GSD Holding
Anonim Şirketi

Consolidated Financial Statements
As at and For the Year Ended
31 December 2020
Together With Independent Auditors' Report on
Consolidated Financial Statements

11 March 2021

This report contains "Independent Auditors' Report" comprising 6 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 86 pages and 4 pages of supplementary information.

GSD Holding Anonim Şirketi

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of GSD Holding Anonim Şirketi

A) Independent Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of GSD Holding Anonim Şirketi and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, consolidated income statement, consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"s). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of loans and advances to customers

See Note 2 and Note 48 for the details of the accounting policies used for impairment of loans and advances to customers and for the significant accounting estimates and assumptions used.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2020, loans and advances to customers comprise of 13% of the Group’s total assets. The Group's banking subsidiary, GSD Yatırım Bankası A.Ş. (“Bank”), recognizes its loans and advances to customers in accordance with IFRS 9 Financial Instruments Standard. In accordance with IFRS 9, the “expected credit loss model” is applied in determining the impairment of financial assets, and this model, which is reviewed annually by the Bank's management, includes significant assumptions and estimates. The significant assumptions and estimates of the Bank's management are as follows: - significant increase in credit risk; - design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations are reflected by macroeconomic models. Impairment on loans and advances to customers was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgments and its complex structure as explained above.	Our procedures for testing the impairment of loans included below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the Bank’s business model whose objective is to hold financial assets in order to collect contractual cash flows and we tested the appropriateness of the loan agreements with the model by selecting samples. • We evaluated the Bank’s business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated • We evaluated the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • Additionally, we also evaluated the adequacy of the financial statement disclosures related to impairment provisions.

Determining the fair value of financial assets at fair value through other comprehensive income

For details of accounting policies and significant accounting estimates and assumptions used in determining the fair value of financial assets at fair value through other comprehensive income, see Note 2 and Note 47 (b).

The key audit matter	How our audit addressed the key audit matter
As of 31 December 2020, financial assets at fair value through other comprehensive income constitute 20% of the Group's total assets. Determining the fair value of financial assets requires the Group's management to use valuation techniques that include significant future projections and assumptions such as growth rate and discount rate. Determining the fair value of financial assets at fair value through other comprehensive income has been identified as one of the key audit matters because of the significance of these financial assets within the consolidated financial statements, the valuation study including significant future management estimates and assumptions and data that cannot be easily observed in the market and uncertainties regarding the realization of the estimates and assumptions used.	Audit procedures we have applied to determine the fair value of financial assets at fair value through other comprehensive income include the following: • The compatibility of the valuation studies with the financial statements and the mathematical accuracy of the calculations used were checked. • The valuation methods and the technical data used were evaluated with the participation of our experts, through interviews with the expert who carried out the relevant study and the Group management. • The setup and mathematical accuracy of the discounted cash flow calculation model has been checked, and the suitability of the important forecasts and assumptions used for the future has been evaluated by our specialists. • Data obtained from external sources, such as "current transaction/equivalent price" data used in valuation methods, have been checked with relevant independent data sources. • Management analyzes regarding the sensitivity of the assumptions used to market conditions have been checked. • The appropriateness of the disclosures in the footnotes to the consolidated financial statements regarding financial investments with IFRS has been evaluated.

Impairment of tangible assets

See Note 2 and Note 14 for the details of the accounting policies used for impairment of and for the significant accounting estimates and assumptions used for tangible assets.

The key audit matter	How our audit addressed the key audit matter
As at 31 December 2020, ships which are presented in the tangible assets, comprise 32% of the Group's total assets. The Group measures its ships at cost less accumulated depreciation and accumulated impairment losses, if any, and evaluates each period whether there is an indication of impairment in the ships. The Company estimates the recoverable amount of assets considered to be impaired within the scope of "IAS 36 Impairment of Assets" Standard. In order to determine whether the ships have suffered any impairment, impairment tests are performed by assessing each ship as a separate cash-generating unit, the recoverable amount, which is the higher of the fair value less cost to sell and the value in use determined by the discounted cash flow method, is compared with the carrying value,. Management used significant estimates and assumptions in the impairment tests of ships. Impairment of tangible assets has been identified as key audit matter due to the importance of ships when the consolidated financial statements are considered as a whole and the valuation methods applied include significant management estimates and assumptions.	Our procedures for auditing significant estimates and assumptions used in testing the impairment of ships included below: • We evaluated the appropriateness of valuation models and discount rate used in valuation model with the involvement of specialists. • We evaluated income and expense expectations used in valuation models. • We tested the consistency, appropriateness and mathematical accuracy of estimates and assumptions used in the discounted cash flow calculations used by management to determine recoverable amount. • We evaluated the assumptions used in determining the useful lives of the ships and the market knowledge for the determination of residual value at the end of the useful life. • We evaluated the sufficiency and appropriateness of disclosures in the notes to the consolidated financial statements regarding the depreciation and impairment calculation of tangible fixed assets.

Other Matter

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Appendix I is presented for the purposes of additional analysis and is not required part of the basic consolidated financial statements. The US Dollar amounts presented in Appendix I are solely for the convenience of the reader as additional analysis and have not been subjected to the audit procedures applied in the audit of the basic consolidated financial statements. Accordingly, we do not express an opinion on this supplementary information.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova, SMMM
Partner
11 March 2021
Istanbul, Turkey

Consolidated Statement of Financial Position
As at 31 December 2020

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	31 December 2020	31 December 2019
Assets			
Cash and balances with the Central Bank	*5*	619	715
Deposits with other banks and financial institutions	*5*	107,510	135,578
Receivables from money market	*5*	1,005	-
Reserve deposits at the Central Bank	*5*	8	55
Financial assets at fair value through profit/loss	*6*	93,110	804,424
Financial assets at fair value through other comprehensive income	*6*	475,216	-
Unquoted equity instruments	*7*	377	377
Loans and advances to customers, net	*8*	301,046	249,325
Factoring receivables, net	*10*	314,525	236,157
Finance lease receivables, net	*9*	14	11
Trade receivables, net	*15*	300,318	11,382
Other receivables, net	*16*	9,571	6,939
Inventories	*17*	3,251	3,034
Prepaid expenses	*18*	2,743	1,987
Assets held for sale from continuing operations	*11*	312	312
Tangible assets	*13*	754,188	646,957
Right of use assets	*13.1*	5,208	8,528
Intangible assets	*14*	355	500
Prepaid income tax	*27*	-	403
Deferred tax assets	*27*	2,699	2,382
Other assets	*19*	2,543	2,171
Total assets		**2,374,618**	**2,111,237**
Liabilities			
Funds borrowed	*21*	420,687	474,396
Lease liabilities	*9*	6,167	9,323
Other money market deposits	*20*	53,385	-
Borrowers' funds	*20*	60,940	34,319
Factoring payables	*10*	352	1,190
Liabilities arising from finance leases	*9*	52	41
Trade payables	*23*	2,127	1,230
Other payables	*16*	10,741	9,075
Current tax liability	*27*	13,684	6,368
Deferred income	*24*	4,144	1,847
Provisions	*25*	11,832	11,384
Deferred tax liabilities	*27*	9,690	27,091
Other liabilities	*26*	24	24
Total liabilities		**593,825**	**576,288**
Equity	***30***		
Share capital		535,986	535,986
Treasury shares		(39,706)	(91,018)
Share premium		103,422	4,945
Changes in non-controlling interests without loss of control		(3,774)	-
Remeasurements of the net defined benefit liability (asset)		(337)	(663)
Translation reserve		276,378	208,806
Retained earnings		797,654	683,080
Net profit for the period		48,507	163,789
Equity attributable to equity holders of the parent		**1,718,130**	**1,504,925**
Non-controlling interests		**62,663**	**30,024**
Total equity		**1,780,793**	**1,534,949**
Total liabilities and equity		**2,374,618**	**2,111,237**

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi

Consolidated Income Statement
For the Year Ended 31 December 2020

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

CONTINUING OPERATIONS	***Notes***	**01.01.2020 31.12.2020**	**01.01.2019 31.12.2019**
Holding activities income	*34*	-	-
Holding activities expense (-)	*34*	-	-
Gross profit/(loss) from holding activities		**-**	**-**
Marine sector income	*34*	124,687	116,549
Marine sector expense (-)	*34*	(125,395)	(97,640)
Gross profit/(loss) from marine sector operations		**(708)**	**18,909**
Gross profit/(loss) from commercial sector operations		**(708)**	**18,909**
Interest income	*34*	80,099	119,919
Service income	*34*	39,234	31,004
Revenue from financial sector operations		**119,333**	**150,923**
Interest expense (-)	*34*	(19,003)	(30,036)
Service expense (-)	*34*	(1,135)	(1,286)
Cost of financial sector operations (-)		**(20,138)**	**(31,322)**
Provision income/(expense) arising from financial sector operations, net	***34***	**(1,403)**	**(2,125)**
Foreign exchange gain/(loss), net		**2,684**	**147**
Trading income, net	***34***	**-**	**270**
Other financial sector operations income/(expense), net	***34***	**253**	**793**
Gross profit/(loss) from financial sector operations		**100,729**	**118,686**
GROSS PROFIT/(LOSS)		**100,021**	**137,595**
Administrative expenses (-)	*35*	(54,883)	(44,762)
Other income from operating activities	*36*	25,822	27,358
Other expense from operating activities (-)	*36*	(3,867)	(7,450)
OPERATING PROFIT/(LOSS)		**67,093**	**112,741**
Income from investment activities	*37*	88,291	110,144
Expense from investment activities (-)	*37*	-	(22)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES		**155,384**	**222,863**
Financing income		-	-
Financing expenses (-)	*38*	(23,067)	(27,918)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**132,317**	**194,945**
Tax income/(expense) from continuing operations		**(88,224)**	**(30,691)**
Current tax income/(expense)	*27*	(105,853)	(25,527)
Deferred tax income/(expense)	*27*	17,629	(5,164)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**44,093**	**164,254**
Discontinued operations	***11***		
Profit/(loss) before tax from discontinued operations	***11***	**-**	**-**
Tax income/(expense) from discontinued operations	***11***	**-**	**-**
Current tax income/(expense)	*11*	-	-
Deferred tax income/(expense)	*11*	-	-
Gain or loss relating to the discontinuance, net	***11***	**-**	**-**
Gain or loss relating to the discontinuance	*11*	-	-
Cost to sell the discontinued operations	*11*	-	-
Tax expense relating to the discontinuance	*11*	-	-
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	***11***	**-**	**-**
NET PROFIT/(LOSS)		**44,093**	**164,254**
Net profit/(loss) (continuing and discontinued operations) attributable to:			
Non-controlling interest	*30*	(4,414)	465
Equity holders of the company	*39*	48,507	163,789
Net profit/(loss) (continuing operations) attributable to:			
Non-controlling interest	*30*	(4,414)	465
Equity holders of the company	*39*	48,507	163,789
Net profit/(loss) (discontinued operations) attributable to:			
Non-controlling interest		-	-
Equity holders of the company	*39*	-	-
Earnings per share (in full TL per share with a nominal value of full TL 1)			
Earnings per share from continuing operations	*39*	0.130	0.455
Earnings per share from discontinued operations	*39*	0.000	0.000

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	01.01.2020 31.12.2020	01.01.2019 31.12.2019
NET PERIOD PROFIT / (LOSS)		**44,093**	**164,254**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income which will be not reclassified in profit or loss	***30***	**(353)**	**(694)**
Remeasurements of the net defined benefit liability (asset)		(353)	(694)
Other comprehensive income which will be reclassified in profit or loss		**94,659**	**44,236**
Change in currency translation differences		94,659	44,236
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**94,306**	**43,542**
TOTAL COMPREHENSIVE INCOME		**138,399**	**207,796**
Total comprehensive income attributable to:			
Non-controlling interest		7,471	3,042
Equity holders of the company		130,928	204,754

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

							Other accumulated comprehensive income and expense which will be not reclassified in profit or loss		Other accumulated comprehensive income and expense which will be reclassified in profit or loss					
	Notes	**Share capital**	**Inflation adjustment to share capital**	**Treasury shares**	**Share premium**	**Changes in non-controlling interest reserve**	**Revaluation and remeasurement gain/loss**	**Translation reserve**	**Remeasurement and reclassification gain/loss**	**Other gain/loss**	**Retained earnings**	**Equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
At 1 January 2019	*30*	**450,000**	**85,986**	**(91,018)**	**4,945**	**(382)**	**(60)**	**167,178**	**-**	**-**	**683,522**	**1,300,171**	**26,982**	**1,327,153**
Adjustments related with changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	**382**	**60**	-	-	-	**(442)**	-	-	-
Transfer to retained earnings		-	-	-	-	382	60	-	-	-	(442)	-	-	-
Total comprehensive income		-	-	-	-	-	**(663)**	**41,628**	-	-	**163,789**	**204,754**	**3,042**	**207,796**
Net profit		-	-	-	-	-	-	-	-	-	163,789	163,789	465	164,254
Other comprehensive income		-	-	-	-	-	(663)	41,628	-	-	-	40,965	2,577	43,542
Transactions with owners in their capacity as owners recognized in equity		-	-	-	-	-	-	-	-	-	-	-	-	-
Share Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital increase by bonus issue		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from treasury share transactions		-	-	-	-	-	-	-	-	-	-	-	-	-
						-								
Increase/decrease arising from changes without resulting loss of control in shareholding ratios of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-
Change in shareholding percentage arising from merger of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-
						-								
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2019	*30*	**450,000**	**85,986**	**(91,018)**	**4,945**	**-**	**(663)**	**208,806**	**-**	**-**	**846,869**	**1,504,925**	**30,024**	**1,534,949**
At 1 January 2020	*30*	**450,000**	**85,986**	**(91,018)**	**4,945**	**-**	**(663)**	**208,806**	**-**	**-**	**846,869**	**1,504,925**	**30,024**	**1,534,949**
Adjustments related with changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	-	**663**	-	-	-	**(663)**	-	-	-
Transfer to retained earnings		-	-	-	-	-	663	-	-	-	(663)	-	-	-
Total comprehensive income		-	-	-	-	-	**(337)**	**82,758**	-	-	**48,507**	**130,928**	**7,471**	**138,399**
Net profit		-	-	-	-	-	-	-	-	-	48,507	48,507	(4,414)	44,093
Other comprehensive income		-	-	-	-	-	(337)	82,758	-	-	-	82,421	11,885	94,306
Transactions with owners in their capacity as owners recognized in equity		-	-	**51,312**	**98,477**	**(3,774)**	-	**(15,186)**	-	-	**(48,800)**	**82,029**	**25,168**	**107,197**
Share Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital increase by bonus issue		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	**(28,800)**	**(28,800)**	-	**(28,800)**
Cash dividend distributed		-	-	-	-	-	-	-	-	-	(28,800)	(28,800)	-	(28,800)
Increase/decrease arising from treasury share transactions		-	-	**51,312**	**71,663**	-	-	-	-	-	**(20,000)**	**102,975**	**2,985**	**105,960**
Increase arising from share-based transactions		-	-	-	**1,706**	-	-	-	-	-	-	**1,706**	-	**1,706**
Increase/decrease arising from changes without resulting loss of control in shareholding ratios of subsidiaries		-	-	-	**25,108**	**(3,774)**	-	**(15,186)**	-	-	-	**6,148**	**22,183**	**28,331**
Change in shareholding percentage arising from purchase of shares in subsidiaries		-	-	-	25,108	-	-	-	-	-	-	25,108	-	25,108
Change in shareholding percentage arising from merger of subsidiaries		-	-	-	-	(3,774)	-	(15,186)	-	-	-	(18,960)	22,183	3,223
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from other adjustments		-	-	-	-	-	-	-	-	-	**248**	**248**	-	**248**
At 31 December 2020	**30**	**450,000**	**85,986**	**(39,706)**	**103,422**	**(3,774)**	**(337)**	**276,378**	**-**	**-**	**846,161**	**1,718,130**	**62,663**	**1,780,793**

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020

(Currency - *Thousands of Turkish Lira ("TL") unless otherwise stated*)

	Notes	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Cash flows from operating activities of continuing operations			
Marine sector income	33	124,687	116,549
Marine sector expenses	33	(79,531)	(62,670)
Interest received from financial sector activities	33	78,546	115,569
Interest paid for financial sector activities	33	(19,907)	(27,743)
Service income from financial sector activities	33	39,234	31,004
Cost of service for financial sector activities	33	(1,135)	(1,286)
Cash receipts from derivative contracts held for dealing or trading purposes	33	26	2
Cash payments to employees and other parties	34	(46,728)	(36,701)
Cash received from other operating activities	35	-	1,472
Cash paid for other operating activities	35	(8,390)	1,961
Interest received from operating activities apart from financial sector activities	35	8,685	1,425
Income taxes paid	27	(92,851)	(18,250)
Net cash provided by operating activities before changes in operating assets and liabilities from continuing operations		**2,636**	**121,332**
Net cash provided by operating activities before changes in operating assets and liabilities from discontinued operations		**-**	**-**
Changes in operating assets and liabilities of continuing operations			
Change in reserve deposits at Central Bank	5	47	2,493
Change in loans and advances to customers	8	(52,620)	(38,522)
Change in factoring receivables	10	(76,755)	(129,517)
Change in finance lease receivables	9	(915)	(276)
Change in other assets	19	(188,948)	(48,367)
Change in payables due to money market transactions	6	53,385	(18,513)
Change in borrowers' funds	20	26,460	(42,630)
Change in factoring payables	10	(838)	(240)
Change in liabilities arising from finance leases	9	11	(16)
Change in other liabilities	26	2,805	5,970
Net cash (used in) / provided by operating activities from continuing operations		**(234,732)**	**(148,286)**
Net cash (used in) / provided by operating activities from discontinued operations		**-**	**-**
Cash flows from investing activities of continuing operations			
Proceeds from sale and redemption of financial assets at fair value through profit or loss/available for sale securities	6	29,704	56,614
Purchases of financial assets at fair value through profit or loss	6	(27,496)	(22,701)
Proceeds from sale of property held for sale	11	-	2,860
Purchases of property held for sale	11	-	(2,948)
Proceeds from sale of property and equipment	13	5,024	96
Purchases of property and equipment	13	(7,292)	(20,913)
Purchases of intangible assets	14	(15)	(251)
Other cash receipts from/cash payments for investing activities	36	151,345	3,391
Net cash (used in) / provided by investing activities from continuing operations		**151,270**	**16,148**
Net cash (used in) / provided by investing activities from discontiued operations	**20**	**-**	**-**
Cash flows from financing activities of continuing operations			
Cash received from disposal of treasury shares	30	105,960	-
Cash received from change in non-controlling interest reserve	30	39,365	-
Cash received from funds borrowed	21	421,665	276,245
Repayments of funds borrowed	21	(474,072)	(233,842)
Payments of lease liabilities		(7,460)	(6,911)
Dividends paid to equity holders	30	(28,800)	-
Interest paid for financing activities apart from financial sector activities	37	(16,979)	(23,929)
Other cash receipts from/cash payments for financing activities	37	(395)	(205)
Net cash (used in) / provided by financing activities from continuing operations		**39,284**	**11,358**
Net cash (used in) / provided by financing activities from discontinued operations		**-**	**-**
Continuing Operations			
Effect of net foreign exchange difference on cash and cash equivalents		**18,563**	**10,257**
Net (decrease) / increase in cash and cash equivalents		**(25,615)**	**(110,523)**
Cash and cash equivalents at 1 January		**134,700**	**245,223**
Cash and cash equivalents at 31 December	**5**	**109,085**	**134,700**
Discontinued Operations			
Effect of net foreign exchange difference on cash and cash equivalents		**-**	**-**
Effect of consolidation eliminations between continuing and discontinued operations on cash flows		**-**	**-**
Net (decrease) / increase in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at 1 January		**-**	**-**
Cash and cash equivalents at 31 December	**5**	**-**	**-**

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

1. REPORTING ENTITY

General

GSD Holding Anonim Şirketi (the "Company") was established in Istanbul in 1986. The Company is a holding entity; investing in companies in different sectors, realizing the establishment and participating in the management of these companies.

The registered office address of the Company is Aydınevler Mahallesi, Kaptan Rıfat Sokak, No: 3, 34854, Maltepe, Istanbul, Turkey.

The consolidated financial statements of the Company were approved by the Board of Directors on 11 March 2021. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

As at 31 December 2020, average number of employees is 105 (31 December 2019: 104).

As at 31 December 2020 and 31 December 2019, the composition of shareholders and their respective percentages of ownership can be summarized as follows:

			31 December 2020			
(Full TL)	**Class (A)**	**Class (B)**	**Class (C)**	**Class (D)**	**Total**	**Share (%)**
Publicly owned	-	-	-	269,375,129	269,375,129	59.861
M. Turgut Yılmaz	707	441	707	114,748,150	114,750,005	25.500
GSD Holding A.Ş.	-	-	-	45,000,000	45,000,000	10.000
MTY Delta Denizcilik İç ve Dış Ticaret A.Ş.	-	-	-	20,250,000	20,250,000	4.500
Adeo Turizm Otelcilik Ticaret Limited Şirketi	-	-	-	624,600	624,600	0.139
Other privileged shareholders	-	266	-	-	266	0.000
Share capital	**707**	**707**	**707**	**449,997,879**	**450,000,000**	**100.000**
Inflation adjustment on share capital					85,985,890	
Inflation adjusted share capital					**535,985,890**	

			31 December 2019			
(Full TL)	**Class (A)**	**Class (B)**	**Class (C)**	**Class (D)**	**Total**	**Share (%)**
Publicly owned	-	-	-	224,375,129	224,375,129	49.861
M. Turgut Yılmaz	707	441	707	114,748,150	114,750,005	25.500
GSD Holding A.Ş.	-	-	-	90,000,000	90,000,000	20.000
MTY Delta Denizcilik İç ve Dış Ticaret A.Ş.	-	-	-	20,250,000	20,250,000	4.500
Adeo Turizm Otelcilik Ticaret Limited Şirketi	-	-	-	624,600	624,600	0.139
Other privileged shareholders	-	266	-	-	266	0.000
Share capital	**707**	**707**	**707**	**449,997,879**	**450,000,000**	**100.000**
Inflation adjustment on share capital					85,985,890	
Inflation adjusted share capital					**535,985,890**	

As of 31 December 2020 in Company's, as explained in the capital structure presented above, 59.86% of the in its shares are open to the public (31 December 2019: 49.86%). Additionally, 32% shares of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş., the subsidiary subject to consolidation, as of 31 December 2020, are open to the public (31 December 2019: 15.50%).

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

1. REPORTING ENTITY (continued)

General (continued)

Nature of Activities of the Company and the Consolidated Group Companies

For the purposes of the consolidated financial statements. the Company and its consolidated subsidiaries are referred to as "the Group". The subsidiaries included in consolidation and the effective ownership percentages of the Group as at 31 December 2020 and 31 December 2019 are as follows:

Subsidiaries	**Country of Incorporation**	**BIST Code**	**Principal Activities**	**Effective Shareholding(%) 31 December 2020**	**Effective Shareholding(%) 31 December 2019**
GSD Yatırım Bankası A.Ş. (*)	Turkey	-	Investment Banking	100.00	100.00
GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. ("GSD Marin") (*) (**) (***)	Turkey	GSDDE	Maritime	68.00	83.41
GSD Faktoring A.Ş. (*) (***)	Turkey	-	Factoring	89.36	89.66
Dodo Maritime Ltd. (**)	Malta	-	Maritime	100.00	100.00
Cano Maritime Ltd. (**)(***)	Malta	-	Maritime	68.00	83.41
Hako Maritime Ltd. (**)(***)	Malta	-	Maritime	68.00	83.41
Zeyno Maritime Ltd. (**)	Malta	-	Maritime	100.00	100.00
Neco Maritime Ltd. (**)	Malta	-	Maritime	100.00	100.00
GSD Shipping B.V. (*) (**)	Netherlands	-	Maritime	100.00	100.00
Mila Maritime Ltd. (**)	Malta	-	Maritime	100.00	100.00

(*) The financial statements of GSD Shipping B.V., GSD Marin, GSD Faktoring A.Ş. and GSD Yatırım Bankası A.Ş. have been consolidated to GSD Holding A.Ş.

(**) The financial statements of Cano Maritime Ltd. and Hako Maritime Ltd. have been consolidated to GSD Marin, the financial statements of Zeyno Maritime Ltd., Dodo Maritime Ltd., Neco Maritime Ltd. and Mila Maritime Ltd. have been consolidated to GSD Shipping B.V

(***) After the sale of bought back shares in BIST by GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. "GSD Marin" with a nominal value of 3.411.059 full TL and a cost amount of 3,222,947.11 full TL and GSD Holding A.Ş.'s the portion of shares in GSD Marin with a nominal value of 5,196,268 full TL in the price range of 4.98-5.52 on the BIST, the share of GSD Holding A.Ş.'s shares in GSD Marin decreased from 77.958% to 68.00%. As a result of the mentioned transactions, the direct share rate of GSD Holding A.Ş. in GSD Faktoring A.Ş. has decreased by 0.306% because of the share of GSD Denizcilik Gayrimenkul İnş.San.ve Tic. A.Ş. has a 1.98% share in the capital of GSD Faktoring A.Ş. and its direct and indirect total share decreased from 89.662% to 89.356%. The total direct and indirect share of GSD Holding A.Ş. in the capital of GSD Faktoring A.Ş. is 89.356%.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

1. REPORTING ENTITY (continued)

Nature of Activities of the Company and the Consolidated Group Companies (continued)

Unconsolidated Subsidiaries

The subsidiaries which are not included in consolidation and the ownership percentages of the Group in those subsidiaries as at 31 December 2020 and 31 December 2019 are as follows:

Subsidiaries	Country of Incorporation	Principal Activities	Effective Shareholding and Voting Rights (%)	
			31 December 2020	31 December 2019
GSD Eğitim Vakfı	Turkey	Education Foundation	100.00	100.00

The subsidiary is not consolidated and are carried at cost and are classified in the " unquoted equity instruments" caption in the consolidated financial statements, since the volume of transactions of these companies are limited and the total assets and revenues of these subsidiaries are immaterial.

2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Company and its subsidiaries which were incorporated in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the provisions of Turkish Banking Law, Finance Leasing, Factoring and Financing Companies Law, Turkish Commercial Code, the regulations of the Public Oversight, Accounting and Auditing Standards Authority of Turkey and the Capital Markets Board of Turkey ("CMB") and Tax Legislation. The foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their functional currencies and in accordance with the regulations of the countries in which they operate.

2.2 Basis of Measurement

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs as issued by the IASB. They are prepared on the historical cost basis adjusted for the effects of inflation during the hyperinflationary period lasted by 1 January 2005, except that the following assets and liabilities are stated at their fair value: derivative financial instruments, trading securities, available-for-sale financial assets and buildings. The methods used to measure fair value are further discussed in Note 40.

2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Functional and Presentation Currency

Functional currency of the Company and its subsidiaries incorporated in Turkey:

The Group's functional and presentation currency is TL and the consolidated financial statements including comparative figures for the prior periods are presented in thousands of TL.

Functional currencies of foreign subsidiaries

	Local Currency	Functional Currency
GSD Shipping B.V.	EUR	US Dollar
Mila Maritime Ltd.	EUR	US Dollar
Dodo Maritime Ltd.	EUR	US Dollar
Cano Maritime Ltd.	EUR	US Dollar
Hako Maritime Ltd.	EUR	US Dollar
Zeyno Maritime Ltd.	EUR	US Dollar
Neco Maritime Ltd.	EUR	US Dollar

2.4 Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 8 – Loans and advances to customers
Note 13 & 14 – Measurement of tangible and intangible assets
Note 21 – Funds borrowed
Note 25 – Provisions
Note 26 – Other liabilities
Note 27 – Taxation
Note 32 – Commitments and contingencies
Note 40 – Financial risk management

2.5 Comparative Information and Restatement of Prior Period Financial Statements

The Company's consolidated financial statements as at 31 December 2020 are prepared comparatively with the prior period financial statements, in order to maintain consistency for the year ended as at 31 December 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

The consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the consolidated financial statements is changed, in order to maintain consistency, the consolidated financial statements of the prior periods are also reclassified in line with the related changes with respective disclosures for the major differences.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed as necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Transactions eliminated on consolidation

Intragroup balances and transactions and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The equity and net income attributable to non-controlling interest are shown separately in the consolidated statement of financial position and consolidated income statement, respectively.

3.1 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The following summarizes the impact of transition to IFRS 9, funding, retained earnings / (losses) and opening interest on non-controlling interests, net of tax.

Classification of financial assets and liabilities

IFRS 9 changes largely effects the classification and measurement of financial assets and measurement of financial liabilities which classified as fair value differences, measured by reflecting to profit or loss. Those financial liabilities' changes in fair value related to credit risk should be presented in other comprehensive income statement.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

Classification of financial assets and liabilities (continued)

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI ("financial asset measured at fair value through other comprehensive income") – debt investment; FVOCI – equity investment; or FVTPL ("financial asset measured at fair value through profit/loss"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

1 It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2 Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

1 It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
2 Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Grup may irrevocably elect to present subsequent changes in the investment's fair value in OCI ("other comprehensive income"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized for the FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Grup may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

Classification of financial assets and liabilities (continued)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets relates solely to the new impairment and reclassification requirements, as described further below.

Loans

Loans are financial assets created by providing money, goods or services to the borrower. The said loans and receivables are first recorded over the acquisition cost reflecting their fair value and are afterwards measured at their amortized amounts using the effective rate of interest (internal rate of return) method. Paid fees and other similar expenses related to the assets received as collateral of these are not accepted as part of the transaction cost and are reflected in the expense accounts. All of the Bank's loans are recorded under the account "Measured at Amortised Cost".

Evaluation of the Business Model Used by the Bank

The Bank classifies its financial assets based on the business model for managing the financial assets. According to IFRS 9 the business model is determined to show how financial asset groups are managed together in order to manage a specific management purpose. When evaluating the business model used for the management of financial assets, all relevant evidence that can be obtained at the date of the assessment is taken notice.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

Impairment of Financial Assets (continued)

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2: In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The purpose of the provision for impairment is to include the expected credit losses to financial statements that have material increases in the credit risk since the first time credit risks applied to the financial statements.

Stage 3: Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

3.2 Accounting in Hyperinflationary Economies

Turkey was a hyperinflationary economy until 31 December 2005. 2005 was a monitoring year for the inflation in Turkey. Due to the decreasing trend in inflation rate and the sustained positive trends in qualitative factors such as the economic growth for the last three years, financial and economic stabilization, and the decreasing interest rates, Turkey is considered non-hyperinflationary economy under International Accounting Standard ("IAS") No 29 starting from 1 January 2006. Therefore, the application of IAS 29 was ceased in 2006.

3.3 Foreign Currency Translation

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation of foreign currency transactions are recognised in the income statement. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign Currency Translation (continued)

(i) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of the available-for-sale equity instruments, which are recognised directly in equity.

Foreign currency translation rates used by the Group as of respective period-ends are as follows:

Date	TL/EURO (full)	TL/US DOLLAR (full)
31 December 2020	9.0079	7.3405
31 December 2019	6.6506	5.9402
31 December 2018	6.0280	5.2609
31 December 2017	4.5155	3.7719

(ii) Foreign operations

The asset and liability items in the statements of financial position of Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Zeyno Maritime Limited, Mila Maritime Limited and GSD Shipping B.V., the foreign consolidated subsidiaries of the Group, are translated at the relevant end of period exchange rates and the comprehensive income statement items translated at the average exchange rates to be included in the consolidated financial statements of the Group. The differences arising from the translation of the opening net assets of these foreign subsidiaries at a closing exchange rate different from the previous closing exchange rate. the translation of their comprehensive income statement items at the average exchange rates and the translation of the long term receivables of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. from Cano Maritime Limited Hako Maritime Limited for which settlement is neither planned nor likely to occur in the foreseeable future and as such forming a part of its net investment in these foreign subsidiaries, with a closing exchange rate different from the previous closing exchange rate. are accounted for as "foreign currency translation differences" in other comprehensive income of the Group and accumulated in "the translation reserve" under the shareholders' equity in the consolidated statement of financial position of the Group. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized.

3.4 Tangible Assets

(i) Recognition and measurement

The cost of the tangible assets purchased before 31 December 2004 are restated for the effects of inflation in TL units current at 31 December 2004 pursuant to IAS 29. Tangible assets purchased after this date are recorded at their historical costs. Accordingly, tangible assets are carried at cost, less accumulated depreciation and impairment losses, except for buildings. Buildings are recorded at the fair value and the amounts over carrying value of the buildings are recorded as property revaluation reserve under equity.

While preparing the consolidated financial statements dated 31 December 2020, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the consolidated financial statements were reviewed. In this context, may occur probable impairments in the consolidated financial statements dated 31 December 2020 has been evaluated.

Gains/losses on disposal of an item of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of tangible assets and are recognized net within other income or other expenses in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Tangible Assets (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of tangible assets have different useful lives, they are accounted for as separate items (major components) of tangible assets.

(ii) Subsequent costs

The cost of replacing part of an item of tangible assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced item is derecognised. The costs of the day-to-day servicing of tangible assets are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The residual values of the ships of the Group are determined based on the actual sale prices published as of the report date for the ships having the same or similar qualifications which are of the age and condition expected at the end of their useful lives being equal to the depreciation period of 18 years. Depreciation methods, useful lives and residual values are reviewed at least annually unless there is a triggering event.

	Years
Buildings	50
Ships	18
Office and vehicle equipment	2- 15
Motor vehicles	5
Drydock	5
Leasehold improvements	Lease term, not less than 5 years

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of tangible assets is the greater of the fair value less costs to sell and value in use. Impairment losses are recognized in the consolidated income statement. The Group has started using accelerated depreciation method for tangible assets starting from October 2016.

An item of tangible assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of vessels are capitalized and depreciated over the period to the next estimated drydocking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

Repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets, excluding development costs, created within the business, are not capitalized and expenditure is charged against profits in the year in which it is incurred. The cost of the intangible assets purchased before 31 December 2005 are restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight-line basis over the best estimate of their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The Group amortizes intangible assets with a finite life on a straight-line basis over the estimated useful lives of 3-15 years. There are no intangible assets with indefinite useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

3.6 Assets Held for Sale

A property is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. A property is not depreciated and is stated at the lower of its carrying amount and fair value less costs to sell while it is classified as held for sale or while it is a part of a disposal group classified as held for sale. A property that ceases to be classified as held for sale or ceases to be included in a disposal group classified as held for sale is measured at the lower of its carrying amount before the property or disposal group was classified as held for sale, adjusted for any depreciation or revaluations that would have been recognized had the property or disposal group not been classified as held for sale, and its recoverable amount at the date of subsequent decision not to sell.

3.7 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of Non-Financial Assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.8 Leases

i) Finance leases (the Group as lessor)

The Group presents leased assets as receivables equal to the net investment in the leases. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

ii) Finance leases (the Group as lessee)

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

3.9 Income Taxes

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred taxes.

i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Income Taxes (continued)

ii) Deferred tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or directly in equity, respectively, and not in the consolidated income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

3.10 Derivative Financial Instruments

The Group enters into transactions with derivative instruments including forwards, swaps and options in the foreign exchange and capital markets. Most of these derivative transactions are considered as effective economic hedges under the Group's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of IFRS 9 "Financial Instruments", they are treated as derivatives held for trading. Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into and subsequently re-measured at fair value. Any gains or losses arising from changes in fair value on derivatives are recognized in the consolidated income statement.

Fair values are obtained from quoted market prices in active markets, including recent market transactions, to the extent publicly available, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

3.11 Custody Assets

Assets held by the Group in a custody agency or custodian capacity for its customers are not included in the statement of financial position, since such items are not treated as assets of the Group.

3.12 Factoring Receivables

Factoring receivables are measured at amortised cost less specific allowances for uncollectibility and unearned interest income. Specific allowances are made against the carrying amount of factoring receivables and that are identified as being impaired based on regular reviews of outstanding balances to reduce factoring receivables to their recoverable amounts. When a factoring receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, receivable is written off immediately.

3.13 Interest-bearing Deposits and Funds Borrowed

All deposits and borrowings are initially recognized at fair value of consideration received less directly attributable transaction costs. After initial recognition, all interest bearing deposits and borrowings are subsequently measured at amortized cost using effective yield method. Amortized cost is calculated by taking into account any discount or premium on settlement. Gain or loss is recognized in the consolidated income statement when the liability is derecognized as well as through amortization process.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs may include interest expense calculated using the effective interest method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost. The Group begins capitalising borrowing costs as part of the cost of a qualifying asset when it incurs expenditures for the asset and borrowing costs and undertakes activities that are necessary to prepare the asset for its intended use or sale. The Group ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.15 Treasury Shares

The Company's own equity instruments which are owned by the Company itself or its subsidiaries are deducted from equity under the heading "Treasury shares". No gain or loss is recognized in the consolidated income statement on the purchase, issue, sale or cancellation of the Company's own equity instruments. Considerations paid to reacquire the Company's own equity instruments are recognised directly in equity by debiting "Treasury shares". Considerations received as a result of the sale of the Company's own equity instruments reacquired and recognised directly in "Treasury shares" previously are recognised directly in equity by crediting "Treasury shares" for as much as their reacquisition cost and by crediting or debiting "Retained earnings" for as much as the gain or loss of the sale transaction, respectively, disclosing it as a "Change in retained earnings" in the consolidated statement of changes in equity.

3.16 Employee Benefits

The Group has both defined benefit and defined contribution plans as described below:

i) Defined benefit plans

In accordance with existing social legislation in Turkey, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the accompanying consolidated financial statements, the Group has reflected a liability calculated using actuarial method and discounted by using the current market yield at the reporting date on government bonds, in accordance with IAS 19 "*Employee Benefits*".

The principal actuarial assumptions used at 31 December 2020 and 31 December 2019 are as follows;

	2020	2019
Discount rate	13.20	11.56
Expected rate of salary/limit increase	9.00	7.00
Net discount rate	4.20	4.56

The Group, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset, has recognized service cost and net interest on the net defined benefit liability (asset) in the consolidated income statement and remeasurements of the net defined benefit liability (asset) in the consolidated of other comprehensive income statement, which are the components of defined benefit cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Employee Benefits (continued)

i) Defined benefit plans (continued)

Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the entity may transfer those amounts recognised in other comprehensive income within equity. The Group, within the scope of that provision, adopted the accounting policy to transfer the prior-year-end balance of the Remeasurements of the Net Defined Benefit Liability (Asset) cumulatively recognised as other comprehensive income within equity to the Retained Earnings within equity as at each year-beginning.

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. The ceiling amount at 31 December 2020 is full TL 7,117 (31 December 2019: full TL 6,380). The liability is not funded, as there is no funding requirement.

In the accompanying consolidated financial statements, the Group has reflected a liability by recognising the expected cost of bonus payments when, and only when, it has a present constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. An obligation under profit-sharing and bonus plans results from employee service and not from a transaction with the Group's owners. Therefore, the Group recognises the cost of profit-sharing and bonus plans not as a distribution of profit but as an expense.

The Group has recognized the expected cost of employee benefits in the form of accumulated vesting paid absences relating to the unused entitlement arising from the services rendered by the Group's employees, required to be paid when the employment of the personnel is terminated due to any reason in accordance with the existing social legislation in Turkey, as a long-term liability by measuring it on an undiscounted basis since its discounting does not have a significant impact on the consolidated financial position or performance of the Group.

ii) Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly administered social security funds on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

3.17 Provisions, Contingent Liabilities and Assets

i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

ii) Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements but disclosed in the notes if the possibility of any outflow is low. Contingent assets are not included in financial statements but explained in the notes if an inflow of economic benefits is probable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Income and Expense Recognition

Interest income and expense are recognized in the consolidated income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income recognition on loans is suspended when loans are overdue by more than 90 days. Interest accrual does not start until such loans become performing. Interest income includes interest income earned on financial assets– fair value through profit/loss, financial assets– fair value through other comprehensive income.

Factoring commission income represents the upfront charge to the customer to cover the service given and the collection expenses incurred. Factoring commission is accounted for on accrual basis.

General model for accounting of revenue

In accordance with IFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

Step 1: Identify the contract

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability). Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

Step 2: Identify the performance obligations

The Group defines the "performance obligations" as a unit of account for revenue recognition. The company assesses the goods or services it has committed in a contract with the customer and determines each commitment to the customer as one of the performan obligations as a performans obligation:

(a) good or service (or a bundle of goods or services) that is distinct; or

(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Group may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. The Group does not have a sales transaction with a significant financiang component.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Income and Expense Recognition (continued)

Variable consideration

The Entity identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocate the transaction price

The transaction price is allocated to each performance obligation – generally each distinct good or service – to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Step 5: Recognize revenue

An entity recognizes revenue over time when one of the following criterias are met:

•Customer simultaneously receives and consumes the benefits as the entity performs, or

•The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or

•The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Group recognizes revenue when the control of goods or services is transferred to the customer.

Revenues are recognised on an accrual basis at the time the services are given and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable.

Marine sector revenues and expenses are recognized on accrual basis. The rent revenue is earned by leasing the vessels within time charter. Rental incomes are collected at the beginning of the agreement for each 15 day periods within the scope of agreement.

Interest income and other income from finance sector activities are recognized on accrual basis using the effective interest method.Dividend income is recognized in profit or loss in the period they are declared. Other income and expenses are recognized on accrual basis.

3.19 Earnings per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Increases in the number of shares due to share capital increases made from internal resources during the period or after the end of the period until the financial statements are authorized for issue are taken into consideration in the calculation of weighted average number of the shares from the beginning of the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Events After the Reporting Period

Events after the reporting period that provide additional information about the Group's position at the reporting dates (adjusting events) are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.21 Related Parties

A party is related to an entity if:

(a) Directly, or indirectly through one or more intermediaries, the party:
   (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   (ii) has an interest in the entity that gives it significant influence over the entity; or
   (iii) has joint control over the entity;
(b) the party is an associate of the entity;
(c) the party is a joint venture in which the entity is a venturer
(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

3.22 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.23 Offsetting a Financial Asset and a Financial Liability

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Group shall not offset the transferred asset and the associated liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted as at 31 December 2020

Standards issued but not yet effective and not early adopted

A number of new standards and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, IASB issued *Classification of Liabilities as Current or Non-Current* which amends IAS 1 *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position.

The amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

(a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;

(b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;

(c) Clarifying how lending conditions affect classification; and

(d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements.

Covid-19 related rent concession (Amendments to IFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends IFRS 16 Leases.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19:

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Group shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted (continued)

Standards issued but not yet effective and not early adopted (continued)

Reference to the Conceptual Framework (Amendments to IFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted (continued)

Standards issued but not yet effective and not early adopted (continued)

Annual Improvements to IFRS Standards 2018–2020

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards. This amendment will ease transition to IFRS Standards for subsidiaries applying this optional exemption by i)reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

IAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with IFRS 13.

IBOR Reform and its Effects on Financial Reporting—Phase 2

In August 2020, IASB issued amendments that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted (continued)

Standards issued but not yet effective and not early adopted (continued)

IBOR Reform and its Effects on Financial Reporting—Phase 2 (continued)

The objectives of the Phase 2 amendments are to assist companies in:

- applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

Amendments are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020 are as follows:

1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to IFRS 3 - Definition of a Business

The application of the amendment to IFRS 3 did not have a significant impact on the consolidated financial statements of the Group.

3-) Amendments to IAS 1 and IAS 8 - Definition of Material

The application of the amendment to IAS 1 and IAS 8 is not expected to have a significant effect on the consolidated financial statements of the Group.

4-) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The application of this amendment did not have a significant impact on the consolidated financial statements of the Group.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

4. SEGMENT INFORMATION

The Group conducts the majority of its business activities in four business segments as banking, marine, factoring and holding and in three geographical areas as Turkey, and Malta and Netherlands International.

Consolidated Income Statement (01.01.2020-31.12.2020)										
Country of Operation	**Turkey**	**Turkey&Malta&Netherlands International**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (**)**	**Inter-country eliminations**	**Group**
CONTINUING OPERATIONS										
Revenue	-	127,197	-	950	3,460	124,687	4,707	124,687	4,707	124,687
Cost of sales (-)	-	(125,395)	-	(921)	921	(125,395)	(1,351)	(125,395)	1,351	(123,395)
Gross profit/(loss) from financial activities	**-**	**1,802**	**-**	**29**	**(2,539)**	**(708)**	**3,356**	**(708)**	**(3,356)**	**(708)**
Revenue from finance activities	**83,463**	**8**	**84,709**	**-**	**(24,577)**	**143,603**	**168,180**	**-**	**(24,577)**	**143,603**
Fee, commission and other service income	39.205	-	35	-	(6)	39.234	39.240	-	(6)	39.234
Foreign exchange income	2.924	5	35.013	-	(14.310)	23.632	37.942	-	(14.310)	23.632
Interest income	39.769	1	49.275	-	(8.946)	80.099	89.045	-	(8.946)	80.099
Income from derivative financial instruments	26	-	-	-	-	26	26	-	-	26
Other financial sector operations income, net	1.539	2	386	-	(1.315)	612	1.927	-	(1.315)	612
Cost of finance activities (-)	**(5.943)**	**(912)**	**(57.035)**	**-**	**21.016**	**(42.874)**	**(63.890)**	**-**	**21.016**	**(42.874)**
Fee, commission and other service expense	(794)	-	(347)	-	6	(1.135)	(1.141)	-	6	(1.135)
Foreign exchange expense	(1.068)	-	(34.979)	-	15.073	(20.974)	(36.047)	-	15.073	(20.974)
Interest expense	(3.559)	-	(21.381)	-	5.937	(19.003)	(24.940)	-	5.937	(19.003)
Loss from derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial sector operations expense net	(522)	(912)	(328)	-	-	(1.762)	(1.762)	-	-	(1.762)
Gross profit/(loss) from financial sector operations	**77.520**	**(904)**	**27.674**	**-**	**(3.561)**	**100.729**	**104.290**	**-**	**(3.561)**	**100.729**
GROSS PROFIT/(LOSS)	**77.520**	**898**	**27.674**	**29**	**(6.100)**	**100.021**	**107.646**	**(708)**	**(6.917)**	**100.021**
General administrative expenses (-)	(17.139)	(9.631)	(14.611)	(17.356)	3.854	(54.883)	(55.590)	(4.394)	5.101	(54.883)
Other income from operating activities	254	4.404	675	37.012	(16.523)	25.822	42.130	215	(16.523)	25.822
Other expense from operating activities (-)	-	(1.278)	-	(16.899)	14.310	(3.867)	(18.177)	-	14.310	(3.867)
OPERATING PROFIT/(LOSS)	**60.635**	**(5.607)**	**13.738**	**2.786**	**(4.459)**	**67.093**	**76.009**	**(4.887)**	**(4.029)**	**67.093**
Income from investment activities	-	350	93	87.848	-	88.291	88.913	350	(972)	88.291
Expense from investment activities (-)	-	-	-	-	-	-	-	-	-	-
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**60.635**	**(5.257)**	**13.831**	**90.634**	**(4.459)**	**155.384**	**164.922**	**(4.537)**	**(5.001)**	**155.384**
Financing income	-	-	-	-	-	-	-	-	-	-
Financing expenses (-)	(427)	(23.087)	(541)	(3.471)	4.459	(23.067)	(11.055)	(17.443)	5.431	(23.067)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**60.208**	**(28.344)**	**13.290**	**87.163**	**-**	**132.317**	**153.867**	**(21.980)**	**430**	**132.317**
Tax income/(expense) from continuing operations	**(13.295)**	**(5.415)**	**(3.247)**	**(66.267)**	**-**	**(88.224)**	**(83.427)**	**(4.797)**	**-**	**(88.224)**
Current tax income/(expense)	(13.368)	(5.555)	(3.279)	(83.651)	-	(105.853)	(101.056)	(4.797)	-	(105.853)
Deferred tax income/(expense)	73	140	32	17.384	-	17.629	17.629	-	-	17.629
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**46.913**	**(33.759)**	**10.043**	**20.896**	**-**	**44.093**	**70.440**	**(26.777)**	**430**	**44.093**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

4. SEGMENT INFORMATION (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued) (01.01.2020-31.12.2020)										
Country of Operation	**Turkey**	**Turkey&Malta&Netherlands International**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (**)**	**Inter-country eliminations**	**Group**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET PROFIT/(LOSS)	**46.913**	**(33.759)**	**10.043**	**20.896**	**-**	**44.093**	**70.440**	**(26.777)**	**430**	**44.093**
Net profit/(loss) (continuing and discontinuing operations) attributable to:										
Non-controlling interest	**-**	**(5.484)**	**1.070**	**-**	**-**	**(4.414)**	**(4.414)**	**-**	**-**	**(4.414)**
Equity holders of the company	**46.913**	**(28.275)**	**8.973**	**20.896**	**-**	**48.507**	**74.854**	**(26.777)**	**430**	**48.507**
OTHER COMPREHENSIVE INCOME										
Which will be not classified in profit or loss	**(175)**	**(19)**	**(90)**	**(69)**	**-**	**(353)**	**(353)**	**-**	**-**	**(353)**
Defined benefit plans re-measurement gains / losses	(175)	(19)	(90)	(69)	-	(353)	(353)	-	-	(353)
Which will be classified in profit or loss	**-**	**94.659**	**-**	**-**	**-**	**94.659**	**36.777**	**57.882**	**-**	**94.659**
Change in currency translation differences	-	94.659	-	-	-	94.659	36.777	57.882	-	94.659
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**(175)**	**94.640**	**(90)**	**(69)**	**-**	**94.306**	**36.424**	**57.882**	**-**	**94.306**
TOTAL COMPREHENSIVE INCOME	**46.738**	**60.881**	**9.953**	**20.827**	**-**	**138.399**	**106.864**	**31.105**	**430**	**138.399**
Non-controlling interest	**-**	**6.411**	**1.060**	**-**	**-**	**7.471**	**7.471**	**-**	**-**	**7.471**
Equity holders of the company	**46.738**	**54.470**	**8.893**	**20.827**	**-**	**130.928**	**99.393**	**31.105**	**430**	**130.928**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (31 December 2020)										
TOTAL ASSETS	**533.002**	**854.644**	**319.102**	**981.159**	**(313.289)**	**2.374.618**	**1.846.373**	**845.752**	**(317.507)**	**2.374.618**
TOTAL LIABILITIES	**228.603**	**400.558**	**241.863**	**36.090**	**(313.289)**	**593.825**	**510.342**	**400.990**	**(317.507)**	**593.825**
Other segment information (continued and discontinued operations)										
(Advances given)/Transfer of advances given for capital expenditures	-	-	-	-	-	-	-	-	-	-
Capital (Fixed Asset) expenditures (****)	222	6.467	442	176	-	7.307	913	6.394	-	7.307
Depreciation expense	(193)	(46.005)	(181)	(743)	-	(47.122)	(1.258)	(45.864)	-	(47.122)
Amortization expense	(35)	(110)	(12)	(3)	-	(160)	(160)	-	-	(160)
Impairment (losses)/reversal income recognized in income statement	(312)	(912)	(179)	-	-	(1.403)	(1.403)	-	-	(1.403)

(*) The marine segment consists of the relevant amounts of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V.
(**) The vessels of the subsidiaries established in Malta of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V. are registered in Malta International Ship Register and operating in international freight forwarding.

(Currency - Thousands of Turkish Lira (“TL”) unless otherwise stated)

4. SEGMENT INFORMATION (continued)

Consolidated Income Statement (01.01.2019-31.12.2019)										
Country of Operation	**Turkey**	**Turkey&Malta&Netherlands International**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (***)**	**Inter-country eliminations**	**Group**
CONTINUING OPERATIONS										
Revenue	-	118,680	-	22,785	(24,916)	116,549	25,968	116,549	(25,968)	116,549
Cost of sales (-)	-	(97,640)	-	(761)	761	(97,640)	(1,143)	(97,640)	1,143	(97,640)
Gross profit/(loss) from financial activities	**-**	**21,040**	**-**	**22,024**	**(24,155)**	**18,909**	**24,825**	**18,909**	**(24,825)**	**18,909**
Revenue from finance activities	**94,837**	**10**	**89,341**	**-**	**(5,629)**	**178,559**	**184,188**	**-**	**(5,629)**	**178,559**
Fee, commission and other service income	30,558	-	453	-	(7)	31,004	31,011	-	(7)	31,004
Foreign exchange inceome	1,967	2	25,871	-	(2,849)	24,991	27,840	-	(2,849)	24,991
Interest income	59,522	-	62,236	-	(1,839)	119,919	121,758	-	(1,839)	119,919
Income from derivative financial instruments	2	-	-	-	-	2	2	-	-	2
Other financial sector operations income, net	2,788	8	781	-	(934)	2,643	3,577	-	(934)	2,643
Cost of finance activities (-)	**(6,744)**	**(292)**	**(57,160)**	**-**	**4,323**	**(59,873)**	**(64,196)**	**-**	**4,323**	**(59,873)**
Fee, commission and other service expense	(753)	-	(540)	-	7	(1,286)	(1,293)	-	7	(1,286)
Foreign exchange expense	(1,255)	-	(25,723)	-	2,132	(24,846)	(26,978)	-	2,132	(24,846)
Interest expense	(2,049)	-	(30,171)	-	2,184	(30,036)	(32,220)	-	2,184	(30,036)
Loss from derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial sector operations expense net	(2,687)	(292)	(726)	-	-	(3,705)	(3,705)	-	-	(3,705)
Gross profit/(loss) from financial sector operations	**88,093**	**(282)**	**32,181**	**-**	**(1,306)**	**118,686**	**119,992**	**-**	**(1,306)**	**118,686**
GROSS PROFIT/(LOSS)	**88,093**	**20,758**	**32,181**	**22,024**	**(25,461)**	**137,595**	**144,817**	**18,909**	**(26,131)**	**137,595**
General administrative expenses (-)	(14,850)	(8,649)	(12,687)	(11,662)	3,086	(44,762)	(45,336)	(3,608)	4,182	(44,762)
Other income from operating activities	87	8,921	191	20,831	(2,672)	27,358	29,508	522	(2,672)	27,358
Other expense from operating activities (-)	-	(2,753)	-	(7,546)	2,849	(7,450)	(10,299)	-	2,849	(7,450)
OPERATING PROFIT/(LOSS)	**73,330**	**18,277**	**19,685**	**23,647**	**(22,198)**	**112,741**	**118,690**	**15,823**	**(21,772)**	**112,741**
Income from investment activities	152	1,607	-	108,880	(495)	110,144	113,591	1,112	(4,559)	110,144
Expense from investment activities (-)	-	-	-	(22)	-	(22)	(22)	-	-	(22)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**73,482**	**19,884**	**19,685**	**132,505**	**(22,693)**	**222,863**	**232,259**	**16,935**	**(26,331)**	**222,863**
Financing income	-	-	-	-	-	-	-	-	-	-
Financing expenses (-)	(414)	(25,859)	(618)	(1,222)	195	(27,918)	(9,121)	(23,056)	4,259	(27,918)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**73,068**	**(5,975)**	**19,067**	**131,283**	**(22,498)**	**194,945**	**223,138**	**(6,121)**	**(22,072)**	**194,945**
Tax income/(expense) from continuing operations	**(16,071)**	**(7)**	**(4,554)**	**(10,059)**	**-**	**(30,691)**	**(30,691)**	**-**	**-**	**(30,691)**
Current tax income/(expense)	(16,639)	669	(4,600)	(4,957)	-	(25,527)	(25,527)	-	-	(25,527)
Deferred tax income/(expense)	568	(676)	46	(5,102)	-	(5,164)	(5,164)	-	-	(5,164)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**56,997**	**(5,982)**	**14,513**	**121,224**	**(22,498)**	**164,254**	**192,447**	**(6,121)**	**(22,072)**	**164,254**

GSD Holding Anonim Şirketi
Notes to the Consolidated Financial Statements
As at 31 December 2020
(Currency - *Thousands of Turkish Lira ("TL") unless otherwise stated*)

4. SEGMENT INFORMATION (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued) (01.01.2019-31.12.2019)										
Country of Operation	Turkey	Turkey&Malta&Netherlands International	Turkey	Turkey			Segment Information Combined by Countries			
	Banking	Marine (*)	Factoring	Holding	Inter-segment eliminations	Group	Turkey	Malta Netherlands International (**)	Inter-country eliminations	Group
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET PROFIT/(LOSS)	**56,997**	**(5,982)**	**14,513**	**121,224**	**(22,498)**	**164,254**	**192,447**	**(6,121)**	**(22,072)**	**164,254**
Net profit/(loss) (continuing and discontinuing operations) attributable to:										
Non-controlling interest	**-**	**(1,035)**	**1,500**	**-**	**-**	**465**	**465**	**-**	**-**	**465**
Equity holders of the company	**56,997**	**(4,947)**	**13,013**	**121,224**	**(22,498)**	**163,789**	**191,982**	**(6,121)**	**(22,072)**	**163,789**
OTHER COMPREHENSIVE INCOME										
Which will be not classified in profit or loss	**(255)**	**(71)**	**(182)**	**(186)**	**-**	**(694)**	**(694)**	**-**	**-**	**(694)**
Defined benefit plans re-measurement gains / losses	(255)	(71)	(182)	(186)	-	(694)	(694)	-	-	(694)
Which will be classified in profit or loss	**-**	**44,236**	**-**	**-**	**-**	**44,236**	**15,319**	**28,917**	**-**	**44,236**
Change in currency translation differences	-	44,236	-	-	-	44,236	15,319	28,917	-	44,236
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	-	-	-	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**(255)**	**44,165**	**(182)**	**(186)**	**-**	**43,542**	**14,625**	**28,917**	**-**	**43,542**
TOTAL COMPREHENSIVE INCOME	**56,742**	**38,183**	**14,331**	**121,038**	**(22,498)**	**207,796**	**207,072**	**22,796**	**(22,072)**	**207,796**
Total comprehensive income attributable to:										
Non-controlling interest	**-**	**1,561**	**1,481**	**-**	**-**	**3,042**	**3,042**	**-**	**-**	**3,042**
Equity holders of the company	**56,742**	**36,622**	**12,850**	**121,038**	**(22,498)**	**204,754**	**204,030**	**22,796**	**(22,072)**	**204,754**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (31 December 2019)										
TOTAL ASSETS	**328,290**	**731,908**	**239,996**	**863,975**	**(52,932)**	**2,111,237**	**1,539,341**	**725,498**	**(153,602)**	**2,111,237**
TOTAL LIABILITIES	**70,629**	**346,337**	**172,710**	**34,626**	**(48,014)**	**576,288**	**315,735**	**409,237**	**(148,684)**	**576,288**
Other segment information (continued and discontinued operations)										
(Advances given)/Transfer of advances given for capital expenditures	-	-	-	-	-	-	-	-	-	-
Capital expenditures (****)	570	19,501	451	642	-	21,164	1,906	19,258	-	21,164
Depreciation expense	(130)	(35,092)	(82)	(815)	-	(36,119)	(1,149)	(34,970)	-	(36,119)
Amortization expense	(49)	(95)	(11)	(3)	-	(158)	(158)	-	-	(158)
Impairment (losses)/reversal income recognized in income statement	(1,544)	(291)	(290)	-	-	(2,125)	(2,125)	-	-	(2,125)

(*) The marine segment consists of the relevant amounts of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V.
(**) The vessels of the subsidiaries established in Malta of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V. are registered in Malta International Ship Register and operating in international freight forwarding.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position:

	31 December 2020	31 December 2019
Cash and balances with the Central Bank	619	715
Deposits with other banks and financial institutions	107,510	135,578
Receivables from money market transactions	1,005	-
Reserve deposits at the central bank	8	55
Cash and cash equivalents in the statement of financial position	**109,142**	**136,348**

Cash and cash equivalents in the statement of cash flows:

	31 December 2020	31 December 2019
Cash on hand and Balances with the Central Bank	619	715
Deposits with other banks and financial institutions	107,510	135,578
Receivables from money market transactions	1,005	-
Reserve deposits at the central bank	8	55
Cash and cash equivalents in the statement of financial position	**109,142**	**136,348**
Less: Reserve deposits at the central bank	(8)	(55)
Less: Income accruals	(49)	(107)
Less: Blocked amount (*)	-	(1,486)
Cash and cash equivalents in the statement of cash flows	**109,085**	**134,700**

(*) It consists of blocked amount related to bank loan used for ship purchase financing of Hako Maritime Limited. As of 31 December 2020, there is no blocked amount.

Cash and cash equivalents in the statement of cash flows include those parts of the items classified as "Cash and balances with the Central Bank", "Deposits with other banks and financial institutions", and "Other money market placements" in the statement of financial position which have original maturities of less than 3 months.

As at 31 December 2020 and 31 December 2019, the amounts and interest range of deposits and placements are as follows:

	31 December 2020				31 December 2019			
	Amount		Effective Interest rate (%)		Amount		Effective Interest rate (%)	
	TL	FC	TL	FC	TL	FC	TL	FC
Cash on hand	2	-	-	-	4	-	-	-
Balances with the Central Bank	588	29	-	-	528	183	-	-
Deposits with other banks and financial institutions	581	106,929	14,00-18,25	0,15-3,30	36,032	99,546	9.40-11.00	0.85-2.40
Receivables from interbank money market	1.005	-	17,97-17,97	-	-	-	-	-
Reserve deposits	-	8	-	-	-	55	-	-
Cash and cash equivalents	**2.176**	**106,966**	-	-	**36,564**	**99,784**		

Main balances in deposits with other banks and financial institutions are demand or overnight deposits. The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

5. CASH AND CASH EQUIVALENTS (continued)

Reserves required to be deposited with the Central Bank

The required reserve deposits maintained with the Central Bank as an average is classified as "Balances with the Central Bank" in the consolidated statement of financial position of the Group. The Central Bank of the Republic of Turkey started to pay interest on the required reserves held in Turkish Liras and Foreign Currency in order of November 2014 and May 2015, respectively.

As at 31 December 2020, the valid rates for required reserves established in the CBRT are between 1% and 6% according to the maturity structure in Turkish currency (31 December 2019: between 1% and 7%); in foreign currency, it is between 5% and 22% according to the maturity structure (31 December 2019: between 5% and 21%). According to the relevant Communique, required reserve has been started to reserve for borrower funds as 6% in TL, as 19% in foreign currency.

Required reserves based on the banks' leverage ratio

The banks whose leverage ratios calculated in accordance with the procedures and principles determined by the Central Bank of the Republic of Turkey based on the accounting standards and the uniform chart of accounts applied by the banks are in the below mentioned ranges are required to maintain reserves with the Central Bank in addition to those mentioned above, to be determined according to the basic arithmetic average of the monthly leverage ratios for the quarterly calculation periods and to be implemented for the liabilities in Turkish Lira and foreign currencies subject to the reserve requirement in all maturities separately, during the 6 required reserve periods starting from the first required reserve period of the 4th calendar month following the calculation period. The leverage ratio is calculated by dividing the primary equity by the total of total liabilities, non-cash loans and liabilities, revocable commitments multiplied with a coefficient of 0.1, commitments arising from derivative financial instruments multiplied with their own loan conversion ratios and irrevocable commitments.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

6. MARKETABLE SECURITIES

a) Financial assets at fair value through other comprehensive income

	31 December 2020	31 December 2019
Other		
Common stocks (*)	475,216	-
Toplam	**475,216**	**-**

(*) The Company classified Silopi Elektrik Üretim A.Ş.'s shares as financial assets at fair value through other comprehensive income, based on additional contract terms signed on June 8 2020.

			GSD Holding A.Ş's Shareholding		
31 December 2020 Financial assets– fair value through other comprehensive income	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
Silopi Elektrik Üretim A.Ş.	475,216	1,501,125	9.60	0.00	9.60
Total	**475,216**				

The Company has used its right to sell back 5.40% of its 15% shares in Silopi Elektrik Üretim A.Ş. with the Supplemental Agreement made on 8 June 2020. As at 31 December 2020, in accordance with the payment plan determined in the supplemental agreement, the receivables from sale of these shares are presented in short and long term receivables in the consolidated financial statements. The value of the remaining 9.60% shares was determined on 30 June 2020 by an independent valuation company which used income and market approaches. Income and market Approaches were reviewed as of 31 December 2020, the exchange rate effect of the USD was updated and the risk-free interest yield was recalculated with two different Weighted Average Cost of Capital ("WACC") while discounting free cash flows to the to date, and the remaining 9.60% shares's fair value has been continued to be carried with the same value and was presented in the statement of financial position as at 31 December 2020. While calculating the fair value, discounted cash flows ("DCF") and market approach (similar and prior transactions) were used and minority discount is also taken into account. In the DCF approach, the business plan until 31 December 2047 has been used. WACC rate used in the model ranges from 12.1% to 14.9% during the business plan period.

The fair value of the remaining shares is within the value range resulting from the approaches used in the valuation report. The remaining shares are measured at fair value at amount of TL 475,216 in the condensed consolidated statement of financial position . The Company have classified the remaining shares of Silopi Elektrik Üretim A.Ş., which were previously classified as financial assets at fair value through profit/loss, as financial assets at fair value through other comprehensive income at 30 June 2020, will recognize the related valuation differences in equity in the following periods

As at 30 June 2020, Silopi Elektrik Üretim A.Ş. shares which were previously classified as "Financial assets fair value through profit/loss" in the statement of financial position, have been reclassified under "Financial assets at fair value through other comprehensive income" because of the fact that they are assessed within the scope of the business model aiming to collect the contractual cash flows and to invest. The business model change took place in accordance with the additional conditions of supplemental agreement signed on 8 June 2020

According to IFRS 9, business model changes are expected to be very rare. Such changes are determined by the management of the Company as a result of internal or external changes and must be significant in terms of the operations of the enterprise and demonstrable to third parties.

Accordingly, the Company has ensured with a contract that the right to sell back the remaining shares cannot be used before 30 September 2024 and the Company has chosen to account for the remaining shares under the business model aiming to hold the shares for investment purposes.

Also, dividend income obtained each year was rearranged from 1 January 2020 according to the conditions of the supplemental agreement and have recognized in the financial statements.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

6. MARKETABLE SECURITIES (continued)

b) Financial assets at fair value through profit/loss

	31 December 2020	31 December 2019
Debt instruments		
Bonds (**)	75,077	38,106
Other		
Common stocks (*)	18,033	766,318
Toplam	**93,110**	**804,424**

(*) Contain Borsa İstanbul A.Ş.'s shares owned by GSD Bank (TL 1,517) and the minimum dividend amounts accrued in accordance with agreement and supplemental agreement of Silopi Elektrik Üretim A.Ş. (TL 16,516).
The Company classified Silopi Elektrik Üretim A.Ş.'s shares as financial assets at fair value through other comprehensive income, based on additional contract terms signed on 8 June 2020.
(**) TL equivalent of the bonds valued with market values for 3,566 units in GSD Holding A.Ş. and 6,000 units in GSD Shipping B.V. .

			GSD Holding A.Ş's Shareholding		
31 December 2020 **Financial assets– fair value through profit/loss**	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
Borsa İstanbul A.Ş.	1,517	423,234	-	0.04	0.04
Total	**1,517**				

			GSD Holding A.Ş's Shareholding		
31 December 2019 **Financial assets– fair value through profit/loss**	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
Silopi Elektrik Üretim A.Ş.	764,801	202,050	15.00	0.00	15.00
Borsa İstanbul A.Ş.	1,517	423,234	-	0.04	0.04
Total	**766,318**				

The movement in financial assets at fair value through profit/loss are summarized as follows:

	31 December 2020	31 December 2019
Opening balance	804,424	721,845
Transfers (*)	(475,216)	-
Additions	27,496	22,701
Disposals (sales and redemptions)	(119,941)	(34,705)
Interest received due to redemptions	(22,276)	(19,998)
Foreign exchange difference	(138,287)	90,923
Gain / (loss)	16,910	23,658
Closing balance at the end of period	**93,110**	**804,424**

(*) The Company classified Silopi Elektrik Üretim A.Ş.'s shares as financial assets at fair value through other comprehensive income, based on additional contract terms signed on June 8 2020. It is explained in detail in item b of the Note 40 Financial Instruments.

c) Held to maturity securities

As at 31 December 2020 and 31 December 2019, the Group has no held to maturity investment security.

d) Marketable securities given as a guarantee

As at 31 December 2020 and 31 December 2019, there is no marketable securities given as a guarantee.

7. UNQUOTED EQUITY INSTRUMENTS

The unconsolidated subsidiaries and other unquoted equity instruments which are classified in the "unquoted equity instruments" caption in the consolidated financial statements as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
GSD Eğitim Vakfı	377	377
Total	**377**	**377**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

8. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2020					
	Amount			Effective interest rate (%)		
	Turkish lira	Foreign currency	Foreign currency indexed	Turkish lira	Foreign currency	Foreign currency indexed
Corporate loans	297,377	-	-	9.80-33.00	-	-
Total	**297,377**	**-**	**-**			
Non-performing loans	738	3,531	-	-	-	-
Expected credit loss (*)	(247)	(353)	-	-	-	-
Total, net	**297,868**	**3,178**	**-**			

(*) The expected credit loss in the current period are presented in other provisions.

	31 December 2019					
	Amount			Effective interest rate (%)		
	Turkish lira	Foreign currency	Foreign currency indexed	Turkish lira	Foreign currency	Foreign currency indexed
Corporate loans	232,160	13,435	-	11.00-30.00	3.30-3.30	-
Total	**232,160**	**13,435**	**-**			
Non-performing loans	743	3,452	-	-	-	-
Expected credit loss (*)	(252)	(213)	-	-	-	-
Total, net	**232,651**	**16,674**				

(*) The expected credit loss in the current period are presented in other provisions.

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

Movements in the allowance for expected credit loss:

	Continuing Operations	
	31 December 2020	31 December 2019
Allowance at the beginning of the year	**465**	**4,010**
Recoveries	(114)	(1,059)
Allowance for impairment	426	2,603
Allowance net of recoveries	**312**	**1,544**
Loans written off during the period	-	(2,850)
Classification of general provisions	177	(2,239)
Allowance at the end of the period	**600**	**465**

As at 31 December 2020 and 31 December 2019, all of the loans and advances to customers have fixed interest rates.

The Group does not recognize interest accrual on non-performing loans. As at 31 December 2020, the amount of unrecognised interest accrual on non-performing loans is TL 4,269 (31 December 2019: TL 4,195).

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

9. FINANCE LEASE RECEIVABLES, NET AND LIABILITIES ARISING FROM FINANCE LEASES

Finance lease receivables, net

	31 December 2020	31 December 2019
Invoiced lease receivables	21	16
Doubtful finance lease receivables	5,025	4,113
Finance lease receivables, gross	**5,046**	**4,129**
Less: Unearned interest income	(7)	(5)
Less: Provision for doubtful finance lease receivables	(5,025)	(4,113)
Finance lease receivables, net	**14**	**11**

The aging of net finance lease receivables is as follows:

	31 December 2020	31 December 2019
Not later than 1 year	14	11
Later than 1 year but not later than 5 years	-	-
Finance lease receivables, net	**14**	**11**

Movement in the provision for doubtful finance lease receivables is as follows:

	31 December 2020	31 December 2019
Provision at the beginning of year	**4,113**	**3,822**
Provision for doubtful lease receivables	912	292
Recoveries	-	(1)
Provision net of recoveries	**912**	**291**
Finance lease receivables written off during the period	**-**	**-**
Provision at the end of period	**5,025**	**4,113**

Liabilities arising from finance leases

	31 December 2020	31 December 2019
Advances taken due to finance leases	52	41
Payables related to leased assets	-	-
Total	**52**	**41**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

Lease liabilities

	31 December 2020		31 December 2019	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
Short Term	**31**	**-**	**3**	**-**
Fixed interest	31	-	3	-
Floating interest	-	-	-	-
Medium/Long Term	**6,105**	**31**	**9,043**	**277**
Fixed interest	6,105	31	9,043	277
Floating interest	-	-	-	-
Total	**6,136**	**31**	**9,046**	**277**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

10. FACTORING RECEIVABLES AND PAYABLES

	31 December 2020					
	Amount			Effective interest rate (%)		
	Turkish Lira	**Foreign Currency Indexed**	**Foreign Currency**	**Turkish Lira**	**Foreign Currency Indexed**	**Foreign Currency**
Factoring receivables	314,522	-	-	12.00-34.50	-	-
Doubtful factoring receivables	5,830	-	-	-	-	-
Total factoring receivables	**320,352**	**-**	**-**			
Less: Provision for doubtful factoring receivables	(5,827)	-	-	-	-	-
Factoring receivables, net	**314,525**	**-**	**-**			
Factoring payables	**254**	**-**	**98**			

	31 December 2019					
	Amount			Effective interest rate (%)		
	Turkish Lira	**Foreign Currency Indexed**	**Foreign Currency**	**Turkish Lira**	**Foreign Currency Indexed**	**Foreign Currency**
Factoring receivables	236,030	-	-	14.64-44.80	-	-
Doubtful factoring receivables	5,775	-	-	-	-	-
Total factoring receivables	**241,805**	**-**	**-**			
Less: Provision for doubtful factoring receivables	(5,648)	-	-	-	-	-
Factoring receivables, net	**236,157**	**-**	**-**			
Factoring payables	**1,115**	**-**	**75**			

Movement in the provision for doubtful factoring receivables:

	31 December 2020	**31 December 2019**
Provision at the beginning of year	**5,648**	**5,358**
Recoveries	(129)	(368)
Provision for doubtful factoring receivables	308	658
Provision net of recoveries	**179**	**290**
Factoring receivables written off during the period	-	-
Provision at the end of period	**5,827**	**5,648**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

11. ASSETS HELD FOR SALE

	31 December 2020	31 December 2019
Assets held for sale from continuing operations	312	312
Total	**312**	**312**

Assets held for sale from continuing operations:

	31 December 2020	31 December 2019
Cost	312	312
Total	**312**	**312**

Assets with the criteria of classification as assets held for sale; as measured by the lower of the book values and of fair value less cost for sale.

Continuing Operations	31 December 2020	31 December 2019
Opening balance at 1 January	**312**	**76**
Additions	-	2,948
Disposals (*)	-	(2,712)
Closing balance at the end of period	**312**	**312**

(*) GSD Yatırım Bankası purchased 5 mortgaged immovable in enforcement proceedings for a total amount of TL 2,948 in 2019. Three of these real estates were sold at a price of TL 2,712 TL within the period and TL 148 was transferred to real estate sales profit accounts.

There are no liabilities related to asset groups classified as held for sale from continuing operations.

As at 31 December 2020, the Group has no discontinued operations.

12. BORROWING COSTS

As at 31 December 2020 the Group has no borrowing costs.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

13. TANGIBLE ASSETS

Continuing Operations	Land and Buildings	Office and Vehicle Equipment	Leasehold Improvements	Ships	Dry Docking(**)	Motor Vehicles	Total
At 1 January 2020, net of accumulated depreciation and impairment	**2**	**2,353**	**769**	**624,134**	**19,139**	**560**	**646,957**
Additions	-	487	62	855	5,539	349	**7,292**
Disposals, net	-	-	-	(4,908)	-	(23)	**(4,931)**
Transfers	-	-	-	-	-	-	**-**
Foreign currency translation differences	-	-	-	146,796	5,196	-	**151,992**
Depreciation charge for the period	-	(615)	(364)	(38,583)	(7,281)	(279)	**(47,122)**
At 31 December 2020, net of accumulated depreciation and impairment	**2**	**2,225**	**467**	**728,294**	**22,593**	**607**	**754,188**
At 31 December 2020							
Cost	**2**	**6,753**	**2,222**	**329,018**	**28,125**	**1,573**	**367,693**
Foreign currency translation differences	-	-	-	655,015	8,290	**-**	**663,305**
Accumulated depreciation(*)	-	(4,528)	(1,755)	(255,739)	(13,822)	(966)	**(276,810)**
Net carrying amount at 31.12.2020	**2**	**2,225**	**467**	**728,294**	**22,593**	**607**	**754,188**

(*) Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.

(**) Information on the dry docking is disclosed in the note titled "Summary of Significant Accounting Policies " under the heading Tangible Assets.

Continuing Operations	Land and Buildings	Office and Vehicle Equipment	Leasehold Improvements	Ships	Dry Docking(**)	Motor Vehicles	Total
At 1 January 2019, net of accumulated depreciation and impairment	**2**	**1,657**	**832**	**574,754**	**8,317**	**762**	**586,324**
Additions	-	1,251	292	6,648	12,610	112	**20,913**
Disposals, net	-	(25)	-	-	-	(50)	**(75)**
Transfers	-	-	-	-	-	-	**-**
Foreign currency translation differences	-	-	-	74,350	1,564	-	**75,914**
Depreciation charge for the period	-	(530)	(355)	(31,618)	(3,352)	(264)	**(36,119)**
At 31 December 2019, net of accumulated depreciation and impairment	**2**	**2,353**	**769**	**624,134**	**19,139**	**560**	**646,957**
At 31 December 2019							
Cost	**2**	**6,264**	**2,159**	**333,071**	**22,586**	**1,307**	**365,389**
Foreign currency translation differences	-	-	-	466,788	1,840	**-**	**468,628**
Accumulated depreciation(*)	-	(3,911)	(1,390)	(175,725)	(5,287)	(747)	**(187,060)**
Net carrying amount at 31.12.2019	**2**	**2,353**	**769**	**624,134**	**19,139**	**560**	**646,957**

(*) Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.

(**) Information on the dry docking is disclosed in the note titled "Summary of Significant Accounting Policies " under the heading Tangible Assets.

13. TANGIBLE ASSETS (continued)

The Group has taken the higher value of use determined through fair value whose sales expenses are deducted as amount recoverable and discounted cash flow methods in the impairment calculation made taking each of the six dry cargo ships, owned by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. its six maritime affiliates located in Malta, into account as cash generating units as basis as at 31 December 2020 in accordance with IAS 36 and has not made a provision for impairment as at 31 December 2020 since the value of use are higher than carrying amounts for each of the six ships. Discounted cash flow calculations, used to determine amount recoverable, have been started based on final budgeting of technical management company made for leasing contracts which are considered to be concluded in near future in the framework of current market conditions through examining current ship leasing agreements and realisations in previous periods for income. Cash flows which can occur in depreciation period have been tried to be anticipated using expectations and assumptions generated by the Group management on direction, level and timing of market based on recent condition of freight market and impacts related to its development and it is deducted to reporting date with a discount rate appropriate to structure of company and market. Amounts deducted from cost while determining amount subject to depreciation have been used as cash inflow in value of use calculation. Selection of periods in which fixed or variable based leasing is applied or locations of ships on the expiration of leasing period are main factors which can cause different realizations from those which have been anticipated under assumptions in calculations. On the other hand, the realization of assumptions are bounded to variable factors directing global dry cargo ship transportation market. The Group management believes that any changes reasonably occurring in any of aforementioned main assumptions shall not cause total carrying amounts of aforementioned cash generation units being higher than the total recoverable amounts.

The COVID-19 outbreak has had a set of impacts on the global maritime industry and the Group's operations, where GSD Marin and GSD Shipping B.V are located. In early 2020, the time charter rates for the first quarter were affected due to the rapid spread of the coronavirus and the reduced demand for goods from China. The negative effects of the epidemic on the global maritime sector and operations started to decrease as of the second quarter, the developments in the bulk cargo segment, where the Group operates with six ships, have become promising. While Baltic Dry Index (BDI) was level of 400 in 2020, May, it increased with the contribution of the upward movement in commodity prices, as at 31 December 2020 to a level of 1,366 and as of the end of February 2021 to a level of 1,675, serious recovery period in the maritime sector has started. Difficulties experienced during crew changes due to travel restrictions around the whole world have been regulated, since the second half of the year as the restrictions have become flexible, and important operations such as spare parts supply and ship visits by service engineers have been sustained.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

13.1 RIGHT OF USE ASSETS

The Group, has capitalized right of use asset the amount of TL 5,208 during the period. As at 31 December 2020 the balance of right of use asset and depreciation expenses are as follows:

	Buildings	Motor Vehicle	Total
1 January 2020, net book value	**5,836**	**2,692**	**8,528**
Addition	1,665	1,233	2,898
Disposal	(278)	(16)	(294)
Current period depreciation expense	(4,405)	(1,519)	(5,924)
31 December 2020, net book value	**2,818**	**2,390**	**5,208**
1 January 2020			
Cost	**11,231**	**5,125**	**16,356**
Accumulated depreciation	(8,413)	(2,735)	(11,148)
31 December 2020, net book value	**2,818**	**2,390**	**5,208**

	Buildings	Motor Vehicle	Total
1 January 2019, net book value	**9,098**	**1,906**	**11,004**
Addition	872	2,019	2,891
Current period depreciation expense	(4,134)	(1,233)	(5,367)
31 December 2019, net book value	**5,836**	**2,692**	**8,528**
1 January 2019			
Cost	**9,970**	**3,925**	**13,895**
Accumulated depreciation	(4,134)	(1,233)	(5,367)
31 December 2019, net book value	**5,836**	**2,692**	**8,528**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

14. INTANGIBLE ASSETS

Continuing Operations	**Patents and Licenses**
At 1 January 2020 net of accumulated amortization	**500**
Additions	15
Disposals, net	-
Amortization charge for the period	(160)
At 31 December 2020 net of accumulated amortization	**355**
At 31 December 2020	
Cost	2,102
Accumulated amortization	(1,747)
31 December 2020, net carrying amount	**355**

Continuing Operations	**Patents and Licenses**
At 1 January 2019 net of accumulated amortization	**407**
Additions	251
Disposals, net	-
Amortization charge for the period	(158)
At 31 December 2019 net of accumulated amortization	**500**
At 31 December 2019	
Cost	2,088
Accumulated amortization	(1,588)
31 December 2019, net carrying amount	**500**

15. TRADE RECEIVABLES, NET

	31 December 2020	**31 December 2019**
Customers (*)	293,628	10
Trade receivables from maritime activities	6,690	11,372
Doubtful export goods receivables	1,981	1,981
Less: Provision for doubtful trade receivables	(1,981)	(1,981)
Total	**300,318**	**11,382**

(*) TL 293,621 of the customers amount is the sales price of Silopi Elektrik Üretim A.Ş.'s 5.40% share. TL 36,703 of the respective amount is illustrated in short term trade receivables in the balance sheet and TL 256,918 in long term trade receivables in the balance sheet.

Movement in the provision for doubtful trade receivables:

	31 December 2020	**31 December 2019**
Provision at the beginning of year	**1,981**	**1,981**
Provision for doubtful receivables	-	-
Recoveries	-	-
Provision net of recoveries	**-**	**-**
Provision at the end of period	**1,981**	**1,981**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

16. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	31 December 2020	31 December 2019
Transitory receivables (*)	7,718	6,481
Deposits and guarantees given	404	42
Other	1,449	416
Total	**9,571**	**6,939**

(*) There are payment orders in other payables of the same amount as TL 7,718 in the clearing account in other receivables, and the related amounts of these two accounts work mutually.

Collaterals given in other receivables

	31 December 2020	31 December 2019
Other collaterals given	404	42
Total	**404**	**42**

Other Payables

	31 December 2020	31 December 2019
Transfer orders	8,030	6,892
Taxes and funds payable other than on income	1,932	1,680
Other	779	503
Total	**10,741**	**9,075**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

17. INVENTORIES

	31 December 2020	31 December 2019
Ship oil	1,849	1,584
Ship fuel	1,402	1,450
Total	**3,251**	**3,034**

18. PREPAID EXPENSES

Prepaid expense, current assets

	31 December 2020	31 December 2019
Other prepaid expenses	2,734	1,986
Total	**2,734**	**1,986**

Prepaid expense, non current assets

	31 December 2020	31 December 2019
Other prepaid expenses	9	1
Total	**9**	**1**

19. OTHER ASSETS

	31 December 2020	31 December 2019
Personnel and work advances	-	1
Deferred VAT	2,543	2,170
Total	**2,543**	**2,171**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

20. DEPOSITS AND BORROWERS' FUNDS

a) Other money market deposits

	31 December 2020				31 December 2019			
	Amount		Effective interest rate (%)		Amount		Effective interest rate (%)	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency
Liabilities from money market transactions	53,385	-	16.50-18.05	-	-	-	-	-
Total	**53,385**				-			

b) Borrowers' funds

	31 December 2020				31 December 2019			
	Amount		Effective Interest rate (%)		Amount		Effective Interest rate (%)	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency
Demand	814	22	-	-	868	510	-	-
Time	39,227	20,877	12.50-17.90	3.90-3.90	3,097	29,844	8.00-10.50	3.50-3.50
Total	**40,041**	**20,899**			**3,965**	**30,354**		

21. FUNDS BORROWED

	31 December 2020				31 December 2019			
	Amount		Effective interest rate (%)		Amount		Effective interest rate (%)	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
Short term	**153,590**	**5,179**			**164,364**	**3,267**		
Fixed interest	153,590	5,179	9.05-20.00	2.50-3.99	164,364	3,267	10.25-25.00	2.96-2.96
Floating interest	-	-	-	-	-	-	-	-
Medium/long Term	-	**261,918**			-	**306,765**		
Fixed interest	-	68,466	-	3.07-4.75	-	32,706	-	4.75-4.75
Floating interest	-	193,452	-	3.31-3.47	-	274,059	-	4.70-5.15
Total	**153,590**	**267,097**			**164,364**	**310,032**		

Repayment schedule of borrowings initially recognized as medium/long term borrowings is as follows:

	31 December 2020		31 December 2019	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	54,520	34,338	35	66,176
Up to 2 year	13,946	33,669	32,671	79,131
Up to 3 year	-	125,445	-	27,239
Up to 4 year	-	-	-	101,513
More than 5 year	-	-	-	-
Total	**68,466**	**193,452**	**32,706**	**274,059**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

22. ISSUED SECURITIES

There is no issued security as at 31 December 2020 and 31 December 2019.

23. TRADE PAYABLES

	31 December 2020	31 December 2019
Payables to marine sector suppliers	1,915	876
Payables to suppliers	134	276
Export trade payables	78	78
Total	**2,127**	**1,230**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

24. DEFERRED INCOME

	31 December 2020	31 December 2019
Provisions		
Deferred income on vessel time charters	4,126	1,824
Deferred income on factoring commissions	5	13
Other	13	10
Total	**4,144**	**1,847**

25. PROVISIONS

	31 December 2020	31 December 2019
Provisions		
Employee bonus provision(**)	2,922	3,232
Provision for employee termination benefits obligation	3,439	2,977
Provision for vacation pay liability	1,416	1,381
General provision for non-cash loans (*)	4,055	3,794
Total	**11,832**	**11,384**

(*) General provision for non-cash loans are presented in the short-term provisions in liabilities.
(**) TL 474 of the bonus provision belongs to GSD Holding A.Ş., TL 1,624 of the bonus provision belongs to GSD Faktoring A.Ş. (TL 1,624 of the Board of Directors' bonus provision, TL 1,116 of other personnel bonus provision, TL 508 consists of other personnel bonus provisions) TL 213 of the bonus provision belongs to GSD Denizcilik Gayrimenkul Inşaat San. ve Tic. A.Ş., TL 611 of the bonus provision belongs to GSD Yatırım Bankası A.Ş. (31 December 2019: Respectively TL 412, TL 2,068 (TL 1,612 of the Board of Directors' bonus provision and TL 456 of the bonus provision) TL 225 and TL 527).

Employee Termination Benefits Obligation

In accordance with existing social legislation, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of TL 7,117.17 (full) as at 31 December 2020, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. (31 December 2019 TL 6,379.86 (full))

International Accounting Standard No 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the employee termination benefits obligation:

	31 December 2020	31 December 2019
Discount rate	13.20	11.56
Expected rates of salary/limit increases	9.00	7.00
Net discount rate	4.20	4.56

The Group, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset, has recognized service cost and net interest on the net defined benefit liability (asset) in the consolidated income statement and remeasurements of the net defined benefit liability (asset) in the consolidated comprehensive income statement, which are the components of defined benefit cost.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

25. PROVISIONS (continued)

Employee Termination Benefits Obligation (continued)

The movement in provision for employee termination benefits obligation is as follows:

	Continuing Operations	
	31 December 2020	**31 December 2019**
At 1 January	**2,977**	**1,850**
Actuarial losses/(gains)	442	866
Interest cost on the provision	164	176
Provision reversed due to being paid	(723)	(278)
Provision reversed without being paid	(16)	(34)
Service cost	595	397
Closing balance at the end of period	**3,439**	**2,977**

Vacation pay liability

The movement in provision for vacation pay liability is as follows:

	Continuing Operations	
	31 December 2020	**31 December 2019**
At 1 January	**1,381**	**1,178**
Provision reversed during the period	(37)	-
Provision set during the period	72	203
Closing balance at the end of period	**1,416**	**1,381**

Short term provisions

	31 December 2020	**31 December 2019**
General provision for non-cash loans (*)	4,055	3,794
Total	**4,055**	**3,794**

(*) Expected credit loss for non-cash loans are presented in the short-term provisions in liabilities.

Unindemnified non-cash loans

The movement in provision for unindemnified non-cash loans is as follows:

	Continuing Operations	
	31 December 2020	**31 December 2019**
At 1 January	-	**14**
Provision set/(reversed) during the period	-	(14)
Closing balance at the end of period	**-**	**-**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

There is no provision for litigations that is required to be set or disclosed for continuing operations as at 31 December 2020 and 31 December 2019.

The movement in employee bonus provision is as follows:

	31 December 2020	**31 December 2019**
At 1 January	**3,232**	**2,445**
Provision reversed during the period	(456)	**-**
Provision set during the period	146	787
Closing balance at the end of period	**2,922**	**3,232**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

26. OTHER LIABILITIES

	31 December 2020	**31 December 2019**
Other	24	24
Total	**24**	**24**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

27. TAXATION

Corporate income was subject to corporate tax at 20% in Turkey to be effective from 1 January 2006. However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

Tax losses carried forward

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect the tax returns and the related accounting records for a retrospective maximum period of five years.

The Group has no tax losses carried forward as at 31 December 2020 (31 December 2019: None).

Withholding tax on dividend distributions

There is no withholding limited with taxpayers offices who earn income through an office or permanent representative in Turkey and the dividends paid to companies resident in Turkey (dividends). Dividend payments to persons and institutions other than these is applied 15% withholding tax rate. The addition of profit to the capital is not considered a distribution of profit. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Investment allowance

Effective from 24 April 2003, investment allowances provided a deduction from the corporate tax base of 40% of the cost of the purchases or production of the new fixed assets subject to depreciation and exceeding TL 10 and directly related with the production of goods and services. Investment allowance that arose prior to 24 April 2003 was subject to 19.8% withholding tax unless they were converted to the new application at the will of companies. All investment allowances were carried forward with indexed amounts. With respect to the new legislation effective from 1 January 2006, these unused investment allowances could be used until 31 December 2008 and investment allowances ceased to apply to the new investments to be made beginning from 1 January 2006, but continued to apply to the investments started before 1 January 2006. Afterwards, a decision rendered by the Constitutional Court of Turkey cancelling the clause of this legislation limiting the deduction period of the unused investment allowances has again made effective the deductibility of the unused investment allowances after 31 December 2008. According to the decision mentioned above, investment allowances transferred to 2006 due to lack of profit and investment allowances gained by the investments that are commenced before 1 January 2006 and continued after that date constituting economic and technical integrity will not be only used in 2006, 2007 and 2008, but also in the following years. An amendment to the Income Tax Law promulgated in Official Gazette no 6009 dated 1 August 2010 limited the amount of investment allowance to be utilised to 25% of earnings for the year, but the Constitutional Court of Turkey has cancelled this amendment providing 25% utilization of investment allowance and has again made effective utilization of investment allowance up to 100% of tax base by means of a decision dated 9 February 2012, being effective starting from the tax returns to be filed for the fiscal period as at 31 December 2011.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

27. TAXATION (continued)

Investment allowance (continued)

No tax withholding is made from the investment expenditures without incentive certificate. The company is obliged to accrue 19.8% Income Tax Withholding due to the use of investment discounts for the period before dated 24 April 2003. Investment Tax Credit used by the company for the period before 24 April 2003 and related Income Tax Withholding amounting TL 1,009 reported in May 2020 corporate tax return has been paid on 26 June 2020.

As at 31 December 2020 and 31 December 2019, the Group has the following unused investment allowances:

Unused investment allowances				
Group company	**31 December 2020**		**31 December 2019**	
	Subject to 19.8% withholding tax	**Subject to 0% withholding tax**	**Subject to 19.8% withholding tax**	**Subject to 0% withholding tax**
GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş.	175,343	-	160,707	-
Total	**175,343**	**-**	**160,707**	**-**

Transfer pricing

According to the article 13 titled "the disguised profit distribution by way of transfer pricing" of the Corporate Tax Law, if prices or considerations imposed for purchase or sale of goods or services between the company and its related parties are not consistent with the arm's length principle, the profit hence from is regarded as fully or partially distributed in a disguised way by way of transfer pricing. The arm's length principle implies that transfer prices or considerations applied in purchase or sale of goods or services between related parties should be in accordance with prices which would have been agreed between unrelated parties. Corporations are required to determine the price or consideration applied in the transactions with related parties by choosing the method most appropriate to the nature of the transaction among the comparable uncontrolled price method, the cost plus method, the resale minus method or the other methods determined by them. The income fully or partially distributed in a disguised way through transfer pricing is considered as dividend distributed by the resident corporations and the amount transferred back to the head office by the non-resident corporations as of the last day of the fiscal period in which the conditions stipulated in this article are realized, with respect to the application of Corporate and Income Tax Laws. The former assessments of tax are adjusted accordingly for the tax-payers being a party to these transactions provided that the tax to be charged to the corporation making the disguised profit distribution is finalized and paid before this adjustment is made.

Consolidated Tax Calculation

Turkish tax legislation, a parent company does not permit its consolidated subsidiaries and affiliates have the financial statements on a consolidated basis over corporate tax declaration and payment arrangements.Therefore, corporate tax provisions that is reflected on the consolidated financial statements and the companies that is in the scope of consolidation is calculated seperately.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

27. TAXATION (continued)

Deferred tax assets and liabilities

Deferred tax assets or liabilities of the consolidated assets and liabilities with the values shown in the financial statements of the temporary differences arising between the tax base and amounts considered in the calculation is determined by calculating the tax effects of the balance sheet method.

The company takes into account developments in the sector in which it operates, taxable profit estimates in future periods, the overall economic and political situation of the country of Turkey and its affiliates and/or the general international economic factors such as the political situation may affect the Company in the financial statements of the deferred tax assets.

As at 31 December 2020 and 31 December 2019, the Company's unconsolidated allocated over tax losses and unused in the financial statements and the separation of deferred tax assets, are given in the table above as titled 'Unused Tax losses and Expiry Years' under the group company separation issue. Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements of different companies subject to consolidation. However, consolidated net deferred tax assets and liabilities in the consolidated financial statements without offsetting assets and liabilities are shown separately in the financial statements arising from different companies that are subject to consolidation in the financial statements.

Deferred tax assets and liabilities as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	**31 December 2019**
Deferred tax liabilities		
Valuation differences of securities	10,194	27,463
Valuation and depreciation differences of fixed assets	59	125
Other	66	69
Gross deferred tax liabilities	**10,319**	**27,657**
Deferred tax assets		
Provisions arising from financial sector operations	1,750	1,506
Provision for employee termination benefits obligation	687	595
Provision for employee unused paid vacation obligation	287	279
Provision for employee bonus	374	357
Valuation differences on fixed asset	19	14
Other	211	197
Gross deferred tax assets	**3,328**	**2,948**
Deferred tax assets/(liabilities), net	**(6,991)**	**(24,709)**

Movement of net deferred tax assets can be presented as follows:

	Continuing Operations	
	31 December 2020	**31 December 2019**
Deferred tax assets, net at 1 January	**(24,709)**	**(19,717)**
Deferred income tax recognized in consolidated income statement	(17,629)	(5,164)
Deferred income tax recognized in consolidated other comprehensive income	89	172
Deferred tax assets, net at the end of period	**(6,991)**	**(24,709)**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

27. TAXATION (continued)

Income tax benefit / (expense)

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis. Major components of income tax benefit / (expense) for the periods ended 31 December 2020 and 31 December 2019 are as follows:

Consolidated income tax benefit /(expense)

	31 December 2020			31 December 2019		
Continuing Operations	**Consolidated income statement**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**	**Consolidated income statement**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**
Current income tax benefit/(expense)	(105,853)	(1,085)	(106,938)	(25,527)	(1,678)	(27,205)
Deferred income tax benefit /(expense)	17,629	89	17,718	(5,164)	172	(4,992)
Total	**(88,224)**	**(996)**	**(89,220)**	**(30,691)**	**(1,506)**	**(32,197)**

Prepaid Income Tax

Continuing Operations **Prepaid Income Tax**	**31 December 2019**	**Recognised in Period**	**(Taken Back) / Paid in Period**	**31 December 2020**
Taken back from 2019's overpaid corporate tax	403	-	(403)	-
Taken back current year's overpaid corporate tax	-	-	-	-
Prepaid Income Tax	**403**	**-**	**(403)**	**-**

Continuing Operations **Prepaid Income Tax**	**31 December 2018**	**Recognised in Period**	**(Taken Back) / Paid in Period**	**31 December 2019**
Taken back from 2018's overpaid corporate tax	2,990	-	(2,990)	-
Taken back current year's overpaid corporate tax	-	403	-	403
Prepaid Income Tax	**2,990**	**403**	**(2,990)**	**403**

The prepaid income taxes are netted off against the corporate income taxes payable as follows:

Continuing Operations	**31 December 2020**	**31 December 2019**
Corporate income taxes payable	106,938	27,205
Prepaid income taxes	(93,254)	(20,837)
Income taxes payable, net	**13,684**	**6,368**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

27. TAXATION (continued)

Reconciliation

	31 December 2020		31 December 2019	
Profit before income tax and non-controlling interest		**132,317**		**194,945**
Corporate tax at applicable rate of 22%	(22%)	(29,110)	(22%)	(42,888)
Effect of tax-exempt income	0%	286	0%	308
Effect of different corporate tax rates	(4%)	(5,191)	0%	(1,371)
Effect of non-deductible expenses	0%	(625)	0%	(523)
GSD Holding repurchased shares effect on cash dividend income	1%	1,584	0%	-
Provisions (expense) / income for financial sector activities	0%	34	0%	65
Financial sector activities prepaid commission income	0%	90	0%	22
GSD Holding repurchased shares effect on sales profit	5%	6,758	0%	-
Effect of corporate tax exemption on the profit of sale of subsidiary shares	11%	14,906	0%	-
Effect of corporate tax exemption on profit from valuation of securities	0%	-	7%	14,011
Effect of the dividend for Board of Directors	(1%)	(1,126)	0%	(355)
Effect of consolidation eliminations between ongoing and discontinued operations	0%	-	0%	8
Consolidated elimination adjustments tax effect	(52%)	(68,283)	-	-
Other (Major non-allocated deferred tax asset/liability effect)	(6%)	(7,547)	0%	32
Income tax benefit /(expense) in the consolidated income statement	**(22%)**	**(88,224)**	**(15%)**	**(30,691)**

Corporate tax liability regarding foreign subsidiaries of the Group

The net profits of Cano Maritime Limited, established on 26 March 2013, Dodo Maritime Limited, established on 26 March 2013, Hako Maritime Limited, established on 1 April 2013, Zeyno Maritime Limited, established on 22 April 2013, Neco Maritime Limited, established on 5 May 2016 and Mila Maritime Limited, established on 21 November 2016 all domiciled in Malta, are subject to 0% corporate tax in Malta. GSD Shipping B.V, established on 19 October 2016 domiciled in the Netherlands, is subject to flexible rate corporate tax in the Netherlands.The current or prior period profits of Cano Maritime Limited and Hako Maritime Limited are subject to 22% corporate tax in Turkey to be taxed in the current period profit of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş., in the period when they are recognized as profit by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş., 100% shareholder of these companies, having been received through dividend distribution in cash or by bonus issue or through share capital increase by bonus issue.

28. DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rates or indices.

The Group has no derivative transaction as at 31 December 2020.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

29. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. For the purpose of these consolidated financial statements, unconsolidated subsidiaries and other companies of the shareholders are referred to as related parties. Related parties also include individuals that are principle owners, management and members of the Board of Directors and their families.

In the course of conducting its business, the Group conducted various business transactions with related parties on commercial terms and at rates which approximate market rates:

	31 December 2020				31 December 2019			
	GSD Group	Delta Group	Share-holders	Key Executives	GSD Group	Delta Group	Share-holders	Key Executives
	Continuing Operations				Continuing Operations			
Cash loans	-	-	-	-	-	-	-	-
Deposits-Borrowers' funds	-	-	57,007	-	-	-	29,844	-

	31 December 2020				31 December 2019			
	GSD Group	Delta Group	Share-Holders	Key Executives	GSD Group	Delta Group	Share-holders	Key Executives
	Continuing Operations				Continuing Operations			
Interest income	-	-	-	-	-	-	2	-
Interest expense	-	-	1,530	-	-	-	596	-
Rent expense	-	-	5,412	-	-	-	5,113	-
Commission income	-	-	3	-	-	-	1	-
Other expense	263	-	-	-	266	-	-	-

In the above table, the balances related with the shareholders belong to the Chairman of the Board of Directors of the Company, Mehmet Turgut Yılmaz and Delta Group is under the control of Mehmet Turgut Yılmaz. The balances related with GSD Education Foundation.

In the above table containing related party balances, the rent expense under the shareholders column comprise the amounts paid to Mehmet Turgut Yılmaz for office building rent by group companies; donation expense comprise the donations made to GSD Education Foundation by group companies; the balances of related party transactions under the headings of cash loans, non-cash loans, deposits, borrowers' funds, derivative financial instruments, interest income, interest expense and commission income arise from the banking transactions made between the Group banks and the related parties on market terms. The comparable price method is used in the determination of rent expense arising from related party transactions.

The executive and non-executive members of the Board of Directors and the management received remuneration and fees totalling TL 16,799 for continuing operations for the annual period ended 31 December 2020 (31 December 2019: TL 10,510).

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

30. SHARE CAPITAL / TREASURY SHARES

Share Capital

As at 31 December 2020 and 31 December 2019, the nominal values and number of shares of the issued capital of the Company are as follows in terms of share groups:

	31 December 2020			31 December 2019		
Share group	**Total number of shares**	**Nominal value per share (full TL)**	**Total nominal value (full TL)**	**Total number of shares**	**Nominal value per share (full TL)**	**Total nominal value (full TL)**
A (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
B (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
C (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
D (bearer shares)	44,999,787,888	0.01	449,997,878.88	44,999,787,888	0.01	449,997,878.88
Total	**45,000,000,000**		**450,000,000,00**	**45,000,000,000**		**450,000,000,00**

Privileges

The Company's Board of Directors consists of 9 members which are selected by the general assembly according to Turkish Commercial Code. 5 members of the board of directors, 2 of whom are required to meet the criteria stipulated by the Corporate Governance Principles for independent board members, are selected from the candidates nominated by Class (A) shareholders, 2 members of the board of directors are selected from the candidates nominated by Class (B) shareholders and 2 members of the board of directors are selected from the candidates nominated by Class (C) shareholders by the general assembly.

The cancellation of privileges given to Class (A) shareholders is possible only with a quorum for meeting and decision of 60% of the Class (A) shareholders, the quorum for decision being independent from the numbers of shareholders who attend the assembly. The cancellation of privileges given to Class (B) shareholders is possible only with a quorum for meeting and decision of 60% of the Class (B) shareholders, the quorum for decision being independent of the numbers of shareholders who attend the assembly. The cancellation of privileges given to Class (C) shareholders is possible only with a quorum for meeting and decision of 60% of the Class (C) shareholders, the quorum for decision being independent of the numbers of shareholders who attend the assembly.

Authorised Share Capital

The Company, being in the authorised share capital system, can increase its share capital until it reaches the authorised share capital by means of a resolution of the board of directors without a resolution of general assembly being also required. The authorised share capital can be exceeded by means of a share capital increase through bonus issue one time only, but can not be exceeded by means of a share capital increase in cash. The authorised share capital of the Company is TL 1,000,000, being effective until 31 December 2021.

Repurchased Shares

Which is shown under the Group's equity in the consolidated financial statements dated 31 December 2020 and 31 December 2019. the repurchased shares including GSD Holding A.Ş.'s shares are presented below:

	31 December 2020			31 December 2019		
The owner of the treasury shares	**Carrying value**	**Nominal value**	**Ownership percentage**	**Carrying value**	**Nominal Value**	**Ownership percentage**
GSD Holding A.Ş.(*)	39,706	45,000	10.000%	91,018	90,000	20.000%
Treasury shares	**39,706**	**45,000**	**10.000%**	**91,018**	**90,000**	**20.000%**
Total	**39,706**	**45,000**	**10.000%**	**91,018**	**90,000**	**20.000%**

(*) The company sold a total of 45,000,000 (full) repurchased shares at a price range of 2.10-2.27 between September 10, 2020 and October 6, 2020.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

30. SHARE CAPITAL / TREASURY SHARES (continued)

Changes in Non-Controlling Interests Without Loss of Control

According to "IFRS 10 –Consolidated Financial Statements", "Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners)." In order to meet the requirement of this standard, the difference between the change in the Group's share in its subsidiaries' equity items except reserves resulting from the accumulation of other comprehensive income items in equity arising from the change in the Group's ownership interest in that subsidiary that do not result in a loss of control and the fair value of the consideration paid or received to effect such a change are not recognised in the consolidated income statement and other comprehensive income, but directly reclassified to "Changes in non-controlling interests without loss of control" balance of the previous year-end, to "Retained Earnings".

The Cumulative Changes in Non-Controlling Interests Without Loss of Control:

	31 December 2020	31 December 2019
Change in the shares of GSD Holding as a result of sale of repurchased shares of GSD Marin	(3,774)	-
The Changes in Non-Controlling Interests Without Loss of Control	**(3,774)**	**-**

The Movement in Changes in Non-Controlling Interests Without Loss of Control:

	31 December 2020	31 December 2019
Opening Balance	**-**	**(382)**
Opening fund balance transferred to retained earnings	-	382
Change in the shares of GSD Holding as a result of sale of repurchased shares of GSD Marin	(3,774)	-
The Changes in Non-Controlling Interests Without Loss of Control	**(3,774)**	**-**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

30. SHARE CAPITAL / TREASURY SHARES (continued)

Non-controlling interests

The movement in non-controlling interests classified into the subsidiaries that has non-controlling interests

	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş	Consolidated
1 January 2020	**23,071**	**6,953**	**30,024**
Non-controlling interest in net profit/(loss) in the income statement	(5,484)	1,070	(4,414)
Non-controlling interest in profit/(loss) from foreign currency translation in other comprehensive income	11,901	-	11,901
Non-controlling interest in profit/(loss) from remeasurements of the net defined benefit liability (asset) in other comprehensive income	(6)	(10)	(16)
Non-controlling interest in profit of share premium due to sale of treasury share	2,985	-	2,985
Change in the Non-controlling interest share	21,979	204	22,183
31 December 2020	**54,446**	**8,217**	**62,663**

The movement in non-controlling interests classified into the subsidiaries that has non-controlling interests

	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş	Consolidated
1 January 2019	**21,510**	**5,472**	**26,982**
Non-controlling interest in net profit/(loss) in the income statement	(1,035)	1,500	465
Non-controlling interest in profit/(loss) from foreign currency translation in other comprehensive income	2,608	-	2,608
Non-controlling interest in profit/(loss) from remeasurements of the net defined benefit liability (asset) in other comprehensive income	(12)	(19)	(31)
Non-controlling interest in profit/(loss) from treasury share	-	-	-
Change in the Non-controlling interest share	-	-	-
31 December 2019	**23,071**	**6,953**	**30,024**

Summarised financial information for the subsidiaries that has non-controlling interests (*)

31 December 2020	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş.
Current Assets	18,547	316,414
Non- Current Assets	275,639	2,688
Total Asset	**294,186**	**319,102**
Short term liabilities	111,097	240,337
Long term liabilities	10,038	1,526
Total liabilities	121,135	241,863
Equity	173,051	77,239
Total Liability	**294,186**	**319,102**
31 December 2020		
Net period profit/(loss)	(17,135)	10,043
Other comprehensive income	37,172	(90)
Total comprehensive income	**20,037**	**9,953**

Summarised financial information for the subsidiaries that has non-controlling interests (*)

31 December 2019	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş.
Current Assets	9,829	236,498
Non- Current Assets	239,102	3,498
Total Asset	**248,931**	**239,996**
Short term liabilities	55,095	170,343
Long term liabilities	53,374	2,367
Total liabilities	108,469	172,710
Equity	140,462	67,286
Total Liability	**248,931**	**239,996**
31 December 2019		
Net period profit/(loss)	(5,745)	14,513
Other comprehensive income	15,656	(182)
Total comprehensive income	**9,911**	**14,331**

(*) Intragroup eliminations are not included in the table and the data comprised from consolidated IFRS financial statements which are adjusted for consolidation procedures.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

31. OTHER COMPREHENSIVE INCOME

Fair value reserve:

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The appropriate classification of financial assets is determined at the time of the purchase. As explained in note 47 (b), Silopi Elektrik Üretim A.Ş.'s shares, owned by the Group, are been classified under Financial Assets at Fair Value Through Other Comprehensive Income, and valuation differences will be started to follow in other comprehensive income.

Translation reserve:

The Group's translation reserve, between 1 January 2020 and 31 December 2020, belongs to subsidiaries of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V. which are classified as continuing operations in the Group's consolidated IFRS financial statements.

The movement in the translation reserve based on the accumulated balances of the factors leading to the exchange differences:

	31 December 2019	Movement	31 December 2020
Equity FX differences excluding profit	160,706	89,399	250,105
Exchange differences arising on income and expenses	2,653	918	3,571
Exchange differences arising on long-term receivables	77,249	5,427	82,676
Current tax income/(expense) effect of FX translation difference	(9,094)	(1,085)	(10,179)
Deferred tax income/(expense) effect of FX translation difference	(6,362)	-	(6,362)
Increase/(decrease) in share of non-controlling interest (change at the beginning of period)	4,031	(15,186)	(11,155)
Increase/(decrease) in share of non-controlling interest (change at the end of period)	2,718	-	2,718
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	(23,095)	(11,901)	(34,996)
Increase/(decrease) in share of non-controlling interest (total)	**(16,346)**	**(27,087)**	**(43,433)**
Total translation reserve, net	**208,806**	**(67,572)**	**276,378**

The movement in the translation reserve:

	31 December 2020	31 December 2019
At 1 January	**208,806**	**167,178**
Increase/(decrease) in the reserve	96,903	46,476
Effect of current tax expense recognized in comprehensive income	(1,085)	(1,678)
Deferred tax income / (expense) effect recognized in the statement of comprehensive income	-	-
Change in opening balance of the reserve attributable to non-controlling interests arising from change in ownership percentage	(15,186)	-
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	(11,901)	(2,608)
Accumulated translation differences because of that sale of associates and subsidiaries	(1,159)	(562)
Closing Balance	**276,378**	**208,806**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

31. OTHER COMPREHENSIVE INCOME (continued)

Remeasurements of the Net Defined Benefit Liability (Asset):

The Group, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset, has recognized service cost and net interest on the net defined benefit liability (asset) in the consolidated income statement and remeasurements of the net defined benefit liability (asset) in the consolidated comprehensive income statement, which are the components of defined benefit cost.

Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the entity may transfer those amounts recognised in other comprehensive income within equity. The Group, within the scope of that provision, adopted the accounting policy to transfer the prior-year-end balance of the Remeasurements of the Net Defined Benefit Liability (Asset) cumulatively recognised as other comprehensive income within equity to the Retained Earnings within equity as at each year-beginning.

The Group transferred the balance of TL 663 of the Remeasurements of the Net Defined Benefit Liability (Asset) cumulatively recognised as other comprehensive income within equity as at 31 December 2019 to the Retained Earnings within equity as at 1 January 2020.

The movement in remeasurements of the net defined benefit liability (asset):

31 December 2020	**Continuing Operations**	**Discontinued Operations**	**Total**
At 1 January	**(663)**	**-**	**(663)**
Remeasurement gains/losses	(442)	-	(442)
Effect of deferred tax recognized in equity	89	-	89
Funds transferred to retained earnings	814	-	814
The effect of deferred tax expense transferred to retained earnings	(161)	-	(161)
The change in the reserve, net of tax, attributable to non-controlling interests	12	-	12
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	14	-	14
Closing Balance	**(337)**	**-**	**(337)**

31 December 2019	**Continuing Operations**	**Discontinued Operations**	**Total**
At 1 January	**(60)**	**-**	**(60)**
Remeasurement gains/losses	(866)	-	(866)
Effect of deferred tax recognized in equity	172	-	172
Funds transferred to retained earnings	75	-	75
The effect of deferred tax expense transferred to retained earnings	(15)	-	(15)
The change in the reserve, net of tax, attributable to non-controlling interests	-	-	-
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	31	-	31
Closing Balance	**(663)**	**-**	**(663)**

32. LEGAL AND OTHER RESERVES AND RETAINED EARNINGS

Profit Appropriation and Dividend Distribution

Public companies distribute accordingly, dividend distribution Article 19 of the Capital Market Law No. 6362 which entered into force on 30 December 2012 and in accordance with the dividend policy and relevant legislation provisions to be determined by their general assembly, according to the CMB’s Communique No: II.19.1 Dividend Announcement, which entered into force as of 1 Febuary 2014.

The legal reserves consist of the first and the second legal reserves in accordance with the Turkish Commercial Code, 5% of statutory profits are appropriated as the first legal reserve until the total reserve reaches a maximum of 20% of the entity’s share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity’s share capital by the corporations with the exception of holding companies. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital with the exception of holding companies, but may be used to absorb losses in the event that the general reserve is exhausted.

According to the regulations of Capital Markets Board (CMB) of Turkey, there is no minimum required profit distribution for the exchange-traded companies and the net distributable profit of an exchange-traded company preparing consolidated financial statements is calculated by taking into regard its net profit arising from its financial statements in accordance with International Financial Reporting Standards as much as the total of the items that may be distributed as dividend arising from its statutory financial statements based on its books of account. Dividend to be distributed by an exchange-traded company from its net distributable profits arising from its financial statements in accordance with International Financial Reporting Standards is required to be met by the total of its net distributable profit after offsetting its prior year losses, if any, and other items that may be distributed as dividend arising from its statutory financial statements based on its books of account.

Companies distribute their profits by the resolution of their general assemblies in accordance with the relevant legislations and within the guidelines stated in their profit distribution policies determined by their general assemblies. Companies pay dividends as determined in the articles of association or divinded policies.

Dividend at public companies are distributed to all outstanding shares as at the distribution date equally in proportion to their ownership percentage in share capital regardless of the issue and acquisition dates of these shares. The rights arising from the dividend privilege are reserved. In the capital increases of public companies, bonus shares are distributed to outstanding shares as at the date of share capital increase.

GSD Holding, adopted a policy of not distributing cash or bonus dividend and distributing retained earnings by way of share capital increases through bonus issue by capitalization of internal resources within the regulatory framework of CMB and re-evaluating this policy every year, pursuant to its profit distribution policy.

Profit Distribution Policy

According to 2019 Ordinary General Assembly of the Company has resolved on 14 May 2020 that the profit distribution policy of Company for the year 2020 and the subsequent years pursuant to the Corporate Governance Principles is the distribution of profits as bonus shares by means of share capital increases from internal resources through the capitalisation of profits, to the extent that the criteria stipulated by the regulatory framework of CMB in relation to share capital increases through bonus issue are met, in order to finance the growth by way of retention of earnings in equity through the accumulation of profits in extraordinary reserves by considering the growth plans, investing activities and existing financial structures of the associated companies and subsidiaries and this policy is to be re-evaluated every year by taking into account the regulations of the Capital Markets Board regarding profit distribution and the liquidity position of the Company.

32. LEGAL AND OTHER RESERVES AND RETAINED EARNINGS (continued)

At the Ordinary General Assembly Meeting of GSD Holding A.Ş. held on 14 May 2020 for the year 2019, it was decided for the Company's Board of Directors to be authorized regarding the distribution of TL 121,224 of net profit of year 2019 on the legal records of the Company by allocating TL 6,061 as first legal reserve and of TL 163,789 of net profit on consolidated IFRS financial statements, by allocating TL 6,061 as first legal reserves, distribution of cash dividend in the amount of TL 36,000 from the consolidated IFRS net profit of 2019 and in terms of legal records, distribution of cash dividend to the shareholders of the Company, entire amount is to be covered by the legal net profit of 2019,

Cash dividend of TL 4,000, in the consolidated IFRS financial statements of the Company, to be expensed in the period profit in accordance with the IFRS rules and to be covered by the net profit of 2019 in the legal records of the company, to the Board Members and determination of the method of distribution of the dividends to be distributed to the Board Members by the Board of Directors; authorization of the Board of Directors of the Company to determine the dividend distribution date, to be at the latest by 30 June 2020,

The remaining TL 75,163 from the net profit of 2019 in the legal records of the Company, and the remaining TL 117,728 from the consolidated IFRS net profit to be allocated to extraordinary reserves.

GSD Holding A.Ş. Board of Directors has determined the cash dividend payment date as 29 May 2020 and cash dividend payments were made on 29 May2020 for non-listed shares and on 2 June 2020 for listed shares with 2 effective days.

In the Ordinary General Assembly Meeting for the year 2019 dated 25 March 2020 of GSD Faktoring A.Ş. it was decided the net profit after the amount to be paid to the members of the board of directors, whose corporate tax and from the net profit obtained after the amount allocated as per clause c of article 21 of the articles of association during the year, to be separated TL 797 as first legal reserve, TL 2,250 dividend distribution to Board of Director members, in accordance with in the circular of the BRSA dated 12 December 2019 and numbered 12509071-102.02.01-E.14866 not to be separated and to be kept in the excess reserve account, and decided to transfer remaning TL 11,284 amount as extraordirary reserves.

The Ordinary General Assembly Meeting for the year 2019 of GSD Yatırım Bankası A.Ş. was held on 20 March 2020. In the Ordinary General Assembly Meeting, it was decided to the net profit amounting to TL 73,068 provided from the activities of the year 2019, TL 16,639 as corporate tax, TL 2,821 first legal reserve, TL 2,500 first premium to shareholders in accordance with 24/C articles of association of the Bank, the remaining of TL 51,108 as extraordinary reserve.

In the Ordinary General Assembly Meeting for the year 2019 of GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş. held on 14 May 2020, it was decided for the Company's Board of Directors to be authorized regarding the separation of TL 6,993 of net profit of year 2019 on the legal records of the Company by allocating TL 347 as first legal reserve, to allocate the remainder TL 6,587 amount as extraordinary reserves and in the consolidated IFRS financial statements of the Company, it has been decided to allocate TL 347 as first legal reserve, all of which will be covered from previous years' losses.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

32. LEGAL AND OTHER RESERVES AND RETAINED EARNINGS (continued)

Retained earnings

	31 December 2020	31 December 2019
Extraordinary reserves	613,689	522,961
Reserves related to withdrawal of shares	6,302	6,304
Inflation adjustment on legal reserves	5,868	5,868
Transaction costs of equity transactions	(901)	(901)
IFRS adjustments	92,766	23,677
Retained earnings	**717,734**	**557,909**

The items that may be distributed as dividend to shareholders of the Company arising from its statutory financial statements based on its books of account

	31 December 2020	31 December 2019
Net profit/loss for the period	399,921	121,224
Extraordinary reserves (historical)	521,682	415,207
Extraordinary reserves (retained earnings arising from the first application of inflation accounting)	68,925	68,925
Inflation adjustment on extraordinary reserves	23,082	23,082
The items that may be distributed as dividend in statutory financial statements(*)	**1,013,610**	**628,438**

(*)At the Ordinary General Assembly Meeting of GSD Holding A.Ş. held on 14 May 2020 for the year 2019, it was decided for the Company's Board of Directors to be authorized regarding the separation of TL 121,224 of net profit of year 2019 on the legal records of the Company by allocating TL 6,061 first legal reserve and TL 163,789, TL 6,061 first legal reserves were set aside from the consolidated IFRS net profit of 2019, distribution of cash dividend in the amount of TL 36,000 in the consolidated IFRS financial statements of the Company, from the consolidated IFRS net profit of 2019, in terms of legal records distribution of cash dividend to the shareholders of the Company entire amount is going to be covered by the legal net profit of 2019, cash dividend of TL 4,000, in the consolidated IFRS financial statements of the company, to be expense in the period profit in accordance with the IFRS rules and to be covered by the net profit of 2019 in the legal records of the company, distribution of the company to the Board Members, determination of the method of distribution of the dividends to be distributed to the Board Members by the Board of Directors; authorization of the Board of Directors of the Company to determine at the latest by 30 June 2020 for the dividend distribution date, the remaining of TL 75,163 from the net profit of 2019 in the legal records of the company, and it has been decided to allocate TL 117,728 remaining from the consolidated IFRS net profit to extraordinary reserves.

GSD Holding A.Ş. The Board of Directors has determined the cash dividend payment date as 29 May 2020 and cash dividend payments were made on 29 May 2020 for non-public shares and on 2 June 2020 for public shares with 2 effective date.

The restatement effects of the inflation adjustment on the credit balance accounts which are transferred to another account or withdrawn from the company as dividend shall be subject to corporate tax without being included in the current net income for the year during which the transfer or withdrawal is made, but the restatement effects of the inflation adjustment on the equity accounts can be capitalised or transferred to the accumulated deficit account to set off the prior year losses arising from the first application of inflation accounting without being subject to corporate tax, according to the Temporary Clause 25 and the Repeated Clause 298 of the Tax Procedural Law of Turkey. The Tax Procedural Law Communique numbered 328 excepts the transfers or withdrawals made from the restatement effects of the inflation adjustment on the nonmonetary credit balance accounts which are profit reserves, special funds (such as fixed asset replacement fund), advances and deposits and progress payments arising from construction contracts, from corporate tax in this regard.

Pursuant to the section under the heading of 19. Profit Distribution belonging to the Circular numbered 17 relating to the Tax Procedural Law of Turkey, prior year income not existing before the first inflation adjustment and arising from the first inflation adjustment, which are transferred to another account or withdrawn from the company as dividend shall be subject to corporate tax without being included in the current net income for the year during which the transfer or withdrawal is made.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

33. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including:

	31 December 2020	31 December 2019
Letters of guarantee	3,637,392	2,686,841
Bills of acceptances	1,621	151,207
Total non-cash loans	**3,639,013**	**2,838,048**
Other commitments	-	-
Total non-cash loans and off-balance sheet commitments	**3,639,013**	**2,838,048**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

34. OPERATING INCOME

Gross profit/(loss) from marine sector operations

	31 December 2020	31 December 2019
Rental income on ship time charters	116,853	114,977
Other income	7,834	1,572
Marine sector income	**124,687**	**116,549**
Ship depreciation expense	(45,864)	(34,970)
Ship personnel expenses	(43,208)	(33,292)
Various materials, oil and fuel expenses of ships	(21,237)	(17,925)
Ship insurance expenses	(5,707)	(4,581)
Technical management fees	(4,935)	(3,942)
Maintenance and repair expenses	-	(566)
Loss of hire	(1,248)	(313)
Other expenses	(3,196)	(2,051)
Marine sector expense	**(125,395)**	**(97,640)**
Gross profit/(loss) from commercial sector operations	**(708)**	**18,909**

Gross profit/(loss) from financial sector operations

a) Service income and cost of service

	31 December 2020	31 December 2019
Fees and commission income	39,096	30,856
Income from banking transactions	138	148
Service income	**39,234**	**31,004**
Fees and commission expense	(1,135)	(1,286)
Cost of service	**(1,135)**	**(1,286)**
Service income less cost of service	**38,099**	**29,718**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

34. OPERATING INCOME (continued)

Gross profit/(loss) from financial sector operations (continued)

b) Interest income / (expense)

	31 December 2020	31 December 2019
Interest income		
Interest income on factoring receivables	49,246	62,235
Interest income on loans and advances	27,376	50,822
Interest received from banks	3,394	3,075
Interest received from money market transactions	78	3,255
Other interest income	4	119
Interest income on finance lease contracts	1	-
Interest income on securities	-	413
Interest income	**80,099**	**119,919**
Interest expense		
Interest expense on funds borrowed	(15,594)	(23,063)
Interest expense on other money market deposits	(1,442)	(5,670)
Other interest expense	(1,967)	(1,303)
Interest expense	**(19,003)**	**(30,036)**
Net interest income	**61,096**	**89,883**

Provision expense arising from financial sector operations

	31 December 2020	31 December 2019
(Provision)/reversal of provision for loans and advances to customers	(312)	(1,544)
(Provision)/reversal of provision for factoring receivables	(179)	(290)
(Provision)/reversal of provision for finance lease receivables	(912)	(291)
Total	**(1,403)**	**(2,125)**

Capital market transaction profit/loss

	31 December 2020	31 December 2019
Capital market transaction profit	-	270
Total	**-**	**270**

Other financial sector operations income/(expense), net

	31 December 2020	31 December 2019
Banking Regulation and Supervision Agency contribution expense	(86)	(128)
Banking Association contribution expense	(30)	(24)
Other income/(expense)	369	945
Total	**253**	**793**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

35. ADMINISTRATIVE EXPENSES

Administrative expenses

	31 December 2020	31 December 2019
Personnel expenses	(38,962)	(29,895)
Depreciation expense calculated according to IFRS 16	(5,924)	(5,367)
Amortization and depreciation expenses	(1,418)	(1,307)
Taxes paid other than on income	(1,322)	(1,212)
External audit expenses	(1,210)	(1,121)
Communication expenses	(1,203)	(1,020)
Building and fixed-asset expenses	(1,152)	(833)
Vehicle, transportation and travel expenses	(658)	(987)
Donation, aid and social responsibility expenses	(213)	(206)
Office and printed material expenses	(164)	(147)
Rent expenses	(128)	(206)
Insurance expense	(70)	(56)
Legal expenses	(54)	(5)
Advertising expenses	(28)	(12)
Other expenses	(2,377)	(2,388)
Total	**(54,883)**	**(44,762)**

Personnel expenses

	31 December 2020	31 December 2019
Wages and salaries	(24,563)	(20,929)
Paid bonus expense	(7,736)	(2,699)
Cost of defined contribution plan	(3,087)	(2,571)
Other fringe benefits	(1,791)	(1,798)
Paid expense for employee termination benefits obligation	(722)	(426)
Provision expense for employee termination benefits obligation	(595)	(397)
Provision expense for employee bonus	(146)	(787)
Paid expense for unused paid vacation obligation	(107)	(20)
Provision expense for unused paid vacation obligation	(72)	(203)
Other	(143)	(65)
Total	**(38,962)**	**(29,895)**

36. OTHER INCOME / (EXPENSE) FROM OPERATING ACTIVITIES

Other income from operating activities

	31 December 2020	31 December 2019
Other foreign exchange gains	22,978	22,793
Interest income on deposits with banks and financial institutions	1,436	3,878
Reversal of provision for employee termination benefits obligation	739	312
Reversal of provision for employee bonus	456	-
Reversal of provision for unused paid vacation obligation	37	-
Other income	176	375
Total	**25,822**	**27,358**

Other expense from operating activities

	31 December 2020	31 December 2019
Other foreign exchange losses	(3,867)	(7,450)
Total	**(3,867)**	**(7,450)**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

37. INCOME / (EXPENSE) FROM INVESTMENT ACTIVITIES

Income from investment activities

	31 December 2020	31 December 2019
Foreign exchange gains of financial investments (*)	517	84,923
Gain on disposal of fixed asset	93	189
Foreign exchange difference income from financial asset share sales (**)	36,379	-
Gain on sale of available for sale securities	2	267
Marketable securities valuation profit (excluding interest bearing securities)	350	845
Other income	50,560	23,920
Total	**88,291**	**110,144**

(*) Current period exchange difference income amount of bonds.
(**) The amount arises from the exchane effect of the financial investment of Silopi Elektrik Üretim A.Ş.

Other income

	31 December 2020	31 December 2019
Income accural of financial asset	16,516	23,920
Foreign exchange difference of receivable from financial asset	26,573	-
Other income	7,471	-
Total	**50,560**	**23,920**

Expense from investment activities (-)

	31 December 2020	31 December 2019
Gain on disposal of fixed asset	-	(22)
Total	**-**	**(22)**

38. FINANCING EXPENSES

Financing expenses:

	31 December 2020	31 December 2019
Interest expense on borrowings	(16,742)	(22,856)
Foreign exchange loss on borrowings	(5,766)	(4,681)
Interest expense on the provision for employee benefits	(164)	(176)
Other financing expenses	(395)	(205)
Total	**(23,067)**	**(27,918)**

39. EARNINGS PER SHARE

Continuing Operations	31 December 2020	31 December 2019
Net profit/(loss)	48,507	163,789
The weighted average number of shares with a nominal value of full TL 1 (*)	371,884,483	360,000,000
Basic earnings per share with a nominal value of full TL 1	**0.130**	**0.455**
Diluted earnings per share with a nominal value of full TL 1	**0.130**	**0.455**

(*) In accordance with the Board of Directors decision of GSD Holding A.Ş. on July 26, 2016, which was taken in line with the press announcements relating to purchased share of the CMB dated July 21, 2016 and July 25, 2016, the Group D shares with a nominal value of TL 90,000 bought back for a total price of TL 56,418. The Group sold a total of 45,000,000 (full) repurchased shares at a price range of 2.10-2.27 between September 10, 2020 and October 6, 2020 (included). Accordingly, in the period of 31 December 2020, the weighted average number of shares of the Company, excluding the shares bought back, was calculated as 371,884,483. The company calculated the earnings per share as of 31 December 2020 by dividing the main partnership profit by the weighted average number of shares.

40. FINANCIAL RISK MANAGEMENT

THE REGULATIONS REGARDING THE RISK MANAGEMENT IN THE GROUP COMPANIES

The Regulations Regarding the Capital Adequacy Requirements of the Group's Bank

In the Group bank, in accordance with banking regulations, the capital adequacy ratio and, beginning from 1 January 2014, the main capital adequacy ratio and the core capital adequacy ratio are required to be calculated on separate and consolidated bases and meet the minimum 8% and 4.5% respectively and held at these levels. The capital adequacy standard ratio, the main capital adequacy ratio and the core capital adequacy ratio are calculated by dividing the shareholders' equity, the main equity capital and the core equity capital respectively by the sum of "the amount taken as the basis to the credit risk+the amount taken as the basis to the market risk+the amount taken as the basis to the operational risk".

The shareholders' equity, the main equity capital and the core equity capital are calculated according to the rules and principles stated in the Communique on the Shareholders' Equities of Banks.

The amount taken as the basis to the credit risk is calculated for the credit risk arising from the on-balance sheet asset items, non–cash loans, commitments and derivative financial instruments. The amount taken as the basis to the credit risk is calculated by means of the standard approach or the approaches based upon internal rating.

The amount taken as the basis to the market risk is calculated by means of the standard method or the risk measurement methods with the permission of BRSA.

The amount taken as the basis to the operational risk is calculated for the losses arising from missing out mistakes and misapplications due to the shortcomings of the bank's internal controls, not being able to behave according to the time and conditions by the bank management and personnel, the errors in managing the bank, the errors and shortcomings in the management information systems and disasters such as earthquake, fire and flood or terror attacks. The amount taken as the basis to the operational risk is calculated by means of the basic indicator approach and the standard approach or the advanced measurement approaches with the permission of BRSA.

Internal Capital Adequacy Assessment Process (ICAAP), Capital Planning Buffer, Internal Capital Buffer and Internal Capital Adequacy Requirement

The banks are required to internally calculate the capital that is adequate to meet the risks they are exposed to and can be exposed to, on separate and consolidated bases and maintain their activities by means of a capital over this level. The ICAAP is the set of processes to allow the top management to identify, measure, consolidate and monitor the risks in an accurate and adequate level; to calculate and maintain the adequate internal capital determined based on the bank's risk profile, strategies and activity plan; establish, implement and develop continuously strong risk management systems.

The Regulations Regarding the Leverage Ratios of the Group Bank

Starting from 1 January 2014, the leverage ratio is calculated by dividing the main equity capital by the total risk amount; the consolidated leverage ratio is calculated by dividing the consolidated main equity capital by the consolidated total risk amount. Starting from 1 January 2015, the quarterly simple arithmetic average as of the periods ended March, June, September and December of the leverage ratios which are calculated monthly on separate and consolidated bases are required to be attained and maintained at a minimum of 3%.

The Regulations Regarding the Equity Standard Ratio of the Group's Financial Leasing and Factoring Companies

The ratio of the shareholders' equity to the total assets of the financial leasing and factoring companies are required to be attained and maintained at a minimum of 3% in accordance with the about the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies directive.

40. FINANCIAL RISK MANAGEMENT (continued)

The Regulations Regarding the Provisions To Be Set Against the Receivables of the Group's Bank, Financial Leasing And Factoring Companies

The Group Bank in accordance with the relevant regulations, to cover the losses incurred arised or expected to arise from credit and it's other receivables but the damages whose amount is not certain, has to set aside provisions for expected credit losses in IFRS 9, as stated below within the framework of the procedures and principles set forth in the relevant regulation and communiqué.

Recognition of Expected Credit Losses

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with IFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under IFRS 9. Estimation of expected credit losses include supportable informations that are unbiased, weighted by probable outcomes and on past events, current conditions and forecasts for future economic conditions. As of the date of initial recognition, these financial assets have been classified into the following three stages based on the increase in the credit risks observed:

Stage 1: From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date.

Stage 2: An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument and measures the provision for impairment on this financial instrument at an amount equal to the lifetime expected credit losses. The purpose of impairment provisions matters are recognizing the risk of default occurring over the remaining life of the financial instrument that credit risk has increased significantly since initial recognition is performed at each reporting period.

Stage 3: When one or more events that negatively affect future estimated cash flows of a financial asset occur, the related financial asset has met with credit-impairment. For these assets, expected lifetime loss of credit is recorded.

The BRSA's based on resolutions numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020, mainly due to the disruptions in economic and commercial activities as a result of the COVID-19 pandemic, effective starting from 17 Mart 2020, within the scope of Articles 4 and 5 of the "Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions for These" the 30 days delay period envisaged for the classification of loans in the second group to be applied as 90 days until 31 December 2020 for the credits monitored in the first group and the 90 days delay period foreseen for the non-performing loan classification of loans to be applied as 180 days until 31 December 2020 for the monitored loans in the first and second groups. With the decision of the BRSA dated 8 December 2020 and numbered 9312, the said periods were extended until 30 June 2021.

In this context, as of 31 December 2020, the Bank does not have any loans within the scope of the above mentioned applications.

Factoring companies can set a specific provision at their will (banks, in the above-mentioned ratios; financial leasing and factoring companies, in the ratios to be determined by themselves) against their loan, finance lease and factoring and other receivables, even if the length of non-payment did not exceed the above-mentioned terms, taking into account the credibility of the debtor and the other criteria specified in the relevant communique and directive.

40. FINANCIAL RISK MANAGEMENT (continued)

Provision under IFRS 9

The banks' twelve-month expected credit loss allowances and lifetime expected credit losses allowance amounts due to a significant increase in the borrower's credit risk, are considered as general provisions and amounts of lifetime expected credit loss provision set aside due to the default of the borrower are considered as specific provisions. Classification of loans for loans not covered by IFRS 9 although included in the definition of loans by banks that make provisions in accordance with IFRS 9 and in accordance with the Regulation on the procedures and principles regarding the provisions to be set aside for these, there is no obligation to set aside a separate provision. Banks also take into account country and transfer risks when calculating the provisions they will set aside for expected credit losses pursuant to the first paragraph. The BRSA Board considers the size, type, maturity, currency, interest structure, used sector and geographical distribution of the loans, the concentrations observed over time in terms of collateral and similar issues, the level of credit risk and management, and considering that the provisions set aside from banks on a bank or loan basis in accordance with from these provisions set forth in this article may request higher than provision for the amount.

The BRSA Board, according to the assessment it will make by taking into account its activities upon the application of the bank containing the detailed justifications, on a bank basis provisions, may decide to set aside within the scope of Articles 10, 11, 13 and 15, instead of IFRS 9.

Factoring companies may set a provision in general and without being directly related to any transaction, in order to cover losses expected to arise from receivables with no delay or less than ninety days, which amount is not certain, in collection of principal, interest or both.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK

Market risk is the risk of loss from the Group's on-off balance sheet items, caused by the volatility in interest rates, stock prices and foreign currency exchange rates.

The top management closely monitors the amount of market risk, to which the Group has been exposed or can be exposed with regards to its position. Therefore, Market Risk Committee is constituted in the Group's bank and the market risks are measured by employing the measurement models in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy of Banks " and reported to the top management.

SENSITIVITY ANALYSIS FOR MARKET RISK

According to IFRS, there are three types of market risk: interest rate risk, currency risk and other price risk. Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected) and residual value risk. As at 31 December 2020 and 31 December 2019, since the Group's consolidated exposure to other price risk is not material, the Group's consolidated sensitivity analyses are given below in relevant sections only for interest rate risk and currency risk.

CREDIT RISK

Financial instruments contain an element of risk that the counter parties of the Group may be unable to meet the terms of the agreements, totally or partially.

The Credit Evaluation and Monitoring Department in the Group's bank is responsible to manage the credit risk. The leasing company of the Group has a department which follows up the risk of the leasing receivables besides the credit risk monitoring department.

In the Group's bank, a rating system related with the follow-up of the credit risk on company and group basis has been initiated, and the top management is informed regularly about the company and group risks.

The loan allocation procedure at the group bank is carried out on a customer and group basis accordance with the credit limits defined in accordance with the article 50 of the Banking Law numbered 5411, titled "Included risk group and terms of credit to members", the limits and lending conditions by the Internal Control and Risk Management Departments is monitored regularly.

For credit transactions carried out abroad, a structure considering the country risk and market conditions of the related countries exists; nevertheless, such risks do not exist in the portfolio. When the Group's activities in the international banking market are evaluated, it is considered that the concentration of international credit risk is low.

	31 December 2020		**31 December 2019**	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**
Finance	284,344	780,123	167,597	672,194
Construction	1,242	1,036,680	9,670	528,952
Production	2,086	188,873	-	678,091
Energy	-	-	-	353,417
Service	-	-	1,032	68,020
Electronics	-	-	-	-
Other	9,705	1,633,337	67,187	537,374
Corporate loans	**297,377**	**3,639,013**	**245,486**	**2,838,048**
Consumer loans	**-**	**-**	**109**	**-**
Interest accruals	**-**	**-**	**-**	**-**
Loans in arrears	**4,269**	**-**	**4,195**	**-**
Provision for possible loan losses	**(600)**	**-**	**(465)**	**-**
Total	**301,046**	**3,639,013**	**249,325**	**2,838,048**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK ANALYSIS OF FINANCIAL INSTRUMENTS

	Receivables				Balances with banks and other financial institutions (*)	Marketable securities (**)	Derivative financial instruments	Loans and advances to customers	Factoring receivables	Finance lease receivables, net	Other
	Trade receivables		Other receivables								
31 December 2020	**Related party**	**Other party**	**Related party**	**Other party**							
The maximum exposure to credit risk at the end of the reporting period (A+B+C+D+E) (***)	**-**	**300,318**	**-**	**9,571**	**109,140**	**75,077**	**-**	**3,940,059**	**314,525**	**14**	**-**
- The part of the maximum exposure to credit risk mitigated by a collateral held as security and other credit enhancements	-	-	-	8,112	-	-	-	3,940,059	314,525	14	-
A. The net carrying amount of the financial assets that are neither past due nor impaired	**-**	**300,318**	**-**	**9,571**	**109,140**	**75,077**	**-**	**297,231**	**314,467**	**-**	**-**
B. The net carrying amount of the financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-	-	-	-	-
C. The net carrying amount of the financial assets that are past due but not impaired	-	-	-	-	-	-	-	-	**55**	**14**	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	55	14	-
D. The net carrying amount of the financial assets that are individually or collectively determined to be impaired	-	-	-	-	-	-	-	**3,815**	**3**	-	-
- Past due (gross carrying amount)	-	1,981	-	-	-	-	-	4,269	5,830	5,025	-
- Impairment provision (-)	-	(1,981)	-	-	-	-	-	(454)	(5,827)	(5,025)	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	146	-	-	-
- Impairment provision (-)	-	-	-	-	-	-	-	(146)	-	-	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
E. Off-balance sheet credit risk	-	-	-	-	-	-	-	**3,639,013**	-	-	-
31 December 2019											
The maximum exposure to credit risk at the end of the reporting period (A+B+C+D+E) (***)	**-**	**11,382**	**-**	**6,939**	**136,344**	**38,106**	**-**	**3,087,373**	**236,157**	**11**	**-**
- The part of the maximum exposure to credit risk mitigated by a collateral held as security and other credit enhancements	-	-	-	6,514	-	-	-	1,237,297	236,157	10	-
A. The net carrying amount of the financial assets that are neither past due nor impaired	**-**	**11,382**	**-**	**6,939**	**136,344**	**38,106**	**-**	**245,459**	**235,995**	**-**	**-**
B. The net carrying amount of the financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-	-	-	-	-
C. The net carrying amount of the financial assets that are past due but not impaired	-	-	-	-	-	-	-	-	**35**	**11**	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	35	11	-
D. The net carrying amount of the financial assets that are individually or collectively determined to be impaired	-	-	-	-	-	-	-	**3,866**	**127**	-	-
- Past due (gross carrying amount)	-	1,981	-	-	-	-	-	4,195	5,775	4,113	-
- Impairment provision (-)	-	(1,981)	-	-	-	-	-	(329)	(5,648)	(4,113)	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	136	-	-	-
- Impairment provision (-)	-	-	-	-	-	-	-	(136)	-	-	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
E. Off-balance sheet credit risk	-	-	-	-	-	-	-	**2,838,048**	-	-	-

(*) This item includes Cash and Balances with the Central Bank except cash on hand, Deposits with other banks and financial institutions, Other money market placements and Reserve deposits at the Central Bank in the consolidated statement of financial position.

(**) Shares, due to not having credit risk, are not included in marketable securities.

(***) In the determination of this amount, factors that enhance the credibility, such as guarantees, are not taken into consideration.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

Ageing of the financial assets that are past due but not impaired

	Receivables							
31 December 2020	**Trade receivables**	**Other receivables**	**Balances with banks and other financial institutions**	**Marketable securities**	**Derivative financial institutions**	**Loans and advances to customers**	**Factoring receivables**	**Finance lease receivables, net**
0-30 days past due	-	-	-	-	-	-	-	14
1-3 months past due	-	-	-	-	-	-	-	-
3-12 months past due	-	-	-	-	-	-	55	-
1-5 years past due	-	-	-	-	-	-	-	-
Over 5 years past due	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**55**	**14**
The part mitigated by a collateral held as security and other credit enhancements	**-**	**-**	**-**	**-**	**-**	**-**	**55**	**14**

Ageing of the financial assets that are past due but not impaired

	Receivables							
31 December 2019	**Trade receivables**	**Other receivables**	**Balances with banks and other financial institutions**	**Marketable securities**	**Derivative financial institutions**	**Loans and advances to customers**	**Factoring receivables**	**Finance lease receivables, net**
0-30 days past due	-	-	-	-	-	-	35	11
1-3 months past due	-	-	-	-	-	-	-	-
3-12 months past due	-	-	-	-	-	-	-	-
1-5 years past due	-	-	-	-	-	-	-	-
Over 5 years past due	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**35**	**11**
The part mitigated by a collateral held as security and other credit enhancements	**-**	**-**	**-**	**-**	**-**	**-**	**35**	**11**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

Collateral obtained against loans and advances to customers that are not impaired:	**31 December 2020**	**31 December 2019**
Real estate mortgage	1,463	1,555
Other collaterals (mortgage over movable properties, institutional and personal guarantees, guarantee notes)	299,583	200,681
Total	**301,046**	**202,236**

[(1)] Unsecured cash loan amount is TL 355,898 (31 December 2019: TL 73,229).

Collateral obtained against non-cash loans that are not impaired:	**31 December 2020**	**31 December 2019**
Real estate mortgage	371	861
Cash collateral	3,099	3,179
Other collaterals (mortgage over movable properties, institutional and personal guarantees, guarantee notes)	3,635,543	1,031,016
Total	**3,639,013**	**1,035,056**

[(1)] Non-secured non-cash loan amount is TL 2,252,530 (31 December 2019: TL 1,803,746).

Collateral obtained against loans and advances to customers that are impaired:

The Group does not have collateral obtained against loans and advances to customers that are impaired.

The collaterals obtained against finance lease receivables in relation to the outstanding lease contracts:	**31 December 2020**	**31 December 2019**
Guarantee notes	14	10
Mortgages	-	-
Total	**14**	**10**

Collateral obtained against factoring receivables:	**31 December 2020**	**31 December 2019**
Collateral bill	305,888	221,148
Cheque collateral	8,637	15,009
Guarantees issued by financial institutions	-	-
Total	**314,525**	**236,157**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY RISK

Liquidity risk occurs when there is an insufficient amount of cash or cash inflows to meet the cash outflows in full and on time, resulting from the unstable cash inflows.

Liquidity risk may occur when positions cannot be closed on a timely basis with an appropriate price and sufficient amount due to unfavourable market conditions. In factoring companies, in order to mitigate the liquidity risk from the checks received, the Group attaches importance to the collectability of checks. In the Group's banks, the liquidity position is evaluated on a daily basis. In weekly meetings of the Asset-Liability Committee, three month-period cash flow projections are reviewed and the extent of positions to be taken is decided accordingly. Alternative strategies that will be taken in case of lack of liquidity are assessed. The existing limits and limit gaps of the Group within Interbank, Istanbul Stock Exchange, Money Market and secondary markets are followed instantly. The maximum limits in the statement of financial position of the Group related with the maturity risk are determined by the Board of Directors.

Liquidity risk analysis of the contractual undiscounted cash flows from the financial liabilities based on the remaining period at reporting date to the contractual maturity date

The table below analyses the contractual undiscounted cash flows from the financial liabilities of the Group into the maturity groupings based on the remaining period at reporting date to the contractual maturity date.

	Carrying value	Total contractual undiscounted cash flows	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
As at 31 December 2020								
Financial liabilities								
Liabilities from money market transactions	**53,385**	**53,470**	53,470	-	-	-	-	-
Funds borrowed	**420,687**	**438,172**	131,563	40,561	34,837	50,811	180,400	-
Lease liabilities	**6,167**	**7,115**	502	996	1,484	2,981	1,152	-
Borrowers' funds	**60,940**	**61,652**	-	20,363	3,151	38,138	-	-
Factoring payables	**352**	**352**	-	352	-	-	-	-
Liabilities arising from finance leases	**52**	**52**	52	-	-	-	-	-
Total	**541,583**	**560,813**	**185,587**	**62,272**	**39,472**	**91,930**	**181,552**	**-**

	Carrying value	Total contractual undiscounted cash flows	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
As at 31 December 2019								
Financial liabilities								
Liabilities from money market transactions	-	-	-	-	-	-	-	-
Funds borrowed	**474,396**	**503,695**	21,148	129,768	43,530	51,289	257,960	-
Lease liabilities	**9,323**	**11,685**	497	989	1,458	2,840	5,901	-
Borrowers' funds	**34,319**	**35,270**	1,378	10	3,136	-	30,746	-
Factoring payables	**1,190**	**1,190**	-	1,190	-	-	-	-
Liabilities arising from finance leases	**41**	**41**	41	-	-	-	-	-
Total	**519,269**	**551,881**	**23,064**	**131,957**	**48,124**	**54,129**	**294,607**	**-**

CURRENCY RISK

Foreign currency risk, which indicates the possibility that the Group will incur losses due to adverse movements between currencies, is managed by close monitoring of the top management and taking positions in accordance with approved limits.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

CURRENCY RISK (continued)

Currency risk is followed on foreign currency/TL and foreign currency/ foreign currency basis and different risk techniques, methods and instruments are used for each of them. The Group hedges the risk in foreign currency/ foreign currency position with spot/forward arbitrage and future transactions. In the Group's banks, the capital adequacy requirement arising from foreign currency risk is calculated by considering all foreign currency assets and liabilities and derivative financial instruments of the Group's bank. The net short and long positions in terms of TL of each foreign currency are computed. The position with the greater absolute value is determined as the basis for the computation of capital adequacy requirement.

Sensitivity Analysis for Currency Risk

At 31 December 2020 and 31 December 2019, if all foreign currencies had strengthened or weakened 10 per cent against TL with all other variables held constant, the changes in the consolidated post-tax profit of the Group for the periods ended 31 December 2020 and 31 December 2019 and other components of equity of the Group as at those dates, which are the changes in net profit or other comprehensive income, net of tax, attributable to equity holders of the parent for the periods 31 December 2020 and 31 December 2019, respectively, would have been as follows:

	31 December 2020			
	Net Profit/(Loss) (*)		Other Components of Equity (*)	
	Foreign currencies' strengthening	Foreign currencies' weakening	Foreign currencies' strengthening	Foreign currencies' weakening
The 10% change in TL/USD:				
1- The change in USD denominated assets/liabilities except derivatives	36,776	(36,776)	15,159	(15,159)
2- Hedging effect arising from the derivatives	-	-	-	-
3- Net effect due to the change in TL/USD (1+2)	**36,776**	**(36,776)**	**15,159**	**(15,159)**
The 10% change in TL/EUR:				
4- The change in EUR denominated assets/liabilities except derivatives	(244)	244	-	-
5- Hedging effect arising from the derivatives	-	-	-	-
6- Net effect due to the change in TL/EUR (4+5)	**(244)**	**244**	**-**	**-**
The 10% change in TL/Other foreign currencies:				
7- The change in other foreign currencies denominated assets/liabilities except derivatives	690	(690)	-	-
8- Hedging effect arising from the derivatives	-	-	-	-
9- Net effect due to the change in TL/Other foreign currencies (7+8)	**690**	**(690)**		
TOTAL (3+6+9)	**37,222**	**(37,222)**	**15,159**	**(15,159)**

	31 December 2019			
	Net Profit/(Loss) (*)		Other Components of Equity (*)	
	Foreign currencies' strengthening	Foreign currencies' weakening	Foreign currencies' strengthening	Foreign currencies' weakening
The 10% change in TL/USD:				
1- The change in USD denominated assets/liabilities except derivatives	60,871	(60,871)	16,606	(16,606)
2- Hedging effect arising from the derivatives	-	-	-	-
3- Net effect due to the change in TL/USD (1+2)	**60,871**	**(60,871)**	**16,606**	**(16,606)**
The 10% change in TL/EUR:				
4- The change in EUR denominated assets/liabilities except derivatives	18	(18)	-	-
5- Hedging effect arising from the derivatives	-	-	-	-
6- Net effect due to the change in TL/EUR (4+5)	**18**	**(18)**	**-**	**-**
The 10% change in TL/Other foreign currencies:				
7- The change in other foreign currencies denominated assets/liabilities except derivatives	(3)	3	-	-
8- Hedging effect arising from the derivatives	-	-	-	-
9- Net effect due to the change in TL/Other foreign currencies (7+8)	**(3)**	**3**	**-**	**-**
TOTAL (3+6+9)	**60,886**	**(60,886)**	**16,606**	**(16,606)**

(*) The amounts included in the foreign currency sensitivity analysis under the heading "Profit / Loss" are presented for the net profit for the period of the parent company shares and the other comprehensive income for the shares of the parent company given under "Equity"

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency position table (*)		**31 December 2020**				**31 December 2019**		
(Unless indicated,orginal currency)	**TL**	**Thousand USD**	**Thousand Euro**	**Other (TL)**	**TL**	**Thousand USD**	**Thousand Euro**	**Other (TL)**
1. Trade Receivables	43,393	5,911	-	-	11,372	1,914	-	-
2a. Monetary Financial Assets (Cash and Bank)	182,057	23,541	40	8,898	151,336	25,420	50	11
2b. Non-Monetary Financial Assets	16,516	2,250	-	-	764,801	128,750	-	-
3. Other	5,263	713	4	-	4,703	750	38	-
4. Current Asset (1+2+3)	**247,229**	**32,415**	**44**	**8,898**	**932,212**	**156,834**	**88**	**11**
5. Trade Receivables	256,918	35,000	-	-	-	-	-	-
6a. Monetary Financial Assets (Cash and Bank	3,178	433	-	-	3,239	545	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	750,887	102,294	-	-	643,274	108,292	-	-
8. Non Current Assets (5+6+7)	**1,010,983**	**137,727**	**-**	**-**	**646,513**	**108,837**	**-**	**-**
9. Total Assets (4+8)	**1,258,212**	**170,142**	**44**	**8,898**	**1,578,725**	**265,671**	**88**	**11**
10. Trade Payables	1,944	261	3	-	900	147	4	-
11. Financial Liabilities	115,113	15,450	182	59	100,199	16,807	47	46
12a. Monetary Other Financial Liabilities	1,656	-	184	-	-	-	-	-
12b. Non Monetary Other Financial Liabilities	4,140	562	2	-	1,834	307	2	-
13. Short Term Liability (10+11+12)	**122,853**	**16,273**	**371**	**59**	**102,933**	**17,261**	**53**	**46**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	173,060	23,576	-	-	240,577	40,496	4	-
16 a. Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
16 b. Non Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liability (14+15+16)	**173,060**	**23,576**	**-**	**-**	**240,577**	**40,496**	**4**	**-**
18. Total Liability (13+17)	**295,913**	**39,849**	**371**	**59**	**343,510**	**57,757**	**57**	**46**
19. Net Asset/(Liability) Position of Off Balance Sheet Foreign Currency Derivative Instruments(19a-19b)	220,215	30,000	-	-	-	-	-	-
19a. Amount of Liability Characteristic Off Balance Sheet Derivative Instruments	220,215	30,000	-	-	-	-	-	-
19b. Amount of Liability Characteristic Off Balance Sheet Derivative Instruments	-	-	-	-	-	-	-	-
20. Net financial position (9-18+19)	**1,182,514**	**160,293**	**(327)**	**8,839**	**1,235,215**	**207,914**	**31**	**(35)**
21. Position of Net Monetary Units of Foreign Currency Assets / (Liabilities) (=1+2a+5+6a-10-11-12a-14-15-16a)	**193,773**	**25,598**	**(329)**	**8,839**	**(175,729)**	**(29,571)**	**(5)**	**(35)**
22.Total Fair value of Financial Instruments used for Currency Hedge	-	-	-	-	-	-	-	-
23. Amount of hedged Foreign Currency Assets	-	-	-	-	-	-	-	-
24. Amount of hedged Foreign Currency Liabilities	220,215	30,000	-	-	-	-	-	-
25. Export	-	-	-	-	-	-	-	-
26. Import	-	-	-	-	-	-	-	-

(*) Continuing and discontinued operations are explained together the foreign currency position table

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

The concentrations of assets, liabilities and off-balance sheet items in terms of currencies

	TL	US Dollars	Euro	Others	Total
At 31 December 2020					
Assets from continuing operations					
Cash and balances with the Central Bank	590	29	-	-	619
Deposits with banks and other financial institutions	581	97,679	352	8,898	107,510
Receivables from money market transactions	1,005	-	-	-	1,005
Required reserves	-	8	-	-	8
Financial assets at fair value through profit or loss	1,517	91,593	-	-	93,110
Loans and advances, net	297,868	3,178	-	-	301,046
Factoring receivables, net	314,525	-	-	-	314,525
Finance lease receivables, net	-	8	6	-	14
Unquoted equity instruments	377	-	-	-	377
Assets held for sale	312	-	-	-	312
Property and equipment, net	3,301	750,887	-	-	754,188
Right of use assets	5,208	-	-	-	5,208
Intangible assets, net	355	-	-	-	355
Prepaid expenses	748	1,961	34	-	2,743
Prepaid income tax	-	-	-	-	-
Deferred tax asset	2,699	-	-	-	2,699
Trade and other receivables and other assets	12,104	303,579	-	-	315,683
Total assets	**641,190**	**1,248,922**	**392**	**8,898**	**1,899,402**
Liabilities from continuing operations					
Liabilities from money market transactions	53,385	-	-	-	53,385
Funds borrowed	153,590	265,543	1,554	-	420,687
Lease liabilities	6,136	-	31	-	6,167
Borrowers' funds	40,041	20,899	-	-	60,940
Factoring payables	254	-	39	59	352
Liabilities arising from finance leases	4	32	16	-	52
Deferred income	4	4,126	14	-	4,144
Income taxes payable	12,062	-	1,622	-	13,684
Provisions	7,777	-	-	-	7,777
Debt provisions	4,055	-	-	-	4,055
Deferred tax liability	9,690	-	-	-	9,690
Trade and other payables and other liabilities	10,914	1,915	63	-	12,892
Total liability	**297,912**	**292,515**	**3,339**	**59**	**593,825**
Net balance sheet position	**343,278**	**956,407**	**(2,947)**	**8,839**	**1,305,577**
Net off-balance sheet position	**-**	**220,215**	**-**	**-**	**220,215**
Net notional amount of derivatives from continuing operations	-	220,215	-	-	220,215
At 31 December 2019					
Total assets	**532,512**	**1,578,131**	**583**	**11**	**2,111,237**
Total liabilities	**232,778**	**343,092**	**372**	**46**	**576,288**
Net balance sheet position	**299,734**	**1,235,039**	**211**	**(35)**	**1,534,949**
Net off-balance sheet position	**-**	**-**	**-**	**-**	**-**

INTEREST RATE RISK

Interest rate risk is the probability of loss due to changes in interest rates depending on the Group's position regarding the interest bearing financial instruments. Interest rate risk arises as a result of maturity mismatch on re-pricing of assets and liabilities, changes in the correlation between interest rates of different financial instruments and unexpected changes in the shape and slope of yield curves. Exposure to interest rate risk arises when there is a mismatch between rate sensitive assets and liabilities. The Group handles the interest rate risk within the context of market risk and asset-liability management. The Group monitors the interest rates in the market on a daily basis and updates its interest rates when necessary. The table below summarizes the Group's exposure to interest rate risk on the basis of the remaining period at the reporting date to the re-pricing date.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

INTEREST RATE RISK (continued)

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing	Total
At 31 December 2020								
Assets from continuing operations								
Cash and balances with the Central Bank	617	-	-	-	-	-	2	619
Deposits with banks and other financial institutions	41,751	7,345	-	11,755	-	-	46,659	107,510
Receivables from money market transactions	1,005	-	-	-	-	-	-	1,005
Required reserves	8	-	-	-	-	-	-	8
Unquoted equity instruments	-	-	-	-	-	-	377	377
Financial assets at fair value through profit or loss	-	-	-	-	-	-	93,110	93,110
Financial assets– fair value through profit/loss	-	-	-	-	-	-	475,216	475,216
Assets held for sale	-	-	-	-	-	-	312	312
Property and equipment, net	-	-	-	-	-	-	754,188	754,188
Right of use assets	-	-	-	-	-	-	5,208	5,208
Loans and advances, net	212,367	73,796	10,500	-	715	-	3,668	301,046
Factoring receivables, net	59,536	129,044	69,813	56,132	-	-	-	314,525
Finance lease receivables, net	14	-	-	-	-	-	-	14
Intangible assets, net	-	-	-	-	-	-	355	355
Prepaid expenses	-	-	-	-	-	-	2,743	2,743
Prepaid income tax	-	-	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	-	-	2,699	2,699
Trade and other receivables and other assets	2,731	-	-	-	-	-	312,952	315,683
Total assets	**318,029**	**210,185**	**80,313**	**67,887**	**715**	**-**	**1,697,489**	**2,374,618**
Liabilities from continuing operations								
Payables from leasing activities	-	-	-	-	-	-	52	52
Tax liability on current period operations	-	-	1,622	-	-	-	12,062	13,684
Payables from money market transactions	53,385	-	-	-	-	-	-	53,385
Loans received	131,197	38,837	31,148	46,445	173,060	-	-	420,687
Lease liabilities	44	89	130	281	56	-	5,567	6,167
Borrower funds	20,114	3,092	-	36,898	-	-	836	60,940
Deferred income	2,584	-	-	-	-	-	1,560	4,144
Factoring payables	-	352	-	-	-	-	-	352
Provisions for employee benefits	-	-	-	-	-	-	7,777	7,777
Debt provisions	-	-	-	-	-	-	4,055	4,055
Deferred tax liability	-	-	-	-	-	-	9,690	9,690
Trade and other payables and other liabilities	1,944	-	-	-	-	-	10,948	12,892
Total liability	**209,268**	**42,370**	**32,900**	**83,624**	**173,116**	**-**	**52,547**	**593,825**
Total interest sensitivity gap	**108,761**	**167,815**	**47,413**	**(15,737)**	**(172,401)**	**-**	**1,644,942**	**1,780,793**
At 31 December 2019								
Total assets	**251,181**	**299,885**	**55,611**	**9,351**	**9,091**	**109**	**1,486,009**	**2,111,237**
Total liabilities	**106,615**	**74,353**	**40,600**	**48,729**	**241,132**	**-**	**64,859**	**576,288**
Total interest sensitivity gap	**144,566**	**225,532**	**15,011**	**(39,378)**	**(232,041)**	**109**	**1,421,150**	**1,534,949**

Interest Rate Sensitivity Analysis

Interest Risk Position Table		
	31 December 2020	**31 December 2019**
Financial instruments carried at fair value		
Financial assets	-	-
Financial assets– fair value through profit/loss	-	-
Financial liabilities	-	-
Financial instruments carried at other than fair value		
Flexible interest financial instruments		
Financial assets	-	-
Financial liabilities	-	274,059
Fixed interest rate financial instruments		
Financial assets	677,129	625,228
Financial liabilities	541,278	237,370

40. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity Analysis for Interest Rate Risk for the Financial Instruments Carried at Fair Value

At 31 December 2020 and 31 December 2019, if interest rates at that date had been 1 per cent higher with all other variables held constant, the consolidated post-tax profit of the Group for the years ended 31 December 2020 and 31 December 2019 would have been TL 0 and TL 0 lower, respectively, and the consolidated other comprehensive income, net of tax of the Group would have been TL 0 and TL 0 lower as at those dates, respectively.

At 31 December 2020 and 31 December 2019, if interest rates at that date had been 1 per cent lower with all other variables held constant, the consolidated post-tax profit of the Group for the years ended 31 December 2020 and 31 December 2019 would have been TL 0 and TL 0 higher, respectively and the consolidated other comprehensive income, net of tax of the Group would have been TL 0 and TL 0 higher as at those dates, respectively.

Sensitivity Analysis for Interest Rate Risk for the Financial Instruments Carried at Other Than Fair Value

If interest rates at 31 December 2020 had been 1 per cent higher at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2021 to 31 March 2021 would have been TL 837 and TL 471 higher, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 366 and TL 366 higher, respectively.

If interest rates at 31 December 2020 had been 1 per cent lower at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2021 to 31 March 2021 would have been TL 837 and TL 471 lower, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 366 and TL 366 lower, respectively.

If interest rates at 31 December 2019 had been 1 per cent higher at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2020 to 31 March 2020 would have been TL 774 and TL 285 higher, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 489 and TL 489 higher, respectively.

If interest rates at 31 December 2019 had been 1 per cent lower at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2020 to 31 March 2020 would have been TL 774 and TL 285 lower, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 489 and TL 489 lower, respectively.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

Collaterals, pledges, mortgages and guarantees given by the Group

According to a regulation of the Capital Markets Board of Turkey dated 9 September 2009, the exchange-traded companies except financial institutions and investment trusts can give a collateral, pledge, mortgage and guarantee only in favor of their own judicial entities and their consolidated subsidiaries and other third parties can be a beneficiary of a collateral, pledge, mortgage and guarantee given by exchange-traded companies only if it is provided with the sole aim of conducting ordinary business activities.

Continuing Operations **Collaterals, pledges, mortgages and guarantees given by the Group**	**31 December 2020**				
	TL	**US Dollars**	**Euro**	**Others**	**Total**
A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities	**537**	**344,374**	**-**	**-**	**344,911**
1.Letters of guarantee given by the Group Company	-	-	-	-	-
2. Letters of guarantee given by the Non-Group Banks as collateral against cash loans	133	-	-	-	133
3. Other letters of guarantee given by the Non-Group Banks	-	-	-	-	-
4.Marketable Securities	-	-	-	-	-
5.Cash and bank deposit pledges	404	-	-	-	404
6.Mortgage given as collateral against cash loans (***)(****)	-	193,443	-	-	193,443
7.Subsidiary share pledge given as collateral against cash loans (***)(****)	-	150,931	-	-	150,931
8.Other	-	-	-	-	-
B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies	**178,919**	**458,969**	**1,553**	**-**	**639,441**
1. Guarantees given as collateral against cash loans (*)	178,175	458,969	1,553	-	638,697
2. Guarantees given as collateral against derivative contracts	-	-	-	-	-
3. Letters of guarantee given as collateral against cash loans	-	-	-	-	-
4. Other non-cash loans	744	-	-	-	744
5. Mortgage given as collateral against cash loans (***) (****)	-	-	-	-	-
6. Subsidiary share pledge given as collateral against cash loans	-	-	-	-	-
7. Bank deposit given as collateral against cash loans	-	-	-	-	-
8. Other	-	-	-	-	-
C. Collaterals, pledges, mortgages and guarantees given by the Group while conducting ordinary business activities in favor of non-Group entities	**3,147,933**	**344,931**	**146,149**	**-**	**3,639,013**
1. Non-cash loans given by the Group Bank	3,147,933	344,931	146,149	-	3,639,013
2. Other	-	-	-	-	-
D. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the associates and joint ventures with direct shareholdings pursuant to the Article 12/2. of the Communique on the Corporate Governance	**-**	**-**	**-**	**-**	**-**
E. Other collaterals, pledges, mortgages and guarantees given by the Group	**-**	**-**	**-**	**-**	**-**
1. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder (**)	-	-	-	-	-
2. Collaterals, pledges, mortgages and guarantees given by the Group in favor of Group Companies other than those covered under the classes B and C	-	-	-	-	-
3. Collaterals, pledges, mortgages and guarantees given by the Group in favor of non-Group entities other than those covered under the class C	-	-	-	-	-
Total	**3,327,389**	**1,148,274**	**147,702**	**-**	**4,623,365**

As at 31 December 2020, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 18.32%.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

40. FINANCIAL RISK MANAGEMENT (continued)

Collaterals, pledges, mortgages and guarantees given by the Group (continued)

Continuing Operations **Collaterals, pledges, mortgages and guarantees given by the Group**			**31 December 2019**		
	TL	**US Dollars**	**Euro**	**Others**	**Total**
A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities	**42**	**354,309**	**-**	**-**	**354,351**
1.Letters of guarantee given by the Group Company	-	-	-	-	-
2. Letters of guarantee given by the Non-Group Banks as collateral against cash loans	-	-	-	-	-
3. Other letters of guarantee given by the Non-Group Banks	-	-	-	-	-
4.Marketable Securities	-	-	-	-	-
5.Cash and bank deposit pledges	42	1,486	-	-	1,528
6.Mortgage given as collateral against cash loans (***)(****)	-	184,249	-	-	184,249
7.Subsidiary share pledge given as collateral against cash loans (***)(****)	-	168,574	-	-	168,574
8.Other	-	-	-	-	-
B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies	**161,833**	**656,740**	**-**	**-**	**818,573**
1. Guarantees given as collateral against cash loans (*)	161,077	584,081	-	-	745,158
2. Guarantees given as collateral against derivative contracts	-	-	-	-	-
3. Letters of guarantee given as collateral against cash loans	-	-	-	-	-
4. Other non-cash loans	756	-	-	-	756
5. Mortgage given as collateral against cash loans (***) (****)	-	72,659	-	-	72,659
6. Subsidiary share pledge given as collateral against cash loans	-	-	-	-	-
7. Bank deposit given as collateral against cash loans	-	-	-	-	-
8. Other	-	-	-	-	-
C. Collaterals, pledges, mortgages and guarantees given by the Group while conducting ordinary business activities in favor of non-Group entities	**2,245,067**	**358,993**	**233,988**	**-**	**2,838,048**
1. Non-cash loans given by the Group Bank	2,245,067	358,993	233,988	-	2,838,048
2. Other	-	-	-	-	-
D. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the associates and joint ventures with direct shareholdings pursuant to the Article 12/2. of the Communique on the Corporate Governance	-	-	-	-	-
E. Other collaterals, pledges, mortgages and guarantees given by the Group	-	-	-	-	-
1. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder (**)	-	-	-	-	-
2. Collaterals, pledges, mortgages and guarantees given by the Group in favor of Group Companies other than those covered under the classes B and C	-	-	-	-	-
3. Collaterals, pledges, mortgages and guarantees given by the Group in favor of non-Group entities other than those covered under the class C	-	-	-	-	-
Total	**2,406,942**	**1,370,042**	**233,988**	**-**	**4,010,972**

(*) Guarantees given as collateral against cash loans and derivative contracts indicate the total risk exposure arising from guarantees given by the Company as collateral against outstanding cash loans and derivative contracts of its consolidated subsidiaries. The Company has no income or consideration arising from such guarantees it has given in favor of its consolidated subsidiaries.

(**) Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder indicate the total risk exposure arising from the non-cash loans given by the Group Banks in favor of Mehmet Turgut Yılmaz, the chairman of the Board of Directors of the Company, and Delta Group Companies which are under his control.

(***) The dry bulk cargo ships named M/V Cano and M/V Hako owned by Cano Maritime Limited and Hako Maritime Limited respectively, and the 100% shares owned by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. are mortgaged and pledged, respectively, against the bank loans obtained to finance the ship purchase in favour of the creditor banks.

(****) The dry bulk cargo ships named M/V Dodo, M/V Olivia, M/V Zeyno and M/V Mila owned by Dodo Maritime Limited, Neco Maritime Limited, Zeyno Maritime Limited and Mila Maritime Limited respectively, and the 100% shares owned by GSD Shipping B.V. are mortgaged and pledged, respectively, against the bank loans obtained to finance the ship purchase in favour of the creditor banks.

As at 31 December 2019, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 23.46%.

As at 31 December 2020, the rate of the other collaterals, pledges, mortgages and guarantees given by the Group to shareholders' equity is 0% (31 December 2019: 0%).

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The table below gives a comparison of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair values in the consolidated financial statements.

	31 December 2020		31 December 2019	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans and advances to customers	301,046	301,046	249,325	249,325
Finance lease receivables	14	14	11	11
Factoring receivables	314,525	314,525	236,157	236,157
Total	**615,585**	**615,585**	**485,493**	**485,493**
Financial liabilities				
Funds borrowed	420,687	420,676	474,396	474,398
Lease liabilities	6,167	6,167	9,323	9,323
Factoring payables	352	352	1,190	1,190
Total	**427,206**	**427,195**	**484,909**	**484,911**

The following methods and assumptions were used to estimate the fair values of the financial instruments:

- Fair values of certain financial assets and liabilities carried at cost or amortized cost, including cash and cash equivalents, balances with the Central Bank, deposits with banks and other financial institutions, other money market placements, factoring receivables and payables, demand deposits and reserve deposits at the central bank are considered to approximate their respective carrying values due to their short-term nature.

  Fair values of other financial instruments are determined by using estimation techniques that include taking reference to the current market value of another instrument with similar characteristics or by discounting the expected future cash flows at prevailing interest rates.

Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed debt instruments.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the OTC derivative contracts. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

The fair value hierarchy of the financial assets and liabilities of the Group carried at fair value according to the foregoing principles as at 31 December 2020 and 31 December 2019 is given in the table below:

31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit/loss	75,077	16,516	1,517	**93,110**
Financial assets at fair value through other comprehensive income statement	-	-	475,216	**475,216**
Derivative assets held for trading	-	-	-	**-**
Total	**75,077**	**16,516**	**476,733**	**568,326**
Liabilities				
Derivative liabilities held for trading	-	-	-	**-**
Total	**-**	**-**	**-**	**-**

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit/loss	-	802,907	1,517	**804,424**
Derivative assets held for trading	-			
Total	**-**	**802,907**	**1,517**	**804,424**
Liabilities				
Derivative liabilities held for trading	-	-	-	**-**
Total	**-**	**-**	**-**	**-**

42. EVENTS AFTER THE REPORTING PERIOD

Capital Increase of GSD Faktoring A.Ş.

At the Extraordinary General Assembly Meeting of GSD Faktoring A.Ş., a subsidiary of GSD Holding A.Ş., dated 29 January 2021, it was decided to increase the paid capital of 45,000,000 full TL to 55,000,000 full TL. All of the increased capital of 10,000,000 TL full was covered by extraordinary reserves. The capital increase was registered on 5 February 2021.

Establishment of GSD Havacılık A.Ş.

At the meeting of the board of directors of GSD Holding A.Ş. dated 9 February 2021, it was decided to establish a new company to operate in the field of air transportation, and to participate with a 50% share in GSD Havacılık A.Ş. which will be established with a capital of 25,000,000 full TL. The company was registered by the Istanbul Trade Registry Office on 11 February 2021.

On 12 February 2021, GSD Havacılık A.Ş. signed a contract for the purchase of a 2009 Hawker 900XP model aircraft.

GSD Holding Registered Capital Increase Application

Dated 24 February 2021, at the board of directors meeting of GSD Holding A.Ş., it was decided to increase the registered capital ceiling from 1,000,000,000 full TL to 1,500,000,000 full TL, as contained in article 7 of the articles of association, and renewal of o extend the registered capital ceiling duration for another 5 (five) years, valid for the years 2021-2025, article 7 of the company's articles of association is amended in accordance with the said registered capital ceiling increase and validity period and to the Capital Markets Board and the Ministry of Commerce after making the necessary applications and obtaining the necessary permissions, it was decided to submit to change of article the amendment to the shareholders for approval at the first General Assembly to be held. The Capital Markets Board approved the relevant changes dated 4 March 2021.

42. EVENTS AFTER THE REPORTING PERIOD (continued)

Ship Purchase by GSD Shipping B.V.

GSD Shipping B.V. on 3 March 2021, signed a contract for the purchase of a bulk carrier with a carrying capacity of 33,297 DWT built in 2016.

43. OTHER ISSUES

Silopi Elektrik Üretim A.Ş. Shares

The closing of the transaction in connection with the agreement for purchase and sale of shares and of shareholders comprising the purchase of the Class (B) shares with a nominal value of full TL 30,307,500 representing a ratio of 15 % in the share capital of full TL 202,050,000 of Silopi Elektrik Üretim A.Ş. by GSD Holding A.Ş. from Park Holding A.Ş. signed on 8 June 2015, being conditional upon obtaining the necessary regulatory approvals from the relevant regulatory authorities in Turkey, has been executed between GSD Holding A.Ş and Park Holding A.Ş. on 29 June 2015, the total price of US 125,000,000 having been paid by GSD Holding A.Ş. to Park Holding A.Ş. and the assignment by Park Holding A.Ş. to GSD Holding A.Ş. of the shares constituting the subject of the agreement having been made and entered to the share ledger of Silopi Elektrik Üretim A.Ş. as of this date.

On 8 June 2020 it has been decided that GSD Holding A.Ş. has used its put option and sold its 5.40 % shares to Park Holding A.Ş. with a nominal value of TL 10,910,700 that represent 5.40% of capital of Silopi Elektrik Üretim A.Ş. in return of USD 45,000,000 with respect to derogation of existing agreement that was signed on 8 June 2015 between GSD Holding A.Ş. and Park Holding A.Ş.. For the remaining shares representing 9.60% of capital of Silopi Elektrik Üretim A.Ş., GSD Holding A.Ş. and Park Holding A.Ş. agreed on extending the period for the public offering of the company until 31 December 2024, agreed to increase this company's paid in capital by Park Holding A.Ş. from TL 202,050,000 to TL 1,500,000,000. After the capital increase, bonus issues are going to be transferred to GSD Holding A.Ş. from Park Holding A.Ş. through protecting its 9.60% shares of Silopi Elektrik Üretim A.Ş. with a nominal value of TL 124,603,200, cover the remuneration by Park Holding A.Ş., finally in case the Silopi Elektrik Üretim A.Ş.'s public offering is not realized by the stipulated date, the new addendum established right to GSD Holding A.Ş. for the sale of the remaining shares with an option price of USD 30,000,000 to Park Holding A.Ş. and it has been agreed that the minimum dividend to be paid is determined as 3% per annum with respect to the remaining balance of the receivable until 31 December 2024.

As of 31 December 2020, after the additional addendum made on 8 June 2020, TL 16,516 income accrual calculated in the ratio of the number of days until the end of the period over the annual minimum profit share guarantee, is recognized under the item "Other Income from Investment Activities" as valuation income in the statement of profit or loss.

As at 30 June 2020, Silopi Elektrik Üretim A.Ş. shares which were previously classified as "Financial assets fair value through profit/loss" in the statement of financial position, have been reclassified under "Financial assets at fair value through other comprehensive income" because of the fact that they are assessed within the scope of the business model aiming to collect the contractual cash flows and to invest. The business model change took place in accordance with the additional conditions of supplemental agreement signed on 8 June 2020

According to IFRS 9, business model changes are expected to be very rare. Such changes are determined by the management of the Company as a result of internal or external changes and must be significant in terms of the operations of the enterprise and demonstrable to third parties.

At the Ordinary General Assembly Meeting of Silopi Elektrik Üretim A.Ş., dated 26 June 2020, it was decided to increase the paid-in capital from TL 202,050,000 to TL 1,501,125,000; TL 1,125,000 from internal resources and TL 1,297,950,000 in cash and according to the supplementary agreement dated 8 June 2020, of the TL the capital increased in cash of TL 124,603,200 corresponding to the shares of GSD Holding A.Ş. to be paid by Park Holding A.Ş.. The capital increase was registered on 30 June 2020 and share transfers have been realized.

43. OTHER ISSUES (continued)

Silopi Elektrik Üretim A.Ş. Shares (continued)

In the first paragraph of Article 5 of the Corporate Tax Law, exceptions are held for earnings arising from the sale of properties and participation shares and founder's shares, perpetual bonds and pre-emptive rights. The purpose of the exception is to enable the affiliated values of institutions to be used more effectively in economic activities and strengthening the financial structures of institutions. If the conditions specified in this paragraph are met with the participation shares in the assets of the institutions for at least two full years 75% of the earnings arising from the sale of founding shares, participation shares and pre-emptive rights that they have for the same period are exempted from corporate tax. In this context the portion of the earning benefiting from the exception to be obtained from the sale of shares in Silopi Elektrik Üretim A.Ş., starting from the beginning of the 2021 accounting period, until the date the corporate tax return is submitted for the period in which the income is declared, it is taken into a special fund account in the liabilities and must be kept in the said fund account until the end of the fifth year following the year in which the sale was made.

The Share Buy-Back

Between 30 June 2015 and 14 December 2017, 90,000,000 (full) Company shares were purchased by the Company itself from Borsa Istanbul share amounting to 56,418,123.54 full TL, in for with a share of TL 0.63.

GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. company shares was purchased by itself with a number of 3,411,059 (full) for a price of 3,222,647.20 full TL for a share of TL 0.94 on the Borsa İstanbul, within the scope of the announcements of Capital Markets Board on 21 July 2016 and 25 July 2016 and between 26 July 2016 and 14 November 2018.

Sale of Buy-Back Shares and Subsidiary Shares in BIST

GSD Holding, within the additional period taken from the CMB regarding the sale of the repurchased shares, between 10 September 2020 and 6 October 2020, a total of 45,000,000 (full) repurchased shares from the price range of 2.10-2.27, for a total price of 96,631,456 full TL, it has been sold in BIST. Thus, the ratio of the total repurchased shares owned by the company to its 450,000,000 full TL paid-in capital has decreased to 10.00%.

GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.S. Sold all of its shares bought back between 29 January 2020 and 29 May 2020. The realized earning amount is 9,328,676.02 full TL.

Increases arising from the sale of repurchased shares are shown in the "premiums on shares" line under equity.

After the sale of bought back shares in BIST by GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. "GSD Marin" with a nominal value of 3.411.059 full TL and a cost amount of 3,222,947.11 full TL and GSD Holding A.Ş.'s the portion of shares in GSD Marin with a nominal value of 5,196,268 full TL in the price range of 4.98-5.52 on the BIST, the share of GSD Holding A.Ş.'s shares in GSD Marin decreased from 77.958% to 68.00%. As a result of the mentioned transactions, the direct share rate of GSD Holding A.Ş. in GSD Faktoring has decreased by 0.306% because of the share of GSD Denizcilik Gayrimenkul İnş.San.ve Tic. A.Ş. has a 1.98% share in the capital of GSD Faktoring A.Ş. and its direct and indirect total share decreased from 89.662% to 89.356%. The total direct and indirect share of GSD Holding A.Ş. in the capital of GSD Factoring A.Ş. is 89.356%.

The shares owned by GSD Holding by 80% in nominal terms due to the increase of the paid capital from TL 250,000,000 to TL 450,000,000 through bonus issue and based on the fact that there is no payment for the shares in question, CMB has been requested an opinion on whether or not reserve funds should be set aside within the scope of Article 520 of the Turkish Commercial Code numbered 6102 for bonus shares. According to the CMB's opinion numbered 36231672-045.01-E.1473, which was taken based on the relevant request, bonus shares related to the repurchased shares owned in order for monitor the shares bought back in the consolidated financial statements, shown under equity over the nominal value in the "Treasury Shares (-)" and "Reserves Regarding Repurchased Shares" item under "Reserves on Retained Earnings" have been recorded reciprocally.With this presentation, the bonus shares related to the repurchased shares did not have any effect on the previous years profit and total equity in the consolidated financial statements.

43. OTHER ISSUES (continued)

Mehmet Turgut Yılmaz and Shareholders taking joint actions with Mehmet Turgut Yılmaz

As of 31 December 2020, the direct share rate of Mehmet Turgut Yılmaz, the real person ultimate controlling partner of GSD Holding A.Ş., is 25.50%, the direct and indirect total share rate is 28.14%, and the repurchased shares are deducted from the capital is 31.27%.

As at 31 December 2020 according to the Communique on Prospectus and Issue Document (II-15.1), the total share of Mehmet Turgut Yılmaz and people acting together is 40.14% and the total share is 33.49% with treasury shares deducted from capital. Regarding the shares of GSD Holding A.Ş., 25.50% of shares owned by Mehmet Turgut Yılmaz, 4.50% of shares owned by MTY Delta Denizcilik İç ve Dış Ticaret A.Ş., 10.00% of shares owned by GSD Holding A.Ş. and 0.14% of shares owned by Adeo Turizm Otelcilik Limited Şirketi, which in total adds up to 40.14%, act in unison.

Capital Increase of GSD Faktoring A.Ş.

On 18 October 2019, at the Extraordinary General Assembly Meeting of GSD Faktoring A.Ş. a subsidiary of GSD Holding A.Ş., it has been decided to increase the paid capital of TL 20,000,000 to TL 45,000,000. All of the increased capital was fully covered from extraordinary reserves.

At the Extraordinary General Assembly Meeting of GSD Faktoring A.Ş., dated 29 January 2021, it was decided to increase the paid capital of 45,000,000 full TL to 55,000,000 full TL, and all of the increased capital of 10,000,000 full TL was covered by extraordinary reserves. The capital increase was registered on 5 February 2021.

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş.'s Registered Capital Time Extension

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş.'s registered capital ceiling of 250.000.000 full TL by extending the validity period by 5 years until the end of 2024 (5 years). The necessary permissions have been obtained from the Ministry of Customs and Trade, and following the receipt of legal permissions regarding the amendment of the articles of association, the relevant transaction was approved at the General Assembly of the Company on 14 May 2020.

GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş.'s Hako Maritime Ltd. and Conversion of Receivables from Cano Maritime Ltd. to Capital Shares

On 3 February 2020, GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş.'s, receivables from its subsidiaries established in Malta amounting to USD 8.500.000 from Cano Maritime Ltd. and USD 3.200.000 from Hako Maritime Ltd., amount has been converted into capital shares in the capital increases of these subsidiaries.

Capital Increase of GSD Yatırım Bankası A.Ş.

On 11 June 2020, at the Extraordinary General Assembly Meeting of GSD Yatırım Bankası A.Ş., a subsidiary of GSD Holding A.Ş., it has been decided to increase the paid-in capital of 50,000,000 full TL to 240,000,000 full TL. The increased amount of 190,000,000 full TL was decided to be covered from undistributed profits amounting 28,750,000 full TL, from other profit reserves amounting 377,384 full TL, from capital reserves from inflation adjustment differences amounting 2,712,744 full TL, and from prior years profits amounting 158,159,872 full TL.The capital increase has been registered on 24 June 2020.

Profit distribution

Dividend payments of GSD Holding A.Ş., which were decided to be distributed at the Ordinary General Assembly Meeting for 2019 held on 14 May 2020, were made on 29 May and 2 June 2020.

Establishment of GSD Havacılık A.Ş.

At the meeting of GSD Holding A.Ş.'s board of directors on 9 February 2021, it was decided to establish a new company to operate in the field of air transportation, and to participate with a 50% share in GSD Havacılık A.Ş. with a capital of 25,000,000 full TL. The company was registered by the Istanbul Trade Registry Office on 11 February 2021.

43. OTHER ISSUES (continued)

Coronavirus and Its Effects

The COVID-19 epidemic, which has recently emerged in China, spreads to various countries around the world and causes potentially fatal respiratory infections, causes disruptions in operations, especially in countries that are extremely exposed to the epidemic, as well as negatively affecting economic conditions both regionally and globally. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and are still being taken. In addition to these measures, economic measures are also taken in order to minimize the economic effects of the virus epidemic on individuals and businesses in our country and worldwide.

GSD Yatırım Bankası A.Ş.

The COVID-19 epidemic, which spreads to various countries around the world and causes potentially fatal respiratory infections, causes disruptions in operations, especially in countries that are overexposed to the epidemic, and negatively affects economic conditions both regionally and globally. As a result of the worldwide spread of COVID- 19, as in the world, in order to prevent the spread of the virus taken various measures in Turkey and still it continues to be taken. These measures, as well as in Turkey and worldwide virus outbreak of the economic impact on individuals and businesses in order to minimize the level of economic measures are taken. COVID-19 impacts are closely monitored and evaluated by the Bank. The BRSA's decisions no 8948 dated 17 March 2020 and 8970 dated 27 March 2020, mainly due to the disruptions in economic and commercial activities as a result of the COVID-19 epidemic, and the Procedure Regarding the Classification of Loans and the Provisions to Be Set Aside, effective from 17 March 2020. Within the scope of Articles 4 and 5 of the Regulation on Principles and Principles, the 30 days delay period foreseen for the classification of the loans in the second group will be applied as 90 days until 31 December 2020 for the loans in the first group and the 90 days delay period for the non-performing loans classification is and for the loans followed in the second group, it is allowed to be applied as 180 days until 31 December 2020. With the BRSA Decision No. 9312 dated 8 December 2020, the said periods were extended until 30 June 2021. In this context, as of 31 December 2020, the Bank does not have any loans that fall within the scope of the above-mentioned applications.

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Holding A.Ş.

The COVID-19 outbreak has had a number of impacts on the global maritime industry and our operations, where GSD Marin and GSD Shipping B.V are located. In early 2020, the time charter rates for the first quarter were affected due to the rapid spread of the coronavirus and the reduced demand for goods from China. The negative effects of the epidemic on the global maritime industry and operations started to decrease from the second quarter, and developments in the bulk cargo segment, where we operate with six ships as a group, have become promising. While the Baltic bulk index (BDI) was around 400 in May 2020, it rose to 1,366 as of 31 December 2020 and to 1,675 as of the end of February 2021, with the contribution of the upward movement in commodity prices, and a serious recovery in the maritime sector has entered. Difficulties experienced during crew changes due to travel restrictions around the world have been regulated since the second half of the year as the restrictions become flexible, and important operations such as spare parts supply and ship visits by service engineers have continued uninterrupted.

While preparing the consolidated financial statements dated 31 December 2020, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the consolidated financial statements were reviewed. In this context, possible impairment in the consolidated financial statements as of 31 December 2020 has been evaluated.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

43. OTHER ISSUES (continued)

Coronavirus and Its Effects (continued)

GSD Faktoring A.Ş.

The COVID-19 epidemic affecting the whole world, GSD Faktoring A.Ş. has had a number of impacts on the factoring industry and our operations.

With the decision of the BRSA dated 19 March 2020 and numbered 8950; Due to the disruptions in economic and commercial activities as a result of the COVID-19 epidemic, the 90-day delay period specified in the clause (a) of the first paragraph of Article 6 of the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies and the sixth paragraph of the same article, until 31 December 2020. It is allowed to be applied for up to 180 days. In a period when uncertainties and risks in global markets are high due to the pandemic, it would be appropriate to extend the said regulations for the same purposes and to extend them until 30 June 2021 within this framework. In this context, as of 31 December 2020, GSD Factoring has one factoring receivable amounting to TL 59,310, which is within the scope of the above-mentioned applications.

44. EXPLANATIONS ON STATEMENT OF CASH FLOWS

Cash and Cash Equivalents in the Statement of Cash Flows:

Continuing operations	**31 December 2020**	**31 December 2019**
Cash on hand and balances with the Central Bank	619	715
Banks and financial institutions	107,510	135,578
Receivables from money market	1,005	-
Reserve requirements	8	55
Cash and cash equivalents in the statement of financial position	**109,142**	**136,348**
Less: Required reserve	(8)	(55)
Less: Accured interest	(49)	(107)
Less: Blocked amount (*)	-	(1,486)
Cash and cash equivalents in the statement of cash flows	**109,085**	**134,700**

(*) It consists of blocked amount related to bank loan used for ship purchase financing of Hako Maritime Limited. As of 31 December 2020, there is no blocked amount.

45. DISCLOSURES REGARDING STATEMENT OF CHANGES IN EQUITY

The Group has transferred "Remeasurement Profit / Loss of Defined Benefit Plans" amounting to TL 663 in shareholders' equity dated 31 December 2019 as at 1 January 2020 to "Retained Earnings" in shareholders' equity.

Comprehensive disclosures about the statement of changes in shareholders' equity are presented in Note 30 Share Capital / Treasury Shares.

46. CONVENIENCE CONVERSİON OF FINANCIALS

The US Dollar ("USD") amounts shown in the statement of financial position and statement of profit or loss and other comprehensive income on the following pages have been included solely for the convenience of the reader. For the current period's financial statements, USD amounts are translated from TL financial statements using the official TL exchange rate of 7.3405 TL/USD prevailing on 31 December 2020. For the prior year's financial statements, USD amounts are translated from TL financial statements using the official TL exchange rate of 5.9402 TL/USD prevailing on 31 December 2019. Such translation should not be construed as a representation that the TL amounts have been converted into USD pursuant to the requirements of IFRSs or Generally Accepted Accounting Principles in the United States of America or in any other country.

Consolidated Statement of Financial Position
As at 31 December 2020

(Currency: Thousands of US Dollar ("USD") unless otherwise stated)

	31 December 2020	31 December 2019
Assets		
Cash and balances with the Central Bank	84	120
Deposits with other banks and financial institutions	14,646	22,824
Receivables from money market	137	-
Reserve deposits at the Central Bank	1	9
Financial assets at fair value through profit or loss	12,684	135,420
Financial assets at fair value through other comprehensive income	64,739	-
Unquoted equity instruments	51	63
Loans and advances to customers, net	41,012	41,972
Factoring receivables, net	42,848	39,756
Finance lease receivables, net	2	2
Trade receivables, net	40,912	1,916
Other receivables, net	1,304	1,168
Inventories	443	511
Prepaid expenses	374	335
Assets held for sale from continuing operations	43	53
Property and equipment	102,743	108,912
Right of use assets	709	1,436
Intangible assets	48	84
Prepaid income tax	-	68
Deferred tax assets	368	401
Other assets	348	365
Total assets	**323,496**	**355,415**
Liabilities		
Funds borrowed	57,310	79,862
Lease liabilities	840	1,569
Other money market deposits	7,273	-
Borrowers' funds	8,302	5,777
Factoring payables	48	200
Liabilities arising from finance leases	7	7
Trade payables	290	207
Other payables	1,463	1,530
Current tax liability	1,863	1,072
Deferred income	565	311
Provisions	1,612	1,916
Deferred tax liabilities	1,320	4,561
Other liabilities	4	4
Total liabilities	**80,897**	**97,016**
Equity		
Share capital	73,018	90,230
Treasury shares	(5,409)	(15,322)
Share premium	14,089	832
Changes in non-controlling interests without loss of control	(514)	-
Remeasurements of the net defined benefit liability (asset)	(46)	(112)
Translation reserve	37,651	35,151
Retained earnings	108,665	114,993
Net profit for the period	6,608	27,573
Equity attributable to equity holders of the parent	**234,062**	**253,345**
Non-controlling interests	**8,537**	**5,054**
Total equity	**242,599**	**258,399**
Total liabilities and equity	**323,496**	**355,415**

GSD Holding Anonim Şirketi

Appendix I.3

Consolidated Income Statement
For the Year Ended 31 December 2020

(Currency: Thousands of US Dollar ("USD") unless otherwise stated)

CONTINUING OPERATIONS	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Holding activities income	-	-
Holding activities expense (-)	-	-
Gross profit/(loss) from holding activities	-	-
Marine sector income	16,986	19,620
Marine sector expense (-)	(17,083)	(16,437)
Gross profit/(loss) from marine sector operations	**(97)**	**3,183**
Gross profit/(loss) from commercial sector operations	**(97)**	**3,183**
Interest income	10,912	20,188
Service income	5,345	5,219
Revenue from financial sector operations	**16,257**	**25,407**
Interest expense (-)	(2,589)	(5,056)
Service expense (-)	(155)	(216)
Cost of financial sector operations (-)	**(2,744)**	**(5,272)**
Provision income/(expense) arising from financial sector operations, net	**(191)**	**(358)**
Foreign exchange gain/(loss), net	**366**	**25**
Trading income, net	**-**	**45**
Other financial sector operations income/(expense), net	**34**	**133**
Gross profit/(loss) from financial sector operations	**13,722**	**19,980**
GROSS PROFIT/(LOSS)	**13,625**	**23,163**
Administrative expenses (-)	(7,477)	(7,535)
Other income from operating activities	3,518	4,606
Other expense from operating activities (-)	(527)	(1,254)
OPERATING PROFIT/(LOSS)	**9,139**	**18,980**
Income from investment activities	12,018	18,542
Expense from investment activities (-)	-	(4)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**21,167**	**37,518**
Financing income	-	-
Financing expenses (-)	(3,142)	(4,700)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**18,025**	**32,818**
Tax income/(expense) from continuing operations	**(12,028)**	**(5,166)**
Current tax income/(expense)	(14,420)	(4,297)
Deferred tax income/(expense)	2,402	(869)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**6,007**	**27,652**
Discontinued operations		
Profit/(loss) before tax from discontinued operations	-	-
Tax income/(expense) from discontinued operations	-	-
Current tax income/(expense)	-	-
Deferred tax income/(expense)	-	-
Gain or loss relating to the discontinuance, net	-	-
Gain or loss relating to the discontinuance	-	-
Cost to sell the discontinued operations	-	-
Tax expense relating to the discontinuance	-	-
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**
NET PROFIT/(LOSS)	**6,007**	**27,652**
Net profit/(loss) (continuing and discontinued operations) attributable to:		
Non-controlling interest	(601)	79
Equity holders of the company	6,608	27,573
Net profit/(loss) (continuing operations) attributable to:		
Non-controlling interest	(601)	79
Equity holders of the company	6,608	27,573
Net profit/(loss) (discontinued operations) attributable to:		
Non-controlling interest	-	-
Equity holders of the company	-	-
Earnings per share (in full TL per share with a nominal value of full USD 1)		
Earnings per share from continuing operations	0.018	0.077
Earnings per share from discontinued operations	0.000	0.000

Consolidated Statement Of Profit Or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	01.01.2020 31.12.2020	01.01.2019 31.12.2019
NET PERIOD PROFIT / (LOSS)	**6,007**	**27,652**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income which will be not reclassified in profit or loss	**(48)**	**(117)**
Remeasurements of the net defined benefit liability (asset)	(48)	(117)
Other comprehensive income which will be reclassified in profit or loss	**12,895**	**7,446**
Change in currency translation differences	12,895	7,446
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**12,847**	**7,329**
TOTAL COMPREHENSIVE INCOME	**18,854**	**34,981**
Total comprehensive income attributable to:		
Non-controlling interest	**1,018**	**512**
Equity holders of the company	**17,836**	**34,469**