this financial report, contact details of the personnel in charge are presented below:

Name-Surname/Title : Mustafa DOĞANÇAY / The Authorized Person
Telephone Number : (0 212) 215 26 41
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GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
NOTES TO FINANCIAL STATEMENTS
AS OF 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION ONE

GENERAL INFORMATION

I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS

Golden Global Yatırım Bankası A.Ş. (the "Bank") was established on 15 October 2019 with the permission dated 29 May 2019 from the Banking Regulation and Supervision Agency and started its activities on 1 June 2020.

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO

Name-Surname / Title	Share Amounts	Share	Paid-in Capital	Unpaid Capital
Emir KAYA	54,000	36	54,000	54,000
Salih BERBEROĞLU	48,000	32	48,000	48,000
Recep KABA	21,000	14	21,000	21,000
Ahmet DAĞLI	21,000	14	21,000	21,000
Mustafa AKIN	6,000	4	6,000	6,000
Total	150,000	100%	150,000	150,000

As of 30 June 2021, the Bank's nominal capital is TL 150,000 as fully paid. All shares belong to real persons.

III. INFORMATION ON THE BANK'S CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS AND THEIR RESPONSIBILITIES

Board of Directors:

Name Surname	Administrative function	Assignment dates	Education level	Business Experience Period in Banking and Administration
MUSTAFA AKIN	Chairman / Member of Audit Committee	11.05.2019	BACHELOR'S DEGREE	35
RECEP KABA	Vice Chairman	11.05.2019	HIGH SCHOOL	24
SALİH BERBEROĞLU	Member	11.05.2019	MASTER DEGREE	18
BEDRİ SAYIN (*)	Member – Member of Audit Committee	11.05.2019	BACHELOR'S DEGREE	38
ÖZAY BALTA (*)	Member – General Manager	11.05.2019	BACHELOR'S DEGREE	16
ZEYNEP ASLI PEKER (*)	Member - Executive Vice President	15.01.2020	BACHELOR'S DEGREE	21

(*) The aforementioned members has no share in the Bank.

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE BANK

As of 30 June 2021, there are no persons and institutions that have qualified shares attributable to the bank.

GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
NOTES TO FINANCIAL STATEMENTS
AS OF 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

GENERAL INFORMATION (cont’d)

V. SUMMARY INFORMATION ON THE BANK’S ACTIVITIES AND SERVICES

The Bank may perform all kinds of Investment Banking activities in accordance with the principles of interest-free finance, without collecting deposits and funds through special current and participation accounts specified in the Banking Law and relevant legislation.

Except for activities requiring permission from authorized institutions and organizations, the Bank may perform activities in banking and capital markets legislation and other matters concerning banking without the requirement for a new authorization.

The Bank operates in line with the permissions granted by the Banking Regulation and Supervision Agency. However, it will organize and perform all of its activities, including the following issues, in accordance with the principles of interest-free finance, in accordance with the principles of Investment Banking.

The Bank may engage in the following activities in line with these principles;

1. To provide cash, non-cash, loans or to lend in any form, to open domestic and international letters of credit, to add confirmations to opened letters of credit, to issue domestic and international guarantee letters, to perform other transactions related to loans and guarantees or other commercial means,
2. To Buy, sell, import and export gold, silver and other precious metals, to become a member of the precious metal exchanges that have been established and to be established, to trade in these exchanges,
3. To perform cash and deposit payment and funds transfer transactions, including the use of correspondent banking accounts or check payment and collection transactions of all kinds,
4. To help and mediate for domestic and foreign capital to invest in the country and foreign countries and to participate in companies established or to be established,
5. To participate in all kinds of partnerships in which banks can establish or become partners in Turkey or foreign countries, or to establish new partnerships for this purpose or leave established partnerships,
6. To make transactions on goods, real estate and documents representing the rights on them in accordance with the relevant legislation; to provide funds through joint investments, partnerships or similar methods,
7. To provide safe deposit box and storage services,
8. To provide effective foreign exchange transactions and to perform purchase and sale of money market instruments,
9. To perform purchase, sale and brokerage regarding futures contracts, option contracts, simple or complex financial instruments including derivatives more than one based on economic and financial indicators, capital market instruments, commodities, precious metals and foreign currency,
10. To purchase and sale of capital market instruments or to perform repurchase agreements to resell or re-operations,
11. To underdake actions in favor of others with collateral, guarantees and other liabilities,
12. To perform investment consultancy transactions,
13. To perform portfolio management and to manage it,
14. To undertake the role of market maker regarding the purchase and sale transactions within the framework of the obligations undertaken within the scope of a contract established with the Undersecretariat of Treasury and/or the Central Bank and institution associates,
15. To perform inter-bank money market transactions,

GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
NOTES TO FINANCIAL STATEMENTS
AS OF 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

GENERAL INFORMATION (cont’d)

V. SUMMARY INFORMATION ON THE BANK’S ACTIVITIES AND SERVICES

16. To perform brokerage for financial lease operations,
17. To operate in insurance agency and insurance business,
18. To act as correspondent and representative of domestic and foreign banks and other financial institutions, to give these institutions the correspondence and representation of the Bank, to open accounts and deposit money at these institutions,
19. To mediate import and export transactions,
20. To conduct transactions in local and international capital and commodity markets and exchanges, to intermediate in the issuance, purchase, sale of financial products used in these markets on behalf of the bank or its customers,
21. To borrow from domestic and foreign markets, provide funds, by providing collateral for the assets of the Bank or by any means including the issuance of capital market instruments in accordance with the relevant legislation,
22. To acquire, sell, transfer, pledge or mortgage all kinds of movable and immovable property, rights, industrial and intellectual and similar rights, rights in rem and receivables such as usufruct, easement and superficial rights, to take pledges and mortgages on immovable property in its favor, to remove existing mortgages, to transfer receivables and related guarantees, to be lessee or lessor for movable and immovable property, industrial and intellectual and similar rights, to annotate lease and preliminary sales contracts in its favor, to remove annotations, to conclude a commercial enterprise pledge,
23. In order to carry out banking business or to collect its receivables; to acquire movable and real estate and to dispose of them by selling, barter and other means when necessary, to obtain all kinds of real and personal guarantees for the collection and provision of their rights and receivables, to perform relevant registration, cancellation, assignment and all other transactions at the land registry, tax offices, etc. before public and private institutions,
24. To issue all kinds of debt securities and all kinds of securities and capital market instruments,
25. To perform all kinds of capital market activities and transactions; buying, selling, transferring, endorsing all kinds of investment instruments that can be traded in particular their shares traded in domestic and foreign capital markets and securities exchanges or non-stock markets on behalf of themselves or their customers, to launch and manage investment funds, to operate in portfolio management and to operate in other capital market and stock exchanges allowed by the legislation,
26. To perform activities for social purposes to the extent permitted by the legislation.

VI. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN BANK AND ITS SUBSIDIARIES

None.

GOLDEN GLOBAL YATIRIM BANKASI A.Ş.

BALANCE SHEET AS OF 30 JUNE 2021 (STATEMENT OF FINANCIAL POSITION)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION TWO

I. BALANCE SHEET

ASSETS	Notes	THOUSAND TURKISH LIRA			THOUSAND TURKISH LIRA		
		Reviewed			Audited		
		Current Period 30 June 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		37,805	275,662	313,467	82,983	68,443	151,426
1.1. Cash and Cash Equivalents		37,805	275,662	313,467	82,983	68,443	151,426
1.1.1. Cash and Balances with Central Bank	I-a	327	21,929	22,256	1,442	26,261	27,703
1.1.2. Banks	I-c	37,478	253,733	291,211	81,541	42,182	123,723
1.1.3. Receivables from Money Markets		-	-	-	-	-	-
1.1.4. Expected Loss Provision (-)	I-b	-	-	-	-	-	-
1.2. Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.2.1. Government Debt Securities		-	-	-	-	-	-
1.2.2. Equity Instruments		-	-	-	-	-	-
1.2.3. Other Financial Assets		-	-	-	-	-	-
1.3. Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
1.3.1. Government Debt Securities		-	-	-	-	-	-
1.3.2. Equity Instruments		-	-	-	-	-	-
1.3.3. Other Financial Assets		-	-	-	-	-	-
1.4. Derivative Financial Assets		-	-	-	-	-	-
1.4.1. Derivative Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2. Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)	I-e	55,508	7,426	62,934	40,393	3,687	44,080
2.1. Loans	I-j	55,428	7,426	62,854	40,393	3,687	44,080
2.2. Lease Receivables		80	-	80	-	-	-
2.3. Factoring Receivables		-	-	-	-	-	-
2.4. Other Financial Assets Measured at Amortized Cost		-	-	-	-	-	-
2.4.1. Government Debt Securities		-	-	-	-	-	-
2.4.2. Other Financial Assets		-	-	-	-	-	-
2.5. Expected Loss Provision (-)	I-n	-	-	-	-	-	-
III. NON-CURRENT ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
3.1. Held for Sale Purpose		-	-	-	-	-	-
3.2. Held from Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS	I-g	-	-	-	-	-	-
4.1. Associates (Net)		-	-	-	-	-	-
4.1.1. Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2. Associates	I-h	-	-	-	-	-	-
4.2. Subsidiaries (Net)		-	-	-	-	-	-
4.2.1. Financial Subsidiaries		-	-	-	-	-	-
4.2.2. Non-Financial Subsidiaries	I-i	-	-	-	-	-	-
4.3. Joint Ventures (Net)		-	-	-	-	-	-
4.3.1. Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2. Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		5,144	-	5,144	4,380	-	4,380
VI. INTANGIBLE ASSETS (Net)		15,169	-	15,169	17,400	-	17,400
6.1. Goodwill		-	-	-	-	-	-
6.2. Other		15,169	-	15,169	17,400	-	17,400
VII. INVESTMENT PROPERTIES (Net)	I-l	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		832	-	832	832	-	832
IX. DEFERRED TAX ASSET	I-m	-	-	-	-	-	-
X. OTHER ASSETS	I-o	26,647	1,165	27,812	501	837	1,338
		-	-	-	-	-	-
TOTAL ASSETS		141,105	284,253	425,358	146,489	72,967	219,456

GOLDEN GLOBAL YATIRIM BANKASI A.Ş.

BALANCE SHEET AS OF 30 JUNE 2021 (STATEMENT OF FINANCIAL POSITION)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

I. BALANCE SHEET (cont’d)

LIABILITIES	Notes	THOUSAND TURKISH LIRA			THOUSAND TURKISH LIRA		
		Reviewed			Audited		
		Current Period 30 June 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-a	-	-	-	-	-	-
II. FUNDS BORROWED	II-c	-	-	-	-	-	-
III. PAYABLES TO MONEY MARKETS		-	-	-	-	-	-
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1. Bills		-	-	-	-	-	-
4.2. Asset Backed Securities		-	-	-	-	-	-
4.3. Bonds		-	-	-	-	-	-
V. FUNDS		379	24,371	24,750	463	23,749	24,212
5.1. Borrower Funds		379	22,311	22,690	463	36	499
5.2. Other		-	2,060	2,060	-	23,713	23,713
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
7.1. Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2. Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	II-e	3,063	-	3,063	2,231	-	2,231
X. PROVISIONS		1,854	182	2,036	764	134	898
10.1. General Provisions		517	182	699	764	134	898
10.2. Restructuring Provision		-	-	-	-	-	-
10.3. Provision for Employee Benefits		1,241	-	1,241	-	-	-
10.4. Insurance Technical Provisions (Net)	II-g	-	-	-	-	-	-
10.5. Other Provisions		96	-	96	-	-	-
XI. CURRENT TAX LIABILITY		1,907	-	1,907	417	-	417
XII. DEFERRED TAX LIABILITY		286	-	286	566	-	566
LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)		-	-	-	-	-	-
13.1. Held for Sale Purpose		-	-	-	-	-	-
13.2. Held from Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
14.1. Loans		-	-	-	-	-	-
14.2. Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-d	9,656	231,934	241,590	4,971	31,163	36,134
XVI. EQUITY	II-i	151,726	-	151,726	154,998	-	154,998
16.1. Paid-in Capital		150,000	-	150,000	150,000	-	150,000
16.2. Capital Reserves		-	-	-	-	-	-
16.2.1. Share Premium		-	-	-	-	-	-
16.2.2. Share Cancellation Profits		-	-	-	-	-	-
16.2.3. Other Capital Reserves		-	-	-	-	-	-
16.3. Accumulated Other Comprehensive Profit or Loss Not Reclassified Through Profit or Loss		-	-	-	-	-	-
16.4. Accumulated Other Comprehensive Profit or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
16.5. Profit Reserves		480	-	480	-	-	-
16.5.1. Legal Reserves		480	-	480	-	-	-
16.5.2. Status Reserves		-	-	-	-	-	-
16.5.3. Extraordinary Reserves		-	-	-	-	-	-
16.5.4. Other Profit Reserves		-	-	-	-	-	-
16.6. Profit or Loss		1,246	-	1,246	4,998	-	4,998
16.6.1. Prior Years’ Profit or Loss		4,518	-	4,518	(4,593)	-	(4,593)
16.6.2. Net Profit or Loss for the Period		(3,272)	-	(3,272)	9,591	-	9,591
		-	-	-	-	-	-
TOTAL LIABILITIES		168,871	256,487	425,358	164,410	55,046	219,456

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

GOLDEN GLOBAL YATIRIM BANKASI A.Ş.

STATEMENT OF OFF BALANCE SHEET ACCOUNTS AS OF 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

II. STATEMENT OF OFF BALANCE SHEET ACCOUNTS

OFF BALANCE SHEET ACCOUNTS		Notes	THOUSAND TURKISH LIRA			THOUSAND TURKISH LIRA		
			Reviewed			Audited		
			Current Period			Prior Period		
			30 June 2021		31 December 2020			
		TL	FC	Total	TL	FC	Total	
A.	OFF-BALANCE SHEET LIABILITIES (I+II+III)		9,582	56,138	65,666	22,815	7,744	30,559
I.	GUARANTEES AND WARRANTIES		5,614	9,489	15,103	22,815	7,744	30,559
1.1.	Letters of Guarantee		5,614	9,489	15,103	22,815	7,744	30,559
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		5,614	9,489	15,103	22,815	7,744	30,559
1.2.	Bank Loans		-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	-	-	-	-	-
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	-	-	-	-	-
1.4.	Pre-financing 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		-	-	-	-	-	-
1.9.	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS		3,914	46,649	50,563	-	-	-
2.1.	Irrevocable Commitments		3,914	46,649	50,563	-	-	-
2.1.1.	Asset Purchase and Sales Commitments		3,914	46,649	50,563	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Loan Granting Commitments		-	-	-	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheque Payments		-	-	-	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10.	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11.	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		-	-	-	-	-	-
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
3.1.	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1.	Fair Value Hedge		-	-	-	-	-	-
3.1.2.	Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Derivative Financial Instruments		-	-	-	-	-	-
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1.	Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2.	Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3.	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4.	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3.	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1.	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2.	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3.	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-	-	-	-
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		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		664,046	-	664,046	574,450	-	574,450
IV.	ITEMS HELD IN CUSTODY		96	-	96	-	-	-
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		-	-	-	-	-	-
4.3.	Cheques Received for Collection		96	-	96	-	-	-
4.4.	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		663,950	-	663,950	574,450	-	574,450
5.1.	Marketable Securities		-	-	-	-	-	-
5.2.	Guarantee Notes		663,950	-	663,950	574,450	-	574,450
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		-	-	-	-	-	-
5.6.	Other Pledged Items		-	-	-	-	-	-
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		673,574	56,138	729,712	597,265	7,744	605,009

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

GOLDEN GLOBAL YATIRIM BANKASI A.Ş.

STATEMENT OF PROFIT OR LOSS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS	Note	THOUSAND TURKISH LIRA	THOUSAND TURKISH LIRA
		Reviewed	Reviewed
		1 January - 30 June 2021	1 January - 30 June 2020
I. PROFIT SHARE INCOME	IV-a	10,513	777
1.1 Profit Share on Loans		3,119	254
1.2 Profit Share on Reserve Requirements		-	-
1.3 Profit Share on Banks		7,379	523
1.4 Profit Share on Money Market Transactions		-	-
1.5 Profit Share on Marketable Securities Portfolio		-	-
1.5.1 Fair Value Through Profit or Loss		-	-
1.5.2 Fair Value Through Other Comprehensive Income		-	-
1.5.3 Measured at Amortised Cost		-	-
1.6 Financial Lease Profit Share Income		-	-
1.7 Other Profit Share Income		15	-
II. PROFIT SHARE EXPENSE (-)	IV-b	270	129
2.1 Profit Share on Deposits		-	-
2.2 Profit Share on Funds Borrowed		76	-
2.3 Profit Share Expense on Money Market Transactions		-	-
2.4 Profit Share on Securities Issued		-	-
2.5 Rental Profit Share Expenses		-	-
2.6 Other Profit Share Expenses		194	129
III. NET PROFIT SHARE INCOME/EXPENSE (I - II)		10,243	648
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		2,181	(35)
4.1 Fees and Commissions Received		16,505	-
4.1.1 Non-cash Loans		103	-
4.1.2 Other		16,402	-
4.2 Fees and Commissions Paid (-)		(14,324)	(35)
4.2.2 Non-cash Loans		(6)	(3)
4.2.2 Other		(14,318)	(32)
V. DIVIDEND INCOME		-	-
VI. TRADING PROFIT/LOSS (Net)	IV-c	5,939	23,628
7.1 Trading Gains /Losses on Securities		-	-
7.2 Gains / Losses on Derivative Financial Transactions		-	-
7.3 Foreign Exchange Gains / Losses		5,939	23,628
VII. OTHER OPERATING INCOME	IV-d	331	16
VIII. GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)		18,694	24,257
IX. EXPECTED CREDIT LOSS (-)	IV-e	-	-
X. OTHER OPERATING EXPENSES (-)		-	-
V. PERSONNEL EXPENSES (-)	IV-f	(6,672)	(3,542)
XI. OTHER OPERATING EXPENSES (-)		(15,574)	(6,889)
XII. NET OPERATING PROFIT/LOSS		(3,552)	14,026
XIII. EXCESS AMOUNT RECORDED AS INCOME AFTER THE MERGER		-	-
XIV. PROFIT/LOSS FROM SUBSIDIARIES WITH EQUITY METHOD		-	-
PROFIT/LOSS ON NET MONETARY POSITION		(3,552)	14,026
XV. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+XIII+XIV+XV)		(3,552)	14,026
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-g	(280)	(2,204)
17.1 Current Tax Provision		-	(842)
17.2 Deferred Tax Expense Effect (+)		-	-
17.3 Deferred Tax Income Effect (-)		(280)	(1,362)
XVIII. CURRENT PERIOD NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)		(3,272)	11,822
XIX. INCOME FROM DISCONTINUED OPERATIONS		-	-
19.1 Income from Non-current Assets Held for Sale		-	-
19.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Income from Other Discontinued Operations		-	-
XX. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
20.1 Expenses for Non-current Assets Held for Sale		-	-
20.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Expenses from Other Discontinued Operations		-	-
XXI. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
22.1 Current Tax Provision		-	-
22.2 Deferred Tax Expense Effect (+)		-	-
22.3 Deferred Tax Income Effect (-)		-	-
CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXIV. NET PROFIT/(LOSS) FOR THE PERIOD (XVIII+XXIII)		(3,272)	11,822

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

GOLDEN GLOBAL YATIRIM BANKASI A.Ş.

FINANCIAL STATEMENTS RELATED TO INCOME AND EXPENSE ITEMS RECOGNIZED IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

IV. FINANCIAL STATEMENTS RELATED TO INCOME AND EXPENSE ITEMS RECOGNIZED IN EQUITY

	THOUSAND TURKISH	THOUSAND TURKISH
	LIRA	LIRA
	Reviewed	Reviewed
	1 January - 30 June 2021	1 January - 30 June 2020
I. CURRENT PERIOD PROFIT/LOSS	(3,272)	11,822
II. OTHER COMPREHENSIVE INCOME	-	-
2.1 Not Reclassified Through Profit or Loss	-	-
2.1.1 Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	-	-
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2 Reclassified Through Profit or Loss	-	-
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	-	-
2.2.3 Cash Flow Hedge Profit/Loss	-	-
2.2.4 Foreign Net Investment Hedge Profit/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	(3,272)	11,822

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

GOLDEN GLOBAL YATIRIM BANKASI A.Ş.

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Notes	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(Loss)	Total Equity	
							1	2	3	4	5	6					
	PRIOR PERIOD 30 June 2020																
I.	Prior Period End Balance		150,000	-	-	-	-	-	-	-	-	-	-	(4,593)	-	145,407	
	Corrections and Accounting Policy Changes Made		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II.	According to TAS 8																
2.1	Effect of Adjustment of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effects Of The Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Beginning Balance (I+II)		150,000	-	-	-	-	-	-	-	-	-	-	(4,593)	-	145,407	
IV.	Total Comprehensive Income (Loss)		-	-	-	-	-	-	-	-	-	-	-	-	11,822	11,822	
V.	Capital Increase By Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase By Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Paid-in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Balance at the End of the Period (III+IV+.....+X+XI)		150,000	-	-	-	-	-	-	-	-	-	-	(4,593)	11,822	157,229	

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

GOLDEN GLOBAL YATIRIM BANKASI A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Cont'd)

	Reviewed	Notes	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(Loss)	Total Equity
CURRENT PERIOD																
30 June 2021																
I.	Prior Period End Balance		150,000	-	-	-	-	-	-	-	-	-	-	(4,593)	9,591	154,998
	Corrections and Accounting Policy Changes Made		-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Adjustment of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects Of The Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		150,000	-	-	-	-	-	-	-	-	-	-	(4,593)	9,591	154,998
IV.	Total Comprehensive Income (Loss)		-	-	-	-	-	-	-	-	-	-	-	-	(3,272)	(3,272)
V.	Capital Increase By Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase By Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	480	9,111	(9,591)	-
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	480	-	(480)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	9,111	(9,111)	-
	Balance at the End of the Period (III+IV+.....+X+XI)		150,000	-	-	-	-	-	-	-	-	-	480	4,518	(3,272)	151,726

Increases / decreases in tangible assets revaluation reserve,

1. Accumulated revaluation increases/decreases of fixed assets,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other (other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss and other accumulated amounts of not reclassified through profit or loss),
4. Exchange differences on translation,
5. Accumulated gains/losses due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income,
6. Other (accumulated gains or losses on cash flow hedges, other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of reclassified through profit or loss).

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

GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS
FOR SIX MONTH PERIOD ENDED 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

VI. STATEMENT OF CASH FLOWS

	Notes	Reviewed 1 January - 30 June 2021	Reviewed 1 January - 30 June 2020
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(4,911)	9,556
1.1.1 Profit Share Received		3,623	518
1.1.2 Profit Share Paid		(240)	-
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		16,505	-
1.1.5 Other Income		6,839	19,066
1.1.6 Collections from Non-performing Loans Recognized as Loss		-	-
1.1.7 Cash Payments to Personnel and Service Suppliers		(6,672)	(3,542)
1.1.8 Taxes Paid		(24)	(1,892)
1.1.9 Other		(24,990)	(4,594)
1.2 Changes in Operating Assets and Liabilities		166,928	(37,609)
1.2.1 Net (Increase) / Decrease in Financial Assets At Fair Value Through Profit Or Loss		-	-
1.2.2 Net (Increase) / Decrease in the Account of Banks		-	-
1.2.3 Net (Increase) / Decrease in Loans		(15,735)	(37,508)
1.2.4 Net (Increase) / Decrease in Other Assets		(26,474)	(3,327)
1.2.5 Net Increase / (Decrease) in Bank Deposits		-	-
1.2.6 Net Increase / (Decrease) in Other Deposits		-	487
1.2.7 Net Increase / (Decrease) in Financial Liabilities At Fair Value Through Profit Or Loss (+/-)		-	-
1.2.8 Net Increase / (Decrease) in Funds Borrowed		-	-
1.2.9 Net Increase / (Decrease) in Payables Due		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		209,137	2,739
I. Net Cash (Used in) / Provided from Banking Operations		162,017	(28,053)
B. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II. Net Cash Provided from Investing Activities		(3,178)	(5,927)
2.1 Cash Paid For Acquisition of Associates and Subsidiaries and Joint Ventures		-	-
2.2 Cash Obtained From Disposal of Associates and Subsidiaries and Joint Ventures		-	-
2.3 Purchases of Movable and Immovable Properties		(1,694)	(5,927)
2.4 Disposals of Movable and Immovable Properties		-	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income (+)		-	-
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income (-)		-	-
2.7 Purchase of Financial Assets Measured at Amortized Cost (+)		-	-
2.8 Sale of Financial Assets Measured at Amortized Cost (-)		-	-
2.9 Other		(1,484)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net Cash Provided from Financing Activities		-	-
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other (+/-)		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)		(569)	4,578
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		158,270	(29,402)
VI. Cash and Cash Equivalents at Beginning of the Period (+)		151,426	136,081
VII. Cash and Cash Equivalents at End of the Period (V+VI)		309,696	106,679

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

GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE FINANCIAL
STATEMENTS AS OF 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by BRSA and in case where a specific regulation is not made by BRSA, Turkish Financial Reporting Standards and put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The accounting policies and valuation principles followed in the preparation of the financial statements are explained in the notes below.

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank’s exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank’s equity.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end valuation rates published converting them into Turkish Lira and valuation differences of foreign currencies have been recognized as foreign exchange profit or loss.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement. There are no foreign currency differences capitalized by the Bank.

III. EXPLANATIONS ON FUTURES AND OPTIONS CONTRACTS AND DERIVATIVES

The derivative transactions that the Bank mainly uses are forward, future, swap, option and forward purchase and sale contracts. Derivative transactions are classified as financial instruments at fair value through profit or loss and are followed with their fair values. Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts over contract amounts.

Derivative transactions are valued at their fair values in the periods following their recording. In accordance with the classifications of derivative transactions, in case the fair value is positive, it is included in the “Part of Derivative Financial Assets at Fair Value at Fair Value through Profit and Loss” or “Fair Value at Fair Value through Other Comprehensive Income of Derivative Financial Assets” if it is negative. Fair Value at Fair Value through Profit and Loss” or “Fair Value at Fair Value through Other Comprehensive Income of Derivative Financial Liabilities”. Differences in the fair value of derivative transactions at fair value through profit/loss of derivative financial assets are accounted for under profit/loss from derivative financial transactions in the commercial profit/loss item in the income statement.

There are no embedded derivatives or hedging derivatives created by separation from the main contract.

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ACCOUNTING POLICIES (cont’d)

IV. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSES

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. While applying the internal rate of return method, the bank amortizes the fees and transaction costs included in the calculation of the effective profit rate over the expected life of the financial instrument.

V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

Except for the fees and commission income and expenses obtained for some banking services which are recorded as income and expense when collected, fees and commission income/expenses are reflected in the income statement over the period of the related transaction. Fees and commissions, other than those that are integral parts of the effective profit rate in the internal rate of return method of financial instruments measured at amortized cost, are accounted in accordance with TFRS 15 Revenue from Contracts with Customers.

Fees and commission income and expenses, excluding fee revenues, related to some banking transactions, for which revenue is recorded at once during the service period, and loan fees and commission expenses paid to other credit institutions and organizations are recognized on an accrual basis throughout the service period.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the “Unearned Revenues” account under “Other Liabilities” on the balance sheet.

VI. EXPLANATIONS ON FINANCIAL ASSETS

The Bank classifies and accounts for its financial assets as ‘Fair Value Through Profit/Loss’, ‘Fair Value Through Other Comprehensive Income,’ or ‘Amortized Cost’ as per the standard of “TFRS 9 Financial Instruments”. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Recognition and Derecognition. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

Financial instruments have the feature of detecting, affecting and diminishing liquidity, credit and profit share risks in the financial statements. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. 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 Bank and (b) disposing of the asset out of the balance sheet on the date settled by the Bank; and accounting of gain or loss upon disposal. In case of application of settlement date accounting, for the financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income the Bank accounts for the changes that occur in the fair value of the asset in the period between trade transaction date and settlement date.

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. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted in the same way as the acquired assets. Fair value differences are not accounted for financial assets presented at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of financial assets at fair value through other comprehensive income are accounted for in the other comprehensive income.

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ACCOUNTING POLICIES (cont’d)

VI. EXPLANATIONS ON FINANCIAL ASSETS (cont’d)

The following are details of the financial instruments that are classified in the financial statements.

Financial Assets at Fair Value Through Profit and Loss

Financial assets at fair value through profit and loss are financial assets other than the ones that are managed with business model that aims to hold assets to collect contractual cash flows or to collect cash flows that are solely payments of principal and profit share on the principal outstanding amount; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit taking.

The fair value of financial assets at fair value through profit and loss, which are traded in active markets, is determined according to the price of the stock exchange; and if there is no stock exchange price, the price is determined according to the price of the Official Gazette. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in IFRS 13. Financial assets at the fair value through profit or loss are initially recognized at fair value. They are subject to valuation at fair value after recognition. The profit and losses incurred are accounted in the profit and loss.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of profit share at certain dates.

In the initial recognition of financial assets with fair value difference accounted for in other comprehensive income, their fair values including transaction costs are used.

Valuation of the financial assets whose fair value difference is reflected in other comprehensive income after the first registration is made at their fair value. The results of the subsequent changes in the fair value of financial assets at fair value through other comprehensive income, namely unrealized gain or loss are recorded in “Accumulated Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss”. Accumulated fair value gain or loss, previously reflected in equity, is recorded to the income statement when the said financial assets are disposed.

The fair value of financial assets at fair value through other comprehensive income, which are traded in active markets is determined according to the price of the stock exchange. If there is no price of stock exchange, it is determined according to the Official Gazette. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in IFRS 13.

Financial Assets at Amortised Cost

A financial asset is classified as a financial asset measured at amortized cost, if the financial asset is held within the scope of a business model for the collection of contractual cash flows and the contractual terms of the financial asset result in cash flows that include payments arising only from principal and profit share on the principal amounts on specific dates.

After the initial recognition, provision for impairment to be deducted, if any, financial assets measured at amortized cost are recognized with discounted value using effective profit share method (internal rate of return).

Profit share earned from financial assets measured at amortized cost is recorded as profit share income.

The Bank classifies financial assets in accordance with the classifications explained above during the acquisition of the mentioned assets.

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ACCOUNTING POLICIES (cont’d)

VI. EXPLANATIONS ON FINANCIAL ASSETS (cont’d)

Loans

Loans, other than those with intention to be sold, are the financial assets, the contractual terms of which result in cash flows that include payments arising only from principal and profit share on the principal amounts on specific dates.

The Bank initially recognises loans at the cost of the acquisition and accounts for the amortized cost using the effective profit share method (internal rate of return) subsequent periods.

Foreign currency-indexed individual and commercial loans are shown under Turkish Currency (“TRL”) accounts after having been converted into Turkish Lira at exchange rate at transaction date. Repayments are calculated at exchange rate at date of payment and exchange rate differences encountered are reflected in profit and loss accounts. Net foreign exchange gains of the foreign currency indexed loans are presented under foreign exchange gain/loss.

All loans of the Bank are monitored under the “Financial Assets at Amortized Costs” account.

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Expected Loss Provision

The Bank sets aside the expected loss provision for its loans and receivables by taking into consideration the articles 10, 11 and 13 of the “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside” published in the Official Gazette dated 22 June 2016 and numbered 29750.

In addition, the Bank was exempted from the application of TFRS 9 with the BRSA decision dated 26 June 2020 and numbered 9068, due to the requirement for the credit history to be known in order to determine the expected loss provisions.

Loans

In the event that there are findings indicating that the loans cannot be collected, the Bank will make classification in Group III, IV, and V loans pursuant to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette dated 1 November 2006 and numbered 26333, and specific reserves are provided for these amounts. The Bank can make special provisions for loans with poor financial status and / or that are irrecoverable, above the minimum rates projected in the group to which it belongs.

The collections made in relation to the provisions made for the aforementioned loans in the current period are deducted from the "Provisions for Loans and Other Receivables" account in the income statement, and the principal collections made for the loans that have been provided for or written-off from assets in the previous periods are accounted for in the "Other Operating Income" account.

VIII. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has legally enforceable rights to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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ACCOUNTING POLICIES (cont’d)

IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

The securities subject to repo are classified in the portfolios of "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets at Amortized Cost" according to their purposes in the Bank portfolio and are subject to valuation according to the principles of the portfolio they belong to.

Funds obtained in return of repo agreements are monitored in liabilities under "Payable to Money Markets" accounts, and expense rediscount is calculated according to the internal rate of return method for the part of the difference between the sales and repurchase prices determined by the repo agreements.

Reverse repo transactions are recognized under the account "Receivables from Money Markets". For the part of the difference between the purchase and resale prices determined by reverse repo agreements, corresponding to the period, income rediscount is calculated according to the internal rate of return method.

X. INFORMATION ON NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

Assets that meet the criteria to be classified as held for sale are measured at carrying amount and depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify an asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year.

Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the statement of profit or loss.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill recorded in the financial statements of the Bank.

Intangible assets are carried at their restated historical costs and intangible assets that are purchased in the subsequent periods are carried at their historical cost, less any accumulated amortization and any impairment losses. Intangible assets are amortized by using the straight line method based on their useful lives. Amortization method and period are assessed periodically at the end of each year. Intangible assets consist of software expenses and they are amortized by using the straight line method over 3 years. There is no significant change in the accounting estimates expected or to be expected having a significant effect on the amortization method, amortization period or residual value.

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ACCOUNTING POLICIES (cont'd)

XII. EXPLANATIONS ON TANGIBLE ASSETS

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Tangible assets are presented in the financial statements over their remaining cost after deducting accumulated depreciation from cost amounts, if any, and after deducting accumulated depreciation from their fair values. Tangible assets are depreciated over their estimated useful lives using the straight-line method. Lands are not depreciated due to their unlimited lifetime.

Estimated useful lives are as follows:

Buildings	50 years
Transfer vehicles	5 years
Other tangible assets	3-36 years

As of the balance sheet date, the depreciation amount is calculated by proportioning the depreciation amount estimated for one full year with the duration of being in the assets. If the cost value is higher than the "Net realizable value" of the related tangible asset, the value of the aforementioned asset is reduced to the "Net realizable value" and the provision for the impairment allocated is associated with the expense accounts. Gains and losses arising from the disposal of tangible assets are determined by deducting the net book value of the related tangible asset from the sales revenue.

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no mortgages, pledges or similar precautionary measures on tangible assets or commitments given for the purchase as of 30 June 2021.

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. In the absence of another systematic basis that better reflects the timing structure in which the economic benefits from the leased assets are used, the Bank accounts for the lease payments as operating expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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ACCOUNTING POLICIES (cont’d)

XIII. EXPLANATIONS ON LEASING TRANSACTIONS (cont’d)

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect profit share on the lease liability (using the effective profit share (internal rate of return) method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating profit share rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Bank applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and included in ‘Other expenses’ in profit or loss.

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ACCOUNTING POLICIES (cont’d)

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

Provisions and contingent liabilities are accounted in accordance with “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding” (“TAS 37”).

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. As per the “Matching Principle,” a provision is provided for the liabilities arising as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made. When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a “Contingent” liability and is disclosed in the related notes to the financial statements.

XV. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE BENEFITS

The Bank recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 “Turkish Accounting Standard about Benefits for Employee”.

TAS 19, which is updated with the Communiqué published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, abolished the option of associating related loss and profit with the “Income Statement” of the relevant period in the accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions for the Bank’s retirement pay liability calculations. Actuarial profit and loss in the relevant reporting period was classified in “Other Reserves” under Shareholders’ Equity, as being associated with the Statement Related to Income and Expense Items Recognized in Equity.

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities for each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank has calculated the estimated value of the probable future liability amounts arising from making severance pay to each employee who has completed over one year of service with the Bank and who retires or quits the employment to fulfill the compulsory military service, or who passes away, as defined in the Turkish Labor Law, based on their net present values and recognized in the financial statements.

The Bank’s employees are not members of any pension fund, foundations, union or other similar entities.

As of 30 June 2021, the Bank does not have employees who are employed with a fixed-term contract, whose contract term will expire in a period more than 12 months from the balance sheet date.

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ACCOUNTING POLICIES (cont’d)

XVI. EXPLANATION ON TAXATION

Current Tax:

According to the provisional provision of Article 10 added to the Law No. 5520 with Article 91 of the Law No. 7061, the 20% rate in the first paragraph of Article 32 of the Corporate Tax Law No. 5520, 25% of the 2021 earnings of the corporations, for the taxation period of 2022 (for institutions designated as a special accounting period). It is stipulated that it will be applied as 23% for the corporate earnings of the accounting periods that started in the relevant year.

Under this scope, corporate tax will be charged at the rate of 25% on the corporate earnings of the corporate taxpayers for the 2021 accounting period, and at the rate of 23% on the corporate earnings of the 2022 taxation period. In addition, temporary tax of 25% and 23%, respectively, will be paid by corporate taxpayers in the said periods, in accordance with the principles specified in the Income Tax Law, to be deducted from the corporate tax of the aforementioned taxation periods.

The corporate tax rate will be applied as 25% for 2021. This rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the institutions, and deducting the exceptions and deductions in the tax laws. If the profit is not distributed, no further tax is payable. In accordance with the tax legislation, the temporary tax rate for 2022 will be paid at the rate of 23% over the quarterly bases, and the temporary taxes paid during the year are deducted from the corporate tax calculated on the annual corporate tax return of that year.

Withholding taxes is not applied to dividends distributed to companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister’s decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15th and 30th articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 15% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign-based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

Entities calculate temporary tax of 25% for 2021 and 23% for 2022 on their quarterly financial profits, with the above law amendment, and declares them until the 14th day of the second month following that period and pays them until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. Despite the deduction, if the temporary tax amount remains, this amount can be refunded in cash or deducted from other financial debts against the state.

For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012 in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for profit from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable’s; except in case of failure to fulfill the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable’s with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes is paid in one installment by the end of that month.

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ACCOUNTING POLICIES (cont’d)

XVI. EXPLANATION ON TAXATION (cont’d)

Current Tax (cont’d):

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments.

Deferred Tax:

For taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as per the provisions of “Turkish Accounting Standard on Income Taxes” (“TAS 12”), the Bank calculates deferred tax liability over all taxable temporary differences and deferred tax asset over taxable temporary differences to the extent that is probable that taxable profit will be available in subsequent periods. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. The tax effect regarding the items directly accounted in equity are also reflected in equity.

Deferred tax assets and liabilities are calculated over the tax rates expected to be applied in the period when the tax asset will be realized or the liability will be fulfilled, taking into account the tax rates and tax legislation that are in effect or effective as of the balance sheet date. The rates applied for deferred tax assets and liabilities calculated over temporary differences that will occur in the future are classified as 20%, 23% and 25% on an item basis, according to the expected realization periods of tax assets and liabilities in accordance with the relevant legislation (2020: 20%).

XVII. EXPLANATIONS ON BORROWING

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Bank does not apply hedging techniques on related borrowings.

The Bank has not issued convertible bonds.

XVIII. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There are no share certificates issued by the Bank.

There is no dividend distribution decision of the Bank announced after the balance sheet date.

XIX. EXPLANATIONS ON AVAILED DRAFTS AND ACCEPTANCES

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as probable payables and commitments in off-balance sheet accounts. The Bank does not have availed drafts and acceptances that are presented as liabilities corresponding to assets.

XX. EXPLANATIONS ON GOVERNMENT GRANTS

There are no government incentives utilized by the Bank as of 30 June 2021.

XXI. PROFIT RESERVES AND DISTRIBUTION OF PROFIT:

The accumulated profit of the Bank are available for distribution, provided that permission is obtained from the BRSA.

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ACCOUNTING POLICIES (cont'd)

XXII. RELATED PARTIES

In line with the purpose of these financial statements, shareholders, senior executives and members of the board of directors, their families and companies controlled by them or affiliated with them, associates and joint ventures are classified as related parties within the scope of the "Related Party Disclosures Standard" ("TAS 24"). Transactions made with related parties are presented in Section Five, note V.

XXIII. CASH AND CASH EQUIVALENTS:

"Cash", which is the basis for the preparation of cash flow statements, is defined as effective money in transit and purchased bank checks and demand deposits in banks including the R.T. Central Bank ("CBRT"), and "Cash equivalent asset" is defined as interbank money market placements with an original maturity of less than three months and time deposits in banks.

XXIV. EXPLANATIONS ON SEGMENT REPORTING:

Operating segment is the distinguishable part of the Bank that the Bank operates in the provision of a single product or service or a related product or service group and that has different characteristics from other fields of activity in terms of risk and return. The information of the Bank's business segments is explained in Section Four, disclosure numbered VII.

XXV. EXPLANATIONS ON OTHER MATTERS:

The fact that the Covid-19 outbreak, which affected the whole world, halted or slowed all units of the economy, including manufacturing, service, trade, finance and consumption, at the same time left us with a crisis that has not been experienced before in the history of modern finance. While all segments of society were affected by this severe crisis, the differences in the measures taken by the states also differentiated the results obtained.

Our country, which has also mobilized its developed health infrastructure by intervening in the outbreak with the necessary seriousness from the first day, has made a more successful impression in this challenge compared to other countries. Although our fragility continues in the current account deficit, growth, interest and inflation equation, which is the weak point of the economy, it is considered that the effects of the outbreak will remain limited with the measures to be taken by the economy management.

As the Bank, an Emergency Action Plan has been prepared in order to take urgent measures in case of crisis and/or quarantine within the scope of Covid 19 and similar epidemic diseases and to continue banking activities without interruption. In case of such unfavorable conditions, it is aimed to establish processes to ensure business continuity and to take necessary measures, taking into account the Bank's internal and external service dependencies, to ensure that the emergency action plan is in line with the objectives and priorities of the Bank, and is adequate for the purpose.

In this context, in the process of obtaining an activity permit corresponding to the pandemic period, the method of working from home and working alternately was applied by providing the necessary infrastructure works. With the precautions taken and detailed studies, there were no disruptions in our activities.

Although it is unknown how long the Covid 19 effect will last in the world or in our country, it is predicted that there will be no disruption in the activities of the Bank as a result of the measures taken, and the practices are arranged in parallel with the developments in the pandemic process.

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY

Shareholders' equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”.

As of 30 June 2021, Bank’s total shareholders’ equity is calculated as TL 136,969, capital adequacy ratio is 31.22%. This ratio is well above the minimum ratio required by the legislation.

	30 June 2021	31 December 2020
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	150,000	150,000
Share issue premiums	-	-
Reserves	480	-
Gains recognized in equity as per TAS	-	-
Profit	4,518	4,998
Current Period Profit	-	9,591
Prior Periods’ Profit	4,518	(4,593)
Shares acquired free of charge from associates, subsidiaries and joint ventures and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	154,998	154,998
Deductions from Common Equity Tier 1 Capital	(18,728)	(17,400)
Common Equity as per the (i) 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	(3,272)	-
Improvement costs for operating leasing	-	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	(15,169)	(17,400)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(287)	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiq� 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	-	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY (cont’d)

	30 June 2021	31 December 2020
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	(18,728)	(17,400)
Total Common Equity Tier I Capital	136,270	137,598
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity Tier I Capital and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank on 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 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 banks and financial institutions where the Bank owns more than 10% of the issued share capital	-	-
Other Items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	136,270	137,598
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	699	1
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	699	1
Tier II Capital Before Deductions	-	-
Deductions from Tier II Capital		
Direct and indirect investments of the bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	699	1
Total Capital (The sum of Tier I Capital and Tier II Capital)	136,969	137,599

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY (cont’d)

	30 June 2021	31 December 2020
Total Capital (The sum of Tier I Capital and Tier II Capital)	136,969	137,599
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
CAPITAL	-	-
Total Capital (Total of Tier I Capital and Tier II Capital)	136,969	137,599
Total Risk Weighted Assets	438,676	98,662
CAPITAL ADEQUACY RATIOS	-	-
CET 1 Capital Ratio (%)	31.10	139.5
Tier I Capital Ratio (%)	31.22	139.5
Capital Adequacy Ratio (%)	31.22	139.5
BUFFERS	-	-
Total additional core capital requirement ratio	-	-
Capital conservation buffer requirement (%)	2.5	2.5
Bank specific countercyclical buffer requirement (%)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
Amounts Lower than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	-	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (cont'd)

a) Items included in capital calculation:

None.

b) Necessary explanations in order to reach an agreement between the statement of shareholders' equity and balance-sheet amounts:

The main difference between the "Equity" amount given in the statement of equity and the "Equity" amount in the balance sheet arises from the general provisions. The portion of general provisions up to 1.25% of the amount subject to credit risk is considered as Additional Tier I Capital in the calculation of the "Equity" amount given in the statement of equity. Operating lease development costs, intangible assets and deferred tax liabilities associated with them, which are under the item of Tangible Assets in the balance sheet, are taken into account in the calculation as Value to be Deducted from the Capital in the calculation of the "Equity" amount.

Information on items that are subject to temporary application and included in capital calculation:

None.

Information on debt instruments included in capital calculation:

None.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

II. EXPLANATION ON THE CURRENCY RISK

Foreign currency risk represents the Bank’s exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to standard method.

The announced current foreign exchange buying rates of the Bank at the date of financial statements and the previous five working days are as follows:

	<u>Euro</u>	<u>US Dollar</u>
Exchange Buying Rate at 31 December 2020	TL 9.0015	TL 7.3353
Exchange Buying Rate at 30 June 2021	TL 10.3645	TL 8.7052
	30 June 2021	30 June 2021
	Euro	US Dollar
1st Day Exchange Buying Rate	TL10.3573	TL 8.6991
2nd Day Exchange Buying Rate	TL 10.4004	TL 8.7158
3rd Day Exchange Buying Rate	TL 10.3573	TL 8.6711
4th Day Exchange Buying Rate	TL 10.3573	TL 8.6711
5th Day Exchange Buying Rate	TL 10.3573	TL 8.6711

Simple arithmetic average of the bank’s current foreign exchange bid rates for the last 31 days prior to the balance sheet date:

	<u>Euro</u>	<u>US Dollar</u>
31 December 2020-Arithmetic average - 31 days	TL 9.0724	TL 7.6150
30 June 2021-Arithmetic average - 30 days	TL 10.3630	TL 8.5961

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

II. EXPLANATION ON THE CURRENCY RISK (cont’d)

Information on the foreign currency risk of the Bank:

30 June 2021	EUR	USD	Other FC	Total
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	2,010	1,337	18,582	21,929
Banks	59,780	138,285	55,668	253,733
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Receivables from Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans (*)	-	7,426	-	7,426
Associates, Subsidiaries, Entities Under Common Control (Joint Ventures)	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	85	1,077	3	1,165
Total Assets (*)	61,875	148,125	74,253	284,253
	-	-	-	-
Liabilities				
Interbank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-
Issued Marketable Securities	-	-	-	-
Miscellaneous Payables	12,292	12,261	-	24,553
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	46,036	153,564	32,334	231,934
Total Liabilities	58,328	165,825	32,334	256,487
	-	-	-	-
Net Balance Sheet Position	3,547	(17,700)	41,919	27,766
Net Off-Balance Sheet Position	-	17,504	(21,309)	(3,805)
Financial Derivative Assets	-	21,422	-	21,422
Financial Derivative Liabilities	-	(3,918)	(21,309)	(25,227)
Non-Cash Loans	-	9,489	-	9,489
31 December 2020	EUR	USD	Other FC	Total
Total Assets	740	29,109	771	30,620
Total Liabilities	25	20	-	45
Net Balance Sheet Position	715	29,089	771	30,575
Net Off-Balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans (**)	-	-	-	-

(*) The table above presents the Bank's net foreign currency position based on major currency types.

(**) It has no effect on the net off-balance sheet position.

(***) Includes funds.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

III. EXPLANATIONS ON THE POSITION RISK OF EQUITY INSTRUMENTS

There is no position risk of equity instruments arising from banking accounts.

IV. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

In order to avoid liquidity risk, the Bank covers the placements made to domestic banks with loans from foreign countries, the maturity match is observed between assets and liabilities, and liquid assets are preserved in order to fully meet the liquidity needs that may arise as a result of market fluctuations.

a) Presentation of assets and liabilities according to their remaining maturities:

30 June 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Assets								
Cash and Balances with the Central Bank of the Republic of Turkey	21,244	1,012	-	-	-	-	-	22,256
Banks	253,811	37,400	-	-	-	-	-	291,211
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-	-
Receivables from Money Markets	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans Given	-	15,000	14,110	33,744	-	-	-	62,854
Financial Assets Valued at Amortized Cost Value	-	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	-	49,037	49,037
Total Assets	275,055	53,412	14,110	33,744	-	-	49,037	425,358
Liabilities								
Interbank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-	-	-	-	-
Money Market Borrowings	-	-	-	-	-	-	-	-
Issued Marketable Securities	-	-	-	-	-	-	-	-
Miscellaneous Payables	24,750	-	-	-	-	-	-	24,750
Other Liabilities (**)	238,927	2,001	191	824	2,241	-	156,424	400,608
Total Liabilities	263,677	2,001	191	824	2,241	-	156,424	425,358
Long Position on the Balance Sheet	11,378	51,411	13,919	32,920	-	-	-	109,628
Short Position on the Balance Sheet	-	-	-	-	(2,241)	-	(107,387)	(109,628)
Net Off-Balance Sheet Position	-	(3,805)	-	-	-	-	-	(3,805)
Long Position on the Nett Off-Balance Sheet	-	21,422	-	-	-	-	-	21,422
Short Position on the Nett Off-Balance Sheet	-	(25,227)	-	-	-	-	-	(25,227)
Non-cash Loans	-	-	-	-	-	-	15,103	15,103
Liquidity Gap	11,378	47,606	13,919	32,920	(2,241)	-	(107,387)	(3,805)

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

III. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (cont’d)

a) Presentation of assets and liabilities according to their remaining maturities (cont’d):

31 December 2020	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Long Position on the Balance Sheet	-	113,374	-	39,790	-	-	-	153,164
Short Position on the Balance Sheet	(19,084)	-	(134)	-	(1,433)	-	(132,513)	(153,164)
Net Off-Balance Sheet Position	-	-	-	-	-	-	-	-
Long Position on the Nett Off-Balance Sheet	-	-	-	-	-	-	-	-
Short Position on the Nett Off-Balance Sheet	-	-	-	-	-	-	-	-
Non-cash Loans	-	-	-	402	-	-	30,157	30,559
Liquidity Gap	(19,084)	113,374	(134)	39,790	(1,433)	-	(132,513)	-

(*) Other assets which are required for banking operations and could not be converted into cash in short-term, such as; fixed assets, associates, subsidiaries, property holdings, prepaid expenses and non-performing loans are recognized in this account.

(**) Equity is presented under “Undistributed” in “Other liabilities”.

b) Securitisation positions: None.

c) Liquidity Coverage Ratio

Current Period 30 June 2021		Total Unweighted Value *		Total Weighted Value *	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets	182,515	181,377	182,515	181,377
CASH OUTFLOWS					
2	Retail and Small Business Customers, of which;	2,214	2,099	13,488	13,374
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which;	-	-	-	-
6	Operational deposit	-	-	-	-
7	Non-operational deposits	-	-	-	-
8	Other unsecured funding	-	-	-	-
9	Secured funding	-	-	-	-
10	Other cash outflows, of which;	-	-	-	-
11	Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	-	-	-	-
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	TOTAL CASH OUTFLOWS	2,214	2,099	13,488	13,374
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	75,761	-	75,761	-
19	Other cash inflows	-	-	-	-
20	TOTAL CASH INFLOWS	75,761	-	75,761	-
21	TOTAL HQLA STOCK			182,515	181,377
22	TOTAL NET CASH OUTFLOWS			13,488	13,374
23	LIQUIDITY COVERAGE RATIO (%)			1353%	1356%

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont'd)

IV. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (cont'd)

c) Liquidity Coverage Ratio (cont'd)

Prior Period 31 December 2020		Total Unweighted Value *		Total Unweighted Value *	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets	121,488	46,629	121,488	46,629
16	TOTAL CASH OUTFLOWS	29,269	20,427	29,269	20,427
20	TOTAL CASH INFLOWS	73,433	416	73,433	416
21	TOTAL HQLA STOCK			121,488	46,629
22	TOTAL NET CASH OUTFLOWS			29,269	20,427
23	LIQUIDITY COVERAGE RATIO (%)			% 415	% 228

(*) The average of last three month's liquidity coverage ratio calculated by weekly simple averages.

With the "Liquidity Coverage Ratio" prepared within the framework of the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published by the BRSA, the balance between banks' net cash outflows and high quality liquid asset stock is measured.

The bank's high quality liquid asset stock comprise cash values and debt instruments issued by the R.T. Central Bank and the R.T. Undersecretariat of Treasury.

The important fund resources of the Bank are funds obtained from deposits and other financial institutions. As of the report date, the average for the last 1-month period was 1356% in foreign currency, and 1353% in total.

V. EXPLANATIONS ON LEVERAGE RATIO

The Regulation sentenced the minimum leverage as 3%.

Leverage Ratio

	Balance sheet assets	Current Period (*)	Prior Period (**)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	360,406	206,433
2	Assets deducted in determining Tier 1 capital	(21,657)	(21,686)
3	Total on-balance sheet risks	338,749	184,747
	Derivative financial instruments and credit derivatives	23,823	3,825
4	Replacement cost associated with all derivative financial instruments and credit derivatives	-	-
5	Potential risk amount associated with all derivative financial instruments and credit derivatives	-	-
6	Total risks of derivative financial instruments and credit derivatives	23,823	3,825
	Securities or commodity financing transactions	-	-
7	Risks from SCFT assets (excluding on-balance sheet)	-	-
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions	-	-
	Other off-balance sheet transactions	14,756	29,566
10	Gross notional amounts of off-balance sheet transactions	-	-
11	Adjustments for conversion to credit equivalent amounts	-	-
12	Total risks of off-balance sheet items	14,756	29,566
	Capital and total risks	-	-
13	Tier 1 capital	136,636	139,767
14	Total risks	377,328	218,138
	Leverage ratio	-	-
15	Leverage ratio	36,21	64,19

(*) Leverage Ratio is calculated with the average month end balance of April, May and June in the notification table.

(**) Leverage Ratio is calculated with the average month end balance of October, November and December in the notification table.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

VI. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 by BRSA and became effective as of 31 March 2017 are presented in this section. The following tables, which should be given in six-month periods in accordance with the relevant communiqué, are not presented as of 30 June 2021, as the standard approach is used in the capital adequacy calculation of the Bank:

RWA flow statements of credit risk exposures under IRB (Internal Rating-Based) approach

RWA flow statement of CCR exposures under Internal Model Method (IMM)

RWA flow statements of market risk exposures under an IMA

Overview of Risk Weighted Amounts

Current Period 30 June 2021	Risk Weighted Amount	Minimum Capital Requirement
	Current Period	Current Period
Credit risk (excluding counterparty credit risk)	331,701	26,536
Standardised approach	331,701	26,536
Internal rating-based approach	-	-
Counterparty credit risk	25,227	3,732
Standardised approach for counterparty credit risk	25,227	3,732
Internal model method	-	-
Basic risk weight approach to internal models equity position in the banking account	-	-
Investments made in Collective Investment Companies-look through approach	-	-
Investments made in co Collective Investment Companies - mandate-based approach	-	-
Investments made in Collective Investment Companies -1250% weighted risk approach	-	-
Settlement risk	-	-
Securitization positions in banking accounts	-	-
IRB ratings-based approach	-	-
IRB Supervisory Formula approach	-	-
SA/simplified supervisory formula approach	-	-
Market risk	17,107	1,368
Standardised approach	17,107	1,368
Internal model approaches	-	-
Operational risk	64,641	5,171
Basic Indicator approach	64,641	5,171
Standard approach	-	-
Advanced measurement approach	-	-
The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-
Floor adjustment	-	-
Total	438,676	36,808

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VI. EXPLANATIONS ON RISK MANAGEMENT (cont’d)

Overview of Risk Weighted Amounts (cont’d)

Prior Period 31 December 2020	Risk Weighted Amount	Minimum Capital Requirement
	Prior Period	Prior Period
Credit risk (excluding counterparty credit risk)	81,312	6,505
Standardised approach	81,312	6,505
Market risk	17,350	1,388
Standardised approach	17,350	1,388
Internal model approaches	-	-
Operational risk	-	-
Toplam	98,662	7,893

VII. CREDIT RISK DISCLOSURES:

General information on credit risk

General qualitative information on credit risk

Credit risk management, measurement and monitoring activities are carried out within the scope of credit risk appetite. Credit risk appetite shows the level of risk that the Bank wants to bear in order to achieve its budget targets, taking into account the risk capacity of the Bank.

The Bank carries out the activities of defining, evaluating, monitoring, controlling and reducing credit risks under the supervision of the Board of Directors.

Credit quality of assets

Current Period	Estimated gross amount in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions / Depreciation and impairment	Net value
	Defaulted	Non-defaulted		
Loans	-	355,359	-	355,359
Debt instruments	-	-	-	-
Off-balance sheet receivables	-	65,666	-	65,666
Total	-	421,045	-	421,045

Prior Period	Estimated gross amount in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions / Depreciation and impairment	Net value
	Defaulted	Non-defaulted		
Loans	-	153,841	-	153,841
Debt instruments	-	-	-	-
Off-balance sheet receivables	-	-	-	-
Total	-	153,841	-	153,841

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Information on Financial Structure and Risk Management (cont’d)

VII. Credit Risk Disclosures (cont’d):

Changes in the stock of defaulted receivables and debt instruments

There is no change in the stock of defaulted receivables and debt instruments of the Bank.

Additional disclosures on the credit quality of assets:

a) Differences between the scope and definitions of “non-performing” and “provisioned” receivables used for accounting purposes, and the definitions of “overdue” and “provisioned”, if any

The Bank has no "overdue" receivables.

b) The portion of the overdue receivables (over 90 days) that are not considered as “provisioned” and the reasons for this application

The Bank has no "overdue" receivables.

c) Definitions of the methods used in determining the provision amount

The general provision amount is determined in line with the rules set forth in the “Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions to be Set aside for These”.

d) Definitions of restructured receivables

The Bank has no restructured receivables.

e) Breakdown of receivables by geography, regions, sector and remaining maturity

	Current Period				Prior Period			
	TC	(%)	FC	(%)	TC	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Manufacturing Industry	-	-	-	-	-	-	-	-
Electricity, Gas, Water	-	-	-	-	-	-	-	-
Build	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel and Restaurant Services	-	-	-	-	-	-	-	-
Transport and Communication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Rent. service	-	-	-	-	-	-	-	-
Self Employed Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	55,428	100%	7,426	100%	40,393	100%	3,687	100%
Total	55,428	100%	7,426	100%	40,393	100%	3,687	100%

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Information on Financial Structure and Risk Management (cont’d)

VII. Credit Risk Disclosures (cont’d):

f) Amounts of receivables for which provision is made on the basis of geographical regions and sectors (according to the definition used by the bank in accounting terms) and related provisions and the amount written off from assets.

There is no amount to be set aside for provision.

g) Aging analysis for NPLs

The Bank has no overdue receivables.

h) Breakdown of restructured receivables according to whether provisions have been made or not.

The Bank has no restructured receivables.

Credit risk reduction

Information to be disclosed to the public on credit risk mitigation techniques

On- and off-balance sheet netting is not used in the Bank.

Credit risk mitigation techniques

Current Period	Unsecured receivables: TAS valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	355,359	-	-	-	-	-	-
Debt instruments	-	-	-	-	-	-	-
Total	355,359	-	-	-	-	-	-
Defaulted	-	-	-	-	-	-	-

Prior Period	Unsecured receivables: TAS valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	153.841	-	-	-	-	-	-
Debt instruments	-	-	-	-	-	-	-
Total	153.841	-	-	-	-	-	-
Defaulted	-	-	-	-	-	-	-

Credit risk if standard approach is used

Explanations on the rating grades used by banks when calculating credit risk with the standard approach

0% risk weight is applied to the receivables from the Central Administration or the CBRT, which are issued in TL.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

VII. EXPLANATIONS ON RISK MANAGEMENT (cont’d)

Exposure to Credit Risk and Credit Risk Mitigation Effects

Current Period	The credit conversion rate and the credit amount before the credit risk reduction		The credit conversion rate and the credit amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amounts	Risk weighted amount density
Risk Classes						
Receivables from central government or central banks	1,293	-	1,293	-	-	-
Receivables from regional or local governments	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
Multilateral development receivables from banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and intermediary institutions	291,211	25,227	291,211	25,227	261,294	-
Corporate receivables	62,855	15,103	62,855	15,103	70,407	-
Retail receivables	-	-	-	-	-	-
Receivables secured with real estate mortgage for residence	-	-	-	-	-	-
Receivables secured by real estate mortgage	-	-	-	-	-	-
Delayed receivables	-	-	-	-	-	-
Receivables determined as with high-risk by the Board	-	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
Investments in the nature of collective investment enterprise	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-
Total	355,359	40,330	355,359	40,330	331,701	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

VII. EXPLANATIONS ON RISK MANAGEMENT (cont’d)

Exposure to Credit Risk and Credit Risk Mitigation Effects (cont’d)

Prior Period	The credit conversion rate and the credit amount before the credit risk reduction		The credit conversion rate and the credit amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amounts	Risk weighted amount density
Risk Classes						
Receivables from central government or central banks	-	-	-	-	-	-
Receivables from regional or local governments	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
Multilateral development receivables from banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and intermediary institutions	109,761	-	109,761	-	21,952	-
Corporate receivables	44,080	30,559	44,080	30,559	59,360	-
Retail receivables	-	-	-	-	-	-
Receivables secured with real estate mortgage for residence	-	-	-	-	-	-
Receivables secured by real estate mortgage	-	-	-	-	-	-
Delayed receivables	-	-	-	-	-	-
Receivables determined as with high-risk by the Board	-	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
Investments in the nature of collective investment enterprise	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-
Total	153,841	30,559	153,841	30,559	81,312	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

VII. EXPLANATIONS ON RISK MANAGEMENT (cont’d)

Receivables related with Risk Classes and Risk Weights

Risk Classes/ Risk Weight Current Period	0%	10%	20%	50%	75%	100%	150%	200%	Others	Total risk amount (post- CCF and CRM)
Exposures to sovereigns and their central banks	1,293	-	-	-	-	-	-	-	-	-
Exposures to regional and local government	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	291,211	-	-	25,227	-	-	-	261,294
Exposures to corporates	-	-	-	15,103	-	62,855	-	-	-	70,407
Retail exposures	-	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-	-
Receivables determined as with high-risk by the Board	-	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-	-	-
Total	1,293	-	291,211	15,103	-	88,082	-	-	-	331,701

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

VII. EXPLANATIONS ON RISK MANAGEMENT (cont’d)

Receivables related with Risk Classes and Risk Weights

Risk Classes/ Risk Weight Prior Period	0%	10%	20%	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	-	-	-	-	-	-	-	-	-	-
Exposures to regional and local government	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	109,761	-	-	-	-	-	-	21,952
Exposures to corporates	-	-	-	30,559	-	44,080	-	-	-	59,360
Retail exposures	-	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-	-
Receivables determined as with high-risk by the Board	-	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total	-	-	109,761	30,559	-	44,080	-	-	-	81,312

Counterparty credit risk disclosures

While determining the counterparty credit risk limits, the Bank takes into account the results of the credit worthiness analysis of loans and other receivables and their effects on the existing capital adequacy, and applies the risk limit allocations at least once a year within the framework of these principles.

The Bank does not have any collaterals for counterparty credit risk as of 30 June 2021.

As of 30 June 2021, the Bank does not have a risk amount related to the reverse trend risk.

As of 30 June 2021, the Bank does not have any protections made with loan derivatives.

Capital Requirement for Credit Valuation Adjustments

None.

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EXPLANATIONS RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

VIII. EXPLANATIONS ON CREDIT RISK

Evaluation of counterparty credit risk according to measurement methods

None.

Counterparty credit risk according to risk classes and risk weights

None.

Collaterals used for counterparty credit risk

None.

Credit derivatives

None.

Risks to Central Counterparty

None.

Explanations on securitization

There are no securitization transactions.

Qualitative information on market risk

The notes and related explanations prepared in accordance with the "Communiqué on Public Disclosures on Risk Management by Banks" published in the Official Gazette numbered 29511 on 23 October 2015 and effective as of 30 June 2017 are presented in this section. The following tables, which should be given in six-month periods in accordance with the relevant communiqué, are not presented as of 30 June 2021, as the standard approach is used in the Bank's market risk calculation:

- RAW flow statements of credit risk exposures under IRB (Internal Rating-Based) approach
- RWA flow statement of CCR exposures under Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

	RWA Current Period	RWA Prior Period
Outright products	-	-
Profit share rate risk (general and specific)	-	-
Equity risk (general and specific)	-	-
Foreign exchange risk	17,107	17,350
Commodity risk	-	-
Options	-	-
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitisation	-	-
Total	17,107	17,350

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EXPLANATIONS RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

VIII. EXPLANATIONS ON OPERATING SEGMENTS

The Bank operates in the field of corporate banking and treasury transactions within its core banking services.

Information on the business segments of the Bank:

Representation of certain financial statement items by business segments:

Current Period 1 January 2021-30 June 2021	Private Banking	Corporate Banking	Investment Banking	Other	Total Activity of the Bank
Operating Income	-	-	10,513	-	10,513
Operating Expenses (-)	-	-	270	-	270
Net Operating Profit/Loss	-	-	10,243	-	10,243
Net Fee Commission Income/Expense			2,181	-	2,181
Commercial Profit	-	-	5,939		5,939
Other Operating Income/Expense			(21,915)	-	(21,915)
Profit from Associates and Subsidiaries			-	-	-
Profit before Tax	-	-	(3,552)	-	(3,552)
Tax Provision	-	-	280	-	280
Net Profit for the Period	-	-	(3,272)	-	(3,272)
Segment Assets	-	-	425,358	-	425,358
Undistributed Assets	-	-	-	-	-
Total Aseets	-	-	425,358	-	425,358
Segment Liabilities	-	-	273,632	-	273,632
Undistributed Liabilities			-	-	-
Equity	-	-	151,726	-	151,726
Total Liabilities	-	-	425,358	-	425,358

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EXPLANATIONS RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (cont’d)

IX. EXPLANATIONS ON OPERATING SEGMENTS (cont’d)

Information on the business segments of the Bank: (cont’d)

Prior Period 1 January 2020-30 June 2020	Private Banking	Corporate Banking	Investment Banking	Other	Total Activity of the Bank
Operating Income	-	-	777	-	777
Operating Expenses (-)	-	-	129	-	129
Net Operating Profit/Loss	-	-	648	-	648
Net Fee Commission Income/Expense			(35)	-	(35)
Commercial Profit	-	-	23,628		23,628
Other Operating Income/Expense			(10,215)	-	(10,215)
Profit from Associates and Subsidiaries			-	-	-
Profit before Tax	-	-	14,026	-	14,026
Tax Provision	-	-	(2,204)	-	(2,204)
Net Profit for the Period	-	-	11,882	-	11,882

Prior Period 1 January 2020-31 December 2020	Private Banking	Corporate Banking	Investment Banking	Other	Total Activity of the Bank
Segment Assets	-	-	219,456	-	219,456
Undistributed Assets	-	-	-	-	-
Total Aseets	-	-	219,456	-	219,456
Segment Liabilities	-	-	64,458	-	64,458
Undistributed Liabilities	-	-	-	-	-
Equity	-	-	154,998	-	154,998
Total Liabilities	-	-	219,456	-	219,456

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

a) Information on cash and balances with the Central Bank of Turkey:

1) Information on Cash and balance with the Central Bank of Turkey:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Cash/Effective	113	6,187	1,335	16,932
Central Bank of Turkey	214	1,079	107	403
Other	-	14,663	-	8,926
Total	327	21,929	1,442	26,261

2) Information on the Central Bank of Turkey:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Unrestricted Demand Deposit	-	-	-	-
Unrestricted Time Deposit	214	66	107	1
Restricted Time Deposit	-	-	-	-
Required Provision Account	-	1,013	-	402
Total	214	1,079	107	403

3) Information on Required Provisions:

Banks established in Turkey or operating in Turkey by means of opening branches are subject to the Republic of Turkey Central Bank's Communiqué Regarding Required Provisions No. 2015/19. Except for the obligations to the Central Bank, the Treasury, domestic banks and the headquarters and branches of the banks in Turkey established by international agreement, based on the accounting standards and recording order that banks and companies are subject to, the items specified in the communiqué constitute the obligations subject to reserve requirements.

According to the CBRT's "Communiqué on Required Reserves" numbered 2013/15, banks operating in Turkey; Rates varying between 1% and 8% for Turkish currency (TL) liabilities, varying between 5% and 22% for foreign currency (FX) liabilities, determined according to their maturities, in USD, EURO and/or standard gold currency. establish a mandatory reserve. Pursuant to the relevant communiqué, the CBRT pays dividends to the portion of required reserves held in TL and the portion held in US Dollars.

a) Information on financial assets at fair value through profit or loss:

1) Information on financial assets at fair value through profit and loss given as collateral or blocked:

None. (31 December 2020: None)

2) Financial assets at fair value through profit and loss subject to repurchase agreements:

None. (31 December 2020: None)

3) Positive differences related to derivative financial assets:

None. (31 December 2020: None)

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (cont’d)

b) Information on banks:

Information on banks and other financial institutions:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	37,478	25,058	81,541	40,924
Foreign	-	228,675	-	1,258
	-	-	-	-
Total	37,478	253,733	81,541	42,182

c) Information on financial assets at fair value through other comprehensive income:

- 1) Information on financial assets whose fair value difference is reflected to other comprehensive income given as collateral/blocked:

None. (31 December 2020: None)

- 2) Information on financial assets at fair value through other comprehensive income:

None. (31 December 2020: None)

- 3) Information on financial assets at fair value difference through other comprehensive income given as collateral/blocked:

None. (31 December 2020: None)

d) Information on loans:

- 1) Information on the balance of all kinds of loans or advances given to the partners and members of the Bank:

None. (31 December 2020: None)

- 2) Information on first and second group loans, other receivables and loans and other receivables that are restructured or rescheduled:

Current Period

Cash Loans	Standard Quality Loans	Loans Under Close Monitoring		
		Those not Included in the Scope of Restructuring	Restructured	
			Change in Contract Conditions	Refinancing
Non-Specialized Loans	-	-	-	-
Business Loans	-	-	-	-
Export Loans	-	-	-	-
Import Loans	52	-	-	-
Financial Loans	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	29,032	-	-	-
Specialized Loans	33,770	-	-	-
Other Receivables	-	-	-	-
Total	62,854	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (cont’d)

d) Information on loans: (cont’d)

- 2) Information on first and second group loans, other receivables and loans and other receivables that are restructured or rescheduled: (cont’d)

Prior Period

Cash Loans	Standard Quality Loans	Loans Under Close Monitoring			
		Those not Included in the Scope of Restructuring	Restructured		
			Change in Contract Conditions	Refinancing	
Non-Specialized Loans	-	-	-	-	-
Business Loans	-	-	-	-	-
Export Loans	-	-	-	-	-
Import Loans	-	-	-	-	-
Financial Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Credit Cards	-	-	-	-	-
Other	3,687	-	-	-	-
Specialized Loans	40,393	-	-	-	-
Other Receivables	-	-	-	-	-
Total	44,080	-	-	-	-

i. Number of Changes Made for Extension of Payment Plan:
 Not available. (31 December 2020: None)

3) Information on consumer loans, personal credit cards and personnel loans and personnel credit cards:

None. (31 December 2020: None).

4) Information on commercial installment loans and corporate credit cards:

None. (31 December 2020: None).

5) Distribution of domestic and foreign loans:

	30 June 2021	31 December 2020
Domestic Loans	55,447	40,393
Foreign Loans	7,407	3,687
Total	62,854	44,080

6) Loans granted to investments in subsidiaries and associates:

None. (31 December 2020: None).

7) Special provisions for loans:

	30 June 2021	31 December 2020
Provided for Loans with Limited Collection	-	-
Provided for Doubtful Loans (*)	-	-
Provided for Loss Loans	-	-
Total	-	-

(*)The Bank has been exempted from IFRS 9 application since it was newly established and due to the requirement for the credit history to be known in order to determine the expected loss provisions.

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (cont'd)

d) Information on loans: (cont'd)

8) Information on non-performing loans:

(i) Information on non-performing loans restructured or rescheduled and other receivables:

None. (31 December 2020: None).

(ii) Information on the movement of total non-performing loans:

None. (31 December 2020: None).

(iii) Information on non-performing loans granted as foreign currency loans:

None. (31 December 2020: None).

(iv) Breakdown of Non-performing Loans According to Their Gross and Net Values:

None. (31 December 2020: None).

9) Main guidelines for liquidation process of uncollectible loans and other receivables:

Loans and other receivables, which were deemed impossible to be collected in accordance with the principles of the " Regulation on the Procedures and Principles Regarding Classification of Loans and Provisions to be Reserved" published in the Official Gazette dated 1 November 2006 and numbered 26333, are classified as loan qualified as loss by fulfilling the requirements of the Tax Procedure Law.

10) Explanations on write-off policy:

As a result of the follow-up transactions, non-performing loans that are uncollectible are written off from assets with the decision of the Board of Directors.

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (cont’d)

e) Information on financial assets measured at amortised cost:

1) Information on financial assets measured at amortised cost:

None. (31 December 2020: None).

2) Information on financial assets measured at amortised cost:

None. (31 December 2020: None).

3) Movements of financial assets measured at amortised cost during the year:

None. (31 December 2020: None).

4) Main characteristics of financial assets measured at amortised cost given as collateral:

None. (31 December 2020: None).

5) Financial assets measured at amortised cost subject to repo transactions:

None. (31 December 2020: None).

f) Information about investment in associates (Net):

None. (31 December 2020: None).

g) Information about investment in subsidiaries (Net):

None. (31 December 2020: None).

h) Information on entities under common control (joint ventures)

None. (31 December 2020: None).

i) Information on finance lease receivables (Net):

	Gross	Net
Less than 1 year	49	39
1-4 Year	45	41
4+	-	-
Total	94	80

(31 December 2020: None).

j) Information on the hedging derivative financial assets:

None. (31 December 2020: None).

k) Information on the investment properties:

None. (31 December 2020: None).

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (cont’d)

l) Explanations on deferred tax assets:

As of 30 June 2021, the Bank has calculated a deferred tax assets amounting to TL 633 and deferred tax liability TL 919. TL 286 has been shown in the deferred tax liability line in the balance sheet.

Current Period	Accumulated temporary differences	Deferred tax asset/(liability)
Valuation differences	105	27
Differences in employee benefits provisions	1,241	285
Differences between the carrying value of fixed assets and tax base	(3.816)	(763)
Differences resulting from the application of TFRS 16	1,387	321
Other	(624)	(156)
Deferred tax liabilities, Net	(1,707)	(286)

Prior Period	Accumulated temporary differences	Deferred tax asset/(liability)
	31 December 2020	31 December 2020
Valuation differences	690	138
Differences between the carrying value of fixed assets and tax base	(3,653)	(731)
Differences resulting from the application of TFRS 16	136	27
Deferred tax liabilities, Net	(2,827)	(566)

The deferred tax asset/liability movement is as follows:

	30 June 2021	30 June 2020
Opening balance	(566)	-
Deferred tax (expense)/income recognized in profit or loss, (net)	280	(1,362)
Deferred tax (expense)/income recognized in equity, (net)	-	-
Closing balance	(286)	(1,362)

m) Explanation on non-current assets held for sale and related to discontinued operations:

None. (31 December 2020: None).

n) Information on other assets:

Other assets item of the balance sheet amounts to TL 27,812 and does not exceed 10% of the balance sheet total. (31 December 2020: TL 1,338).

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

II) EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

a) Information on deposit:

Since the bank is an investment bank, it does not accept deposits.

b) Information on derivative financial liabilities:

None. (31 December 2020: None)..

c) Information on borrowings:

1. Information on banks and other financial institutions:

None. (31 December 2020: None)..

2. Maturities of borrowings:

None. (31 December 2020: None)..

d) Information on other liabilities:

Breakdown of transactions comprising Other Liabilities item of the balance sheet;

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Free Transfer Transfers Payable	8,876	152,269	3,866	25,664
Foreign Trade Transfers Payable	-	75,890	25	5,202
Blocked Coins	251	2,444	-	-
Import Transfer Orders	-	1,331	-	-
Miscellaneous Payables	529	-	1,080	297
Toplam	9,656	231,934	4,971	31,163

e) Information on lease obligations:

	30 June 2021		31 December 2020	
	Gross	Net		
Less than 1 year	1,364	1,024	998	798
1-4 Years	2,451	2,039	1,627	1,433
More than 4 Years	-	-	-	-
Total	3,815	3,063	2,625	2,231

f) Information on hedge derivative financial liabilities:

None. (31 December 2020: None).

g) Explanations on provisions:

1) Currency difference provisions for foreign currency indexed loans are included in the loans item in the financial statements.

As of 30 June 2021, there is no provision for foreign exchange differences.

None (31 December 2020: None).

2) Expected loss provisions of non-cash loans:

None. (31 December 2020: None).

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (cont’d)

g) Explanations on provisions: (cont’d)

3) Liabilities regarding provision for employee benefits:

According to the Turkish Labor Law, the Bank has to pay employment termination benefit for its personnel who completed one year and has been dismissed or retired due to compulsory reasons, completed 25 years of service (20 for women) and earned the right to retirement (age 58 for women, 60 for men), recruited or deceased. After the legislative change on 23 May 2002, some transition period articles regarding the employment termination benefit period before retirement were removed.

Employment termination benefits to be paid is up to one month's salary for each year of service and this amount is limited to TL 7,638,96 (full TL amount) for 30 June 2021. The employment termination benefit is not legally subject to any funding and there is no funding requirement.

Provision for employment termination benefit is reserved by calculating the present value of the possible liability that the Bank will have to pay in case of retirement of employees. TAS 19 requires actuarial valuation methods to be used to calculate liabilities of entities. In this context, actuarial assumptions will be used in the calculation of total liabilities.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The ceiling amount of TL 7,638.96 (full TL amount) effective as of 30 June 2021 has been taken into account in the calculation of the employment termination benefit provision of the Bank. The ceiling amounts of employment termination benefit has been announced by the Ministry of Treasury and Finance as 8,284.51 to be effective as of 1 July 2021.

The provision for employment termination benefit and unused vacation rights for the Bank's employees is presented below.

	30 June 2021
Provision for Unused Vacation	133
Provision for Notice Payments	849
Provision for Employment Termination Benefit	259
Total	1,241

(31 December 2020: None).

4) Information on other provisions:

(i) Information on provisions for possible risks:

None. (31 December 2020: None).

(ii) If other provisions exceed 10% of the total provisions, the items causing the excess and their amounts are explained:

None. (31 December 2020: None).

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (cont’d)

h) Explanations on tax payable:

1) Explanations on current tax payable:

(i) Information on taxes payable:

	30 June 2021	31 December 2020
Corporate Tax	-	-
Taxation on Securities	-	-
Capital Gains Tax on Property	5	5
Banking Insurance Transaction Tax (BITT)	664	60
Foreign Exchange Tax	-	-
Value Added Tax Payable	556	45
Other	438	193
Total	1,663	303

(ii) Information on premiums:

	30 June 2021	31 December 2020
Social Security Premiums-Employee	101	47
Social Security Premiums-Employer	122	59
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	7	3
Unemployment Insurance-Employer	14	7
Other	-	-
Total	244	116

2) Information on deferred tax payable:

Presented in Section V note m).

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (cont’d)

i) Information on equity:

1) Presentation of paid-in capital:

	30 June 2021	31 December 2020
Common Stock	150,000	150,000
Preferred Stock	-	-

2) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at Bank and if so amount of registered share capital ceiling:

Share capital system is applied in the Bank.

3) Information on share capital increases and their sources and other information on increase capital shares:

None. (31 December 2020: None).

4) Information on share capital increases from capital reserves:

None. (31 December 2020: None).

5) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments:

None. (31 December 2020: None).

6) 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:

Since the Bank assumes that there is no uncertainty in the previous period indicators related to its income, profitability and liquidity, it does not anticipate an estimated effect on its equity. No negative developments are expected in the profitability and liquidity of the Bank.

7) Information on preferred shares:

None. (31 December 2020: None).

8) Information on marketable securities value increase fund:

None. (31 December 2020: None).

9) Information on revaluation value increase fund:

None. (31 December 2020: None).

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ITEMS

a) Explanations on off-balance sheet liabilities:

1) Nature and amount of irrevocable loan commitments:

As of 30 June 2021, the Bank has no payment commitments for irrevocable checks. (31 December 2020: None).

2) Type and amount of probable losses and obligations arising from off-balance sheet items:

(i) Non-cash loans including guarantees, acceptances, financial guarantee and other letter of credits:

There are no possible losses arising from off-balance sheet items. Commitments consisting of off-balance sheet liabilities are presented in the “Off-Balance Sheet Liabilities Table”. (31 December 2020: TL 30,559).

(ii) Total amount of non-cash loans:

	30 June 2021	31 December 2020
Non-Cash Loans Opened for Cash Loans	-	-
Principal Term of One Year or Less	-	-
Principal Term of One Year or More	-	-
Other Non-Cash Loans	15,103	30,559
Total	15,103	30,559

b) Explanations on contingent liabilities and assets:

According to the declaration of the bank lawyers, as of 30 June 2021, there are no ongoing lawsuits brought against the Bank. There are no ongoing lawsuits filed by the bank. (31 December 2020: None).

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

a) Information on profit share income:

1) Information on profit share income on loans:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
Short-term Loans	401	160	-	-
Medium and Long-Term Loans	2,558	-	254	-
Non-Performing Loans	-	-	-	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
	-	-	-	-
Total (*)	2,959	160	254	-

**Includes fees and commissions obtained from cash loans. .*

2) Information on profit share received from banks:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic Banks	7,374	5	337	186
Foreign Banks	-	-	-	-
	-	-	-	-
Total	7,374	5	337	186

3) Information on profit share income from marketable securities:

None. (30 June 2020: None)

4) Information on profit share income received from associates and subsidiaries:

None. (30 June 2020: None)

b) Information on profit share expense:

1) Information on profit share expense on funds borrowed:

	30 June 2021		30 June 2020	
	TP	YP	TP	YP
To the banks	-	76	-	-
To Turkish Central Bank	-	-	-	-
To Domestic Banks	-	76	-	-
To Foreign Banks	-	-	-	-
To Overseas Headquarters and Branches	-	-	-	-
To Other Organizations	-	-	-	-
Total	-	76	-	-

2) Information on profit share expense to associates and subsidiaries:

None. (30 June 2020: None)

3) Information on profit share expense to marketable securities issued:

None. (30 June 2020: None)

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT (cont’d)

c) Explanations on trading profit/loss (Net):

	30 June 2021	30 June 2020
Profit	78,194	129,894
Profit on Capital Market Operations	-	-
Profit on Derivative Financial Instruments	-	-
Foreign Exchange Gains	78,194	129,894
Loss (-)	(72,255)	(106,266)
Loss on Capital Market Operations	-	-
Loss on Derivative Financial Instruments	-	-
Foreign Exchange Losses	(72,555)	(106,266)

d) Explanations on other operating income:

The amount of the Bank's other operating income in the current period is TL 331, of which 327 TL consists of income from canceled general loan provisions. (30 June 2020: TL 16)

e) Provisions for impairment on loans and other receivables of banks:

None. (30 June 2020: None)

f) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	6,672	3,542
Provision for Employment Termination Benefit	-	-
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment losses on Fixed Assets	-	-
Depreciation Expense of Fixed Assets	307	154
Impairment Losses on Intangible Assets	-	-
Goodwill Impairment Losses	-	-
Depreciation Expenses of Intangible Assets	3,715	1,046
Impairment for Investments Accounted for under Equity Method	-	-
Impairment Losses on Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	-	-
Operational Lease Expenses	622	365
Maintenance and Repair Expenses	-	-
Advertisement Expenses	-	-
Other Expenses	622	365
Losses on Disposal of Assets	-	-
Other	10,930	5,124
Other Operating Expenses	7,855	2,499
Other Expenses and Losses	651	1,550
Other	2,424	1,075
Total	22,246	10,231

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT (cont’d)

b) Explanations on tax provision:

- 1) Explanations on calculated current tax income or expense and deferred tax income or expense:

As of 30 June 2021, the Bank has no current tax expense and a deferred tax income of TL 280.

- 2) Explanations on deferred tax income or expense arising from the origination or reversal of temporary differences:

The deferred tax income of the Bank arising from the origination of temporary differences is TL 41 deferred tax expense and deferred tax income is TL 321, and there is deferred tax income amounting to net TL 280.

- 3) Explanations on deferred tax income or expense reflected in the income statement on temporary differences, financial losses and tax deductions and exceptions:

As of 30 June 2021, the Bank has a deferred tax income amounting to TL 280 arising from temporary differences.

c) Explanations on profit/loss from continued and discontinued operations before tax:

As of 30 June 2021, the loss before tax from the continued operations is TL 3,552 (30 June 2020: TL 14,026 profit)

d) Explanations on net profit/loss for the periods:

There is no change in the quality of income and expense items arising from ordinary banking transactions.

e) 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 presented:

The amount of fees and commissions given in the income statement of the Bank in the current period is 14,324 TL and 14,318 TL of this amount is classified as "Other". In the item classified as “Other”; 13,345 TL of fees and commissions for credit cards, 796 TL of fees and commissions to foreign correspondents, 177 TL of commissions and fees for EFT and Swift, and physical gold storage and gold buying-selling transaction commissions (30 June 2020: fees and commissions TL 35).

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EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (cont’d)

V. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO

As of 30 June 2021, the Bank does not have any direct or indirect loans from its partners, and there are no dividends and other paid dividends paid for loans obtained from direct or indirect partners during the period.
(31 December 2020: None)

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

AUDITOR’S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

The financial statements as of 30 June 2021 and for the period then ended were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the review report dated 16 August 2021 was presented before the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

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SECTION SEVEN

OTHER EXPLANATIONS AND DISCLOSURES

I. OTHER EXPLANATIONS ON THE BANK’S ACTIVITIES

None.

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SECTION EIGHT

INTERIM ACTIVITY REPORT

II. THE BANK’S INTERIM ACTIVITY REPORT

Assessments of the Chairman of the Board of Directors on Interim Activities and His Expectations for the Future

The Covid-19 virus, which has been affecting the whole world since 2020, has caused many sectors to be negatively affected in social and economic terms. Although the normalization period was started after the increase in the number of cases and the taking of new measures in the first quarter of 2021, the normalization process took a short time with the increasing number of cases and partial closure measures were started to be implemented. We observe that the macroeconomic balances of our country have started to stabilize again, with appropriate steps taken in the field of health and economy in this process both in the world and in our country.

The rapid progress of the domestic vaccine development work and the intensive continuation of the vaccination program in our country are very promising. I believe that we will eliminate the negative effects of the Covid-19 virus in the coming period.

As Golden Global Yatırım Bankası, we continue our efforts to increase our customer diversity and transaction volumes, with our ideal of being a technology-oriented new generation bank.

We will continue to add value to our stakeholders by preserving our financial service quality and healthy and sustainable balance sheet growth in the coming periods of 2021, which we offer with our principles of interest-free finance.

Kind regards,
Mustafa AKIN
Chairman of the Board of Directors

GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE FINANCIAL
STATEMENTS AS OF 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

I. THE BANK’S INTERIM ACTIVITY REPORT (cont’d)

Assessments of the General Manager on Interim Activities and His Expectations for the Future

All over the world, we have been experiencing the negative impact of the Covid-19 virus on economic and social life for about 2 years. We hope that the negative effects of the pandemic, which started to be brought under control with the rapid and intensive vaccination programs implemented in our country, will be successfully eliminated as soon as possible.

Along with the developments related to the pandemic, the global economic outlook is also quite strong with the fiscal and monetary policies that support the economic activity all over the world. We observe that the economic measures taken in our country trigger a revival in different sectors.

In addition to the developments in the field of economy, we have seen how important digitalization and technological infrastructure are in all business areas with the effect of the pandemic. As Golden Global Yatırım Bankası, we adopted our Corporate/Individual Internet Banking application, which is one of the important tools of digital banking, by adapting to the new generation banking approach we have adopted.

We started to serve member merchants by completing our BKM, Troy Card and Mastercard membership process in order to make transactions on a global scale in payment services.

We continued to cooperate with companies operating in this field with the understanding of a fintech-friendly bank.

In line with our International Banking targets, we provide banking services in different currencies, especially Euro, Ruble, Yuan, by establishing our correspondent network with European, Russian, Chinese, Iraqi, Afghanistan, UAE and Bahrain banks. In this context, we have reached high volumes in foreign trade transactions by signing membership and cooperation with ICIEC, a subsidiary of Islamic Development Bank, Asian Development Bank and International Investment Bank, in line with our goal of providing solutions tailored to the needs of our customers in international trade transactions.

Within the framework of our Boutique Banking approach and interest-free finance principles, we carried out commodity trading on the bank balance sheet for the first time in Turkey. In the process of selling the commodity supplied from the supplier to the manufacturer, transaction and document sets were prepared on behalf of our bank at all stages, and we became a party to the commodity trade with the identity of a merchant.

As a result of these activities, our customer base, our transaction diversity and our volume have increased and our asset size has reached TL 425 thousand.

We will continue to contribute to our country's economy by moving forward in line with our values and goals that we have determined since our establishment. I would like to thank all of our Customers, employees and their families who supported them, contributing to the growth of our Bank in the challenging conditions of the pandemic period.

Kind regards,
Özay BALTA
Board Member and General Manager

GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE FINANCIAL
STATEMENTS AS OF 30 JUNE 2021

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I. THE BANK’S INTERIM ACTIVITY REPORT (cont’d)

Information on the Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Managers of the Units within the Scope of Internal Systems

Name Surname	Title	Assigned date	Education	Experience in Banking and Business Administration
Mustafa AKIN	Board of Directors and Audit Committee Member	11.05.2019	Bachelor’s Degree	35
Bedri SAYIN	Audit Committee Member	11.05.2019	Bachelor’s Degree	38
Özay BALTA	Board Member and General Manager	11.05.2019	Bachelor’s Degree	16
Zeynep Aslı PEKER	Deputy General Manager	15.01.2020	Bachelor’s Degree	21
Yeter Ak	Financial Accounting and Tax	01.06.2021	Bachelor’s Degree	24
Tolga ÇİÇEK	Internal Control and Compliance Manager	11.05.2019	Bachelor’s Degree	20
Tuğba ÖZKAN	Internal Audit Manager	11.05.2019	Bachelor’s Degree	8
Murat Sarıbaş	Risk Management Unit Manager	28.06.2021	Bachelor’s Degree	16

Information on the Activities of the Committees Established within the Scope of Risk Management as per the Regulation on the Credit Committee and the Internal Systems of Banks, and the Names and Surnames of the Board of Managers Responsible for Internal Audit and Control and the Principal Functions of the Chairman and Members of These Committees

Committees and their member within our bank are as follows;

Asset-Liability (ALCO) Committee

It gathers monthly and makes report.

- Özay BALTA - General Manager
- Esra KÖSEOĞLU - Advisor to the Board of Directors
- Hakan AYDOĞAN - General Manager Consultant
- Şakir SÖMEK - Advisor to the Board of Directors
- Zeynep Aslı PEKER - Treasury Manager
- Hasan Apaydın - General Manager Consultant
- Murat Sarıbaş - Risk Management Unit Manager

Information Systems Continuity Committee:

It gathers monthly.

- Murat TEKBAŞ - Head of Marketing Group
- Cemal GÜMÜŞ - IT Management and Security Director
- Tolga ÇİÇEK - Internal Control and Compliance Manager
- Özkan BULUT - IT Management and Security Officer

Audit Committee

It gathers every three months with the Internal Audit, Internal Control and Risk Management units, working under them and make reports.

- Mustafa AKIN - Member
- Bedri SAYIN - Member

MASAK Compliance Officer

- Tolga ÇİÇEK - Compliance Manager

GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE FINANCIAL
STATEMENTS AS OF 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

I. THE BANK’S INTERIM ACTIVITY REPORT (cont’d)

Historical Development of the Bank and Changes Made in the Articles of Association, if any, during the Period and Reasons

There are no changes in the articles of association during the period.

Capital and Shareholding Structure of the Bank

As of 30 June 2021, the Bank's nominal capital is TL 150,000, fully paid.

Explanations on the Number of Personnel and Banks, the Type of Service and Fields of Activity of the Bank

Our bank has been operating with only branch in Istanbul in Turkey. The total number of employees is 35.

It serves as the first investment bank to operate on interest-free principles in Turkey.

Research and Development Practices Regarding New Services and Activities

The bank is working to provide credit card, pos, virtual pos services in the future.

Condensed Financial Information on Operational Results for the Accounting Period

	<u>30 June 2021</u>
Assets	
Cash and Central Bank	22,256
Banks and Financial Institutions	291,211
Receivables from Money Market	-
Securitized	
Loans	62,934
Non Performing Loans	-
Provision for Expected Losses (-)	-
Provisions for TFRS 9 (-)	-
Fixed Assets	5,144
Other Assets (*)	43,813
	<u>425,358</u>
Liabilities	
Loans Received	-
Provisions	2,036
Other Liabilities (**)	271,596
Paid-in Capital	150,000
Legal Reserves	480
Prior Years’ Profit/Losses	4,518
Profit/Loss for the Period	(3,272)
	<u>425,358</u>
Off-Balance Sheet Items	
Letter of Guarantee	15,103
Letter of Credit	-
Other Off-Balance Sheet Items	-
	<u>15,103</u>

(*) Other Assets include Other Assets and Current Tax Asset.

(**) Other Liabilities include Other Liabilities and Current Tax Payable.

GOLDEN GLOBAL YATIRIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE FINANCIAL
STATEMENTS AS OF 30 JUNE 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

I. THE BANK’S INTERIM ACTIVITY REPORT (cont’d)

Condensed Financial Information on Operational Results for the Accounting Period (cont’d)

	<u>01 January 2021-30 June 2021</u>
Income Statement	
Profit Share Income	10,513
Profit Share Expense	(270)
Net Profit Share Income	10,243
Other Income	331
Other Expenses	(20,065)
Foreign Exchange Gains/Loss	5,939
Forward Transactions Profit/Loss	-
Tax Provision (-)	280
Profit/Loss After Tax	(3,272)

	<u>30 June 2021</u>
Condensed Information on Capital Adequacy Standard Ratio	
Required Capital Liability for Credit Risk (CLCR)	331,701
Required Capital Liability for Market Risk (CLMR)	17,107
Required Capital Liability for Operational Risk (CLOR)	64,641
Equity	136,969
Equity/((CLCR+CLMR+CLOR)*12.5*100)	414
Main Capital /((CLCR+CLMR+CLOR) *12.5*100)	412
Core Capital /((CLCR + CLMR + CLOR) *12.5*100)	412

Assessment of Financial Condition, Profitability and Debt Payment

As of the end of June 2021, all ratios of our Bank were within the limits and its profitability was realized above the expected.

Our bank closed June 2021 with a gross loss of **TL 3,552** and a net loss of **TL 3,272**.

Our bank has a capital adequacy ratio of 31.22% and a liquidity coverage ratio (monthly average; FC: 1356% - TL + FC: 1353%) above the minimum rate specified in the legislation.