

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT, ORIGINALLY ISSUED IN TURKISH, SEE NOTE I OF
SECTION THREE

PASHA YATIRIM BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS TOGETHER WITH
REVIEW REPORT AT 30 SEPTEMBER 2021**



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

Convenience translation of the auditor’s report originally issued in Turkish, See Note I of Section three)

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of PASHA Yatırım Bankası A.Ş.

Introduction

We have reviewed the unconsolidated statement of financial position of PASHA Yatırım Bankası A.Ş. (“the Bank”) at September 30, 2021 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated of interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency(“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by BRSA Legislation; together referred as “BRSA Accounting and Financial Reporting Legislation”. Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of PASHA Yatırım Bankası A.Ş. at September 30, 2021 and the results of its operations and its unconsolidated cash flows for the nine-month period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with “BRSB Accounting and Financial Reporting Legislation” and the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Emre Şilil, SMMM
Partner

October 27, 2021
İstanbul, Turkey



**THE NINE MONTH UNCONSOLIDATED FINANCIAL REPORT OF
PASHA YATIRIM BANKASI A.Ş. AS OF 30 SEPTEMBER 2021**

Address of the Bank's Headquarters

Sultan Selim Mahallesi Hümeýra Sokak
PASHA Plaza No:2/7 34415 Kağıthane, İstanbul

Telephone of the Bank

(0 212) 705 89 00

Fax of the Bank

(0 212) 345 07 12

Web site of the Bank

www.pashabank.com.tr

E-mail for correspondence

info@pashabank.com.tr

The unconsolidated nine-month financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

1. General Information About The Bank
2. Unconsolidated Financial Statements of The Bank
3. Explanations on Accounting Policies
4. Information Related to Unconsolidated Financial Position and Risk Management
5. Explanations and Notes Related to Unconsolidated Financial Statements
6. Other Explanations and Notes
7. Explanations on Independent Auditor's Interim Review Report
8. Interim Annual Report

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, **in thousands of Turkish Lira ("TL")**, have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been audited and presented hereafter.

Jalal GASIMOV

Chairperson of
Board of Directors

Furkan EVRANOS

Chairperson of
Audit Committee

Kamala NURRIYEVA

Member of
Audit Committee

H. Cenk EYNEHAN

CEO

Benan Bilge KÖKSAL

Deputy CEO

Yeşim ÇAĞLAR

Financial Planning, Control and
Strategy Department Director

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

Name-Surname/Title : Yeşim ÇAĞLAR / Director
Telephone Number : (0212) 705 89 08
Fax Number : (0212) 345 07 12

INDEX

PAGE

SECTION ONE GENERAL INFORMATION

I.	Bank's foundation date, start-up statute, history about the changes in this mentioned statute.....	1
II.	Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the Management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to	2
III.	Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess	2
IV.	Explanation on shareholders having control shares	3
V.	Information on the Bank's service type and field of operations	3
VI.	Existing or potential, actual or legal obstacles on immediate equity transfer between the Bank and its subsidiaries or repayment of the debt	3

SECTION TWO UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Balance sheet	4
II.	Off-balance sheet	6
III.	Statement of income (Profit and loss).....	7
IV.	Statement of profit or loss and other comprehensive income	8
V.	Statement of changes in shareholders' equity	9
VI.	Statement of cash flow	10

SECTION THREE EXPLANATIONS ON ACCOUNTING POLICIES

I.	Basis of presentation	11
II.	Explanations on strategy of using financial instruments and foreign currency transactions	12
III.	Explanations on forward transactions, options and derivative instruments	12
IV.	Explanations on interest income and expense	13
V.	Explanations on fee and commission income and expense	13
VI.	Explanations on financial assets.....	13
VII.	Explanations on expected credit loss	15
VIII.	Explanations on offsetting financial assets	18
IX.	Explanations on sales and repurchase agreements and securities lending transactions	18
X.	Explanations on assets held for resale and fixed assets from discontinued operations and liabilities related with these assets	18
XI.	Explanations on goodwill and other intangible assets	18
XII.	Explanations on property and equipment.....	19
XIII.	Explanations on investment properties.....	19
XIV.	Explanations on leasing transactions	20
XV.	Explanations on provisions and contingent commitments	20
XVI.	Explanations on obligations related to employee rights.....	20
XVII.	Explanations on taxation	21
XVIII.	Explanations on borrowings	22
XIX.	Explanations on issuance of share certificates	22
XX.	Explanations on avalized drafts and acceptances	22
XXI.	Explanations on government grants	22
XXII.	Explanations on profit reserves and profit distribution	22
XXIII.	Explanations on earnings per share	23
XXIV.	Explanations on related parties	23
XXV.	Explanations on cash and cash equivalents.....	23
XXVI.	Explanations on segment reporting	23
XXVII.	Reclassifications	23
XXVIII.	Explanations on other matters.....	23

SECTION FOUR

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I.	Information about shareholders' equity items	24
II.	Explanations on currency risk	27
III.	Explanations on interest rate risk	29
IV.	Explanations on equity position risk	32
V.	Explanations on liquidity risk and liquidity coverage ratio	32
VI.	Explanations on leverage ratio	39
VII.	Explanations on the risk management	40
VIII.	Explanations on the presentation of financial assets and liabilities at their fair values	53
IX.	Explanations on the activities carried out on behalf of and account of other persons	55
X.	Explanations on operating segments	55

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Explanations and notes related to assets	56
II.	Explanations and notes related to liabilities	69
III.	Explanations and notes related to off-balance sheet accounts	74
IV.	Explanations and notes related to income statement	77
V.	Explanations and notes related to statement of changes in the shareholders' equity	81
VI.	Explanations and notes related to statement of cash flows	82
VII.	Explanations and notes related to Bank's risk group	83
VIII.	Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the bank	84

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I.	Other explanations related to operations of the Bank	85
II.	Explanations and notes related to subsequent events	85

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I.	Explanations on independent auditor's report	85
II.	Explanations and notes prepared by independent auditor	85

SECTION EIGHT

INFORMATION ON INTERIM ACTIVITY REPORT

I.	Interim period activity report included chairman of the board of directors and CEO's assessments for the interim activities	86
-----------	---	----

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION ONE

GENERAL INFORMATION

I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute

Bank's commercial title	PASHA Yatırım Bankası A.Ş.
Reporting Period	1 January - 30 September 2021
Address of the Bank's Headquarters	Eski Büyükdere Caddesi Hümeyra Sokak No:2 PASHA Plaza, Kat:5 34415 Kağıthane, İstanbul
Telephone	(0 212) 705 89 00
Fax	(0 212) 345 07 12
Website	www.pashabank.com.tr
E-mail	info@pashabank.com.tr

PASHA Yatırım Bankası A.Ş. ("Bank", "PASHA Bank") has been permitted by the decree no. 87/11898 dated 17 June 1987 by the Council of Ministers pursuant to the repealed Banking Law No. 3182 and the Bank, as a subsidiary of Bahrain based TAIB Bank B.S.C.(c) has been established under the trade name of Yatırım Bank A.Ş. headquartered in İstanbul on the date of 25 December 1987. The trade name of the Bank have been changed to TAIB YatırımBank A.Ş. in effect from 29 May 1997.

In the year 2013, Aksoy Holding A.Ş. acquired the majority shares of the Bank, which until then had been held by TAIB Bank B.S.C.(c), and became the controlling shareholder. Acquisition of the Bank's share capital for as much as TL 28,795 from Aksoy Holding A.Ş. by the PASHA Bank OJSC, the Baku based financial organization, and thus directly obtaining 79.92% of its shares upon at the same time increasing the paid-up capital from TL 80,000 to TL 255,000, by injecting TL 175,000 cash and; acquisition of the 47.95% of the shares indirectly by PASHA Holding LLC, had been approved by the resolution of the Banking Regulation and Supervision Board, dated 26 December 2014 and numbered 6137. This share transfer had been recorded in the Bank's share ledger, as of the date of 27 January 2015.

The amendment of the Bank's Articles of Association, including at the same time the change of its business name to PASHA Yatırım Bankası A.Ş. and its brand name to PASHA Bank, had been decided by the Extraordinary General Assembly on the date of 27 January 2015 and had taken effect upon having been published in the 8773rd issue of the Trade Registry Gazette of Turkey, dated 6 March 2015.

Upon transfer of the total TL 51,000 shares of Aksoy Holding A.Ş. to PASHA Bank OJSC, the ratio of PASHA Bank OJSC's shares in the Bank had reached 99.92%, and the ratio of the indirect shareholding of PASHA Holding LLC had reached to 59.95%, as permitted by the resolution of the Banking Regulation and Supervision Board, dated 24 December 2015 and numbered 110. This share transfer had been recorded in the share ledger, as per the resolution of the Board of Directors, dated 24 January 2015 and numbered 110.

Increasing of the Bank's paid-up capital to TL 500,000, by PASHA Holding LLC – which indirectly owned 59.95% of the total share capital – by injecting TL 245,000 cash, and thus directly acquiring 49% of the shares as permitted by the resolution of the Banking Regulation and Supervision Board, dated 4 May 2018 and numbered 7803, had been approved and; as the result of this capital increase, the total direct and indirect shareholding of PASHA Holding LLC in the Bank had increased to 79.57%.

The Bank's Articles of Association had been amended by the resolution of the Extraordinary General Assembly, dated 18 May 2018 and registered by the Trade Registry Directorate of İstanbul on the date of 6 June 2018 and had been announced in the 9598th issue of the Trade Registry Gazette of Turkey, dated 12 June 2018.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

GENERAL INFORMATION (continued)

II. Explanation about the Bank’s capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to

There were no changes in the Bank’s share capital, Articles of Association and ownership structure during the period and the shareholding structure of the Bank as of 30 September 2021, is stated below:

Name Surname/Commercial Title	Capital	%
PASHA Bank OJSC	254,795	50.96%
PASHA Holding LLC	245,000	49.00%
Other	205	0.04%
Total	500,000	100.00%

Paid-in-capital of the Bank is divided into 500,000,000 registered shares of TL 1.00 (full) par value. Each share has one voting right. The Bank has no preferred shares.

As of 30 September 2021, the shareholders of PASHA Bank OJSC are PASHA Holding LLC, Ador LLC, Mr. Arif Pashayev and Mr. Mir Jamal Pashayev with rates of 56.82%, 28.18%, 9.99% and 5.01% respectively.

As of 30 September 2021, the shareholders of PASHA Holding LLC are Bless LLC, Reveri LLC, Mr. Arif Pashayev and Mr. Mir Jamal Pashayev with rates of 37.50%, 37.50%, 15.00% and 10.00% respectively.

III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess

Title	Name	Education	Share %
Chairman of the Board of Directors ⁽¹⁾	Jalal Gasimov	Postgraduate	-
Deputy Chairman of the Board of Directors ⁽¹⁾	Farid Mammadov	Postgraduate	-
Board Member	Shahin Mammadov	PhD	-
Board Member	Javid Guliyev	Postgraduate	-
Board Member / Audit Committee Member	Kamala Nuriyeva	Postgraduate	-
Independent Board Member / Audit Committee Chairperson ⁽³⁾	Furkan Evranos	PhD	-
Independent Board Member	Ebru Oğan Knottnerus	Graduate	-
Independent Board Member	Nuri Tuncalı	Graduate	-
Board Member and CEO	Hikmet Cenk Eynehan	Postgraduate	-
Deputy CEO (Acting CEO)	Ayşe Hale Yıldırım	Postgraduate	-
Deputy CEO ⁽²⁾	Özer Baran	Postgraduate	-
Deputy CEO	Benan Bilge Köksal	Graduate	-

⁽¹⁾ Upon allocation of duties among the members of the Board of Directors, as per Article 13 of the Articles of Association of the Bank, and by the Board resolution dated March 18, 2021 and numbered 23, it has been decided to have Jalal Gasimov continue to serve as the Chairman of the Board of Directors, and Farid Mammadov as the Deputy Chairman of the Board of Directors.

⁽²⁾ As per the Board Resolution dated April 09, 2021 and numbered 29, Mr. Özer Baran has been appointed as the Deputy CEO in charge of Credits, Information Technologies, Change and Project Management effective from April 12, 2021.

⁽³⁾ Furkan Evranos has been appointed as an Independent Board Member and the Chairman of the Audit Committee with the Board resolutions dated 25 May 2021 and numbered 43 and 44.

The Chairman and the Members of the Board of Directors, as well as the CEO and Deputy CEOs do not possess shares of the Bank directly or indirectly.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

GENERAL INFORMATION *(continued)*

IV. Explanation on shareholders having control shares

Explanation on shareholders having control shares of the Bank as of 30 September 2021, is stated below;

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital (nominal)	Unpaid portion
Leyla Aliyeva	179,763	35.95%	179,763	-
Arzu Aliyeva	179,763	35.95%	179,763	-
Arif Pashayev	88,535	17.71%	88,535	-
Mir Jamal Pashayev	51,734	10.35%	51,734	-

V. Information on the Bank's service type and field of operations

The Bank operates as an investment bank and as of 30 September 2021 the Bank has 58 employees (31 December 2020 - 56).

The Bank has been operating through its Head Office in Istanbul only as of 30 September 2021 and has no branches.

VI. Existing or potential, actual or legal obstacles on immediate equity transfer between the Bank and its subsidiaries or repayment of the debt

None.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Note	Current Period 30/09/2021			Prior Period 31/12/2020		
			LC	FC	Total	LC	FC	Total
I.	FINANCIAL ASSETS (Net)		48,392	424,076	472,468	64,098	273,939	338,037
1.1	Cash and cash equivalents		16,423	411,797	428,220	31,283	268,006	299,289
1.1.1	Cash and balances at Central Bank	(5.1.1)	13,522	180,495	194,017	6,083	149,017	155,100
1.1.2	Banks	(5.1.3)	3,267	231,302	234,569	2,522	118,989	121,511
1.1.3	Receivables from money markets		-	-	-	23,011	-	23,011
1.1.4	Allowance for expected credit losses (-)		(366)	-	(366)	(333)	-	(333)
1.2	Financial assets at fair value through profit or loss	(5.1.2)	2,705	11,338	14,043	1,472	5,933	7,405
1.2.1	Public debt securities		-	-	-	-	-	-
1.2.2	Equity instruments		-	11,338	11,338	-	5,933	5,933
1.2.3	Other financial assets		2,705	-	2,705	1,472	-	1,472
1.3	Financial assets at fair value through other comprehensive income	(5.1.4)	29,250	-	29,250	30,850	-	30,850
1.3.1	Public debt securities		16,164	-	16,164	14,039	-	14,039
1.3.2	Equity instruments		7,659	-	7,659	7,659	-	7,659
1.3.3	Other financial assets		5,427	-	5,427	9,152	-	9,152
1.4	Derivative financial assets		14	941	955	493	-	493
1.4.1	Derivative financial assets at fair value through profit or loss	(5.1.2)	14	941	955	493	-	493
1.4.2	Derivative financial assets at fair value through other comprehensive income	(5.1.11)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		705,080	1,282,938	1,988,018	419,389	1,146,377	1,565,766
2.1	Loans	(5.1.5)	664,621	1,045,247	1,709,868	404,170	980,596	1,384,766
2.2	Receivables from leasing transactions	(5.1.10)	93,627	79,590	173,217	57,377	50,792	108,169
2.3	Factoring receivables		-	-	-	-	-	-
2.4	Financial assets measured at amortised cost	(5.1.6)	-	158,845	158,845	-	116,776	116,776
2.4.1	Public debt securities		-	71,090	71,090	-	45,092	45,092
2.4.2	Other financial assets		-	87,755	87,755	-	71,684	71,684
2.5	Allowance for expected credit losses (-)	(5.1.5)	(53,168)	(744)	(53,912)	(42,158)	(1,787)	(43,945)
III.	NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)	(5.1.16)	-	-	-	-	-	-
3.1	Held for sale		-	-	-	-	-	-
3.2	Held from discontinued operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1	Investments in associates (Net)	(5.1.7)	-	-	-	-	-	-
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-consolidated associates		-	-	-	-	-	-
4.2	Investments in subsidiaries (Net)	(5.1.8)	-	-	-	-	-	-
4.2.1	Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	Jointly Controlled Partnerships (Joint Ventures) (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(5.1.12)	87,895	-	87,895	88,878	-	88,878
VI.	INTANGIBLE ASSETS AND GOODWILL (Net)	(5.1.13)	6,782	-	6,782	6,849	-	6,849
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		6,782	-	6,782	6,849	-	6,849
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14)	144,150	-	144,150	144,862	-	144,862
VIII.	CURRENT TAX ASSETS		498	-	498	632	-	632
IX.	DEFERRED TAX ASSETS	(5.1.15)	11,863	-	11,863	13,746	-	13,746
X.	OTHER ASSETS (Net)	(5.1.17)	32,977	-	32,977	20,639	-	20,639
	TOTAL ASSETS		1,037,637	1,707,014	2,744,651	759,093	1,420,316	2,179,409

The accompanying notes are an integral part of these financial statements

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	EQUITY AND LIABILITIES	Note	Current Period 30/09/2021			Prior Period 31/12/2020		
			LC	FC	Total	LC	FC	Total
I.	DEPOSITS	(5.2.1)	-	-	-	-	-	-
II.	LOANS RECEIVED	(5.2.3)	171,411	845,648	1,017,059	92,529	710,695	803,224
III.	MONEY MARKET FUNDS	(5.2.4)	76,397	62,261	138,658	48,168	5,095	53,263
IV.	MARKETABLE SECURITIES ISSUED (Net)	(5.2.5)	77,464	772,205	849,669	-	647,016	647,016
4.1	Bills		77,464	-	77,464	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	772,205	772,205	-	647,016	647,016
V.	FUNDS		21,907	38,207	60,114	3,019	21,493	24,512
5.1	Borrower funds		21,907	38,207	60,114	3,019	21,493	24,512
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		1,935	-	1,935	118	1,312	1,430
7.1	Derivative financial liabilities at fair value through profit or loss	(5.2.2)	1,935	-	1,935	118	1,312	1,430
7.2	Derivative financial liabilities at fair value through other comprehensive income	(5.2.8)	-	-	-	-	-	-
VIII.	FACTORING PAYABLES		-	-	-	-	-	-
IX.	LEASE PAYABLES (Net)	(5.2.7)	587	-	587	178	-	178
X.	PROVISIONS	(5.2.9)	10,278	-	10,278	17,597	-	17,597
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		920	-	920	808	-	808
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		9,358	-	9,358	16,789	-	16,789
XI.	CURRENT TAX LIABILITIES	(5.2.10)	5,711	-	5,711	3,819	-	3,819
XII.	DEFERRED TAX LIABILITIES	(5.2.11)	-	-	-	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.2.12)	-	-	-	-	-	-
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT	(5.2.13)	-	-	-	-	-	-
14.1	Loans		-	-	-	-	-	-
14.2	Other debt instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(5.2.6)	53,205	7,882	61,087	35,549	30,151	65,700
XVI.	SHAREHOLDERS' EQUITY	(5.2.14)	599,553	-	599,553	562,670	-	562,670
16.1	Paid-in capital		500,000	-	500,000	500,000	-	500,000
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Equity share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		-	-	-	-	-	-
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		196	-	196	(96)	-	(96)
16.5	Profit reserves		62,766	-	62,766	31,390	-	31,390
16.5.1	Legal reserves		2,971	-	2,971	1,402	-	1,402
16.5.2	Statutory reserves		295	-	295	295	-	295
16.5.3	Extraordinary reserves		59,500	-	59,500	29,693	-	29,693
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or loss		36,591	-	36,591	31,376	-	31,376
16.6.1	Prior years' profits or losses		-	-	-	-	-	-
16.6.2	Current period net profit or loss		36,591	-	36,591	31,376	-	31,376
	TOTAL EQUITY AND LIABILITIES		1,018,448	1,726,203	2,744,651	763,647	1,415,762	2,179,409

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

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

II. OFF-BALANCE SHEET

	Note	Current Period 30/09/2021			Prior Period 31/12/2020		
		LC	FC	Total	LC	FC	Total
OFF BALANCE SHEET COMMITMENTS							
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		211,917	571,603	783,520	205,515	339,715	545,230
I. GUARANTEES AND WARRANTIES	(5.3.1)	147,522	374,943	522,465	165,346	167,280	332,626
1.1. Letters of Guarantee		147,522	111,593	259,115	165,346	126,473	291,819
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		147,522	111,593	259,115	165,346	126,473	291,819
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	93,119	93,119	-	-	-
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	93,119	93,119	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	170,231	170,231	-	40,807	40,807
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	6,895	18,512	25,407	7,718	14,715	22,433
2.1. Irrevocable Commitments		6,895	18,512	25,407	7,718	14,715	22,433
2.1.1. Asset Purchase and Sales Commitments		6,895	6,881	13,776	2,246	2,226	4,472
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Commitments for Loan Limits		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	11,631	11,631	5,472	12,489	17,961
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	57,500	178,148	235,648	32,451	157,720	190,171
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		57,500	178,148	235,648	32,451	157,720	190,171
3.2.1. Forward Foreign Currency Buy/Sell Transactions		57,500	53,682	111,182	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	53,682	53,682	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		57,500	-	57,500	-	-	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		-	124,466	124,466	32,451	157,720	190,171
3.2.2.1. Foreign Currency Swap-Buy		-	62,706	62,706	9,661	84,789	94,450
3.2.2.2. Foreign Currency Swap-Sell		-	61,760	61,760	22,790	72,931	95,721
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		2,827,643	2,171,987	4,999,630	2,318,912	2,096,503	4,415,415
IV. ITEMS HELD IN CUSTODY		58,277	-	58,277	5,119	-	5,119
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		57,340	-	57,340	3,604	-	3,604
4.3. Cheques Received for Collection		937	-	937	1,515	-	1,515
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		2,646,721	2,063,702	4,710,423	2,301,249	2,035,361	4,336,610
5.1. Marketable Securities		125,393	142,564	267,957	199,268	230,426	429,694
5.2. Guarantee Notes		347,163	99,405	446,568	291,072	102,621	393,693
5.3. Commodity		480,975	222,685	703,660	322,999	189,537	512,536
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		959,051	569,591	1,528,642	865,051	484,208	1,349,259
5.6. Other Pledged Items		734,139	1,029,457	1,763,596	622,859	1,028,569	1,651,428
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		122,645	108,285	230,930	12,544	61,142	73,686
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3,039,560	2,743,590	5,783,150	2,524,427	2,436,218	4,960,645

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

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

III. STATEMENT OF PROFIT OR LOSS

	INCOME STATEMENT	Note	Current Period 01/01/2021- 30/09/2021	Prior Period 01/01/2020- 30/09/2020	Current Period 01/07/2021- 30/09/2021	Prior Period 01/07/2020- 30/09/2020
I.	INTEREST INCOME	(5.4.1)	145,231	93,823	53,006	34,661
1.1	Interest on Loans		116,243	78,686	42,817	29,232
1.2	Interest Received From Reserve Deposits		1,320	47	584	45
1.3	Interest Received From Banks		617	685	279	136
1.4	Interest Received From Money Market Transactions		4,411	2,237	949	408
1.5	Interest Received From Marketable Securities Portfolio		10,499	8,056	3,640	3,089
1.5.1	Financial assets at fair value through profit or loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		2,237	1,581	725	664
1.5.3	Financial Assets Measured at Amortised Cost		8,262	6,475	2,915	2,425
1.6	Finance Lease Income		12,132	4,004	4,737	1,746
1.7	Other Interest Income		9	108	-	5
II.	INTEREST EXPENSES (-)	(5.4.2)	70,168	37,955	26,238	14,789
2.1	Interest on Deposits		-	-	-	-
2.2	Interest on Funds Borrowed		38,877	19,627	14,067	7,962
2.3	Interest on Money Market Transactions		3,343	770	1,588	293
2.4	Interest on Securities Issued		25,834	16,694	9,849	6,354
2.5	Finance Lease Expense		29	18	10	5
2.6	Other Interest Expenses	(5.4.12)	2,085	846	724	175
III.	NET INTEREST INCOME/EXPENSE (I - II)		75,063	55,868	26,768	19,872
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		7,053	3,043	3,691	1,188
4.1	Fees and Commissions Received		10,066	4,317	4,818	1,643
4.1.1	Non-cash loans		2,813	2,869	920	1,337
4.1.2	Other	(5.4.12)	7,253	1,448	3,898	306
4.2	Fees and Commissions Paid (-)		3,013	1,274	1,127	455
4.2.1	Non-Cash Loans		326	347	100	129
4.2.2	Other	(5.4.12)	2,687	927	1,027	326
V.	DIVIDEND INCOME	(5.4.3)	-	-	-	-
VI.	TRADING PROFIT/LOSS (Net)	(5.4.4)	5,099	6,084	(1,885)	3,697
6.1	Profit/Losses From Capital Market Transactions		3,170	-	(19)	-
6.2	Profit/Losses From Derivative Financial Transactions		8	7,762	(52)	1,170
6.3	Foreign Exchange Profit/Losses		1,921	(1,678)	(1,814)	2,527
VII.	OTHER OPERATING INCOME	(5.4.5)	10,548	4,331	936	1,382
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		97,763	69,326	29,510	26,139
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.4.6)	13,672	9,011	2,440	1,266
X.	OTHER PROVISION EXPENSES (-)	(5.4.6)	-	15	-	15
XI.	PERSONNEL EXPENSES (-)		19,016	15,036	6,536	5,193
XII.	OTHER OPERATING EXPENSES (-)	(5.4.7)	16,314	17,364	5,708	6,034
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		48,761	27,900	14,826	13,631
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(5.4.8)	48,761	27,900	14,826	13,631
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.4.9)	12,170	6,227	4,254	3,075
18.1	Current Tax Provision		10,360	6,367	4,333	3,206
18.2	Expense Effect Of Deferred Tax (+)		3,130	1,074	(533)	(125)
18.3	Income Effect Of Deferred Tax (-)		1,320	1,214	(454)	6
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.4.10)	36,591	21,673	10,572	10,556
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income From Assets Held For Sale		-	-	-	-
20.2	Profit From Sale Of Associates, Subsidiaries And Joint Ventures		-	-	-	-
20.3	Other Income From Discontinued Operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses On Assets Held For Sale		-	-	-	-
21.2	Losses From Sale Of Associates, Subsidiaries And Joint Ventures		-	-	-	-
21.3	Other Expenses From Discontinued Operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)	(5.4.8)	-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect Of Deferred Tax (+)		-	-	-	-
23.3	Income Effect Of Deferred Tax (-)		-	-	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	(5.4.10)	-	-	-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	(5.4.11)	36,591	21,673	10,572	10,556
	Profit/Loss Per Share (Expressed in exact TL)		0.0732	0.0433	0.0211	0.0211

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

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Current Period 01/01/2021- 30/09/2021	Prior Period 01/01/2020- 30/09/2020	Current Period 01/07/2021- 30/09/2021	Prior Period 01/07/2020- 30/09/2020
I.	PROFIT (LOSS)	36,591	21,673	10,572	10,556
II.	OTHER COMPREHENSIVE INCOME	292	(137)	241	(231)
2.1	Other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
2.1.1	Gains (Losses) on Revaluation of Property, Plant and Equipment	-	-	-	-
2.1.2	Gains (losses) on revaluation of Intangible Assets	-	-	-	-
2.1.3	Gains (losses) on remeasurements of defined benefit plans	-	-	-	-
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	-	-	-	-
2.1.5	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	-	-	-	-
2.2	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	292	(137)	241	(231)
2.2.1	Exchange Differences on Translation	-	-	-	-
2.2.2	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	365	(175)	303	(296)
2.2.3	Income (Loss) Related with Cash Flow Hedges	-	-	-	-
2.2.4	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-	-	-
2.2.5	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-	-	-
2.2.6	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(73)	38	(62)	65
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	36,883	21,536	10,813	10,325

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

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

	Note	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss			Current Period Profit or (Loss)	Total Shareholders' Equity		
						1	2	3	4	5	6			Profit Reserves	Prior Period Profit or (Loss)
Prior Period 01/01/2020 – 30/09/2020															
I.	Balance at the beginning of the period	500,000	-	-	-	-	-	-	-	221	-	5,656	43	25,691	531,611
II.	Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	500,000	-	-	-	-	-	-	-	221	-	5,656	43	25,691	531,611
IV.	Total comprehensive income (loss)	-	-	-	-	-	-	-	-	(137)	-	-	-	21,673	21,536
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	25,734	(43)	(25,691)	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	25,734	(43)	(25,691)	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+IV+.....+X+XI)	500,000	-	-	-	-	-	-	-	84	-	31,390	-	21,673	553,147
Current Period 01/01/2021 – 30/09/2021															
I.	Balance at the beginning of the period	500,000	-	-	-	-	-	-	-	(96)	-	31,390	-	31,376	562,670
II.	Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	500,000	-	-	-	-	-	-	-	(96)	-	31,390	-	31,376	562,670
IV.	Total comprehensive income (loss)	-	-	-	-	-	-	-	-	292	-	-	-	36,591	36,883
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	31,376	-	(31,376)	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	31,376	-	(31,376)	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+IV+.....+X+XI)	500,000	-	-	-	-	-	-	-	196	-	62,766	-	36,591	599,553

- 1) Accumulated revaluation increase/decrease of fixed assets
2) Accumulated remeasurement gain/loss of defined benefit pension plan
3) Other (Shares of investments valued by equity method in other comprehensive income not classified through profit or loss and other accumulated amounts of other comprehensive income items not reclassified through other profit or loss)
4) Foreign currency translation reserve
5) Accumulated revaluation and/or remeasurement gain/loss of the financial assets at fair value through other comprehensive income
6) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income classified through profit or loss and other accumulated amounts of other comprehensive income items reclassified through other profit or loss)

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

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

VI. STATEMENT OF CASH FLOW

	Note	Current Period 30/09/2021	Prior Period 30/09/2020
A.			
CASH FLOWS FROM BANKING OPERATIONS			
I.1		34,761	15,893
Operating Profit Before Changes in Operating Assets and Liabilities			
1.1.1		125,102	83,151
1.1.2		(65,403)	(42,128)
1.1.3		-	-
1.1.4		5,849	2,677
1.1.5		3,501	1,298
1.1.6		6,107	2,653
1.1.7		(21,130)	(14,835)
1.1.8		(7,796)	(3,999)
1.1.9	(5.6.2)	(11,469)	(12,924)
1.2		(14,587)	(87,750)
Changes in Operating Assets and Liabilities			
1.2.1		(2,338)	(6,575)
1.2.2		(15,261)	7,822
1.2.3		(208,313)	(136,107)
1.2.4	(5.6.2)	(347)	(2,231)
1.2.5		-	-
1.2.6		-	-
1.2.7		-	-
1.2.8		107,400	6,363
1.2.9		-	-
1.2.10	(5.6.2)	104,272	42,978
I.		20,174	(71,857)
Net Cash Provided from Banking Operations			
B.			
CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(16,301)	(22,431)
Net Cash Provided from / (Paid For) Investing Activities			
2.1		-	-
2.2		-	-
2.3		(2,345)	(871)
2.4		-	-
2.5		(17,923)	(19,631)
2.6		20,065	11,816
2.7		(16,098)	(48,801)
2.8		-	35,056
2.9		-	-
C.			
CASH FLOWS FROM FINANCING ACTIVITIES			
III.		75,411	66,616
Net Cash Provided from Financing Activities			
3.1		266,442	188,283
3.2		(190,952)	(121,586)
3.3		-	-
3.4		-	-
3.5		(79)	(81)
3.6		-	-
IV.	(5.6.2)	8,498	30,128
Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents			
V.		87,782	2,456
Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)			
VI.	(5.6.1)	163,361	190,631
Cash and Cash Equivalents at the Beginning of the Period			
VII.	(5.6.1)	251,143	193,087
Cash and Cash Equivalents at the End of the Period (V+VI)			

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

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents”:

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

Accounting policies and valuation principles used in the preparation of the financial statements:

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, are consistent with the accounting policies applied in prior period. Aforementioned accounting policies and valuation principles are explained in below.

Judgements and estimates used in the preparation of the financial statements:

The COVID-19 epidemic has spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. 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 it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

While preparing the financial statements, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected loan losses are explained in the statements on impairment of financial assets.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Explanation for convenience translation into English:

The effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

The general strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding sources of the Bank are shareholders' equity, borrowing from domestic and foreign financial institutions and debt securities issued. Funds obtained from internal and external sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed in accordance with the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses".

III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Bank does not have any embedded derivative instruments.

Derivative financial instruments of the Bank are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets/Liabilities Designated at Fair Value through Profit or Loss" or "Derivative Financial Assets/Liabilities Designated at Fair Value through Other Comprehensive Income".

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments designated at fair value through profit or loss are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized in the income statement by using the “effective interest rate method”. The Bank calculate interest income accrual for the non-performing loans that are not fully provisioned in the period they occur.

V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. Income from asset purchases to a third party or by natural or legal persons contracts are recognized in the period they occur.

VI. EXPLANATIONS ON FINANCIAL ASSETS

The Bank categorizes its financial assets as “Financial Assets at Fair Value Through Profit/Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” or “Financial Assets Measured at Amortized Cost”. Such financial assets are recognized or derecognized according to the principles defined in section three of “TFRS 9 Financial Instruments” standard, issued for classification and measurement of the financial instruments, published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

Financial assets at fair value through profit or loss

“Financial Assets at Fair Value Through Profit/Loss” are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

"Financial Assets at Fair Value Through Other Comprehensive Income" are financial assets which are managed with business model that aims to hold to collect contractual cash flows and aims to hold to sell; and if the contractual terms of the financial assets lead to cash flows representing solely payments of principal and interest at certain dates.

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

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

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

Financial Assets Measured at Amortized Cost

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

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

Loans

Loans are financial assets that have fixed or determinable payment terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and subsequently measured at amortized cost using the effective interest rate (internal rate of return) method. Bank's loans are fully recorded under the "Measured at Amortized Cost" account.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON EXPECTED CREDIT LOSS

The Bank allocates allowance for expected loss on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank started to recognize provisions for impairment in accordance with TFRS 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 TFRS 9. 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 for those which do not have a significant increase in credit risk since initial recognition. Allowance 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. Allowance for credit risk is determined on the basis of the instrument’s lifetime expected credit losses.
- **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.

Individual assessment would be applied for stage 2 and stage 3 financial assets when it is necessary by considering various scenarios including discounting cash flows of financial assets.

In the general application of TFRS 9, the probability of default (PD) and loss given default (LGD) is determined within the framework of the Bank's models and expected loss provisions are calculated by taking into account the exposure at default (EAD).

Within the scope of TFRS 9, three types of expected loss provisions are defined:

- **12-month expected credit losses:** For the financial assets that do not have a significant increase in credit risk since initial recognition. Impairment for these classes of assets are recorded in Stage 1.
- **Lifetime expected credit losses:** It expresses credit losses that have significant increase in credit risk since initial recognition. These assets are evaluated in Stage 2.
- **Provision for defaulted financial assets:** This classification represents the losses that are subject to default. It is used for assets classified as Stage 3.

The expected loss calculations are used for financial assets at amortized cost and financial assets at fair value through other comprehensive income. In addition, expected loss provision is calculated for financial guarantees, sureties and liabilities that are monitored in off-balance sheet accounts, where the Bank will be exposed to a credit risk.

While the Bank takes into account the interest amount in the calculation of the impairment, Stage 1 and Stage 2 consider the interest for the financial assets as gross value and the interest rate for Stage 3 is based on net value.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Within the framework of the credit rating methodology, the Bank uses LGD ratios to be calculated by using the PDs corresponding to the external / internal ratings and the coefficient of approximation used within the framework of Basel and BRSA applications.

In the calculation of the expected loss provision, for banks and central governments the ratings given by the internationally accepted independent rating institutions are taken as basis. For corporate loans and financial customers other than banks, internal rating model of the Bank are used to evaluate customers. In determining the internal rating grades, the rating scale published by independent credit institutions is taken as a basis, and sub-notches are used to better differentiate customers with low grade bands. In the determination of PD values, independent credit rating agency methodology based on the historical default rates and Bank’s calibration methodology with a forward-looking perspective taking macroeconomic expectations into consideration is used. For customers having a better rating than the Turkey’s rating, a sub-notch below of the country’s rating is applied as a cap. Thus, a prudent approach is applied that doesn’t allow to assign a better rating than country’s one for customers residing in that country.

In the last quarter of 2020, some improvements were made to increase the performance of the Bank's internal rating model. The bank portfolio consists of large companies and financial institutions that are small in number but have a high volume of loan demand. Due to the low number of observations involving bank internal default data, a global rating methodology based on publicly published global methodology documents is used instead of a model based on internal data. The methodology is based on both a financial assessment based on information from the client's balance sheets and a qualitative assessment, including questions such as management strategy and structure. This assessment is the base module, which is the basis of the Bank's rating methodology. Then, subsequent adjustment factors such as the parental support, government support, early warning signals and country ceiling are applied in the form of grade increases/decreases on the base module in a modular structure.

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as gross domestic product and Turkish Banking Sector NPL rates. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Different scenarios have been applied on macro-economic models in line with management expectations.

For LGD ratios, conversion rates of the collaterals received for the financial asset are taken into consideration in the framework of certain coefficients considering the general banking practices and the information published by Basel and BRSA. Personal or corporate warranties received for collaterals are not taken into account in LGD ratio calculation.

For EAD to be calculated for the risks that are monitored in the off-balance sheet, the Bank includes to the calculation of the relevant risks within the framework of a credit conversion factor (CCF) application. CCF ratio applied as 100% for cash supply non cash loans and 50% for the rest.

With the respect of criteria that mentioned in above paragraph, the expected credit loss provision (ECL), which is ultimately calculated for a financial asset, is calculated as follows:

$$ECL = PD * LGD * EAD * (if any CCF)$$

Expected credit loss calculation is calculated over financial assets that has counterparty risk which in scope of IFRS9 and off-balance sheet risks that are present each reporting period.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

The ratings of financial assets subject to PD calculations are reviewed and updated annually (unless there is a significant improvement in the credit risk of the counterparty). In the case of delay over 30 days, which is the main criteria for transition from Stage 1 to Stage 2, the rating of financial asset is revised. For transitions between stages, certain criteria have been defined by taking into account the relevant regulations/circulars of the BRSA and the notifications issued. In case of following criteria; if the principal or interest/commission collection delays exceed 30 days or the credit rating falls down to two grades relative to the country rating, or restructuring of loan due to debtor has difficulty on payment, the transition criteria from Stage 1 to Stage 2 is applied. The fact that the principal and interest/commission collection delays of 90 days or more is also applied for the transition to Stage 3. In addition, in case the Bank management considers that it is appropriate, the Bank will be able to transition between stages whether not to meet with criteria.

The expected loss provision for the assets in Stage 1 are presented under the “12 Months Expected Credit Losses (Stage 1), expected loss provision for the assets in Stage 2 are presented under the “Significant Increase in Credit Risk” and expected loss provision for financial assets in Stage 3 are followed as “Credit-Impaired (Stage 3)”. Due to the deterioration in the credit risk between stages, there may be downgrade transitions as well as improvements between stages.

As a mentioned in the important estimates and judgments note used in the preparation of the financial statements, the Bank reflected the possible effects of the COVID-19 outbreak as of report date with the best estimation method for the estimates and judgments used in calculating the expected loan losses. The Bank has revised its macroeconomic expectations for the second quarter of the year in June and reflected the calculations made as of report date in the light of these data, taking into account the values of default probabilities and the loss of default. While the default probabilities were calibrated, the long-term default rate estimates were updated in July and reflected in the end of September financial statements. In this context, the Bank has measured the impact of the change in gross domestic product on frozen receivables within different scenarios and reflected the increase coefficient, which is considered to reflect the current situation in the NPL ratio, to loan parameters, by reflecting on the loan parameters. This approach, which is preferred in reserve calculations, will be revised by taking into consideration the impact of the epidemic, loan portfolio and future expectations in the following reporting periods.

As stated in the BRSA Decision dated 17.03.2020 and numbered 8948, the implementation of Articles 4 and 5 of the Regulation on the Classification of Loans and the Procedures and Principles regarding the Provisions to be allocated terminated by the end of 30.09.2021, but only for loans with a delay period of more than 91 days and not exceeding 180 days as of 01.10.2021, the application should be continued in the same way by the banks and as stated in the BRSA Decision dated 27.03.2020 and numbered 8970, the implementation of Article 4 of the Regulation on the Classification of Loans and the Procedures and Principles regarding the Provisions to be allocated terminated by the end of 30.09.2021, but only for loans with a delay period of more than 31 days and not exceeding 90 days as of 01.10.2021, the application should be continued in the same way by the banks. In this context,

- Temporarily, the practice of the classifying receivables which cannot be collected up to 90 days and 180 days in the first group and second group has been established, respectively.
- For customer who do not want to be delayed in overdue installments, the installment of installments has started within the framework of these deadlines without breaking the existing configuration contracts.
- In the completion of the “Garame” banks protocols, the time to be given to time-consuming operations was extended with a joint agreement.
- Ultimately, it was concluded that the provisions to be set aside for such receivables will continue according to their own risk models used by banks to calculate expected loan losses under TFRS 9.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

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

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

Securities subject to repurchase agreements (“Repo”) are classified as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” and “Financial assets measured at amortised cost” according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements (“Reverse repo”) to resell are accounted under “Receivables from Reverse Repurchase Agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the “effective interest method”.

X. EXPLANATIONS ON ASSETS HELD FOR RESALE AND FIXED ASSETS FROM DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS

According to TFRS 5, non-current asset classified as held for sale (or group of assets to be disposed) is measured by the lowest of book value or sales costs discounted fair value. An asset to be held for sale asset (or group of assets to be disposed) it is necessary that, the related asset has to be commonly seen on the sales of these kind of sales assets, it could be easily immediately sold in the frame of usual conditions and it has to have high sales probability. For the high sales probability, there has to be a plan regarding the sales of asset made by the appropriate management level and by the determination of buyers there has to be an active program started regarding to completion of the plan.

A discontinued operation is a part classified as discarded or held for sales by the bank. Results regarding to discontinue operations are presented individually in income statement. The Bank has no discontinued operations.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, if any. Intangibles are amortised over their estimated useful lives of three to five years using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit of the assets.

The Bank expects no change with respect to accounting estimates, amortization period, amortization method, or residual value that will have significant impact on the current or the following periods.

As of 30 September 2021 and 31 December 2020, there is no any goodwill amount that need to reflect to the financial statements.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease, if any.

Depreciation is calculated over the cost of property with useful life of 50 years and other fixed assets with useful lives of three to ten years using the straight-line method.

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

Where the carrying amount of an asset is greater than its estimated “recoverable amount”, it is written down immediately to its “recoverable amount” and the provision for the diminution in value is charged to the income statement.

Property and equipment are not subject to valuation such that fair value is presented in the financial statements. Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the regular repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

There is no pledge, mortgage or commitment on the Bank’s property and equipment.

XIII. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less amortisation less any impairment losses.

The Bank’s investment properties are valued by external, independent valuation companies on a periodic basis for disclosure and impairment assessment purposes. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction. In the absence of available current prices in an active market, the valuations are based on estimated cash flows expected to be received. Investment property held consists of land and building with a useful life of 50 years and accounted with straight-line depreciation.

Gains or losses in the case of disposal of an investment property; is the difference between the net selling price of the asset sold and the carrying amount of the property and is recognized as profit or loss on sale of investment property in the period of disposal.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the “lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset”. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of these assets. If there is any diminution in value of the leased asset, a “Provision for value decrease” is recognised. Liabilities arising from the leasing transactions are included in “Financial Lease Payables” on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement.

The Bank can engage in financial lease transactions as the lessor. The Bank records the gross amount of minimum lease receivables comprising of principal and interest amounts as “financial lease receivables” under lease receivables account. The difference between the aggregate of lease receivables and the cost of the related leased assets, corresponding to interest, is recorded under “unearned income” item. The interest income is recognised in the income statement on an accrual basis.

Effective from 1 January 2019, The Bank adopted TFRS 16 Leases and started to present most leases on-balance sheet except its short term leases and its low value assets.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS

Provisions and contingent liabilities except for the financial instruments within the scope of the TFRS 9 or the provisions recognised in accordance with other standards such as TAS 12 and TAS 19 are accounted in accordance with the “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the “Matching principle”. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a “Contingent” liability exists and it is disclosed in the related notes to the financial statements.

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employee termination and vacation rights are accounted for in accordance with “Turkish Accounting Standard for Employee Rights” (“TAS 19”) and are classified under “Reserve for Employee Rights” account in the balance sheet. Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability.

	30 September 2021	31 December 2020
Discount Rate (%)	3.85	3.85
Inflation Rate (%)	9.00	9.00

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

According to TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communique published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Bank, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Bank has recognised the actuarial gains and losses that occur in related reporting periods in the “Statement of Income and Expense Items Accounted in Equity” and represented in the Prior Periods’ Income/ (Loss) item in the Shareholders Equity section.

XVII.EXPLANATIONS ON TAXATION

The income tax charge is composed of the sum of current tax and deferred tax.

The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

In accordance with the 11th article of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Certain Laws, which entered into force after being published in the Official Gazette dated April 22, 2021 and numbered 31462, and the provisional article 13 added to the Corporate Tax Law numbered 5520 the corporate tax rate is applied as 25% for the corporate income for the 2021 taxation period and will be applied 23% for the corporate income for the 2022 taxation period.

Deferred tax asset or liability is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and currently enacted tax rates are used to determine deferred tax on income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In accordance with TFRS 9 articles, beginning from 1 January 2018, deferred tax has started to be measured over expected credit losses constituting temporary differences. Deferred tax is not calculated over free provisions.

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the income statement as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity. Deferred tax assets and liabilities are also offset. According to the second paragraph of the Article 53 of the Banking Act No 5411 dated 19 October 2005, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Transfer Pricing

Transfer pricing is regulated through article 13 of Corporate Tax Law titled “Transfer Pricing through camouflage of earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”. According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

XVIII. EXPLANATIONS ON BORROWINGS

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at “amortised cost” using the effective interest method.

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities.

XIX. EXPLANATIONS ON ISSUANCE OF SHARES CERTIFICATES

Transaction costs regarding the issuance of share certificates are accounted under shareholders’ equity after eliminating the tax effects. Dividend payments are determined by the General Assembly of Bank.

The Bank has not issued any share certificates.

No dividend payments were announced after the balance sheet date.

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Avalized drafts and acceptances shown as liabilities against assets are included in the “Off-balance sheet commitments”.

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

None.

XXII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code (“TCC”) the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. EXPLANATIONS ON EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned. Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average capital outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. Where the number of outstanding shares increase due to distribution of bonus shares after the balance sheet date but before the release of the financial statements, earnings per share computations are performed based on the revised average number of shares.

XXIV. EXPLANATIONS ON RELATED PARTIES

Parties defined in Article 49 of the Banking Law No.5411, Bank’s senior management and Board Members are deemed as related parties.

XXV. EXPLANATIONS ON CASH AND CASH EQUIVALENTS

For the purposes of the preparation of statement of cash flows, “Cash” includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and “Cash equivalents” include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXVI. EXPLANATIONS ON SEGMENT REPORTING

Information on operational fields which are determined in accordance with the Bank’s organizational and internal reporting structure and the requirements of “Turkish Financial Reporting Standards on Segment Reporting” (“TFRS 8”) is disclosed in Section Four.

XXVII. RECLASSIFICATIONS

In order to be consistent with the presentation of current period financial statements, there are certain reclassifications.

XXVIII. EXPLANATIONS ON OTHER MATTERS

None.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION FOUR

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT**

I. INFORMATION ABOUT SHAREHOLDERS’ EQUITY ITEMS

Equity capital amount and capital adequacy standard ratio is calculated in accordance with the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and “Regulation on Equities of Banks”.

The current period equity amount of the Bank is TL 627,702 (31 December 2020 –TL 584,574) while its capital adequacy standard ratio is 22.31 % (31 December 2020 – 26.34%) as of 30 September 2021. The capital adequacy ratio of the Bank is far beyond the minimum rate determined by the related legislation.

a. Information on shareholders’ equity

	Current Period	1/1/2014 Regarding pre- Application amount ⁽¹⁾	Prior Period	1/1/2014 Regarding pre- Application amount ⁽¹⁾
Common Equity Tier 1 capital				
Directly issued qualifying common share capital plus related stock surplus	500,000	-	500,000	-
Share premium	-	-	-	-
Legal reserves	62,766	-	31,390	-
Projected gains to shareholders' equity of the accounting standards in Turkey	704	-	1,388	-
Profit	36,591	-	31,376	-
Net current period profit	36,591	-	31,376	-
Prior period profit	-	-	-	-
Free shares from investments and associates, subsidiaries and joint ventures that is not recognised in profit	-	-	-	-
Common Equity Tier 1 capital before regulatory adjustments	600,061	-	564,154	-
Common Equity Tier 1 capital: regulatory adjustments				
Prudential valuation adjustments	-	-	-	-
Sum of current year net loss and prior period's loss that is not covered with reserves and losses on shareholders' equity of the accounting standards in Turkey	-	-	469	-
Development cost of operating lease	-	-	-	-
Goodwill (net of related tax liability)	-	-	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	6,782	-	6,849	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Cash-flow hedge reserve	-	-	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
Securitisation gain on sale	-	-	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	-	-	-
Reciprocal cross-holdings in common equity	-	-	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	-	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding the 15% threshold	-	-	-	-
of which: significant investments in the common stock of financials	-	-	-	-
of which: mortgage servicing rights	-	-	-	-
of which: deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments	-	-	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustments to Common equity Tier 1	6,782	-	7,318	-
Common Equity Tier 1 capital (CET 1)	593,279	-	556,836	-

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

	Current Period	1/1/2014 Regarding pre- Application amount ⁽¹⁾	Prior Period	1/1/2014 Regarding pre- Application amount ⁽¹⁾
Additional Tier 1 capital: instruments				
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards	-	-	-	-
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	-	-	-	-
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) of which: instruments issued by subsidiaries subject to phase out	-	-	-	-
Additional Tier 1 capital before regulatory adjustments	-	-	-	-
Additional Tier 1 capital: regulatory adjustments				
Investments in own Additional Tier 1 instruments	-	-	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-	-
National specific regulatory adjustments	-	-	-	-
The process of transition will continue to reduce from Tier 1 Capital				
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions(-)	-	-	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-	-	-
Additional Tier 1 capital (AT1)	-	-	-	-
Tier 1 capital (T1 = CET1 + AT1)	593,279	-	556,836	-
Tier 2 capital: instruments and provisions				
Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	-	-
Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	-	-
Provisions	34,423	-	27,738	-
Tier 2 capital before regulatory adjustments	34,423	-	27,738	-
Tier 2 capital: regulatory adjustments				
Investments in own Tier 2 instruments (-)	-	-	-	-
Reciprocal cross-holdings in Tier 2 instruments	-	-	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-	-
National specific regulatory adjustments (-)	-	-	-	-
Total regulatory adjustments to Tier 2 capital	-	-	-	-
Tier 2 capital (T2)	34,423	-	27,738	-
Total capital (TC = T1 + T2)	627,702	-	584,574	-
Total risk weighted assets				
Loans extended being non-compliant with articles 50 and 51 of the Law	-	-	-	-
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition(-)	-	-	-	-
National specific regulatory adjustments	-	-	-	-
The process of transition will continue to reduce from Common Equity Tier 1 capital and Additional Tier 1 capital				
of which: The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%	-	-	-	-
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-	-	-
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-	-	-

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

	Current Period	1/1/2014 Regarding pre- Application amount ⁽¹⁾	Prior Period	1/1/2014 Regarding pre- Application amount ⁽¹⁾
Shareholders' Equity				
Total shareholders' equity	627,702	-	584,574	-
Total risk weighted items	2,813,021	-	2,219,041	-
CAPITAL ADEQUACY RATIOS				
Core Capital Adequacy Ratio (%)	21.09	-	25.09	-
Tier 1 Capital Adequacy Ratio (%)	21.09	-	25.09	-
Capital Adequacy Standard Ratio (%)	22.31	-	26.34	-
BUFFERS				
Total additional core capital requirement ratio (a+b+c)	2.505	-	2.505	-
a) Capital conservation buffer requirement (%)	2.500	-	2.500	-
b) Bank specific countercyclical buffer requirement (%)	0.005	-	0.005	-
c) Higher bank buffer requirement ratio (%)	-	-	-	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%)	13.09	-	17.09	-
Amounts below the thresholds for deduction (before risk weighting)				
Non-significant investments in the capital of other financials	-	-	-	-
Significant investments in the common stock of financials	-	-	-	-
Mortgage servicing rights (net of related tax liability)	-	-	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
Applicable caps on the inclusion of provisions in Tier 2				
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	34,423	-	34,452	-
Cap on inclusion of provisions in Tier 2 under standardised approach	34,423	-	27,738	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)				
Current cap on common equity T1 capital instruments subject to phase out arrangements	-	-	-	-
Amount excluded from common equity T1 capital due to cap (excess over cap after redemptions and maturities)	-	-	-	-
Current cap on additional T1 capital instruments subject to phase out arrangements	-	-	-	-
Amount excluded from additional T1 capital due to cap (excess over cap after redemptions and maturities)	-	-	-	-

⁽¹⁾ Amounts for items for subject to the transition process.

As a result of COVID-19 epidemic, in the calculation of the amount subject to credit risk, in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy due to the fluctuations in the financial markets, based on the press release of the BRSA on 23 March 2020 and updated with its regulation on 17 June 2021 and 16 September 2021; It has been made possible to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days when calculating the amounts of monetary assets and non-monetary assets, other than items in foreign currency measured in terms of historical cost, in accordance with Turkish Accounting Standards and related special provisions. As of 30 September 2021, the Bank has not used this opportunity in its Capital Adequacy calculations.

b. Information about instruments that will be included in total capital calculation

None (31 December 2020 - None).

c. Explanations on reconciliation between amounts in the statement of information on equity items

The main difference between the amount of 'Equity' given in the statement of equity and the amount of 'Equity' in the unconsolidated balance sheet arises expected credit losses. The expected credit losses are considered as contribution capital in the calculation of the 'Equity' given in the equity table. In addition, operating lease development costs, intangible assets, and some other accounts determined by the Board are taken into account in calculating the 'Equity' amount in calculations as deductions.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

II. EXPLANATIONS ON CURRENCY RISK

The Bank's foreign currency position is managed within the limits set by legislation and the Bank. The basic principle in foreign currency risk management is not to be exposed to currency risk. Accordingly, the exchange-trading risk positions are not allocated to the limit, banking accounts as of the currency by creating a matched asset-liability structure is aimed to provide natural protection. The Bank uses derivative financial instruments such as forward foreign exchange contracts and currency swaps for hedging purposes in foreign currency denominated transactions.

Bank's methodology of digitising the foreign currency position includes the use of standard method when calculating the capital adequacy ratio and application of internal stress tests/ sensitivity analysis.

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five business days prior to that date:

(Full TL)	USD	EUR
Foreign exchange rates as of 30 September 2021	8.8785	10.2933
1. Bid rate	8.8433	10.3135
2. Bid rate	8.8585	10.3486
3. Bid rate	8.8355	10.3364
4. Bid rate	8.8240	10.3526
5. Bid rate	8.6584	10.1456
Arithmetic average – 30 days	8.5339	10.0528
Foreign exchange rates as of 31 December 2020	7.4194	9.1164

Foreign Exchange Sensitivity Analysis

The effects (excluding tax effects) of 10% change of TL against the foreign currencies below on the equity and profit or loss are presented below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Change in Currency Rate		Effect on Profit and Loss		Effect on Equity	
		30 September 2021	31 December 2020	30 September 2021	31 December 2020
USD	10% decrease	(1,934)	(2,556)	(1,934)	(2,556)
USD	10% increase	1,934	2,556	1,934	2,556
EUR	10% decrease	(2,929)	(854)	(2,929)	(854)
EUR	10% increase	2,929	854	2,929	854

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

Current Period	EURO	USD	Other FC	Total
Assets				
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the Central Bank of Turkey	40	180,455	-	180,495
Due from Banks	7,432	223,772	98	231,302
Financial Assets at Fair Value Through Profit or Loss	11,338	-	-	11,338
Money Market Placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Loans ⁽¹⁾	540,576	600,768	-	1,141,344
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets at fair value through profit or loss	-	158,845	-	158,845
Derivative Financial Assets	-	-	-	-
Property and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	-	-	-
Total Assets	559,386	1,163,840	98	1,723,324
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	22,172	40,089	-	62,261
Funds Borrowed From Other Financial Institutions	412,626	433,022	-	845,648
Marketable Securities Issued	33,010	739,195	-	772,205
Miscellaneous Payables ⁽³⁾	52	7,830	-	7,882
Derivative Financial Liabilities ⁽⁴⁾	-	-	-	-
Other Liabilities ⁽²⁾	472	37,735	-	38,207
Total Liabilities	468,332	1,257,871	-	1,726,203
Net On-balance Sheet Position	91,054	(94,031)	98	(2,879)
Net Off-balance Sheet Position	(61,760)	113,367	-	51,607
Derivative Financial Assets	-	118,318	-	118,318
Derivative Financial Liabilities	61,760	4,951	-	66,711
Non-Cash Loans	312,401	62,542	-	374,943
Prior Period				
Total Assets	482,184	956,729	79	1,438,992
Total Liabilities	400,716	1,013,734	-	1,414,450
Net On-balance Sheet Position	81,468	(57,005)	79	24,542
Net Off-balance Sheet Position	(72,931)	82,563	-	9,632
Derivative Financial Assets	-	84,789	-	84,789
Derivative Financial Liabilities	72,931	2,226	-	75,157
Non-Cash Loans	75,466	91,814	-	167,280

⁽¹⁾ Foreign currency indexed loans amounting to TL 17,251 (31 December 2020 – TL 18,626), receivables from leasing transaction amounting to TL 79,950 (31 December 2020 – 50,792 TL) and foreign currency expected credit losses amounting to TL 744 (31 December 2020 – 1,787 TL) are included.

⁽²⁾ Borrowers’ funds amounting to TL 38,207 (31 December 2020 – TL 21,493) are included.

⁽³⁾ Presented in other liabilities at financial statements.

⁽⁴⁾ Excludes derivative financial asset amounting to TL 941 TL (31 December 2020 – TL 1,312 of derivative financial liabilities).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

III. EXPLANATIONS ON INTEREST RATE RISK

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank’s interest rate sensitive assets and liabilities.

The interest rate sensitivity of Assets, Liabilities and Off-balance sheet items is carefully followed up by the treasury department of the Bank. Assets and liabilities which are sensitive to interest are managed in such a way that minimizes the interest risk.

The interest rate risk of the banking items is measured legally in accordance with the “Regulation on Measurement and Assessment of Standard Shock Method on the interest rate risk arising from banking accounts”, and this legal limit is monitored and reported monthly, based on this measurement.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates

30 September 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non- Interest Bearing⁽¹⁾	Total
Assets							
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the CB of Turkey	187,169	-	-	-	-	6,651	193,820
Due from Banks	124,300	-	-	-	-	110,100	234,400
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	955	-	-	-	-	14,043	14,998
Money Market Placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	4,160	415	613	16,403	-	7,659	29,250
Loans ⁽²⁾	403,768	409,622	543,803	516,303	9,589	(52,046)	1,831,039
Financial assets measured at amortised cost	890	665	95,817	61,473	-	(1,866)	156,979
Other Assets	-	-	-	-	-	284,165	284,165
Total Assets	721,242	410,702	640,233	594,179	9,589	368,706	2,744,651
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	124,740	8,504	5,414	-	-	-	138,658
Miscellaneous Payables ⁽⁵⁾	19,334	1,202	-	-	-	8,097	28,633
Marketable Securities Issued	78,851	963	292,991	476,864	-	-	849,669
Funds Borrowed From Other Financial Institutions	275,891	162,989	128,868	449,195	-	116	1,017,059
Other Liabilities ^{(3),(4)}	11,080	1,935	-	-	-	697,617	710,632
Total Liabilities	509,896	175,593	427,273	926,059	-	705,830	2,744,651
Balance Sheet Long Position	211,346	235,109	212,960	-	9,589	-	669,004
Balance Sheet Short Position	-	-	-	(331,880)	-	(337,124)	(669,004)
Off-balance Sheet Long Position ⁽⁶⁾	69,601	53,682	-	-	-	-	123,283
Off-balance Sheet Short Position ⁽⁶⁾	(68,641)	(57,500)	-	-	-	-	(126,141)
Total Position	212,306	231,291	212,960	(331,880)	9,589	(337,124)	(2,858)

(1) Allowances for the expected credit losses are included in the non-interest bearing column.

(2) Finance lease receivables are included.

(3) Shareholders’ equity is presented under other liabilities in the non-interest bearing column.

(4) Borrowers’ funds is presented in the other liabilities.

(5) Presented in other liabilities at financial statements.

(6) Includes asset purchase and sale commitments

(7) Includes derivatives financial assets

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

31 December 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non- Interest Bearing ⁽¹⁾	Total
Assets							
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the CB of Turkey	139,799	-	-	-	-	15,123	154,922
Due from Banks	104,635	-	-	-	-	16,721	121,356
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	493	-	-	-	-	7,405	7,898
Money Market Placements	23,011	-	-	-	-	-	23,011
Financial assets at fair value through other comprehensive income	2,575	275	20,341	-	-	7,659	30,850
Loans ⁽²⁾	405,573	297,427	443,776	334,140	12,019	(42,190)	1,450,745
Financial assets measured at amortised cost	544	1,226	455	114,551	-	(1,755)	115,021
Other Assets	-	-	-	-	-	275,606	275,606
Total Assets	676,630	298,928	464,572	448,691	12,019	278,569	2,179,409
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	49,634	1,064	2,565	-	-	-	53,263
Miscellaneous Payables	1,367	9,318	-	-	-	34,119	44,804
Marketable Securities Issued	1,412	621	185,485	459,498	-	-	647,016
Funds Borrowed From Other Financial Institutions	187,932	148,684	85,967	380,521	-	120	803,224
Other Liabilities ^{(3),(4)}	1,362	1,070	-	-	-	628,670	631,102
Total Liabilities	241,707	160,757	274,017	840,019	-	662,909	2,179,409
Balance Sheet Long Position	434,923	138,171	190,555	-	12,019	-	775,668
Balance Sheet Short Position	-	-	-	(391,328)	-	(384,340)	(775,668)
Off-balance Sheet Long Position ⁽⁶⁾	38,899	57,797	-	-	-	-	96,696
Off-balance Sheet Short Position ⁽⁶⁾	(38,691)	(59,256)	-	-	-	-	(97,947)
Total Position	435,131	136,712	190,555	(391,328)	12,019	(384,340)	(1,251)

⁽¹⁾ Allowances for the expected credit losses are included in the non-interest bearing column.

⁽²⁾ Finance lease receivables are included.

⁽³⁾ Shareholders' equity is presented under other liabilities in the non-interest bearing column.

⁽⁴⁾ Borrowers' funds is presented in the other liabilities.

⁽⁵⁾ Presented in other liabilities at financial statements.

⁽⁶⁾ Includes asset purchase and sale commitments

⁽⁷⁾ Includes derivatives financial assets

b. Average interest rates for monetary financial instruments

30 September 2021	EUR %	USD %	JPY %	TRY %
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	13.16
Due From Banks	0.03	0.15	-	19.47
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	18.27
Financial assets at fair value through other comprehensive income	-	-	-	15.41
Loans	4.67	5.45	-	20.82
Financial assets measured at amortised cost	-	7.75	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	1.29	2.75	-	18.05
Miscellaneous Payables ⁽¹⁾	-	0.22	-	17.16
Marketable Securities Issued	1.75	3.55	-	19.22
Funds Borrowed From Other Financial Institutions	1.46	3.85	-	18.48

⁽¹⁾ Includes borrowers' funds.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

	EUR %	USD %	JPY %	TRY %
31 December 2020				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	9.56
Due From Banks	0.01	0.49	-	11.44
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	11.18
Financial assets at fair value through other comprehensive income	-	-	-	13.10
Loans	4.50	5.76	-	14.55
Financial assets measured at amortised cost	-	8.01	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	0.89	2.31	-	10.30
Miscellaneous Payables ⁽¹⁾	-	0.95	-	9.87
Marketable Securities Issued	1.75	3.60	-	11.02
Funds Borrowed From Other Financial Institutions	1.15	4.03	-	10.63

⁽¹⁾ Includes borrowers' funds.

- c. **Economic value differences resulted from interest rate instabilities calculated according to regulation on measurement and evaluation of interest rate risk resulted from banking book as per standard shock method**

Current Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TRY	(+) 500 basis point	(13,895)	(2.22%)
TRY	(-) 400 basis point	12,255	1.96%
USD	(+) 200 basis point	17,967	2.87%
USD	(-) 200 basis point	(999)	(0.16%)
EUR	(+) 200 basis point	(9,858)	(1.58%)
EUR	(-) 200 basis point	-	-
TOTAL (for negative shocks)		11,256	1.80%
TOTAL (for positive shocks)		(5,786)	(0.93%)

Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TRY	(+) 500 basis point	(9,718)	(1.66%)
TRY	(-) 400 basis point	8,751	1.50%
USD	(+) 200 basis point	21,398	3.66%
USD	(-) 200 basis point	(5,869)	(1.00%)
EUR	(+) 200 basis point	(2,875)	(0.49%)
EUR	(-) 200 basis point	-	-
TOTAL (for negative shocks)		2,882	0.50%
TOTAL (for positive shocks)		8,805	1.51%

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

IV. EXPLANATIONS ON EQUITY POSITION RISK

The Bank does not hold equity position as of 30 September 2021. (31 December 2020 - None).

V. EXPLANATIONS ON LIQUIDTY RISK and LIQUIDITY COVERAGE RATIO

a. Information on risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk at bank, liquidity risk management including how liquidity risk strategy, policy and implementations communicates with board of directors and business units

Liquidity risk is the risk occurring as a result of non-availability of sufficient cash on hand or cash inflow to meet cash outflows in a timely manner completely as a result of imbalance in cash flows. Treasury department manages the liquidity of the Bank daily and informs ALCO about the liquidity position of the Bank weekly. Planning the weekly, monthly and annual liquidity management, taking the necessary measures and informing the top managements is the responsibility of Treasury Department.

The Bank forms its assets and liabilities in balance not to create a negative gap on cumulative basis in maturity segments.

In accordance with the “Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks” entered into force after published on Official Gazette dated November 1, 2006 and numbered 26333 by BRSA, starting from June 1, 2007, weekly simple average of total liquidity adequacy rates related to primary maturity segment and total liquidity adequacy rate related to secondary maturity segment cannot be less than 100% while weekly simple average of foreign currency liquidity ratio related to primary maturity segment and foreign currency adequacy rate related to secondary maturity segment cannot be less than 80%.

The Financial Planning, Control and Strategy Department is responsible for calculating the first maturity and second maturity liquidity ratios and reporting to the legal authorities.

The stress tests to be applied on the liquidity position and the liquidity coverage ratio are calculated by the Risk Management Unit.

Risk Management Department monitors related unit’s activities and reports to the Senior Management monthly.

b. Information on centralization grade of liquidity management and funding strategy and its functionality among Bank and its affiliates

There is no structured liquidity management requiring centralization between bank and its affiliates.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

c. Information on funding strategy of the Bank including policies related to diversity of funding sources and periods

The main funding sources of the Bank are provided by domestic and foreign banks, repo transactions, money market transactions and issued marketable securities and diversification of aforementioned sources are made in order to minimize liquidity risk. Financial Institutions Department carries out studies which are required to relate supplying of long term foreign source.

d. Information on liquidity management based on currencies forming at least 5% of total liabilities of the Bank

Almost all the liabilities of the Bank consists of TL, USD and EUR and equities mainly forming the TL sources.

TL liquidity of the Bank is managed through funds provided from domestic and foreign banks via repo transactions made in BIST using high quality (premium) securities.

TL and foreign currency cash flow of the Bank in scope of Balance sheet management is monitored separately. Risk Management Unit reports to ALCO weekly and Board of Directors on a monthly basis.

e. Information on liquidity risk reduction techniques

Liquidity limits are determined in order to keep the risk regarding liquidity risk in defined limits and to monitor liquidity position. The aforementioned limits have been determined in accordance with “Regulation on Measurement and Evaluation of Bank’s Liquidity Adequacy” in Risk Appetite Statements and approved by Board of Directors.

f. Disclosure regarding use of stress test

Liquidity stress test regarding adverse effects in the Bank’s liquidity due to fluctuations in capital markets is applied by Risk Management Department and reported to Risk Management Committee.

In the stress scenarios created, the problems to be experienced on the funding side and the inability to collect the receivables expected to be collected are analyzed. In the liquidity planning process of the bank, an assessment of the situation is made by evaluating the cumulative maturity mismatches according to the maturities under different severity scenarios.

g. Information related to emergency and unexpected situation plan for liquidity

“Emergency and unexpected situation plan for Liquidity” is approved by the Board of Directors and established in order to manage possible liquidity crisis and required actions for losses which can occur in extraordinary conditions are determined with preventing mechanisms and liquidity squeeze scenarios. The scope of the aforementioned plan is to pre-determine applicable scenarios, measurement of liquidity risk and the actions which shall be taken towards those risks.

Regarding the sectors affected by COVID-19, the analysis published by foreign rating agencies and shared with the public were used. The sectors that are expected to be affected the most are ranked from high risk to low risk, and all customers in our Bank were separated by risk groups, evaluated in monitoring activities, stress test analyzes, sectoral concentration analyzes and these evaluations will continue in the coming periods.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

h. Liquidity Coverage Ratio

The liquidity coverage ratio is calculated by proportioning the high quality liquid assets owned by the bank to net cash outflow in a one month maturity. Significant balance sheet items that determine the ratio can be listed as required reserves at the CBRT, securities that not subject to repo/collateral, foreign funds and receivables from banks. As of the balance sheet period, 76% of the high quality liquid assets of LCR subject bank accounts with the Central Bank, and 21% of the issued securities is composed by the Treasury of Republic of Turkey. The main funding sources of the Bank are loans received, debts due to money markets and securities issued. As of the balance sheet date, 47% of the Bank’s funds consist of loans received and 40% consists of securities issued. There may be fluctuations in the liquidity coverage ratio in the weeks when the share of funds originated from banks within fund sources increases or when medium/long term foreign funds, which are renewed when due, enter the one-month maturity.

Referring to the BRSA’s decision dated 12 December 2016 numbered 7123; it is announced that development and investment banks’ consolidated and unconsolidated liquidity coverage ratio will be applied as 0% unless otherwise stated according to paragraph 5 of article 4 of Regulations about Banks’ Liquidity Coverage Ratio Measurement.

Current Period 30 September 2021 ⁽²⁾	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	LC+FC	FC	LC+FC	FC
High-quality Liquidity Assets (HLA)				
1 High-quality Liquidity Assets			272,855	239,618
Cash Outflows				
2 Real person assets and retail assets	-	-	-	-
3 Stable assets	-	-	-	-
4 Lower Stable assets	-	-	-	-
5 Out of junior debts from real person assets and retail assets	496,395	274,041	496,395	274,041
6 Operational assets	-	-	-	-
7 Non –operating assets	-	-	-	-
8 Other Junior debt	496,395	274,041	496,395	274,041
9 Secured Debts			-	-
10 Other Cash Outflows	231,982	147,306	101,861	71,133
11 Derivative liabilities and margin liabilities	79	-	79	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	231,903	147,306	101,782	71,133
14 Revocable off-balance sheet other liabilities and other contractual liabilities notwithstanding to any conditions	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
16 TOTAL CASH OUTFLOWS			598,256	345,174
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	455,412	292,381	305,132	220,856
19 Other cash inflows	2,635	2,513	2,635	2,513
20 TOTAL CASH INFLOWS	458,047	294,894	307,767	223,369
21 TOTAL HLA STOCK			Upper limit applied amount	
			272,855	239,618
22 TOTAL NET CASH OUTFLOWS ⁽¹⁾			290,489	121,805
23 LIQUIDITY COVERAGE RATION (%)			93.93%	196.72%

⁽¹⁾ The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

⁽²⁾ Simple arithmetic mean of weekly unconsolidated liquidity ratios for the last three months including the reporting period are accounted in the table above.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

Prior Period 31 December 2020 ⁽²⁾	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	LC+FC	FC	LC+FC	FC
High-quality Liquidity Assets (HLA)				
1 High-quality Liquidity Assets			251,262	213,615
Cash Outflows				
2 Real person assets and retail assets	-	-	-	-
3 Stable assets	-	-	-	-
4 Lower Stable assets	-	-	-	-
5 Out of junior debts from real person assets and retail assets	368,060	272,019	368,060	272,019
6 Operational assets	-	-	-	-
7 Non –operating assets	-	-	-	-
8 Other Junior debt	368,060	272,019	368,060	272,019
9 Secured Debts				
10 Other Cash Outflows	186,244	118,673	87,191	55,381
11 Derivative liabilities and margin liabilities	39	-	39	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	186,205	118,673	87,152	55,381
14 Revocable off-balance sheet other liabilities and other contractual liabilities notwithstanding to any conditions	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet liabilities	300	273	300	273
16 TOTAL CASH OUTFLOWS			455,551	327,673
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	389,450	197,649	267,412	170,998
19 Other cash inflows	394	2,486	394	2,486
20 TOTAL CASH INFLOWS	389,844	200,135	267,806	173,484
21 TOTAL HLA STOCK			Upper limit applied amount	
			251,262	213,615
22 TOTAL NET CASH OUTFLOWS ⁽¹⁾			187,745	154,189
23 LIQUIDITY COVERAGE RATION (%)			133.83%	138.54%

⁽¹⁾ The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

⁽²⁾ Simple arithmetic mean of weekly unconsolidated liquidity ratios for the last three months including the reporting period are accounted in the table above.

The maximum and minimum liquidity coverage ratio for the last three months of 2021 and 2020 are presented below.

30 September 2021	Maximum	Week	Minimum	Week	Average
LC	499.91	16.07.2021	90.41	20.08.2021	196.72
LC+FC	211.74	16.07.2021	62.59	03.09.2021	93.93
31 December 2020	Maximum	Week	Minimum	Week	Average
LC	265.78	02.10.2020	93.65	30.10.2020	138.54
LC+FC	231.99	02.10.2020	100.07	30.10.2020	134.52

The liquidity ratios regarding first and second maturity tranches are presented below:

30 September 2021	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC+LC	FC	FC+LC
Average (%)	391	250	182	150
Maximum (%)	867	322	262	210
Minimum (%)	216	159	130	106
31 December 2020	FC	FC+LC	FC	FC+LC
Average (%)	348	277	149	156
Maximum (%)	978	418	209	223
Minimum (%)	162	140	93	109

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

i. Breakdown of assets and liabilities according to their outstanding maturities

30 September 2021	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified¹	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	19,774	174,243	-	-	-	-	(197)	193,820
Due From Banks	110,269	124,300	-	-	-	-	(169)	234,400
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	955	-	-	2,705	11,338	-	14,998
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	7,659	1,594	415	613	16,403	2,566	-	29,250
Loans ⁽²⁾	-	289,086	206,587	675,303	655,235	56,874	(52,046)	1,831,039
Financial assets measured at amortized cost	-	890	665	95,817	61,473	-	(1,866)	156,979
Other Assets	-	29,445	498	1,704	-	-	252,518	284,165
Total Assets	137,702	620,513	208,165	773,437	735,816	70,778	198,240	2,744,651
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	116	275,891	162,989	128,868	449,195	-	-	1,017,059
Funds Borrowed From Money Markets	-	124,740	8,504	5,414	-	-	-	138,658
Marketable Securities Issued	-	78,851	963	292,991	476,864	-	-	849,669
Miscellaneous Payables ⁽⁵⁾	7,100	20,331	1,202	-	-	-	-	28,633
Other Liabilities ^{(3),(4)}	49,034	43,294	6,283	2,724	2,631	-	606,666	710,632
Total Liabilities	56,250	543,107	179,941	429,997	928,690	-	606,666	2,744,651
Liquidity Gap	81,452	77,406	28,224	343,440	(192,874)	70,778	(408,426)	-
Net Off-Balance Sheet Liquidity Gap	-	960	(3,818)	-	-	-	-	(2,858)
Financial Derivative Assets ⁽⁶⁾	-	69,601	53,682	-	-	-	-	123,283
Financial Derivative Liabilities ⁽⁶⁾	-	(68,641)	(57,500)	-	-	-	-	(126,141)
Non-cash Loans	-	9,849	8,714	158,450	143,513	-	201,939	522,465

⁽¹⁾ Allowances for the expected credit losses are included in the non-interest bearing column.

⁽²⁾ Finance lease receivables are included.

⁽³⁾ Borrowers' funds is presented in the other liabilities.

⁽⁴⁾ Shareholders' equity is presented under other liabilities in the unclassified column.

⁽⁵⁾ Presented in other liabilities at financial statements.

⁽⁶⁾ Includes asset purchase and sale commitments

⁽⁷⁾ Includes derivative financial assets

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

31 December 2020	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified¹	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	21,269	133,831	-	-	-	-	(178)	154,922
Due From Banks	16,876	104,635	-	-	-	-	(155)	121,356
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	493	-	-	-	7,405	-	7,898
Interbank Money Market Placements	-	23,011	-	-	-	-	-	23,011
Financial assets at fair value through other comprehensive income	7,659	76	275	20,341	-	2,499	-	30,850
Loans ⁽²⁾	-	353,688	160,378	486,835	430,039	61,995	(42,190)	1,450,745
Financial assets measured at amortized cost	-	544	1,226	455	114,551	-	(1,755)	115,021
Other Assets	-	18,848	632	-	-	-	256,126	275,606
Total Assets	45,804	635,126	162,511	507,631	544,590	71,899	211,848	2,179,409
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	120	187,932	148,684	85,967	380,521	-	-	803,224
Funds Borrowed From Money Markets	-	49,634	1,064	2,565	-	-	-	53,263
Marketable Securities Issued	-	1,412	621	185,485	459,498	-	-	647,016
Miscellaneous Payables ⁽⁵⁾	33,989	1,497	9,318	-	-	-	-	44,804
Other Liabilities ^{(3),(4)}	23,510	22,556	10,658	51	111	-	574,216	631,102
Total Liabilities	57,619	263,031	170,345	274,068	840,130	-	574,216	2,179,409
Liquidity Gap	(11,815)	372,095	(7,834)	233,563	(295,540)	71,899	(362,368)	-
Net Off-Balance Sheet Liquidity Gap	-	208	(1,459)	-	-	-	-	(1,251)
Financial Derivative Assets ⁽⁶⁾	-	38,899	57,797	-	-	-	-	96,696
Financial Derivative Liabilities ⁽⁶⁾	-	(38,691)	(59,256)	-	-	-	-	(97,947)
Non-cash Loans	-	375	39,466	153,829	35,007	-	103,949	332,626

⁽¹⁾ Allowances for the expected credit losses are included in the non-interest bearing column.

⁽²⁾ Finance lease receivables are included.

⁽³⁾ Borrowers' funds is presented in the other liabilities.

⁽⁴⁾ Shareholders' equity is presented under other liabilities in the unclassified column.

⁽⁵⁾ Presented in other liabilities at financial statements.

⁽⁶⁾ Includes asset purchase and sale commitments

⁽⁷⁾ Includes derivative financial assets

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

j. Breakdown of contractual cash outflows of financial liabilities according to their remaining maturities

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-
Funds borrowed from other financial inst.	276,915	165,335	142,627	459,146	-	1,044,023
Funds from interbank money market	124,907	8,523	5,490	-	-	138,920
Financial leasing payables	24	24	245	450	-	743
Marketable securities issued	79,303	5,033	310,978	487,944	-	883,258
Current accounts of customers	60,156	-	-	-	-	60,156
Miscellaneous Payables	27,461	1,224	-	-	-	28,685
Total	568,766	180,139	459,340	947,540	-	2,155,785

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-
Funds borrowed from other financial inst.	188,700	150,257	99,427	399,789	-	838,173
Funds from interbank money market	49,841	1,096	2,695	-	-	53,632
Financial leasing payables	8	15	70	129	-	222
Marketable securities issued	1,824	3,771	200,901	472,993	-	679,489
Current accounts of customers	24,513	-	-	-	-	24,513
Miscellaneous Payables	35,491	9,442	-	-	-	44,933
Total	300,377	164,581	303,093	872,911	-	1,640,962

k. Breakdown of derivative instruments according to their remaining contractual maturities

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Forward Transactions-Buy	6,895	53,682	-	-	-	60,577
Forward Transactions-Sell	(6,881)	(57,500)	-	-	-	(64,381)
Swap Transactions-Buy	62,706	-	-	-	-	62,706
Swap Transactions-Sell	(61,760)	-	-	-	-	(61,760)
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	960	(3,818)	-	-	-	(2,858)

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Forward Transactions-Buy	2,246	-	-	-	-	2,246
Forward Transactions-Sell	(2,226)	-	-	-	-	(2,226)
Swap Transactions-Buy	36,653	57,797	-	-	-	94,450
Swap Transactions-Sell	(36,465)	(59,256)	-	-	-	(95,721)
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	208	(1,459)	-	-	-	(1,251)

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

VI. EXPLANATIONS ON LEVERAGE RATIO

Unconsolidated leverage ratio was realized as 18.5% (31 December 2020 - 21.1%). The increase occurred in the on-balance sheet assets and off-balance sheet transactions led to a change in leverage compared to the previous period. Regulation has been linked to the provision of the minimum leverage ratio of 3%.

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Asset On The Balance Sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	2,612,358	2,220,580
(Assets deducted from core capital)	(6,833)	(5,665)
Total risk amount for assets on the balance sheet	2,605,525	2,214,915
Derivative Financial Instruments and Loan Derivatives		
Renewal cost of derivative financial instruments and loan derivatives	-	174
Potential credit risk amount of derivative financial instruments and loan derivatives	2,397	745
Total risk amount of derivative financial instruments and loan derivatives	2,397	919
Financing Transactions With Securities Or Goods Warranties		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	52,256	10,410
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	52,256	10,410
Off-the-Balance Sheet Transactions		
Gross nominal amount of the off-the-balance sheet transactions	526,505	413,523
Adjustment amount arising from multiplying by the credit conversion rate	-	-
Total risk amount for off-the-balance sheet transactions	526,505	413,523
Capital and Total Risk		
Core capital	589,602	556,771
Total risk amount	3,186,683	2,639,767
Leverage Ratio		
Leverage ratio	18.5%	21.1%

⁽¹⁾ Arithmetic average of last three months including reporting period.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

VII. EXPLANATIONS ON THE RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the “Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” that have been published in official gazette no 29511 on 23 October 2015. Since Internal Rating-Based (IRB) approach is not applied, tables that have to be prepared within the scope of IRB, are not presented.

a. Bank’s risk management approach

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level.

General strategies regarding Bank’s risk management are given below:

- Effective risk management within the Bank’s risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas.
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank’s Board of Directors has the ultimate responsibility for setting-up and monitoring the efficiency of such a risk management system. The Board of Directors manages the risks through Risk Management Committee (RMC). RMC is responsible for the development of risk policies, measurement of risks and determination of methods to manage them, setting up of appropriate risk limits and their monitoring. All the risk policies of RMC are written and integrated with the Bank’s long term strategy.

The Board of Directors fulfils its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

The Board of Directors regularly reviews and approves Bank’s main risk approach, risk principles and policies which are initially discussed and decided by the Risk Management Committee. The Board of Directors also determines Bank’s risk appetite by risk limits taking market conditions and Bank’s risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank’s Senior Management is responsible to the Bank’s Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner.

The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Departments which directly report to the Board of Directors operate in coordination with the business units of the Bank. In this scope, it is also Senior Management’s responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyse the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed to. The effectiveness and efficiency of the risk mitigation techniques are regularly monitored.

b. General view to risk weighted amounts

	Risk weighted amounts		Minimum capital requirements
	Current Period 30 September 2021	Prior Period 31 December 2020	Current Period 30 September 2021
Credit risk (excluding counterparty credit risk) (CCR)	2,563,528	2,009,956	205,082
Of which standardised approach (SA)	2,563,528	2,009,956	205,082
Of which internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	29,830	5,575	2,386
Of which standardised approach for counterparty credit risk (SA-CCR)	29,830	5,575	2,386
Of which internal model method (IMM)	-	-	-
Equity positions in banking book under market-based approach	-	-	-
Equity investments in funds – look-through approach	-	-	-
Equity investments in funds – mandate-based approach	-	25,366	-
Equity investments in funds – fallback approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book	-	-	-
Of which IRB ratings-based approach (RBA)	-	-	-
Of which IRB Supervisory Formula Approach (SFA)	-	-	-
Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
Market risk	51,488	37,100	4,119
Of which standardised approach (SA)	51,488	37,100	4,119
Of which internal model approaches (IMM)	-	-	-
Operational risk	168,175	141,044	13,454
Of which Basic Indicator Approach	168,175	141,044	13,454
Of which Standardised Approach	-	-	-
Of which Advanced Measurement Approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	2,813,021	2,219,041	225,041

c. Explanations on Credit Risk

Credit risk management includes the definition of credit risks, their measurement and management.

Risk limits are defined by Board of Directors in such a manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. The care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

When determining Bank’s credit risk profile, diversification methods are applied in order to prevent concentrations. The choice of customers are done in accordance with policies and risk limits. Besides, the capability of the customer to pay via its cash flows generated from its own activities are taken into consideration.

Risk rating models are utilised to discriminate borrowers in terms of their credibilities.

In the credit risk management process, Risk Management Unit conducts the activities of measurement of credit risk through models, monitoring and reporting. In addition to the risk limits regarding credit risk, several concentrations are analyzed in the credit portfolio.

The outputs of the risk rating models are an important part of credit allocation process as well as a tool to measure the probability of default of the customers and the portfolio.

The Bank utilises an effective risk management policy that truly classifies risks and customers in order to achieve its targets. Appropriate decision systems are in place for the correct evaluation of risks and the limit structure of the customers are determined.

To measure the credibility of the customers, analysis and intelligence studies are performed. The information from past, current and future financial and non-financial data are examined.

For a consistent evaluation, quantification and monitoring of risks; in order to make correct decisions during the processes of credit request by the customer, credit approval, collateralization, restructuring, monitoring and closing, all information and documents regarding the customer are collected in a shared database. Credit proposals are finalized by the evaluation of General Manager, Credit Committee or Board of Directors, depending on the limits. Credit risks are measured, monitored and reported by the Risk Management Unit.

c.1) CR1 – Credit quality of assets

	Current Period	Gross Carrying Amounts reported in Financial Statements in accordance with TAS		Allowances / amortization and impairment	Net Value
		Defaulted exposures	Non-defaulted exposures		
1	Loans and lease receivables	44,016	1,839,069	(52,046)	1,831,039
2	Debt securities		202,138	(2,096)	200,042
3	Off-balance sheet exposures		547,872	(4,558)	543,314
	Total	44,016	2,589,079	(58,700)	2,574,395

	Prior Period	Gross Carrying Amounts reported in Financial Statements in accordance with TAS		Allowances / amortization and impairment	Net Value
		Defaulted exposures	Non-defaulted exposures		
1	Loans and lease receivables	36,077	1,456,858	(42,190)	1,450,745
2	Debt securities	-	155,031	(2,221)	152,810
3	Off-balance sheet exposures	-	355,059	(9,539)	345,520
	Total	36,077	1,966,948	(53,950)	1,949,075

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

c.2) CR2 – Changes in stock of defaulted loans and debt securities

	Current period	Prior Period
1 Beginning Balance	36,077	35,454
2 Additions	12,583	53
3 Receivables that are not re-default	-	-
4 Write-offs	-	-
5 Other changes ¹	(4,644)	570
Ending Balance(1+2-3-4±5)	44,016	36,077

¹⁾ Includes collection from the non-performing loans.

c.3) CRB – Additional explanations on credit quality of assets

Bank details calculate expected loss provisions within the scope of TFRS’9, as explained in the account policies and disclosures related to impairment of Financial assets and expected credit loss calculation. The Bank evaluates whether there is a significant increase in the credit risk of the Financial instrument within the scope of impairment since it was first included in the Financial statements. In making this assessment, it uses the change the expected default risk of the Financial instrument.

Loans that have overdue above 90-day in delay in the relevant month are included in the follow-up accounts and are subject to specific provisions.

Refinancing or restructuring; One or more loans extended by the Bank due to financial difficulties that the customer or group is expected to be present for future, is subject to a new loan that will cover the principal or interest payment completely or partially, or the conditions in existing loans are changed to ensure that the debt can be paid.

The breakdown of assets by geographic, sector and time to maturity is provided on Section Four, Note II.

Non-Performing loans and specific provision by geographic breakdown

	Current Period			Prior Period		
	NPL	Specific Provision	Write-offs	NPL	Specific Provision	Write-offs
Domestic	44,016	24,643	-	36,077	19,831	-
European countries	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-
OECD countries	-	-	-	-	-	-
Off-shore banking regions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	44,016	24,643	-	36,077	19,831	-

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

Non-Performing loans and specific provision by sectoral breakdown

	Current Period			Prior Period		
	NPL	Specific Provision	Write-offs	NPL	Specific Provision	Write-offs
Agriculture	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	-	-	-	-	-	-
Manufacturing	3,130	3,027	-	3,292	3,197	-
Mining and Quarrying	-	-	-	-	-	-
Production	3,130	3,027	-	3,292	3,197	-
Electricity, Gas and Water	-	-	-	-	-	-
Construction	25,616	19,934	-	13,855	13,855	-
Services	15,270	1,682	-	18,930	2,779	-
Wholesale and Retail Trade	813	298	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-
Transportation and Telecom	14,457	1,384	-	18,930	2,779	-
Financial Institutions	-	-	-	-	-	-
Real Estate and Rental Services	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	44,016	24,643	-	36,077	19,831	-

Aging analysis of performing loans with overdue and non-performing loans

	Current Period	Prior Period
Up to 3 Months	415	538
3-12 Months	12,578	-
1-3 Years	31,438	36,077
3-5 Years	-	-
Over 5 Year	-	-
Total	44,431	36,615

Information on loans that have been restructured or rescheduled

	Current Period	Prior Period
Standard Loans that have been restructured or rescheduled	-	-
Loans Under Close Monitoring that have been restructured or rescheduled	86,197	83,244
Non-performing loans that have been restructured or rescheduled	17,586	30,581
Total	103,783	113,825

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

c.4) Qualitative requirements to be disclosed regarding Credit risk mitigation techniques and CR3 – Explanations on Credit risk mitigation techniques

In order to ensure timely and complete fulfilment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The Bank discounts the collaterals by using some fixed ratios and calculates the expected cash equivalent of the collaterals in case they are transformed into cash. The difference between the credit and the cash equivalent of the collateral is defined as the net risk. In calculation of the net risk, the coefficients in the facility rating model are taken into account.

	Current Period	Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans and lease receivables	1,525,004	306,035	189,062	65,080	16,056	-	-
2	Debt securities	200,042	-	-	-	-	-	-
3	Total	1,725,046	306,035	189,062	65,080	16,056	-	-
4	Defaulted items	44,016	-	-	-	-	-	-

	Prior Period	Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans and lease receivables	1,342,576	108,169	61,085	13,351	9,194	-	-
2	Debt securities	152,810	-	-	-	-	-	-
3	Total	1,495,386	108,169	61,085	13,351	9,194	-	-
4	Defaulted items	36,077	-	-	-	-	-	-

c.5) Qualitative explanations using the rating grades to calculate the banks' credit risk by standard approach

In determining the risk weights regarding risk classes defined in Article 6 of “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, country risk classification published by OECD (Organisation for Economic Cooperation and Development) is taken into account. According to capital adequacy regulations, the risk classification and risk weights of receivables from banks and intermediary institutions and receivables from corporates are determined in accordance with the regulations.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

CR4: Standardised approach – Credit risk exposure and credit risk mitigation effects

	Current Period	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA ¹	RWA Density
1	Receivables from Central Governments or Central Banks	293,121	-	293,121	-	71,090	24.25%
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	0.00%
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	0.00%
4	Receivables from Multilateral Development Banks	-	-	-	-	-	0.00%
5	Receivables from International Organizations	-	-	-	-	-	0.00%
6	Receivables from Banks and Brokerage Corporation	480,812	215,858	480,812	174,567	507,089	77.37%
7	Corporate receivables	1,470,724	317,397	1,454,691	279,104	1,514,354	87.34%
8	Retail receivables	-	17	-	9	6	66.67%
9	Collateralized by real estate mortgages receivables	22,362	824	22,362	412	7,971	35.00%
10	Collateralized by trading mortgages receivables	221,613	-	221,613	-	149,507	67.46%
11	Non-performing receivables	44,016	-	19,412	-	23,428	120.69%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	0.00%
13	Collateralized securities	2,829	-	2,829	-	2,829	100.00%
14	Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	0.00%
15	Investments in nature of Collective Investment funds	14,042	-	14,042	-	14,042	100.00%
16	Other receivables	265,536	-	265,536	-	265,522	99.99%
17	Equity security investments	7,659	-	7,659	-	7,659	100.00%
	Total	2,822,714	534,096	2,782,077	454,092	2,563,497	79.21%

	Prior Period	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA	RWA Density
1	Receivables from Central Governments or Central Banks	214,848	-	214,848	-	49,694	23.13%
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	0.00%
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	0.00%
4	Receivables from Multilateral Development Banks	-	-	-	-	-	0.00%
5	Receivables from International Organizations	-	-	-	-	-	0.00%
6	Receivables from Banks and Brokerage Corporation	96,825	96,265	123,971	62,394	122,451	65.70%
7	Corporate receivables	1,328,359	235,536	1,337,309	200,056	1,351,717	87.92%
8	Retail receivables	4,343	825	22,403	413	3,511	15.39%
9	Collateralized by real estate mortgages receivables	-	-	-	-	-	0.00%
10	Collateralized by trading mortgages receivables	108,169	-	108,169	-	77,627	71.76%
11	Non-performing receivables	36,077	-	16,246	-	24,274	149.42%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	0.00%
13	Securities collateralized by mortgages	-	-	-	-	-	0.00%
14	Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	121,510	4,472	123,077	4,472	118,644	93.02%
15	Investments in nature of Collective Investment funds	7,405	17,961	7,405	17,961	25,366	100.00%
16	Other receivables	268,139	-	268,139	-	254,379	94.87%
17	Equity security investments	7,659	-	7,659	-	7,659	100.00%
	Total	2,193,334	355,059	2,229,226	285,296	2,035,322	80.94%

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

CR5 – Standardised approach – exposures by risk classes and risk weights

	Current Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Others	Total credit risk amount (after CRM and CCF)
1	Receivables from Central Governments or Central Banks	222,031	-	-	-	-	-	-	71,090	-	-	-	293,121
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from Banks and Brokerage Corporation	-	-	92,808	-	-	148,026	-	414,545	-	-	-	655,379
7	Corporate receivables	-	-	120,945	-	-	185,710	-	1,427,140	-	-	-	1,733,795
8	Retail receivables	-	-	-	-	-	-	9	-	-	-	-	9
9	Collateralized by real estate mortgages receivables	-	-	-	-	22,774	-	-	-	-	-	-	22,774
10	Collateralized by trading mortgages receivables	-	-	-	-	-	144,213	-	77,400	-	-	-	221,613
11	Non-performing receivables	-	-	-	-	-	5,039	-	1,301	13,072	-	-	19,412
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	2,829	-	-	-	2,829
14	Short-term receivables and corporate receivables from Banks and Brokerage Corp.	-	-	-	-	-	-	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	14,042	-	-	-	14,042
16	Equity security investments	-	-	-	-	-	-	-	7,659	-	-	-	7,659
17	Other receivables	14	-	-	-	-	-	-	265,522	-	-	-	265,536
	Total	222,045	-	213,753	-	22,774	482,988	9	2,281,528	13,072	-	-	3,236,169

	Prior Period	0%	10%	20%	50%	75%	100%	150%	200%	Others	Total credit risk amount (after CRM and CCF)
1	Receivables from Central Governments or Central Banks	169,756	-	-	-	-	45,092	-	-	-	214,848
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-
4	Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from Banks and Brokerage Corporation	-	-	16,699	42,659	-	127,007	-	-	-	186,365
7	Corporate receivables	-	-	155,615	104,512	-	1,268,283	-	-	8,955	1,537,365
8	Retail receivables	-	-	-	-	4,755	-	-	-	18,061	22,816
9	Collateralized by real estate mortgages receivables	-	-	-	-	-	-	-	-	-	-
10	Collateralized by trading mortgages receivables	-	-	-	61,085	-	47,084	-	-	-	108,169
11	Non-performing receivables	-	-	-	95	-	-	16,151	-	-	16,246
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables and corporate receivables from Banks and Brokerage Corp.	-	-	2,520	13,777	-	111,252	-	-	-	127,549
15	Investments in nature of Collective Investment funds	-	-	-	-	-	25,366	-	-	-	25,366
16	Equity security investments	-	-	-	-	-	7,659	-	-	-	7,659
17	Other receivables	13,760	-	-	-	-	254,379	-	-	-	268,139
	Total	183,516	-	174,834	222,128	4,755	1,886,122	16,151	-	27,016	2,514,522

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

d. Issues related to counterparty credit risk (CCR)

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies. The products are grouped as foreign exchange transactions (forward, futures, swap), interest swap transactions (interest swap, cross currency swap and futures and repo transactions).

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For counterparties except banks, the counterparty credit risk limits are determined based on credit allocation policies. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewed and necessary changes are made.

The related approvals identified for loan allocation process are applied for corporate and individual customers, excluding banks. In case of deterioration in market conditions and/or in the credit quality of the borrower company/group, the related company/group limits are reviewed and necessary actions are taken. For the loan allocation process approvals of Board of Directors or the relevant committee approvals authorized by the Board of Directors are applied. In case of significant changes in market conditions and/or structure or financials of the related company/group, the related company/group limits are reviewed and necessary actions are taken. Collateralization principles and procedures are applied for counterparties other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated / determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

d.1) CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach-CCR (for derivatives)	955	1,232		1.40	2,187	874
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					29,332	28,957
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit						
	Total						29,831

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach-CCR (for derivatives)	493	974		1.40	1,567	735
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					54,160	4,791
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
	Total						5,526

d.2) CCR2 – Credit valuation adjustment (CVA) capital charge

	Current Period		Prior Period	
	Risk amount (after credit risk mitigation techniques)	Risk weighted amounts	Risk amount (after credit risk mitigation techniques)	Risk weighted amounts
	Total portfolios subject to the Advanced CVA capital charge	-	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)			
2	(ii) Stressed VaR component (including the 3×multiplier)			
3	All portfolios subject to the Standardised CVA capital charge	2,187	30	1,567
	Total subject to the CVA capital charge	2,187	30	1,567

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

d.3) CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights:

Current Period	Risk Weights									Total Credit Risk ⁽¹⁾
Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other		
Receivables from Central Governments or Central Banks	-	-	-	-	-	-	-	-	-	-
Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-
Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-
Receivables from Banks and Brokerage Corporation	-	-	2,110	-	-	9	-	-	-	2,119
Corporate receivables	-	-	-	-	-	29,400	-	-	-	29,400
Retail receivables	-	-	-	-	-	-	-	-	-	-
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	41,148	58,253	-	-	99,401

(1) Total credit risk: The amount to be considered in the capital adequacy calculation after the CRM is applied

(2) Other receivables: Includes amounts not included in the counterparty credit risk reported in CCR8

Prior Period	Risk Weights									Total Credit Risk
Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other		
Receivables from Central Governments or Central Banks	-	-	-	-	-	-	-	-	-	-
Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-
Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-
Receivables from Banks and Brokerage Corporation	-	-	4,134	-	-	23,011	-	-	-	27,145
Corporate receivables	-	-	-	-	-	-	-	8,955	-	8,955
Retail receivables	-	-	-	-	18,060	-	-	-	-	18,060
Collateralized by real estate mortgages receivables	-	-	-	-	-	-	-	-	-	-
Non-performing receivables	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	1,567	-	-	-	-	-	1,567
Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	-	-	-
Equity security investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	-	-	4,134	1,567	18,060	23,011	-	8,955	-	55,727

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

d.4) CCR5 – Composition of collateral for CCR exposure

Current Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not Reserved		
Cash- local currency	-	-	-	-	-	-
Cash- foreign currency	-	-	-	-	-	-
Government bond/bill – local	-	-	-	-	-	10,328
Government bond/bill – other	-	-	-	-	-	39,100
Public institutions bond/bill	-	-	-	-	-	16,055
Corporate bond/bill	-	-	-	-	-	52,311
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	117,794

Prior Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not Reserved		
Cash- local currency	-	-	-	-	-	-
Cash- foreign currency	-	-	-	-	-	-
Government bond/bill – local	-	-	-	-	23,011	4,133
Government bond/bill – other	-	-	-	-	-	-
Public institutions bond/bill	-	-	-	-	-	5,591
Corporate bond/bill	-	-	-	-	-	21,425
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	23,011	31,149

d.5) CCR6 – Credit derivatives

The Bank does not have credit derivatives.

d.6) CCR8 – Exposures to central counterparties

	Current Period		Prior Period	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
Exposure to Qualified Central Counterparties (QCCPs) (total)	-	540	-	540
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	27,016	540
(i) OTC Derivatives	-	-	-	-
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	27,016	540
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-	-	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs (total)	-	-	-	-
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC Derivatives	-	-	-	-
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-	-	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

e. Issues to be announced to public related to securitisation positions

The Bank does not have transactions related with securitizations, the related table has not been prepared.

f. Explanations on market risk

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary. Market risk is calculated by the "standard method". For legal reporting, standard method is utilised.

The following table indicates the details of the market risk calculation, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

		Current Period RWA	Prior Period RWA
	Outright products		
1	Interest rate risk (general and specific)	2,775	2,925
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	48,713	34,175
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
	Total	51,488	37,100

g. Explanations on operational risk

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué is used in the operational risk calculation of the Bank and calculated on a yearly basis.

Current Period	2 Prior Period Amount	Period Amount	Current Period Amount	Total/ Positive GI year number	Ratio (%)	Total
Gross Revenue	82,185	97,898	88,998	89,694	15	13,454
Amount Subject to Operational Risk (Total*12,5)						168,175

Prior Period	2 Prior Period Amount	Period Amount	Current Period Amount	Total/ Positive GI year number	Ratio (%)	Total
Gross Revenue	45,588	82,185	97,898	75,224	15	11,284
Amount Subject to Operational Risk (Total*12,5)						141,044

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT
THEIR FAIR VALUES**

Fair value calculations of financial assets and liabilities

The fair values of financial assets amortised at cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The fair value of marketable securities issued is calculated according to quoted market prices and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying Value		Fair Value	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Financial Assets	2,514,764	1,948,081	2,519,140	1,947,198
Interbank money market placements	-	23,011	-	23,011
Banks	234,569	121,511	234,569	121,511
Cash and balances at Central Bank	194,017	155,100	194,017	155,100
Derivative Financial assets	955	493	955	493
Financial assets at fair value through profit or loss	14,043	7,405	14,043	7,405
Financial assets at fair value through other comprehensive income	29,250	30,850	29,250	30,850
Financial assets measured at amortised cost	158,845	116,776	165,962	123,407
Loans	1,883,085	1,492,935	1,880,344	1,485,421
Financial Liabilities	2,096,068	1,574,249	2,104,223	1,565,880
Banks' deposits	-	-	-	-
Other deposits	-	-	-	-
Funds borrowed from other fin. Institutions	1,017,059	803,224	1,021,244	798,463
Securities issued	849,669	647,016	853,635	643,397
Miscellaneous Payables	28,633	44,804	28,648	44,804
Payables to money market	138,658	53,263	138,647	53,274
Derivative financial liabilities	1,935	1,430	1,935	1,430
Borrowers' Funds	60,114	24,512	60,114	24,512

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- Identical assets and quoted market prices (non-adjusted) (1st level);
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level);
- Data not based on observable market data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

30 September 2021	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	955	-	955
Financial assets at fair value through profit or loss	2,705	11,338	-	14,043
Financial assets at fair value through other comprehensive income	21,591	7,659	-	29,250
Total Assets	24,296	19,952	-	44,248
Derivative financial liabilities	-	1,935	-	1,935
Total liabilities	-	1,935	-	1,935

31 December 2020	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	493	-	493
Financial assets at fair value through profit or loss	1,472	5,933	-	7,405
Financial assets at fair value through other comprehensive income	23,191	7,659	-	30,850
Total Assets	24,663	14,085	-	38,748
Derivative financial liabilities	-	1,430	-	1,430
Total liabilities	-	1,430	-	1,430

There are no transfers between the levels.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
RISK MANAGEMENT (Continued)**

**IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF
OTHER PERSONS**

The Bank, has been authorized to provide trading brokerage activity, portfolio brokerage activity, best-effort copy public offering brokerage activity and limited custody services. The Bank does not deal with fiduciary transactions.

X. EXPLANATIONS ON OPERATING SEGMENTS

Current Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	1,860,441	884,210	2,744,651
Total Liabilities	123,345	2,621,306	2,744,651
Net Interest Income/(Loss)	126,290	(51,227)	75,063
Net Fee and Commission Income/(Loss)	2,487	4,566	7,053
Trading Gain/(Loss)	217	4,882	5,099
Other Operating Segments Gain/(Loss)	8,321	2,227	10,548
Provisions for Loan Losses and Other Receivables(-)	(13,528)	(144)	(13,672)
Other Operating Expense (-)	-	(35,330)	(35,330)
Profit Before Tax	123,787	(75,026)	48,761
Tax Provision	(30,895)	18,725	(12,170)
Net Profit / Loss	92,892	(56,301)	36,591

Prior Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	1,448,990	730,419	2,179,409
Total Liabilities	78,725	2,100,684	2,179,409
Net Interest Income/(Loss)	81,844	(25,976)	55,868
Net Fee and Commission Income/(Loss)	2,688	355	3,043
Trading Gain/(Loss)	-	6,084	6,084
Other Operating Segments Gain/(Loss)	2,293	2,038	4,331
Provisions for Loan Losses and Other Receivables(-)	(7,510)	(1,516)	(9,026)
Other Operating Expense (-)	-	(32,400)	(32,400)
Profit Before Tax	79,315	(51,415)	27,900
Tax Provision	(17,702)	11,475	(6,227)
Net Profit / Loss	61,613	(39,940)	21,673

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION FIVE

**EXPLANATIONS AND NOTES RELATED TO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. EXPLANATIONS AND NOTES Related to Assets

1. Information related to cash and the account of The Central Bank of the Republic of Turkey (the “CBRT”):

a. Information on cash and the account of the CBRT

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Cash/Foreign currency	10	4	10	4
CBRT	13,512	180,491	6,073	149,013
Other	-	-	-	-
Total	13,522	180,495	6,083	149,017

b. Information on the account of the CBRT

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Demand Unrestricted Amount ⁽¹⁾	13,512	6,248	6,073	15,182
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount ⁽²⁾	-	174,243	-	133,831
Total	13,512	180,491	6,073	149,013

⁽¹⁾ Local currency reserve requirements is presented demand unrestricted amount accordingly BRSA letter dated 3 January 2018.

⁽²⁾ The blocked reserve requirement at Central Bank.

According to CBRT’s “Required Reserves Announcement” numbered 2013/15, the Bank has to provide reserve requirement amounts in CBRT for Turkish currency and foreign currency denominated liabilities. The reserve requirements may be kept as Turkish Lira, USD, Euro and standard gold.

The reserve rates for TL liabilities vary between 3% and 8% according to their maturities as of 30 September 2021 (31 December 2020 - between 1% and 6%). The reserve rates for foreign currency liabilities vary between 5% and 21% according to their maturities as of 30 September 2021 (31 December 2020 - between 5% and 21%).

2. Information on financial assets at fair value through profit or loss

a. As of 30 September 2021, the Bank has no financial assets at fair value through profit or loss subject to repo transactions and given as collateral/blocked (31 December 2020 - None).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

b. Financial assets at fair value through profit or loss

	30 September 2021	31 December 2020
Debt Securities	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Share Certificates / Investment Funds	14,043	7,433
Quoted on Stock Exchange	-	-
Not Quoted	14,043	7,433
Impairment Provision (-)	-	(28)
Total	14,043	7,405

c. Positive differences related to derivative financial assets

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Forward transactions	14	-	16	-
Swap transactions	-	941	477	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	14	941	493	-

3. Information on banks

a. Information on banks

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Banks	3,267	231,302	2,522	118,989
Domestic	3,267	106,783	2,522	89,788
Foreign	-	124,519	-	29,201
Branches and offices abroad	-	-	-	-
Total	3,267	231,302	2,522	118,989

b. Information on foreign banks accounts

	Unrestricted Amount		Restricted Amount	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
European Union Countries	41,251	20,656	-	-
USA, Canada	63,901	6,412	-	-
OECD Countries ¹	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	19,367	2,133	-	-
Total	124,519	29,201	-	-

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

4. Information on financial assets at fair value through other comprehensive income

a. Information financial assets subject to repurchase agreements and given as collateral/blocked

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Collateral / Blocked	7,417	-	6,731	-
Repurchase transaction	10,328	-	4,133	-
Total	17,745	-	10,864	-

b. Information on financial assets at fair value through other comprehensive income

	30 September 2021	31 December 2020
Debt Securities	21,591	23,191
Quoted on Stock Exchange	21,591	23,191
Not Quoted	-	-
Share Certificates	7,659	7,659
Quoted on Stock Exchange	-	-
Not Quoted	7,659	7,659
Impairment Provision (-)	-	-
Total	29,250	30,850

5. Information on loans

a. Information on all types of loans and advances given to shareholders and employees of the Bank

	30 September 2021		31 December 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	153,804	-	44,749
Legal Entities	-	153,804	-	44,749
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	-	-	-	-
Total⁽¹⁾	-	153,804	-	44,749

⁽¹⁾ The bank has no cash loan was provided with a counter-guarantee of Parent Bank (31 December 2020 - None).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

b. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled

30 September 2021	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
			Modifications on agreement conditions	Refinancing
Cash Loans ⁽¹⁾				
Non-specialized Loans	1,538,474	41,181	86,197	-
Loans given to enterprises	492,927	18,449	-	-
Export Loans	28,855	-	-	-
Import Loans	-	-	-	-
Financial Sector Loans	330,028	5,370	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	686,664	17,362	86,197	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	1,538,474	41,181	86,197	-

⁽¹⁾ TL 44,016 non-performing loans are not included.

31 December 2020	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
			Modifications on agreement conditions	Refinancing
Cash Loans ⁽¹⁾				
Non-specialized Loans	1,229,498	35,947	83,244	-
Loans given to enterprises	328,630	35,947	11,804	-
Export Loans	15,163	-	-	-
Import Loans	-	-	-	-
Financial Sector Loans	280,369	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	605,336	-	71,440	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	1,229,498	35,947	83,244	-

⁽¹⁾ TL 36,077 non-performing loans are not included.

Expected Credit Loss	30 September 2021		31 December 2020	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	10,239	-	7,039	-
Significant Increase in Credit Risk	-	16,324	-	14,439
Total	10,239	16,324	7,039	14,439

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

Number of modifications made to extend payment plan	30 September 2021		31 December 2020	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Extended by 1 or 2 times	-	86,197	-	83,244
Extended by 3,4 or 5 times	-	-	-	-
Extended by more than 5 times	-	-	-	-
Total	-	86,197	-	83,244

Extended period of time	30 September 2021		31 December 2020	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
0 - 6 Months	-	-	-	-
6 - 12 Months	-	-	-	-
1 - 2 Years	-	-	-	29,753
2 - 5 Years	-	86,197	-	53,491
5 Years and over	-	-	-	-
Total	-	86,197	-	83,244

c. Breakdown of loans according to their maturities

30 September 2021	Standard Loans	Loans Under Close Monitoring	
		Not under the scope of restructuring	Restructured Loans
Short-Term Loans	846,170	24,116	-
Medium and Long-Term Loans	692,304	17,065	86,197
Total	1,538,474	41,181	86,197

31 December 2020	Standard Loans	Loans Under Close Monitoring	
		Not under the scope of restructuring	Restructured Loans
Short-Term Loans	430,558	17,893	-
Medium and Long-Term Loans	798,940	18,054	83,244
Total	1,229,498	35,947	83,244

d. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

None (31 December 2020 - None).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

e. Information on commercial instalment loans and corporate credit cards

30 September 2021	Short Term	Medium- Long Term	Total
Commercial installment loans-LC	-	12,697	12,697
Business residential loans	-	-	-
Automobile loans	-	12,697	12,697
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans- Indexed to FC	-	17,251	17,251
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	17,251	17,251
Other	-	-	-
Commercial installment loans - FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-LC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Corporate credit cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Overdraft accounts-LC (Commercial customer)	-	-	-
Overdraft accounts-FC (Commercial customer)	-	-	-
Total	-	29,948	29,948

31 December 2020	Short Term	Medium- Long Term	Total
Commercial installment loans-LC	-	7,243	7,243
Business residential loans	-	-	-
Automobile loans	-	7,243	7,243
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans- Indexed to FC	-	18,676	18,676
Business residential loans	-	-	-
Automobile loans	-	353	353
Consumer loans	-	18,323	18,323
Other	-	-	-
Commercial installment loans - FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-LC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Corporate credit cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Overdraft accounts-LC (Commercial customer)	-	-	-
Overdraft accounts-FC (Commercial customer)	-	-	-
Total	-	25,919	25,919

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

f. Loans according to types of borrowers

	30 September 2021	31 December 2020
Public	-	-
Private	1,709,868	1,384,766
Total	1,709,868	1,384,766

g. Distribution of domestic and foreign loans

	30 September 2021	31 December 2020
Domestic Loans	1,394,398	994,890
Foreign Loans	315,470	389,876
Total	1,709,868	1,384,766

h. Loans granted to investments in associates and subsidiaries

None (31 December 2020 - None).

i. Specific provisions accounted for loans

	30 September 2021	31 December 2020
Loans with limited collectability	298	-
Loans with doubtful collectability	6,286	-
Uncollectible loans	18,059	19,831
Total	24,643	19,831

j. Information on non-performing loans

i. Information on non-performing loans restructured or rescheduled and other receivables

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Gross amounts before specific reserves	-	-	17,586
Loans under restructuring	-	-	17,586
Prior period			
Gross amounts before specific reserves	-	-	30,581
Loans under restructuring	-	-	30,581

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

ii. Information on the movement of total non-performing loans

30 September 2021	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Prior period end balance	-	-	36,077
Additions (+)	12,568	10	1,468
Transfers from other categories of loans under follow-up (+)	-	11,755	-
Transfers to other categories of loans under follow-up (-)	(11,755)	-	-
Collections (-)	-	-	(6,107)
Deducted from the record (-)	-	-	-
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	813	11,765	31,438
Provision (-)	(298)	(6,286)	(18,059)
Net Balance on balance sheet	515	5,479	13,379

31 December 2020	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Prior period end balance	-	30,011	5,443
Additions (+)	-	3,924	53
Transfers from other categories of loans under follow-up (+)	-	-	30,601
Transfers to other categories of loans under follow-up (-)	-	(30,601)	-
Collections (-)	-	(3,334)	(20)
Deducted from the record (-)	-	-	-
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	-	-	36,077
Provision (-)	-	-	(19,831)
Net Balance on balance sheet	-	-	16,246

iii. Information on non-performing loans granted as foreign currency loans

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Current period			
Period end balance	-	-	7,771
Provision (-)	-	-	(744)
Net balance on balance sheet	-	-	7,027
Prior period			
Period end balance	-	-	12,175
Provision (-)	-	-	(1,787)
Net balance on balance sheet	-	-	10,388

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

iv. Information on non-performing loans based on types of borrowers

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current period (Net)	515	5,479	13,379
Loans granted to real persons and legal entities (Gross)	813	11,765	31,438
Provision (-)	(298)	(6,286)	(18,059)
Loans granted to real persons and legal entities (Net)	515	5,479	13,379
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provision (-)	-	-	-
Other loans (Net)	-	-	-
Prior Period (Net)	-	-	16,246
Loans granted to real persons and legal entities (Gross)	-	-	36,077
Provision (-)	-	-	(19,831)
Loans granted to real persons and legal entities (Net)	-	-	16,246
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provision (-)	-	-	-
Other loans (Net)	-	-	-

v. Information on interest accruals, rediscounts, valuation differences and their provisions calculated for non-performing loans in accordance with TFRS 9

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current period (Net)	84	867	73
Interest accruals and rediscounts and valuation differences	133	1,862	1,518
Provision (-)	(49)	(995)	(1,445)
Prior Period (Net)	-	-	82
Interest accruals and rediscounts and valuation differences	-	-	1,519
Provision (-)	-	-	(1,437)

vi. Information on the collection policy of non-performing loans and other receivables and information on the write-off policy of the Bank

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals. Credits that have become losses in nature, are attached to the certificate of insolvency or insufficient collateral document, and written off from the Bank's assets. However, if the Bank's receivable is an insignificant amount compared to the costs and expenses to be incurred for the preparation of said documents, writing off of assets may be performed if the Board of Directors decides so.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

6. Information on financial assets measured at amortized cost

a. Information financial assets subject to repurchase agreements and given as collateral/blocked

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Collateral / Blocked	-	26,441	-	22,323
Repurchase transaction	-	102,902	-	27,016
Total	-	129,343	-	49,339

b. Information on government debt securities measured at amortized cost

	30 September 2021	31 December 2020
Government bonds	71,090	45,092
Treasury bills	-	-
Other public sector debt securities	-	-
Total	71,090	45,092

c. Information on financial assets measured at amortized cost

	30 September 2021	31 December 2020
Debt Securities	158,845	116,776
Quoted in a stock exchange	158,845	116,776
Not quoted	-	-
Impairment provisions (-) ⁽¹⁾	-	-
Total	158,845	116,776

⁽¹⁾ TL 1,866 (31 December 2020 – TL 1,755) expected credit losses included at line for expected credit losses on financial statements.

d. The movement of financial assets measured at amortized cost during the year

	30 September 2021	31 December 2020
Beginning balance	116,776	79,975
Foreign currency differences on monetary assets ⁽¹⁾	25,971	22,579
Purchases during year	16,098	49,278
Disposals through sales and redemptions	-	(35,056)
Impairment provisions (-)	-	-
Total	158,845	116,776

⁽¹⁾ TL 1,049 (31 December 2020 – TL 223) of differences arising from the rediscounts and accruals are shown in the " Foreign currency differences on monetary assets line.

7. Information on investments in associates (Net)

a. Information on unconsolidated investments in associates

None (31 December 2020 - None).

b. Information on consolidated investments in associates

None (31 December 2020 - None).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

8. Information on subsidiaries (Net)

None (31 December 2020 - None).

9. Information on joint ventures

None (31 December 2020 - None).

10. Information on lease receivables (Net)

a. Information on lease receivables

	30 September 2021	31 December 2020
Financial lease receivables, Gross	220,246	137,125
Unearned income	(47,029)	(28,956)
Financial lease receivables, Net	173,217	108,169

⁽¹⁾ TL 840 (31 December 2020 – TL 881) expected credit losses included at line for expected credit losses on financial statements.

b. Remaining maturities of financial lease investments

	30 September 2021		31 December 2020	
	Gross	Net	Gross	Net
Up to 1 Year	64,604	46,059	46,695	37,252
1 – 5 Years	155,642	127,158	90,430	70,917
Over 5 Years	-	-	-	-
Total	220,246	173,217	137,125	108,169

11. Information on hedging derivative financial assets

None (31 December 2020 - None).

12. Information on property and equipment

	Immovable / Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
Prior Period					
Cost	97,768	1,628	345	8,360	108,101
Accumulated Depreciation(-)	(15,496)	(523)	(184)	(3,020)	(19,223)
Net Book Value 31 December 2020	82,272	1,105	161	5,340	88,878
Current Period					
Net Book Value : 31 December 2020	82,272	1,105	161	5,340	88,878
Additions	139	-	458	263	860
Transfers	-	-	-	-	-
Disposals(-), cost	-	-	(138)	-	(138)
Disposals(+), accumulated depreciation	-	-	138	-	138
Depreciation (-)	(520)	(243)	(63)	(1,017)	(1,843)
Impairment					
Net Book Value: 30 September 2021	81,891	862	556	4,586	87,895
Cost at Period End	97,907	1,628	665	8,623	108,823
Accumulated Depreciation at Period End (-)	(16,016)	(766)	(109)	(4,037)	(20,928)
Net Book Value: 30 September 2021	81,891	862	556	4,586	87,895

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

	Immovable / Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
Prior Period					
Cost	97,768	1,628	238	7,623	107,257
Accumulated Depreciation(-)	(14,921)	(213)	(97)	(1,788)	(17,019)
Net Book Value 31 December 2019	82,847	1,415	141	5,835	90,238
Current Period					
Net Book Value : 31 December 2019	82,847	1,415	141	5,835	90,238
Additions	-	-	107	753	860
Transfers	-	-	-	-	-
Disposals(-), cost	-	-	-	(16)	(16)
Disposals(+), accumulated depreciation	-	-	-	1	1
Depreciation (-)	(575)	(310)	(87)	(1,233)	(2,205)
Impairment	-	-	-	-	-
Net Book Value: 31 December 2020	82,272	1,105	161	5,340	88,878
Cost at Period End	97,768	1,628	345	8,360	108,101
Accumulated Depreciation at Period End (-)	(15,496)	(523)	(184)	(3,020)	(19,223)
Net Book Value: 31 December 2020	82,272	1,105	161	5,340	88,878

13. Information on intangible assets

	30 September 2021	31 December 2020
Net Book Value at the beginning of the Period	6,849	6,077
Additions	1,943	2,660
Disposals(-), net	-	-
Depreciation (-)	(2,010)	(1,888)
Closing Net Book Value	6,782	6,849

14. Information on investment property:

The Bank has purchased a real estate classified as investment property as of balance sheet date with the deed transfer process has completed as of 18 June 2018. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value in accordance with TAS 40 “Investment Property”.

	30 September 2021	31 December 2020
Beginning balance, Net	144,862	145,599
Additions (+)	-	-
Disposals (-), net	-	-
Impairment (-)	-	-
Depreciation (-)	(712)	(737)
Transfers	-	-
Current period end balance, Net⁽¹⁾	144,150	144,862

⁽¹⁾ As of 31 December 2020, the fair value of investment property is TL 153 million.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

15. Information on deferred tax asset

The Bank calculates deferred tax asset or liability on the differences between the applied accounting policies and valuation bases and tax legislation that comes from timing differences and reflects the amount on the financial statements.

As of 30 September 2021, the Bank calculated deferred tax asset amounting TL 11,863 and reflected this amount to the financial statements (31 December 2020 – 13,746 TL deferred tax asset).

In the situation that the difference between the book value and value subject to tax of the assets that are subject to deferred tax is related to equity accounts, deferred tax asset or liability is netted with the relevant accounts in this group.

	30 September 2021		31 December 2020	
	Temporary Differences of Deferred Tax Base	Deferred Tax Amount	Temporary Differences of Deferred Tax Base	Deferred Tax Amount
Provision for employee benefits	920	184	808	162
Expected credit losses	34,193	6,839	33,986	6,797
Other provisions	2,458	502	4,461	980
Tangible and intangible assets	21,991	4,398	26,403	5,281
Derivatives	1,935	387	1,430	286
Other	3,146	629	2,547	509
Deferred Tax Asset	64,643	12,939	69,635	14,015
Derivatives	(954)	(191)	(493)	(99)
Other	(4,379)	(885)	(852)	(170)
Deferred Tax Liability	(5,333)	(1,076)	(1,345)	(269)
Deferred Tax Asset/ (Liability), net	59,310	11,863	68,290	13,746

16. Information on assets held for resale and discontinued operations

None (31 December 2020 - None).

17. Information on other assets

As of 30 September 2021, other assets amount to TL 32,977 (31 December 2020- TL 20,639) and do not exceed 10% of total balance sheet except off balance sheet commitments.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on deposits

The Bank has no deposits due to its nature as an investment bank.

2. Negative differences related to derivative financial liabilities

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Forward transactions	1,935	-	-	-
Swap transactions	-	-	118	1,312
Futures transactions	-	-	-	-
Options transactions	-	-	-	-
Other	-	-	-	-
Total	1,935	-	118	1,312

3. Information on borrowings

a. Information on banks and other financial institutions

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Borrowings from the CBRT	-	-	-	-
From domestic banks and institutions	30,015	30,880	40,304	50,155
From foreign banks, institutions and funds	141,396	814,768	52,225	660,540
Total	171,411	845,648	92,529	710,695

b. Information on maturity structure of borrowings

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Short-term	171,411	341,757	92,529	282,362
Medium and long-term	-	503,891	-	428,333
Total	171,411	845,648	92,529	710,695

c. Additional explanation related to the concentrations of the Bank’s major liabilities on the basis of concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed

The Bank funds its foreign currency assets mainly with medium and long term funds borrowed and debt securities issued. The Bank funds its local currency assets mainly with its capital, funds borrowed and debt securities issued. The Bank aims to have consistency on interest and maturities among assets and funding.

4. Money Market Funds

As of 30 September 2021, the Bank have money market borrowings amounting to TL 88,395 through repo transaction and 50,263 through Takasbank transaction (31 December 2020 – TL 22,782 through repo transaction and TL 30,481 through Takasbank transaction)

5. Securities Issued

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
Nominal	77,666	769,854	-	644,983
Cost	75,490	769,854	-	644,983
Book Value	77,464	772,205	-	647,016

The Bank netted TL 13,363 (31 December 2020 – TL 912) nominal amount of debt securities that bought backed on its financial statements.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

6. Information on other liabilities

As of 30 September 2021, other liabilities amount to TL 61,087 (31 December 2020 - TL 65,700) and do not exceed 10% of total balance sheet.

7. Information on financial lease agreements

	30 September 2021		31 December 2020	
	Gross	Net	Gross	Net
Up to 1 Year	293	206	93	67
1 – 5 Years	450	381	129	111
Over 5 Years	-	-	-	-
Total	743	587	222	178

8. Information on hedging derivative financial liabilities

None (31 December 2020 - None).

9. Information on provisions

a. Information on provisions related with foreign currency difference of foreign indexed loans

None (31 December 2020 - None).

b. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash

As of 30 September 2021, the Bank has no specific provision (31 December 2020 – None) and TL 4,558 (31 December 2020 – TL 9,539) provision for expected credit loss to the financial statements.

Expected Credit Loss for Non-Cash Loans	30 September 2021	31 December 2020
12 Months Expected Credit Loss	3,791	1,744
Significant Increase in Credit Risk	767	7,795
Total	4,558	9,539

c. Information on other provisions

i. Information on provisions for possible risks

None (31 December 2020 - None).

ii. Other provisions are explained if they exceed 10% of the total provision balance

Other provisions amount of TL 4,800 (31 December 2020 - TL 7,250 bonuses and ongoing lawsuits) is comprising of provisions for bonuses.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

iii. Obligations related to employee rights

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees.

The movement of employee termination benefits is shown below

	30 September 2021	31 December 2020
Balance at the Beginning of the Period	226	152
Provisions Recognised During the Period	(40)	74
Balance at the end of the period	186	226

In addition, as of 30 September 2021, the Bank have unused vacation provision of TL 734 (31 December 2020 - TL 582).

10. Information on taxes payable:

a. Information on current year tax liability

i. Information on tax provision

The Bank recognized TL 4,333 as current tax liability as of 30 September 2021 (31 December 2020 - TL 2,377).

ii. Information on taxes payable

	30 September 2021	31 December 2020
Corporate Tax Payable	4,333	2,377
Taxation on Marketable Securities	70	10
Property Tax	-	-
Banking Insurance Transaction Tax	473	682
Foreign Exchange Transaction Tax	7	-
Value Added Tax Payable	57	78
Other	439	388
Total	5,379	3,535

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

iii. Information on premium payables

	30 September 2021	31 December 2020
Social Security Premiums – Employee	142	122
Social Security Premiums – Employer	160	136
Bank Social Aid Pension Fund Premium- Employee	-	-
Bank Social Aid Pension Fund Premium – Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance – Employee	10	9
Unemployment Insurance – Employer	20	17
Other	-	-
Total	332	284

11. Information on deferred tax liability

Explanations on the taxation of the Bank are presented in Section Five in related explanations and notes.

12. Information on liabilities for assets held for sale and assets of discontinued operations

None (31 December 2020 - None).

13. Information on the quantity, maturity date, interest rate and supplier firm of the subordinated loans given to the bank and transactional option if there are any marketable securities

None (31 December 2020 - None).

14. Information on shareholders’ equity

a. Presentation of paid-in capital

	30 September 2021	31 December 2020
Common Stock	500,000	500,000
Preferred Stock	-	-

b. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling

The Bank does not apply the registered share capital system.

c. Information on share capital increases and their sources; other relevant information on increased share capital in current period

None.

d. Explanation on the transfers from capital reserve to paid-in capital in the current period

None.

e. Information on capital commitments, the general purpose and the estimated sources for these commitments until the end of the fiscal year and the subsequent periods

None (31 December 2020 - None).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

f. Information on the Bank’s income, profitability, prior period indicators on liquidity and uncertainty on these indicators and their potential effects on the Bank’s capital

The Bank considers there is no uncertainty regarding the prior period income, profitability and liquidity indicators, therefore the Bank does not foresee an effect on capital.

g. Summary information about privileged shares representing the capital

None (31 December 2020 - None).

h. Information on marketable securities value increase fund

	30 September 2021		31 December 2020	
	LC	FC	LC	FC
From investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-
Revaluation difference	196	-	(96)	-
Foreign exchange difference	-	-	-	-
Total	196	-	(96)	-

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet commitments

a. The amount and type of irrevocable commitments

	30 September 2021	31 December 2020
Forward asset purchase and sale commitments	13,776	4,472
Forward deposit purchase and sale commitments	-	-
Tax and fond liabilities from export commitment	-	-
Other irrevocable commitments	11,631	17,961
Total	25,407	22,433

b. Type and amount of probable losses and obligations arising from off-balance sheet items

The Bank, within the context of banking activities, undertakes certain commitments, consisting of letters of guarantee, acceptance credits, letters of credit and other guarantees.

As of 30 September 2021, the Bank has no specific provision (31 December 2020 – None) and TL 4,558 (31 December 2020 – TL 9,539) provision for expected credit loss to the financial statements.

i. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits

	30 September 2021	31 December 2020
Letters of guarantee	259,115	291,819
Letters of credit	93,119	-
Bank acceptances	-	-
Other guarantees	170,231	40,807
Total	522,465	332,626

ii. Revocable, irrevocable guarantees and other similar commitments and contingencies

	30 September 2021	31 December 2020
Final letters of guarantee	98,205	88,946
Provisional letters of guarantee	-	375
Letters of guarantee for advances	-	2,369
Letters of guarantee given to customs offices	61,756	47,838
Letter of guarantees given against cash loans	99,154	152,291
Other letter of guarantees	-	-
Total	259,115	291,819

c. Total amount of non-cash loans

	30 September 2021	31 December 2020
Non-cash Loans Given against Cash Loans	269,385	193,098
With Original Maturity of 1 Year or Less Than 1 Year	46,393	33,387
With Original Maturity of More Than 1 Year	222,992	159,711
Other Non-cash Loans	253,080	139,528
Total	522,465	332,626

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

d. Information on the non-cash loans classified in Group I and Group II:

30 September 2021	I. Group		II. Group	
	LC	FC	LC	FC
Non-Cash Loans	141,514	374,943	6,008	-
Letters of Guarantee	141,514	111,593	6,008	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	93,119	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	170,231	-	-

31 December 2020	I. Group		II. Group	
	LC	FC	LC	FC
Non-Cash Loans	127,127	130,183	38,219	37,097
Letters of Guarantee	127,127	89,376	38,219	37,097
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	40,807	-	-

e. Information on sectoral risk concentrations of non-cash loans:

	30 September 2021				31 December 2020			
	LC	(%)	FC	(%)	LC	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	2,698	1.83	8,879	2.37	3,566	2.16	7,419	4.44
Mining	-	-	-	-	-	-	-	-
Production	1,817	1.23	8,879	2.37	1,817	1.10	7,419	4.44
Electric, Gas and Water	881	0.60	-	-	1,749	1.06	-	-
Construction	-	-	125,839	33.56	-	-	-	-
Services	144,807	98.16	240,225	64.07	161,763	97.83	159,861	95.56
Wholesale and Retail Trade	26,866	18.21	44,393	11.84	26,866	16.25	37,097	22.18
Hotel, Food and Beverage Services	1,183	0.80	-	-	83	0.05	-	-
Transportation and Telecommunication	4,000	2.71	21,474	5.73	4,000	2.42	56,072	33.52
Financial Institutions	112,253	76.10	153,771	41.01	130,814	79.11	44,749	26.74
Real Estate and Leasing Services	-	-	20,587	5.49	-	-	21,943	13.12
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	505	0.34	-	-	-	-	-	-
Other	17	0.01	-	-	17	0.01	-	-
Total	147,522	100.00	374,943	100.00	165,346	100.00	167,280	100.00

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2. Information on derivative transactions

	30 September 2021	31 December 2020
Trading Derivative Financial Instruments		
Foreign Currency Transactions (I)	249,424	194,643
Forward Foreign Currency Buy/Sell Transactions ⁽¹⁾	124,958	4,472
Foreign Currency Swap-Buy-Sell Transactions	124,466	190,171
Futures Transactions	-	-
Options-Buy-Sell Transactions	-	-
Interest Rate Transactions (II)	-	-
Forward interest rate Buy-Sell	-	-
Interest Rate Swap-Buy-Sell	-	-
Interest Rate Options-Buy-Sell	-	-
Interest Rate Futures Buy-Sell	-	-
Other Trading Derivative Financial Instruments (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	249,424	194,643
Hedging Derivative Financial Instruments		
Transactions for Fair Value Hedge	-	-
Transactions for Cash Flow Hedge	-	-
Transactions for Foreign Net Investment Hedge	-	-
B. Total Hedging Derivative Financial Instruments	-	-
Total Derivatives (A+B)	249,424	194,643

⁽¹⁾ Includes asset purchase and sale commitments

3. Information on credit derivatives and related imposed risks

None (31 December 2020 - None).

4. Information on Contingent Assets and Liabilities

As of 30 September 2021, the Bank has not booked any provision for its ongoing lawsuits (31 December 2020 - TL 50). The process regarding the law suits is still ongoing and decisions will be finalized after trial.

5. Information on services in the name of others' names and accounts

The Bank, has been authorized to provide limited custody services. The investment securities held in custody is recorded on off-balance sheet.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. Information on interest income

a. Information on interest income on loans ⁽¹⁾

	30 September 2021		30 September 2020	
	LC	FC	LC	FC
Short-term Loans	57,892	9,627	32,183	7,701
Medium/Long-term Loans	14,723	32,215	5,100	32,266
Interest on Loans Under Follow-up	1,358	428	849	587
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	73,973	42,270	38,132	40,554

⁽¹⁾ Commission income from cash loans are also included.

b. Information on interest income on banks

	30 September 2021		30 September 2020	
	LC	FC	LC	FC
From the CBRT ⁽¹⁾	1,320	-	47	-
From Domestic Banks	482	47	116	506
From Foreign Banks	65	23	35	28
Branches and Offices Abroad	-	-	-	-
Total	1,867	70	198	534

⁽¹⁾ The interest income from required reserves are also included.

c. Information on interest income on marketable securities

	30 September 2021		30 September 2020	
	LC	FC	LC	FC
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income	2,237	-	1,581	-
Financial assets measured at amortized cost	-	8,262	-	6,475
Total	2,237	8,262	1,581	6,475

d. Information on interest income received from investments in associates and subsidiaries

None (30 September 2020 - None).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2. Information on interest expense

a. Information on interest expense⁽¹⁾

	30 September 2021		30 September 2020	
	LC	FC	LC	FC
Banks	18,667	16,370	4,231	13,742
The Central Bank of Turkey	-	-	-	-
Domestic Banks	855	130	136	129
Foreign Banks	17,812	16,240	4,095	13,613
Branches and offices abroad	-	-	-	-
Other Institutions	3,840	-	1,654	-
Total	22,507	16,370	5,885	13,742

⁽¹⁾ Commission expense for borrowings are also included.

b. Information on interest expense given to investments in associates and subsidiaries

None (30 September 2020 - None).

c. Interest expense on issued marketable securities

	30 September 2021		30 September 2020	
	LC	FC	LC	FC
Interest expense on securities issued	7,164	18,670	1,515	15,179

d. Maturity structure of the interest expense on deposits

The Bank has no deposits due to its nature as an investment bank.

3. Information on dividend income

None (30 September 2020 - None).

4. Information on trading income/loss (Net)

	30 September 2021	30 September 2020
Income	587,580	345,212
Profit on trading account securities	3,170	-
Profit on derivative financial transactions ⁽¹⁾	5,666	11,834
Foreign exchange gains	578,744	333,378
Loss (-)	(582,481)	(339,128)
Losses on trading account securities	-	-
Losses on derivative financial transactions ⁽¹⁾	(5,658)	(4,072)
Foreign exchange losses	(576,823)	(335,056)
Net Trading Income/Loss	5,099	6,084

⁽¹⁾ Due to the short maturity of derivative financial instruments held by the Bank, the major part of gains and loss from derivative financial transactions are resulted from changes in exchange rates.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

5. Information on other operating income

TL 8,548 of reversal of prior year specific and expected credit loss provisions included on other operating income and there is no income regarding extraordinary accounts (30 September 2020 - TL 2,293).

6. Provision expenses related to loans and other receivables

	30 September 2021	30 September 2020
Expected Credit Loss⁽¹⁾	13,672	9,011
12 Month Expected Credit Loss (Stage 1)	5,391	6,565
Significant increase in credit risk (Stage 2)	1,885	2,446
Non-Performing Loans (Stage 3)	6,396	-
Marketable Securities Impairment Provision	-	15
Financial Assets at Fair Value Through Profit or Loss	-	15
Financial Assets At Fair Value Through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
Total⁽²⁾	13,672	9,026

⁽¹⁾ Includes expected credit losses for the non-cash loans.

⁽²⁾ While considering the provision reversals included in other operating income, net provision expense is TL 5,124 (30 September 2020 – TL 6,733).

7. Information related to other operating expenses:

	30 September 2021	30 September 2020
Reserve for employee termination benefits ⁽¹⁾	152	237
Bank social aid fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	2,555	2,533
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	2,010	1,524
Shares (capital method applied) impairment expense	-	-
Impairment expense for investment securities that will be disposed	-	-
Amortization expenses of investment securities that will be disposed	-	-
Impairment expenses for property and equipment held for sale purpose and terminated operations	-	-
Other operating expenses	7,986	5,349
Leasing expenses related to TFRS 16 exemptions	94	24
Maintenance expenses	1,760	719
Advertisement expenses	344	421
Other expenses	5,788	4,185
Loss on sales of assets	-	-
Other	3,763	7,958
Total	16,466	17,601

⁽¹⁾ Provision expenses for unused vacation provision and employee termination benefits are presented in personnel expenses at profit and loss statement.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

8. Information on income/(loss) before tax from continuing or discontinued operations

Profit before tax consists of net interest income/expense amounting to TL 75,063 , net commission fee income amounting to TL 7,053, trading gain/loss amounting to TL 5,099, other operating income amounting to TL 10,548, provision for loan losses and other receivables amounting to TL 13,672 and other operating expenses including personnel expenses amounting to TL 35,330.

9. Information on provision for taxes from continuing or discontinued operations

As of 30 September 2021 the Bank has current tax expense TL 10,360 (30 September 2020 - TL 6,367) and the Bank has deferred tax expense amounting to TL 3,130 and deferred tax income amounting to TL 1,320 (30 September 2020 - TL 1,214 deferred tax income and TL 1,074 deferred tax expense).

As of 30 September 2021, the Bank doesn't have any discontinued operations.

10. Information on net income/(loss) from continuing or discontinued operations

The Bank doesn't have discontinued operations. The Bank's net profit from continuing operations amounting to TL 36,591 (30 September 2020 - TL 21,673 profit).

11. Information on net income/(loss) for the period

a. If the disclosure of ordinary banking transactions and the composition of income and expense items is necessary to understand the annual performance of Bank, the composition and amount of these items

None (30 September 2020 - None).

b. If an accounting estimate change significantly affects the profit/loss in the current period or has a probability to significantly affect the profit/loss in the subsequent periods, the overall effect is disclosed

There is no significant change in accounting estimates which would affect the current or the subsequent periods.

12. Disclosure of 20% of sub-accounts in the case of other line items exceed 10% of the income statement total

Information related to other income and other expense are presented in footnote numbered 5 and footnote numbered 7 on disclosure and footnotes related to income statement, respectively.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CHANGES IN THE
SHAREHOLDERS’ EQUITY**

1. Information on financial assets at fair value through other comprehensive income

“Unrealized gains and losses” arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the “Marketable securities value increase fund” account under equity, until the financial assets are sold, disposed or impaired.

As of 30 September 2021, The Bank has booked TL 196 gain (31 December 2020 – TL 96 loss) for marketable securities valuation difference related to financial assets at fair value through other comprehensive income.

2. Amounts transferred to legal reserves

According to decisions of General Assembly held on 18 March 2021, TL 31,376 prior year’s income has been transferred to legal reserves.

3. Information on distribution of profit

According to decisions of General Assembly held on 18 March 2021, TL 31,376 prior year’s income has been transferred to legal reserves.

No dividend distribution has been announced after the balance sheet date.

4. Information on capital increase:

None.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

1. Information on cash and cash equivalents

Components of cash and cash equivalents and the accounting policy applied in their determination

The effect of any change in the accounting policy of current period and the balance sheet recorded amounts of the components that make up cash and cash equivalents (excluding rediscount balances, reserve requirements, placements with maturity longer than 3 months and blocked accounts) are considered as cash and cash equivalents.

a. Cash and cash equivalents at the beginning of the period

	30 September 2021	30 September 2020
Cash	194,017	152,573
Cash and Foreign Currency Cash	14	14
Turkish Central Bank	194,003	152,559
Other	-	-
Cash Equivalents	234,569	188,546
Banks	234,569	156,535
Interbank Money Market Placements	-	32,011
Total Cash and Cash Equivalents	428,586	341,119
Blocked amounts on cash and cash equivalents	(2,615)	-
Interest income rediscounts on cash and cash equivalents	(585)	(57)
Cash equivalents with a maturity longer than three months	-	-
Restricted reserve deposits	(174,243)	(147,975)
Cash Flow Statements Cash and Cash Equivalents	251,143	193,087

2. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

The “Other” items presented in “Net operating income before changes in operating assets and liabilities” amount to TL 7,796 (30 September 2020 - TL 12,924) mainly consists fees and commissions paid and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 347 (30 September 2020 - TL 2,231) consists of mainly changes in prepaid expenses and other assets.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 104,272 (30 September 2020 – TL 42,978) consists of mainly changes in miscellaneous payables, borrower funds, other liabilities and taxes and other duties payable.

The effect of change in foreign exchange rate on cash and cash equivalents is approximately increase of TL 8,498 (30 September 2020 – TL 30,128 increase).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

VII. EXPLANATIONS AND NOTES RELATED TO THE BANK’S RISK GROUP

1. The volume of transactions relating to the Bank’s risk group, outstanding loan and deposit transactions and profit and loss of the period:

a. Information on loans of the Bank’s risk group:

Current Period	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning of the Period	-	-	-	44,749	277,974	83
End of the Period	-	-	-	153,804	315,470	83
Interest and Commission Income Received	-	-	-	488	11,496	5

Prior Period	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning of the Period	-	-	-	26,610	202,650	33,718
End of the Period	-	-	-	44,749	277,974	83
Interest and Commission Income Received	-	-	-	244	8,342	232

b. Information on deposits of the Bank’s risk group:

The Bank doesn’t have any deposits since it is an investment bank.

c. Information on forward and option agreements and other similar agreements made with the Bank’s risk group

Bank’s Risk Group	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets where Fair Value Through Profit or Loss						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	1,335	-
Total Income/Loss	-	-	58	(4)	(484)	(205)
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

d. Information on key management compensation

As of 30 September 2021, total benefits paid key management amounts to TL 9,619 (30 September 2020 - TL 4,776).

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2. Disclosures of transactions with the Bank’s risk group

a. Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties:

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

b. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other matters:

	Current Period			Prior period		
	Risk Group	Total	% Share	Risk Group	Total	% Share
Banks	368	234,569	0%	1,004	121,511	1%
Cash loans and receivables from leasing transactions	315,470	1,883,085	17%	277,974	1,492,935	19%
Loans received	-	1,017,059	0%	532	803,224	0%
Money market funds	16,128	138,658	12%	1,194	53,263	2%
Marketable securities issued	654,614	849,669	77%	588,381	647,016	91%
Borrower funds	646	121,201	1%	916	90,212	1%
Non-Cash loans	153,887	522,465	29%	44,832	332,626	13%
Derivatives ⁽¹⁾	1,335	249,424	1%	-	194,643	-

⁽¹⁾ Includes asset purchase and sale commitments and represent the total buy and sale transactions amounts

c. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts:

The Bank's other income includes rental income amounting to TL 1,710 (30 September 2020 - TL 1,269) due to the investment property that the Bank has leased to its risk group and the Bank's operating expense includes TL 782 (30 September 2020 - TL 328) of other expenses regarding the building management expenses of the risk group.

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

	Number	Number of employees			
Domestic Branch	1	58			
			Country of incorporation		
Foreign representation	-	-	-		
				Total assets	Statutory share capital
Foreign branch	-	-	-	-	-
Off-share banking region branches	-	-	-	-	-

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK

a. Explanations on ratings of the Bank

FITCH	October 2021
National Long Term (tur)	A- Stable

b. Explanations on ratings of the Bank’s compliance score of Corporate Governance Principles

JCR Eurasia Rating has assigned PASHA Bank an overall compliance score of (9.23) with CMB Corporate Governance Principles by revising it upwards along with a (Stable) outlook on 8 June 2021.

II. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements for the year ended 30 September 2021 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited) and the independent auditor’s limited report dated 27 October 2021 has been presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION EIGHT

INTERIM ANNUAL REPORT

Message from the Chairman

Esteemed Stakeholders,

The Turkish economy has ended the nine months of the current year as a period to strive to exit from the pandemic conditions. The fact is that the economy and the markets are gradually re-opening in line with on-going vaccination pace. According to initial data, widening export inflows, both in the form of goods and services (like tourism) are being strongly translated into the speed of the recovery. Generally speaking, accelerating pandexit across the globe is not only providing opportunity for improving export performance of the country, from other hand it is returning as rising inflation due to price surge in commodities. Subsequent price increase in commodities and even historical high records at some are pushing up consumer and producer prices. But in its turn efforts with respect to monetary policy normalization, strong export performance, stimulus agenda of the government for the recovery is feeding the positive expectations going forward. Therefore, it is not a coincidence that, some international organizations are revising growth outlook of Turkey on upward side which is typically reflecting expectations on strong rebound narrative. In a more technical terms, the revised projections are clearly demonstrating that the economy is expected to grow to an extent where both the slowdown in the previous year is compensated, and strong true growth is achieved.

On the back of above mentioned economic landscape, the overall banking system succeeded to maintain risks within the acceptable levels, and profitability at two-digit territory. According to latest data, the total assets of the system in the last 12 month has increased by 12% as opposed to prior year and reached TL 6,800 billion. The same trend applies to credit portfolio. Total credits of the industry reached TL 3,910 billion with 9% increase.

It is a tradition, therefore, we are proud to say that PASHA Bank as a dynamic market player keeps going on its healthy expansion. As a result, total assets of the Bank increased by 26% to reach TL 2,745 million when compared to the same period of the prior year. Our gross cash loan and leasing receivables portfolio, comprising 69% of total assets, reached TL 1,883 million with a 26% increase.

Due to effective risk management framework, and prudent credit policy pursued by the Bank we have been successful in preserving low level of NPL in our balance sheet. It is worth to underline that flexible revisiting of credit policy, adjusting tactics of credit and underwriting policy to the current realities of macroeconomic environment etc. are forming substance of the overall risk approach of the Bank. Moreover, it is worth to underline that the proactive approach of the regulator to risk management has also expanded the ability of the banks managing credit risks in a proper way.

2021 is actually a first business year of the new, 2023 strategic period. The Bank has successfully completed the strategy formulation process and the prepared strategy document with attraction of internationally well-known consulting company has been approved by the Board of Directors. In general, the 2023 strategy rises on the foundation of values like integrity, quality, collaboration, entrepreneurship and profitability, builds up with the vision to create new and enduring values in the business world and society, focuses as the mission to become a cross-border bank empowering its customers.

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

Message from the Chairman (continued)

New strategic period in its essence is characterized with continuation of some business segments, also with full dedication to the new initiatives. Coming to the latter, it actually concentrates on to realization of potential niche markets. Financing investment into the real estate market in the countries of operations via the mortgage lending, processing transfers of income among the countries, investment into the venture capital in order to materialize technological return in the greater scale of the entire Group business etc. are examples in this regard. In addition to diversifying its funding side, the document also covers main business enablers which are actually the main assets of bank in the way of execution of the strategy. It is our privilege to state that, the proper strategy formulation is expected to yield higher financial performance that has basically been the case in the previous strategic periods. Both profit side indicators, and also expense ratios are forecasted to perform positive trend promising higher profitability for its shareholders, and stability for other stakeholders.

While executing the strategy, we would continue to make substantial investments to the information technologies, risk management, credit management, fund raising, talent acquisition etc. and development of our employees that are of foremost importance. In overall, agility and know-how regarding focus sectors are expected to be differentiating capabilities of the Bank.

We will continue to make efforts to diversify the Bank’s funding structure and expand our correspondent network and investor base. In this regard, it is important to emphasize competitive advantage of the Bank which goes beyond the country borders, and comes with the strength of the Group’s presence across the region. It is really a privilege to us to witness expanding business opportunities on the back of increasing regional economic relationships after the great victory of Azerbaijan. Signing free trade agreement between Azerbaijan and Turkey, announcing foreign trade target by 2025, increasing FDI flows, active participation of Turkish firms in reconstruction process of liberated areas etc. are the examples for the above mentioned economic ties. In its turn, this expanding economic base is providing a feasible opportunity for the Bank to materialize promising business perspectives in this regard.

In addition to that, the Bank has opportunity to attract funding from both Azerbaijan and Georgia, in case it sees favorable interest rate developments there, and this potential is being materialized during the current strategic period. We will maintain our prudent approach to managing credit risks so that the asset quality of the Bank is not affected by the current environment characterized with increasing volatility in the market. We shall continue our efforts of offering products and services that are tailored to our customers’ needs to make banking experience a gainful experience with PASHA Bank.

I am truly looking forward to share prosperous operating environment with all stakeholders which provides enormous benefit to all parts, and serves to build business relationships based on mutual interest.

I would like to take this opportunity to thank our valued employees and our management team for their dedicated professional work, our customers for their confidence in PASHA Bank and our shareholders and all business partners for their valuable support.

It is definitely their goodwill that renews our belief in ourselves and our potential to be more.

Sincerely Yours,

Jalal GASIMOV
Chairman of the Board of Directors

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

Message by the General Manager

Esteemed Stakeholders,

In the third quarter of 2021, global markets followed a more positive course with the normalization of countries and the revival of tourism. However, the continuation of the increase in commodity prices continued to put pressure on inflation. While the Dollar/Turkish Lira fluctuated within 8.30-8.80 TL band in the third quarter, the two-year benchmark bond interest moved between 17.50-18.00% band. The CBRT cut interest rates by 100 basis points at its meeting in September and 200 basis points at its meeting in October and lowered the policy rate to 16%. While the statements about the steps to be taken by the US Federal Reserve in the face of rising inflation are closely followed, the FED is expected to start the first interest rate hike at the end of 2022.

PASHA Bank ended the third quarter of 2021 with a profit of TL 36.6 million. Our asset size reached to TL 2,745 million. Total cash and noncash loan size including leasing receivables before provisions amounted to TL 2,406 million, out of that TL 1,883 million constituted of cash loans and leasing receivables.

The Turkish economy completed the second quarter of 2021 with a growth of 21.7%. We expect the economy to grow in the band of 8.50%-9.00% for the whole year. As we enter the last quarter of the year, we expect annual inflation to decline to 16.00-17.00%, following a downward trend in recent months.

Sincerely Yours,

H. Cenk EYNEHAN
CEO and Board Member

(Authorised Signatory / Stamp)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

A. INTRODUCTION

1. Amendments made in Articles of Incorporation within the period

None.

2. Significant Events and Transactions within the Period

There is no significant change related to information except for the disclosures including numeric information in financial statements included in interim activity report prepared in accordance with Regulation on Procedures and Principals related to Preparation and Publication of Activity Report.

B. UNCONSOLIDATED FINANCIAL INFORMATION AND 3rd QUARTER REVIEWS

	30 September 2021	31 December 2020
Cash and cash equivalents	428,220	299,289
Financial assets at fair value through profit or loss	14,043	7,405
Financial assets at fair value through other comprehensive income	29,250	30,850
Derivative financial assets	955	493
Loans	1,709,868	1,384,766
Receivables from leasing transactions	173,217	108,169
Financial assets measured at amortized cost	158,845	116,776
Allowance for expected credit losses (-)	(53,912)	(43,945)
Tangible assets (Net)	87,895	88,878
Intangible assets and goodwill (Net)	6,782	6,849
Investment properties (Net)	144,150	144,862
Current tax assets	498	632
Deferred tax assets	11,863	13,746
Other assets	32,977	20,639
TOTAL ASSETS	2,744,651	2,179,409

	30 September 2021	31 December 2020
Loans received	1,017,059	803,224
Money market fundings	138,658	53,263
Marketable securities issued (Net)	849,669	647,016
Funds	60,114	24,512
Derivative financial liabilities	1,935	1,430
Lease payables (Net)	587	178
Provisions	10,278	17,597
Current tax liabilities	5,711	3,819
Other liabilities	61,087	65,700
Shareholders' equity	599,553	562,670
TOTAL EQUITY AND LIABILITIES	2,744,651	2,179,409

The Bank has completed first nine months of 2021 with a profit figure of TL 36,591 according to unconsolidated results. Total unconsolidated assets of the Bank is TL 2,744,651 with an 26% increase compared to 2020 year-end.

The gross loan and lease receivables are TL 1,883,085 increasing at a ratio of 26% compared to year end of 2020 and the share of loans and leasing receivables in total assets is 69%.

The unconsolidated capital adequacy ratio of the Bank is 22.31% as of 30 September 2021.

The bank has a strong financial structure thanks to its strong capital and asset quality.

C. EXPECTATIONS OF PASHA BANK REGARDING YEAR OF 2021

The Bank expects the Turkish economy to continue its growth by 8.50%-9.00% in 2021 and the inflation to be within 16.00%-17.00% range at the end of the year.

(Authorised Signatory / Stamp)