

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 2023**



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

**Convenience Translation of the Independent Auditor's Review Report Originally Prepared
and Issued in Turkish to English**

To the Board of Directors of PASHA Yatırım Bankası Anonim Şirketi;

Introduction

We have reviewed the unconsolidated balance sheet of PASHA Yatırım Bankası A.Ş. ("the Bank") as at 30 September 2023 and the 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 for the nine month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Bank management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the Banking Regulation and Supervision Agency Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned regulations (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 ("SRE") 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 and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be 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 interim financial information does not present fairly, in all material respects, the financial position of PASHA Yatırım Bankası A.Ş. as at 30 September 2023, and its financial performance and cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2022 were audited and as at and for the nine month period ended 30 September 2022 were reviewed by another auditor who expressed an unqualified opinion and an unqualified conclusion on those financial statements on 15 February 2023 and 25 October 2022, respectively.

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 interim annual report in section seven of the accompanying unconsolidated interim financial information is not consistent, in all material respects, with the reviewed unconsolidated interim financial information and explanatory notes.

Additional paragraph for convenience translation to English

The accounting principles summarized in Note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated interim financial information is not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated interim financial information and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi


Alper Güvenç, SMMM
Partner

16 October 2023
Istanbul, Turkey



**THE NINE MONTH UNCONSOLIDATED FINANCIAL REPORT OF
PASHA YATIRIM BANKASI A.Ş. AS OF 30 SEPTEMBER 2023**

Address of the Bank's Headquarters

Sultan Selim Mahallesi Hümeysra 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 for the nine months period 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 limitedly reviewed and presented hereafter.

Jalal GASIMOV
Chairperson of
Board of Directors

Furkan EVRANOS
Chairperson of
Audit Committee

Kamala NURIYEVA
Member of
Audit Committee

H. Cenk EYNEHAN
CEO

Ayşe Hale YILDIRIM
Deputy CEO

Yeşim ÇAĞLAR
Finance Director

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

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

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PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

(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 2023
Address of the Bank's Headquarters	Eski Büyükdere Caddesi Hümeysra 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.

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PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

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

GENERAL INFORMATION (continued)

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

Bank's main shareholders PASHA Bank OJSC and PASHA Holding LLC have just reached the agreement about sale and purchase of shares in the bank. According to the agreement, number of shares: 113,748,764 that are equivalent to 22.7498% of total capital of the Bank and belong to PASHA Bank OJSC will be transferred to PASHA Holding LLC. As a completion of the agreement, the ratio of shares, directly belong to PASHA Holding LLC, to total capital of the Bank will be increased from 49% to 71.7498%. The application was made before Banking Regulation and Supervision Authority ("BRSA") on the of July 14, 2023 for obtaining an approval for the transaction subject to the agreement.

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 2023, 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 2023, the shareholders of PASHA Bank OJSC are PASHA Holding LLC, Bless 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 2023, 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 ⁽³⁾	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	-
Board Member ⁽²⁾	Rovshan Allahverdiyev	Graduate	-
Independent Board Member / Audit Committee Chairperson	Furkan Evranos	PhD	-
Independent Board Member	Ebru Oğan Knottnerus	Graduate	-
Independent Board Member	Nuri Tuncali	Graduate	-
Board Member and CEO	Hikmet Cenk Eynehan	Postgraduate	-
Deputy CEO (Acting CEO)	Ayşe Hale Yıldırım	Postgraduate	-

⁽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 16, 2023 and numbered 21, 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⁾ Rovshan Allahverdiyev was elected as a Member of the Board of Directors with the decision of the General Assembly dated March 16, 2023.

⁽³⁾ Benan Bilge Köksal Deputy General Manager responsible Finance, Operations and Administrative Affairs and Consumer Relations Coordination Officer resigned from his position at our Bank on March 31, 2023.

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.

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PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

(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 2023, is stated below;

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital (nominal)	Unpaid portion
Leyla Aliyeva	179,461	35.89%	179,461	-
Arzu Aliyeva	179,461	35.89%	179,461	-
Arif Pashayev	89,139	17.83%	89,139	-
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 2023 and the Bank has 62 employees (31 December 2022 - 57). The Bank has been operating through its Head Office in Istanbul only as of 30 September 2023 and the bank has no branches.

The Bank was set up to engage in all sorts of domestic and foreign investment and development banking activities, subject to receiving the required official permissions, including but in no way limited to the fields of activity indicated below. These activities are mainly:

- Extending cash and non-cash credits of any sort and manner,
- Cash and on-account payment and fund transfer operations, all sorts of payment and collection operations, including correspondent banking or use of checking accounts,
- Operations for drawing up checks and other bills of exchange,
- Safekeeping services,
- Operations for issuing payment instruments such as credit cards, debit cards, and traveler's checks and for carrying the activities relating thereto,
- Foreign exchange transactions, including cash; purchase and sale of money market instruments; transactions for purchase, sale of precious metals and stones or escrow transactions for them,
- Purchase, sale, and brokerage transactions for futures contracts, options contracts, financial instruments of simple or complex structure involving multiple derivative instruments that are based on economic and financial indicators, capital market instruments, commodities, precious metals, and foreign exchange;
- Transactions for purchase/sale of capital market instruments and for commitments to repurchase or resale,
- Brokerage operations for sale of capital market instruments through issuance or public offering,
- Operations for carrying out, for brokerage purposes, purchase and sale of capital market instruments that have been issued previously,
- Guarantee transactions such as undertaking collateral, guarantee, and other obligations in favor of others,
- Investment consultancy transactions,
- Portfolio operations and management,
- Market making concerning purchase and sale transactions within the framework of the obligations undertaken under a contract concluded before the Under secretariat of Treasury and/or the Central Bank, and enterprise unions,
- Factoring and forfeiting transactions,
- Brokering transactions for purchase and sale of money on the interbank market,
- Financial leasing transactions,
- Brokerage for insurance agency and individual retirement services.

Additionally, in accordance with the Capital Markets Board's authorization certificate dated 30/12/2015 and numbered BNK-019 (081), the Bank has been authorized to provide trading brokerage activity, portfolio brokerage activity, best-effort copy public offering brokerage activity and limited custody services.

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

None.

**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 2023

(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 30/09/2023			Prior Period 31/12/2022		
			LC	FC	Total	LC	FC	Total
I.	FINANCIAL ASSETS (Net)		118,416	2,010,054	2,128,470	102,079	1,722,517	1,824,596
1.1	Cash and cash equivalents		33,570	1,924,173	1,957,743	43,673	1,675,539	1,719,212
1.1.1	Cash and balances at Central Bank	(5.1.1)	29,364	1,138,960	1,168,324	41,419	409,341	450,760
1.1.2	Banks	(5.1.3)	4,275	788,736	793,011	4,198	1,266,198	1,270,396
1.1.3	Receivables from money markets		-	-	-	-	-	-
1.1.4	Allowance for expected credit losses (-)		(69)	(3,523)	(3,592)	(1,944)	-	(1,944)
1.2	Financial assets at fair value through profit or loss	(5.1.2)	4,964	71,337	76,301	3,602	37,566	41,168
1.2.1	Public debt securities		-	-	-	-	-	-
1.2.2	Equity instruments		-	71,337	71,337	-	37,566	37,566
1.2.3	Other financial assets		4,964	-	4,964	3,602	-	3,602
1.3	Financial assets at fair value through other comprehensive income	(5.1.4)	79,869	14,544	94,413	54,804	9,412	64,216
1.3.1	Public debt securities		67,940	-	67,940	35,735	-	35,735
1.3.2	Equity instruments		7,659	-	7,659	7,659	-	7,659
1.3.3	Other financial assets		4,270	14,544	18,814	11,410	9,412	20,822
1.4	Derivative financial assets		13	-	13	-	-	-
1.4.1	Derivative financial assets at fair value through profit or loss	(5.1.2)	13	-	13	-	-	-
1.4.2	Derivative financial assets at fair value through other comprehensive income	(5.1.11)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1,172,244	4,964,990	6,137,234	1,159,655	2,857,341	4,016,996
2.1	Loans	(5.1.5)	852,437	3,669,456	4,521,893	1,096,988	2,282,149	3,379,137
2.2	Receivables from leasing transactions	(5.1.10)	353,598	483,513	837,111	140,398	118,558	258,956
2.3	Factoring receivables		-	-	-	-	-	-
2.4	Financial assets measured at amortised cost	(5.1.6)	-	854,033	854,033	-	456,634	456,634
2.4.1	Public debt securities		-	478,162	478,162	-	324,054	324,054
2.4.2	Other financial assets		-	375,871	375,871	-	132,580	132,580
2.5	Allowance for expected credit losses (-)	(5.1.5)	(33,791)	(42,012)	(75,803)	(77,731)	-	(77,731)
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)	82,227	-	82,227	100,528	-	100,528
VI.	INTANGIBLE ASSETS AND GOODWILL (Net)	(5.1.13)	17,877	-	17,877	11,648	-	11,648
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		17,877	-	17,877	11,648	-	11,648
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14)	201,999	-	201,999	170,217	-	170,217
VIII.	CURRENT TAX ASSETS		-	-	-	12	-	12
IX.	DEFERRED TAX ASSETS	(5.1.15)	-	-	-	12,251	-	12,251
X.	OTHER ASSETS (Net)	(5.1.17)	11,463	306	11,769	19,523	84	19,607
	TOTAL ASSETS		1,604,226	6,975,350	8,579,576	1,575,913	4,579,942	6,155,855

The accompanying notes are an integral part of these financial statements

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PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

		Note	Current Period 30/09/2023			Prior Period 31/12/2022		
			LC	FC	Total	LC	FC	Total
	EQUITY AND LIABILITIES							
I.	DEPOSITS	(5.2.1)	-	-	-	-	-	-
II.	LOANS RECEIVED	(5.2.3)	458,696	3,458,041	3,916,737	414,313	2,348,891	2,763,204
III.	MONEY MARKET FUNDS	(5.2.4)	13,436	504,359	517,795	110,215	202,753	312,968
IV.	MARKETABLE SECURITIES ISSUED (Net)	(5.2.5)	178,571	1,370,523	1,549,094	170,065	783,758	953,823
4.1	Bills		178,571	-	178,571	170,065	-	170,065
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	1,370,523	1,370,523	-	783,758	783,758
V.	FUNDS		24,655	99,275	123,930	35,294	595,596	630,890
5.1	Borrower funds		11,502	89,920	101,422	34,847	415,218	450,065
5.2	Other		13,153	9,355	22,508	447	180,378	180,825
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-	10	3,154	3,164
7.1	Derivative financial liabilities at fair value through profit or loss	(5.2.2)	-	-	-	10	3,154	3,164
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)	603	-	603	876	-	876
X.	PROVISIONS	(5.2.9)	18,712	4,893	23,605	30,864	74	30,938
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		1,036	-	1,036	2,410	-	2,410
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		17,676	4,893	22,569	28,454	74	28,528
XI.	CURRENT TAX LIABILITIES	(5.2.10)	29,280	-	29,280	21,711	-	21,711
XII.	DEFERRED TAX LIABILITIES	(5.2.11)	892	-	892	-	-	-
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)	-	684,738	684,738	-	467,749	467,749
14.1	Loans		-	684,738	684,738	-	467,749	467,749
14.2	Other debt instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(5.2.6)	30,263	716,560	746,823	59,868	94,902	154,770
XVI.	SHAREHOLDERS' EQUITY	(5.2.14)	985,142	937	986,079	815,762	-	815,762
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		(4,685)	937	(3,748)	1,998	-	1,998
16.5	Profit reserves		313,764	-	313,764	109,891	-	109,891
16.5.1	Legal reserves		15,521	-	15,521	5,327	-	5,327
16.5.2	Statutory reserves		295	-	295	295	-	295
16.5.3	Extraordinary reserves		297,948	-	297,948	104,269	-	104,269
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or loss		176,063	-	176,063	203,873	-	203,873
16.6.1	Prior years' profits or losses		-	-	-	-	-	-
16.6.2	Current period net profit or loss		176,063	-	176,063	203,873	-	203,873
	TOTAL EQUITY AND LIABILITIES		1,740,250	6,839,326	8,579,576	1,658,978	4,496,877	6,155,855

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

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

II. OFF-BALANCE SHEET

		Note	Current Period 30/09/2023			Prior Period 31/12/2022		
			LC	FC	Total	LC	FC	Total
	OFF BALANCE SHEET COMMITMENTS							
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		496,877	578,836	1,075,713	295,257	1,543,792	1,839,049
I.	GUARANTEES AND WARRANTIES	(5.3.1)	491,996	561,475	1,053,471	282,430	502,747	785,177
1.1.	Letters of Guarantee		489,496	254,475	743,971	279,930	262,956	542,886
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		489,496	254,475	743,971	279,930	262,956	542,886
1.2.	Bank Acceptances		-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	54,055	54,055	-	42,089	42,089
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	54,055	54,055	-	42,089	42,089
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		2,500	252,945	255,445	2,500	197,702	200,202
1.9.	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(5.3.1)	4,881	17,361	22,242	12,827	397,682	410,509
2.1.	Irrevocable Commitments		4,881	17,361	22,242	12,827	397,682	410,509
2.1.1.	Asset Purchase and Sales Commitments		4,881	4,878	9,759	11,436	13,350	24,786
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	373,966	373,966
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		-	12,483	12,483	1,391	10,366	11,757
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)	-	-	-	-	643,363	643,363
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		-	-	-	-	643,363	643,363
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	643,363	643,363
3.2.2.1.	Foreign Currency Swap-Buy		-	-	-	-	320,418	320,418
3.2.2.2.	Foreign Currency Swap-Sell		-	-	-	-	322,945	322,945
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)		3,131,163	5,324,900	8,456,063	3,043,671	3,776,031	6,819,702
IV.	ITEMS HELD IN CUSTODY		141,997	736,626	878,623	81,193	329,373	410,566
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		72,056	736,626	808,682	48,503	329,373	377,876
4.3.	Cheques Received for Collection		69,941	-	69,941	32,690	-	32,690
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		2,985,816	4,194,504	7,180,320	2,959,552	3,162,299	6,121,851
5.1.	Marketable Securities		125,212	-	125,212	124,233	-	124,233
5.2.	Guarantee Notes		647,573	317,497	965,070	480,894	536,216	1,017,110
5.3.	Commodity		526,463	354,907	881,370	459,224	243,710	702,934
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		723,942	491,497	1,215,439	714,242	299,185	1,013,427
5.6.	Other Pledged Items		962,626	3,030,603	3,993,229	1,180,959	2,083,188	3,264,147
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		3,350	393,770	397,120	2,926	284,359	287,285
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3,628,040	5,903,736	9,531,776	3,338,928	5,319,823	8,658,751

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

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

III. STATEMENT OF PROFIT OR LOSS

	INCOME STATEMENT	Note	Current Period 01/01/2023- 30/09/2023	Prior Period 01/01/2022- 30/09/2022	Current Period 01/07/2023- 30/09/2023	Prior Period 01/07/2022- 30/09/2022
I.	INTEREST INCOME	(5.4.1)	499,591	310,570	191,863	138,605
1.1	Interest on Loans		360,681	248,038	132,770	112,919
1.2	Interest Received From Reserve Deposits		8,731	657	5,165	-
1.3	Interest Received From Banks		9,100	1,727	2,700	1,220
1.4	Interest Received From Money Market Transactions		533	261	406	136
1.5	Interest Received From Marketable Securities Portfolio		52,392	37,943	23,642	14,365
1.5.1	Financial assets at fair value through profit or loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		11,364	9,424	6,562	2,798
1.5.3	Financial Assets Measured at Amortised Cost		41,028	28,519	17,080	11,567
1.6	Finance Lease Income		68,154	21,944	27,180	9,968
1.7	Other Interest Income		-	-	-	(3)
II.	INTEREST EXPENSES (-)	(5.4.2)	278,262	160,563	112,749	68,137
2.1	Interest on Deposits		-	-	-	-
2.2	Interest on Funds Borrowed		156,057	73,101	65,154	30,049
2.3	Interest on Money Market Transactions		55,929	26,705	16,927	13,921
2.4	Interest on Securities Issued		55,404	46,545	28,253	17,527
2.5	Finance Lease Expense		110	91	25	38
2.6	Other Interest Expenses	(5.4.12)	10,762	14,121	2,390	6,602
III.	NET INTEREST INCOME/EXPENSE (I - II)		221,329	150,007	79,114	70,468
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		86,115	40,987	23,338	15,575
4.1	Fees and Commissions Received		93,631	49,593	25,849	17,611
4.1.1	Non-cash loans		11,921	4,978	3,148	1,909
4.1.2	Other	(5.4.12)	81,710	44,615	22,701	15,702
4.2	Fees and Commissions Paid (-)		7,516	8,606	2,511	2,036
4.2.1	Non-Cash Loans		2,471	337	1,309	114
4.2.2	Other	(5.4.12)	5,045	8,269	1,202	1,922
V.	DIVIDEND INCOME	(5.4.3)	-	-	-	-
VI.	TRADING PROFIT/LOSS (Net)	(5.4.4)	60,129	40,429	8,080	16,609
6.1	Profit/Losses From Capital Market Transactions		7,645	7,716	1,042	1,537
6.2	Profit/Losses From Derivative Financial Transactions		(825)	40,658	74	20,477
6.3	Foreign Exchange Profit/Losses		53,309	(7,945)	6,964	(5,405)
VII.	OTHER OPERATING INCOME	(5.4.5)	45,124	57,135	2,786	10,801
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		412,697	288,558	113,318	113,453
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.4.6)	42,291	28,692	955	23,846
X.	OTHER PROVISION EXPENSES (-)	(5.4.6)	-	-	-	-
XI.	PERSONNEL EXPENSES (-)		67,692	37,743	27,912	18,558
XII.	OTHER OPERATING EXPENSES (-)	(5.4.7)	52,549	27,484	18,715	10,553
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		250,165	194,639	65,736	60,496
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)	250,165	194,639	65,736	60,496
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.4.9)	74,102	43,538	28,402	13,671
18.1	Current Tax Provision		58,687	45,868	22,250	21,528
18.2	Expense Effect Of Deferred Tax (+)		23,273	14,939	11,855	1,469
18.3	Income Effect Of Deferred Tax (-)		7,858	17,269	5,703	9,326
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.4.10)	176,063	151,101	37,334	46,825
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)	176,063	151,101	37,334	46,825
	Profit/Loss Per Share (Expressed in exact TL)		0.3521	0.3022	0.0747	0.0937

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

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**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023**

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Current Period 01/01/2023- 30/09/2023	Prior Period 01/01/2022- 30/09/2022	Current Period 01/07/2023- 30/09/2023	Prior Period 01/07/2022- 30/09/2022
I.	PROFIT (LOSS)	176,063	151,101	37,334	46,825
II.	OTHER COMPREHENSIVE INCOME	(5,746)	6,212	(4,925)	4,454
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	(5,746)	6,212	(4,925)	4,454
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	(8,018)	8,040	(6,923)	5,938
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	2,272	(1,828)	1,998	(1,484)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	170,317	157,313	32,409	51,279

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

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UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

						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							
		Note	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
		Prior Period 01/01/2022 – 30/09/2022														
I.	Balance at the beginning of the period		500,000	-	-	-	-	-	-	-	(2,911)	-	62,766	-	47,125	606,980
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	-	-	-	-	-	-	-	(2,911)	-	62,766	-	47,125	606,980
IV.	Total comprehensive income (loss)		-	-	-	-	-	-	-	-	6,212	-	-	-	151,101	157,313
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		-	-	-	-	-	-	-	-	-	47,125	-	-	(47,125)	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	47,125	-	-	(47,125)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+IV+.....+X+XI)		500,000	-	-	-	-	-	-	-	3,301	-	109,891	-	151,101	764,293
		Current Period 01/01/2023 – 30/09/2023														
I.	Balance at the beginning of the period		500,000	-	-	-	-	-	-	-	1,998	-	109,891	-	203,873	815,762
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	-	-	-	-	-	-	-	1,998	-	109,891	-	203,873	815,762
IV.	Total comprehensive income (loss)		-	-	-	-	-	-	-	-	(5,746)	-	-	-	176,063	170,317
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		-	-	-	-	-	-	-	-	-	203,873	-	-	(203,873)	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	203,873	-	-	(203,873)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+IV+.....+X+XI)		500,000	-	-	-	-	-	-	-	(3,748)	-	313,764	-	176,063	986,079

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.

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VI. STATEMENT OF CASH FLOW

		Note	Current Period 30/09/2023	Prior Period 30/09/2022
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		134,473	160,333
1.1.1	Interest received		481,658	268,504
1.1.2	Interest paid		(248,727)	(148,914)
1.1.3	Dividend received		-	-
1.1.4	Fees and commissions received		77,527	49,579
1.1.5	Other income		(4,541)	52,917
1.1.6	Collections from previously written-off loans and other receivables		245	20,625
1.1.7	Payments to personnel and service suppliers		(75,506)	(30,420)
1.1.8	Taxes paid		(53,425)	(29,303)
1.1.9	Other	(5.6.2)	(42,758)	(22,655)
1.2	Changes in Operating Assets and Liabilities		(221,367)	37,349
1.2.1	Net increase (decrease) in financial assets at fair value through profit or loss		(1,890)	(8,804)
1.2.2	Net increase (decrease) in due from banks		(3,498)	(221,052)
1.2.3	Net increase (decrease) in loans		(483,717)	(685,453)
1.2.4	Net increase (decrease) in other assets	(5.6.2)	(1,400)	(266)
1.2.5	Net increase (decrease) in bank deposits		-	-
1.2.6	Net increase (decrease) in other deposits		-	-
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss		-	-
1.2.8	Net Increase (decrease) in funds borrowed		(32,988)	236,474
1.2.9	Net Increase (decrease) in matured payables		-	-
1.2.10	Net Increase (decrease) in other liabilities	(5.6.2)	302,126	716,450
I.	Net Cash Provided from Banking Operations		(86,894)	197,682
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from / (Paid For) Investing Activities		(203,016)	(84,853)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		-	-
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures		-	-
2.3	Cash paid for the purchase of tangible and intangible asset		(27,460)	(3,461)
2.4	Cash obtained from the sale of tangible and intangible asset		14	31
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income		(434,842)	(373,746)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income		405,031	315,443
2.7	Cash paid for the purchase of financial assets at amortised cost		(186,253)	(211,638)
2.8	Cash obtained from sale of financial assets at amortised cost		40,494	188,518
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		162,744	43,743
3.1	Cash obtained from funds borrowed and securities issued		603,205	1,257,955
3.2	Cash used for repayment of funds borrowed and securities issued		(440,060)	(1,213,929)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance lease liabilities		(401)	(283)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(5.6.2)	120,067	102,546
V.	Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		(7,099)	259,118
VI.	Cash and Cash Equivalents at the Beginning of the Period	(5.6.1)	1,009,883	174,422
VII.	Cash and Cash Equivalents at the End of the Period (V+VI)	(5.6.1)	1,002,784	433,540

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

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**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.

The effects of the earthquake disaster that occurred in Kahramanmaraş and surrounding provinces in February were reviewed and it was evaluated that there was no effect on the financial statements that would affect the going concern.

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

Pursuant to the announcement made by the Public Oversight Accounting on 20 January 2022, it has been stated that businesses applying TFRS will not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies. As of 30 September 2023, Public Oversight Accounting and Auditing Standards Authority has not made a new announcement within the scope TAS 29. Therefore, no inflation adjustment has been applied on the financial statements dated 30 September 2023 in accordance with TAS 29.

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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 Standards 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, subordinated loan 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

Derivative financial instruments of the Bank are classified in accordance with "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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS (Continued)

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.

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 calculates 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 to 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. EXPLANATIONS ON FINANCIAL ASSETS (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 are measured at fair value. However, in some exceptional cases, cost may be an appropriate estimation method for determining fair value. The cost is estimated to be the case fair value is reflected in the best way possible.

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.

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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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON EXPECTED CREDIT LOSS (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, 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.

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. Validation studies were conducted on the discrimination power and reliability of the model based on the one-year usage period data, and it was concluded that it performed at the expected level. 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:

$$\text{ECL} = \text{PD} * \text{LGD} * \text{EAD} * (\text{if any CCF})$$

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON EXPECTED CREDIT LOSS (Continued)

Expected credit loss calculation is calculated over financial assets that has counterparty risk which in scope of TFRS 9 and off-balance sheet risks that are present each reporting period.

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 the financial asset is revised. For transition 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 transfer 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. In accordance with the internal policies, TFRS 9 models are reviewed once a year.

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 presented under "Money Market Funds" in balance sheet 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".

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

According to TFRS 5, asset as held for sale (or group of assets to be disposed) are measured at the lower of their carrying amount less cost to sell. For an asset to be held for sale, the asset (or group of assets to be disposed) must be available for immediate sale under the conditions common and customary for the sale of such assets, and the sale must be highly probable. In order to have a high probability of sale; a plan for the sale of the asset must have been made by an appropriate level of management and an active program of identification of buyers and completion of the plan must have been initiated. In addition, the asset must be actively marketed at a price consistent with its fair value.

A discontinued operation is a part of the Bank that is either disposed of or classified as held for sale. Results of discontinued operations are presented separately in the profit and loss 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 cost after the deduction of accumulated amortization and any accumulated impairment losses. 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 2023 and 31 December 2022, there is no any goodwill amount that need to reflect to the financial statements.

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 any accumulated impairment losses.

Depreciation is calculated over the cost of property with useful life of 50 years and other fixed assets with useful lives of three to fifteen 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

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.

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 impairment in value of the leased asset an impairment loss is recognised. Liabilities arising from the leasing transactions are included in “Financial Lease Payables”. 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 2023	31 December 2022
Discount Rate (%)	2.19	2.19
Inflation Rate (%)	14.00	14.00

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.

Standard corporate tax rate for financial sector is increased to 25% starting from the declarations as of July 1, 2022 and to be valid for the taxation periods of 2022 according to the Law numbered 7394 published in the Official Gazette No. 31810 dated April 15, 2022. In accordance with the Law numbered 7456 which is published in Official Gazette dated July 15, 2023 and numbered 32249, corporate tax rate is increased to 30% for banks starting from the declarations of October 1, 2023 and to be valid for the taxation periods from January 1, 2023.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII.EXPLANATIONS ON TAXATION (Continued)

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.

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 to 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 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.

With the “Law Amending the Tax Procedure Law and the Corporate Tax Law”, which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

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 on Disguised Profit Distribution via 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. 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.

XXV. 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.

XXVI. RECLASSIFICATIONS

In order to comply with the presentation of the current period financial statements, comparative information is reclassified, and restated if necessary.

XXVII. EXPLANATIONS ON OTHER MATTERS

None.

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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 1,730,393 (31 December 2022 –TL 1,342,862) while its capital adequacy standard ratio is 22.16% (31 December 2022 – 23.41%) as of 30 September 2023. 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	Prior Period
Common Equity Tier 1 capital		
Directly issued qualifying common share capital plus related stock surplus	500,000	500,000
Share premium	-	-
Legal reserves	313,764	109,891
Projected gains to shareholders' equity of the accounting standards in Turkey	1,273	1,998
Profit	176,063	203,873
Net current period profit	176,063	203,873
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	991,100	815,762
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	5,021	-
Development cost of operating lease	-	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	17,877	11,648
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	22,898	11,648
Common Equity Tier 1 capital (CET 1)	968,202	804,114

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**INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND
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	Current Period	Prior Period
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)	968,202	804,114
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	684,418	467,458
Directly issued qualifying Tier 2 instruments plus related stock surplus (under temporary article 4)	-	-
Provisions	77,773	71,290
Tier 2 capital before regulatory adjustments	762,191	538,748
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)	762,191	538,748
Total capital (TC = T1 + T2)	1,730,393	1,342,862
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	-	-

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	Current Period	Prior Period
Shareholders' Equity		
Total shareholders' equity	1,730,393	1,342,862
Total risk weighted items	7,809,451	5,736,757
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	12.40	14.02
Tier 1 Capital Adequacy Ratio (%)	12.40	14.02
Capital Adequacy Standard Ratio (%)	22.16	23.41
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2.503	2.504
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific countercyclical buffer requirement (%)	0.003	0.004
c) Higher bank buffer requirement ratio (%)	-	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%)	4.40	6.02
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)	77,773	71,290
Cap on inclusion of provisions in Tier 2 under standardised approach	77,773	71,290
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)	-	-

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 2023, the Bank has not used this opportunity in its Capital Adequacy calculations.

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

Issuer	PASHA Holding LLC
Identifier(s) (CUSIP, ISIN etc.)	-
Governing law(s) of the instrument	BRSA/ Turkish Law
Regulatory Treatment	
Subject to 10% deduction as of 1/1/2015	-
Eligible on unconsolidated and/or consolidated basis	Consolidated and unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	685
Nominal value of instrument (TL Million)	685
Accounting classification of the instrument	Subordinated Loans (347010 Accounting Number)
Issuance date of instrument	28.09.2022
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	28.09.2022
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	After 5th year
Subsequent call dates, if applicable	After 5th year
Coupon/Dividend Payment	
Fixed or floating coupon/dividend payments	Floating
Coupon rate and any related index	The interest rate applicable for initial 5 years period shall be annually 5.73%, second 5 years is based on consensual; if the parties cannot be reach an agreement for coupon rate, the interest rate will be Yield Of Sovereign Debt +Spread for Bonds of Bank
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Non-cumulative
Convertible or Non-convertible Into Equity Shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-Down Feature	
If bonds can be written-down, write-down trigger(s)	In case of a threat on revocation of the operation license pursuant to Article 71 of the Banking Law No:5411 or transfer to the Saving Deposit Insurance Fund due to losses suffered, the outstanding amount of the Facility can be wholly or partially written off by the Brower by setting off to the account of such losses based on the decision of the BRSA.
If bond can be written-down, full or partial	Partial or complete
If bond can be written-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	Before the stock shares and primary subordinated debt and after all the other debts
In compliance with article number 7 and 8 of own fund regulation	Yes
Details of incompliances with article number 7 and 8 of own fund regulation	Accept those conditions mentioned article number 8 .2. (a) “issued by the Bank” and “registered by the Capital Markets Board”, the instruments is in compliance with article number 8.The instrument is not compliant with article numbered 7.

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.

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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 2023	27.3767	29.0305
1. Bid rate	27.3767	29.0305
2. Bid rate	27.3752	28.8083
3. Bid rate	27.2640	28.7853
4. Bid rate	27.2108	28.8183
5. Bid rate	27.1751	28.9027
Arithmetic average – 30 days	26.9630	28.8224
Foreign exchange rates as of 31 December 2022	18.6983	19.9349

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	
		Current Period	Prior Period	Current Period	Prior Period
USD	10% decrease	(5,178)	(6,021)	(5,244)	(6,021)
USD	10% increase	5,178	6,021	5,244	6,021
EUR	10% decrease	(10,681)	(3,450)	(10,681)	(3,450)
EUR	10% increase	10,681	3,450	10,681	3,450

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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	246,872	890,338	20	1,137,230
Due from Banks	324,402	444,811	17,730	786,943
Financial Assets at Fair Value Through Profit or Loss	71,337	-	-	71,337
Money Market Placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	14,544	-	14,544
Loans ⁽¹⁾	1,766,349	2,385,631	-	4,151,980
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets at fair value through profit or loss	-	835,998	-	835,998
Derivative Financial Assets	-	-	-	-
Property and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	298	8	306
Total Assets	2,408,960	4,571,620	17,758	6,998,338
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	381,481	122,862	16	504,359
Funds Borrowed From Other Financial Institutions	1,420,535	2,037,506	-	3,458,041
Marketable Securities Issued	-	1,370,523	-	1,370,523
Miscellaneous Payables ⁽³⁾	464,386	234,868	17,306	716,560
Derivative Financial Liabilities ⁽⁴⁾	-	-	-	-
Other Liabilities ^(2,5)	34,826	754,080	-	788,906
Total Liabilities	2,301,228	4,519,839	17,322	6,838,389
Net On-balance Sheet Position	107,732	51,781	436	159,949
Net Off-balance Sheet Position	(924)	-	-	(924)
Derivative Financial Assets	1,977	-	-	1,977
Derivative Financial Liabilities	2,901	-	-	2,901
Non-Cash Loans	318,543	152,343	90,589	561,475
Prior Period				
Total Assets	1,947,113	2,655,286	234	4,602,633
Total Liabilities	1,552,184	2,941,539	-	4,493,723
Net On-balance Sheet Position	394,929	(286,253)	234	108,910
Net Off-balance Sheet Position	(334,723)	320,756	-	(13,967)
Derivative Financial Assets	-	321,373	-	321,373
Derivative Financial Liabilities	334,723	617	-	335,340
Non-Cash Loans	245,646	144,655	112,446	502,747

⁽¹⁾ Foreign currency indexed loans amounting to TL 22,988 (31 December 2022 – TL 22,691), receivables from leasing transactions amounting to TL 483,513 (31 December 2022 – TL 118,558) and foreign currency expected credit losses amounting to TL 23,977 (31 December 2022 – None) are included.

⁽²⁾ Borrowers' funds amounting to TL 99,275 (31 December 2022 – TL 595,596) are included.

⁽³⁾ Presented in other liabilities at financial statements.

⁽⁴⁾ There is no net foreign currency derivative financial assets/liabilities that are excluded (31 December 2022 – TL 3,154 of net derivative financial liabilities).

⁽⁵⁾ Includes subordinated loan and provisions.

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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

Current Period	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	287,894	-	-	-	-	878,698	1,166,592
Due from Banks	411,447	-	-	-	-	379,704	791,151
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	13	-	-	-	-	76,301	76,314
Money Market Placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	71,505	113	-	-	15,136	7,659	94,413
Loans ⁽²⁾	1,428,879	897,199	1,958,875	1,069,431	4,620	(57,768)	5,301,236
Financial assets measured at amortised cost	12,312	133	44,786	728,247	68,555	(18,035)	835,998
Other Assets	-	-	-	-	-	313,872	313,872
Total Assets	2,212,050	897,445	2,003,661	1,797,678	88,311	1,580,431	8,579,576
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	192,728	24,523	300,544	-	-	-	517,795
Miscellaneous Payables ⁽⁵⁾	132,424	4,361	-	-	-	599,620	736,405
Marketable Securities Issued	159,676	686,105	703,313	-	-	-	1,549,094
Funds Borrowed From Other Financial Institutions	1,526,018	673,150	647,908	1,067,691	-	1,970	3,916,737
Other Liabilities ^{(3),(4)}	29,982	320	-	684,418	-	1,144,825	1,859,545
Total Liabilities	2,040,828	1,388,459	1,651,765	1,752,109	-	1,746,415	8,579,576
Balance Sheet Long Position	171,222	-	351,896	45,569	88,311	-	656,998
Balance Sheet Short Position	-	(491,014)	-	-	-	(165,984)	(656,998)
Off-balance Sheet Long Position ⁽⁶⁾	4,888	-	-	-	-	-	4,888
Off-balance Sheet Short Position ⁽⁶⁾	(4,871)	-	-	-	-	-	(4,871)
Total Position	171,239	(491,014)	351,896	45,569	88,311	(165,984)	17

⁽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 and subordinated loans are presented in the other liabilities.

⁽⁵⁾ Presented in other liabilities at financial statements.

⁽⁶⁾ Includes asset purchase and sale commitments

⁽⁷⁾ Includes derivative financial assets

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Prior Period	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	449,812	-	-	-	-	110	449,922
Due from Banks	171,978	-	-	-	-	1,097,312	1,269,290
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	-	-	-	-	41,168	41,168
Money Market Placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	13,125	1,851	20,390	11,842	9,349	7,659	64,216
Loans ⁽²⁾	594,241	662,790	1,389,824	961,855	29,383	(68,809)	3,569,284
Financial assets measured at amortised cost	42,586	5,973	2,788	386,586	18,701	(8,922)	447,712
Other Assets	-	-	-	-	-	314,263	314,263
Total Assets	1,271,742	670,614	1,413,002	1,360,283	57,433	1,382,781	6,155,855
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	89,162	195,248	28,558	-	-	-	312,968
Miscellaneous Payables	21,139	14,100	58,482	-	-	34,918	128,639
Marketable Securities Issued	75,905	158,968	467,458	251,492	-	-	953,823
Funds Borrowed From Other Financial Institutions	1,631,120	757,178	365,822	-	-	9,084	2,763,204
Other Liabilities ^{(3),(4)}	54,487	189,091	-	467,749	-	1,285,894	1,997,221
Total Liabilities	1,871,813	1,314,585	920,320	719,241	-	1,329,896	6,155,855
Balance Sheet Long Position	-	-	492,682	641,042	57,433	52,885	1,244,042
Balance Sheet Short Position	(600,071)	(643,971)	-	-	-	-	(1,244,042)
Off-balance Sheet Long Position ⁽⁶⁾	239,915	92,894	-	-	-	-	332,809
Off-balance Sheet Short Position ⁽⁶⁾	(241,645)	(93,695)	-	-	-	-	(335,340)
Total Position	(601,801)	(644,772)	492,682	641,042	57,433	52,885	(2,531)

⁽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 derivative financial assets

b. Average interest rates for monetary financial instruments

Current Period	EUR %	USD %	JPY %	TRY %
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	4.63	-	-
Due From Banks	2.55	4.82	-	10.00
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	15.48
Financial assets at fair value through other comprehensive income	-	8.24	-	22.64
Loans	6.33	9.16	-	27.68
Financial assets measured at amortised cost	-	8.23	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	3.72	4.30	-	25.63
Miscellaneous Payables ⁽¹⁾	2.82	5.18	-	25.40
Marketable Securities Issued	1.75	4.16	-	31.31
Funds Borrowed From Other Financial Institutions	3.26	5.88	-	13.76

⁽¹⁾ Includes borrowers' funds and subordinated loans.

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	EUR %	USD %	JPY %	TRY %
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	4.64
Due From Banks	1.45	1.89	-	18.47
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	13.55
Financial assets at fair value through other comprehensive income	-	8.24	-	18.87
Loans	4.94	6.81	-	26.97
Financial assets measured at amortised cost	-	7.39	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	1.60	2.69	-	16.49
Miscellaneous Payables ⁽¹⁾	2.49	3.34	-	18.76
Marketable Securities Issued	1.75	3.73	-	23.48
Funds Borrowed From Other Financial Institutions	1.97	3.82	-	18.36

⁽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	(20,496)	(1.18)
TRY	(-) 400 basis point	17,765	1.03
USD	(+) 200 basis point	(26,415)	(1.53)
USD	(-) 200 basis point	29,081	1.68
EUR	(+) 200 basis point	(1,192)	(0.07)
EUR	(-) 200 basis point	1,222	0.07
TOTAL (for negative shocks)		48,068	2.78
TOTAL (for positive shocks)		(48,103)	(2.78)

Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity(%)
TRY	(+) 500 basis point	(23,258)	(1.73)
TRY	(-) 400 basis point	20,405	1.52
USD	(+) 200 basis point	(9,363)	(0.70)
USD	(-) 200 basis point	10,558	0.79
EUR	(+) 200 basis point	(17,263)	(1.29)
EUR	(-) 200 basis point	18,127	1.35
TOTAL (for negative shocks)		49,090	3.66
TOTAL (for positive shocks)		(49,884)	(3.72)

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IV. EXPLANATIONS ON EQUITY POSITION RISK

The Bank does not hold equity position as of 30 September 2023 (31 December 2022 - None).

V. EXPLANATIONS ON LIQUIDITY 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. It is the Treasury Department's responsibility to plan the liquidity management for weekly, monthly and annual periods and to take the necessary precautions, in coordination with the Financial Planning & Control Department and Risk Management. It is the Risk Management's responsibility to inform the senior management.

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 Reporting 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.

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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, subordinated loans, money market transactions and issued marketable securities and diversification of aforementioned sources are made in order to minimize liquidity risk. Financial Institutions and Investor Relations 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 most of the TL resources are from equities, borrowing from bank and money market funds.

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.

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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, 92% of the high quality liquid assets of LCR subject bank accounts with the Central Bank, and 6% of the issued securities is composed by the Treasury of Republic of Turkey. The main funding sources of the Bank are loans received, subordinated loans, borrowers' funds, debts due to money markets and securities issued. As of the balance sheet date, 58% of the Bank's fund resources, excluding equity, consists of loans received and debts to money markets, 20% consists of debt securities issued, 2% consist of borrowers' funds and 9% consists of subordinated loans. 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 ⁽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			1,288,330	1,252,172
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	1,904,218	1,581,366	1,904,218	1,581,366
6 Operational assets	-	-	-	-
7 Non-operating assets	-	-	-	-
8 Other Junior debt	1,904,218	1,581,366	1,904,218	1,581,366
9 Secured Debts			-	-
10 Other Cash Outflows	463,979	258,162	215,876	132,955
11 Derivative liabilities and margin liabilities	4	-	4	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	463,975	258,162	215,872	132,955
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			2,120,094	1,714,321
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	1,173,172	880,253	783,474	634,911
19 Other cash inflows	3,275	852	3,275	852
20 TOTAL CASH INFLOWS	1,176,447	881,105	786,749	635,763
21 TOTAL HLA STOCK			Upper limit applied amount	
			1,288,330	1,252,172
22 TOTAL NET CASH OUTFLOWS ⁽¹⁾			1,333,345	1,078,558
23 LIQUIDITY COVERAGE RATION (%)			96.62	116.10

⁽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.

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Prior Period ⁽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			538,634	464,096
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	1,370,385	853,429	1,370,385	853,429
6 Operational assets	-	-	-	-
7 Non –operating assets	-	-	-	-
8 Other Junior debt	1,370,385	853,429	1,370,385	853,429
9 Secured Debts			-	-
10 Other Cash Outflows	312,882	184,549	147,999	97,655
11 Derivative liabilities and margin liabilities	2,712	-	2,712	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	310,170	184,549	145,287	97,655
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			1,518,384	951,084
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	1,087,816	885,744	944,576	838,486
19 Other cash inflows	4,815	5,896	4,815	5,896
20 TOTAL CASH INFLOWS	1,092,631	891,640	949,391	844,382
21 TOTAL HLA STOCK			Upper limit applied amount	
			538,634	464,096
22 TOTAL NET CASH OUTFLOWS ⁽¹⁾			568,993	237,771
23 LIQUIDITY COVERAGE RATION (%)			94.66	195.19

⁽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 2023 and 2022 are presented below.

Current Period	Maximum	Week	Minimum	Week	Average
FC	156.95	29.09.2023	82.04	04.08.2023	116.10
LC+FC	122.30	14.07.2023	78.25	04.08.2023	96.62
Prior Period	Maximum	Week	Minimum	Week	Average
FC	315.88	07.10.2022	105.31	06.11.2022	195.19
LC+FC	175.00	07.10.2022	61.26	06.11.2022	94.66

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

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
Current Period	FC	FC+LC	FC	FC+LC
Average (%)	187	134	139	119
Maximum (%)	271	176	187	148
Minimum (%)	132	106	100	101
Prior Period	FC	FC+LC	FC	FC+LC
Average (%)	384	191	208	135
Maximum (%)	1,221	282	405	211
Minimum (%)	176	142	128	102

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

Current Period	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	314,987	853,337	-	-	-	-	(1,732)	1,166,592
Due From Banks	384,969	408,042	-	-	-	-	(1,860)	791,151
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	13	-	-	4,964	71,337	-	76,314
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	7,659	1,828	5,659	-	64,131	15,136	-	94,413
Loans ⁽²⁾	-	1,327,085	776,297	2,025,299	1,225,703	4,620	(57,768)	5,301,236
Financial assets measured at amortized cost	-	12,312	133	44,786	728,247	68,555	(18,035)	835,998
Other Assets	-	5,895	2,954	2,394	366	-	302,263	313,872
Total Assets	707,615	2,608,512	785,043	2,072,479	2,023,411	159,648	222,868	8,579,576
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,970	1,526,018	673,150	647,908	1,067,691	-	-	3,916,737
Funds Borrowed From Money Markets	-	192,728	24,523	300,544	-	-	-	517,795
Marketable Securities Issued	-	159,676	686,105	703,313	-	-	-	1,549,094
Miscellaneous Payables ⁽⁵⁾	598,770	133,274	4,361	-	-	-	-	736,405
Other Liabilities ^{(3),(4)}	93,948	45,752	23,698	12,739	369	684,484	998,555	1,859,545
Total Liabilities	694,688	2,057,448	1,411,837	1,664,504	1,068,060	684,484	998,555	8,579,576
Liquidity Gap	12,927	551,064	(626,794)	407,975	955,351	(524,836)	(775,687)	-
Net Off-Balance Sheet Liquidity Gap	-	17	-	-	-	-	-	17
Financial Derivative Assets ⁽⁶⁾	-	4,888	-	-	-	-	-	4,888
Financial Derivative Liabilities ⁽⁶⁾	-	(4,871)	-	-	-	-	-	(4,871)
Non-cash Loans	234,136	9,582	48,232	502,877	258,644	-	-	1,053,471

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

⁽²⁾ Finance lease receivables are included.

⁽³⁾ Borrowers' funds and subordinated loans are 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

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Prior Period	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified ¹	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	42,354	408,406	-	-	-	-	(838)	449,922
Due From Banks	1,102,055	168,341	-	-	-	-	(1,106)	1,269,290
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	-	-	-	3,602	37,566	-	41,168
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	7,659	5,812	1,851	20,434	19,111	9,349	-	64,216
Loans ⁽²⁾	-	556,844	662,790	1,287,566	1,082,033	48,860	(68,809)	3,569,284
Financial assets measured at amortized cost	-	42,586	5,973	2,788	386,586	18,701	(8,922)	447,712
Other Assets	-	14,911	1,291	2,819	568	-	294,674	314,263
Total Assets	1,152,068	1,196,900	671,905	1,313,607	1,491,900	114,476	214,999	6,155,855
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	9,084	1,631,120	757,178	365,822	-	-	-	2,763,204
Funds Borrowed From Money Markets	-	89,162	195,248	28,558	-	-	-	312,968
Marketable Securities Issued	-	75,905	158,968	467,458	251,492	-	-	953,823
Miscellaneous Payables ⁽⁵⁾	33,050	23,007	14,100	58,482	-	-	-	128,639
Other Liabilities ^{(3),(4)}	390,476	77,023	210,552	16,220	9,702	467,548	825,700	1,997,221
Total Liabilities	432,610	1,896,217	1,336,046	936,540	261,194	467,548	825,700	6,155,855
Liquidity Gap	719,458	(699,317)	(664,141)	377,067	1,230,706	(353,072)	(610,701)	-
Net Off-Balance Sheet Liquidity Gap	-	(1,730)	(801)	-	-	-	-	(2,531)
Financial Derivative Assets ⁽⁶⁾	-	239,915	92,894	-	-	-	-	332,809
Financial Derivative Liabilities ⁽⁶⁾	-	(241,645)	(93,695)	-	-	-	-	(335,340)
Non-cash Loans	191,999	229	53,716	217,410	321,823	-	-	785,177

⁽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

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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 Outflow	Carrying Amount
Deposits	-	-	-	-	-	-	-
Loans received	1,532,161	694,346	739,914	1,337,812	841,393	5,145,626	3,916,737
Funds from interbank money market	192,852	25,512	308,320	-	-	526,684	517,795
Financial leasing payables	45	46	365	210	-	666	603
Marketable securities issued	160,335	699,252	724,945	-	-	1,584,532	1,549,094
Funds	123,998	-	-	-	-	123,998	123,930
Miscellaneous payables	732,274	4,377	-	-	-	736,651	736,405
Subordinated debt	-	9,777	19,662	166,861	841,393	1,037,693	684,738
Total	2,741,665	1,433,310	1,793,206	1,504,883	1,682,786	9,155,850	7,529,302

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total Outflow	Carrying Amount
Deposits	-	-	-	-	-	-	-
Loans received	1,642,342	768,878	392,574	107,215	594,853	3,505,862	2,763,204
Funds from interbank money market	89,214	198,299	29,002	-	-	316,515	312,968
Financial leasing payables	41	83	371	523	-	1,018	876
Marketable securities issued	76,390	167,746	488,540	258,723	-	991,399	953,823
Funds	443,371	189,534	-	-	-	632,905	630,890
Miscellaneous payables	56,131	14,277	59,675	-	-	130,083	128,639
Subordinated debt	-	6,605	20,181	107,215	594,853	728,854	467,749
Total	2,307,489	1,345,422	990,343	473,676	1,189,706	6,306,636	5,258,149

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	4,888	-	-	-	-	4,888
Forward Transactions-Sell	(4,871)	-	-	-	-	(4,871)
Swap Transactions-Buy	-	-	-	-	-	-
Swap Transactions-Sell	-	-	-	-	-	-
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	17	-	-	-	-	17

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Forward Transactions-Buy	12,391	-	-	-	-	12,391
Forward Transactions-Sell	(12,395)	-	-	-	-	(12,395)
Swap Transactions-Buy	227,524	92,894	-	-	-	320,418
Swap Transactions-Sell	(229,250)	(93,695)	-	-	-	(322,945)
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	(1,730)	(801)	-	-	-	(2,531)

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VI. EXPLANATIONS ON LEVERAGE RATIO

Unconsolidated leverage ratio was realized as 10.1% (31 December 2022 - 11.2%). 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)	8,046,625	5,834,437
(Assets deducted from core capital)	(17,981)	(9,674)
Total risk amount for assets on the balance sheet	8,028,644	5,824,763
Derivative Financial Instruments and Loan Derivatives		
Renewal cost of derivative financial instruments and loan derivatives	-	-
Potential credit risk amount of derivative financial instruments and loan derivatives	16	3,570
Total risk amount of derivative financial instruments and loan derivatives	16	3,570
Financing Transactions With Securities Or Goods Warranties		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	263,359	97,599
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	263,359	97,599
Off-the-Balance Sheet Transactions		
Gross nominal amount of the off-the-balance sheet transactions	1,200,687	1,130,648
Adjustment amount arising from multiplying by the credit conversion rate	-	-
Total risk amount for off-the-balance sheet transactions	1,200,687	1,130,648
Capital and Total Risk		
Core capital	959,671	791,736
Total risk amount	9,492,706	7,056,580
Leverage Ratio		
Leverage ratio (%)	10.1	11.2

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

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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 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.

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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	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	6,923,023	5,284,907	553,842
Of which standardised approach (SA)	6,923,023	5,284,907	553,842
Of which internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	262,104	100,075	20,968
Of which standardised approach for counterparty credit risk (SA-CCR)	262,104	100,075	20,968
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	76,300	41,168	6,104
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	195,325	101,488	15,626
Of which standardised approach (SA)	195,325	101,488	15,626
Of which internal model approaches (IMM)	-	-	-
Operational risk	352,699	209,119	28,216
Of which Basic Indicator Approach	352,699	209,119	28,216
Of which Standardised Approach	-	-	-
Of which Advanced Measurement Approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	7,809,451	5,736,757	624,756

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.

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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	13,787	5,345,217	(57,768)	5,301,236
2	Debt securities	-	1,024,747	(19,852)	1,004,895
3	Off-balance sheet exposures	-	1,075,713	(10,348)	1,065,365
	Total	13,787	7,445,677	(87,968)	7,371,496

	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	16,604	3,621,489	(68,809)	3,569,284
2	Debt securities	-	562,018	(9,850)	552,168
3	Off-balance sheet exposures	-	1,195,686	(7,254)	1,188,432
	Total	16,604	5,379,193	(85,913)	5,309,884

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

		Current period	Prior Period
1	Beginning Balance	16,604	45,824
2	Additions	-	116
3	Receivables that are not re-default	-	-
4	Write-offs	-	-
5	Other changes ¹	(2,817)	(29,336)
	Ending Balance(1+2-3-4±5)	13,787	16,604

¹⁾ Includes collections from non-performing receivables, classifications to performing receivables and exchange differences.

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

The Bank calculates 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 instruments.

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.

Non-Performing loans and specific provision by geographic breakdown

	Current Period			Prior Period		
	NPL	Specific Provision	Write-offs	NPL	Specific Provision	Write-offs
Domestic	13,787	13,787	-	16,604	16,567	-
European countries	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-
OECD countries	-	-	-	-	-	-
Off-shore banking regions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	13,787	13,787	-	16,604	16,567	-

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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	-	-	-	2,817	2,780	-
Mining and Quarrying	-	-	-	-	-	-
Production	-	-	-	2,817	2,780	-
Electricity, Gas and Water	-	-	-	-	-	-
Construction	13,787	13,787	-	13,787	13,787	-
Services	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-
Transportation and Telecom	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-
Real Estate and Rental Services	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	13,787	13,787	-	16,604	16,567	-

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

	Current Period	Prior Period
Up to 3 Months	1,766	907
3-12 Months	-	-
1-3 Years	-	-
3-5 Years	13,787	16,604
Over 5 Years	-	-
Total	15,553	17,511

Information on loans that have been restructured or rescheduled

	Current Period	Prior Period
Standard Loans that have been restructured or rescheduled	2,892	-
Loans Under Close Monitoring that have been restructured or rescheduled	30,005	90,216
Non-performing loans that have been restructured or rescheduled	-	2,817
Total	32,897	93,033

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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.

		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
	Current Period							
1	Loans and lease receivables	4,331,642	969,594	604,926	1,238,571	818,632	-	-
2	Debt securities	1,004,895	-	-	-	-	-	-
3	Total	5,336,537	969,594	604,926	1,238,571	818,632	-	-
4	Defaulted items	13,787	-	-	-	-	-	-

		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
	Prior Period							
1	Loans and lease receivables	3,172,173	397,111	297,067	586,984	105,095	-	-
2	Debt securities	552,168	-	-	-	-	-	-
3	Total	3,724,341	397,111	297,067	586,984	105,095	-	-
4	Defaulted items	16,604	-	-	-	-	-	-

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.

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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	RWA Density (%)
	Risk Classifications						
1	Receivables from Central Governments or Central Banks	1,714,350	-	1,714,350	-	478,162	27.89
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	1,565,441	386,939	1,305,407	302,236	1,302,178	81.00
7	Corporate receivables	4,567,731	678,151	4,360,497	571,366	4,408,567	89.39
8	Retail receivables	38	-	38	-	28	73.68
9	Collateralized by real estate mortgages receivables	35,744	864	35,744	432	12,661	35.00
10	Collateralized by trading mortgages receivables	626,088	-	626,088	-	417,769	66.73
11	Non-performing receivables	13,787	-	-	-	-	-
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-
14	Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	76,300	-	76,300	-	76,300	100.00
16	Other receivables	296,073	-	296,070	-	295,999	99.98
17	Equity security investments	7,659	-	7,659	-	7,659	100.00
	Total	8,903,211	1,065,954	8,422,153	874,034	6,999,323	75.29

	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(%)
	Risk Classifications						
1	Receivables from Central Governments or Central Banks	822,775	-	822,775	-	324,054	39.39
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	1,587,665	334,635	1,587,665	232,253	1,204,812	66.20
7	Corporate receivables	3,247,026	460,588	3,150,003	399,464	3,274,403	92.25
8	Retail receivables	841	17	841	9	637	74.94
9	Collateralized by real estate mortgages receivables	35,691	1,694	35,691	433	12,643	35.00
10	Collateralized by trading mortgages receivables	274,772	-	274,772	-	170,301	61.98
11	Non-performing receivables	16,604	-	38	-	38	100.00
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	-	-	-	-	-	0.00
15	Investments in nature of Collective Investment funds	41,168	-	41,168	-	41,168	100.00
16	Other receivables	290,390	-	290,390	-	290,360	99.99
17	Equity security investments	7,659	-	7,659	-	7,659	100.00
	Total	6,324,591	796,934	6,211,002	632,159	5,326,075	77.83

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

	Current Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	Others	Total credit risk amount (after CRM and CCF)
1	Receivables from Central Governments or Central Banks	1,236,188	-	-	-	-	-	-	478,162	-	-	-	-	1,714,350
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	-	-	242,918	-	-	222,260	-	1,142,465	-	-	-	-	1,607,643
7	Corporate receivables	-	-	133,217	-	-	633,741	-	4,002,653	-	162,252	-	-	4,931,863
8	Retail receivables	-	-	-	-	-	-	38	-	-	-	-	-	38
9	Collateralized by real estate mortgages receivables	-	-	-	-	36,176	-	-	-	-	-	-	-	36,176
10	Collateralized by trading mortgages receivables	-	-	-	-	-	417,238	-	208,550	-	300	-	-	626,088
11	Non-performing receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
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.	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	76,300	-	-	-	-	76,300
16	Equity security investments	-	-	-	-	-	-	-	7,659	-	-	-	-	7,659
17	Other receivables	75	-	-	-	-	-	-	295,995	-	-	-	-	296,070
	Total	1,236,263	-	376,135	-	36,176	1,273,239	38	6,211,784	-	162,552	-	-	9,296,187

	Prior Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	Others	Total credit risk amount (after CRM and CCF)
1	Receivables from Central Governments or Central Banks	498,721	-	-	-	-	-	-	324,054	-	-	-	-	822,775
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	-	-	708,064	-	-	97,360	-	1,014,494	-	-	-	-	1,819,918
7	Corporate receivables	-	-	21,688	-	-	421,745	-	3,052,801	-	53,233	-	-	3,549,467
8	Retail receivables	-	-	-	-	-	-	850	-	-	-	-	-	850
9	Collateralized by real estate mortgages receivables	-	-	-	-	36,124	-	-	-	-	-	-	-	36,124
10	Collateralized by trading mortgages receivables	-	-	-	-	-	208,942	-	65,830	-	-	-	-	274,772
11	Non-performing receivables	-	-	-	-	-	-	-	37	-	-	-	-	37
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.	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	41,168	-	-	-	-	41,168
16	Equity security investments	-	-	-	-	-	-	-	7,659	-	-	-	-	7,659
17	Other receivables	26	-	-	-	-	-	-	290,364	-	-	-	-	290,390
	Total	498,747	-	729,752	-	36,124	728,047	850	4,796,407	-	53,233	-	-	6,843,160

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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)	13	-		1.40	19	4
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)					262,110	262,100
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						262,104

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	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach-CCR (for derivatives)	-	379		1.40	531	106
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)					100,178	99,969
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						100,075

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	19	-	531	2
	Total subject to the CVA capital charge	19	-	531	2

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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	-	-	19	-	-	-	-	-	19
Corporate receivables	-	-	-	-	-	262,072	-	-	262,072
Retail receivables	-	-	-	-	38	-	-	-	38
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	-	-	19	-	38	262,072	-	-	262,129

(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 ⁽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	-	-	531	-	-	-	-	-	531
Corporate receivables	-	-	-	-	-	99,337	-	-	99,337
Retail receivables	-	-	-	-	841	-	-	-	841
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	-	-	531	-	841	99,337	-	-	100,709

(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

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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	-	-	-	-	-	63,087
Government bond/bill – other	-	-	-	-	-	407,456
Public institutions bond/bill	-	-	-	-	-	221,301
Corporate bond/bill	-	-	-	-	-	24,065
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	715,909

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	-	-	-	-	-	8,940
Government bond/bill – other	-	-	-	-	-	250,567
Public institutions bond/bill	-	-	-	-	-	430
Corporate bond/bill	-	-	-	-	-	55,241
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	315,178

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)		-		-
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	-	-	-	-
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	-	-	-	-

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RISK MANAGEMENT (Continued)**

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

The Bank does not have transactions related to 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	Prior Period
		RWA	RWA
	Outright products		
1	Interest rate risk (general and specific)	36,425	6,550
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	158,900	94,938
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
	Total	195,325	101,488

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	88,998	147,695	327,625	188,106	15	28,216
Amount Subject to Operational Risk (Total*12,5)						352,699

Prior Period	2 Prior Period Amount	Period Amount	Current Period Amount	Total/ Positive GI year number	Ratio (%)	Total
Gross Revenue	97,898	88,998	147,695	111,530	15	16,730
Amount Subject to Operational Risk (Total*12,5)						209,119

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**VIII. 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.

IX. EXPLANATIONS ON OPERATING SEGMENTS

Current Period	Corporate and Commercial Banking	Treasury and Asset Liability Management	Total
Total Assets	5,303,222	3,276,354	8,579,576
Total Liabilities	874,283	7,705,293	8,579,576
Net Interest Income/(Loss)	418,073	(196,744)	221,329
Net Fee and Commission Income/(Loss)	89,806	(3,691)	86,115
Trading Gain/(Loss)	5,836	54,293	60,129
Other Operating Gains	38,622	6,502	45,124
Provisions for Loan Losses and Other Receivables(-)	(30,614)	(11,677)	(42,291)
Other Operating Expense (-)	-	(120,241)	(120,241)
Profit Before Tax	521,723	(271,558)	250,165
Tax Provision	(154,541)	80,439	(74,102)
Net Profit / Loss	367,182	(191,119)	176,063

Prior Period	Corporate and Commercial Banking	Treasury and Asset Liability Management	Total
Total Assets	3,582,669	2,573,186	6,155,855
Total Liabilities	786,377	5,369,478	6,155,855
Net Interest Income/(Loss)	255,861	(105,854)	150,007
Net Fee and Commission Income/(Loss)	42,685	(1,698)	40,987
Trading Gain/(Loss)	15,862	24,567	40,429
Other Operating Gains	12,540	44,595	57,135
Provisions for Loan Losses and Other Receivables(-)	(18,179)	(10,513)	(28,692)
Other Operating Expense (-)	-	(65,227)	(65,227)
Profit Before Tax	308,769	(114,130)	194,639
Tax Provision	(69,067)	25,529	(43,538)
Net Profit / Loss	239,702	(88,601)	151,101

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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

	Current Period		Prior Period	
	LC	FC	LC	FC
Cash/Foreign currency	10	66	10	16
CBRT	29,354	1,138,894	41,409	409,325
Other	-	-	-	-
Total	29,364	1,138,960	41,419	409,341

b. Information on the account of the CBRT

	Current Period		Prior Period	
	LC	FC	LC	FC
Demand Unrestricted Amount	29,354	286,725	41,409	919
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	852,169	-	408,406
Total	29,354	1,138,894	41,409	409,325

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 requirement, which are applied to the liability side of the balance sheets, have started to be applied to the asset side of the balance sheets in order to strengthen the macro prudential policies. The reserve requirements may be kept as Turkish Lira, USD, Euro and standard gold.

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

- a.** As of 30 September 2023, the Bank has no financial assets at fair value through profit or loss subject to repo transactions and given as collateral/blocked (31 December 2022 - None).

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b. Financial assets at fair value through profit or loss

	Current Period	Prior Period
Debt Securities	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Share Certificates / Investment Funds	76,301	41,168
Quoted on Stock Exchange	-	-
Not Quoted	76,301	41,168
Impairment Provision (-)	-	-
Total	76,301	41,168

c. Positive differences related to derivative financial assets

	Current Period		Prior Period	
	LC	FC	LC	FC
Forward transactions	13	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	13	-	-	-

3. Information on banks

a. Information on banks

	Current Period		Prior Period	
	LC	FC	LC	FC
Banks	4,275	788,736	4,198	1,266,198
Domestic	4,275	520,417	4,198	476,947
Foreign	-	268,319	-	789,251
Branches and offices abroad	-	-	-	-
Total	4,275	788,736	4,198	1,266,198

b. Information on foreign banks accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	224,718	659,505	-	-
USA, Canada	25,062	127,840	-	-
OECD Countries ¹	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	18,539	1,906	-	-
Total	268,319	789,251	-	-

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

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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

	Current Period		Prior Period	
	LC	FC	LC	FC
Collateral / Blocked	2,489	-	9,074	-
Repurchase transaction	63,087	-	8,940	-
Total	65,576	-	18,014	-

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

	Current Period	Prior Period
Debt Securities	89,867	56,607
Quoted on Stock Exchange	89,867	56,607
Not Quoted	-	-
Share Certificates	7,659	7,659
Quoted on Stock Exchange	-	-
Not Quoted	7,659	7,659
Impairment Provision (-)	(3,113)	(50)
Total	94,413	64,216

5. Information on loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	67,088	-	109,320
Legal Entities	-	67,088	-	109,320
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	579	-	-	-
Total⁽¹⁾	579	67,088	-	109,320

⁽¹⁾ TL 260,033 cash loan that was granted as a counter-guarantee of Parent Bank (31 December 2022 – TL 174,117).

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

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
Cash Loans			Modifications on agreement conditions	Refinancing
Non-specialized Loans	4,444,186	33,915	30,005	-
Loans given to enterprises	927,618	10,750	30,005	-
Export Loans	1,194,448	-	-	-
Import Loans	-	-	-	-
Financial Sector Loans	766,285	-	-	-
Consumer Loans	9,134	-	-	-
Credit Cards	-	-	-	-
Other	1,546,701	23,165	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	4,444,186	33,915	30,005	-

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
Cash Loans			Modifications on agreement conditions	Refinancing
Non-specialized Loans	3,238,223	34,094	90,216	-
Loans given to enterprises	371,760	11,250	-	-
Export Loans	771,108	-	-	-
Import Loans	-	-	-	-
Financial Sector Loans	597,658	-	-	-
Consumer Loans	1,452	-	-	-
Credit Cards	-	-	-	-
Other	1,496,245	22,844	90,216	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	3,238,223	34,094	90,216	-

Expected Credit Loss	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	18,953	-	25,542	-
Significant Increase in Credit Risk	-	18,311	-	25,412
Total	18,953	18,311	25,542	25,412

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Number of modifications made to extend payment plan	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Extended by 1 or 2 times	2,892	30,005	-	-
Extended by 3,4 or 5 times	-	-	-	90,216
Extended by more than 5 times	-	-	-	-
Total	2,892	30,005	-	90,216

Extended period of time	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
0 - 6 Months	-	-	-	90,216
6 - 12 Months	-	27,640	-	-
1 - 2 Years	-	-	-	-
2 - 5 Years	2,892	-	-	-
5 Years and over	-	2,365	-	-
Total	2,892	30,005	-	90,216

c. Breakdown of loans according to their maturities

Current Period	Standard Loans	Loans Under Close Monitoring	
		Not under the scope of restructuring	Restructured Loans
Short-Term Loans	2,262,966	28,763	-
Medium and Long-Term Loans	2,181,220	5,152	30,005
Total	4,444,186	33,915	30,005

Prior Period	Standard Loans	Loans Under Close Monitoring	
		Not under the scope of restructuring	Restructured Loans
Short-Term Loans	1,246,024	721	-
Medium and Long-Term Loans	1,992,199	33,373	90,216
Total	3,238,223	34,094	90,216

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

	Current Period			Prior Period		
	Short term	Medium-long term	Total	Short term	Medium-long term	Total
Consumer loans-TC	-	5,588	5,588	-	1,452	1,452
Real estate loans	-	5,588	5,588	-	1,452	1,452
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Consumer loans- Indexed to FC	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Consumer loans- FC	-	2,967	2,967	-	-	-
Real estate loans	-	2,967	2,967	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Individual credit cards-TC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Individual credit cards-FC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Personnel loans-TC	-	579	579	-	-	-
Real estate loans	-	579	579	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Personnel loans-Indexed to FC	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Personnel loans-FC	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Personnel credit cards-TC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Personnel credit cards-FC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Overdraft accounts-TC (Retail customer)	-	-	-	-	-	-
Overdraft accounts-FC (Retail customer)	-	-	-	-	-	-
Total	-	9,134	9,134	-	1,452	1,452

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e. Information on commercial instalment loans and corporate credit cards

Current Period	Short Term	Medium-Long Term	Total
Commercial installment loans-LC	27,640	4,040	31,680
Business residential loans	-	-	-
Automobile loans	-	4,040	4,040
Consumer loans	-	-	-
Other	27,640	-	27,640
Commercial installment loans- Indexed to FC	-	22,988	22,988
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	22,988	22,988
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	27,640	27,028	54,668

Prior Period	Short Term	Medium-Long Term	Total
Commercial installment loans-LC	4,575	9,881	14,456
Business residential loans	-	-	-
Automobile loans	4,575	9,881	14,456
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans- Indexed to FC	-	22,691	22,691
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	22,691	22,691
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	4,575	32,572	37,147

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f. Loans according to types of borrowers

	Current Period	Prior Period
Public	-	-
Private	4,521,893	3,379,137
Total⁽¹⁾	4,521,893	3,379,137

⁽¹⁾ TL 13,787 (31 December 2022 – TL 16,604) non-performing loans are included.

g. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	4,070,401	2,796,709
Foreign Loans	451,492	582,428
Total⁽¹⁾	4,521,893	3,379,137

⁽¹⁾ TL 13,787 (31 December 2022 – TL 16,604) non-performing loans are included.

h. Loans granted to investments in associates and subsidiaries

None (31 December 2022 - None).

i. Specific provisions accounted for loans

	Current Period	Prior Period
Loans with limited collectability	-	-
Loans with doubtful collectability	-	-
Uncollectible loans	13,787	16,567
Total	13,787	16,567

j. Information on non-performing loans

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Current Period			
Gross amounts before specific reserves	-	-	-
Loans under restructuring	-	-	-
Prior period			
Gross amounts before specific reserves	-	-	2,817
Loans under restructuring	-	-	2,817

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

Current Period	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Prior period end balance	-	-	16,604
Additions (+)	-	-	-
Transfers from other categories of loans under follow-up (+)	-	-	-
Transfers to other categories of loans under follow-up (-) ⁽¹⁾	-	-	(2,572)
Collections (-)	-	-	(245)
Deducted from the record (-)	-	-	-
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	-	-	13,787
Provision (-)	-	-	(13,787)
Net Balance on balance sheet	-	-	-

⁽¹⁾ Includes loans classified from non-performing loans to performing loans.

Prior Period	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Prior period end balance	-	11,766	34,058
Additions (+)	-	58	85
Transfers from other categories of loans under follow-up (+)	-	-	11,824
Transfers to other categories of loans under follow-up (-) ⁽¹⁾	-	(11,824)	(8,615)
Collections (-)	-	-	(20,748)
Deducted from the record (-)	-	-	-
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	-	-	16,604
Provision (-)	-	-	(16,567)
Net Balance on balance sheet	-	-	37

⁽¹⁾ Includes loans classified from non-performing loans to performing loans.

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	-	-	-
Provision (-)	-	-	-
Net balance on balance sheet	-	-	-
Prior period			
Period end balance	-	-	-
Provision (-)	-	-	-
Net balance on balance sheet	-	-	-

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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)	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	13,787
Provision (-)	-	-	(13,787)
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provision (-)	-	-	-
Other loans (Net)	-	-	-
Prior Period (Net)	-	-	37
Loans granted to real persons and legal entities (Gross)	-	-	16,604
Provision (-)	-	-	(16,567)
Loans granted to real persons and legal entities (Net)	-	-	37
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)	-	-	-
Interest accruals, rediscounts and valuation differences	-	-	899
Provision (-)	-	-	(899)
Prior Period (Net)	-	-	7
Interest accruals, rediscounts and valuation differences	-	-	1,161
Provision (-)	-	-	(1,154)

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

Loans and other receivables in the nature of loss are collected through legal proceedings and the conversion of guarantees into cash through the court or the collections received based on the payment protocol made with the debtors. If there is still a remaining balance after the collection made through legal proceedings for the loans that have turned into losses, there is a policy of write-off from the Bank's assets after the approval of the Bank's Board of Directors on a transaction basis, by attaching it to a certificate of insolvency or a lack of pledge document. In addition, if the Bank's receivables are insignificant amounts compared to the legal follow-up expenditures to be made for the supply of the aforementioned documents, the write-off from the assets can only be made with the decision of the Board of Directors.

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6. Information on financial assets measured at amortized cost

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

	Current Period		Prior Period	
	LC	FC	LC	FC
Collateral / Blocked	-	-	-	-
Repurchase transaction	-	659,419	-	302,199
Total	-	659,419	-	302,199

b. Information on government debt securities measured at amortized cost

	Current Period	Prior Period
Government bonds	478,162	324,054
Treasury bills	-	-
Other public sector debt securities	-	-
Total	478,162	324,054

c. Information on financial assets measured at amortized cost

	Current Period	Prior Period
Debt Securities	854,033	456,634
Quoted in a stock exchange	854,033	456,634
Not quoted	-	-
Impairment provisions (-) ⁽¹⁾	-	-
Total	854,033	456,634

⁽¹⁾ TL 18,035 (31 December 2022 – TL 8,922) 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

	Current Period	Prior Period
Beginning balance	456,634	361,103
Foreign currency differences on monetary assets ⁽¹⁾	251,640	164,066
Purchases during year	186,253	211,638
Disposals through sales and redemptions	(40,494)	(280,173)
Impairment provisions (-)	-	-
Total	854,033	456,634

⁽¹⁾ TL 4,023 (31 December 2022 – TL (521)) 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 2022 - None).

b. Information on consolidated investments in associates

None (31 December 2022 - None).

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8. Information on subsidiaries (Net)

None (31 December 2022 - None).

9. Information on joint ventures

None (31 December 2022 - None).

10. Information on lease receivables (Net)

a. Information on lease receivables

	Current Period	Prior Period
Financial lease receivables, Gross	1,031,916	302,718
Unearned income	(194,805)	(43,762)
Financial lease receivables, Net	837,111	258,956

⁽¹⁾ TL 6,717 (31 December 2022 – TL 1,288) expected credit losses included at line for expected credit losses on financial statements.

b. Remaining maturities of financial lease investments

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	411,967	287,339	145,925	117,171
1 – 5 Years	619,949	549,772	156,793	141,785
Over 5 Years	-	-	-	-
Total	1,031,916	837,111	302,718	258,956

11. Information on hedging derivative financial assets

None (31 December 2022 - None).

12. Information on property and equipment

	Immovable / Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
Prior Period					
Cost	97,907	1,628	1,194	9,754	110,483
Accumulated Depreciation(-)	(3,122)	(1,173)	(391)	(5,269)	(9,955)
Net Book Value 31 December 2022	94,785	455	803	4,485	100,528
Current Period					
Net Book Value : 31 December 2022	94,785	455	803	4,485	100,528
Additions	12,314	-	18	4,862	17,194
Transfers, cost ⁽¹⁾	(33,710)	-	-	-	(33,710)
Disposals(-), cost	-	-	-	(32)	(32)
Disposals(+), accumulated depreciation	-	-	-	18	18
Depreciation (-)	(558)	(243)	(301)	(1,589)	(2,691)
Transfers, accumulated depreciation ⁽¹⁾	920	-	-	-	920
Net Book Value: 30 September 2023	73,751	212	520	7,744	82,227
Cost at Period End	76,511	1,628	1,212	14,584	93,935
Accumulated Depreciation at Period End (-)	(2,760)	(1,416)	(692)	(6,840)	(11,708)
Net Book Value: 30 September 2023	73,751	212	520	7,744	82,227

⁽¹⁾ Transferred from owner-occupied property to investment property.

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	Immovable / Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
Prior Period					
Cost	97,907	1,628	665	8,810	109,010
Accumulated Depreciation(-)	(16,192)	(848)	(165)	(3,823)	(21,028)
Net Book Value 31 December 2021	81,715	780	500	4,987	87,982
Current Period					
Net Book Value : 31 December 2021	81,715	780	500	4,987	87,982
Additions	-	-	627	1,050	1,677
Transfers	-	-	-	-	-
Disposals(-), cost	-	-	(98)	(106)	(204)
Disposals(+), accumulated depreciation	-	-	98	70	168
Depreciation (-)	(1,083)	(325)	(324)	(1,516)	(3,248)
Impairment	14,153	-	-	-	14,153
Net Book Value: 31 December 2022	94,785	455	803	4,485	100,528
Cost at Period End	97,907	1,628	1,194	9,754	110,483
Accumulated Depreciation at Period End (-)	(3,122)	(1,173)	(391)	(5,269)	(9,955)
Net Book Value: 31 December 2022	94,785	455	803	4,485	100,528

13. Information on intangible assets

	Current Period	Prior Period
Net Book Value at the beginning of the Period	11,648	7,784
Additions	10,284	7,343
Disposals(-), net	-	-
Depreciation (-)	(4,055)	(3,479)
Closing Net Book Value	17,877	11,648

14. Information on investment property:

The Bank completed the title deed transfer process on 18 June 2018 and classified the real estate whose usage right has been transferred to the Bank as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost model in accordance with TAS 40 “Investment Property”.

	Current Period	Prior Period
Beginning balance, Net	170,217	143,910
Additions (+)	-	-
Disposals (-), net	-	-
Cancellation of Provision for Impairment	-	28,020
Depreciation (-)	(1,008)	(1,713)
Transfers, net ⁽²⁾	32,790	-
Current period end balance, Net ⁽¹⁾	201,999	170,217

⁽¹⁾ As of 30 June 2023, the fair value of the investment property owned by the Bank is TL 406,113.

⁽²⁾ Transferred from owner-occupied property to investment property.

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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 2023, the Bank calculated deferred tax liability amounting TL 892 and reflected this amount to the financial statements (31 December 2022 – TL 12,251 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.

	Current Period		Prior Period	
	Temporary Differences of Deferred Tax Base	Deferred Tax Amount	Temporary Differences of Deferred Tax Base	Deferred Tax Amount
Provision for employee benefits	1,036	311	2,410	603
Expected credit losses	75,956	22,787	70,362	17,591
Other provisions	3,200	960	9,274	2,319
Derivatives	-	-	3,164	791
Other	3,409	1,022	12,167	3,042
Deferred Tax Asset	83,601	25,080	97,377	24,346
Amortisation	(29,013)	(8,704)	(25,764)	(6,441)
Derivatives	(13)	(4)	-	-
Marketable Securities	(56,396)	(16,918)	(21,737)	(5,436)
Other	(1,152)	(346)	(870)	(218)
Deferred Tax Liability	(86,574)	(25,972)	(48,371)	(12,095)
Deferred Tax Asset/ (Liability), net	(2,973)	(892)	49,006	12,251

16. Information on assets held for resale and discontinued operations

None (31 December 2022 - None).

17. Information on other assets

As of 30 September 2023, other assets amount to TL 11,769 (31 December 2022- TL 19,607) and do not exceed 10% of total balance sheet except off balance sheet commitments.

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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

	Current Period		Prior Period	
	LC	FC	LC	FC
Forward transactions	-	-	10	2
Swap transactions	-	-	-	3,152
Futures transactions	-	-	-	-
Options transactions	-	-	-	-
Other	-	-	-	-
Total	-	-	10	3,154

3. Information on borrowings

a. Information on banks and other financial institutions

	Current Period		Prior Period	
	LC	FC	LC	FC
Borrowings from the CBRT	-	-	-	-
From domestic banks and institutions	400,723	87,110	250,148	209,850
From foreign banks, institutions and funds	57,973	3,370,931	164,165	2,139,041
Total	458,696	3,458,041	414,313	2,348,891

b. Information on maturity structure of borrowings

	Current Period		Prior Period	
	LC	FC	LC	FC
Short-term	458,696	1,940,660	414,313	1,267,647
Medium and long-term	-	1,517,381	-	1,081,244
Total	458,696	3,458,041	414,313	2,348,891

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, subordinated loans 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 2023, the Bank has money market borrowings amounting to TL 507,825 through repo transactions and TL 9,970 through Takasbank transactions (31 December 2022 – TL 231,243 through repo transactions and TL 81,725 through Takasbank transactions).

5. Securities Issued

	Current Period		Prior Period	
	LC	FC	LC	FC
Nominal	181,186	1,368,835	173,038	782,741
Cost	166,027	1,368,835	163,409	782,741
Book Value	178,571	1,370,523	170,065	783,758

The Bank netted off TL 33,814 (31 December 2022 – TL 18,956) nominal amount of its own debt securities issued which are acquired on its financial statements.

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6. Information on other liabilities

As of 30 September 2023, other liabilities amount to TL 746,823 (31 December 2022 - TL 154,770) of which TL 529,370 (31 December 2022 - TL 126,442) consists of cash guarantees and do not exceed 10% of total balance sheet.

7. Information on financial lease agreements

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	456	403	495	395
1 – 5 Years	210	200	523	481
Over 5 Years	-	-	-	-
Total	666	603	1,018	876

8. Information on hedging derivative financial liabilities

None (31 December 2022 - None).

9. Information on provisions

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

None (31 December 2022 - None).

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

As of 30 September 2023, the Bank has no specific provision (31 December 2022 – None) and TL 10,348 (31 December 2022 – TL 7,254) provision for expected credit loss to the financial statements.

Expected Credit Loss for Non-Cash Loans	Current Period	Prior Period
12 Months Expected Credit Loss	9,860	6,158
Significant Increase in Credit Risk	488	1,096
Total	10,348	7,254

c. Information on other provisions

i. Information on provisions for possible risks

None (31 December 2022 - None).

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

The Bank's total other provisions, excluding specific provisions for non-compensated and non-cash loans and expected loss provisions for non-cash loans, is TL 12,221 and consists of bonus/premium and litigation provision (31 December 2022 – TL 21,274 lawsuit and bonus/premium provision).

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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

	Current Period	Prior Period
Balance at the Beginning of the Period	721	255
Provisions Recognised During the Period	(341)	466
Balance at the end of the period	380	721

In addition, as of 30 September 2023, the Bank have unused vacation provision of TL 656 (31 December 2022 - TL 1,689).

10. Information on taxes payable:

a. Information on current year tax liability

i. Information on tax provision

The Bank recognized TL 22,251 as current tax liability as of 30 September 2023 (31 December 2022 - TL 16,989).

ii. Information on taxes payable

	Current Period	Prior Period
Corporate Tax Payable	22,251	16,989
Taxation on Marketable Securities	653	204
Property Tax	133	1
Banking Insurance Transaction Tax	1,479	2,036
Foreign Exchange Transaction Tax	58	35
Value Added Tax Payable	1,353	635
Other	1,837	1,112
Total	27,764	21,012

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iii. Information on premium payables

	Current Period	Prior Period
Social Security Premiums – Employee	539	295
Social Security Premiums – Employer	890	342
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	29	21
Unemployment Insurance – Employer	58	41
Other	-	-
Total	1,516	699

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 2022 - None).

13. Information on subordinated loan

	Current Period		Prior Period	
	LC	FC	LC	FC
To be included in the calculation of additional capital borrowing instruments	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	684,738	-	467,749
Subordinated loans	-	684,738	-	467,749
Subordinated debt instruments	-	-	-	-
Total	-	684,738	-	467,749

⁽¹⁾ Detailed explanations on subordinated loans are given in the section four "Information on instruments to be included in the equity calculation".

14. Information on shareholders' equity

a. Presentation of paid-in capital

	Current Period	Prior Period
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.

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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 2022 - None).

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 2022 - None).

h. Information on marketable securities value increase fund

	Current Period		Prior Period	
	LC	FC	LC	FC
From investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-
Revaluation difference	(4,685)	937	1,998	-
Foreign exchange difference	-	-	-	-
Total	(4,685)	937	1,998	-

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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

	Current Period	Prior Period
Forward asset purchase and sale commitments	9,759	24,786
Forward deposit purchase and sale commitments	-	373,966
Tax and fond liabilities from export commitment	-	-
Other irrevocable commitments	12,483	11,757
Total	22,242	410,509

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 2023, the Bank has no specific provision (31 December 2022 – None) and TL 10,348 (31 December 2022 – TL 7,254) 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

	Current Period	Prior Period
Letters of guarantee	743,971	542,886
Letters of credit	54,055	42,089
Bank acceptances	-	-
Other guarantees	255,445	200,202
Total	1,053,471	785,177

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

	Current Period	Prior Period
Final letters of guarantee	113,017	116,421
Provisional letters of guarantee	-	-
Letters of guarantee for advances	66,963	112,446
Letters of guarantee given to customs offices	144,081	96,857
Letter of guarantees given against cash loans	419,616	217,162
Other letter of guarantees	294	-
Total	743,971	542,886

c. Total amount of non-cash loans

	Current Period	Prior Period
Non-cash Loans Given against Cash Loans	675,061	417,364
With Original Maturity of 1 Year or Less Than 1 Year	75,488	182,120
With Original Maturity of More Than 1 Year	599,573	235,244
Other Non-cash Loans	378,410	367,813
Total	1,053,471	785,177

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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d. Information on the non-cash loans classified in Group I and Group II:

Current Period	I. Group		II. Group	
	LC	FC	LC	FC
Non-Cash Loans	485,988	561,475	6,008	-
Letters of Guarantee	483,488	254,475	6,008	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	54,055	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2,500	252,945	-	-

Prior Period	I. Group		II. Group	
	LC	FC	LC	FC
Non-Cash Loans	276,422	502,747	6,008	-
Letters of Guarantee	273,922	262,956	6,008	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	42,089	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2,500	197,702	-	-

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

	Current Period				Prior Period			
	LC	(%)	FC	(%)	LC	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	2,590	0.53	-	-	2,590	0.91	-	-
Mining	-	-	-	-	-	-	-	-
Production	1,817	0.37	-	-	1,817	0.64	-	-
Electric, Gas and Water	773	0.16	-	-	773	0.27	-	-
Construction	-	-	141,521	25.21	-	-	158,024	31.43
Services	489,406	99.47	419,954	74.79	279,823	99.08	344,723	68.57
Wholesale and Retail Trade	36,589	7.44	139,115	24.78	33,684	11.93	37,808	7.52
Hotel, Food and Beverage Services	250	0.05	-	-	929	0.33	-	-
Transportation and Telecommunication	4,000	0.81	58,061	10.34	4,000	1.42	39,870	7.93
Financial Institutions	448,567	91.17	164,626	29.31	241,210	85.40	226,038	44.96
Real Estate and Leasing Services	-	-	58,061	10.34	-	-	39,870	7.93
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	91	0.02	-	-	1,137	0.23
Other	-	-	-	-	17	0.01	-	-
Total	491,996	100.00	561,475	100.00	282,430	100.00	502,747	100.00

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2. Information on derivative transactions

	Current Period	Prior Period
Trading Derivative Financial Instruments		
Foreign Currency Transactions (I)	9,759	668,149
Forward Foreign Currency Buy/Sell Transactions ⁽¹⁾	9,759	24,786
Foreign Currency Swap-Buy-Sell Transactions	-	643,363
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 But-Sell	-	-
Other Trading Derivative Financial Instruments (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	9,759	668,149
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)	9,759	668,149

⁽¹⁾ Includes asset purchase and sale commitments

3. Information on credit derivatives and related imposed risks

None (31 December 2022 - None).

4. Information on Contingent Assets and Liabilities

As of 30 September 2023, the Bank booked the provision for its ongoing lawsuits amounting TL 200 to the financial statements (31 December 2022 - TL 200). 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.

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**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⁾

	Current Period		Prior Period	
	LC	FC	LC	FC
Short-term Loans	97,879	84,157	127,793	16,390
Medium/Long-term Loans	66,799	111,498	34,029	67,835
Interest on Loans Under Follow-up	348	-	1,936	55
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	165,026	195,655	163,758	84,280

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

b. Information on interest income on banks

	Current Period		Prior Period	
	LC	FC	LC	FC
From the CBRT ⁽¹⁾	-	8,731	657	-
From Domestic Banks	293	7,043	407	1,066
From Foreign Banks	-	1,764	217	37
Branches and Offices Abroad	-	-	-	-
Total	293	17,538	1,281	1,103

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

c. Information on interest income on marketable securities

	Current Period		Prior Period	
	LC	FC	LC	FC
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income	10,683	681	9,424	-
Financial assets measured at amortized cost	-	41,028	-	28,519
Total	10,683	41,709	9,424	28,519

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

None (30 September 2022 - None).

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

2. Information on interest expense

a. Information on interest expense⁽¹⁾

	Current Period		Prior Period	
	LC	FC	LC	FC
Banks	31,008	99,145	37,122	35,760
The Central Bank of Turkey	-	-	-	-
Domestic Banks	22,311	1,621	8,872	118
Foreign Banks	8,697	97,524	28,250	35,642
Branches and offices abroad	-	-	-	-
Other Institutions⁽²⁾	-	25,904	-	219
Total	31,008	125,049	37,122	35,979

⁽¹⁾ Commission expense for borrowings are also included.

⁽²⁾ Includes subordinated loans expense.

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

None (30 September 2022 - None).

c. Interest expense on issued marketable securities

	Current Period		Prior Period	
	LC	FC	LC	FC
Interest expense on securities issued	22,156	33,248	16,437	30,108

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 2022 - None).

4. Information on trading income/loss (Net)

	Current Period	Prior Period
Income	1,462,037	1,176,974
Profit on trading account securities	20,953	7,716
Profit on derivative financial transactions ⁽¹⁾	244	61,925
Foreign exchange gains	1,440,840	1,107,333
Loss (-)	(1,401,908)	(1,136,545)
Losses on trading account securities	(13,308)	-
Losses on derivative financial transactions ⁽¹⁾	(1,069)	(21,267)
Foreign exchange losses	(1,387,531)	(1,115,278)
Net Trading Income/Loss	60,129	40,429

⁽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.

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

5. Information on other operating income

Other operating income includes TL 38,587 reversal of prior year specific and expected loss provision and there is no income regarding extraordinary accounts (30 September 2022 – TL 12,512 special provision and expected loss provision reversal and TL 42,173 building impairment reversal).

6. Provision expenses related to loans and other receivables

	Current Period	Prior Period
Expected Credit Loss⁽¹⁾	42,291	28,692
12 Month Expected Credit Loss (Stage 1)	25,517	28,692
Significant increase in credit risk (Stage 2)	16,774	-
Non-Performing Loans (Stage 3)	-	-
Marketable Securities Impairment Provision	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
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⁾	42,291	28,692

⁽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 3,704 (30 September 2022 – TL 5,124 net provision expense).

7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits ⁽¹⁾	-	773
Bank social aid fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	3,699	3,896
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	4,055	2,531
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	29,753	15,231
Leasing expenses related to TFRS 16 exemptions	8	13
Maintenance expenses	5,515	3,702
Advertisement expenses	1,471	592
Other expenses	22,759	10,924
Loss on sales of assets	14	8
Other	15,028	5,818
Total	52,549	28,257

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

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

Profit before tax consists of net interest income/expense amounting to TL 221,329, net commission fee income amounting to TL 86,115, trading gain/loss amounting to TL 60,129, other operating income amounting to TL 45,124, provision for loan losses and other receivables amounting to TL 42,291 and other operating expenses including personnel expenses amounting to TL 120,241.

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

For the period ended 30 September 2023 the Bank has current tax expense TL 58,687 (30 September 2022 - TL 45,868) and the Bank has deferred tax expense amounting to TL 23,273 and deferred tax income amounting to TL 7,858 (30 September 2022 - TL 14,939 deferred tax expense and TL 17,269 deferred tax income).

As of 30 September 2023, 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 176,063 (30 September 2022 - TL 151,101 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 2022 - 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

	Current Period	Prior Period
Other	-	-
Other Interest Income	-	-
Interest on funds borrowed / funds and cash collateral	(10,762)	(14,119)
Other	-	(2)
Other Interest Expenses	(10,762)	(14,121)
Money transfer commissions	7,069	33,023
From asset backed securities funds	2,711	6,630
From cheques, notes operations	23,059	163
Other	48,871	4,799
Other Commission Income	81,710	44,615
Given to correspondent banks	(2,173)	(3,176)
Asset backed securities funds services	(1,898)	(4,640)
Other	(974)	(453)
Other Commission Expenses	(5,045)	(8,269)

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**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 2023, the Bank has booked TL 3,748 decrease (30 September 2022 – TL 3,301 increase) 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 16 March 2023, TL 203,873 prior year's income has been transferred to legal reserves.

3. Information on distribution of profit

No profit distribution has been made as of the balance sheet date, and no dividend has been declared after the balance sheet date.

4. Information on capital increase:

None.

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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

	Current Period	Prior Period
Cash	1,168,324	408,375
Cash and Foreign Currency Cash	76	26
Turkish Central Bank	1,168,248	408,349
Other	-	-
Cash Equivalents	793,011	696,940
Banks	793,011	696,940
Interbank Money Market Placements	-	-
Total Cash and Cash Equivalents	1,961,335	1,105,315
Collateral amounts on cash and cash equivalents	(105,012)	(300,593)
Interest income rediscounts on cash and cash equivalents	(1,370)	(34)
Cash equivalents with a maturity longer than three months	-	-
Restricted reserve deposits	(852,169)	(371,148)
Cash Flow Statements Cash and Cash Equivalents	1,002,784	433,540

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 42,758 (30 September 2022 - TL 22,655) 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 1,400 (30 September 2022- TL 266) 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 302,126 (30 September 2022 – TL 716,450) 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 120,067 (30 September 2022 – TL 102,546 increase).

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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	-	-	-	109,320	408,311	117,818
End of the Period	-	-	-	67,088	451,063	72,854
Interest and Commission Income Received	-	-	-	1,461	20,166	1,284

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	-	-	-	187,981	464,149	268
End of the Period	-	-	-	109,320	408,311	117,818
Interest and Commission Income Received	-	-	-	786	18,286	4

TL 260,033 cash loan that was granted as a counter-guarantee of Parent Bank (31 December 2022 – TL 174,117).

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	-	-	-	-	-	-
Total Income/Loss	-	-	121	97	231	461
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

d. Information on key management compensation

For the period ended 30 September 2023, total benefits paid key management amounts to TL 22,560 (30 September 2022 - TL 9,776).

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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	761	793,011	0.1	1,698	1,270,396	0.1
Cash loans and receivables from leasing transactions	451,063	5,359,004	8.4	582,428	3,638,093	16.0
Marketable Securities	28,264	1,024,747	2.8	26,672	562,018	4.7
Loans received	683,627	3,916,737	17.5	32,476	2,763,204	1.2
Money market funds	161,717	517,795	31.2	104,128	312,968	33.3
Marketable securities issued	1,200,284	1,549,094	77.5	603,557	953,823	63.3
Funds / Other Liabilities	34,159	870,752	3.9	191,069	785,660	24.3
Subordinated Loans	684,738	684,738	100.0	467,749	467,749	100.0
Non-Cash loans	139,942	1,053,471	13.3	227,138	785,177	28.9
Derivatives ⁽¹⁾	-	9,759	-	-	668,149	-

⁽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 2,977 (30 September 2022 - TL 1,964) due to the investment property that the Bank has leased to its risk group and the Bank's operating expense includes TL 2,798 (30 September 2022 - TL 1,614) 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	62			
			Country of incorporation		
Foreign representation	-	-	-		
				Total assets	Statutory share capital
Foreign branch	-	-	-	-	-
Off-share banking region branches	-	-	-	-	-

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK

a. Explanations on ratings of the Bank

JCR Eurasia Rating	September 2023
National Long Term (tur)	A+ Outlook:Stable
International Long Term Foreign Currency	BB Outlook:Negative

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

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., assigned PASHA Bank an overall compliance score of (9.39) with CMB Corporate Governance Principles on 28 August 2023.

II. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S INTERIM REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S INTERIM REPORT

The unconsolidated financial statements for the period ended 30 September 2023 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ. The auditor’s review report dated 16 October 2023 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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**SECTION EIGHT
INFORMATION ON INTERIM ACTIVITY REPORT**

**I. INTERIM ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND
CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES**

Chairman's Message

Esteemed Stakeholders,

We were deeply sorry to see the news of earthquakes in Türkiye on Feb 6, which is one of the worst disasters of the century. Unfortunately, more than 50,000 lives were lost, buildings and infrastructure experienced significant damages. We hope that Türkiye will recover soon and the reconstruction of the affected regions will be realized rapidly. According to the estimates, the region's share in the economy (GDP) and financial sector (deposits and credits) is less than 10%. Thus, the impact on the economy is expected to result in a mild slowdown firstly, then contributing to growth driven by the reconstruction activities. Global economic conditions remain challenging on the back of the on-going Russia-Ukraine war, worsening geopolitical confrontation, and interest rate hikes by central banks in major economies to tame inflation. Moreover, deposit runs in some banks in US raised questions regarding financial stability on a global scale. Despite these challenges, recent macroeconomic data show that Türkiye is able to manage economic implications of the shocks from the external situation. The diplomatic efforts of the government and the adjustments in banking regulation helped to maintain the macro-financial stability. Driven by domestic demand on the expenditures side and services sector on the production side the Turkish economy grew by 3.8% in the second quarter of 2023. The domestic demand continued to support economic growth following a similar tendency of the previous year, while foreign demand slowdown persisted into 2023. In this regard, it is worth to mention that last policy measures by the Government, returning to conventional economic policies, interest rate hike by Central Bank and simplification of the micro- and macroprudential framework is quite adequate which ultimately aims to tame inflation, decrease the volatility and depreciation pace of the foreign exchange rate.

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 compared to year end has increased by 42% and approaching TL 20 trillion. A similar trend applies to the credit portfolio. Total credits of the industry reached TL 10,450 billion with 38% 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. In general, continuous investment onto strengthening of internal capabilities, starting from building core competencies for managing business to increasing human capital potential of the Bank, has already demonstrated its strategic return in the form of capable navigation through the stressful times. As a result, total assets of the Bank increased by 39% to reach TL 8,580 million at the end of September 2023. Our gross cash loan and leasing receivables portfolio, comprising 62% of total assets, reached TL 5,359 million with a 47% 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 quick revisit of the loan portfolio due to the on-going war, and run of the relevant stress-testing process have also expanded the ability of the bank managing credit risks in a proper way. Regarding the latter, It has become more crucial how the Bank formulates its baseline scenario, and also how risk triggers are embedded into stress scenario framework, which ultimately end up with proper scenario formulation, advanced measurement and preparation of mitigation plan.

We entered to the last business year of the 2023 strategic period. 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. It is worth to mention that strategically it has become very important to leverage on synergy opportunities in the Group, since it is quite big and operations are going beyond countries and sectors, which in the end provides potential business opportunities.

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PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

(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, 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. About the real estate initiative, the Bank already introduced mortgage product in the 1st quarter of 2022 within the entire Group. Considering positive interest the team is working with relevant stakeholders to scale it up in the coming period. In addition to diversifying its funding side, the strategic 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. It is worth to mention that the operational agility of the Bank yields its return even in the core operations. Of course, we totally understand that agility may require us to invest in operational systems which in the end provide system availability, from other hand accelerate transformation towards digitalization. It is the reason that the Bank has some strategic projects in this regard. Infrastructure enhancement for digitalization and new platforms, and advanced information security for digitalization are among them.

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 Türkiye, 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.

We have started to work on the formulation of the 2024-26 period strategy in order to ensure the Bank adopts to the constantly evolving economic landscape and rapid transformation in the financial sector driven by innovations in technology and business processes. In this regard, shareholder aspirations have been determined constituting the backbone of the strategy, the macroeconomic projections have been formulated for baseline, downside and upside scenarios, while the determination of risk boundaries is on-going. The strategy formulation process is mainly conducted by the Bank's own resources, while experienced consultants' advices are also involved into the process. The process is planned to be finalized during the third quarter of the year and approved by the relevant decision-making bodies of the Bank until the end of the current year.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

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Message by the General Manager

Esteemed stakeholders,

During the third quarter of the year, the CBRT's gradual increase in the policy rate from 15% to 30% within the scope of the fight against inflation was perceived positively in the markets. Credit rating agencies also made improvements with regards to Turkey's outlook. The global economy continued to be shaped by the interest steps of major central banks across the world throughout the third quarter of the year. Within the scope of the fight against inflation, the US Central Bank continued to raise the interest rates and increased the policy interest to 5.25 – 5.50%. While giving signals regarding the continuance of the interest rate hikes in the following period, the European Central Bank increased the policy rate to 4.00 – 4.50% as well.

As PASHA Bank, our profit reached TL 176 million as of the end of the third quarter of 2023. We increased our asset size to TL 8,580 million. Our total cash and non-cash loan size, including receivables from leasing transactions, reached TL 6,412 million, while TL 5,359 million of this amount consists of cash loans and receivables from leasing transactions.

Positive feedbacks are received from rating agencies in favour of our bank in this period. While the credit rating agency JCR Eurasia increased our bank's Long-Term National Issuer Credit Rating from A(tr) to A+(tr) level, SAHA Rating revised its Corporate Governance Rating Score upside and determined it as 9.39.

Our expectation is that the Turkish economy will continue to grow in the 4.00-4.50% band this year. In the last quarter of the year, the steps to be taken by the CBRT within the scope of the fight against inflation will be carefully monitored. I wish that the following period will be positive for the Turkish economy and our banking sector.

Sincerely Yours,

H. Cenk EYNEHAN
CEO and Board Member

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

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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

	30 September 2023	31 December 2022
Cash and cash equivalents	1,957,743	1,719,212
Financial assets at fair value through profit or loss	76,301	41,168
Financial assets at fair value through other comprehensive income	94,413	64,216
Derivative financial assets	13	-
Loans	4,521,893	3,379,137
Receivables from leasing transactions	837,111	258,956
Financial assets measured at amortized cost	854,033	456,634
Allowance for expected credit losses (-)	(75,803)	(77,731)
Tangible assets (Net)	82,227	100,528
Intangible assets and goodwill (Net)	17,877	11,648
Investment properties (Net)	201,999	170,217
Current tax assets	-	12
Deferred tax assets	-	12,251
Other assets	11,769	19,607
TOTAL ASSETS	8,579,576	6,155,855

	30 September 2023	31 December 2022
Loans received	3,916,737	2,763,204
Money market fundings	517,795	312,968
Marketable securities issued (Net)	1,549,094	953,823
Funds	123,930	630,890
Derivative financial liabilities	-	3,164
Lease payables (Net)	603	876
Provisions	23,605	30,938
Current tax liabilities	29,280	21,711
Deferred tax liabilities	892	-
Other liabilities	746,823	154,770
Subordinated Loans	684,738	467,749
Shareholders' equity	986,079	815,762
TOTAL EQUITY AND LIABILITIES	8,579,576	6,155,855

The Bank has completed first nine months of 2023 with a profit figure of TL 176,029 according to unconsolidated results. Total unconsolidated assets of the Bank are TL 8,579,576 with an 39% increase compared to 2022 year-end.

The gross loan and lease receivables are TL 5,359,004 increasing at a ratio of 47% compared to year end of 2022 and the share of loans and leasing receivables in total assets is 62%.

The unconsolidated capital adequacy ratio of the Bank is 22.16% as of 30 September 2023.

The bank has a strong financial structure thanks to its strong capital and asset quality.

C. EXPECTATIONS OF PASHA BANK REGARDING YEAR OF 2023

The Bank expects the Turkish economy to continue its growth by 4.00%-4.50% in 2023.