

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT, ORIGINALLY ISSUED IN TURKISH

PASHA YATIRIM BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS TOGETHER WITH
AUDIT REPORT AT 31 DECEMBER 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 Auditors' Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Pasha Yatırım Bank Anonim Şirketi

A) Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of Pasha Bank Anonim Şirketi ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2023 and the unconsolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity, cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Pasha Bank Anonim Şirketi as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Board Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis For Opinion

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



Key Audit Matters

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

Impairment of loans measured at amortised cost

Refer to Section III, No: VII to the unconsolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

Key audit matter	How the matter is addressed in our audit
<p>As of 31 December 2023, loans measured at amortized cost comprise 45% of the Bank's total assets.</p> <p>The Bank recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>The Bank applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.</p> <p>The significant assumptions and estimates of the Bank's management are as follows:</p> <ul style="list-style-type: none"> • significant increase in credit risk • incorporating the forward-looking macroeconomic information in calculation of credit risk • design and implementation of expected credit loss model <p>The determination of the impairment of loans measured at amortized cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortized cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the market value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward-looking expectations are reflected by macroeconomic models.</p>	<p>Our procedures for auditing the expected credit losses on loans include below:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. • We evaluated the Banks's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialist. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. • For the expected credit loss calculations for individually assessed loans, we evaluated the accuracy of the loss allowances by including prospective cash flow information and collateral values. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments, which are used in determining the significant increase in credit risk.



<p>The impairment calculation for loans has been identified as a key audit matter, as it has a complex structure and includes significant estimations and assumptions made by the management.</p>	<ul style="list-style-type: none">• We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.
---	---

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2022 was audited by another auditor who expressed a unqualified opinion and unqualified conclusion on those financial statements on 13 February 2023.

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

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

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

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

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code (“TCC”) numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities for the period 1 January - 31 December 2023 are not in compliance with TCC and provisions of the Bank’s articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Alper Güvenç, SMMM

Partner

19 February 2024

İstanbul, Turkey



**THE YEAR-END UNCONSOLIDATED FINANCIAL REPORT OF
PASHA YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2023**

Address of the Bank's Headquarters

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

Telephone of the Bank

(0 212) 705 89 00

Fax of the Bank

(0 212) 345 07 12

Web site of the Bank

www.pashabank.com.tr

E-mail for correspondence

info@pashabank.com.tr

The unconsolidated year-end 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. Independent Auditor's Report

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

Jalal GASIMOV

Chairperson of
Board of Directors

Furkan EVRANOS

Chairperson of
Audit Committee

Kamala 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

INDEX

PAGE

SECTION ONE GENERAL INFORMATION

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

SECTION TWO UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Balance sheet.....	4
II.	Off-balance sheet.....	6
III.	Statement of income (Profit and loss)	7
IV.	Statement of profit or loss and other comprehensive income	8
V.	Statement of changes in shareholders' equity.....	9
VI.	Statement of cash flows.....	10
VII.	Statement of profit distribution.....	11

SECTION THREE EXPLANATIONS ON ACCOUNTING POLICIES

I.	Basis of presentation	12
II.	Explanations on strategy of using financial instruments and foreign currency transactions.....	13
III.	Explanations on forward transactions, options and derivative instruments	13
IV.	Explanations on interest income and expense	14
V.	Explanations on fee and commission income and expense	14
VI.	Explanations on financial assets	14
VII.	Explanations on expected credit loss	16
VIII.	Explanations on offsetting financial assets.....	18
IX.	Explanations on sales and repurchase agreements and securities lending transactions	18
X.	Explanations on assets held for resale and fixed assets from discontinued operations and liabilities related with these assets	19
XI.	Explanations on goodwill and other intangible assets	19
XII.	Explanations on property and equipment	19
XIII.	Explanations on investment properties.....	20
XIV.	Explanations on leasing transactions	20
XV.	Explanations on provisions and contingent commitments.....	21
XVI.	Explanations on obligations related to employee rights	21
XVII.	Explanations on taxation	21
XVIII.	Explanations on borrowings	24
XIX.	Explanations on issuance of share certificates.....	25
XX.	Explanations on avalized drafts and acceptances	25
XXI.	Explanations on government incentives	25
XXII.	Explanations on profit reserves and profit distribution.....	25
XXIII.	Explanations on earnings per share	25
XXIV.	Explanations on cash and cash equivalents	26
XXV.	Explanations on segment reporting	26
XXVI.	Reclassifications.....	26
XXVII.	Explanations on other matters	26

SECTION FOUR

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I.	Information about shareholders' equity items	27
II.	Explanations on credit risk	31
III.	Explanations on currency risk	40
IV.	Explanations on interest rate risk.....	42
V.	Explanations on equity position risk.....	45
VI.	Explanations on liquidity risk and liquidity coverage ratio	45
VII.	Explanations on leverage ratio	52
VIII.	Explanations on the risk management	53
IX.	Explanations on presentation of financial assets and liabilities at fair value.....	70
X.	Explanations on the activities carried out on behalf of and account of other persons.....	71
XI.	Explanations on operating segments	72

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Explanations and notes related to assets	73
II.	Explanations and notes related to liabilities.....	87
III.	Explanations and notes related to off-balance sheet accounts	92
IV.	Explanations and notes related to income statement	95
V.	Explanations and notes related to statement of changes in the shareholders' equity	100
VI.	Explanations and notes related to statement of cash flows	101
VII.	Explanations and notes related to Bank's risk group	102
VIII.	Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the bank.....	103

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I.	Other explanations related to operations of the Bank	104
II.	Explanations and notes related to subsequent events.....	104

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S INTERIM REPORT

I.	Explanations on interim auditor's report	104
II.	Explanations and notes prepared by independent auditor.....	104

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

PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 - 31 December 2023
Address of the Bank’s Headquarters	Eski Büyükdere Caddesi Hümeyra Sokak No:2 PASHA Plaza, Kat:5 34415 Kağıthane, İstanbul
Telephone	(0 212) 705 89 00
Fax	(0 212) 345 07 12
Website	www.pashabank.com.tr
E-mail	info@pashabank.com.tr

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

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

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

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

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

The Bank’s Articles of Association had been amended by the resolution of the Extraordinary General Assembly, dated 18 May 2018 and registered by the Trade Registry Directorate of Istanbul 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.

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

PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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. The application was approved by the Banking Regulation and Supervision Authority (“BRSA”) with its decision numbered 10761 dated 26.12.2023.

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 31 December 2023, is stated below:

Name Surname/Commercial Title	Capital	%
PASHA Holding LLC	358,748	71.75%
PASHA Bank OJSC	141,046	28.21%
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 31 December 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 31 December 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	Postgraduate	-
Independent Board Member	Nuri Tuncalı	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.

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

PASHA YATIRIM BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 31 December 2023, is stated below;

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital (nominal)	Unpaid portion
Leyla Aliyeva	181,785	36.41%	181,785	-
Arzu Aliyeva	181,785	36.41%	181,785	-
Arif Pashayev	84,769	16.95%	84,769	-
Mir Jamal Pashayev	50,950	10.19%	50,950	-

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

The Bank operates as an investment bank and as of 31 December 2023 and the Bank has 54 employees (31 December 2022 - 57). The Bank has been operating through its Head Office in Istanbul only as of 31 December 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 31 DECEMBER 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 31/12/2023			Prior Period 31/12/2022		
			LC	FC	Total	LC	FC	Total
I.	FINANCIAL ASSETS (Net)		596,557	2,178,084	2,774,641	102,079	1,722,517	1,824,596
1.1	Cash and cash equivalents		465,828	2,075,044	2,540,872	43,673	1,675,539	1,719,212
1.1.1	Cash and balances at Central Bank	(5.1.1)	10,700	1,621,972	1,632,672	41,419	409,341	450,760
1.1.2	Banks	(5.1.3)	4,373	456,766	461,139	4,198	1,266,198	1,270,396
1.1.3	Receivables from money markets		451,585	-	451,585	-	-	-
1.1.4	Allowance for expected credit losses (-)		(830)	(3,694)	(4,524)	(1,944)	-	(1,944)
1.2	Financial assets at fair value through profit or loss	(5.1.2)	5,005	85,598	90,603	3,602	37,566	41,168
1.2.1	Public debt securities		-	-	-	-	-	-
1.2.2	Equity instruments		-	85,598	85,598	-	37,566	37,566
1.2.3	Other financial assets		5,005	-	5,005	3,602	-	3,602
1.3	Financial assets at fair value through other comprehensive income	(5.1.4)	125,685	16,243	141,928	54,804	9,412	64,216
1.3.1	Public debt securities		96,271	-	96,271	35,735	-	35,735
1.3.2	Equity instruments		7,659	-	7,659	7,659	-	7,659
1.3.3	Other financial assets		21,755	16,243	37,998	11,410	9,412	20,822
1.4	Derivative financial assets		39	1,199	1,238	-	-	-
1.4.1	Derivative financial assets at fair value through profit or loss	(5.1.2)	39	1,199	1,238	-	-	-
1.4.2	Derivative financial assets at fair value through other comprehensive income	(5.1.11)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1,296,142	5,218,937	6,515,079	1,159,655	2,857,341	4,016,996
2.1	Loans	(5.1.5)	913,805	3,604,362	4,518,167	1,096,988	2,282,149	3,379,137
2.2	Receivables from leasing transactions	(5.1.10)	416,375	707,500	1,123,875	140,398	118,558	258,956
2.3	Factoring receivables		-	-	-	-	-	-
2.4	Financial assets measured at amortised cost	(5.1.6)	-	948,264	948,264	-	456,634	456,634
2.4.1	Public debt securities		-	515,967	515,967	-	324,054	324,054
2.4.2	Other financial assets		-	432,297	432,297	-	132,580	132,580
2.5	Allowance for expected credit losses (-)	(5.1.5)	(34,038)	(41,189)	(75,227)	(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)	81,455	-	81,455	100,528	-	100,528
VI.	INTANGIBLE ASSETS AND GOODWILL (Net)	(5.1.13)	19,762	-	19,762	11,648	-	11,648
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		19,762	-	19,762	11,648	-	11,648
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14)	201,660	-	201,660	170,217	-	170,217
VIII.	CURRENT TAX ASSETS		4,441	-	4,441	12	-	12
IX.	DEFERRED TAX ASSETS	(5.1.15)	292,532	-	292,532	12,251	-	12,251
X.	OTHER ASSETS (Net)	(5.1.17)	20,602	-	20,602	19,523	84	19,607
	TOTAL ASSETS		2,513,151	7,397,021	9,910,172	1,575,913	4,579,942	6,155,855

The accompanying notes are an integral part of these financial statements

**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 31 DECEMBER 2023

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	EQUITY AND LIABILITIES	Note	Current Period 31/12/2023			Prior Period 31/12/2022		
			LC	FC	Total	LC	FC	Total
I.	DEPOSITS	(5.2.1)	-	-	-	-	-	-
II.	LOANS RECEIVED	(5.2.3)	710,650	4,003,174	4,713,824	414,313	2,348,891	2,763,204
III.	MONEY MARKET FUNDS	(5.2.4)	535,997	539,125	1,075,122	110,215	202,753	312,968
IV.	MARKETABLE SECURITIES ISSUED (Net)	(5.2.5)	150,849	737,105	887,954	170,065	783,758	953,823
4.1	Bills		150,849	-	150,849	170,065	-	170,065
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	737,105	737,105	-	783,758	783,758
V.	FUNDS		6,080	436,671	442,751	35,294	595,596	630,890
5.1	Borrower funds		4,101	74,200	78,301	34,847	415,218	450,065
5.2	Other		1,979	362,471	364,450	447	180,378	180,825
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		30	-	30	10	3,154	3,164
7.1	Derivative financial liabilities at fair value through profit or loss	(5.2.2)	30	-	30	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)	485	-	485	876	-	876
X.	PROVISIONS	(5.2.9)	35,019	5,139	40,158	30,864	74	30,938
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		1,888	-	1,888	2,410	-	2,410
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		33,131	5,139	38,270	28,454	74	28,528
XI.	CURRENT TAX LIABILITIES	(5.2.10)	31,639	-	31,639	21,711	-	21,711
XII.	DEFERRED TAX LIABILITIES	(5.2.11)	-	-	-	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.2.12)	-	-	-	-	-	-
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT	(5.2.13)	-	736,414	736,414	-	467,749	467,749
14.1	Loans		-	736,414	736,414	-	467,749	467,749
14.2	Other debt instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(5.2.6)	43,927	609,664	653,591	59,868	94,902	154,770
XVI.	SHAREHOLDERS' EQUITY	(5.2.14)	1,326,585	1,619	1,328,204	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		(12,181)	1,619	(10,562)	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		525,002	-	525,002	203,873	-	203,873
16.6.1	Prior years' profits or losses		-	-	-	-	-	-
16.6.2	Current period net profit or loss		525,002	-	525,002	203,873	-	203,873
	TOTAL EQUITY AND LIABILITIES		2,841,261	7,068,911	9,910,172	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
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

II. OFF-BALANCE SHEET

	Note	Current Period 31/12/2023			Prior Period 31/12/2022		
		LC	FC	Total	LC	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS							
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		681,977	1,273,387	1,955,364	295,257	1,543,792	1,839,049
I. GUARANTEES AND WARRANTIES	(5.3.1)	511,816	640,510	1,152,326	282,430	502,747	785,177
1.1. Letters of Guarantee		509,316	286,681	795,997	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		509,316	286,681	795,997	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		-	42,708	42,708	-	42,089	42,089
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	42,708	42,708	-	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	311,121	313,621	2,500	197,702	200,202
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1)	170,161	178,021	348,182	12,827	397,682	410,509
2.1. Irrevocable Commitments		170,161	178,021	348,182	12,827	397,682	410,509
2.1.1. Asset Purchase and Sales Commitments		170,161	169,878	340,039	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		-	8,143	8,143	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)	-	454,856	454,856	-	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		-	454,856	454,856	-	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		-	454,856	454,856	-	643,363	643,363
3.2.2.1. Foreign Currency Swap-Buy		-	228,017	228,017	-	320,418	320,418
3.2.2.2. Foreign Currency Swap-Sell		-	226,839	226,839	-	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)		3,501,313	5,772,343	9,273,656	3,043,671	3,776,031	6,819,702
IV. ITEMS HELD IN CUSTODY		144,545	830,650	975,195	81,193	329,373	410,566
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		62,422	830,650	893,072	48,503	329,373	377,876
4.3. Cheques Received for Collection		82,123	-	82,123	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		3,353,418	4,528,515	7,881,933	2,959,552	3,162,299	6,121,851
5.1. Marketable Securities		128,365	-	128,365	124,233	-	124,233
5.2. Guarantee Notes		789,327	342,170	1,131,497	480,894	536,216	1,017,110
5.3. Commodity		613,988	398,226	1,012,214	459,224	243,710	702,934
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		727,942	532,172	1,260,114	714,242	299,185	1,013,427
5.6. Other Pledged Items		1,093,796	3,255,947	4,349,743	1,180,959	2,083,188	3,264,147
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		3,350	413,178	416,528	2,926	284,359	287,285
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		4,183,290	7,045,730	11,229,020	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
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

III. STATEMENT OF PROFIT OR LOSS

	INCOME STATEMENT	Note	Current Period 31/12/2023	Prior Period 31/12/2022
I.	INTEREST INCOME	(5.4.1)	767,504	454,306
1.1	Interest on Loans		530,024	366,846
1.2	Interest Received From Reserve Deposits		17,834	657
1.3	Interest Received From Banks		12,804	3,585
1.4	Interest Received From Money Market Transactions		2,713	426
1.5	Interest Received From Marketable Securities Portfolio		84,291	50,221
1.5.1	Financial assets at fair value through profit or loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		24,225	11,899
1.5.3	Financial Assets Measured at Amortised Cost		60,066	38,322
1.6	Finance Lease Income		119,575	32,571
1.7	Other Interest Income		263	-
II.	INTEREST EXPENSES (-)	(5.4.2)	431,590	229,979
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		258,289	108,947
2.3	Interest on Money Market Transactions		73,362	38,293
2.4	Interest on Securities Issued		85,126	64,955
2.5	Finance Lease Expense		130	126
2.6	Other Interest Expenses	(5.4.12)	14,683	17,658
III.	NET INTEREST INCOME/EXPENSE (I - II)		335,914	224,327
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		98,906	50,434
4.1	Fees and Commissions Received		113,154	61,835
4.1.1	Non-cash loans		15,008	7,034
4.1.2	Other	(5.4.12)	98,146	54,801
4.2	Fees and Commissions Paid (-)		14,248	11,401
4.2.1	Non-Cash Loans		4,197	515
4.2.2	Other	(5.4.12)	10,051	10,886
V.	DIVIDEND INCOME	(5.4.3)	275	-
VI.	TRADING PROFIT/LOSS (Net)	(5.4.4)	83,964	50,619
6.1	Profit/Losses From Capital Market Transactions		10,316	9,663
6.2	Profit/Losses From Derivative Financial Transactions		3,069	16,250
6.3	Foreign Exchange Profit/Losses		70,579	24,706
VII.	OTHER OPERATING INCOME	(5.4.5)	49,094	58,668
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		568,153	384,048
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.4.6)	45,691	17,567
X.	OTHER PROVISION EXPENSES (-)	(5.4.6)	-	100
XI.	PERSONNEL EXPENSES (-)		109,797	56,264
XII.	OTHER OPERATING EXPENSES (-)	(5.4.7)	81,744	44,012
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-XI-XII)		330,921	266,105
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)	330,921	266,105
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.4.9)	(194,081)	62,232
18.1	Current Tax Provision		81,007	62,857
18.2	Expense Effect Of Deferred Tax (+)		31,934	15,871
18.3	Income Effect Of Deferred Tax (-)		307,022	16,496
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII+XVIII)	(5.4.10)	525,002	203,873
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)	525,002	203,873
	Profit/Loss Per Share (Expressed in exact TL)		1.0500	0.4077

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

**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 31 DECEMBER 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 31/12/2023	Prior Period 31/12/2022
I.	PROFIT (LOSS)	525,002	203,873
II.	OTHER COMPREHENSIVE INCOME	(12,560)	4,909
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	(12,560)	4,909
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	(17,752)	6,303
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	5,192	(1,394)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	512,442	208,782

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

**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 31 DECEMBER 2023**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

	Note	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
						1	2	3	4	5	6				
Prior Period 01/01/2022 – 31/12/2022															
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)	-	-	-	-	-	-	-	-	4,909	-	-	-	203,873	208,782
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	-	-	-	-	-	-	-	1,998	-	109,891	-	203,873	815,762
Current Period 01/01/2023 – 31/12/2023															
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)	-	-	-	-	-	-	-	-	(12,560)	-	-	-	525,002	512,442
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	-	-	-	-	-	-	-	(10,562)	-	313,764	-	525,002	1,328,204

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.

**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 31 DECEMBER 2023**

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

VI. STATEMENT OF CASH FLOWS

	Note	Current Period 31/12/2023	Prior Period 31/12/2022
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	171,172	150,723
1.1.1	Interest received	718,907	372,642
1.1.2	Interest paid	(388,255)	(216,457)
1.1.3	Dividend received	275	-
1.1.4	Fees and commissions received	89,984	59,001
1.1.5	Other income	2,711	45,847
1.1.6	Collections from previously written-off loans and other receivables	245	20,748
1.1.7	Payments to personnel and service suppliers	(100,949)	(41,829)
1.1.8	Taxes paid	(75,676)	(50,834)
1.1.9	Other	(76,070)	(38,395)
	(5.6.2)		
1.2	Changes in Operating Assets and Liabilities	1,198,868	655,210
1.2.1	Net increase (decrease) in financial assets at fair value through profit or loss	(7,126)	(8,804)
1.2.2	Net increase (decrease) in due from banks	141,693	(256,778)
1.2.3	Net increase (decrease) in loans	(405,096)	(569,097)
1.2.4	Net increase (decrease) in other assets	(5,085)	(126)
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	391,921	728,469
1.2.9	Net Increase (decrease) in matured payables	-	-
1.2.10	Net Increase (decrease) in other liabilities	1,082,561	761,546
	(5.6.2)		
I.	Net Cash Provided from Banking Operations	1,370,040	805,933
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from / (Paid For) Investing Activities	(274,996)	54,428
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	(31,234)	(8,393)
2.4	Cash obtained from the sale of tangible and intangible asset	30	40
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income	(484,824)	(458,617)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income	409,630	452,863
2.7	Cash paid for the purchase of financial assets at amortised cost	(209,092)	(211,638)
2.8	Cash obtained from sale of financial assets at amortised cost	40,494	280,173
2.9	Other	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	(591,076)	(144,663)
3.1	Cash obtained from funds borrowed and securities issued	754,081	2,170,687
3.2	Cash used for repayment of funds borrowed and securities issued	(1,344,619)	(2,314,935)
3.3	Equity instruments issued	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance lease liabilities	(538)	(415)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	157,131	119,763
	(5.6.2)		
V.	Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)	661,099	835,461
VI.	Cash and Cash Equivalents at the Beginning of the Period	1,009,883	174,422
	(5.6.1)		
VII.	Cash and Cash Equivalents at the End of the Period (V+VI)	1,670,982	1,009,883
	(5.6.1)		

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

**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 31 DECEMBER 2023

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

VII. PROFIT DISTRIBUTION STATEMENT

		Current Period 31/12/2023 ¹	Prior Period 31/12/2022
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	330,921	266,105
1.2	TAXES AND DUTIES PAYABLE (-)	194,081	(62,232)
1.2.1	Corporate Tax (Income tax)	(81,007)	(62,857)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties ²	275,088	625
A.	NET INCOME FOR THE YEAR (1.1-1.2)	525,002	203,873
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(10,194)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	525,002	193,679
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	193,679
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES	-	-
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and (loss) sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE	-	-
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE	-	-
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

¹⁾ As of financial statements preparation date, Bank's General Shareholders Meeting have not yet been made, hence no decision has been taken on profit distribution.

²⁾ Deferred tax income/expense shown in other taxes and duties not subject to profit appropriation.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. BASIS OF PRESENTATION

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

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

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

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

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

At 23 November 2023, POA announced that, entities reporting under the TFRS should begin implementing "TAS - 29 Financial Reporting in Hyperinflationary Economies" standard in their financial statements, from periods ending on and after 31 December 2023. Besides, regulatory and oversight bodies that are authorized in their respective areas have flexibility to determine alternative transition dates for the application of TAS - 29. Within the scope of the decision dated 12 December 2023 and numbered 10744 by the BRSA, banks, financial leasing, factoring, financing, savings financing, and asset management companies are not subject to inflation adjustments required under TAS-29 in their financial statements as of 31 December 2023. Based on the decision dated 11 January 2024 and numbered 10825, these entities are required to implement inflation accounting starting from 1 January 2025.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

Additional paragraph for convenience translation to English

The effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and the 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.

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized in the income statement by using the “effective interest rate method”. The Bank 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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON EXPECTED CREDIT LOSS

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

As of 1 January 2018, the Bank started to recognize provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

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

- **Stage 1:** For the financial assets at initial recognition or for those which do not have a significant increase in credit risk since initial recognition. Allowance for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Allowance for credit risk is determined on the basis of the instrument’s lifetime expected credit losses.
- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

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

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

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

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

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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:

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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”.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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 31 December 2023 and 31 December 2022, there is not any goodwill amount that need to be reflected 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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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.

	31 December 2023	31 December 2022
Discount Rate (%)	1.56	2.19
Inflation Rate (%)	28.00	14.00

XVII. EXPLANATIONS ON TAXATION

Corporate Tax

The Bank is subject to the tax legislation and practices in force in Turkey. Corporate tax is payable in one installment by the end of the fourth month following the end of the accounting period to which it relates. Corporations are required to calculate advance tax at the current rate on their quarterly financial profits, declare it until the 17th day of the second month following the period and pay it until the evening of the 17th day. Advance taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return for that year. In the event that there is an amount of advance tax paid despite the offset, this amount can be refunded in cash or offset against other financial debts.

The Company subject to tax legislation and practices effective in Turkey. Corporate tax is declared until the evening of the last day of the fourth month following the end of the relevant period and is paid in one installment until the end of the relevant month. Corporations are required to calculate advance tax at the current rate on their quarterly taxable profits, declare it until the 17th day of the second month following the period and pay it until the evening of the 17th day. Advance taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return for that year. If there is an amount of advance tax paid despite the offset, this amount can be refunded in cash or offset against other tax liabilities.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

As of 31 December 2022, the general corporate tax rate applied to the legal tax base, which is calculated by adding non-deductible expenses and deducting exemptions in accordance with tax laws to the commercial income of corporations in Turkey, was 25%. However, according to the Article 21 of the "Law on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on 6/2/2023" published in the Official Gazette dated 15 July 2023 and numbered 32249. In accordance with the amendments made in Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate, the general rate applied in corporate tax has been increased from 25% to 30% starting from the declarations to be submitted as of 1 October 2023. Accordingly, the Company in Turkey have used the tax rate of 30% in the calculation of the period tax for the year 2023.

Within the scope of this amendment, tax rate used in the deferred tax calculation as of 31 December 2023 is %30 (31 December 2022: %25).

As of 31 December 2021, the conditions required for the inflation adjustment of the financial statements as of 31 December 2021 have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated 29 January 2022 and numbered 31734:

- Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods and the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods.

- 31 December 2023 financial statements will be subject to inflation adjustment with no effect on corporate tax base.

According to Article 17 of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, it has become law that profit/loss differences arising from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including the provisional tax periods, do not be taken into account in determining the income of banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign Exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The President of the Republic is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including the temporary tax periods.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments from joint stock companies resident in Turkey to non-resident and non-resident real persons and non-resident legal entities are subject to 10% income tax, except for those who are not liable for corporate and income tax and those who are exempted from corporate and income tax.

Dividend payments made from joint stock companies resident in Turkey to joint stock companies also resident in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to capital.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

XVII. EXPLANATIONS ON TAXATION (Continued)

Dividend income derived by corporations from participation in the capital of another corporation subject to full taxation is exempt from corporate tax. In addition, 75% of the gains arising from the sale of founding shares, redeemed shares and preemptive rights of the founding shares, redeemed shares and preferential rights of the real estates (immovables) owned by the corporations for at least two full years and the participation shares included in their assets for at least two full years are exempt from corporate tax. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for immovable properties and this rate is used as 50% in tax returns to be prepared as of 2018. In addition, as of 15 July 2023, with the amendment made, the 50% tax exemption stipulated in Law No. 5520 for the gains on the sale of immovable property has been abolished. However, this exemption will be applied as 25% for the sales of immovable properties in the assets of the enterprises before 15 July 2023.

In order to benefit from the exemption, the gain in question must be kept in a fund account in liabilities and must not be withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

In Turkey, there is no such practice as reconciliation with the tax administration regarding the taxes to be paid. Corporate tax returns are filed within four months following the close of the accounting period. The tax authorities may examine the tax returns and the underlying accounting records for a period of five years following the accounting period and may make a re-assessment based on their findings.

There is a withholding tax liability on dividend distributions and this withholding tax liability is declared in the period in which the dividend is paid in cash or on account. Dividend payments other than those made to non-resident corporations that have a place of business or permanent representative in Turkey and resident corporations in Turkey were subject to 15% withholding tax until December 22, 2021. However, pursuant to the Presidential Decree No. 4936 published in the Official Gazette No. 31697 dated December 22, 2021, the dividend withholding tax rate of 15% was reduced to 10% in accordance with the Income Tax Law No. 193 and Corporate Tax Law No. 5520.

In the application of withholding tax rates for dividend distributions to non-resident corporations and real persons, the withholding tax rates in the related Double Tax Treaty Agreements are also taken into consideration. Capitalization of retained earnings is not considered as profit distribution and therefore is not subject to withholding tax.

Transfer Pricing

In Turkey, transfer pricing regulations are set out in Article 13 of the Corporate Tax Law titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the application.

If a taxpayer purchases or sells goods or services to related parties at a price or prices determined in violation of the arm's length principle, the gain is considered to be distributed in whole or in part through disguised profit distribution via transfer pricing. Such disguised profit distribution through transfer pricing is considered as an unallowable expense for corporate tax purposes.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

XVII. EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Deferred Tax

Deferred tax 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 is accounted for using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. As of 1 January 2018, deferred tax assets are calculated over expected loss provisions that constitute a temporary difference with the provisions of TFRS 9.

Deferred tax liabilities or assets are not recognized for temporary timing differences arising on the initial recognition of assets and liabilities other than goodwill or in a business combination that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Deferred tax is measured at the tax rate that is expected to apply in the period in which the liability is settled or the asset realized, and is recognized as an expense or income in profit or loss. In addition, deferred tax is recognized directly in equity if it relates to items recognized directly in equity in the same or a different period. Deferred tax assets and liabilities are offset. Pursuant to Article 53 of the Banking Law No. 5411 dated 19 October 2005, specific provisions for loans and other receivables are recognized as an expense in determining the corporate tax base in the year in which they are recognized in accordance with paragraph 2 of the same article.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of corporate tax are included in the deferred tax calculation as of 31 December 2023.

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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.

	31 December 2023	31 December 2022
Net Period Profit	525,002	203,873
Weighted Average Number of Ordinary Shares Issued (Thousands)	500,000	500,000
Profit per Share	1.0500	0.4077

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

SECTION FOUR

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

I. INFORMATION ABOUT SHAREHOLDERS’ EQUITY ITEMS

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

The current period equity amount of the Bank is TL 1,960,472 while its capital adequacy standard ratio is 23.79% as of 31 December 2023. The capital adequacy ratio of the Bank is far beyond the minimum rate determined by the related legislation. (31 December 2022 - shareholders' equity TL 1,342,862 capital adequacy ratio 23.41%).

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	1,689	1,998
Profit	525,002	203,873
Net current period profit	525,002	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	1,340,455	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	12,250	-
Development cost of operating lease	-	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	19,762	11,648
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	161,688	-
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	193,700	11,648
Common Equity Tier 1 capital (CET 1)	1,146,755	804,114

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

	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)	1,146,755	804,114
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	735,955	467,458
Directly issued qualifying Tier 2 instruments plus related stock surplus (under temporary article 4)	-	-
Provisions	77,762	71,290
Tier 2 capital before regulatory adjustments	813,717	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)	813,717	538,748
Total capital (TC = T1 + T2)	1,960,472	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	-	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

	Current Period	Prior Period
Shareholders' Equity		
Total shareholders' equity	1,960,472	1,342,862
Total risk weighted items	8,239,943	5,736,757
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13.92	14.02
Tier 1 Capital Adequacy Ratio (%)	13.92	14.02
Capital Adequacy Standard Ratio (%)	23.79	23.41
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,502	2,504
a) Capital conservation buffer requirement (%)	2,500	2,500
b) Bank specific countercyclical buffer requirement (%)	0,002	0,004
c) Higher bank buffer requirement ratio (%)	-	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%)	6,07	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)	77,762	71,290
Cap on inclusion of provisions in Tier 2 under standardised approach	77,762	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)	-	-

As of 31 December 2023, in accordance with the decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188 and dated 28 April 2022, the Bank has calculated the amount subject to credit risk in capital adequacy calculations by taking into account the Central Bank foreign exchange buying rates as of 30 December 2022. In addition, as of 21 December 2021, the Bank has not taken into account the negative net valuation differences of the securities included in the "Securities at Fair Value Through Other Comprehensive Income" portfolio in the calculation of equity.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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)	736
Nominal value of instrument (TL Million)	736
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
	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
Coupon rate and any related index	
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	
	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 bonds can be written-down, write-down trigger(s)	
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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

II. EXPLANATIONS ON CREDIT RISK

- a.** The Bank takes into account the Banking Law as far as the limits applied to a single obligor or a risk group is concerned. Limits are determined to avoid sectoral concentration, and the compliance to these limits are monitored on transaction basis.

Regarding daily credit and security transactions, compliance to limits and concentrations are monitored and reported by the risk management unit. Besides, the compliance of credits to their limits are followed by operations, marketing and internal control units.

Credits and other receivables are re-evaluated at least once a year by the credit allocation unit. Ratings are calculated by using models specifically developed for this purpose.

Including the necessary documents, credit allocation activities are also subject to controls by the internal control unit, which is independent from business units.

- b.** According to TFRS 9 Financial Instruments Standard and Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions, loans are classified as overdue loans that are not have performing loan specifications. The accounting and provisioning policies have been disclosed in section 3.
- c.** The Bank does not carry any forward or option positions or similar positions based on other agreements on the organized markets.
- d.** The Bank, as an active participant in the national and international banking market, compared to the financial activities of other financial institutions, is not exposed to high volumes of credit risk, which may necessitate mitigation through futures or options. As credit risk increases, usage of such derivative instruments may be relevant.
- e.** The Bank does not have any non-cash loans that were transformed into cash. If such loans exist, they are going to be applied the same risk weight as the cash loans.
- f.** The restructured and the rescheduled loans have been disclosed in Section 5.

The discrimination of credit risk is performed through rating systems. No risk discrimination is made via maturity.

- g.** The banking activities and lending transactions carried out by the Bank abroad are closely monitored in terms of the economic conditions of the relevant countries and the periodic evaluation of the credit values of customers and financial institutions, and no significant credit risk is observed within the framework of these activities.
- h.** The Bank, as an active participant in the national and international banking market, compared to the financial activities of other financial institutions, is not exposed to high volumes of credit risk.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

- i. The share of the greatest 100 and 200 cash loan customers within the total cash loans portfolio is 100% and 100%, respectively (31 December 2022: 100% and 100%).

The share of the greatest 100 and 200 non-cash loan customers within the total non-cash loans portfolio is 100% and 100%, respectively (31 December 2022: 100% and 100%).

The share of the greatest 100 and 200 cash and non-cash loan customers within the total cash and non-cash loans portfolio in the on and off balance sheets is 100% and 100%, respectively (31 December 2022: 100% and 100%).

- j. The expected credit losses for the credit risk is TL 77,762 (31 December 2022 - TL 71,290).
- k. The total amount of risk the Bank is exposed to, without taking into account the mitigation effects, and average of the risks grouped based on different risk classes and types are shown in the table below:

	31 December 2023		31 December 2022	
	Current Period Risk Amount ¹	Average Risk Amount ²	Prior Period Risk Amount ¹	Average Risk Amount ²
Risk Classifications				
Conditional and unconditional receivables from central governments or central banks	2,503,769	1,577,343	822,775	747,267
Conditional and unconditional receivables from regional management or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units or non-commercial ventures	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international Organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage corporation	1,950,390	1,408,114	1,819,918	1,068,780
Conditional and unconditional corporate receivables	5,690,399	4,636,839	3,647,990	3,176,903
Conditional and unconditional retail receivables	1,696	810	850	480
Conditional and unconditional collateralized by real estate mortgages receivables	602,250	566,408	311,310	297,588
Non-performing receivables	-	6	37	2,776
Receivables defined in high risk category by BRSA	-	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables and short-term corporate receivables from banks and brokerage corporations	-	-	-	-
Investments in nature of collective investment funds	90,603	68,673	41,168	32,976
Equity security investments	7,659	7,659	7,659	7,659
Other receivables	341,832	326,477	290,390	291,152
Total	11,188,598	8,592,329	6,942,097	5,625,581

¹⁾ The figures represent total risk amounts before Credit Risk Mitigation and after credit conversion factor.

²⁾ Average risk amounts are calculated as arithmetical average of monthly amounts of relevant year.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

11. Profile of significant exposures in significant regions

Current Period	Risk Classifications ¹																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	2,503,769	-	-	-	-	1,825,981	5,171,515	1,596	602,250	-	-	-	-	-	70,258	7,659	341,833	10,524,861
European Union Countries	-	-	-	-	-	23,729	-	-	-	-	-	-	-	-	20,344	-	-	44,073
OECD Countries ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	19,494	-	-	-	-	-	-	-	-	-	-	-	19,494
Other Countries	-	-	-	-	-	81,186	518,884	100	-	-	-	-	-	-	-	-	-	600,170
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ³	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,503,769	-	-	-	-	1,950,390	5,690,399	1,696	602,250	-	-	-	-	-	90,602	7,659	341,833	11,188,598

1) Stands for the risk categories listed in “Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks”. Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Equity security investments
- 17) Other receivables

2) Includes OECD countries other than EU countries, USA and Canada.

3) Includes assets and liability items that cannot be allocated on a consistent basis.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

Prior Period	Risk Classifications ¹																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	822,775	-	-	-	-	710,661	3,163,708	529	311,310	37	-	-	-	-	3,602	7,659	290,390	5,310,671
European Union Countries	-	-	-	-	-	659,505	-	-	-	-	-	-	-	-	37,566	-	-	697,071
OECD Countries ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	127,840	-	-	-	-	-	-	-	-	-	-	-	127,840
Other Countries	-	-	-	-	-	321,912	484,282	321	-	-	-	-	-	-	-	-	-	806,515
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ³	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	822,775	-	-	-	-	1,819,918	3,647,990	850	311,310	37	-	-	-	-	41,168	7,659	290,390	6,942,097

1) Stands for the risk categories listed in “Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks”. Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Equity security investments
- 17) Other receivables

2) Includes OECD countries other than EU countries, USA and Canada.

3) Includes assets and liability items that cannot be allocated on a consistent basis.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

12. Risk profile by sectors or counterparties

Current Period	Risk Classifications ¹																	LC	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
Agriculture	-	-	-	-	-	-	20,461	-	-	-	-	-	-	-	-	-	-	20,461	-	20,461	
Farming and Stockbreeding	-	-	-	-	-	-	20,461	-	-	-	-	-	-	-	-	-	-	20,461	-	20,461	
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Manufacturing	-	-	-	-	-	-	601,592	-	35,920	-	-	-	-	-	-	-	-	70,518	566,994	637,512	
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Production	-	-	-	-	-	-	131,097	-	300	-	-	-	-	-	-	-	-	70,132	61,265	131,397	
Electricity, Gas and Water	-	-	-	-	-	-	470,495	-	35,620	-	-	-	-	-	-	-	-	386	505,729	506,115	
Construction	-	-	-	-	-	-	576,830	-	322,138	-	-	-	-	-	-	-	-	77,443	821,525	898,968	
Services	2,057,055	-	-	-	-	1,950,390	4,373,585	-	244,192	-	-	-	-	-	90,602	7,659	-	2,179,829	6,543,654	8,723,483	
Wholesale and Retail Trade	-	-	-	-	-	-	625,083	-	-	-	-	-	-	-	-	-	-	97,274	527,809	625,083	
Accommodation and Dining	-	-	-	-	-	-	457,425	-	139,924	-	-	-	-	-	-	-	-	44,982	552,367	597,349	
Transportation and Telecom	-	-	-	-	-	-	188,204	-	22,088	-	-	-	-	-	-	-	-	137,593	72,699	210,292	
Financial Institutions	2,057,055	-	-	-	-	1,950,390	1,732,632	-	-	-	-	-	-	-	90,602	7,659	-	1,803,148	4,035,190	5,838,338	
Real Estate and Rental Services	-	-	-	-	-	-	1,139,135	-	82,180	-	-	-	-	-	-	-	-	94,832	1,126,483	1,221,315	
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health and Social Services	-	-	-	-	-	-	231,106	-	-	-	-	-	-	-	-	-	-	2,000	229,106	231,106	
Others	446,714	-	-	-	-	-	117,931	1,696	-	-	-	-	-	-	-	-	-	341,833	572,231	335,943	
Total	2,503,769	-	-	-	-	1,950,390	5,690,399	1,696	602,250	-	-	-	-	-	90,602	7,659	-	341,833	2,920,482	8,268,116	11,188,598

1) Stands for the risk categories listed in “Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks”. Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Equity security investments
- 17) Other receivables

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

Prior Period	Risk Classifications ¹																	LC	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
Agriculture	-	-	-	-	-	-	5,022	-	-	-	-	-	-	-	-	-	-	5,022	-	5,022	
Farming and Stockbreeding	-	-	-	-	-	-	5,022	-	-	-	-	-	-	-	-	-	-	5,022	-	5,022	
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Manufacturing	-	-	-	-	-	-	1,163,356	-	22,068	37	-	-	-	-	-	-	-	533,881	651,580	1,185,461	
Mining and Quarrying	-	-	-	-	-	-	245	-	-	-	-	-	-	-	-	-	-	-	245	245	
Production	-	-	-	-	-	-	812,024	-	-	37	-	-	-	-	-	-	-	533,495	278,566	812,061	
Electricity, Gas and Water	-	-	-	-	-	-	351,087	-	22,068	-	-	-	-	-	-	-	-	386	372,769	373,155	
Construction	-	-	-	-	-	-	623,646	155	112,109	-	-	-	-	-	-	-	-	86,856	649,054	735,910	
Services	810,524	-	-	-	-	1,819,918	1,815,637	-	177,133	-	-	-	-	-	-	41,168	7,659	929,443	3,742,596	4,672,039	
Wholesale and Retail Trade	-	-	-	-	-	-	343,964	-	11,312	-	-	-	-	-	-	-	-	76,067	279,209	355,276	
Accommodation and Dining	-	-	-	-	-	-	231,857	-	65,866	-	-	-	-	-	-	-	-	59,956	237,767	297,723	
Transportation and Telecom	-	-	-	-	-	-	159,528	-	22,844	-	-	-	-	-	-	-	-	31,390	150,982	182,372	
Financial Institutions	810,524	-	-	-	-	1,819,918	886,883	-	-	-	-	-	-	-	41,168	7,659	-	659,613	2,906,539	3,566,152	
Real Estate and Rental Services	-	-	-	-	-	-	124,707	-	77,111	-	-	-	-	-	-	-	-	93,822	107,996	201,818	
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health and Social Services	-	-	-	-	-	-	68,698	-	-	-	-	-	-	-	-	-	-	8,595	60,103	68,698	
Others	12,251	-	-	-	-	-	40,329	695	-	-	-	-	-	-	-	-	-	290,390	302,551	41,114	343,665
Total	822,775	-	-	-	-	1,819,918	3,647,990	850	311,310	37	-	-	-	-	41,168	7,659	290,390	1,857,753	5,084,344	6,942,097	

1) Stands for the risk categories listed in “Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks”. Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Equity security investments
- 17) Other receivables

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

m. Analysis of maturity bearing exposures according to remaining maturities

Risk Classifications (Current Period)	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year ²
Conditional and unconditional receivables from Central Governments or Central Banks	1,480,301	44,530	-	-	978,938
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	1,163,666	218,340	248,345	121,526	198,513
Conditional and unconditional corporate receivables	952,016	958,462	1,312,655	541,198	1,926,068
Conditional and unconditional retail receivables	1,220	166	310	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	1,447	-	10,137	590,666
Non-performing receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	90,603
Equity security investments	7,659	-	-	-	-
Other receivables	341,832	-	-	-	-
Total¹	3,946,694	1,222,945	1,561,310	672,861	3,784,788

1) Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

2) Includes also undistributed amounts.

Risk Classifications (Prior Period)	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year ²
Conditional and unconditional receivables from Central Governments or Central Banks	456,011	5,010	3,252	12,990	345,512
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	1,325,750	27,358	58,913	142,854	265,043
Conditional and unconditional corporate receivables	541,183	729,384	392,721	849,578	1,135,124
Conditional and unconditional retail receivables	529	39	282	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	33,965	7,797	21,238	34,963	213,347
Non-performing receivables	37	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	41,168
Equity security investments	7,659	-	-	-	-
Other receivables	14,937	1,291	2,819	-	271,343
Total¹	2,380,071	770,879	479,225	1,040,385	2,271,537

1) Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

2) Includes also undistributed amounts.

n. The Bank has no particular agreement with a credit rating agency.

o. There is no credit rating for issuer or issue for the items not included in trading accounts where there is no credit ratings.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

p. Risk amounts according to risk weights

Risk Weights¹ (Current Period)	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Others	Deductions from Equity
Amount before Credit Risk Mitigation	1,987,875	-	742,006	-	-	992,698	1,696	7,222,279	-	-	242,045	-
Amounts after Credit Risk Mitigation	1,987,875	-	742,007	-	37,670	1,467,218	1,696	6,309,673	-	-	242,345	-

⁽¹⁾ Excluding counterparty credit risk and securitization positions

Risk Weights (Prior Period)	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Others	Deductions from Equity
Amount before Credit Risk Mitigation	498,747	-	729,752	-	-	531,104	850	5,128,411	-	-	53,233	-
Amounts after Credit Risk Mitigation	498,747	-	729,752	-	36,124	728,046	850	4,796,406	-	-	53,233	-

r. Miscellaneous Information by major sectors and type of counterparties

In accordance with TFRS 9;

Impaired loans; By the end of the reporting period, not more than 90 days overdue or impaired due to credibility. For such loans, "Specific Provisions" are calculated within the scope of TFRS 9 Financial Assets.

Overdue Loans; By the end of the reporting period up to 90 days due but not impaired loans. For such loans, "Stage 1 and Stage 2" expected credit losses are calculated within the scope of Provision Regulation.

	Current Period			Prior Period		
	Loans¹		Provisions	Loans¹		Provisions
	Impaired Loans (TFRS 9)			Impaired Loans (TFRS 9)		
	Significant increase in credit risk (Stage 2)	Non- Performing Loans (Stage 3)	Expected Credit Losses (TFRS 9)²	Significant increase in credit risk (Stage 2)	Non- Performing Loans (Stage 3)	Expected Credit Losses (TFRS 9)²
Agriculture	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	-	-	-	-	-	-
Manufacturing	13,115	-	252	11,250	2,817	3,184
Mining and Quarrying	-	-	-	-	-	-
Production	13,115	-	252	11,250	2,817	3,184
Electricity, Gas and Water	-	-	-	-	-	-
Construction	-	13,787	13,787	-	13,787	13,787
Services	46,723	-	17,174	113,060	-	25,008
Wholesale and Retail Trade	24,634	-	16,768	-	-	-
Accommodation and Dining	-	-	-	-	-	-
Transportation and Telecom	22,089	-	406	113,060	-	25,008
Financial Institutions	-	-	-	-	-	-
Real Estate and Rental Services	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	59,838	13,787	31,213	124,310	16,604	41,979

1) Breakdown of cash loans is given

2) Represents the expected loss provision for cash loans

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

s. Movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific provisions (Stage 3)	17,190	-	(3,403)	-	13,787
General provisions (Stage 1&2)	71,290	45,691	(39,219)	-	77,762

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific provisions (Stage 3)	25,517	-	(8,327)	-	17,190
General provisions (Stage 1&2)	58,143	17,567	(4,420)	-	71,290

t. Risk involved in counter-cyclical capital buffer calculation

The breakdown of private sector receivables by geographic area which considered in the calculation of counter-cyclical capital buffer in accordance with ‘Capital Conservation and Countercyclical Capital buffers’ published in official gazette dated 5 November 2013 and numbered 28812 and the sub-regulations are provided in the table below:

Current Period	Banking book for private sector lending	RWAs of trading book	Total
Turkey	6,979,185	-	6,979,185
Montenegro	338,039	-	338,039
Azerbaijan	199,348	-	199,348
United States of America	3,899	-	3,899
Austria	146	-	146
Russia	12,764	-	12,764
Germany	4,708	-	4,708
Georgia	1,590	-	1,590
Marshall Islands	137,674	-	137,674
United Arab Emirates	-	-	-
China	77	-	77
Total	7,677,430	-	7,677,430

Prior Period	Banking book for private sector lending	RWAs of trading book	Total
Turkey	4,434,479	-	4,434,479
Montenegro	408,311	-	408,311
Azerbaijan	372,989	-	372,989
Austria	139,593	-	139,593
Germany	59,518	-	59,518
United States of America	25,568	-	25,568
Others	804	-	804
Total	5,441,262	-	5,441,262

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

III. EXPLANATIONS ON 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 31 December 2023	29.4382	32.5739
1. Bid rate	29.4382	32.5739
2. Bid rate	29.4382	32.5739
3. Bid rate	29.3973	32.6937
4. Bid rate	29.3374	32.4186
5. Bid rate	29.2647	32.2421
Arithmetic average – 30 days	29.0552	31.7410
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	(7,351)	(6,021)	(7,351)	(6,021)
USD	10% increase	7,351	6,021	7,351	6,021
EUR	10% decrease	(4,680)	(3,450)	(4,680)	(3,450)
EUR	10% increase	4,680	3,450	4,680	3,450

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

Current Period	EURO	USD	Other FC	Total
Assets				
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the Central Bank of Turkey	573,427	1,047,162	13	1,620,602
Due from Banks	157,623	271,060	25,759	454,442
Financial Assets at Fair Value Through Profit or Loss	85,598	-	-	85,598
Money Market Placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	16,243	-	16,243
Loans ⁽¹⁾	1,332,362	2,978,010	-	4,310,372
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets at fair value through profit or loss	-	930,472	-	930,472
Derivative Financial Assets	-	-	-	-
Property and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	-	-	-
Total Assets	2,149,010	5,242,947	25,772	7,417,729
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	421,778	111,688	5,659	539,125
Funds Borrowed From Other Financial Institutions	1,544,315	2,458,859	-	4,003,174
Marketable Securities Issued	-	737,105	-	737,105
Miscellaneous Payables ⁽³⁾	310,622	288,493	10,247	609,362
Derivative Financial Liabilities ⁽⁴⁾	-	-	-	-
Other Liabilities ^(2,5)	30,200	1,148,326	-	1,178,526
Total Liabilities	2,306,915	4,744,471	15,906	7,067,292
Net On-balance Sheet Position	(157,905)	498,476	9,866	350,437
Net Off-balance Sheet Position	224,759	(393,459)	-	(168,700)
Derivative Financial Assets	228,017	-	-	228,017
Derivative Financial Liabilities	3,258	393,459	-	396,717
Non-Cash Loans	339,478	200,937	100,095	640,510
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 21,907 (31 December 2022 – TL 22,691), receivables from leasing transactions amounting to TL 707,500 (31 December 2022 – TL 118,558) and foreign currency expected credit losses amounting to TL 23,397 (31 December 2022 – None) are included.

⁽²⁾ Borrowers’ funds amounting to TL 436,671 (31 December 2022 – TL 595,596) are included.

⁽³⁾ Presented in other liabilities at financial statements.

⁽⁴⁾ Net income/expense accrual on foreign currency derivative financial assets There is a net income accrual of TL 1,199 (31 December 2022 – TL 3,154 of net derivative financial liabilities).

⁽⁵⁾ Subordinated loans and provisions are presented in other liabilities..

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

IV. EXPLANATIONS ON 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	868,236	-	-	-	-	763,065	1,631,301
Due from Banks	254,464	-	-	-	-	203,522	457,986
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	1,238	-	-	-	-	90,603	91,841
Money Market Placements	451,585	-	-	-	-	-	451,585
Financial assets at fair value through other comprehensive income	70,474	1,197	18,418	44,180	-	7,659	141,928
Loans ⁽²⁾	1,086,269	1,200,525	2,084,858	1,265,305	5,085	(57,435)	5,584,607
Financial assets measured at amortised cost	2,426	55,191	34,782	826,438	29,427	(17,792)	930,472
Other Assets	-	-	-	-	-	620,452	620,452
Total Assets	2,734,692	1,256,913	2,138,058	2,135,923	34,512	1,610,074	9,910,172
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	712,253	56,547	306,322	-	-	-	1,075,122
Miscellaneous Payables ⁽⁵⁾	142,721	20,507	2,087	-	-	467,087	632,402
Marketable Securities Issued	23,867	128,132	735,955	-	-	-	887,954
Funds Borrowed From Other Financial Institutions	2,080,406	859,151	625,166	1,148,090	-	1,011	4,713,824
Other Liabilities ^{(3),(4)}	15,467	334,683	-	735,955	-	1,514,765	2,600,870
Total Liabilities	2,974,714	1,399,020	1,669,530	1,884,045	-	1,982,863	9,910,172
Balance Sheet Long Position	-	-	468,528	251,878	34,512	-	754,918
Balance Sheet Short Position	(240,022)	(142,107)	-	-	-	(372,789)	(754,918)
Off-balance Sheet Long Position ⁽⁶⁾	398,178	-	-	-	-	-	398,178
Off-balance Sheet Short Position ⁽⁶⁾	(396,717)	-	-	-	-	-	(396,717)
Total Position	(238,561)	(142,107)	468,528	251,878	34,512	(372,789)	1,461

⁽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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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	1.78	4.75	-	-
Due From Banks	2.88	4.90	-	31.47
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	-	31.82
Loans	6.44	9.44	-	30.83
Financial assets measured at amortised cost	-	8.26	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	3.48	4.30	-	28.14
Miscellaneous Payables ⁽¹⁾	2.82	5.60	-	25.30
Marketable Securities Issued	1.75	4.23	-	34.64
Funds Borrowed From Other Financial Institutions	3.52	6.03	-	20.70

⁽¹⁾ Includes borrowers' funds and subordinated loans.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

	EUR %	USD %	JPY %	TRY %
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	(21,032)	(1.07)
TRY	(-) 400 basis point	18,005	0.92
USD	(+) 200 basis point	(75,014)	(3.83)
USD	(-) 200 basis point	101,108	5.16
EUR	(+) 200 basis point	(3,700)	(0.19)
EUR	(-) 200 basis point	4,194	0.21
TOTAL (for negative shocks)		123,307	6.29
TOTAL (for positive shocks)		(99,746)	(5.09)

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)

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

V. EXPLANATIONS ON EQUITY POSITION RISK

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

VI. EXPLANATIONS ON LIQUIDTY RISK and LIQUIDITY COVERAGE RATIO

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

Liquidity risk is the risk occurring as a result of non-availability of sufficient cash on hand or cash inflow to meet cash outflows in a timely manner completely as a result of imbalance in cash flows. Treasury department manages the liquidity of the Bank daily and informs ALCO about the liquidity position of the Bank weekly. 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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

The main funding sources of the Bank are provided by domestic and foreign banks, repo transactions, 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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

h. Liquidity Coverage Ratio

The liquidity coverage ratio is calculated by proportioning the high quality liquid assets owned by the bank to net cash outflow in a one month maturity. Significant balance sheet items that determine the ratio can be listed as required reserves at the CBRT, securities that not subject to repo/collateral, foreign funds and receivables from banks. As of the balance sheet period, 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, 67% of the Bank's fund resources, excluding equity, consists of loans received and debts to money markets, 10% consists of debt securities issued, 5% 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			1,781,749	1,716,140
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	2,456,403	1,930,511	2,456,403	1,930,511
6 Operational assets	-	-	-	-
7 Non –operating assets	-	-	-	-
8 Other Junior debt	2,456,403	1,930,511	2,456,403	1,930,511
9 Secured Debts				-
10 Other Cash Outflows	453,945	222,605	213,130	126,377
11 Derivative liabilities and margin liabilities	107	-	107	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	453,838	222,605	213,023	126,377
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			2,669,533	2,056,888
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	1,259,470	851,795	855,301	645,108
19 Other cash inflows	1,552	2,692	1,552	2,692
20 TOTAL CASH INFLOWS	1,261,022	854,487	856,853	647,800
21 TOTAL HLA STOCK			1,781,749	1,716,140
22 TOTAL NET CASH OUTFLOWS ⁽¹⁾			1,812,680	1,409,088
23 LIQUIDITY COVERAGE RATION (%)			98.29%	121.79%

⁽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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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			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	160.15	5.10.2023	90.69	24.11.2023	121.79
LC+FC	125.00	3.11.2023	78.06	24.11.2023	98.29
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:

Current Period	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC+LC	FC	FC+LC
Average (%)	183	134	136	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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

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	878,211	754,461	-	-	-	-	(1,371)	1,631,301
Due From Banks	210,800	250,339	-	-	-	-	(3,153)	457,986
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	1,238	-	-	5,005	85,598	-	91,841
Interbank Money Market Placements	-	451,585	-	-	-	-	-	451,585
Financial assets at fair value through other comprehensive income	7,659	1,307	1,198	19,118	112,646	0	-	141,928
Loans ⁽²⁾	-	997,960	1,171,080	2,059,075	1,408,842	5,085	(57,435)	5,584,607
Financial assets measured at amortized cost	-	2,426	55,190	34,783	826,438	29,427	(17,792)	930,472
Other Assets	-	10,540	7,008	6,000	1,335	-	595,569	620,452
Total Assets	1,096,670	2,469,856	1,234,476	2,118,976	2,354,266	120,110	515,818	9,910,172
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,011	2,080,406	859,151	625,166	1,148,090	-	-	4,713,824
Funds Borrowed From Money Markets	-	712,253	56,547	306,322	-	-	-	1,075,122
Marketable Securities Issued	-	23,867	128,132	735,955	-	-	-	887,954
Miscellaneous Payables ⁽⁵⁾	462,047	147,761	20,507	2,087	-	-	-	632,402
Other Liabilities ^{(3),(4)}	93,090	39,051	363,627	29,106	304	736,013	1,339,679	2,600,870
Total Liabilities	556,148	3,003,338	1,427,964	1,698,636	1,148,394	736,013	1,339,679	9,910,172
Liquidity Gap	540,522	(533,482)	(193,488)	420,340	1,205,872	(615,903)	(823,861)	-
Net Off-Balance Sheet Liquidity Gap	-	1,461	-	-	-	-	-	1,461
Financial Derivative Assets ⁽⁶⁾	-	398,178	-	-	-	-	-	398,178
Financial Derivative Liabilities ⁽⁶⁾	-	(396,717)	-	-	-	-	-	(396,717)
Non-cash Loans	235,693	2,944	176,624	572,550	155,154	9,361	-	1,152,326

⁽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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total Outflow	Carrying Amount
Deposits	-	-	-	-	-	-	-
Loans received	2,087,881	881,814	736,979	1,408,720	894,238	6,009,632	4,713,824
Funds from interbank money market	713,051	56,897	311,273	-	-	1,081,221	1,075,122
Financial leasing payables	50	82	254	149	-	535	485
Marketable securities issued	24,118	141,929	746,534	-	-	912,581	887,954
Funds	108,535	338,583	-	-	-	447,118	442,751
Miscellaneous payables	610,034	20,666	2,117	-	-	632,817	632,402
Subordinated debt	-	10,514	32,003	168,565	894,238	1,105,320	736,414
Total	3,543,669	1,450,485	1,829,160	1,577,434	1,788,476	10,189,224	8,488,952

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	398,178	-	-	-	-	398,178
Forward Transactions-Sell	(396,717)	-	-	-	-	(396,717)
Swap Transactions-Buy	-	-	-	-	-	-
Swap Transactions-Sell	-	-	-	-	-	-
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	1,461	-	-	-	-	1,461

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)

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

VII. EXPLANATIONS ON LEVERAGE RATIO

Unconsolidated leverage ratio was realized as 9.6% (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)	9,251,653	5,834,437
(Assets deducted from core capital)	(18,882)	(9,674)
Total risk amount for assets on the balance sheet	9,232,771	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	797	3,570
Total risk amount of derivative financial instruments and loan derivatives	797	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)	267,398	97,599
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	267,398	97,599
Off-the-Balance Sheet Transactions		
Gross nominal amount of the off-the-balance sheet transactions	1,263,248	1,130,648
Adjustment amount arising from multiplying by the credit conversion rate	-	-
Total risk amount for off-the-balance sheet transactions	1,263,248	1,130,648
Capital and Total Risk		
Core capital	1,038,069	791,736
Total risk amount	10,764,214	7,056,580
Leverage Ratio		
Leverage ratio (%)	9.6%	11.2%

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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

VIII. EXPLANATIONS ON THE 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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

b. General view to risk weighted amounts

	Risk weighted amounts		Minimum capital requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	7,332,790	5,284,907	586,623
Of which standardised approach (SA)	7,332,790	5,284,907	586,623
Of which internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	267,439	100,075	21,395
Of which standardised approach for counterparty credit risk (SA-CCR)	267,439	100,075	21,395
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	90,602	41,168	7,248
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	196,413	101,488	15,713
Of which standardised approach (SA)	196,413	101,488	15,713
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	8,239,943	5,736,757	659,195

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

Linkages between financial statements and regulatory exposures

c.1) Differences and mapping between regulatory consolidation and financial statement

Current Period	Carrying values as reported in published financial statements ¹	Carrying values of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitisation	Subject to market risk ²	
Assets						
Cash and cash equivalents	2,540,872	2,545,396	-	-	-	-
Financial assets at fair value through profit or loss	90,603	90,603	-	-	-	-
Financial assets at fair value through other comprehensive income	141,928	141,928	66,081	-	-	-
Derivative financial assets	1,238	-	1,238	-	-	-
Loans (Net)	4,468,960	4,518,167	-	-	-	-
Receivables from leasing transactions (Net)	1,115,647	1,123,875	-	-	-	-
Factoring receivables (Net)	-	-	-	-	-	-
Financial assets measured at amortised cost (Net)	930,472	948,264	747,374	-	-	-
Non-currents assets or disposal groups held for sale and from discontinued operations (Net)	-	-	-	-	-	-
Investments in associates (Net)	-	-	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-	-
Tangible assets (Net)	81,455	81,455	-	-	-	-
Intangible assets and goodwill (Net)	19,762	-	-	-	-	19,762
Investment properties (Net)	201,660	201,660	-	-	-	-
Current tax assets	4,441	4,441	-	-	-	-
Deferred tax assets	292,532	292,532	-	-	-	161,688
Other assets (Net)	20,602	20,602	-	-	-	-
Total assets	9,910,172	9,968,923	814,693	-	-	181,450
Liabilities						
Deposits	-	-	-	-	-	-
Loans received	4,713,824	-	-	-	-	4,713,824
Money market funds	1,075,122	-	603,045	-	-	472,077
Marketable securities issued (Net)	887,954	-	-	-	-	887,954
Funds	442,751	-	-	-	-	442,751
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Derivative financial liabilities	30	-	30	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables (Net)	485	-	-	-	-	485
Provisions	40,158	-	-	-	-	40,158
Current tax liabilities	31,639	-	-	-	-	31,639
Deferred tax liabilities	-	-	-	-	-	-
Liabilities related to non-current assets held for sale and discontinued operations (Net)	-	-	-	-	-	-
Subordinated debt	736,414	-	-	-	-	736,414
Other liabilities	653,591	-	-	-	-	653,591
Shareholders' equity	1,328,204	-	-	-	-	1,328,204
Total liabilities	9,910,172	-	603,075	-	-	9,307,097

1) Unconsolidated financial statements of Bank are stated.

2) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” are represented in “Subject to market risk framework” column.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

	Carrying values as reported in published financial statements ¹	Carrying values of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitisation	Subject to market risk ²	
Prior Period						
Assets						
Cash and cash equivalents	1,719,212	1,721,156	-	-	-	-
Financial assets at fair value through profit or loss	41,168	41,168	-	-	-	-
Financial assets at fair value through other comprehensive income	64,216	64,216	8,940	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans (Net)	3,311,616	3,379,137	-	-	-	-
Receivables from leasing transactions (Net)	257,668	258,956	-	-	-	-
Factoring receivables (Net)	-	-	-	-	-	-
Financial assets measured at amortised cost (Net)	447,712	456,634	302,199	-	-	-
Non-currents assets or disposal groups held for sale and from discontinued operations (Net)	-	-	-	-	-	-
Investments in associates (Net)	-	-	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-	-
Tangible assets (Net)	100,528	100,528	-	-	-	-
Intangible assets and goodwill (Net)	11,648	-	-	-	-	11,648
Investment properties (Net)	170,217	170,217	-	-	-	-
Current tax assets	12	12	-	-	-	-
Deferred tax assets	12,251	12,251	-	-	-	-
Other assets (Net)	19,607	19,607	-	-	-	-
Total assets	6,155,855	6,223,882	311,139	-	-	11,648
Liabilities						
Deposits	-	-	-	-	-	-
Loans received	2,763,204	-	-	-	-	2,763,204
Money market funds	312,968	-	231,243	-	-	81,725
Marketable securities issued (Net)	953,823	-	-	-	-	953,823
Funds	630,890	-	-	-	-	630,890
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Derivative financial liabilities	3,164	-	3,164	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables (Net)	876	-	-	-	-	876
Provisions	30,938	-	-	-	-	30,938
Current tax liabilities	21,711	-	-	-	-	21,711
Deferred tax liabilities	-	-	-	-	-	-
Liabilities related to non-current assets held for sale and discontinued operations (Net)	-	-	-	-	-	-
Subordinated debt	467,749	-	-	-	-	467,749
Other liabilities	154,770	-	-	-	-	154,770
Shareholders' equity	815,762	-	-	-	-	815,762
Total liabilities	6,155,855	-	234,407	-	-	5,921,448

1) Unconsolidated financial statements of Bank are stated.

2) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” are represented in “Subject to market risk framework” column.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

c.2) Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Current Period	Total	Subject to credit risk	Subject to securitization	Subject to counterparty credit risk	Subject to market risk ¹
1	Assets carrying value amount in accordance with TAS under scope of regulatory consolidation	10,783,616	9,968,923	-	814,693	-
2	Liabilities carrying value amount in accordance with TAS under regulatory scope of consolidation	603,045	-	-	603,045	-
3	Total net amount under regulatory scope of consolidation	10,180,571	9,968,923	-	211,648	-
4	Off-balance sheet amounts	1,160,469	961,367	-	-	-
5	Differences in valuations		-	-	-	-
6	Differences due to different netting rules		-	-	-	-
7	Differences due to consideration of provisions		-	-	-	-
8	Differences due to BRSA’s applications		-	-	-	-
9	Differences due to risk reduction		-	-	-	-
	Risk amounts		10,930,290	-	211,648	-

1) The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, are represented in “Subject to market risk framework” column are presented.

	Prior Period	Total	Subject to credit risk	Subject to securitization	Subject to counterparty credit risk	Subject to market risk ¹
1	Assets carrying value amount in accordance with TAS under scope of regulatory consolidation	6,535,021	6,223,882	-	311,139	-
2	Liabilities carrying value amount in accordance with TAS under regulatory scope of consolidation	231,243	-	-	231,243	-
3	Total net amount under regulatory scope of consolidation	6,303,778	6,223,882	-	79,896	-
4	Off-balance sheet amounts	796,934	632,159	-	-	-
5	Differences in valuations		-	-	-	-
6	Differences due to different netting rules		-	-	-	-
7	Differences due to consideration of provisions		-	-	-	-
8	Differences due to BRSA’s applications		-	-	-	-
9	Differences due to risk reduction		-	-	-	-
	Risk amounts		6,856,041	-	79,896	-

1) The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, are represented in “Subject to market risk framework” column are presented.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

c.3) Explanations of differences between amounts in accordance with TAS and regulatory exposure amounts

i) Differences between amounts presented in financial statements in accordance with TAS and amounts accounted in accordance with regulatory consolidation

None.

ii) Differences between amounts in accordance with TAS and regulatory exposure amounts

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of “Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio”.

iii) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance with TFRS 9. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values

d . 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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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.

d.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	5,628,255	(57,435)	5,584,607
2	Debt securities	-	1,180,795	(20,203)	1,160,592
3	Off-balance sheet exposures	-	1,500,508	(9,387)	1,491,121
	Total	13,787	8,309,558	(87,025)	8,236,320

	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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

d.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.

d.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	-

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

Non-Performing loans and specific provision by sectoral breakdown

	Current Period			Prior Period		
	NPL	Specific Provision	Write-offs	NPL	Specific Provision	Write-offs
Agriculture	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	-	-	-	-	-	-
Manufacturing	-	-	-	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	24,634	907
3-12 Months	-	-
1-3 Years	8,410	-
3-5 Years	5,377	16,604
Over 5 Years	-	-
Total	38,421	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	26,999	90,216
Non-performing loans that have been restructured or rescheduled	-	2,817
Total	29,891	93,033

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

d.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 loans, 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	4,494,239	1,090,368	686,935	516,063	400,115	-	-
2	Debt securities	1,160,592	-	-	-	-	-	-
3	Total	5,654,831	1,090,368	686,935	516,063	400,115	-	-
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	-	-	-	-	-	-

d.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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

	Current Period	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA	RWA Density (%)
1	Receivables from Central Governments or Central Banks	2,503,769	-	2,503,769	-	515,966	20.61
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	1,619,989	421,420	1,383,710	329,943	1,186,575	69.24
7	Corporate receivables	5,059,343	738,105	4,896,070	630,952	4,942,748	89.43
8	Retail receivables	1,696	-	1,696	-	1,272	75.00
9	Collateralized by real estate mortgages receivables	37,303	734	37,303	367	13,184	35.00
10	Collateralized by trading mortgages receivables	564,475	210	564,475	105	323,627	57.32
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	90,602	-	90,602	-	90,602	100.00
16	Other receivables	341,833	-	341,833	-	341,760	99.98
17	Equity security investments	7,659	-	7,659	-	7,659	100.00
	Total	10,240,456	1,160,469	9,827,117	961,367	7,423,393	68.81

	Prior Period	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA	RWA Density(%)
1	Receivables from Central Governments or Central Banks	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	-	37	-	38	102.70
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	6,211,001	632,159	5,326,075	77.83

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

	Current Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	Others	Total credit risk amount (after CRM and CCF)
1	Receivables from Central Governments or Central Banks	1,987,803	-	-	-	-	-	-	515,966	-	-	-	-	2,503,769
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	-	-	503,634	-	-	248,346	-	961,673	-	-	-	-	1,713,653
7	Corporate receivables	-	-	238,372	-	-	736,366	-	4,310,239	-	242,045	-	-	5,527,022
8	Retail receivables	-	-	-	-	-	-	1,696	-	-	-	-	-	1,696
9	Collateralized by real estate mortgages receivables	-	-	-	-	37,670	-	-	-	-	-	-	-	37,670
10	Collateralized by trading mortgages receivables	-	-	-	-	-	482,506	-	81,774	-	300	-	-	564,580
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	-	-	-	-	-	-	-	90,602	-	-	-	-	90,602
16	Equity security investments	-	-	-	-	-	-	-	7,659	-	-	-	-	7,659
17	Other receivables	72	-	-	-	-	-	-	341,761	-	-	-	-	341,833
	Total	1,987,875	-	742,006	-	37,670	1,467,218	1,696	6,309,674	-	242,345	-	-	10,788,484

	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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

e . 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.

e.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)	1,238	6		1.40	1,743	350
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)					269,789	267,089
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						267,439

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach-CCR (for derivatives)	-	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

e.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	1,743	-	531
	Total subject to the CVA capital charge	1,743	-	531

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

Current Period Risk Classifications	Risk Weights									Total Credit Risk ⁽¹⁾
	0%	10%	20%	50%	75%	100%	150%	Other		
Receivables from Central Governments or Central Banks	-	-	-	-	-	-	-	-	-	-
Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-
Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-
Receivables from Banks and Brokerage Corporation	-	-	4,588	-	-	-	-	-	-	4,588
Corporate receivables	-	-	-	-	-	265,248	-	-	-	265,248
Retail receivables	-	-	-	-	1,696	-	-	-	-	1,696
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-	-
Total	-	-	4,588	-	1,696	265,248	-	-	-	271,532

(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 Classifications	Risk Weights									Total Credit Risk ⁽¹⁾
	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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

e.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	-	-	-	-	-	66,080
Government bond/bill – other	-	-	-	-	-	489,815
Public institutions bond/bill	-	-	-	-	-	245,289
Corporate bond/bill	-	-	-	-	-	35,125
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	836,309

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

e.5) CCR6 – Credit derivatives

The Bank does not have credit derivatives.

e.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	-	-	-	-

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

f. 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.

g. Explanations on market risk

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

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

		Current Period RWA	Prior Period RWA
	Outright products		
1	Interest rate risk (general and specific)	24,275	6,550
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	172,138	94,938
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
	Total	196,413	101,488

h. 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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

Fair value calculations of financial assets and liabilities

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

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	9,369,471	5,921,267	9,385,394	5,862,947
Interbank money market placements	451,585	-	451,585	-
Banks	461,139	1,270,396	461,139	1,270,396
Cash and balances at Central Bank	1,632,672	450,760	1,632,672	450,760
Derivative Financial assets	1,238	-	1,238	-
Financial assets at fair value through profit or loss	90,603	41,168	90,603	41,168
Financial assets at fair value through other comprehensive income	141,928	64,216	141,928	64,216
Financial assets measured at amortised cost	948,264	456,634	975,101	460,299
Loans	5,642,042	3,638,093	5,631,128	3,576,108
Financial Liabilities	8,488,497	5,260,437	8,506,056	5,254,923
Banks' deposits	-	-	-	-
Other deposits	-	-	-	-
Funds borrowed from other fin. Institutions	4,713,824	2,763,204	4,733,183	2,762,842
Securities issued	887,954	953,823	886,154	949,297
Miscellaneous payables	632,402	128,639	632,402	128,639
Payables to money market	1,075,122	312,968	1,075,122	313,010
Derivative financial liabilities	30	3,164	30	3,164
Borrowers' funds	442,751	630,890	442,751	630,901
Subordinated loans	736,414	467,749	736,414	467,070

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

Fair value hierarchy:

TFRS 13 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

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

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

Current Period	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	1,238	-	1,238
Financial assets at fair value through profit or loss	5,005	85,598	-	90,603
Financial assets at fair value through other comprehensive income	134,269	7,659	-	141,928
Total Assets	139,274	94,495	-	233,769
Derivative financial liabilities	-	30	-	30
Total liabilities	-	30	-	30

Prior Period	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	-	-	-
Financial assets at fair value through profit or loss	3,602	37,566	-	41,168
Financial assets at fair value through other comprehensive income	56,557	7,659	-	64,216
Total Assets	60,159	45,225	-	105,384
Derivative financial liabilities	-	3,164	-	3,164
Total liabilities	-	3,164	-	3,164

There are no transfers between the levels.

X. 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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

XI. EXPLANATIONS ON OPERATING SEGMENTS

Current Period	Corporate and Commercial Banking	Treasury and Asset Liability Management	Total
Total Assets	5,592,000	4,318,172	9,910,172
Total Liabilities	1,089,033	8,821,139	9,910,172
Net Interest Income/(Loss)	634,916	(299,002)	335,914
Net Fee and Commission Income/(Loss)	106,509	(7,603)	98,906
Dividend Income	-	275	275
Trading Gain/(Loss)	10,160	73,804	83,964
Other Operating Gains	42,066	7,028	49,094
Provisions for Loan Losses and Other Receivables(-)	(32,758)	(12,933)	(45,691)
Other Operating Expense (-)	-	(191,541)	(191,541)
Profit Before Tax	760,893	(429,972)	330,921
Tax Provision	(228,268)	422,349	194,081
Net Profit / Loss	532,625	(887,269)	525,002

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)	381,759	(157,432)	224,327
Net Fee and Commission Income/(Loss)	51,994	(1,560)	50,434
Trading Gain/(Loss)	17,643	32,976	50,619
Other Operating Gains	13,416	45,252	58,668
Provisions for Loan Losses and Other Receivables(-)	(11,056)	(6,611)	(17,667)
Other Operating Expense (-)	-	(100,276)	(100,276)
Profit Before Tax	453,756	(187,651)	266,105
Tax Provision	(106,117)	43,885	(62,232)
Net Profit / Loss	347,639	(143,766)	203,873

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

SECTION FIVE

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

I. EXPLANATIONS AND NOTES Related to Assets

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

a. Information on cash and the account of the CBRT

	Current Period		Prior Period	
	LC	FC	LC	FC
Cash/Foreign currency	10	62	10	16
CBRT	10,690	1,621,910	41,409	409,325
Other	-	-	-	-
Total	10,700	1,621,972	41,419	409,341

b. Information on the account of the CBRT

	Current Period		Prior Period	
	LC	FC	LC	FC
Demand Unrestricted Amount	10,690	867,842	41,409	919
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	754,068	-	408,406
Total	10,690	1,621,910	41,409	409,325

The Bank maintains reserve requirements at the CBRT for its Turkish Lira and foreign currency liabilities in accordance with the CBRT's "Communiqué No. 2013/15 on Reserve Requirements". Required reserves can be held at the CBRT in Turkish Lira, USD, EUR and gold in accordance with the "Communiqué on Required Reserves".

As of 1 October 2021, according to the "Communiqué on Required Reserves" published in the Official Gazette No. 31528 dated 1 July 2021, the possibility to hold TL required reserves in foreign currency has been terminated. As of 23 June 2023, according to the "Communiqué on Reserve Requirements" published in the Official Gazette dated December 31, 2022 and numbered 32060, the possibility to hold TL reserve requirements in gold has been terminated.

As of 31 December 2023, the effective rates for reserve requirements held at the CBRT are between 0% and 8% (31 December 2022: between 3% and 8%) for Turkish Lira and between 5% and 30% (31 December 2022: between 5% and 26%) for foreign currencies.

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

- a.** As of 31 December 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).

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

b. Financial assets at fair value through profit or loss

	Current Period	Prior Period
Debt Securities	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Share Certificates / Investment Funds	90,603	41,168
Quoted on Stock Exchange	-	-
Not Quoted	90,603	41,168
Impairment Provision (-)	-	-
Total	90,603	41,168

c. Positive differences related to derivative financial assets

	Current Period		Prior Period	
	LC	FC	LC	FC
Forward transactions	39	-	-	-
Swap transactions	-	1,199	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	39	1,199	-	-

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Passive	Passive		Active	Pasif
Forward - domestic	340,038	39	(30)	24,786	-	(12)
Forward - foreign	-	-	-	-	-	-
Swap - domestic	454,857	1,199	-	643,363	-	(3,152)
Swap - foreign	-	-	-	-	-	-
Total	794,895	1,238	(30)	668,149	-	(3,164)

3. Information on banks

a. Information on banks

	Current Period		Prior Period	
	LC	FC	LC	FC
Banks	4,373	456,766	4,198	1,266,198
Domestic	4,372	386,498	4,198	476,947
Foreign	1	70,268	-	789,251
Branches and offices abroad	-	-	-	-
Total	4,373	456,766	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	23,729	659,505	-	-
USA, Canada	19,494	127,840	-	-
OECD Countries ¹	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	27,046	1,906	-	-
Total	70,269	789,251	-	-

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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

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

	Current Period		Prior Period	
	LC	FC	LC	FC
Collateral / Blocked	2,605	-	9,074	-
Repurchase transaction	66,081	-	8,940	-
Total	68,686	-	18,014	-

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

	Current Period	Prior Period
Debt Securities	151,448	56,607
Quoted on Stock Exchange	151,448	56,607
Not Quoted	-	-
Share Certificates	7,659	7,659
Quoted on Stock Exchange	-	-
Not Quoted	7,659	7,659
Impairment Provision (-)	(17,179)	(50)
Total	141,928	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	-	76,476	-	109,320
Legal Entities	-	76,476	-	109,320
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	567	-	-	-
Total⁽¹⁾	567	76,476	-	109,320

⁽¹⁾ TL 236,280 cash loan that was granted as a counter-guarantee of Parent Bank (31 December 2022 – TL 174,117).

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
Cash Loans				Modifications on agreement conditions
Non-specialized Loans	4,444,542	32,839	26,999	-
Loans given to enterprises	573,607	10,750	26,999	-
Export Loans	1,181,420	-	-	-
Import Loans	-	-	-	-
Financial Sector Loans	959,292	-	-	-
Consumer Loans	9,762	-	-	-
Credit Cards	-	-	-	-
Other	1,720,461	22,089	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	4,444,542	32,839	26,999	-

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
Cash Loans				Modifications on agreement conditions
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	17,994	-	25,542	-
Significant Increase in Credit Risk	-	17,426	-	25,412
Total	17,994	17,426	25,542	25,412

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

Number of modifications made to extend payment plan	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Extended by 1 or 2 times	2,892	26,999	-	-
Extended by 3,4 or 5 times	-	-	-	90,216
Extended by more than 5 times	-	-	-	-
Total	2,892	26,999	-	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	-	24,634	-	-
1 - 2 Years	-	-	-	-
2 - 5 Years	2,892	-	-	-
5 Years and over	-	2,365	-	-
Total	2,892	26,999	-	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	2,403,052	25,924	-
Medium and Long-Term Loans	2,041,490	6,915	26,999
Total	4,444,542	32,839	26,999

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

d. Information on loan movements:

	I.Stage	II.Stage	III.Stage	Total
Beginning of the period (31.12.2022)	3,238,223	124,310	16,604	3,379,137
In-Period Addition	5,142,882	58,269	-	5,201,151
Closed During the Period	(5,358,427)	(135,126)	-	(5,493,553)
Loan Sold	-	-	-	-
Deleted from Active	-	-	-	-
Transfer to Phase 1	-	-	-	-
Transfer to Phase 2	-	2,817	(2,817)	-
Transfer to Phase 3	-	-	-	-
Exchange Rate Difference	1,421,864	9,568	-	1,431,432
End of Period (31.12.2023)	4,444,542	59,838	13,787	4,518,167

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

e. 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-LC	-	5,981	5,981	-	1,452	1,452
Real estate loans	-	5,981	5,981	-	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	-	3,214	3,214	-	-	-
Real estate loans	-	3,214	3,214	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Individual credit cards- LC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Individual credit cards-FC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Personnel loans- LC	-	567	567	-	-	-
Real estate loans	-	567	567	-	-	-
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- LC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Personnel credit cards-FC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Overdraft accounts- LC (Retail customer)	-	-	-	-	-	-
Overdraft accounts-FC (Retail customer)	-	-	-	-	-	-
Total	-	9,762	9,762	-	1,452	1,452

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

f. Information on commercial instalment loans and corporate credit cards

Current Period	Short Term	Medium- Long Term	Total
Commercial installment loans-LC	24,636	2,705	27,341
Business residential loans	-	-	-
Automobile loans	-	2,705	2,705
Consumer loans	-	-	-
Other	24,636	-	24,636
Commercial installment loans- Indexed to FC	-	21,907	21,907
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	21,907	21,907
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	24,636	24,612	49,248

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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

g. Loans according to types of borrowers

	Current Period	Prior Period
Public	-	-
Private	4,518,167	3,379,137
Total⁽¹⁾	4,518,167	3,379,137

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

h. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	4,175,498	2,796,709
Foreign Loans	342,669	582,428
Total⁽¹⁾	4,518,167	3,379,137

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

i. Loans granted to investments in associates and subsidiaries

None (31 December 2022 - None).

j. 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

a. Information on non-performing loans

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

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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

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	-	-	-

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current period (Net)	-	-	-
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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

6. Information on financial assets measured at amortized cost

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

	Current Period		Prior Period	
	LC	FC	LC	FC
Collateral / Blocked	-	-	-	-
Repurchase transaction	-	747,374	-	302,199
Total	-	747,374	-	302,199

b. Information on government debt securities measured at amortized cost

	Current Period	Prior Period
Government bonds	515,967	324,054
Treasury bills	-	-
Other public sector debt securities	-	-
Total	515,967	324,054

c. Information on financial assets measured at amortized cost

	Current Period	Prior Period
Debt Securities	948,264	456,634
Quoted in a stock exchange	948,264	456,634
Not quoted	-	-
Impairment provisions (-) ⁽¹⁾	-	-
Total	948,264	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⁾	323,032	164,066
Purchases during year	209,092	211,638
Disposals through sales and redemptions	(40,494)	(280,173)
Impairment provisions (-)	-	-
Total	948,264	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).

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

8. Information on subsidiaries (Net)

None (31 December 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	1,369,726	302,718
Unearned income	(245,851)	(43,762)
Financial lease receivables, Net	1,123,875	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	696,951	542,738	145,925	117,171
1 – 5 Years	672,775	581,137	156,793	141,785
Over 5 Years	-	-	-	-
Total	1,369,726	1,123,875	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	5,123	17,455
Transfers, cost ⁽¹⁾	(33,710)	-	-	-	(33,710)
Disposals(-), cost	-	-	-	(92)	(92)
Disposals(+), accumulated depreciation	-	-	-	62	62
Depreciation (-)	(770)	(315)	(398)	(2,225)	(3,708)
Transfers, accumulated depreciation ⁽¹⁾	920	-	-	-	920
Net Book Value: 31 December 2023	73,539	140	423	7,353	81,455
Cost at Period End	76,511	1,628	1,212	14,785	94,136
Accumulated Depreciation at Period End (-)	(2,972)	(1,488)	(789)	(7,432)	(12,681)
Net Book Value: 31 December 2023	73,539	140	423	7,353	81,455

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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

	Immovable / Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
Prior Period					
Cost	97,907	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	13,798	7,343
Disposals(-), net	-	-
Depreciation (-)	(5,684)	(3,479)
Closing Net Book Value	19,762	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	-	-
Reversal of Provision for Impairment	-	28,020
Depreciation (-)	(1,347)	(1,713)
Transfers, net ⁽²⁾	32,790	-
Current period end balance, Net ⁽¹⁾	201,660	170,217

⁽¹⁾ As of 31 December 2023, the fair value of the investment property owned by the Bank is TL 1,043,200 TL.

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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

15. Information on deferred tax asset

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

As of 31 December 2023, the Bank calculated deferred tax liability amounting TL 292,532 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	1,888	566	2,410	603
Expected credit losses	75,352	22,606	70,362	17,591
Other provisions	3,200	960	9,274	2,319
Derivatives	30	9	3,164	791
Other	990,312	297,094	12,167	3,042
Deferred Tax Asset	1,070,782	321,235	97,377	24,346
Amortisation	(30,928)	(9,278)	(25,764)	(6,441)
Derivatives	(1,238)	(372)	-	-
Marketable Securities	(63,201)	(18,960)	(21,737)	(5,436)
Other	(309)	(93)	(870)	(218)
Deferred Tax Liability	(95,676)	(28,703)	(48,371)	(12,095)
Deferred Tax Asset/ (Liability), net	975,106	292,532	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 31 December 2023, other assets amount to TL 20,602 (31 December 2022- TL 19,607) and do not exceed 10% of total balance sheet except off balance sheet commitments.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on deposits

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

2. Negative differences related to derivative financial liabilities

	Current Period		Prior Period	
	LC	FC	LC	FC
Forward transactions	30	-	10	2
Swap transactions	-	-	-	3,152
Futures transactions	-	-	-	-
Options transactions	-	-	-	-
Other	-	-	-	-
Total	30	-	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	551,082	305,085	250,148	209,850
From foreign banks, institutions and funds	159,568	3,698,089	164,165	2,139,041
Total	710,650	4,003,174	414,313	2,348,891

b. Information on maturity structure of borrowings

	Current Period		Prior Period	
	LC	FC	LC	FC
Short-term	710,650	2,350,636	414,313	1,267,647
Medium and long-term	-	1,652,538	-	1,081,244
Total	710,650	4,003,174	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 31 December 2023, the Bank has money market borrowings amounting to TL 603,045 through repo transactions and TL 472,077 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	155,467	735,955	173,038	782,741
Cost	137,477	735,955	163,409	782,741
Book Value	150,849	737,105	170,065	783,758

The Bank netted off TL 49,533 (31 December 2022 – TL 18,956) nominal amount of its own debt securities issued which are acquired on its financial statements.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

6. Information on other liabilities

As of 31 December 2023, other liabilities amount to TL 653,591 (31 December 2022 - TL 154,770) of which TL 470,671 (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	386	341	495	395
1 – 5 Years	149	144	523	481
Over 5 Years	-	-	-	-
Total	535	485	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

As of 31 December 2023, there is no principal exchange rate decrease provision for foreign currency 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 31 December 2023, the Bank has no specific provision (31 December 2022 – None) and TL 9,387 (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	8,951	6,158
Significant Increase in Credit Risk	436	1,096
Total	9,387	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 28,883 and consists of bonus/premium and litigation provision (31 December 2022 – TL 21,274 lawsuit and bonus/premium provision).

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

iii. Obligations related to employee rights

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

The movement of employee termination benefits is shown below

	Current Period	Prior Period
Balance at the Beginning of the Period	721	255
Provisions Recognised During the Period	(586)	(135)
Actuarial Loss/Gain	-	-
Change during the period	493	601
Balance at the end of the period	628	721

In addition, as of 31 December 2023, the Bank have unused vacation provision of TL 1,260 (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 22,320 as current tax liability as of 31 December 2023 (31 December 2022 - TL 16,989).

ii. Information on taxes payable

	Current Period	Prior Period
Corporate Tax Payable	22,320	16,989
Taxation on Marketable Securities	844	204
Property Tax	1	1
Banking Insurance Transaction Tax	2,400	2,036
Foreign Exchange Transaction Tax	29	35
Value Added Tax Payable	889	635
Other	2,157	1,112
Total	28,640	21,012

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

iii. Information on premium payables

	Current Period	Prior Period
Social Security Premiums – Employee	1,061	295
Social Security Premiums – Employer	1,770	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	56	21
Unemployment Insurance – Employer	112	41
Other	-	-
Total	2,999	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	-	736,414	-	467,749
Subordinated loans	-	736,414	-	467,749
Subordinated debt instruments	-	-	-	-
Total	-	736,414	-	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.

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

None.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

- 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	(12,181)	1,619	1,998	-
Foreign exchange difference	-	-	-	-
Total	(12,181)	1,619	1,998	-

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

1. Information on off-balance sheet commitments

a. The amount and type of irrevocable commitments

	Current Period	Prior Period
Forward asset purchase and sale commitments	340,039	24,786
Forward deposit purchase and sale commitments	-	373,966
Tax and fond liabilities from export commitment	-	-
Other irrevocable commitments	8,143	11,757
Total	348,182	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 31 December 2023, the Bank has no specific provision (31 December 2022 – None) and TL 9,387 (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	795,997	542,886
Letters of credit	42,708	42,089
Bank acceptances	-	-
Other guarantees	313,621	200,202
Total	1,152,326	785,177

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

	Current Period	Prior Period
Final letters of guarantee	104,207	116,421
Provisional letters of guarantee	-	-
Letters of guarantee for advances	74,883	112,446
Letters of guarantee given to customs offices	174,990	96,857
Letter of guarantees given against cash loans	441,623	217,162
Other letter of guarantees	294	-
Total	795,997	542,886

c. Total amount of non-cash loans

	Current Period	Prior Period
Non-cash Loans Given against Cash Loans	755,244	417,364
With Original Maturity of 1 Year or Less Than 1 Year	20,000	182,120
With Original Maturity of More Than 1 Year	735,244	235,244
Other Non-cash Loans	397,082	367,813
Total	1,152,326	785,177

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

Current Period	I. Group		II. Group	
	LC	FC	LC	FC
Non-Cash Loans	505,808	640,510	6,008	-
Letters of Guarantee	503,308	286,681	6,008	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	42,708	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2,500	311,121	-	-

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	0.51	-	-	2,590	0.91	-	-
Mining	-	-	-	-	-	-	-	-
Production	1,817	0.36	-	-	1,817	0.64	-	-
Electric, Gas and Water	773	0.16	-	-	773	0.27	-	-
Construction	-	-	158,795	24.79	-	-	158,024	31.43
Services	509,226	99.49	481,715	75.21	279,823	99.08	344,723	68.57
Wholesale and Retail Trade	35,120	6.86	169,822	26.51	33,684	11.93	37,808	7.52
Hotel, Food and Beverage Services	330	0.06	-	-	929	0.33	-	-
Transportation and Telecommunication	4,000	0.78	65,148	10.17	4,000	1.42	39,870	7.93
Financial Institutions	469,776	91.79	181,500	28.34	241,210	85.40	226,038	44.96
Real Estate and Leasing Services	-	-	65,148	10.17	-	-	39,870	7.93
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	97	0.02	-	-	1,137	0.23
Other	-	-	-	-	17	0.01	-	-
Total	511,816	100.00	640,510	100.00	282,430	100.00	502,747	100.00

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

2. Information on derivative transactions

	Current Period	Prior Period
Trading Derivative Financial Instruments		
Foreign Currency Transactions (I)	794,895	668,149
Forward Foreign Currency Buy/Sell Transactions ⁽¹⁾	340,039	24,786
Foreign Currency Swap-Buy-Sell Transactions	454,856	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)	794,895	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)	794,895	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 31 December 2023, provision for litigation amounting to TL 200 (31 December 2022 - TL 200) has been set aside for the lawsuits filed against the Bank in accordance with the precautionary principle; these provisions are classified under "Other provisions" in the balance sheet. The probability of unfavorable outcome of other ongoing lawsuits, except for those for which a provision has been made, does not seem to be high and no cash outflow is foreseen for these lawsuits.

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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. Information on interest income

a. Information on interest income on loans ⁽¹⁾

	Current Period		Prior Period	
	LC	FC	LC	FC
Short-term Loans	157,166	130,753	181,674	25,704
Medium/Long-term Loans	87,165	154,317	58,288	99,063
Interest on Loans Under Follow-up	623	-	2,062	55
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	244,954	285,070	242,024	124,822

⁽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⁾	-	17,834	657	-
From Domestic Banks	1,446	9,317	597	2,544
From Foreign Banks	-	2,041	407	37
Branches and Offices Abroad	-	-	-	-
Total	1,446	29,192	1,661	2,581

⁽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	23,246	979	11,836	63
Financial assets measured at amortized cost	-	60,066	-	38,322
Total	23,246	61,045	11,836	38,385

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

None (31 December 2022 - None).

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

2. Information on interest expense

a. Information on interest expense⁽¹⁾

	Current Period		Prior Period	
	LC	FC	LC	FC
Banks	68,845	152,924	49,276	52,708
The Central Bank of Turkey	-	-	-	-
Domestic Banks	50,982	2,740	11,336	1,108
Foreign Banks	17,863	150,184	37,940	51,600
Branches and offices abroad	-	-	-	-
Other Institutions⁽²⁾	-	36,520	-	6,963
Total	68,845	189,444	49,276	59,671

⁽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 (31 December 2022 - None).

c. Interest expense on issued marketable securities

	Current Period		Prior Period	
	LC	FC	LC	FC
Interest expense on securities issued	36,644	48,482	25,715	39,240

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 (31 December 2022 - None).

4. Information on trading income/loss (Net)

	Current Period	Prior Period
Income	2,025,582	1,676,917
Profit on trading account securities	23,872	10,191
Profit on derivative financial transactions ⁽¹⁾	6,366	54,640
Foreign exchange gains	1,995,344	1,612,086
Loss (-)	(1,941,618)	(1,626,298)
Losses on trading account securities	(13,556)	(528)
Losses on derivative financial transactions ⁽¹⁾	(3,297)	(38,390)
Foreign exchange losses	(1,924,765)	(1,587,380)
Net Trading Income/Loss	83,964	50,619

⁽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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

5. Information on other operating income

Other operating income includes TL 41,542 reversal of prior year specific and expected loss provision and there is no income regarding extraordinary accounts (31 December 2022 – TL 13,366 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⁾	45,691	17,567
12 Month Expected Credit Loss (Stage 1)	29,002	17,323
Significant increase in credit risk (Stage 2)	16,689	244
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	-	100
Total⁽²⁾	45,691	17,667

⁽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 4,149 (31 December 2022 – TL 4,301 net provision expense).

7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits ⁽¹⁾	-	1,061
Bank social aid fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	5,055	4,961
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	5,684	3,479
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	46,989	25,089
Leasing expenses related to TFRS 16 exemptions	752	14
Maintenance expenses	8,621	5,438
Advertisement expenses	2,410	1,144
Other expenses	35,206	18,493
Loss on sales of assets	24	8
Other	23,992	10,475
Total	81,744	45,073

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

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

8. Fees for services received from the independent auditor / independent audit firm

In accordance with the decision of the POA dated March 26, 2021, the fee information (excluding VAT) for the reporting period for the services received from the independent auditor or independent audit firm is given in the table below.

	Current Period	Prior Period
Independent audit fee	2,047	1,266
Fees for tax consultancy services	202	154
Other assurance services fee	-	-
Fee for other services other than independent audit	-	-
Total	2,249	1,420

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

Profit before tax consists of net interest income/expense amounting to TL 335,914 net commission fee income amounting to TL 98,906, trading gain/loss amounting to TL 83,964 other operating income amounting to TL 49,094 provision for loan losses and other receivables amounting to TL 45,691 and other operating expenses including personnel expenses amounting to TL 191,541.

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

For the period ended 31 December 2023 the Bank has current tax expense TL 81,007 (31 December 2022 - TL 62,857) and the Bank has deferred tax expense amounting to TL 31,934 and deferred tax income amounting to TL 307,022 (31 December 2022 - TL 15,871 deferred tax expense and TL 16,496 deferred tax income).

	Current Period	Prior Period
Reconciliation of Tax Provision		
Profit/Loss Before Tax	330,921	266,105
Applicable Tax Rate	30%	25%
Calculated Tax	99,276	66,526
Reconciliation of Provision for Income Taxes and Provision for Income Taxes		
Other (Effect of expenses not accepted by law, discounts, etc.)*	(293,357)	(4,294)
Tax Provision	(194,081)	62,232

* Deferred tax assets arising from inflation adjustment in accordance with the provisions of Provisional Article 33 of the Tax Procedure Law are included.

As of 31 December 2023, the Bank doesn't have any discontinued operations.

11. 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 525,002 (31 December 2022 - TL 203,873 profit).

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

12. 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 (31 December 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.

13. 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	263	-
Other Interest Income	263	-
Interest on funds borrowed / funds and cash collateral	(14,683)	(17,656)
Other	-	(2)
Other Interest Expenses	(14,683)	(17,658)
Money transfer commissions	13,272	40,464
From asset backed securities funds	8,089	9,021
From cheques, notes operations	23,191	163
Other	53,594	5,153
Other Commission Income	98,146	54,801
Given to correspondent banks	(2,901)	(3,689)
Asset backed securities funds services	(5,827)	(6,364)
Other	(1,323)	(833)
Other Commission Expenses	(10,051)	(10,886)

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

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

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

As of 31 December 2023, the Bank has booked TL 10,562 decrease (31 December 2022 – TL 1,998 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.

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

1. Information on cash and cash equivalents

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

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

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

	Current Period	Prior Period
Cash	1,632,672	450,760
Cash and Foreign Currency Cash	72	26
Turkish Central Bank	1,632,600	450,734
Other	-	-
Cash Equivalents	912,724	1,270,396
Banks	461,139	1,270,396
Interbank Money Market Placements	451,585	-
Total Cash and Cash Equivalents	2,545,396	1,721,156
Collateral amounts on cash and cash equivalents	(118,133)	(302,810)
Interest income rediscounts on cash and cash equivalents	(2,213)	(57)
Cash equivalents with a maturity longer than three months	-	-
Restricted reserve deposits	(754,068)	(408,406)
Cash Flow Statements Cash and Cash Equivalents	1,670,982	1,009,883

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 76,070 (31 December 2022 - TL 38,395) 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 5,085 (31 December 2022- TL 126) 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 1,082,561 (31 December 2022 – TL 761,546) 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 157,131 (31 December 2022 – TL 119,763 increase).

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

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

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

Current Period	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning of the Period	-	-	-	109,320	408,311	117,818
End of the Period	-	-	-	76,476	451,063	81,429
Interest and Commission Income Received	-	-	-	1,615	29,124	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	-	-	-	1,172	23,704	34

TL 236,280 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	-	-	88	96	233	467
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 31 December 2023, total benefits paid key management amounts to TL 26,861 (31 December 2022 - TL 12,472).

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

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

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

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

	Current Period			Prior period		
	Risk Group	Total	% Share	Risk Group	Total	% Share
Banks	1,440	461,139	0.3	1,698	1,270,396	0.1
Cash loans and receivables from leasing transactions	340,523	5,642,042	6.0	582,428	3,638,093	16.0
Marketable Securities	41,181	1,180,795	3.5	26,672	562,018	4.7
Loans received	548,152	4,713,824	11.6	32,476	2,763,204	1.2
Money market funds	164,848	1,075,122	15.3	104,128	312,968	33.3
Marketable securities issued	576,416	887,954	64.9	603,557	953,823	63.3
Funds / Other Liabilities	378,816	1,096,342	34.6	191,069	785,660	24.3
Subordinated Loans	736,414	736,414	100.0	467,749	467,749	100.0
Non-Cash loans	157,905	1,152,326	13.7	227,138	785,177	28.9
Derivatives ⁽¹⁾	-	794,895	-	-	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 3,969 (31 December 2022 - TL 2,619) due to the investment property that the Bank has leased to its risk group and the Bank's operating expense includes TL 3,899 (31 December 2022 - TL 2,405) 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	54			
			Country of incorporation		
Foreign representation	-	-	-		
				Total assets	Statutory share capital
Foreign branch	-	-	-	-	-
Off-share banking region branches	-	-	-	-	-

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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK

a. Explanations on ratings of the Bank

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 31 December 2023 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ. The independent auditor’s report dated 19 February 2024 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.