



*Expanding Our Vision with “**Firsts**”...*

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As PASHA Bank, we are committed to embodying the strong approach that underpins our establishment into our vision. We focus on strengthening the historical and cultural ties between Türkiye, Azerbaijan, and Georgia in the economic sphere, offering financial solutions to enhance regional trade relations and exports. We prioritize providing resources to the real sector through asset-backed securities issuances. We aim to differentiate our services with financial innovations and niche areas such as mortgage loans for Azerbaijani citizens and asset-backed securities indexed to wheat prices, a first in Türkiye.

***We prioritize people and life.  
We complement the digital  
experience in our services with  
a human touch. We emphasize  
sustainability through efforts  
such as waste management and  
incorporating green building  
features into our headquarters.  
We enhance our social impact  
through corporate social  
responsibility projects and support  
for digital art.***

# Agenda of the Annual General Assembly Meeting

1. Opening; Election of the Meeting Chairman and empowering the Chairman to undersign the minutes of the Meeting
2. Reading summary of the Annual Activity Report of the Board and the Annual Report of the Bank, Independent Auditor's Report and Financial Statements and discussion and ratification of the Annual Report and Financial Report for the accounting period of 2023.
3. Discussing the proposal of the Board of Directors on the Bank's Profit for the accounting year 2023 and adopting a resolution
4. Releasing Board Members and Senior Management separately, who have served during the accounting period 2023, with regard to their activities in the year 2023.
5. Approval of the board of directors' decision regarding the transfer of shares,
6. Discussion on the amendment of Article 7 of the Bank's Articles of Association titled "Capital Stock,"
7. Election of the Board members and determination of their term of office and informing the shareholders about the external duties conducted by the Board Members and the grounds thereof in accordance with the Principle 4.4.7 of the Corporate Governance Policies regulated by the Capital Market Board.
8. Determination of attendance right and remuneration of the Board Members,
9. Empowering shareholders having control in management, the Board Members, the top managers, their spouses, the relatives up to second kin and the relatives of marriage to conduct business with the Bank subject to the restrictions in Article 395 "Restrictions on Transactions with the Company and Borrowing" and Article 396 "Obligation Not to Compete" of the Turkish Commercial Code, without prejudice to the provisions of the Banking Law,

10. Election of the Independent Audit Institution that would undertake the independent audit of the Bank in 2024 in accordance with Article 399 of the Turkish Commercial Code,
11. Informing the shareholders with regard to the total bonus amount paid or to be paid to employees according to Bank's performance for the year 2023,
12. Informing the shareholders about remuneration principles of the Board Members and directors having the administrative responsibility and providing information to the shareholders on the total amounts of attendance right, wages, premiums, bonuses and dividends granted to the Board Members and executives in 2023 in accordance with the Corporate Governance Principle no. 4.6.2 promulgated by Capital Markets Board,
13. Informing the shareholders with regard to all donations and charities and their beneficiaries as per approved policy by the General Assembly in accordance with the Corporate Governance Principle no. 1.3.10 promulgated by Capital Markets Board
14. Informing the shareholders with regard to significant transactions executed in 2023 which may cause conflict of interest in accordance with the Corporate Governance Principle no. 1.3.6 promulgated by Capital Markets Board,
15. Wishes, suggestions and closing







***Inspired by the achievements of our Republic as we celebrate its centenary, we are focusing on creating new and lasting values for the business world and society.***

# The Values That Will Carry PASHA Bank to the Future



## Integrity

At the core of our business stands the unshakeable commitment to integrity.

For us, it means doing what is right. Every time. All the time. Even when no one sees you. At the very basic level, it is about respecting the laws and regulations of the country we operate in. It is about upholding our company's code of conduct even in the face of challenges. It means never sacrificing company interests for personal gains. It means being honest with us, our colleagues, clients and partners and earning their trust.



## Quality

The outside world will always judge us by the quality of the product or service we deliver. And the quality of our work is directly proportional to the dedication and professionalism of our staff. There is no way around it. That is why we always follow the standards we set. That is why we deliver what we promise - day in, day out - carefully balancing quality with efficiency for optimal results. That is why we try new things and strive to learn and improve - as individuals and as an organization.



## Collaboration

When we work as one team across departments, business units, and countries we produce phenomenal results. When we collaborate with clients, partners and suppliers we far exceed market expectations. The impact of these synergies far surpasses that of any individual contribution. Collaboration creates a sound working environment and leads to higher efficiency. It accelerates problem-solving and enables innovation. It nurtures trust and respect.

## VISION

To create new and enduring values in the business world and society.





### Entrepreneurship

The world around is constantly changing, so we often have to operate in ambiguity. We seek new opportunities and are ready to take bold steps – do things and go places others don't dare to. We don't fear challenges but view them as opportunities to grow. We are unafraid to take a personal responsibility for going an extra mile or doing something new. Our staff treat the company with care, passion, prudence – just like they would treat their own business.



### Profitability

We generate profits for the benefit of our shareholders and the society at large. In fact, it is today's profit that lays the foundation of the sustainable business and serves for maintaining the competitive edge. Our staff understand that value comes not only in every Turkish lira earned but also every Turkish lira saved. However, in the pursuit of short-term business goals we never lose sight of our long-term aspiration – to create and maintain a sustainable global business. And this aspiration drives every strategic decision we make.

## MISSION

- To become a cross-border bank empowering its customers;
- To be an international bank that adds value to the present and to the future;
- For our customers, through a high-quality, innovative and solution-oriented service concept;
- For our employees, through investing in their professional and personal development;
- For society and the world, through demonstrating social and environmental sensitivity;
- For our shareholders, by maintaining a robust financial structure and achieving steady growth and profitability.

## Financial Highlights

A summary of unconsolidated financial information of PASHA Yatırım Bankası A.Ş. for 2023 operations is presented below:

(TL thousand)	31.12.2023	31.1.2022
Cash and cash equivalents, net	2,540,872	1,719,212
Financial assets at fair value through profit or loss	90,603	41,168
Financial assets at fair value through other comprehensive income	141,928	64,216
Other financial assets measured at amortized cost	930,472	447,712
Loans and Lease Receivables, net	5,584,607	3,569,284
Other Assets	621,690	314,263
<b>Total Assets</b>	<b>9,910,172</b>	<b>6,155,855</b>
Loans Received	4,713,824	2,763,204
Money Market Funds	1,075,122	312,968
Marketable Securities Issued	887,954	953,823
Funds	442,751	630,890
Other Liabilities	725,903	211,459
Subordinated Debt Instruments	736,414	467,749
Paid-in Capital	500,000	500,000
Profit Reserves and Marketable Securities	303,202	111,889
Valuation Reserves		
Net Profit	525,002	203,873
<b>Total Liabilities</b>	<b>9,910,172</b>	<b>6,155,855</b>

PASHA Bank's sectoral shares at key indicators are presented below:

(TL million)	Sector*	PASHA Bank	Share
Total Assets	23,537,421	9,910	0.04%
Shareholders' Equity	2,144,748	1,328	0.06%
Cash Loans (gross)	11,677,135	5,642	0.05%

Source: BRSA, December 2023

# 56.5%

*Loans and lease receivables (net) reached TL 5,585 million with an increase of 56.5% in 2023.*



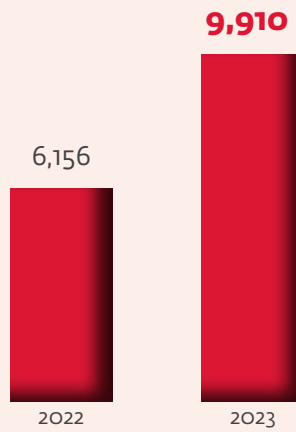
# 61.0%

Total assets of PASHA Bank increased by 61.0% to reach TL 9,910 million in 2023.

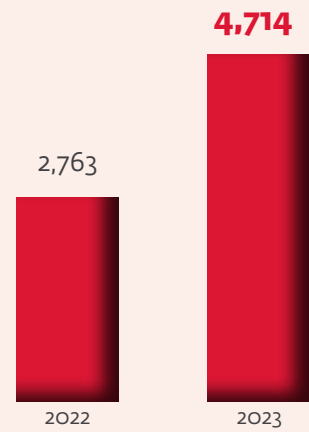
# 157.5%

Net profit exhibited a strong increase of 157.5%

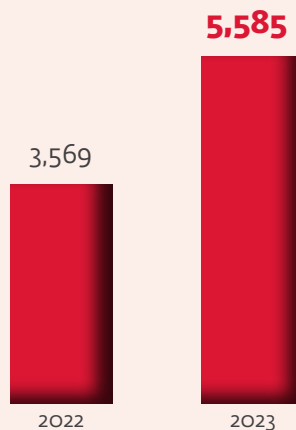
Total Assets  
(TL million)



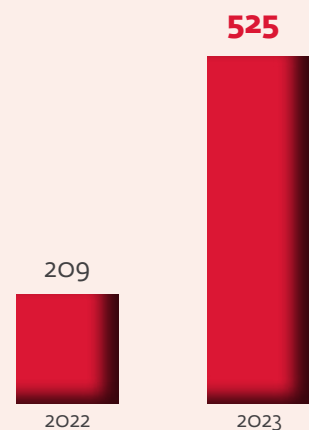
Loans Received  
(TL million)



Loans and Lease Receivables, net  
(TL million)



Net Profit  
(TL million)



## 2023 Headlines

### **JCR has upgraded PASHA Bank's credit rating to A+(tr).**

PASHA Bank, solidifying its position among Türkiye's strongest investment banks, has received international recognition for its success. The credit rating upgrade by the international credit rating agency JCR underscores PASHA Bank's robust banking image following a successful year in 2023. Accordingly, JCR has elevated PASHA Bank's Long-Term National Institution Credit Rating from "A (tr)" to "A+ (tr)" level. The upgrade in credit rating takes into account PASHA Bank's strong capital adequacy ratios, diversified funding structure facilitated by bond issuances providing financial flexibility, country-specific advantages encouraging investment in activities of investment banks, high level of compliance with corporate governance practices, continuity of the established risk management organization, and the downward trend in the ratio non-performing loans, supporting the quality of its assets.

### **PASHA Bank continued its successful asset-backed security issuances without slowing down.**

As one of the pioneers in Asset-Backed Securities issuances, which are crucial for the development of the real sector and the increase in employment, PASHA Bank completed an issuance of TL 798 million for Tarfin Agriculture in 2023. Additionally, a total of TL 50 million in issuance was made for

Platin Kimya, operating in the field of agricultural chemicals.

Since 2020, PASHA Bank has been providing support to the agriculture sector, and with these issuances, it has secured approximately TL 2 billion in funding for this sector since 2020.

### **International bond issuance from PASHA Bank**

Supporting cross-border investments with its mission of being a financial bridge at the triangle of Türkiye, Azerbaijan and Georgia, PASHA Bank realized a bond issue of USD 11,550,000 at the securities market of Azerbaijan.

As the first institution to issue a bond in a currency other than its own currency at Azerbaijan markets, PASHA Bank realized a total of nine foreign currency bond issuances since 2017, eight of them in USD and one in Euro. Thus, the Bank provided approximately USD 137 million of funds up to now.

### **PASHA Bank made a pioneering move in the Turkish capital markets with the issuance of asset-backed security indexed to wheat price**

The "PASHA Investment Bank A.Ş. Tarfin Third Asset Finance Fund," which took over Tarfin Agriculture's forward sales to farmers, not only contributes to the development of the agriculture sector but also offers an attractive investment alternative to qualified investors with this issuance transaction. This transaction holds significant importance as the first wheat price-indexed asset backed security issuance in the Turkish capital markets.

Farmers' receivables approved by Tarfin's developed agricultural risk scoring model form the collateral pool of this fund. Asset-backed security issuances, which transform agricultural receivables into a structured investment



# A FIRST IN TÜRKİYE

## PASHA BANK MADE A PIONEERING MOVE IN THE TURKISH CAPITAL MARKETS WITH THE ISSUANCE OF WHEAT PRICE-INDEXED ASSET-BACKED SECURITY

instrument, stand out as a secure investment vehicle for investors.

From the perspective of farmers, indexing the forward price of purchased agricultural inputs to wheat prices eliminates pricing risks by eliminating uncertainties in financial markets, considering that their incomes are tied to agricultural commodity prices. Moreover, the provided funding enables farmers to access agricultural inputs at more favorable prices.

The first wheat-indexed asset-backed security issuance, initially set at TL 3 million, achieved an average term of 72 days and a compounded return of 73%, satisfying investors. With a motto of innovation and sustainable economy, PASHA Bank conducted its second issuance in this field in 2023, reaching a total issuance size of TL 23 million.

### **PASHA Bank crowned its sustainability journey with the “Green Office” diploma.**

By successfully completing the goals set forth in the Green Office Transformation Program implemented by the Worldwide Fund for Nature (WWF), which has been operating in Türkiye for 49 years, PASHA Bank has earned the “Green Office” diploma. This diploma is obtained at the end of a process where institutions aim

to reduce their ecological footprint, contribute to a sustainable future by making improvements, and increase environmental awareness among employees through various training and activities.

### **New Product: Mortgage for Azerbaijani Citizens**

PASHA Bank launched its mortgage product targeting Azerbaijani citizens with the slogan “Don’t be a Guest in the Sister Country, Be a Homeowner” in Baku in 2022. With the intense demand from Azerbaijani citizens in 2023, PASHA Bank conducted another launch event in Baku, thereby increasing its share of mortgage loans in its credit portfolio.

### **PASHA Bank became the main sponsor of the 3<sup>rd</sup> Istanbul Digital Art Festival.**

Since its establishment in 2015, PASHA Bank has aimed to blend its cultural structure with artistic connections, always striving to support art and artists.

In this context, in 2023, PASHA Bank once again became the main sponsor of the festival, which was held at the AKM (Atatürk Cultural Center) from June 2<sup>nd</sup> to June 5<sup>th</sup>, themed “Is digital art the result of human molecules?” The festival was curated by Türkiye’s

first artificial intelligence curator Avind, along with Julie Walsh and Esra Özkan, and featured works by Azerbaijani artificial intelligence artist Shusha, as in previous years. Throughout the festival, in addition to audio and visual performances, panels and workshops were held on various topics such as artificial intelligence, entrepreneurship, bio art, bio design, and 6G technologies.

### **PASHA Bank enthusiastically celebrated the 100<sup>th</sup> anniversary of our Republic.**

PASHA Bank employees celebrated the 100<sup>th</sup> anniversary of our Republic with great enthusiasm at the reception held at the Headquarters, PASHA Plaza... PASHA Bank established the “Future Women Leaders” scholarship fund, which was launched specifically for the 100<sup>th</sup> anniversary of our Republic and will continue in the coming years. This scholarship fund aims to help female students at universities achieve their educational and career aspirations. It not only contributes to their education but also provides opportunities for young women to contribute to society as strong leaders. By supporting the academic, social, and personal development of female students, this scholarship will contribute to their becoming the leaders of tomorrow.









***With our pioneering identity, we differentiate our services with “first” financial innovations and niche areas.***

# PASHA Bank's Historical Development and Milestones

Founded as the first foreign capital investment bank of Türkiye in 1987 under the name Yatırım Bank A.Ş., PASHA Yatırım Bankası A.Ş. operated under the management of different shareholder groups.

In 2015, the Baku based regional financial institution PASHA Bank OJSC which is a private bank with the highest capital in Azerbaijan, acquired the majority shares and the new title of the Bank became PASHA Yatırım Bankası A.Ş. and the business name became PASHA Bank.

As the majority shareholder of the Bank, PASHA Holding LLC became 49% direct shareholder in 2018, paid-in-capital increased to TL 500 million.

In 2023, the direct ownership stake of PASHA Holding LLC in the Bank increased from 49% to 71.75%, while the share of PASHA Bank OJSC was 28.21%.

PASHA Bank operates from its head office located in Istanbul and has no branch offices.

PASHA Bank has been providing services to entrepreneurs with its corporate, business, premium

and investment banking products in accordance with its targets of supporting trade between Türkiye-Azerbaijan-Georgia, providing resources and guidance for enterprises investing in the region.

## 1987

Yatırım Bank A.Ş. was established in Istanbul as the first foreign-owned investment bank in Türkiye.

## 2015

PASHA Bank OJSC, the highest-capitalized private bank in Azerbaijan, became the majority shareholder by acquiring a majority stake in the Bank. The Bank's title was changed to PASHA Yatırım Bankası A.Ş., and the paid-in capital increased to TL 255 million.

## 2016

The issuance of the first debt instrument was realized by means of a sale to qualified investors.

## 2017

FIRST M&A TRANSACTION  
FIRST EUROBOND (\$) ISSUANCE  
FIRST "INTERMEDIATION IN  
THE ISSUANCE OF A DEBT  
INSTRUMENT".

## 1987

ESTABLISHMENT AS "THE  
FIRST FOREIGN-CAPITALIZED  
INVESTMENT BANK IN  
TÜRKİYE"



**2023**

TÜRKİYE'S FIRST ASSET-BACKED SECURITY ISSUANCE INDEXED TO WHEAT PRICES  
GREEN OFFICE CERTIFICATE

**2022**

FIRST MORTGAGE LOAN

**2020**

FIRST LEASE CERTIFICATE ISSUANCE

FIRST ASSET BACKED SECURITY ISSUANCE

**2019**

FIRST EUROBOND (€) ISSUANCE

**2017**

The first M&A transaction was finalized.

The first Eurobond, with a maturity of five years and denominated in USD, was issued in the Azerbaijani market.

The Bank, for the first time, acted as an intermediary in the issuance of a debt instrument.

**2018**

PASHA Holding LLC acquired 49% of the shares, and the paid-in capital was increased to TL 500 million.

**2019**

Moved to its new headquarters building.

First euro-denominated Eurobond issuance in the three-year tenor was realized for Azerbaijan market.

**2020**

The first Lease Certificate backed by financial leasing assets was issued.

PASHA Bank intermediated in funding the customers in the agricultural and automotive industry by issuing asset backed securities.

The bank participated in Venture Capital Funds, the development of technology.

**2021**

PASHA Bank intermediated in the issuance of 7 asset-backed securities during 2021 which provided TL 296 million of funds and played an active role in capital markets.

**2022**

A subordinated loan of USD 25 million with a tenor of 10 years was obtained.

A mortgage loan product was launched for Azerbaijani citizens who want to own a house in Türkiye.

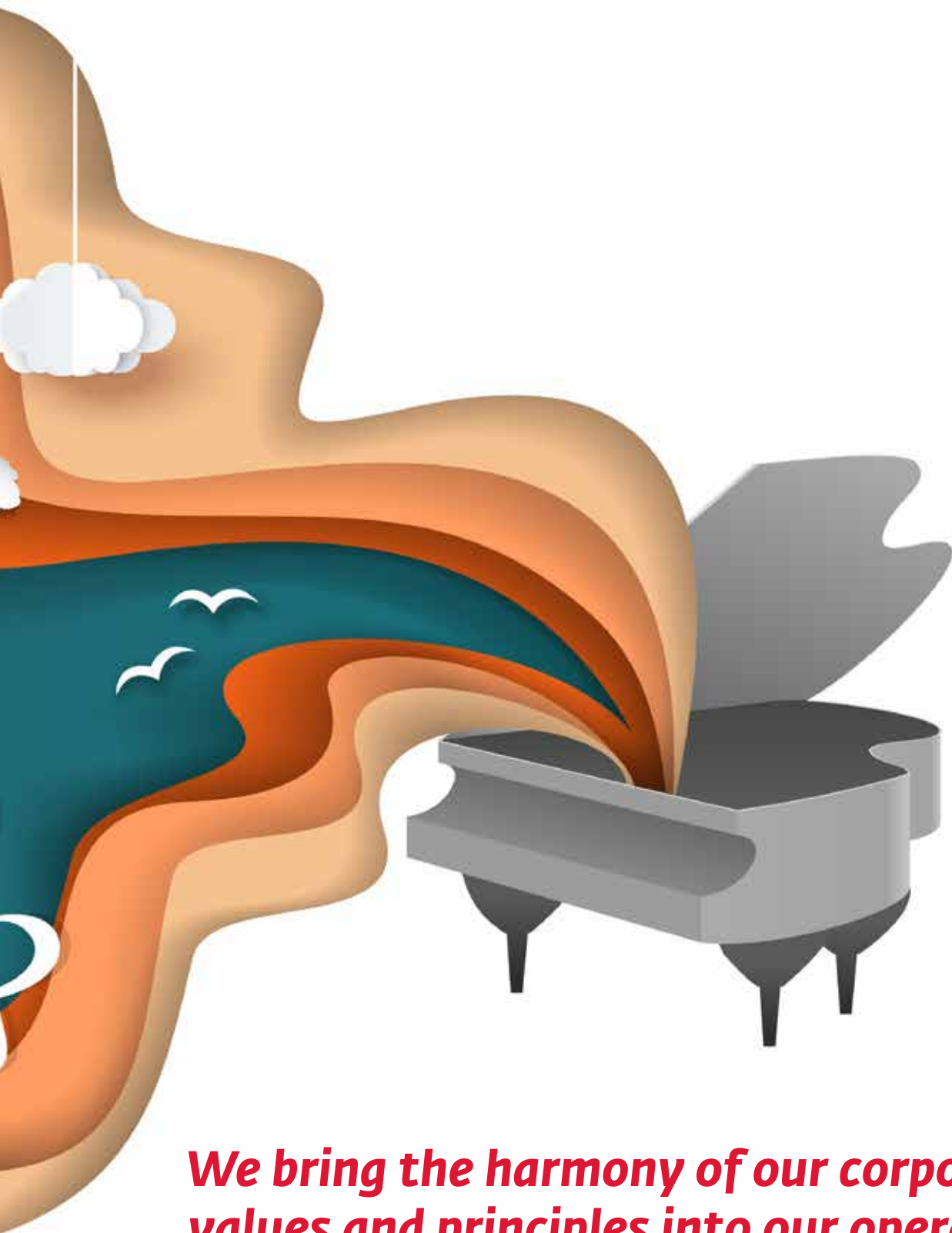
**2023**

A groundbreaking move was made in Türkiye by issuing Asset-Backed Securities indexed to wheat prices.

PASHA Bank earned the Green Office Certificate as part of its sustainability journey.

The direct ownership stake of PASHA Holding LLC in the Bank increased from 49% to 71.75%.





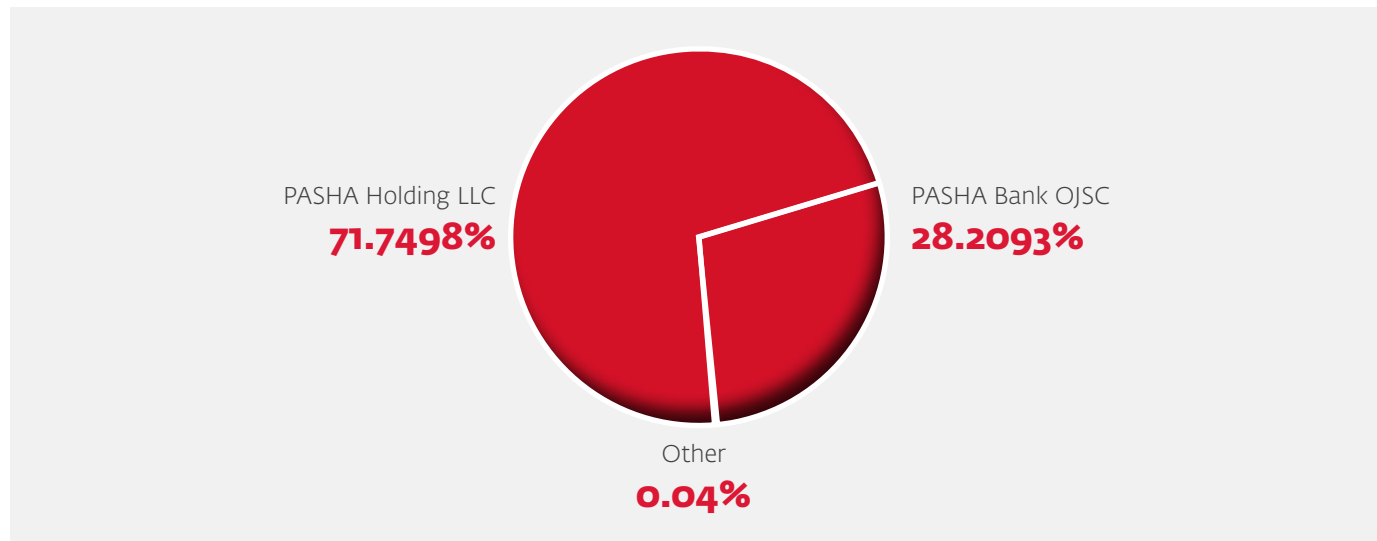
***We bring the harmony of our corporate values and principles into our operations, capturing the flow of life with our customer-centric banking approach.***

# Changes in Articles of Association, Share Capital, Shareholding and Organization Structure of PASHA Bank

As of 31 December 2023, the paid-in capital of PASHA Bank is TL 500 million and PASHA Holding LLC is the controlling shareholder of the Bank. During the accounting period, a share transfer occurred between PASHA Bank OJSC and PASHA Holding LLC in the Bank, resulting in changes in the Bank's capital and ownership structure. There have been no changes to the Bank's articles of association during the accounting period.

Share capital and ownership structure as of 2023 year-end is presented below:

Shareholder's Trade Name/Full Name	Share Amount (TL)	Ratio (%)
PASHA Holding LLC	358,748,764.00	71.7498
PASHA Bank OJSC	141,046,357.00	28.2093
Other	204,879.00	0.04
<b>Total</b>	<b>500,000,000</b>	<b>100.00</b>



Bless LLC and Reveri LLC are qualified shareholders of PASHA Holding LLC with equal rates of 37.50% followed by Arif Pashayev and Mir Jamal Pashayev with rates of 15% and 10% respectively.

As of reporting date, PASHA Holding LLC holds 56.82%, Bless LLC 28.18%, Arif Pashayev 9.99% and Mir Jamal Pashayev 5.01% of the shares in PASHA Bank OJSC.

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

The Chairman and the Members of the Board of Directors, as well as the CEO and Deputy CEOs do not hold direct or indirect shares in the Bank.

## Changes in Organization Structure

According to the decision taken by the Board of Directors on 21 June 2023:

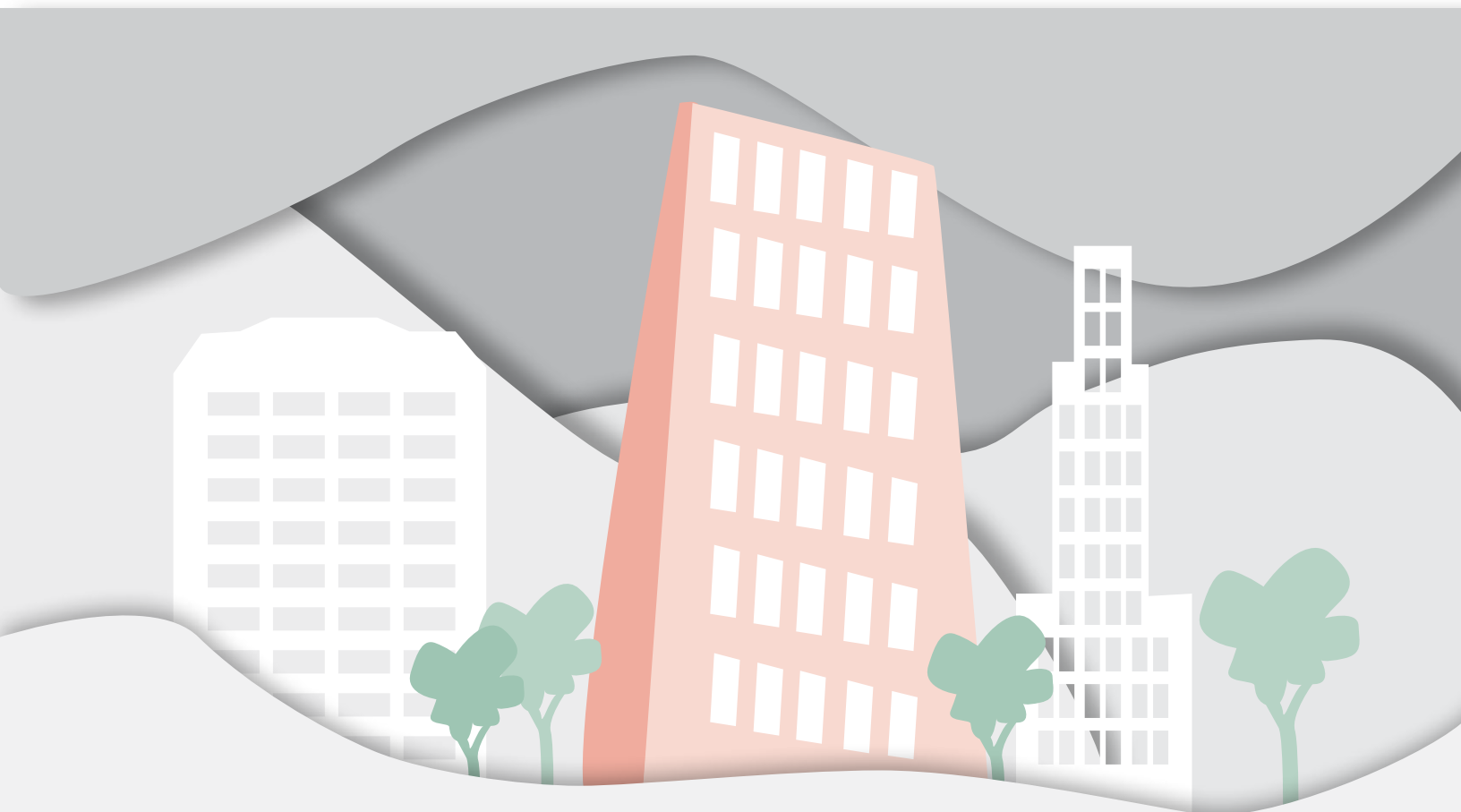
- The "Legal" and "Project Management" units under the General Manager and the "Operations" and "Administrative Affairs" units under the Assistant General Manager responsible for Operations are structured under the Deputy General Manager.

- The "Premium Banking", "Credits Unit", "Treasury and Investor Relations", "Financial Affairs", and "Information Technologies" units, along with their respective subunits which were under the Assistant General Managers, are structured under the General Manager.

The names of the Human Resources and Strategy and Budget Committees of the Board of Directors have been revised to "Human Resources Expert Group" and "Strategy and Budget Expert Group," respectively.



## About the PASHA Group



### **PASHA Holding LLC**

PASHA Holding LLC, through its subsidiaries, invests in banking, insurance, construction, information technology, the property development and tourism sectors.

Established in 2006, the Holding builds its business on the basis of effective management, corporate governance and well-thought-out investment decisions.

The Holding has two types of investment assets portfolios: Controlling stakes in PASHA Holding and its subsidiaries (PASHA Group) and minority private equity investments.

### **PASHA Bank Azerbaijan**

PASHA Bank OJSC is one of the leading corporate banks in Azerbaijan. PASHA Bank OJSC provides all the important financial services covering investment banking, trade finance and asset management to a range of customers ranging from big corporations to SMEs.

The Bank works in close cooperation with companies in the agriculture, transportation, construction, tourism and retail sectors which play a vital

## About the PASHA Group

role in diversification of the Azerbaijan economy.

PASHA Bank OJSC is among the first three banks in Azerbaijan with respect to total assets. As of 31 December 2022, the Bank's total equity is registered as AZN 648 million and the total assets being AZN 9,218 million.

PASHA Bank OJSC focuses on creating and developing long-term supportive relations with the expanding customer base. The Bank aims to provide the highest level of internationally transparent banking services constructed on values of "Integrity, Profitability, Responsibility, Quality and Collaboration".

Adopting a strategic approach for keeping up with the rapidly changing financial markets, PASHA Bank OJSC is a corporation determining the trends in the Azerbaijan banking sector, especially in the digital field.

PASHA Bank also aims to create the best employee experience in Azerbaijan and to strengthen its employer profile within the labor market as the most preferred company by the employees

countrywide. All of the innovation plans of the Bank are devised with the support of valuable employees for developing and implementing the best.

Since 2011, PASHA Bank OJSC has provided high net worth individuals private banking services including deposits, loans and financial planning.

PASHA Bank OJSC serves in its Baku-based Headquarters and its eight branches. The Bank is operating with the vision of generating integrated banking activities aiming at increasing the trade and investment volume between Baku, Tiflis and Istanbul, being the most dynamic markets in the region.

The Bank's first subsidiary, PASHA Bank Georgia, started operations on 17 December 2012.

PASHA Bank OJSC is an affiliate of the PASHA Group, which is a large-scale investment holding group, holding important assets in insurance, real estate development, construction, tourism and other lines of business in Azerbaijan.

\* USD 1 = AZN 1.7 (31 December 2023)

### **PASHA Bank OJSC's credit rating scores**

PASHA Bank OJSC's credit ratings for 2023 were assessed by the international rating agency S&P Global Ratings as "BB-" for long-term and "B" for short-term.

### **PASHA Bank Georgia**

A subsidiary of PASHA Bank OJSC, PASHA Bank Georgia has offered corporate banking and investment banking services to large, medium and small-sized firms and retail banking products since its establishment in 2013.

The Bank is an important player in the fields of corporate and investment banking in Georgia. The Bank provides finance to the leading companies in Georgia and offers financial consulting services. It has also specialized in participating and/or leading the syndications of firms in different sectors.

## Overview of 2023 and Expectations for 2024



## *Fight against Inflation in Global Markets*

The year 2023 has been a period dominated by the fight against inflation, brought about by the expansive policies implemented during the pandemic. Central banks are primarily addressing the inflation issue by increasing policy interest rates. During this time, countries are also implementing monetary tightening measures and supply-side policies to prevent their economies from entering into a recession.

The U.S. Central Bank (Fed) and the European Central Bank (ECB) state

that they will not rush into interest rate cuts for the year 2024. Both central banks emphasize that a prerequisite for starting interest rate cuts is a sustained and significant decrease in inflation. They indicate that they will decide based on developments in the monitored data. While the likelihood of the Fed and ECB initiating a new interest rate hike process is low, the question of how high they will keep interest rates for the year 2024 is being closely evaluated by market participants. Particularly, the slowing

growth in European Union economies brings along the risk of recession, increasing the possibility of the ECB starting interest rate cuts earlier.

One of the most significant issues for the U.S. economy following the implemented economic policies during the Covid-19 pandemic was inflation. The U.S. consumer inflation, which was around 2.00% before the pandemic, exceeded 8.00% in 2022. This led to inflation-fighting policies becoming a key element in both monetary and fiscal policies for the year 2023.



**THE GROWTH IN THE U.S. ECONOMY SHOWED A DECLINE IN THE FIRST HALF OF 2022, DRIVEN BY THE INCREASING POLICY INTEREST RATE. HOWEVER, IT REBOUNDED TO 2.5% IN 2023**

Starting from the first quarter of 2022, the Federal Reserve (Fed) gradually increased the policy interest rate (upper bound) from 0.25% to 5.50%. Despite the ongoing interest rate hike process, the annual consumer price index has not yet returned to pre-pandemic levels. According to Bloomberg economic forecasts, the U.S. inflation is expected to be 3.4% on an annual basis in 2023, 2.7% in 2024, and 2.3% in 2025.

The growth in the U.S. economy showed a decline in the first half of 2022, driven by the increasing policy interest rate. However, it rebounded to 2.5% in 2023 despite the interest rate hikes, indicating that the U.S. economy is still resilient. Fed is expected to make at least three interest rate cuts in 2024.

The negative slope of the U.S. yield curve suggests a possibility of a recession in the U.S. economy in 2024. According to Bloomberg estimates, there is a 50% chance of the U.S. economy entering a recession in 2024. The Fed's decision to increase the policy interest rate has led to a rise in short-term interest rates as well as the yields on 2, 5, and 10-year Treasury bonds. The U.S. yield curve, transitioning to a structure where investment spending is excluded, indicates economic slowdown due to keeping short-term policy interest rates at high levels for an extended period. Therefore, the possibility of a recession highlights the question of when the Fed might start interest rate cuts. The rigidity in inflation and the trajectory of the labor market will be crucial factors in determining this.

From the perspective of the European economy, inflation is also considered a fundamental problem. ECB has increased the policy interest rate to 4.50% by the end of 2023 as part of its efforts to combat inflation. Despite the rise in the policy interest rate, the growth of the European economy, which was 3.5% on an annual basis in 2022, is expected to be only 0.6% by the end of 2023. The primary actor in the decline of growth in Europe is Germany. Despite showing a 1.8% annual growth performance in 2022, the German economy closed the year with a contraction of 0.3% in 2023.

Germany, a crucial locomotive for the European Union, is facing problems due to the bottleneck in energy prices, which is an important input for its industry. The ongoing war between Ukraine and Russia and OPEC's daily production cuts have pushed up energy prices. The German economy, especially due to issues in accessing Russian natural gas, is experiencing an economic downturn.

It is possible that ECB may initiate a process of interest rate cuts in the first half of 2024 in response to the economic downturn. However, statements from the ECB suggest an expectation that the potential to tolerate stagnation in the fight against inflation still exists, mitigating expectations of interest rate cuts in the first half of 2024. Although there is no clear intention for interest rate cuts from the ECB, the possibility of the ECB starting interest rate cuts earlier is considered strong when compared to the economic trajectory in the United States.

Among Asian economies, the Chinese economy continues its recovery process post-Covid-19. The Chinese economy achieved a growth of 5.4% in the first half of 2023. However, despite avoiding expansionary measures in economic policy, there is a slowdown in domestic demand, especially in the real estate sector, coupled with a decline in export items, particularly in the European economy. As a result, economic growth remains below the pre-Covid-19 period.

China's real estate sector is one of the most influential industries for its economy, accounting for approximately 25% of the total economic output. The problem of debt repayment faced by major real estate companies is being tackled by the government's steps to increase housing demand. However, the growth in the real estate sector has not yet fully recovered, creating pressure on other sectors and the global economy through financial institutions.

Leading indicators of growth, such as China's Manufacturing PMI data, suggest hints that economic growth could further decelerate. The Manufacturing PMI data monitored throughout the year indicates signs of economic downturn.

In February 2022, the price of one ounce of gold tested levels of USD 1,600 and by the end of December 2023, it reached USD 2,077. The ongoing conflict between Russia and Ukraine has led investors to turn to gold, which they perceive as a safe haven. Gold prices experienced a decline in March 2023 following the

Federal Reserve's interest rate hike, reaching a level of USD 1,820 in May 2023. The expectation that central banks, particularly the Fed, would initiate interest rate cuts in mid-2024, along with gold not falling below the technical level of USD 1,600, has prompted a rise in the price of gold.

While the possibility of central banks implementing a policy of interest rate cuts is viewed positively for the increase in the price of gold, the economic slowdown in China, one of the world's largest physical gold-demanding countries, is reducing demand for gold and jewelry. Considering that this situation creates a pressure factor on gold prices, a recovery in the Chinese economy is expected to have a positive impact on gold prices.

After the Presidential election in 2023, the new economic management and Central Bank Governor, who took office for the Turkish economy, implemented changes in monetary and fiscal policies. The method of credit expansion, expected to support the supply side of the economy, resulted in excessively stimulative effects on domestic demand, leading to the emergence of high inflation issues and prompting a preference for a new model. In the context of the fight against inflation, the Central Bank of the Republic of Türkiye (CBRT) gradually increased the policy interest rate to 42.50%. In addition to raising the policy interest rate, CBRT also increased reserve requirement ratios and began implementing quantitative tightening. Simultaneously, through selective credit



**THE ONGOING CONFLICT BETWEEN RUSSIA AND UKRAINE HAS LED INVESTORS TO TURN TO **GOLD**, WHICH THEY PERCEIVE AS A SAFE HAVEN.**



**DESPITE MONETARY  
TIGHTENING MEASURES,  
THE TURKISH ECONOMY  
HAS SHOWN A **GROWTH**  
PERFORMANCE ABOVE THE  
GLOBAL AVERAGE.**

practices, efforts were made to reduce the stimulative effects of loans provided to the private sector on domestic demand.

In the Medium-Term Program (OVP) for 2024-2026, it is targeted to bring the annual Consumer Price Index (CPI) down to single digits, specifically 8.5% by the end of the program. In this direction, the continuation of inflation targeting, the effective use of all tools in the fight against inflation by CBRT, and the implementation of a coordinated monetary policy with fiscal policy are aimed. Efforts will be made to address factors influencing inflation, and measures to increase the total housing stock will be pursued despite the increase in rent and housing prices. Additionally, the program will include measures to prevent consumption expenditures that contribute to inflation.

Despite monetary tightening measures, the Turkish economy has shown a growth performance above the global average. The main factor here can be attributed to the fact that fiscal policy has not been as effectively implemented as monetary policy. Especially, incentives provided after the earthquake disaster, minimum wage increases, pension raises, and salary increases for public employees have supported domestic demand, leading to a growth performance above the world average. However, being more selective in credit conditions and the increase in loan interest rates have negatively affected investment

expenditures in the industrial sector. On the other hand, the depreciation of the Turkish lira has contributed to uninterrupted growth, especially in the services sector, including tourism. The slowdown and even recession in the European economy, particularly in Germany, a significant part of Türkiye's exports, has turned external demand's contribution to economic growth into a negative one. Therefore, the growth above the global average is driven by domestic demand.

In 2023, the current account deficit continues to increase. The current account deficit, which was USD 7.2 billion at the end of 2021, rose to USD 49.1 billion at the end of 2022 and further increased to USD 51.7 billion by the end of September 2023. However, by November, it was recorded as USD 49.6 billion. The main reasons for the current account deficit are attributed to fiscal policies that stimulate domestic demand, a decrease in export revenues due to sluggishness in the foreign market, and high gold imports. In terms of tourism, the number of foreign tourists visiting the country in 2023 has reached pre-pandemic levels.

According to TURKSTAT data, in July 2023, the total number of tourists reached 9.3 million, with a total of 8.4 million in 2023. The total number of tourists in June, July, and August 2023 reached 25 million, with foreign tourists exceeding 19 million.

The OVP for 2024-2026 anticipates a continuation of the recovery trend in



exports during the program period. Additionally, a decrease in gold imports and a reduction in energy prices due to a decline in global demand are expected. To enhance the global competitiveness of the Republic of Türkiye in trade, emphasis will be given to green transformation and digitalization processes. With the increase in competitiveness in trade, the target for the current account balance to GDP ratio is -3.1% in 2024, -2.6% in 2025, and -2.3% in 2026.

Although the ratio of the budget deficit to national income decreased in 2022, it started to rise again towards the 3% level in 2023. The support policy implemented, especially after the earthquake disaster in February 2023, led to an increase in expenditure items in the budget. Significant portions of budget revenues were generated from tax sources such as income tax, VAT, and excise tax, with corporate tax lagging behind. While total state debts rose to USD 116 billion in March 2023, it decreased to USD 104 billion by the end of October. The ratio of the budget deficit to national income was 0.93% in the 4<sup>th</sup> quarter of 2022, increased to 3.73% in the 2<sup>nd</sup> quarter of 2023, and then decreased to 2.68% in the 3<sup>rd</sup> quarter.

The 2024-2026 OVP aims to implement structural changes that will achieve savings measures in public spending. Public expenditures will be periodically

reviewed and efforts will be made to prevent inefficient spending. In terms of public investment expenditures, priority will be given to investments that create economic and social benefits. Tax expenditures will be reassessed, aiming to eliminate ineffective exemptions, allowances, and discounts. Collection performance for public revenues will be enhanced, and tax penalties will be reviewed to strengthen deterrent effectiveness. Overall, the desire is to shape tax policy in a way that enhances efficiency, productivity, employment, and the competitive environment in the economy.

The 2024-2026 OVP projects an annual average increase in employment by of 909 thousand people during the program period, with the goal of reducing the unemployment rate to 9.3% by the end of the program. As of the end of September 2023, the labor force participation rate is 48.30% and the unemployment rate is 9.27% in the third quarter of 2023. The program's target for the unemployment rate at the end of 2023 is 10.1%.



**CBRT IMPLEMENTED A TIGHT  
MONETARY POLICY WITHIN  
THE SCOPE OF FIGHTING  
AGAINST INFLATION.**



***With the power of our knowledge and vision, we expand our sphere of influence and strengthen our economic ties with the neighboring geographical area.***



## Chairman's Message



*Healthy and Strong  
Growth*

Esteemed Stakeholders,

The prolonged Russia-Ukraine war and the start of another war in the Middle East between Israel and Palestine complicated the situation in our region. The ongoing wars have the potential of spillover to other countries raising the risks of expansion of the conflict. These factors may constrain the external demand in the Turkish economy and lead to weakening of economic relations between the countries of the region. Furthermore, the conditions may exacerbate the foreign exchange rate depreciating pressure and high inflation.

Despite these challenges, recent macroeconomic data show that Türkiye is able to manage economic implications of the shocks from the external situation. The diplomatic efforts of the government and the adjustments in banking regulation helped to maintain the macro-financial stability. Driven by domestic demand on the expenditures side and construction sector on the production side the Turkish economy grew by 5.9% in the third quarter of 2023. The domestic demand continued to support economic growth following a similar

tendency of the previous year, while foreign demand slowdown persisted during 2023. In this regard, it is worth to mention that last policy measures by the Government, returning to conventional economic policies, interest rate hikes by Central Bank and simplification of the micro- and macroprudential framework is quite adequate which ultimately aims to tame inflation, decrease the volatility and depreciation pace of the foreign exchange rate.

On the back of above mentioned economic landscape, the overall banking system succeeded to maintain risks within the acceptable levels, and profitability at two-digit territory. According to latest data, the total assets of the system in the last 12 months has increased by 62% as opposed to October 2022, exceeding TL 20 trillion. A similar trend applies to the credit portfolio. Total credits of the industry reached TL 10,991 billion with 56% increase.

It is a tradition, therefore, we are proud to say that PASHA Bank as a dynamic market player keeps going on its healthy expansion. In general, continuous investment

onto strengthening of internal capabilities, starting from building core competencies for managing business to increasing human capital potential of the Bank, has already demonstrated its strategic return in the form of capable navigation through the stressful times. As a result, total assets of the Bank increased by 61% to reach TL 9,910 million at the end of 2023. Our gross cash loan and leasing receivables portfolio, comprising 56% of total assets, reached TL 5,642 million with a 55% increase.

Due to effective risk management framework, and prudent credit policy pursued by the Bank we have been successful in preserving low level of NPL in our balance sheet. It is worth to underline that flexible revisiting of credit policy, adjusting tactics of credit and underwriting policy to the current realities of macroeconomic environment etc. are forming substance of the overall risk approach of the Bank. Moreover, it is worth to underline that quick revisit of the loan portfolio due to the on-going war, and run of the relevant stress-testing process have also expanded the ability of the bank managing credit risks in a

## successfully agile

**WE HAVE SUCCESSFULLY CONCLUDED THE 2021-2023 STRATEGIC PERIOD.**

**AGILITY AND KNOW-HOW REGARDING FOCUS SECTORS ARE EXPECTED TO BE DIFFERENTIATING CAPABILITIES OF THE BANK.**

## gainful

**WE MAKE OUR CUSTOMERS' BANKING EXPERIENCES GAINFUL AT PASHA BANK.**





**IT IS WORTH TO MENTION THAT STRATEGICALLY IT HAS BECOME VERY IMPORTANT TO LEVERAGE ON **SYNERGY** OPPORTUNITIES IN THE GROUP, SINCE IT IS QUITE BIG AND OPERATIONS ARE GOING BEYOND COUNTRIES AND SECTORS, WHICH IN THE END PROVIDES POTENTIAL BUSINESS OPPORTUNITIES.**

proper way. Regarding the latter, it has become more crucial how the Bank formulates its baseline scenario, and also how risk triggers are embedded into stress scenario framework, which ultimately end up with proper scenario formulation, advanced measurement and preparation of mitigation plan.

We have successfully finalized the 2023 strategic period. In general, the 2023 strategy rose on the foundation of values like integrity, quality, collaboration, entrepreneurship and profitability, built up with the vision to create new and enduring values in the business world and society, focused as the mission to become a cross-border bank empowering its customers. It is worth to mention that strategically it has become very important to leverage on synergy opportunities in the Group, since it is quite big and operations are going beyond countries and sectors, which in the end provides potential business opportunities.

The 2023 strategic period in its essence was characterized with continuation of some business segments, also with full dedication to the new initiatives. Coming to the latter, it actually concentrated on to realization of potential niche markets. Financing investment into the real estate market in the countries of operations via the mortgage lending, investment into the venture capital in order to materialize technological return in the greater scale of the entire Group business etc. are examples in this regard. About the real estate initiative, the Bank already introduced mortgage product in the 1st quarter of 2022 within the entire Group. Considering positive interest, the team is working with relevant stakeholders

to scale it up in the coming period. In addition to diversifying its funding side, the strategic document also covered main business enablers which are actually the main assets of bank in the way of execution of the strategy. It is our privilege to state that, the proper strategy formulation has been the backbone of higher financial performance similar to the previous strategic periods. Both profit side indicators, and also expense ratios are performed positive trend yielding higher profitability for its shareholders, and stability for other stakeholders.

While executing the strategy, we continued to make substantial investments to the information technologies, risk management, credit management, fund raising, talent acquisition etc. and development of our employees that are of foremost importance. In overall, agility and know-how regarding focus sectors were the outstanding capabilities of the Bank. It is worth to mention that the operational agility of the Bank yields its return even in the core operations. Of course, we totally understand that agility may require us to invest in operational systems which in the end provide system availability, from other hand accelerate transformation towards digitalization. It is the reason that the Bank has some strategic projects in this regard. Infrastructure enhancement for digitalization and new platforms, and advanced information security for digitalization are among them.

We will continue to make efforts to diversify the Bank's funding structure and expand our correspondent network and investor base. In this



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

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

We have finalized the process of the formulation of the 2024-26 period strategy in order to ensure the Bank adopts to the constantly evolving economic landscape and rapid

transformation in the financial sector driven by innovations in technology and business processes. In this regard, shareholder aspirations have been determined constituting the backbone of the strategy, the macroeconomic projections have been formulated for baseline, downside and upside scenarios, and the risk boundaries are determined. The strategy formulation process was mainly conducted by the Bank's own resources, while experienced consultants' advices were also involved into the process.

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

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

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

Sincerely yours,



**Jalal Gasimov**  
Chairman



**IT IS REALLY A PRIVILEGE TO  
US TO WITNESS **EXPANDING  
BUSINESS OPPORTUNITIES**  
ON THE BACK OF INCREASING  
REGIONAL ECONOMIC  
RELATIONSHIPS AFTER  
THE GREAT VICTORY OF  
AZERBAIJAN.**

## Message from the General Manager



# *Sustainable Road Map*

Esteemed stakeholders,

In the year 2023, which marked the centennial anniversary of our Republic, our country began with great sorrow brought about by the earthquake disaster, and throughout the year, it endeavored to heal the wounds caused by this catastrophe. In a year where the Russia-Ukraine war continued, another conflict erupted between Palestine and Israel in the latter months of 2023. Looking at the world as a whole, the actions taken by central banks to combat global inflation, which has been ongoing since the previous year due to wars, earthquakes, floods, and rises in oil and food prices, have been closely monitored. The Federal Reserve (Fed) of the United States continued its interest rate hikes throughout the year, raising the policy rate to a range of 5.25-5.50%, while the European Central Bank (ECB) raised its policy rate to 4.50%. Other central banks also maintained tight monetary policy regimes. While the effects of high inflation were felt domestically, following the presidential and general elections, the new Central Bank of the Republic of Türkiye (CBRT) President and Monetary Policy Committee

returned to orthodox policies. CBRT implemented a tighter monetary policy this year to combat inflation, raising the policy rate to 42.50%. It was observed that foreign investors also turned back to Turkish bonds towards the end of the year, alongside the return to orthodox policies and the stabilization of the exchange rate. At the end of this year, following the positive reports from foreign credit rating agencies, the CPI inflation was announced as 64.77%. It is expected that the Turkish economy, which was forecasted to achieve strong growth in the range of 4.50-5.00% in 2023, will continue its moderate growth in 2024, ranging from 3.50-4.00%, while inflation is expected to be in the range of 40-45% in 2024.

PASHA Bank has completed the three-year strategic period covering the years 2021-2023. We successfully achieved our goals in line with our objectives, aiming to attain healthy and sustainable growth, enhance product diversity, improve the quality of services provided to our customers, strengthen our role in capital markets, and increase our share in financing foreign trade in the region. We have also established

the roadmap for our new strategy covering the period 2024-2026 within this year. In this new strategic period, where sustainability takes precedence, our goals include increasing our role in financing trade within the Türkiye-Azerbaijan-Georgia triangle, continuing to support the real sector by increasing the volume of issuances in capital market instruments such as bonds, bills and commercial papers, diversifying our financing and products according to our customers' needs, continuing our customer-focused approach, and enhancing and adding value to our human resources. A gratifying development for our bank was the upgrade of PASHA Bank's long-term national credit rating from A (tr) to A+ (tr) by the credit rating agency JCR Eurasia Rating in September. The upgrade in credit rating took into account PASHA Bank's strong capital adequacy ratios, diversified funding structure facilitated by debt issuances, high level of compliance with corporate governance practices, continuous improvement in the robust risk management organization, and the downward trend in the ratio of overdue receivables, which supports the quality of assets. Additionally, SAHA Rating

## strategy

**WE IDENTIFIED OUR NEW STRATEGY COVERING 2024-2026 PERIOD.**

## green office

**WE RECEIVED OUR GREEN OFFICE CERTIFICATE AT OUR SUSTAINABILITY JOURNEY.**

## A+(tr)

**JCR EURASIA RATING INCREASED PASHA BANK'S LONG TERM NATIONAL CREDIT SCORE FROM A(tr) TO A+(tr).**



**SAHA RATING INCREASED  
OUR CORPORATE  
GOVERNANCE COMPLIANCE  
SCORE TO 9.39.**

has increased our compliance score with corporate governance principles to 9.39.

PASHA Bank, in line with our goal of sustainable growth, achieved an increase in total assets by 61% compared to the previous year, reaching TL 9,910 million. Our support to the real sector continued to increase during this period, with the gross cash loan volume of our bank rising by 55% to TL 5,642 million compared to 2022, and our net profit recorded at TL 525 million by the end of the year.

Despite rapidly changing market conditions, we continued our bond issuances both domestically and internationally in 2023. During investor visits conducted in Baku, we introduced our country and the investment opportunities available. Our second launch aimed at Azerbaijani citizens, with the slogan "Don't be a Guest in the Sister Country, Be a Homeowner" and targeting Turkish citizens interested in owning property in Türkiye, received great interest in Azerbaijan. We also increased the volume of mortgage transactions tailored to the region. PASHA Bank continued to play a significant role in financing foreign trade in the Türkiye-Azerbaijan-Georgia triangle this year, as in previous years, while steadfastly pursuing our goal of being the "first bank that comes to mind in the region" in line with our strategy.

Our bank also continued to expand its activities in investment banking this year. We have been actively involved in Asset-Backed Securities (ABS) transactions since 2020, bringing

together financial resources of over TL 2 billion with our customers in the agriculture and automotive sectors. This year, we achieved a first in the Turkish capital markets by facilitating the issuance of Wheat Price-Indexed Asset-backed Securities. By indexing the futures price of agricultural inputs purchased through this method to the price of wheat, uncertainties in financial markets were eliminated, and pricing risks mitigated. Behind these specially designed issuances for qualified investors lies a strong and diversified collateral structure and attractive return opportunities. We will continue to support the real sector using capital market instruments in the coming year as well.

In 2023, we continued our efforts and technological investments to focus on projects and digital transformations that will contribute positively to our bank's and our country's sustainable growth. In our journey to produce new services to be more competitive in the sector and to increase interaction and efficiency in both internal and external customer satisfaction, experience and acquisition, we started projects such as "Digital Approval" and the creation of a web platform that will enable the marketing, promotion and sale of financial products to qualified investors.

In line with our sustainability roadmap, we have successfully achieved the goals set forth in the "Green Office" program in collaboration with WWF Türkiye, thereby earning the Green Office certification for PASHA Bank. We continue to implement our corporate social responsibility projects and waste management system that benefit the

environment. With each project we undertake, we remind ourselves and our employees of our commitment to nature and the environment, bridging today and tomorrow towards a green transformation to support our goal of a sustainable future.

In terms of effective risk management, we have enhanced our Early Warning and Intelligence System by incorporating new sources of information and signal structures, allowing us to reduce credit risk by filtering credit customers' big data through understandable criteria. To foster an entrepreneurial culture within the institution, develop innovation awareness, and encourage an increase in innovation-based proposals, we have initiated the "PASHA Bank Türkiye Innovation Program," which aims to be conducted annually. We have also reviewed and made improvements to our Performance Management System to ensure fair evaluation of our employees' performance.

Our Bank's support for the arts continues this year as well, with our participation in a project focusing on digital art, which has gained significant momentum in recent times. We were the main sponsor of the "Is Digital Art the Result of Human Molecules?" themed festival held at the Atatürk Cultural Center from June 2<sup>nd</sup> to 5<sup>th</sup>. This festival, curated by Türkiye's first artificial intelligence curator, Avind, and featuring works by Azerbaijan's first artificial intelligence artist, Shusha, received great interest from both domestic and foreign art enthusiasts.

Above all, this year, we joyously celebrated the 100<sup>th</sup> anniversary of our

Republic with all our employees at a reception held at our Headquarters, accompanied by anthems and Turkish flags. In this context, we have established the "Future Women Leaders" scholarship fund, initiated specifically for the centennial of our Republic and to be continued in the coming years. This scholarship fund aims to assist female university students in reaching their educational and career aspirations. It not only contributes to their education but also reflects our belief in empowering young women to become strong leaders contributing to society. Through this scholarship, we will support the academic, social, and personal development of female students, working towards making them the future women leaders.

As we bid farewell to the year 2023, I express my gratitude to our dedicated colleagues, customers, Board Members and shareholders who have contributed to our success, bringing our Bank to where it stands today. As we enter the second century of our Republic, I extend my best wishes to our country for brighter and stronger tomorrows, united in the spirit of our past.



**H. Cenk Eynehan**

CEO and Member of the Board of Directors



**OUR BANK HAS BEEN  
SUPPORTING ART SINCE ITS  
INCEPTION AND HAS BEEN  
CONTINUING THIS SUPPORT  
AS THE MAIN SPONSOR OF  
THE ISTANBUL **DIGITAL ART**  
FESTIVAL.**



***We are increasing our contribution  
to the circular economy and green  
transformation, striving for a better  
future.***







## PASHA Bank's 2023 Operations



# High Service Quality

PASHA Bank offers its customers high quality, unique and highly value-added products and services on the basis of three main areas, namely corporate and commercial banking, premium banking and investment banking.

The Bank offers the following products and services to meet the investment and working capital needs of its customers:

- Cash and Non-cash Loans,
- Leasing,
- Project Financing,
- Treasury Products,

- Foreign Trade Products
- Money Transfers

under the Corporate and Commercial Banking segment to satisfy the working capital and investment needs of its customers.

In Premium Banking segment, the Bank offers the following products:

- Sale of PASHA Bank Bonds/Bills,
- Sale of Asset-Backed Securities
- Repo Transactions in TL and Foreign Currency
- Intermediation of Eurobond Sales and Purchases

- FX Spot and Derivatives Transactions
- Mortgage credits for Azerbaijan Citizens

Under the Investment Banking business line, the Bank provides its customers/investors with

- Intermediation to Issuance of Debt Instruments,
- Structured Finance Products,
- Corporate Finance Products,
- Issuance of Asset Backed Securities

### Corporate and Commercial Banking

- Cash and Non-cash Loans,
  - Leasing,
  - Project Financing,
  - Treasury Products,
  - Foreign Trade
  - Money Transfers

### Investment Banking

- Intermediation to Issuance of Debt Instruments,
- Structured Finance Products,
- Corporate Finance Products,
- Issuance of Asset Backed Securities

### Premium Banking

- Sale of PASHA Bank Bonds,
- Sale of Asset-Backed Securities
- Repo Transactions in TL and Foreign Currency
- Intermediation of Eurobond Sales and Purchases
- FX Spot and Derivatives Transactions
  - Mortgage Loans

In addition to bond and bill issuances regularly carried in the domestic market to diversify its funding sources, PASHA Bank's USD and EUR Eurobonds issued in Azerbaijan were welcome warmly by the individual and corporate investors of the country.

In line with its boutique service approach and the strategy, PASHA Bank has limited the number of customers in order to deal with its customers more quickly and effectively and to establish a more in-depth customer relationship. In this way, the Bank believes that it will maintain its high service quality and fast service reflex.

### Treasury Management

The Treasury Department is tasked with managing PASHA Bank's assets and liabilities with optimal efficiency in conformity with the regulations of legal bodies. The Unit closely observes the developments in the markets and considers all possible risks including particularly liquidity risk and market risk.

The Treasury Department performs trading transactions for profit on the inter-bank market in line with the risk limits set by the Board of Directors.

PASHA Bank employs the treasury products in an increasing quantity while offering the products and services the customers need. The Bank, outstanding with the competitive pricing of derivatives such as forward and swap, helps the customers hedge against risks with custom made products.

## Boutique service

**IN LINE WITH ITS BOUTIQUE SERVICE APPROACH AND THE STRATEGY, PASHA BANK DEALS WITH ITS CUSTOMERS MORE QUICKLY AND EFFECTIVELY.**

## PASHA Bank's 2023 Operations

In addition to its TL-denominated financing bond issues, it acts as an intermediary for the trading of other capital market instruments on Borsa Istanbul, while supporting customers in their investments with repo transactions denominated in Turkish lira and foreign currencies in various tenors.

Monitoring market developments and opportunities closely in Türkiye and around the world, PASHA Bank Treasury Department works in coordination with Treasury departments of PASHA Bank Azerbaijan and Georgia, provides guidance for pricing and marketing of local financial products in the targeted region. Similarly, economic

developments in the region are being shared with investors through various bulletins and research reports by working in cooperation with research units in Azerbaijan and Georgia.

PASHA Bank's Treasury Department aims as well to manage future risks in the most effective way in line with the Bank's risk management strategy. The Department plans to improve the structured products offered to domestic and foreign corporate customers and to play a role in expanding the diversification of potential customers and profitability in Azerbaijan and Georgia by offering them Turkish capital markets products.

### Investor Relations

In 2023, domestic financing bond issuances continued without slowing down. Throughout the year 2023, a total of TL 510 million worth of financing bonds were issued, and growth in this area was achieved in line with the usual strategy and goals.

The issuance of an alternative investment instrument, asset-backed securities continued to support the real sector. In 2023, asset-backed securities issuances amounted to TL 950 million. Additionally, this year witnessed the introduction of wheat price-indexed asset-backed securities issuances, which were welcomed by investors and marked a first for the Turkish capital markets.

## PASHA Bank's Core Banking Principles

PASHA Bank operates in line with its main corporate banking principles that are predicated on the concepts of "Boutique Service", "Continuous Development", "Customer Loyalty" and being a "Regional Player."

### "Boutique Service" principle

Apart from offering traditional solutions to its customers, whom it sees as business partners, the Bank has adopted the principle of providing solution-oriented and versatile boutique services and establishing effective, sustainable and productive relationships with its customers.

### "Continuous Development" principle

Having adopted a corporate governance approach and continuous development principle, the Bank follows current developments in the finance sector, and offers customized solutions to its customers by correctly identifying their needs and by improving its service infrastructure.

PASHA Bank's objective is to foresee the future needs of customers by staying attentive to ever-increasing competition and ongoing developments, both worldwide and in Türkiye. In this manner, we offer our customers the financing alternatives most suitable for them, whereby the Bank adopts the principle of enjoying mutual gains.

Foreign currency-denominated bond issuances abroad also continued this year, with a total of USD 137 million being raised from abroad since 2017.

Investor Relations Department will continue to contribute to the Bank's growing and developing structure in 2024.

### **Corporate and Business Banking**

The year 2023 has been marked as a year of unforeseen developments in various fields including economy, politics, health and many more. Despite the ongoing impacts of the Russia-Ukraine war, especially in the energy and food sectors, the year

2023 witnessed a somewhat subdued economic activity due to declining energy prices and delayed recovery in the Chinese economy. However, the global efforts to combat inflation through tight monetary policies led to a stagnant performance.

The inflationary environment that has emerged in Türkiye due to global developments has become a significant and prioritized factor for the banking sector, both domestically and globally.

In Türkiye, the uncertainty in economic conditions, regulatory changes in the banking sector and fluctuations in interest and exchange rates in 2023 made it a year where developments

were closely monitored and risk management became a priority for the banking sector, which holds a significant share within the Turkish financial system.

During this period, PASHA Bank continued to focus on customer-oriented service without departing from its sustainable financial structure, ensuring healthy lending processes, proper management from loan allocation to collection and continuous and meticulous compliance with legal regulations.

In the rapidly evolving journey of digital transformation, which is the cornerstone of change and

### **"Customer Loyalty" principle**

The prioritized goal of PASHA Bank is to ensure high customer satisfaction and loyalty. In line with this goal, the Bank defines its primary principle as getting to know the customer well, always acting on the basis of principles and creating trust-based customer rapport.

### **"Regional Player" principle**

PASHA Bank is the only bank established in Türkiye with main shareholders based in Azerbaijan. With the power it derives from shareholders who are among the leading groups in Azerbaijan, and the opportunity for cooperation thanks to the sister company operating in Georgia, the Bank serves firms that perform trading activities in the region. It is also the only bank in Türkiye to perform transactions in Azerbaijani Manat (AZN) and Georgian Lari (GEL)





## Collaboration with fintechs

**PASHA BANK INCREASED ITS COLLABORATION WITH FINTECHS AND PRIORITIZED PROJECT DEVELOPMENTS TO PROVIDE FASTER AND HIGHER QUALITY SERVICES TO ITS CUSTOMERS**

transformation, PASHA Bank increased its collaboration with fintechs and prioritized project developments to provide faster and higher quality services to its customers in 2023.

Operating in line with a customer-centric service approach, the Bank's services in 2023 included tailored financing products such as project finance loans, company acquisition financings and customer-specific financing for trade transactions, particularly regional trade.

Despite occasional difficulties customers faced in accessing credit, PASHA Bank emphasized leasing transactions, introducing both real estate and movable property leasing, and increased its leasing portfolio by 4.5 times compared to the previous year, reaching levels of TL 1.2 billion in 2023.

Furthermore, since its establishment, PASHA Bank has been serving as a "financial bridge" and the "first bank to come to mind in the region" for

companies looking to trade and invest between Türkiye, Azerbaijan, and Georgia. The Bank significantly increased its share in non-oil trade volume among the three countries.

As PASHA Bank concludes a successful year with its stable and efficient growth strategy, it will continue to demonstrate an innovative and solution-oriented approach in 2024, supporting the Turkish economy and the real sector with its products and services tailored to meet the needs of its customers, in line with sectoral developments.

## Corporate and Commercial Banking Operations





### Project Financing Credits

Despite challenging market conditions, PASHA Bank continued to take part in financing of new projects, capacity increases in existing facilities, renovation and modernization investments in various industries, particularly in energy and tourism.

### Mergers and Acquisitions Financing

PASHA Bank maintained its appetite in mergers and acquisitions in 2023. As a result, PASHA Bank increased the amount of financing to real sector including project financing and mergers and acquisitions financing by 75% in comparison with prior year.

### Supplier Financing

As we completed a year when liquidity management was extremely critical, PASHA Bank, with supplier financing services, provided opportunity for various product and service suppliers at every scale by creating an alternative low-cost finance source they can rapidly reach for their cash flow needs.

### Trade Receivable Financing

In 2023, PASHA Bank continued to provide fast financing solutions for the sustainability of the operations of its customers by cashing out their receivables which arose/or will be arisen from commercial transactions before their due dates.

### Forfaiting

PASHA Bank continued to provide financing to meet liquidity needs of exporter companies in 2023 with an increased appetite, by transferring the receivables, not yet due, from export transactions to the Bank without recourse.

### Leasing (Sell and Leaseback Transactions)

In accordance with its strategy, PASHA Bank continued to intermediate in Sell and Leaseback transactions in 2023 without any interruption, by transferring real estates of companies to the Bank for a specified period to meet their financing needs.

### Regional Banking

PASHA Bank continued and increased its synergy with the Group bank and subsidiaries in 2023 in accordance with its goal of being "The first bank that comes to mind in the region" for companies operating or planning to operate within "Türkiye-Azerbaijan-Georgia" triangle. With the regional collaboration opportunities it has and the support of innovative perspective and approach, the Bank achieved to increase its share in trade and trade financing in that region rapidly and left a very good year behind in acquisition of new customers in this area.



**USD 11,550,000 OF  
EUROBOND ISSUANCE WAS  
SUCCESSFULLY REALIZED IN  
2023**

### Financial Institutions

Financial Institutions Unit continued to contribute to the increase in foreign trade and interbank funding transactions mediated by PASHA Bank in 2023. This contribution is realized by the Unit expanding its local and international correspondent network and establishing additional cash and non-cash credit limits in line with the needs of corporate customers and the Treasury Unit. Alongside these transactions, relations are established with the Bank's sister institutions, thus mediating the exchange transfers of PASHA Bank customers in AZN (Azerbaijani manat) and GEL (Georgian lari).

The Bank plans to gain further recognition in international banking markets and increase its share in foreign trade transactions of its customers by expanding its encrypted connection network (RMA) and by participating in events which all banks of the world such as SIBOS and Euromoney attend. In parallel with this, a collaboration has been initiated with The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a subsidiary of the Islamic Development Bank (IsDB) Group, aiming to support Turkish

exports and exporters. Through the signed agreement, the cooperation entails risk-sharing in export letters of credit under ICIEC's Documentary Credit Insurance Policy (DCIP) product, primarily for IsDB member countries, with the goal of facilitating and increasing the volume of export transactions. The Financial Institutions Department aims to continue its activities in 2024 with an increased pace in financing foreign trade, supporting exports, and sourcing funds for the Bank.

### Investment Banking and Intermediary Services

PASHA Bank is authorized in Transaction Intermediary Operations, Portfolio Intermediary Operations, Best Effort Public Offering Intermediary Operations and Limited Custody Services with the licenses obtained from Capital Markets Board.

Within the scope of investment banking operations, the Bank provides funds to its corporate customers by performing intermediary services in debt instrument issuances. In line with its vision for being more active on this area in the coming years, PASHA Bank plans to support more companies and more industries on this area.

## Investment Banking and Intermediary Services



### Our Domestic Financial Bill Issuances

Issued the first bank financial bill with the sales method to qualified investors in 2016, PASHA Bank continued its financial bill issuances in 2023.

In 2024, PASHA Bank Türkiye aims to enrich the investor diversity achieved in prior years and continue its recognition in capital markets with new and diversified issuances.

### Eurobond (Foreign Bond) Issuances

The Bank realized its first Eurobond issuance in 2017 in USDs for the Azerbaijan market which had a 5-year term (USD 25 Million). In 2019, the Bank issued its first Eurobond in EUR and continued its successful operations in Azerbaijan.

With the last Eurobond issuance in 2023 for USD 11,550,000, the Bank reached a total of USD 133,000,000 and EUR 3.3 million transaction volume.

PASHA Bank Türkiye will continue its capital market operations in this area through Eurobond issuances with the most favorable return rates and terms in the following years.

### Asset-Backed Security Issuances

PASHA Bank Türkiye became the leader in Turkish capital markets with Asset-Backed Security issuances and realized a total sales of approximately TL 2 billion in this area during the last three years. Behind this product which is tailored to customers, are multiple guarantee structure and attractive return opportunity for investors. Through these transactions the Bank not only provides financial sources for the real sector but also offers high return advantages to qualified investors with customized guarantees.

With the purpose of developing the Private Sector Debt Instruments Market, PASHA Bank continued to issue Asset-Backed Securities in 2023 with different terms through the Asset Financing Funds established in 2020 to intermediate in securitization transactions. In this context, another four firms were added to the portfolio of intermediation services in 2023.

By issuing 10 Asset-backed Securities in 2023 for various industries and with different terms and conditions, PASHA Bank reached TL 950 million in issuance

size and the Bank is determined to play an active role in bringing together the real sector and capital markets with its investor banking identity.

Intermediating the issuance of three different companies operating in the agriculture and automotive sectors, which have a quality asset pool but do not have access to financing on favorable terms through such transactions, PASHA Bank has successfully concluded the process of obtaining funds through the capital markets. Particularly in the current market conditions, the Bank played a leading role in eliminating an important deficiency by taking its place as the leading institution in providing funds for the agricultural sector from the capital markets.

PASHA Bank supports the increase of momentum of developed capital market transactions in Türkiye and will continue intermediating in issuance of Asset-Backed Securities to obtain funds for corporations in different sectors in 2024.



**PASHA BANK HAS MADE  
INVESTMENTS IN TWO  
VENTURE CAPITAL  
FUNDS, ONE ESTABLISHED  
DOMESTICALLY AND THE  
OTHER INTERNATIONALLY.**

PASHA Bank provides services to leading corporate companies in terms of accessing the financing they need, with the most optimal model under the title of "Mergers and Acquisitions". Advisory services are provided based on the needs of the companies, acting as an intermediary for financial and strategic partnerships or purchases and sales of assets.

Under the investment banking area, PASHA Bank will continue to participate in venture capital funds which especially invest in technology-focused small companies with huge potential in our country. This way, the Bank is planning to support technological developments as well as gaining experience and know-how to establish similar types of funds within the Bank in the future. With these types of ventures, the Bank aims to monitor new trends and companies with successful performances more closely and become an intermediary in their growth and gaining access to the global arena through investment banking operations.

Recently, banks operating as technology-intense service firms are critical in maintaining their presence. Hence, PASHA Bank stays close to technology-focused firms and aims to develop new products and services for the Bank via these companies.

PASHA Bank considers that such ecosystems that are being supported by all stakeholders in the society are useful for developing operations as well

as providing contribution to the society. The Bank took the first steps within this framework by investing in two Venture Capital Funds, one established abroad and one being domestic.

### **Premium Banking**

In 2023, Premium Banking Department continued to offer treasury and capital market products to investors in accordance with individual customers' needs and gained speed in customer acquisition.

Through Premium Banking business branch, PASHA Bank invites foreign individuals and corporate investors to invest in Türkiye with various bond issuances in Azerbaijan having different terms and currencies, in addition to Turkish Lira PASHA Bank financial bonds issued for qualified investors in Türkiye.

In 2023, in addition to investment products such as repurchase agreements and Eurobond purchase-sales, PASHA Bank also had an active year in offering alternative borrowing instruments to its customers in Turkish Capital Markets such as Asset-backed Security issuances. Through these instruments, the Bank provided financial resources to the real sector and had the opportunity to offer high return advantage to qualified investors with these guaranteed products.

With the target of being the first bank that comes to mind not only in commercial area but also in retail area, PASHA Bank realized the mortgage

product relaunch in 2023 specific to Azerbaijan citizens with the "Don't be a Guest in the Sister Country, Be a Home-owner" motto and expanded its loan book.

In today's world when digital transformation is at front sight in every area, PASHA Bank took some significant steps and reached the final stage in the "PASHA Sign" project. The project will speed up the operational processes and make customer satisfaction and acquisition much faster.

In 2024, PASHA Bank Premium Banking Department will continue to bring individual investors in Türkiye and Azerbaijan together with investment products suitable with their risk appetite and to increase its own appetite to add alternative investment products to its product range suitable for its customer profile.

Premium Banking cares about sustainable growth, thus aims to sustain 100% customer satisfaction values and privileged service experience successfully in 2024.

### Project Management

PASHA Bank has continued to develop projects aimed at providing services/ products to customers and employees in line with the strategic goals set for the 2021-2023 period and in alignment with the new strategic period of 2024-2026. The development and improvements made aim to contribute to sustainable, secure, and high-quality technological infrastructure enhancements.

## Digitalization

### Services

- The "Digital Approval" project has been initiated. The process continues towards designing a white-labeled mobile application where customers can electronically sign contracts and instructions, enabling PASHA Bank to upload contracts and instructions to the system.
- A project that has also commenced to develop a mobile-compatible web platform that allows to enable investment for retail investors and to market, promote, and sell financial products digitally, without the obligation to become a PASHA Bank customer

### Risk management

- Detailed analyses have been conducted for areas identified for improvement in the Early Warning and Intelligence System, with new developments implemented. By adding new data sources and signal structures, the aim is to reduce customer risk by filtering credit customers' big data through understandable criteria.

### Information Security

- Information system projects for "Network Access Control, Internal Wi-Fi Management and Mobile Device Management Security Solutions" have been completed.



**PASHA BANK HAS LAUNCHED A SPECIAL *MORTGAGE* PRODUCT FOR AZERBAIJANI CITIZENS, WHICH HAS BEEN MET WITH SIGNIFICANT INTEREST.**

## PASHA Bank's 2023 Operations

### Operational processes

- PASHA Bank coordinates its processes for business process improvements and annual review of policies, regulations and procedures in accordance with these improvements to provide higher quality services for its internal and external customers.
- PASHA Bank's internal communication channel, the "Portal," has undergone digitalization processes aimed at approving and publishing current documents for internal regulations, enhancing operational efficiency, saving time for employees, reducing expenses, and supporting the transition to a green office environment. To achieve these goals, processes for Document Approval and sending automatic reminder emails for the list of documents to be reviewed annually have been designed and implemented through the system.
- In the project management process, continuity has been ensured by annually reviewing and revising Information Systems and Electronic Banking Services Regulations, Group methodology and adhering to risk management practices. Additionally, internal training sessions have been conducted to inform employees about Project Management Methodology.

### Infrastructure

- The project regarding the legal requirement for SWIFT ISO20022 Compliance has been completed.

### Human Resources

- As part of talent management and employee engagement/satisfaction initiatives, the revision of the Performance Management System and the project aimed at conducting the process through the system have been completed and implemented.

### Sustainability

- Since its establishment, PASHA Bank has not only supported corporate social responsibility projects but also implemented a waste management system that benefits the environment.
- As part of the Bank's sustainability efforts and under the motto #TogetherPossible, the Green Office (Next Generation Sustainable Transformation) Program was initiated. This program involves a review of current resource usage, identification of environmental indicators, and the achievement of goals related to them. The aim is to reduce the ecological footprint and create a more livable environment. In 2023, WWF awarded PASHA Bank the Green Office Logo and diploma. Additionally, within the framework

of the Green Office Transformation Program, a Green Office page has been created on the internal communication application "Portal," where all news and events related to the program are available for quick access by Bank employees.

- PASHA Bank aims to foster an entrepreneurial culture within the organization, recognizing that sustainability requires innovative ideas. In line with this, a presentation was shared with employees regarding the start of the "PBT Innovation Program," which aims to develop innovation awareness, acquire innovation competencies, and support an increase in innovation-based proposals.

Continuing efforts focus on projects and digital transformations that contribute positively to PASHA Bank's and the country's sustainable growth. Necessary efforts and technological investments are ongoing in this direction.



## Information Technologies

2021-2023 Strategy period Information Systems Strategy was prepared. Within the scope of this strategy, the following activities were performed:

Virtualization platform was updated and capacity was increased.

Capacity increases were realized at the new generation server and storage units of the Bank which contributes to performance and efficiency by developing suggestions in performance development, problem prevention, resource optimization via artificial intelligence features.

System and Network Operations Management and support service purchased for back-up are being performed, monitored and reported in a healthy manner.

Developing technologies were followed, research was conducted for cloud system and placed in the agenda for the following years.

Core Banking and Application Management continued its support throughout the year for development activities in Core Banking and other environmental systems, new software developments and regulatory projects. Progress was achieved by making new investments in digital banking and these investments increased in 2023.

The development of reporting infrastructure for demand management and change management practices has continued, accompanied by training sessions provided to the staff regarding these enhancements.

In accordance with principles of compliance with COBIT processes, activities continued for increasing data storage and process capacity and performance, monitoring of network and system infrastructure and developing reporting tools. All changes were reflected in back-up and Emergency Center.

Regulations and improvements in accordance with the BRSA regulation on Banks' Information Systems and Electronic Banking Services have continued to be implemented and developed.

PASHA Bank Kartal Business Continuity Center was kept ready for all business continuity activities, Business Continuity tests were performed based on remote working requirements.

In 2024, PASHA Bank will pursue its investments and development activities in infrastructure and security areas and continue to comply with the digital world by working on projects in its strategy.

## Information Security

Information Security Management and support service purchased for back-up are being performed, monitored and reported in a healthy manner by the teams in the Bank.

A high functioning application security wall was added to security applications taking into consideration services open to outside, capacity increase and addition of new functions were realized in vulnerability detection systems. At PASHA Bank, information security policies are updated in line with the

changes and threats happening in the area, information technology management processes are constantly reviewed and improved.

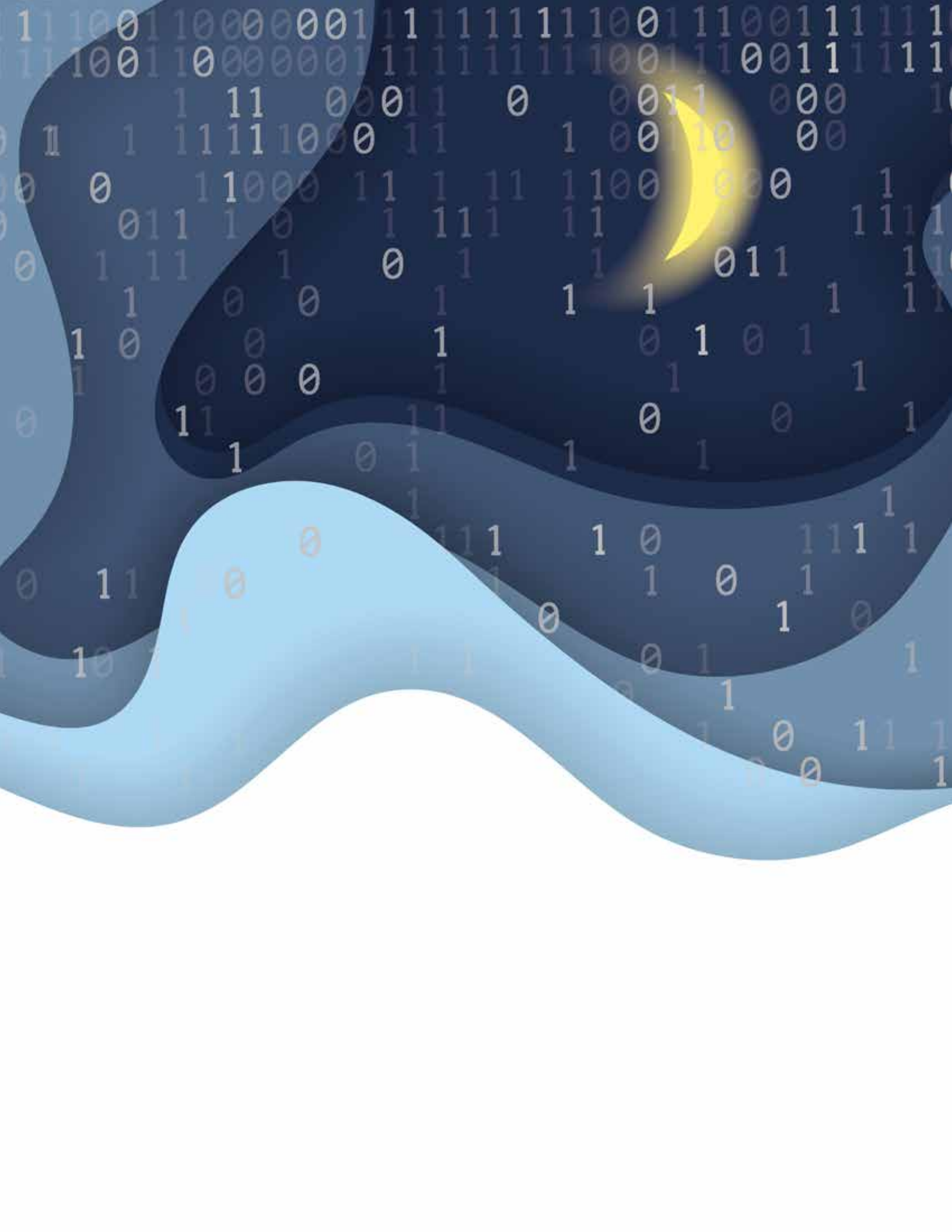
Like every year, penetration tests for minimizing security and cyber threat risks were made, no critical level findings were noticed and the operations for strengthening the infrastructure were maintained according to the results. All of the employees and the newcomers to the Bank participated in the in-house training program on information security awareness.

Within the scope of Analyses and Improvement of Information Systems and Information Security Risks Project at PASHA Group, the Group carried on working on standards and benchmarks used in all countries. Improvements will continue at the Group level in 2024.

In the following period, developments will continue with investments for network security audit, mobile device management and cyber security applications.

***We support the contribution  
of digital creativity in the  
artistic world to cultural  
development.***





# Board of Directors



## **JALAL GASIMOV** Chairman

Jalal Gasimov earned his bachelor's degree in economics from Azerbaijan Economy University, and his Master's degree in Economic Relations from the Higher Diplomatic College of Azerbaijan. He completed his MBA at the Warwick Business School, UK.

Jalal Gasimov began his banking career in 1999 at Ilkbank OJSC in Azerbaijan. From 2002 to 2003, he held various positions in the finance sector at private sector organizations. He served as the Finance Director at Azpetrol Oil Company from 2003 to 2004, and as the Vice Chairman of the Board of Directors at Azpetrol Holding from 2004 to 2006. Subsequently, Jalal Gasimov held positions at McKinsey & Company's Moscow office, Bank of Baku as CEO, CRA Group as Finance Director, and Unibank as CEO. Joining PASHA Holding in 2015 as Banking Group President and Deputy CEO, he served as Deputy CEO between October 2016 and December 2019. In January 2020, Jalal Gasimov was appointed as the CEO of PASHA Holding.

Jalal Gasimov served as a member of Working Groups/Project Teams established by the President of the Republic of Azerbaijan to develop various government initiatives since February 2016. He has been a member of the Board of Trustees of the Azerbaijan Deposit Insurance Fund since 2016 and has been involved in the working group for the establishment of the Azerbaijan Mortgage and Credit Guarantee Fund. He was also a member of the Advisory Board of the Association of Banks of Azerbaijan from July 2025 until early 2021. Additionally, Jalal Gasimov served as an Independent Board Member at MTBank Belarus for 5 years and as an Independent Board Member at Saba Poultry Azerbaijan for 3 years.

He currently serves as the Chairman of the Board of Directors at Azerbaijan Supermarkets (Bravo), Food City Agropark, and PASHA Management Company and as a Board Member at PASHA Insurance, PASHA Life, PASHA Investment and Kapital Bank. Mr. Gasimov has been the Chairman of the Board of Directors of PASHA Yatirim Bankası A.Ş. since 31 March 2017, where he joined as a Board Member effective 17 August 2015.

He has 25 years of experience in banking and business administration.



## **FARID MAMMADOV** Deputy Chairman

Farid Mammadov earned his bachelor's degree in political science at Baku Institute of Social Management and Political Sciences, and his Master's degree in Political Science at the Academy of Public Administration under the President of the Republic of Azerbaijan. He holds international MBA degree from IE Business School and a CFA degree.

He began his banking career in 1999 as a loan officer at United Credit Bank CB. From 2001 to 2010, he worked at Bank of Baku OJSC as Director of Credit Department and subsequently as Deputy CEO. Mr. Mammadov joined PASHA Holding in 2012 as Director of Risk Management, while also serving as a Board Member at PASHA Bank OJSC until June 2013. He was the First Deputy CEO at Kapital Bank OJSC between June 2013 and February 2017. He currently serves as Deputy CEO and the Chairman of the Ecosystem Executive Board at PASHA Holding. He is Board Member at Kapital Bank OJSC and PASHA Technology in Azerbaijan.

Farid Mammadov has been the Deputy Chairman of the Board of Directors of PASHA Yatirim Bankası A.Ş. since 31 March 2017.

He has 25 years of experience in banking and business administration.



## **SHAHIN MAMMADOV** Board Member

Shahin Mammadov graduated with a bachelor's degree in accounting and auditing from Azerbaijan State Economic University in 2002. He obtained his Master's degree 2004. He also completed his Ph.D. study in Economy at the Azerbaijan Republic Science Academy in 2010 and graduated from the Harvard Business School in July 2017.

He started his business career at Yapı Kredi Bank Azerbaijan (formerly, Koçbank JSB Azerbaijan) in 2003 and then continued as Audit Manager at Deloitte&Touche LLC. In 2009, Mr. Mammadov was assigned to the position of Director of the Financial Management Department at PASHA Bank Azerbaijan and in 2011 he became a Member of the Executive Board. In 2013, he joined the Board of Directors of PASHA Bank Georgia supervising the business development function. In July 2014, Mr. Mammadov was appointed as the CEO and Chairman of the Board of Directors at PASHA Bank Georgia.

In January 2018, Mr. Mammadov was assigned to the position of Business Support Director and Deputy CEO at PASHA Holding. On 1 March 2018 Shahin Mammadov became Member of the Supervisory Board of PASHA Bank Azerbaijan and on 30 May 2018 became Member of the Supervisory Board of PASHA Bank Georgia. He is also Supervisory Board Member at PASHA Life and PASHA Insurance in Azerbaijan.

Shahin Mammadov joined PASHA Yatirim Bankası A.Ş. as a Board Member effective 31 March 2015.

He has 21 years of experience in banking and business administration.



### **JAVID GULIYEV** **Board Member**

Javid Guliyev graduated from the Azerbaijan University of Languages and from the Azerbaijan State Economic University majoring in Finances and Credit.

Javid Guliyev began his career in 1996 as Head of Clients Department in British Bank of the Middle East, a subsidiary of HSBC, and in 1999, he served as Head of Financial Control Department of the bank.

In 2003, Javid Guliyev joined Unibank first as advisor to the Board, and later, in 2004, he was appointed First Deputy Chairman of the bank. During the period between 2005 and 2012, Mr. Guliyev was First Deputy Chairman of Bank Standard.

In 2012, Javid Guliyev was appointed Executive Finance Director at Capital Resources Advisors, Azerbaijan Branch. In 2014, he joined PASHA Holding as Chief Advisor.

Javid Guliyev began his career in PASHA Bank OJSC in 2015 as Business Development Advisor to the Chairman of the Bank's Board. On 22 February 2016, he was appointed Deputy Chairman of the Executive Board of PASHA Bank OJSC, on 1 March 2018 he was appointed Deputy Chairman of the Executive Board and Chief Commercial Officer of the Bank. On 12 April 2022, Mr. Guliyev was appointed as Deputy President of PASHA Bank OJSC Executive Committee and as of 9 June 2022, CEO and President of the Executive Committee of PASHA Bank OJSC.

Javid Guliyev joined PASHA Yatırım Bankası A.Ş. as a Board Member effective 12 June 2019.

He has 28 years of experience in banking and business administration.



### **ROVSHAN ALLAHVERDIYEV** **Board Member**

Rovshan Allahverdiyev completed his undergraduate education in Labor Economics and Sociology at Azerbaijan State University of Economics.

He began his career in 1992 as a Chief Specialist at Khayal Cooperative Bank. In the same year, he served as Chief Specialist and Chief Accountant at Garagayabank Commercial Bank.

In 1996, Rovshan Allahverdiyev joined Arkobank JSB as Deputy Chief Accountant, subsequently serving as Director of the Finance Department and Deputy General Manager. In 2002, he worked as Deputy Director of the Credit Department at Zamin Commercial Bank, then held positions as Director of Customer Service and Finance-Credit Department, and Deputy General Manager at Caucasus Development Bank in 2002.

From 2003 to 2006, Rovshan Allahverdiyev worked at Texnikabank, followed by roles as Branch Manager at Kapital Bank from 2006 to 2007. From 2007 to 2013, he served as Deputy General Manager at PASHA Bank OJSC. Additionally, he served as General Manager and Chairman of the Executive Committee at Kapital Bank OJSC from 11 June 2013 to 4 May 2023.

On 5 May 2023, Rovshan Allahverdiyev was appointed as Deputy General Manager of Corporate Banking and Insurance Group at PASHA Holding. Since 16 March 2023, he has been serving as a Board Member at PASHA Yatırım Bankası A.Ş.

Rovshan Allahverdiyev has 31 years of experience in the fields of banking and management.



### **KAMALA NURIYEVA** **Board Member**

Kamala Nuriyeva obtained her bachelor's degree in Banking Management from Western University in 1998, and her Master's degree in Finance from Azerbaijan State Economic University in 2002. In 2023, she completed the Women's Executive Leadership Program at the Wharton School.

Nuriyeva started her professional career at Postbank OJSC as an IT specialist. She worked there for seven years, ultimately becoming the Head of the Credit Department.

In 2003, she joined the Agricultural Rural Investment Fund, established under the TACIS program for agricultural industry development in Azerbaijan, serving as a loan officer. There, she was responsible for attracting customers, as well as loan origination and management. That same year, she was recruited by Unibank OJSC to work as Treasury controller, where she was responsible for currency and market risk management. During 2004-2005, she served McDermott Caspian Contractors Inc. as a cost controller for the fabrication and installation of Central Azeri Offshore Platforms. During 2005-2007, she joined the Bank of Baku OJSC as a deputy chief accountant responsible for accounting activities and management reporting.

She joined PASHA Bank in 2007 as an internal auditor and was promoted to Head of the Risk Management Department in 2011. In 2012, she moved to PASHA Holding as Group internal auditor and was appointed the Chairperson of the Audit Committee at PASHA Bank, Azerbaijan. In 2013, she was appointed the Head of Group Risk Management at PASHA Holding. Since May 2021, she is the President in Charge of Risk Management at the Shareholders Office. She is a Board Member at PASHA Bank Georgia, PMD Group LLC and Lu-Mun Holding LLC.

Ms. Nuriyeva joined PASHA Yatırım Bankası A.Ş. as a Board Member effective 25 November 2016.

She has 28 years of experience in banking and business administration.



## Board of Directors



### **EBRU OĞAN KNOTTNERUS** Independent Board Member

Ebru Oğan Knottnerus completed her undergraduate education in the Department of Business Administration at Middle East Technical University and obtained her master's degree in Musicology and Ethnomusicology from King's College London. She began her banking career in 1991 and held managerial and senior executive positions in various private sector banks and organizations, specializing primarily in risk management, internal audit, internal control, financial control, software applications and project management.

Ebru Oğan Knottnerus specialized in risk management in the banking sector and served as the Chief Risk Officer at Garanti BBVA from 2001 to 2018, overseeing the risk management activities of the bank and its subsidiaries.

Additionally, she has been a founding member of the Risk Managers Association since 2002, where she has served as a Board Member and Chairperson.

Since 2 July 2018, Ebru Oğan Knottnerus has been serving as an Independent Board Member at PASHA Yatırım Bankası A.Ş. She has also held concurrent positions as a Board Member at PASHA Bank Georgia since 31 December 2018 and as an Independent Board Member at Odeabank A.Ş. since 1 July 2021. In these banks, she serves as a member and/or chairperson of the Risk Management, Audit and Remuneration Committees.

Ebru Oğan Knottnerus has 33 years of experience in the fields of banking and management.



### **NURİ TUNCALI** Independent Board Member

Nuri Tuncali is a graduate of Boğaziçi University, the Department of Business Administration. He had started his career in the year 1984 in Akbank T.A.Ş. as an Assistant Auditor, and continued his career at TEB A.Ş. as an Auditor after the year 1986 and he was Deputy Manager at Loan Control Department, Gayrettepe Branch and Loan Allocation Department from 1988 to 1996 and he served between years 1996-2001 as the Manager and Director of Loan Allocation Department; between years 2001-2011 as the Deputy General Manager in charge of Credit Allocation and Financial Analysis Group; between years 2011-2018 as the Deputy General Manager in charge of SME Credits Group. He served as a Member of the Credit Committee at TEB Factoring A.Ş. between 2001-2019 and as a Member of the Board of Directors at BNP Paribas Finansal Kiralama A.Ş. between 2017-2019.

Nuri Tuncali has been serving as an Independent Board Member of PASHA Yatırım Bankası A.Ş. since 29 March 2019.

He has 40 years of experience in banking and business administration.



### **DR. FURKAN EVRANOS** Independent Board Member

Dr. Furkan Evranos graduated with top honors from Fenerbahçe High School in 1996, following which he pursued his undergraduate education in the English Economics Department of Istanbul University Faculty of Economics. He then completed his first Master's degree in International Economics at the Department of Economics, International Economics Branch of Marmara University Institute of Social Sciences (2 years, thesis-based). Subsequently, he obtained his second Master's degree in English Accounting & Finance at the Department of Business Administration, English Accounting & Finance Division of Marmara University Institute of Social Sciences (2 years, thesis-based). Dr. Evranos then went on to complete his Ph.D. in the Department of Economics, International Economics Branch of Marmara University Institute of Social Sciences.

He began his professional banking career in 2000 as a Management Trainee at Finansbank A.Ş. and continued his career as an Assistant Inspector from 2003 onwards. Between 2008 and 2016, he served in various positions including Inspector, Chief Inspector and Audit Group Manager at TEB A.Ş. Inspection Board. From 2016 to 2017, he worked as the Head of Inspection Board at Odeabank A.Ş.

Since 2018, Dr. Evranos has been the founder and partner investor of COGITO PARK & CO Group, a financial technology and consulting services venture operating within Teknopark İstanbul and Bilişim Vadisi. Within this scope, he served as a founding member of the Advisory Board, Founding Deputy General Manager, Founding Board Member and Founding Board Member at various non-banking financial sector institutions from 2018 to 2021. He has also held positions as Advisory Board Member, High Advisory Board Member and Chairman's Advisor to the Board of Trustees at various universities.

Dr. Evranos started his academic career as an instructor at the Department of Economics, Faculty of Economics and the Department of Economics, Institute of Social Sciences at Marmara University in 2012. He received the title of Assistant Professor in 2017 and continues his academic journey at Nişantaşı University Graduate School of Finance and Banking.

Dr. Furkan Evranos, is an Independent Board Member of PASHA Yatırım Bankası A.Ş. since 25 May 2021.

He has an experience of 24 years in banking and business administration.





### **H. CENK EYNEHAN** CEO and Board Member

Hikmet Cenk Eynehan earned a degree in economics from Erasmus University in the Netherlands, and a Bachelor's degree in management from Monroe College in the USA. He is a graduate of the Foreign Trade and Marketing program from New York University and Master of Business Administration (MBA-Management Program for Executives) from Koç University, Istanbul. He completed the Senior Executive program in Strategic Management in Banking at INSEAD (Executive Education).

He began his banking career at DHB Bank (Netherlands) N.V. in 1994 and held various management and business development positions until 2001. From 2002 to 2004, he continued his career as a managing partner in the real sector and served in senior executive positions from 2005 to 2013.

H. Cenk Eynehan has been serving since 2 August 2013 as the CEO and Board Member at PASHA Yatırım Bankası A.Ş. He concurrently served as the Supervisory Board Member of PASHA Bank Georgia from September 2015 until December 2018.

He has 30 years of experience in banking and business administration.

## **Senior Management**



### **AYŞE HALE YILDIRIM** First Deputy CEO

Ayşe Hale Yıldırım received her Bachelor's degree at İstanbul University Faculty of Economics and her Master's degree at İstanbul Bilgi University in the area of Information Management Systems.

She started her banking career at Türk Ekonomi Bankası A.Ş. between 1998 and 2004 and worked at various positions in Corporate Banking Department of Finansbank A.Ş. until 2008. Ms. Yıldırım acted as the Marketing Manager and Assistant General Manager of Ekspo Faktoring A.Ş. between 2008-2013.

Ayşe Hale Yıldırım joined PASHA Investment Bank A.Ş. in 2013 as the Unit Manager responsible for Corporate Marketing. As of 17 May 2019, she began serving as the Deputy General Manager. In her role, Ms. Yıldırım is responsible for Corporate and Commercial Banking, Corporate Communications, Operations, Legal Affairs, Project Management and Administrative Affairs.

She has 25 years of experience in banking and business administration.

\* Benan Bilge KÖKSAL, who served as the Deputy General Manager responsible for Financial Affairs, Operations, and Administrative Affairs, as well as the Consumer Coordination Officer, at PASHA Yatırım Bankası A.Ş., resigned from her position as of 31 March 2023. She had been working at PASHA Yatırım Bankası A.Ş. since 23 September 2019.

## Directors



### ENDER SÖZER

#### Treasury and Investor Relations

Ender Sözer completed her undergraduate studies in the Department of Mathematics Engineering at Istanbul Technical University and her graduate studies in the Department of Banking and Finance at Istanbul Beykent University.

Starting her banking career at Tekfen Yatırım Bankası in 1997 as a Management Trainee, Ender Sözer worked at the Turkish Lira Liquidity Management Desk at the Treasury Department until 2001. Between 2001 and 2005, she served at management positions at the Treasury Department of TAIB Yatırım Bankası in Money Markets and Capital Markets areas and took the position of Head of Treasury in 2011. Serving at the same position at PASHA Yatırım Bankası A.Ş. since 2015, Ms. Sözer has been acting as the Director in charge of Treasury, Financial Institutions and Investor Relations since 1 June 2019.

Her business experience in banking and finance is 26 years.



### ÖZLEM OĞUZ

#### Corporate and Commercial Banking

Özlem Oğuz completed her undergraduate studies in the Department of Business Administration at Marmara University and her graduate studies in the Department of Business Administration at Istanbul Beykent University in 2023.

She started her banking career at ICBC Bank between 2003-2005 and she worked at different positions at the Corporate Banking Department of QNB Finansbank until 2015. Between 2015-2017, Ms. Oğuz worked as a Sales Director in retail sector. She joined PASHA Yatırım Bankası A.Ş. as the Head of Corporate Marketing on 16 October 2017, and she is the Director in charge of Corporate and Commercial Banking since 1 October 2020.

Her business experience in banking and finance is 19 years.



### YEŞİM ÇAĞLAR

#### Financial Affairs

Yeşim Çağlar received her Bachelor's degree in 2006 from Marmara University Department of Economics and her Master's degree in Financial Markets and Investment Management in 2008.

She started her career at TAIB Yatırım Bankası in 2008 as a Management Trainee and worked at different positions in Financial Planning, Legal Reporting and Risk Management departments since 2011. Yeşim Çağlar has been working at PASHA Yatırım Bankası A.Ş. as the Director in charge of Financial Affairs, Reporting and Accounting departments since 01 October 2020.

Her business experience in banking and finance sectors is 17 years.



### **FERHAT ASLAN** **Risk Management**

Ferhat Aslan received his Bachelor's degree in 1997 at Boğaziçi University Industrial Engineering Department and his Master's degree in Executive MBA at Sabancı University in 2008.

Starting his banking career at Akbank T.A.Ş. Board of Auditors between 1999-2005, Ferhat Aslan worked at Risk Management department at the same bank between 2005 and 2018. Between 2018 and 2020, Mr. Aslan worked as Manager of Risk and Capital Integration Department at ING Bank A.Ş.

Ferhat Aslan has been acting as the Director in charge of Risk Management at PASHA Yatırım Bankası A.Ş. since 2020.

His business experience in banking and finance is 24 years.



### **ARZU GÖKDUMAN** **Human Resources**

Arzu Gökduman received her Bachelor's degree in Sociology at Boğaziçi University and her Master's degree in Human Resources Management at İstanbul Bilgi University.

She started her banking career at Akbank T.A.Ş. between 2001 and 2004 at the Human Resources Department. Arzu Gökduman worked at different positions in the leading Holding companies in Türkiye until 2008. After taking a role at Şekerbank Human Resources Department restructuring activities between 2008 and 2013, Ms. Gökduman assumed the position of Human Resources Manager at Turkasat Varlık Yönetim A.Ş. between 2013 and 2015.

Arzu Gökduman joined PASHA Yatırım Bankası A.Ş. in 2015 as the Head of Human Resources and Administrative Affairs and she has been the Director in charge of Human Resources since October 2021.

Her business experience in human resources is 23 years.



### **AYŞEGÜL AZERİ** **Operations**

Ayşegül Azeri completed her undergraduate studies in the Department of Economics (English) at Hacettepe University.

She began her banking career in 2000 at Denizbank Operations Department, then worked at Citibank from 2003 to 2004, Turklandbank from 2005 to 2013 and MUFG Bank Türkiye A.Ş. Operations Department from 2013 to 2023.

As of 2 May 2023, she serves as the Director of the Operations Department at PASHA Yatırım Bankası A.Ş.

Her business experience in banking and finance is 23 years.

## Directors



### **ERDEM ERKAN** **Information Technologies**

Erdem Erkan completed his undergraduate studies in the Department of Chemical Engineering at Istanbul University in 1999.

He began his technology career in the finance sector in 2001 as a System Administrator at Alan Yatırım Menkul Değerler A.Ş., where he continued as an IT Manager from 2003 onwards. Between 2007 and 2010, he served as the IT Manager at Orion Investment Istanbul and following a change in ownership, he worked as the Director of Information Technology at Osmanlı Yatırım Menkul Değerler A.Ş. from 2010 to 2021. Between 2021 and 2023, he provided consultancy services in the banking sector.

Since February 2023, Erdem Erkan has been serving as the Director of Information Technology at PASHA Yatırım Bankası A.Ş.

His business experience in banking and finance is 22 years.



### **KHALID KARIM** **Internal Audit**

Khalid Karim completed his undergraduate studies in the Department of Public Administration at Qafqaz University in 2002, followed by a master's degree in Public Administration at Azerbaijan State University of Economics in 2007.

He began his banking career in 2008 and held various positions at Halk Bank ASC and Expressbank ASC in Azerbaijan. From 2011 to 2014, he served as a branch manager at Expressbank ASC. In 2014, he joined the Internal Audit Unit of Kapital Bank ASC, where he worked until 2023, eventually being appointed as the Deputy Director of the Internal Audit Unit.

Since October 2023, Khalid Karim has been serving as the Director of Internal Audit at PASHA Yatırım Bankası A.Ş.

His business experience in banking and finance is 15 years.

## Information on Managers of Departments within the Scope of Internal Systems and Independent Auditor

### Internal Systems Department Heads: Names & Surnames, Terms of Office, Area of Responsibility, Academic Background, Professional Experience

Name -Surname	Role	Field of Responsibility	Term of Office	Academic Background	Professional Experience (Years)
Ferhat Aslan	Director	Risk Management	03.02.2020 - Ongoing	Master's	24
Khalid Karim	Director	Internal Audit	06.10.2023 - Ongoing	Master's	15
Arzu Demir	Department Head	Compliance	26.05.2022 - Ongoing	Bachelor's	28
Serhat Ünsal	Department Head	Internal Control	14.09.2021 - Ongoing	Bachelor's	15
İnanç Solak	Department Head	Internal Control	19.08.2019 - Ongoing	Master's	15

### Terms of Office and Professional Experience of the Independent Auditor

At the Annual General Meeting of Shareholders of the Bank held on 16 March 2023, KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of KPMG International) was appointed as per Banking Law No. 5411 and Turkish Commercial Code No. 6102, to serve as an Independent Audit Institution with respect to fiscal year 2023.

The independent audit company titled KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member firm of KPMG International Limited) was deemed appropriate, and decided to be submitted to the approval of the General Assembly, for authorization to conduct independent audit on the Bank's financial statements for the fiscal period covering 01.01.2024-31.12.2024, banking processes and information systems as well as support service organizations, and to carry out other activities as required by law for a term of one (1) year, pursuant to the Board Resolution dated 15 February 2024.

# Working Principles of Board Committees and Expert Groups

The Committees and Expert Groups act within the powers and duties assigned to them according to the Committee and Expert Group regulations approved by the Board of Directors.

Committee and Expert Group members are appointed for three-year terms, but not more than twice consecutively.

Committee and Expert Group activities are carried out via working meetings convening members. Provisions of the applicable legislation and the working principles set forth by the Board of Directors apply in determining the meeting schedules for Committees and Expert Groups.

Where possible, Committee and Expert Group meetings are held in alignment with the timing of Board meetings.

Where deemed necessary, and provided it is of consultative nature, the executives of the Bank and managers in charge of relevant functions from the controlling shareholders' organizations may attend the meetings in order to present opinion and information on the agenda items upon the invitation of the Committee and Expert Group.

Meetings follow an agenda. The agenda is prepared in a way to cover the tasks assigned by law to the Committees and Expert Groups.

The agenda shall cover, at a minimum, the following matters:

For the Audit Committee, supervision of the accounting system, disclosure of financial information to the public, functioning and effectiveness of the independent audit and internal systems;

For the Risk Management Committee, early detection and management of internal and external risks which may jeopardize the Bank's operations, and review of risk management systems, and operational limits with risk appetite statement;

For the Corporate Governance Committee, monitoring and improvement of compliance with corporate governance principles, supervision of the unit in charge of relations with shareholders and the investor relations function, evaluations on the structure and efficiency of the Board of Directors, and recommendations to the Board of Directors on these matters;

For the Human Resources Expert Group, monitoring and improvement of human resources processes and applications independently for the Board of Directors and providing suggestions for primary tasks related with human resources policies;

For the Nomination and Remuneration Committee, establishing and monitoring of a remuneration policy compatible with the Bank's activities, structure, strategy and related legal legislation and a remuneration system which is independent, strong, competitive and effective; providing opinions and support to the Board of Directors for executive appointments;

For the Strategy and Budgeting Expert Group, contributing to the business plan, annual budgeting activities and activities related with the Bank's strategic plan involving information Technologies and information security.

Committees and Expert Groups may seek the opinions of independent expert persons or entities in order to perform their respective tasks.

A quorum must be present for committee meetings to be legally held. Committee and Expert Group decisions are taken with the majority of the members present at the meeting. If votes are equal, the vote of the Committee Chair shall be decisive.

Matters discussed and decisions taken in the meeting are written in the minutes of meeting by the secretary and signed by the members.

Committees and Expert Groups present a quarterly report to the Board of Directors on how they fulfill their responsibilities; and submit to the Board for approval the matters they tackle within the powers assigned to them depending on the nature of such matters.



## Information on the Activities of the Board of Directors and the Committees and Expert Groups

In principle, the Board of Directors meet at the Bank's headquarters every two months, with all members present. The members of the Board of Directors attend meetings or provide notification to the contrary. The Board resolutions are taken in accordance with the meeting and resolution quorums specified in the Articles of Association. During the year, the Board of Directors convened a total of ten times, five with members physically present, and five via electronic communications, and passed 102 resolutions. All resolutions of the Board of Directors were taken unanimously.

The average attendance rate of the Board Members in the meeting held throughout the year is 87%, and the details of attendance are provided in the following table:

Meeting dates	Number of Attending Members	Type of Meeting
09 January 2023	7	Electronic
10 February 2023	7	Physical Attendance
16 March 2023	8	Electronic
04 May 2023	8	Physical Attendance
01 June 2023	10	Electronic
21 June 2023	8	Electronic
28 July 2023	10	Physical Attendance
22 September 2023	10	Physical Attendance
31 October 2023	10	Physical Attendance
19 December 2023	9	Electronic

Meetings Attended / Meetings Held								
Board Members	Independence Status	Board of Directors	Audit Committee	Risk Management Committee	Strategy and Budget Expert Group	Corporate Governance Committee	HR Expert Group	Nomination and Remuneration Committee
Jalal Gasimov		8/10						6/6
Farid Mammadov		10/10		3/3	1/1		1/1	3/3
Shahin Mammadov		8/10			11/12	1/1	4/4	
Javid Guliyev		8/10						
Rovshan Allahverdiyev		6/6			10/10		3/3	3/3
Kamala Nuriyeva		8/10	6/6	10/11				
Ebru Oğan Knottnerus	+	9/10		11/11				
Nuri Tuncali	+	10/10						
Furkan Evranos	+	10/10	6/6			1/1		
H. Cenk Eynehan		10/10			12/12		4/4	6/6
<b>Average Attendance Rate</b>		%91	%100	%96	%97	%100	%100	%100

## Information on the Activities of the Board of Directors and the Committees and Expert Groups

The Credit Committee, Audit Expert Group, Corporate Governance Committee, Human Resources Expert Group, Nomination and Remuneration Committee, Strategy and Budget Expert Group, and Risk Management Committee were established under the Board of Directors while fulfilling its duties and responsibilities, to take decisions in their own areas of responsibility in accordance with the powers granted by the Board of Directors, and to carry out the supervision and audit of the Bank's policies, processes, and practices on behalf of the Board of Directors.

The duties and members of the committees are determined by the Board and announced to the public on the PASHA Bank corporate website as well as in its Annual Report.

Information on the committees set up under the Board of Directors is provided below. The Committees of the Board have carried out activities effectively and in full conformity with laws, and documented and kept the records of all activities they conducted in the fiscal period.

### Audit Committee

The Audit Committee was established to supervise on behalf of the Board of Directors the effectiveness and adequacy of the internal systems of the Bank; the operation of these systems, and the accounting and reporting systems within the framework of the Law and related regulations, and the reliability and integrity of the information produced; to establish the audit and control process that will guarantee ICAAP's adequacy and accuracy; to make the necessary preliminary evaluations in

the selection by the Board of Directors of independent auditing firms and rating, appraisal and support service organizations; to monitor regularly the activities of the institutions selected and contracted by the Board; to ensure the maintenance and coordination of the internal audit activities in a consolidated manner of the subsidiaries subject to consolidation pursuant to related legislation; and to fulfil the duties specified within the Banking and Capital Markets regulations. Listed below is the current composition of the Audit Committee:

Name-Surname	Committee Position
Furkan Evranos	Chairperson
Kamala Nuriyeva	Member

The Audit Committee convenes as required by business needs, and at least quarterly.

### Board of Directors' Evaluation of Committee Effectiveness

The structure, duties, powers and responsibilities of the Audit Committee have been determined in accordance with the provisions of the Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks which was published in the Official Gazette No. 29057 dated 11 July 2014 and other relevant legislation and outlined in writing by the Audit Committee Regulation. The working principles of the Audit Committee are posted on the corporate website of PASHA Bank. The Audit Committee presented the results of its activities within their responsibilities and its evaluation of activities of units under internal systems to the Board of Directors within the activity report prepared for the period of six months.

In 2023, the Audit Committee held 7 meetings with full attendance and made a total of 48 decisions in meetings or based on file evaluations. The meetings were held to discuss and decide on the risk assessment report prepared by the Internal Audit Unit and annual audit plan prepared based thereupon, internal audit reports within the scope of the audit plan; validation and review reports for the ICAAP report dated 31 December 2021; internal audit, technical adequacy, risk analysis and annual review reports for support services providers; annual assessment reports for appraisal firms; designation of the independent audit firm and the services to be procured, the activities and independence of the independent auditor; independently audited financial reports that have been drawn up in accordance with the BRSA regulations and IFRS; management declaration studies; action plans in response to the findings from the penetration tests, business processes and information systems audit report; intra-group transactions report; changes in internal regulations for the units under Internal Systems and their job descriptions, compliance and internal control reporting, annual reports of the internal audit unit, annual internal control plan and information systems review plan, promotion and appointment of employees within the scope of internal systems, key performance indicators and quality assurance and improvement program of internal audit unit.

The Audit Committee informed Board Members on the outcomes of its activities concerning internal systems and its decisions regarding the issues on the Board's agenda at the meetings held throughout the year. The activity reports prepared by the Committee and the Internal Systems Units were presented to the Board of Directors for information and/or approval.

Meeting Dates	Number of Attending Members	Type of Meeting
03 February 2023	2	Electronic
26 April 2023	2	Electronic
26 May 2023	2	Electronic
27 July 2023	2	Electronic
08 August 2023	2	Electronic
13 October 2023	2	Physical Attendance

### Corporate Governance Committee

The Corporate Governance Committee was established to ensure the management of the Bank in a responsible, fair, transparent, and accountable manner, so as to protect the rights and interests of all stakeholders and shareholders in line with PASHA Bank's identified objectives, the Banking Law, the Capital Markets Law, and relevant regulations, as well as other laws, the Articles of Association, the Bank's internal regulations, and banking ethics; and of monitoring the Bank's compliance with corporate governance principles; and submitting proposals required to the Board of Directors. Below is the existing structure of the committee:

Name-Surname	Committee Position
Furkan Evranos	Chairperson
Shahin Mammadov	Member

The Committee continues its activities within the framework of the Corporate Governance Committee Regulation. It convenes as required by business needs, and at least once a year.

### Board of Directors' Evaluation of Committee Effectiveness

The independence declarations of Board Members who meet the independence criteria described in CMB's Corporate Governance Principles No: 4.3.6 have been presented to the Board of Directors.

In 2023, within the scope of evaluation of PASHA Bank's corporate governance practices, Corporate Governance Committee evaluated the Annual Report of Investor Relations Department, Annual Report of Board of Directors and Annual Report of the Bank, Corporate Governance Principles Compliance Report, Corporate

Governance Rating Report, internal regulations of PASHA Bank and the election of rating agency for Corporate Governance Rating.

The Committee presented the results of its monitoring activities to the Board of Directors. These results included its Evaluations of Environmental, Social, Corporate Governance Activities, Investor Relations Activities, Activities of Board of Directors and Board of Directors Committees.

The Committee convened once in the accounting period and made resolutions on relevant items of the agenda.

Meeting Date	Number of Attending Members	Meeting Type
08 December 2023	2	Electronic

# Information on the Activities of the Board of Directors and the Committees and Expert Groups

## Risk Management Committee

The Risk Management Committee was established to ensure that PASHA Bank's risk identification, evaluation, measurement, control, reporting and monitoring processes and capabilities are effective, adequate, and reliable, and to advise and assist the Board of Directors on this matter in meeting its duties and responsibilities.

Tasked with establishing an effective risk management system, the Risk Management Committee sets out PASHA Bank's risk management policies and strategies in accordance with the Capital Markets Legislation and the principles contained in the BRSA regulations; reviews the types of credit, market, strategic, operational, and financial risks that it is exposed to; monitors implementations of the risk management strategy; and presents important risk issues to the Board of Directors.

It also evaluates, and reports to the Board of Directors, the issues identified on the topics of managing such risks in accordance with the corporate risk-taking profile of PASHA Bank, taking them into account in the decision-making mechanisms, and establishing and integrating effective internal control systems in this direction. Risk Management Committee consist of the following members as of 31 December 2023:

Name-Surname	Committee Position
Ebru Oğan	Chairperson
Knottnerus	
Kamala Nuriyeva	Member

The Committee conducts its operations in accordance with the Risk Management Committee Regulation came into force on 23 September 2016 and was last updated on 16 May 2023. Meetings are held at least once in each quarter and as frequent as required by the business needs.

## Board of Directors' Evaluation of Committee Effectiveness

The Risk Management Committee presented the results of its activities and its assessment of internal systems in quarterly activity reports.

The Committee reviewed and challenged the formulation of the Risk Appetite Statement, in order to assure that it is effective in setting appropriate boundaries in respect of each Principal Risk Type and presented the calculation methodology of related criteria and their suggestions of changes in Operational Limits to the Board of Directors.

It tracked a broad range of risk metrics that are reported to the Risk Management Committee periodically.

During the fiscal period, Risk Management Committee held 11 meetings to discuss and evaluate the policies and procedures for risk management process, ICAAP road map, scenarios and reports, monthly risk management reports prepared by the Risk Management Department, 2023 Risk Appetite Statement and operational limits, any breaches of the identified limits, credit authority limits within operational limits, limits of financial institutions and their effects on risk appetite, stress test results, internal

credit risk rating model monitoring outcomes, quarterly activity reports by the Risk Management Committee, action plan for risk health index executed Group-wide, non-performing loans and provision calculations for them, information security and information technologies risks within the context of operational risks, effects of foreign currency fluctuations on limits defined at risk appetite statement, results of macroeconomic scenario calibration related to expected credit loss and macroeconomic forecasts, possibilities of subordinated credits, mortgage product, impacts of Russia-Ukraine war on PASHA Bank portfolio, impacts of changes in credit scores of international rating agencies on PASHA Bank, individual liability insurance of Board of Directors members and senior management of the Bank for their flaws during their terms of office, default rate calculation method in accordance with IFRS 9, Model Risk Management Framework Project, documents related with business continuity and internal documents updated in accordance with annual review.

Meeting Dates	Number of Attending Members	Type of Meeting
19 January 2023	3	Electronic
10 February 2023	2	Physical Attendance
02 March 2023	3	Electronic
13 April 2023	2	Electronic
12 May 2023	2	Electronic
14 June 2023	2	Electronic
19 July 2023	2	Electronic
18 September 2023	2	Electronic
13 October 2023	2	Electronic
20 November 2023	2	Electronic
21 December 2023	2	Electronic

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established to monitor and supervise remuneration policies, processes and practices on behalf of the Board of Directors for ensuring an independent and effective remuneration system in line with the provisions of the Banking Law and the Bylaw on the Banks' Corporate Governance Principles. The Committee was composed of the members named below as at 31 December 2023.

Name-Surname	Committee Position
Rovshan Allahverdiyev	Chairperson
Jalal Gasimov	Member
H. Cenk Eynehan	Member

Nomination and Remuneration Committee carries out its activities

within the framework of the Nomination and Remuneration Committee Regulation that was enforced on 6 July 2021. The Nomination and Remuneration Committee convenes as required by business needs, and at least once a year.

### Board of Directors' Evaluation of Committee Effectiveness

In 2023, the Nomination and Remuneration Committee reviewed PASHA Bank's policies and practices regarding remuneration systematics and submitted its assessment report on such matters to the Board of Directors.

On another note, the Committee reviewed key performance indicators for 2023 and suggested amendments thereto, performance scorecards of the CEO and Deputy CEOs, eligibility for

PASHA Bank's bonus pool and payment of success bonuses to employees, the personnel promotions, the proposals to be made to the Board of Directors regarding the payments to Board Members and Executive Managers, annual increase rates on fixed salaries and fringe benefits of PASHA Bank's employees and the annual report, which includes PASHA Bank's remuneration policies and practices for the period January-December 2023, the policies implemented within the Group, and the proposal for the candidate independent board member.

Meeting Date	Number of Attending Members	Type of Meeting
17 January 2023	3	Electronic
07 March 2023	3	Electronic
16 March 2023	3	Physical Attendance
27 March 2023	3	Electronic
31 July 2023	3	Electronic
06 November 2023	3	Electronic

## Information on the Activities of the Board of Directors and the Committees and Expert Groups

### Human Resources Expert Group

The Expert Group was established in accordance with the Banking Law and Regulation on Corporate Governance Principles of Banks to monitor remuneration policies, processes and applications on behalf of the Board of Directors to attain an independent and effective remuneration system. Human Resources Expert Group was composed of the members named below as at 31 December 2023.

Name-Surname	Expert Group Position
Rovshan Allahverdiyev	Chairperson
Shahin Mammadov	Member
H. Cenk Eynehan	Member

Human Resources Expert Group conducted its activities within the framework set by the Human Resources Expert Group Regulation which became effective at 6 July 2021 and updated on 16 May 2023. Human Resources Expert Group convenes once at a minimum during the year, or as frequent as the business need arises.

### Board of Directors' Evaluation of Expert Group Effectiveness

During the period, based on periodic reports prepared by the Human Resources Department, the Human Resources Expert Group evaluated recruitment activities, demographic statistics, performance management, training and development activities,

employee turnover analyses, key performance indicators for HR Strategy practices for 2022-2023 period, current status of planned strategic projects, hybrid working model, activities to increase employee loyalty and suggested projects, as well as updated policies and similar internal regulations within the scope of annual review activities.

Meeting Date	Number of Attending Members	Type of Meeting
09 February 2023	3	Electronic
12 May 2023	3	Electronic
14 July 2023	3	Electronic
22 November 2023	3	Electronic



### Strategy and Budget Expert Group

The Strategy and Budget Expert Group was established to provide assurance on the preparation of PASHA Bank's business and strategy plans and annual budget in accordance with the strategy, operation and budget management processes approved by the controlling shareholder; to advise the Board of Directors, and to assist it in fulfilling its duties and responsibilities. The present structure of the committee is given below.

Name-Surname	Expert Group Position
Shahin Mammadov	Chairperson
Rovshan Allahverdiyev	Member
H. Cenk Eynehan	Member

Strategy and Budget Expert Group carries out its activities in accordance with the Strategy and Budget Expert Group Regulation enforced on 23 September 2016 and most recently amended on 31 October 2023. The Committee meets as often as business needs require and at least once every three months.

### Board of Directors' Evaluation of Expert Group Effectiveness

The Strategy and Budget Expert Group presented the results of its activities to the Board of Directors in quarterly activity reports.

The Strategy and Budget Expert Group held 12 meetings during the reporting period and passed decisions regarding the agenda items.

In the meetings, the Expert Group reviewed the Bank's 2024 budget and macroeconomic and market projections in connection with budgeting, interim financial performance and financial statements, year-end forecasts, internal documents about the Expert Group, and macroeconomic projections, execution plans for strategic initiatives and projects carried out, PASHA Bank Türkiye 2024-2026 Strategy Plan, PASHA Bank Türkiye 2024-2026 Strategic Key Performance Indicators, Information Systems Strategy Plan for the 2024-2026 period, Talent Development and Retention Strategy, the Expert Group's periodic activity reports, key performance indicators, subordinated loan, and the market and competitive environment.

Date of Meeting	Number of Members Attending the Meeting	Meeting Media
01 February 2023	3	Electronic
04 May 2023	3	Physical Attendance
16 May 2023	3	Electronic
01 June 2023	3	Electronic
19 June 2023	3	Electronic
19 July 2023	3	Electronic
28 July 2023	3	Electronic
31 July 2023	3	Electronic
01 September 2023	2	Electronic
31 October 2023	3	Physical Attendance
13 November 2023	3	Electronic
27 November 2023	2	Electronic

## Information on the Activities of the Board of Directors and the Committees and Expert Groups

### Credit Committee

The Credit Committee was established to take credit allocation decisions, and to perform related tasks concerning credits within its power of authority, within the limits set by the Board of Directors in the framework of general and banking regulations. The present structure of the Credit Committee is given below:

Name-Surname	Committee Position
H. Cenk Eynehan	Chairperson
Javid Guliyev	Permanent Member
Nuri Tuncali	Permanent Member
Rovshan Allahverdiyev	Alternate Member
Shahin Mammadov	Alternate Member

### Board of Directors' Evaluation of Committee Effectiveness

Carrying out its activities under the relevant regulation and the authority granted by the Board of Directors, the Committee evaluates the credit limits and conditions proposed by the Credit Department and the Credits Monitoring Department after reviewing for compliance with related Banking legislation and PASHA Bank's internal regulations.

The Credit Committee has discussed the credit proposals under its authority within the limits determined by the Board of Directors and within the framework of the relevant general and banking legislative regulations, and approved credits for firms with positive reviews.

The Credit Committee convened 20 times and passed 58 resolutions during the accounting period.

Meeting Dates	Number of Attending Members	Type of Meeting
13 January 2023	3	Physical Attendance
03 February 2023	3	Physical Attendance
14 February 2023	3	Physical Attendance
14 March 2023	3	Physical Attendance
31 March 2023	3	Electronic
13 April 2023	3	Physical Attendance
28 April 2023	3	Physical Attendance
15 May 2023	3	Electronic
30 May 2023	3	Physical Attendance
16 June 2023	3	Physical Attendance
07 July 2023	3	Electronic
21 July 2023	3	Electronic
25 August 2023	3	Electronic
15 September 2023	3	Physical Attendance
13 October 2023	3	Electronic
27 October 2023	3	Physical Attendance
03 November 2023	3	Physical Attendance
21 November 2023	3	Physical Attendance
08 December 2023	3	Electronic
22 December 2023	3	Physical Attendance

## Summary of the Board of Directors' Annual Report Submitted to the General Assembly

Dear Shareholders,

We thank each and every one of the shareholders participating in the 2023 Annual General Meeting of Shareholders of our Bank.

Our bank' balance sheet grew by 61% in 2023, our total assets reached TL 9,910 million, according to the audited unconsolidated financial statements for 2023, and the share of total cash loans and lease receivables constituted 56% of total assets.

PASHA Bank's total shareholders' equity as of 31 December 2023 was TL 1,328 million.

The increase in loans reflected positively on the results of 2023. The total cash, non-cash loans and lease receivables of the Bank reached TL 6,794 million, rising by 54% compared to the previous year as a result of the prudent risk policies that were applied. The net profit for the period was recorded at TL 525 million.

We have examined the Bank's financial statements for the period of 1 January to 31 December 2023, and they do not contain any misstatements materially affecting the presentation of the information, and they accurately reflect the Bank's financial position. PASHA Bank's financial statements containing the operating results for 2023 are presented for your examination and approval in the attachment.

We propose and submit to the General Assembly the approval of the audited, unconsolidated financial statements prepared as of 31 December 2023, and the release of our members of the Board of Directors and the Senior Management individually.

Regards,

On Behalf of the Board of Directors



Jalal Gasimov  
Chairman

## Human Resources Practices



# *Equality and Diversity*

PASHA Bank carries out all its human resources practices on the basis of its corporate values of integrity, quality, collaboration, entrepreneurship and profitability to create permanent value for the business world and society and to become a cross border bank which helps its customers get stronger.

In line with these values, our strategic priorities as the Human Resources Department of PASHA Bank are as follows:

- Providing our employees a work environment that is conducive to open communication,
- Adopting a transparent and secure management style that supports innovation and development,
- Adopting an agile management approach which provides rapid solutions,
- Creating an environment of collaboration and trust for our employees,
- Placing emphasis on our employees' motivation
- Supporting improvement of employees' competences by offering continuous development opportunities,
- Contributing to employees' development by expanding feedback culture,
- Adopting a career management system which enriches career opportunities based on employees' staffing needs,
- Placing emphasis on employees' ideas and supporting in-house entrepreneurship,
- Creating human resources with a high level of risk awareness,
- Creating a social environment for our employees,
- Treating our employees and candidates equally and promoting diversity,
- Adopting a management approach which cares about employee and candidate experiences,
- Adopting a sustainable notion of work that could respond to current and future needs.

### PASHA Bank Recruitment Policy

PASHA Bank Recruitment Policy is based on the principle of attracting high potential human resource to the organization in line with the Bank's objectives and strategies, corporate values and the competencies required for the position. Our recruitment process begins with a clear determination of the duties and responsibilities, qualifications and competencies required for each position. The process is completed by evaluating the candidate's suitability regarding these criteria and the corporate culture, as well as the employee's enthusiasm for the job and the institution. The most appropriate candidates for the position are interviewed by the Human Resources and the Manager of the relevant Unit and competency inventories are implemented for objectively evaluating the candidate's competencies, assessment centers are conducted for senior positions.

### Orientation Training Programs

New employees are subjected to orientation training programs upon arrival, helping them to understand the vision, mission and the corporate culture of the Bank. The importance of the Bank's vision, mission, competencies and corporate culture is emphasized during these programs. Furthermore, an "Online Orientation" program in line with the orientation project carried out among the PASHA Group companies, is run conveying the messages of the C Level Managers so that the newcomers learn more about Pasha Holding and the Group companies.

New employees are welcomed to the Bank with the Buddy Program, which is a voluntary program. In this context, new employees get familiar with

corporate culture during the adaptative period and benefit from current employees' experiences.

### Training and Development Activities

Training and development activities are conducted to support continuous development, starting with an orientation program and continuing with on-the-job training, technical trainings for individual needs of employees, conferences, seminars and leadership trainings.

In 2023, the Bank contributed to the development of the employees with in-house and external training programs in line with its strategy and objectives.

During this period, various trainings have been provided to develop new generation competencies that may be needed, focusing on personal development.

PASHA Bank provided an average 3 days of trainings per employee during 2023.

### Corporate Culture and Organizational Development

PASHA Bank participates in Organizational Health Index (OHI) measurements which started in 2017 with group companies. This is a significant indicator of Group's emphasis on organizational development and cultural integration. With this program, PASHA Bank comes forth as a bank that cares about and measures the satisfaction of its employees in business life.

Within the framework of Organizational Health Index, PASHA Bank conducted various projects in 2023, listening to the needs of its employees in their business lives based on the results of this project, as it did in 2022.



**PASHA BANK PROVIDED  
AN AVERAGE 3 DAYS OF  
TRAININGS PER EMPLOYEE  
DURING 2023.**

## Human Resources Practices

Regular conversations were held with all employees within the scope of our communication activities, "Tea'm Talks", and actions were planned based on employees' expectations and targets.

### Employee Loyalty and Work/Life Balance

Our Basketball team within the Social Activities Group participated the Corporate Basketball League and they were supported by all employees to reinforce the team spirit.

Moreover, within the scope of these activities, various motivational events were organized for employees such as special day celebrations, conversations with special guests and outdoor events.

In order to listen to the voices of our employees, Employee Satisfaction Survey was conducted for HR practices, expectations and evaluations of employees were measured and HR applications and future plans were shaped based on the results.

To assist our employees in coping with life events that may affect their performance and productivity in both work and personal lives, and to support them in maintaining their passion in their work lives and contributing more value to their companies as happy employees, we have implemented the "Değerliyiz" (We are Valuable) application. Through this platform, employees can access online support from psychologists, dietitians, and fitness trainers, while also facilitating communication among colleagues.

### Collaboration with Universities and Internship Programs

Through collaboration with universities, all our employees have been provided with the opportunity to benefit from graduate and doctoral programs under advantageous conditions.

### Transparent Performance Evaluations and Career Planning

Promotion and career planning of our employees are planned transparently by the Human Resources Export Group on a periodic basis.

High performance and innovation are supported and encouraged by the Bank's human resources policy. A career management system based on enriching career opportunities has been adopted by giving priority to employees with consideration for positions.

In-house rotational and promotional practices are aimed to contribute to the career developments of employees, and to meet the human resources needs of the Bank in a rapid and effective manner.

In promotions to senior positions, the Assessment Center Application is conducted together with a professional consulting firm in order to conduct a fair and objective evaluation. In 2023, 4% of the employees were promoted.

In performance evaluations, it was determined that better results are aimed for both employees and the Bank by managing individual performance in line with bank targets and strategies. Performance evaluations of employees are performed with a transparent management perspective. Feedback

culture was expanded across PASHA Bank through the "Open Performance Assessment System" implementation.

The following criteria are taken into consideration in periodic performance evaluations:

- Financial and Non-Financial Performance goals that support employee's continuous development.
- Commitment to corporate values and compliance with Bank policies/procedures,
- Contribution with respect to compliance with risk management and legislation,
- Suitability for the Bank and for the competencies required by the task.

The results of performance evaluations are used in career, training and compensation planning.

### Talent Management Programs

In order to raise new generation leaders within PASHA Group Companies, the Bank continued to work with mentors within the group. Moreover, leadership program was planned to develop new generation competencies of the leaders of our Bank.

### Remuneration Policy

PASHA Bank's Remuneration Policy is supported by a fair, internal compensation strategy based on market salary survey. During the year, to minimize the effect of inflation increase, globally and in our country, both the number and diversity of sectoral remuneration and fringe benefits surveys conducted were



increased. Two salary increases were realized during the year with proper salaries and fringe benefits to protect the employees against inflation.

A gross wage policy is implemented at our Bank, and our employees are provided with fringe benefits such as health and life insurance, lunch and transportation allowances cards, transportation, and mobile phones and company' car (according to the requirements of their positions), and employee support program services. Employees and senior executives may receive fixed and performance-based compensation in accordance with the Bank's Remuneration Policy and Bonus Policy.

The criteria for performance-based compensation are determined by the Remuneration Policy and the Bonus Policy.

Total amount of financial benefits provided to the members of the Board of Directors and senior management as of 31 December 2023, including salaries, allowances and bonuses was TL 26,861 thousand.

In this context, total amount paid to members of the Board of Directors and senior management in accordance with the Bank's remuneration policy and bonus policy is disclosed in the notes to unconsolidated financial statements as of 31 December 2023, and independent audit report Section 5 Note 7 under

the 'Information on benefits provided to senior management' article of 'Disclosures related with the risk group of the Bank'.

The payments made to senior management by the Bank are disclosed to public in line with the general practices not on an individual basis but collectively, covering the top management as a whole.

Furthermore, Directors' & Officers' Liability Insurance with a limit of US 500 thousand is provided for the individual liabilities of the Board members and the Bank's managers in case of wrongdoing while running the business.

Operating with its experienced and competent staff, PASHA Bank supports women's participation in business life with its female employees, who consist 50% of its senior level positions and 55% of all its employees.

55% of the employees hold Bachelor's degrees of the employees hold Bachelor's degrees and 36% hold Master's degree.



**PASHA BANK SUPPORTS WOMEN'S PARTICIPATION IN BUSINESS LIFE WITH ITS FEMALE EMPLOYEES, WHO CONSIST 50% OF ITS SENIOR LEVEL POSITIONS AND 55% OF ALL ITS EMPLOYEES.**

# Profit Distribution Policy

The Bank's general policy on profit distribution provides for payment of dividends to the extent allowed by the financial structure of the Bank, the pending investments, the situation of the sector, the economic conjuncture, and the legislation on banking.

The Bank's principles pertaining to profit distribution are included in the Articles of Association and the corporate website of the Bank.

The General Assembly can – after setting aside the statutory reserves as required by Turkish Commercial Code and the provisions of the Articles of Association of the Bank, and provided that the permissions required by the legislation on banks are obtained – at its sole discretion and in a way not to constitute a vested right, decide to distribute profits out of the remaining amount, to the members of the Board of Directors and/or of the senior

management of the Bank, and to the personnel, at the amounts it wishes.

The General Assembly is empowered to decide to distribute the remaining profit entirely or partly to the shareholders, or to set aside as extraordinary reserve.

In case the Board of Directors tabled a motion for the approval of the shareholders at the general assembly meeting in order that a decision be taken to not distribute the profit for the period, it is obligatory to disclose to the shareholders the reason for not distributing the profit and where the retained profit will be used.

At the General Assembly convened on 16 March 2023, the following resolutions were agreed upon based on the proposal under the Bank's Board of Directors Decision No. 2022/19, dated 14 March 2023: Taking into consideration the regulations of the Banking Law, out of the distributable

profit of TL 203,872,842.97, which is the Bank's unconsolidated net profit for 2022, TL 10,193,642.15 will be set aside as First Legal Reserves as the statutory obligation, net distributable profit for the period in the amount of TL 193,679,200.82 will not be distributed as dividends but will be transferred to Extraordinary Reserves. It has also been resolved that 2022 period income and undistributed profit and reserves from periods before 2022 will not be distributed to cause cash outflow.

Based on our financial statements for the period of 1 January 2023 – 31 December 2023 audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. TL 525 million "Net Period Profit" was realized and the Board of Directors' proposal for the method of distribution will be submitted for the approval of the General Assembly on 15 March 2024.

## Information on Support and Outsourced Service Providers

The following are the details of the support services procured during the reporting period within the scope of the "Regulation Regarding the Procurement of Support Services by the Banks" put into effect on 5 November 2011 by the Banking Regulation and Supervision Agency.

Trade Name of Support Services Provider	Service Description	Operating Area
FINEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	The main connection and infrastructure required for the IP based messaging network for SWIFT, SWIFTNet, and maintenance and support services for the PayGate software.	Information Systems
INTERTECH BİLGİ İŞLEM VE PAZARLAMA TİCARET A.Ş.	Support, update and maintenance services for the core banking system (INTER-VISION)	Information Systems
ACTIVE BİLGİSAYAR HİZMETLERİ VE TİCARET LİMİTED ŞİRKETİ	Core Banking System Securities Module	Information Systems
BARİKAT BT BİLİŞİM TİC. A.Ş.	Information Security and Operations Center	Information Systems
BİLGİ BİRİKİM SİSTEMLERİ ELEK. VE BİLG. END. TİC. LTD. ŞTİ.	Information Technologies Network Operations Monitoring	Information Systems
TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SANAYİ A.Ş.	The main connection and infrastructure required for the IP based messaging network for SWIFT, SWIFTNet, and maintenance and support services for the PayGate software.	Private Security Service
SERVICEPARK BİLİŞİM HİZMETLERİ A.Ş.	Information Security and Operations Center	Information Systems
BGA BİLGİ GÜVENLİĞİ A.Ş.	Information Security and Operations Center	Information Systems
TURKCELL DİJİTAL İŞ SERVİSLERİ A.Ş.	Information Security and Operations Center	Information Systems

## Transactions Made with the Bank's Risk Group

Information on loans of the Bank's risk group is given below:

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

Information on forward and option agreements and other similar agreements made with the Bank's risk group is given below:

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

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 are given below:

	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
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 Debt Instruments	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	-	794,895	-	-	668,149	-

# Information on Significant Developments Related with the Bank's Operations and Legal Disclosures

## Disclosures Concerning Administrative or Judicial Sanctions Imposed on the Bank and its Management due to Practices in Violation of Regulations

There were no administrative or judicial sanctions imposed on the members of the Board of Directors due to regulatory violations in accordance with Banking Law and related legislation.

In 2023, the obligations regarding the administrative and irregularity fines practiced by the regulatory and supervisory authorities for the legislative discords were met by means of benefiting from the discount permitted by the legislation and a total amount of TL 1,615,019 was paid.

## Lawsuits Against the Bank and any Probable Outcomes That Could Impact the Bank's Financial Situation and Operations

There are no lawsuits filed against the Bank in 2023 significant enough to have a material impact on its financial situation or operations.

## Information on Legislative Changes That Could Significantly Impact Banking Activities

**1. Retirement Age Legislation (EYT):** The Retirement Age Legislation for individuals facing retirement age issues (EYT) was discussed and enacted in the Turkish Grand National Assembly on 28 February 2023. The law, published in the Official Gazette, came into effect, eliminating the age requirement for beneficiaries to receive old age and retirement pensions. Individuals who started working as insured for the first time on or before 8 September 1999, and meet other conditions specified

in the table, could apply to the Social Security Institution to receive old age and retirement pensions. Our bank made severance pay and salary payments totaling TL 4,164,000.00 to employees who applied under this scheme.

**2.** On 9 March 2023, the Banking Regulation and Supervision Board, following its meeting, determined that the foreign exchange net general position/equity standard ratio, previously set at a maximum of 5% by article 4 /1 and article 5/1 of the Regulation on the Calculation and Implementation of the Foreign Exchange Net General Position/Equity Standard Ratio by Banks published in the Official Gazette No. 26333 on 1 November 2006, would now be 10% effective from the decision date.

**3.** Amendments to the Geographical Data License Regulation were introduced on 5 April 2023.

The purpose of this regulation is to set standards for the processing conditions of geographical data by local and foreign individuals.

Notably, the requirement for organizations holding geographical data licenses, like our bank, to provide proof of employing individuals as geographical data specialists and operators at the application stage has been removed.

The regulation states that personnel requirements during A and B group license applications will not be applied until 1 January 2025.

Furthermore, real and legal entities that have not employed a GIS specialist or GIS operator until this date are required

to provide specific training to at least one of their designated personnel within thirty days after the license application or obtaining the license. This requirement has been stipulated by the regulation. Following this regulation, our bank has directed its personnel to participate in the relevant training sessions.

**4.** General Communiqué on the Restructuring of Tax and Other Receivables, numbered 3 was published and was effective on 15 April 2023, in the Official Gazette No. 32164. This communiqué introduces an additional tax obligation for corporate income taxpayers concerning earthquake tax. Accordingly, a 10% additional tax will be levied on discounts and exemptions made on income subject to corporate income tax for the year 2022.

In this context, corporate income taxpayers are subject to a decision that stipulates a 10% additional tax on the exemption and discount amounts made from the corporate income, as well as on the reduced corporate tax base shown in the corporate income tax return for the year 2022. This additional tax is calculated at a rate of 10% without being associated with the period profit. Additionally, a one-time additional tax of 5% is determined on exempted gains, which include corporate income tax exemptions and foreign income that is proven to bear a tax burden of at least 15%.

The Bank paid a 5% additional tax only on the Bosphorist Venture Capital Investment Fund income, amounting to TL 922,617.55.

## Information on Significant Developments Related with the Bank's Operations and Legal Disclosures

**5.** Amendments to the Regulation on Remote Identification Methods and Establishment of Contractual Relationship in Electronic Environment by Banks issued by BRSA was amended effective from 1 June 2023.

These changes broaden the definition of individuals in remote customer acquisition to include authorized natural persons representing legal entities. The corporate entity definition referred to here is limited to commercial companies listed in the Turkish Commercial Code, including collective, commandite, joint stock, limited, and cooperative companies.

The amended regulation also allows the use of artificial intelligence-based systems instead of a customer representative in remote identification methods. With this regulation change, the scope of entities that can conduct transactions through remote identity verification by banks has been expanded in the evolving digital world. In line with technological advancements, the use of artificial intelligence-based systems has been enabled, providing opportunities for more efficient and advanced remote identity verification processes.

**6.** New Tax Regulations have been published in the Official Gazette on 7 July 2023, and onwards. In response to the financing needs arising after the earthquakes in Kahramanmaraş and Malatya on 6 February 2023, new taxes have been introduced.

Some of the important points for our bank are as follows:

The general VAT rate has been increased from 18% to 20%. This new rate has also affected the Bank's

financial leasing transactions, and new payment plans specifying the updated VAT rates have been obtained from our customers. This change in the VAT rate has led to an increase in expenses as it is reflected in the prices of goods and services acquired by our bank.

The corporate income tax rate for banks has been raised from 25% to 30%.

The Banking and Insurance Transaction Tax (BSMV) rate on amounts received in favor of consumer loans has been raised from 10% to 15%.

**7.** Changes have been made to the Central Bank's Securities Settlement Instruction as of 1 August 2023.

With this change, the rates and scope in the securities settlement application have been updated based on credit growth rates.

The growth rate, which was previously 3%, has now been implemented at 2.5%.

While the limit of this credit growth rate has been reduced, loans granted to financial institutions, public institutions, public economic enterprises, and municipalities are now subject to securities settlement based on the growth rate.

In conclusion, this change in practice has supported the macroprudential measures taken by the Central Bank's Monetary Policy Committee.

**8.** BRSA and CBRT have made several regulations regarding loan disbursements throughout the year. Here is a summary of these regulations:

As a result of decisions taken by the BRSA on 24 August 2023, the maximum credit amount for housing loans that consumers will use has been reduced

by 75% when the customer uses it to buy a second or more housing.

Companies providing statements contrary to the restrictions on Turkish Lira loans imposed by the BRSA have been allowed to use Turkish Lira loans again, following the BRSA decision on 4 September 2023. This was granted by submitting a new report confirming the absence of the violation according to the new procedure and updating their records at the risk centers.

**9.** Changes have been made to the implementation instructions regarding the details of the changes announced in the Capital Markets Board (CMB) communiqué on 27 October 2023. The application of a 30% securities settlement on Turkish Lira-denominated cash loans granted by banks and the document application against expenses have been terminated. The application of a 30% securities settlement on securities purchased by banks from the real sector has been abolished. The securities settlement practice based on the interest/profit rate applied by banks to Turkish Lira Commercial loans, excluding export and investment loans, above 1.8 times the annual compound reference rate has been terminated. However, the 1.4 times regulation for export and investment loans under the Temporary Article 7 has been maintained. The definitions in Temporary Article 6 of the Directive will be considered for the scope of export and investment loans.

Changes have been made to the securities settlement application based on the loan growth rate, as stated in the Temporary Article 6 of the Communiqué. These changes are outlined in the 10<sup>th</sup> article of the



implementation instruction under the title "Temporary Article Practices," and the 150% securities settlement continues for those exceeding 1.4 times for export and investment loans and 2.0 times for consumer loans.

**10.** On 10-17 November 2023, the Banking Regulation and Supervision Agency (BRSA) decided to increase the participation share in expenses, which it has applied at a rate of 0.002 for the last four years before this year, to 0.003 of the year-end balance sheet total for 2022 for the year 2023.

**11.** Effective from 24 November 2023, the Securities Settlement Communique (2022/20), which previously applied a 5% securities settlement rate for foreign currency liabilities, has been reduced to 4%. Additionally, the temporary application regarding securities settlement based on credit growth, which was set to expire on 29 December 2023, has been extended for another 6 months, starting from 27 January 2024. The exemption for securities settlement for loans provided to the earthquake region to mitigate the negative effects of the earthquake will continue until June 2024.

**12.** In the meeting of the Banking Regulation and Supervision Board on 12 December 2023, following the examination of the letter dated 11 December 2023, with the reference number E-24049440-045.01-103889, the decision was made not to subject the financial statements of banks, financial leasing, factoring, finance, savings finance, and asset management companies to inflation adjustment as required by TMS 29 for their financial statements

dated 31 December 2023. This decision was based on the discretion granted by the Public Oversight, Accounting, and Auditing Standards Authority in its announcement dated 23 November 2023, allowing institutions or organizations authorized to regulate and supervise in their fields to determine different transition dates for the application of inflation accounting.

**13.** The Regulation on Determining Risk Groups and Credit Limits (Effective Date: 1 January 2024) and the Regulation on Banks' Credit Transactions (Effective Date: 1 July 2024, except for the 4<sup>th</sup> paragraph of Article 9, all other articles: 1 January 2024), published in the Official Gazette on 21 December 2023. With the enforcement of this regulation, the existing Regulation on Banks' Credit Transactions, published in the Official Gazette dated 1 November 2006, and numbered 26333, will be abolished. Thus, two separate regulations have been applied to two separate subjects under a single regulation. Article 17 of the Regulation on Determining Risk Groups stipulates that Development and Investment Banks, including our bank, are only subject to Articles 4 and 5 of this Regulation. The Banking Regulation and Supervision Board is authorized to decide on the application of this Regulation's provisions, taking into account corporate governance provisions and protective provisions, for one or more development and investment banks or their groups, or to determine different credit limits from those specified in this Regulation.

### Extraordinary General Assembly Meeting held during the year, if any

An Extraordinary General Assembly meeting was not held in 2023.

### Information on Audits

In accordance with the Banking Law no.5411, the Bank is subject to limited reviews at each quarter and a full scope audit at year ends by an Independent Audit Firm. Audit reports are approved by the Audit Committee and the Board of Directors. Moreover, based on Article 65 of the same Law, the Bank is under continuous oversight and audit of Banking Regulation and Supervision Agency and other regulatory agencies and authorities.

In the year 2023, our Bank has been included in the audit program by the Banking Regulation and Supervision Agency (BRSA) and within this scope, public audit activities are being carried out.

### Activities within the Scope of Prohibition of Competition

Board of Directors Members were given the permission by the General Assembly to act within the scope of Article 395 of the Turkish Commercial Code numbered 6762 "Prohibition of doing business with the Company and loans from the Company" and Article 396 of the same Law, "Prohibition of competition". However, the members of the Board of Directors did not have any activities on their or other parties' behalf or any act within the scope of prohibition of competition within the frame of this permission granted by the General Assembly.

## Measures Intended to Prevent Conflicts of Interest

PASHA Bank has established an equilibrium policy regarding stakeholders in order to tackle any potential conflicts of interest among them in a balanced manner within the framework of the Corporate Governance Policy.

The Bank follows the general principles and code of practice defined in the Conflicts of Interest Policy in managing potential conflicts of interest among stakeholders as described below, and implements the measures set forth in the aforementioned policy to prevent conflicts of interest.

- Conflict of interest between the Bank and its customers;
- Conflict of interest between the Bank and its employees;
- Conflict of interest between employees and/or functions;
- Conflict of interest between customers;
- Conflict of interest between the Bank's employees and customers.

Compliance Department Manager is responsible for sharing incidents of conflict of interest detected with the

Audit Committee and reporting them to the Human Resources Department and Internal Audit Department via the Compliance Report. Human Resources Department is responsible for reporting those cases which were communicated by the Compliance Department to the Human Resources Expert Group, along with the solutions and action plans determined by the Committees of the Headquarters.

PASHA Bank announces to the public its Conflict of Interest Policy and Corporate Governance Policy by publishing the same on the corporate website.

The Audit Committee conducted a risk assessment on the support services procured by the Bank; and prepared an evaluation report on whether or not any situation has emerged in a way to prevent or pose a risk for the effective and efficient functioning of the Bank's internal systems or performance of internal control or internal audit activities in procurement of support services; as well as whether or not the qualified shareholders of, and managers authorized to represent, the support service organizations continue to

meet the criteria required by law. The committee submitted the report to the Board and monitored the efficiency of the services performed by support service organizations regularly. No conflict of interest was found in the evaluations made by the Committee.

Moreover, independence of activities between the Bank and the chairman and members of the board of directors, managers, appraisal experts, employees and auditors of the appraisal institutions which the Bank procured services from in 2023 were reviewed. No conflicts of interest were noticed for the Bank and the risk group which includes the Bank other than the ones anticipated at the appraisal service agreement.

# Statement of Compliance with Corporate Governance Principles

It is decided to submit the Corporate Governance Compliance Report – which has to be prepared as per Resolution of the Capital Markets Board dated 10.01.2019 and numbered 2/49 and as required by Corporate Governance Communiqué II-17.1 – via the Public Disclosure Platform (“PDP”), by using the templates of the Corporate Governance Compliance Reporting (“CRF”) and of the Corporate Governance Information Form (“CGIF”). The said templates as well as the explanations made according to Corporate Governance Communiqué II-17.1’s Article 8 with the heading “Corporate Governance Principles Compliance Report” are presented below. CRF templates are used in order to report the compliance status with the voluntary principles, CGIF templates are used to inform about the corporate governance practices, and the related forms are announced to the public at least three weeks before the General Assembly Meeting on the PDP. The information in the CRF and CGIF templates announced at PDP have been assessed by the Corporate Governance Committee and accepted by the resolution of the Board of Directors.

The Corporate Governance Compliance Report was prepared as annexed in accordance with the formats determined by the Capital Markets Board’s decision.

The fields indicated by (X) represent the Bank’s compliance status, and necessary explanations have been made for the implementations other than yes.

With the awareness of the importance of corporate governance practices as well as financial performance, PASHA Bank improves its internal practices to establish an effective, adequate and consistent corporate structure with regard to the “Bylaw on the Corporate Governance Principles for Banks” issued by the Banking Regulation and Supervision Agency (“BRSA”). On the other hand, it has been working

voluntarily to ensure maximum compliance with the Corporate Governance Principles contained in the attachment to the “Corporate Governance Communiqué” no. II-17.1 that was published by the Capital Markets Board (“CMB”) and continues to strengthen corporate governance mechanisms in this endeavor.

PASHA Bank believes that the existence of independent members in the Board of Directors as part of the Corporate Governance Principles will contribute to the development and strengthening of the Bank’s activities, and the establishment of a more professional management approach. Two members at the Board of Directors possess the qualities of independent Board members.

PASHA Bank’s determination to implement corporate governance principles, and its willingness to manage this process dynamically and continuously, were confirmed in 2023 by an independent rating agency and SAHA Rating has revised PASHA Bank’s overall compliance score with CMB Corporate Governance Principles upwards to (9.39).

The Corporate Governance Rating score is published on the corporate website of the Bank, which is [www.pashabank.com.tr](http://www.pashabank.com.tr). PASHA Bank continues to enhance the content of its corporate website to ensure stakeholders are informed about the Bank’s activities.

The discrepancies arising between the CMB’s Corporate Governance Principles and the practices by the Bank were included in the report under the relevant subject headings.

In 2023, PASHA Bank adhered compliance to the “Corporate Governance Principles” published by the CMB with the exception of certain principles provided below that were not required to be implemented. There is no conflict of interest stemming from the matters outlined below that were not implemented.

As required by the Corporate Governance Communiqué numbered II-17.1, article 11 and clause 2, “The manager of the investor relations department that possesses the necessary CMB licenses mentioned in the Communiqué has not been placed as a member of the Corporate Governance Committee.

With respect to the principle numbered 1.5.2.; Minority rights have not been recognized by the Articles of Association for those who hold less than one-twentieth of the capital.

With respect to the principle numbered 2.1.2; information about the real persons who own more than 5% of the issued capital is not published on the corporate web page.

With respect to the principle numbered 3.3.1.; there is no official succession plan for the key posts. However, activities to develop an official succession plan for the key posts has continued throughout 2023 within the scope of an action plan regarding enhancement of the corporate governance processes before the controlling shareholder and the approach for succession planning of the Board and Committees’ members and chairpersons was approved by the Group ExCo.

With respect to the principle numbered 3.3.8.; there is no union organization among the Bank’s employees and the Bank does not have an action plan for such arrangement in this regard.

With respect to the principle numbered 4.2.8.; The limit of the directors’ and officers’ liability insurance does not exceed 25% of the paid-up capital of the Bank, and no explanation has been made in this regard at the PDP.

With respect to the principle numbered 4.3.9.; There is not yet a target rate and target time determined for the ratio of female members in the Board of Directors. As of reporting date there are two female members in the Bank’s Board of Directors.

## Statement of Compliance with Corporate Governance Principles

With respect to the principle numbered 4.5.3.; the role of chair of the committees other than the Human Resources Committee and Nomination & Remuneration Committee have been conducted by independent non-executive directors.

With respect to the principle numbered 4.5.5.; Assignment to the Board Committees is carried out in line with the relevant legislation, taking into consideration the accumulated knowledge and experience of the members of the Board of Directors and some members of the Board of Directors are assigned to more than one committee. However, members assigned to more than one committee ensure communication between committees involved in related issues and increase cooperation opportunities.

With respect to the principle numbered 4.6.5.; The remuneration and other benefits provided to the Board Members and senior executive directors are disclosed to the public through the annual report. However, the payments made are disclosed to the public on a collective basis in parallel to market practice, rather than an individual basis.

The activities and meeting outcomes of the Audit Committee are included in the Annual Report under the section titled "Information on Management and Corporate Governance Practices." Additionally, explanations about the functioning and effectiveness of the internal systems organization are provided under the heading "Assessments of the Audit Committee on the Functioning of Internal Systems" in the Activity Report.

Explanations about the activities of the Committee in charge of audit and the outcome of its meetings are included under the section "Information on Management and Corporate Governance Practices" of the Annual Report and functioning and effectiveness of the internal systems organization are included under the heading "Audit Committee's

Assessments on the Operation of Internal Systems" of the Annual Report.

### **RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THEIR ACTIVITIES IN THE REPORTING PERIOD**

#### **Board of Directors' Activities in 2023**

Board of Directors defines the Bank's strategies, related business goals and risk limits for three-year periods based on Strategy and Budget Expert Group's suggestions. In 2023, the Board of Directors discussed and resolved the issues on related with the activities summarized below:

"The responsibilities assigned to the Board of Directors within the framework of the provisions of the Communiqué on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, risk management and credit policies and methodologies, improvements on the internal credit risk rating model, updates on the risk appetite limits, Risk Appetite Statement and related Operational Limits, new and updated policies and regulations of the Bank, independent audit reports in accordance with BRSA regulations and International Financial Reporting Standards, the action plans for the correction of the findings regarding the information systems and banking processes audit and the penetration test, loan allocation, financial restructuring and procurement requests under the authority of the Board of Directors, key performance indicators and information systems strategy plan of the strategy period, the budget for the next fiscal year and its monthly financial performance, domestic and cross border issuance conditions for the debt instruments, asset finance fund establishments, corporate governance practices, changes in the Bank's organizational structure, distribution of duties in the Board of Directors and its Committees and Expert Groups, top management appointments, promotion and personal

benefits of Bank's employees, authority levels of employees who will be granted signature authorities or changes in those with existing authorities, implementation plan of strategic initiatives, selection of independent auditor, Annual General Shareholders' Meeting agenda and suggestions to be submitted to the General Assembly.

Corporate Secretary Unit is assigned to perform duties of determining the agenda of the PASHA Bank's Board of Directors' meetings, preparing the Board of Directors resolutions, briefing and communication of the Board of Directors. Topics to be discussed at the meetings are gathered at the Corporate Secretary Unit and upon consolidation of these topics, the agenda is determined as per endorsement by the Chairman.

Evaluation of individual director performance was carried out by the Chairman in 2023.

#### **Board of Directors Structure and Status of Members at the Board**

PASHA Bank Board of Directors consists of ten members, three of which are independent members. Detailed information about the Members of the Board of Directors is given in the continuation of this report.

Biographies of the Board Members can be found on pages 52-55 of the annual report.

#### **Information on Aids and Donations**

During the period, aids and donations at a total amount of TL 1,719 were realized. The Bank's internal procedures on donation policy are set up with its Corporate Governance Policy and no changes were made during the period.

Information on the amount of aids and donations and their beneficiaries are presented at the General Assembly meeting as a separate agenda item.

# Corporate Governance Compliance Report

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Description
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.					X	The Article 33 of the Articles of Association of the Bank contains the provision "the independent audit of the Bank is performed by independent auditors authorized to perform independent audits in the banks in accordance with the relevant legislation. The independent audit firm to conduct the audit is selected by the General Assembly", and there is no provision in the Articles of Association of the Bank regarding the request for the appointment of a special auditor. There were no requests made during the reporting period as to the appointment of a special auditor for our Bank.
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There is no insider with privileged information.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					

## Corporate Governance Compliance Report

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				There is no media participation.
<b>1.4. VOTING RIGHTS</b>						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2-The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The Bank has no subsidiaries and affiliates.
<b>1.5. MINORITY RIGHTS</b>						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights have not been determined to be less than one-twentieth of the capital in the Articles of Association of the Bank.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					



	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.		X				Frequently Asked Questions section is not available.
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.			X			The information on real person shareholders who own more than 5% of the issued capital is not available on the corporate website.
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Important information is prepared in English. Related information is updated as needed.
<b>2.2. ANNUAL REPORT</b>						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

## Corporate Governance Compliance Report

Company Compliance Status						Description
Yes	Partial	No	Exempted	Not Applicable		
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X			Ongoing effort has been made to develop an official succession plan for the key posts.	
3.3.2-Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment	X					

Company Compliance Status						Description
	Yes	Partial	No	Exempted	Not Applicable	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			The Bank does not have a regulation issued on this matter.
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2-Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					

## Corporate Governance Compliance Report

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			The cost of liability insurance for managers does not exceed 25% of the capital of the Bank, and there was not a disclosure made on the PDP on this issue.
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				There has been no target rate and target time determined for the female member rate in the Board of Directors. As at 2023 year-end, two female directors sit on the Board of Directors and a rate of 22% was attained.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					

Company Compliance Status						Description
	Yes	Partial	No	Exempted	Not Applicable	
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/ written internal rules defining the meeting procedures of the board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				PASHA Holding LLC, the controlling shareholder of the Company, has subsidiaries and, as the Members of the Board of Directors of the Bank taking part in the management of these companies is for the benefit of the Group, they have not been restricted in taking on these duties outside the Bank. On the other hand, independent members have also not been restricted in taking on other duties outside the Bank. The duties of the Members of the Board of Directors outside the Bank are submitted to the information of the shareholders in the General Assembly through the annual report and information document.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5-Board members serve in only one of the Board's committees.			X			Assignment to the Board of Directors' Committees are made in accordance with the relevant legislation, taking into account the knowledge and experience of the Board Members, and some of the Members of the Board of Directors are assigned to more than one committee. However, members who serve in more than one committee provide communication between committees that work on related matters and increase cooperation opportunities.

## Corporate Governance Compliance Report

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.	X					
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			The remuneration and other benefits provided to the Board Members and senior executive directors are disclosed to the public through the annual report. However, the payments made are disclosed to the public on a collective basis parallel to market practice, rather than an individual basis.



# Corporate Governance Information Form

## 1. SHAREHOLDERS

### 1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/ etc.) organised by the company during the year

No representation was possible in any meeting throughout the year

### 1.2. Right to Obtain and Examine Information

The number of special audit request(s)

The request for the appointment of a special auditor has not yet been laid out as an individual right in the Bank's Articles of Association. No requests were received for the appointment of a special auditor within the period.

The number of special audit requests that were accepted at the General Shareholders' Meeting

There was no request for a special auditor at the Ordinary General Assembly Meeting held in 2023.

### 1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

The General Assembly Information Document was posted separately on the corporate website.

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

The documents of the General Assembly Meeting are not published in English at the same time.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There are no non-unanimous transactions within the scope of the Principle 1.3.9.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

The related-party transactions realized by the Bank in 2023 as part of ordinary operations were presented to the Board of Directors by means of financial reports that were disclosed to the public. In 2023, there were no related-party transactions or significant transactions that must have been submitted to the approval of the General Assembly because of lack of approval by the independent members.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)

There were no widespread and continuous related-party transactions that needed to be decided on by the Board of Directors, other than the transactions carried out by the Bank in 2023 due to its ordinary operations.

The name of the section on the corporate website that demonstrates the donation policy of the company

It is contained in the heading "Donations and Aids Policy" under the "Policies" tab in the "Corporate Governance" section within the "About Us" page on the bank's website located at the address "www.pashabank.com.tr".

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/1125553>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

22

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Bank employees, Members of the Board of Directors, shareholders' representative, independent audit firm's representative, corporate governance rating agency's representative can attend the General Assembly meeting.

### 1.4. Voting Rights

Whether the shares of the company have differential voting rights

None.

## Corporate Governance Information Form

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None.
The percentage of ownership of the largest shareholder	71.7498
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	None.
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	It is included in the heading "Profit Distribution Policy" under the "Policies" tab contained in the "Corporate Governance" section of the "About Us" page on the Bank's corporate website at "www.pashabank.com.tr".
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	3. As per the motion submitted by the proxy of PASHA Bank OJSC and PASHA Holding LLC, in accordance with the resolution of the Board of Directors dated 14 March 2023 and numbered 2023/19 by considering the regulations related with the Banking Law, it was unanimously resolved; a primary legal reserve at the amount of TL 10,193,642.15, out of nonconsolidated profit of TL 203,872,842.97 for the year 2022 be set aside; the net distributable profit of TL 193,679,200.82 for the period, be transferred to the Extraordinary Reserves account; without being distributed as dividend, the profit distribution statement, annexed to the proposal be approved.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/tr/Bildirim/1125553">https://www.kap.org.tr/tr/Bildirim/1125553</a>

General Meeting Date	The number of additional disclosure requests submitted to the company in relation to the agenda of the General Assembly	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations received by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
16.03.2023	0	99.92%	99.92%	It is contained under the "General Assembly Meetings" tab in the "Corporate Governance" section within the "About Us" page on the bank's website located at the address "www.pashabank.com.tr".	N/A	12	0	<a href="https://www.kap.org.tr/tr/Bildirim/1125553">https://www.kap.org.tr/tr/Bildirim/1125553</a>

## 2. DISCLOSURE AND TRANSPARENCY

### 2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	It is included in the "Corporate Governance" section of the "About Us" page under the "Investor Relations" page on the Bank's corporate website at the address of <a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a>
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	None.
List of languages for which the website is available	Turkish and English

### 2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	It is located in the section of "Information on Management and Corporate Governance Practices" of the annual report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	It is located under the heading "Information on Activities of the Board, Committees and Expert Groups" in the section of "Information on Management and Corporate Governance Practices" of the annual report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	It is located under the heading "Information on Activities of the Board, Committees and Expert Groups" in the section of "Information on Management and Corporate Governance Practices" of the annual report.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	It is located under the heading "Information on Significant Developments Related with the Bank's Operations and Legal Disclosures" in the section of "Information on Management and Corporate Governance Practices" of the annual report.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	It is located under the heading "Information on Significant Developments Related with the Bank's Operations and Legal Disclosures" in the section of "Information on Management and Corporate Governance Practices" of the annual report.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	It is located under the heading "Measures Intended to Prevent Conflicts of Interest" in the section of "Information on Management and Corporate Governance Practices" of the annual report.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	None.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	It is located under the heading "Human Resources Practices" in the section of "Information on Management and Corporate Governance Practices" of the Annual Report.

## Corporate Governance Information Form

### 3. STAKEHOLDERS

#### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	It is located in the heading "Compensation Policy" under the "Policies" tab in the "Corporate Governance" section within the "About Us" page on the Bank's website at the address of "www.pashabank.com.tr".
The number of definitive convictions the company was subject to in relation to breach of employee rights	None.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Employees can communicate their concerns about any illegal or unethical practices made in the Bank, all issues related to the violation of ethical principles, and their findings on the following issues to the Compliance Officer via e-mail address "EtikHatGroup@pashabank.com.tr" of the Ethics Line communication channel specified within the Bank's structure.  Fraud, Corruption, Forgery, Unethical behavior, Cases creating conflict of interest Non-compliance with legal regulations
The contact detail of the company alert mechanism.	Those concerned can be reached via the e-mail address of "EtikHatGroup@pashabank.com.tr".

#### 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	Employee participation in decision-making processes is ensured by the "Employee Satisfaction Survey" system.
Corporate bodies where employees are actually represented	Employees of the Bank can use any communication channel to participate in management.

#### 3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The Board of Directors puts into place the necessary succession plans.
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The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	It is located in the heading "Human Resources Policy" under the "Policies" tab contained in the "Corporate Governance" section of the "About Us" page on the Bank's corporate web site at the address of <a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a> .
Whether the company provides an employee stock ownership programme	There is no share purchase plan.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	It is located in the heading "Code of Conduct" under the "Policies" tab in the "Corporate Governance" section of the "About Us" page on the Bank's corporate website at the address of <a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a> .
The number of definitive convictions the company is subject to in relation to health and safety measures	None.
<b>3.5. Ethical Rules and Social Responsibility</b>	
The name of the section on the corporate website that demonstrates the code of ethics	It is located in the heading "Code of Conduct" under the "Policies" tab in the "Corporate Governance" section of the "About Us" page on the Bank's corporate website at the address of <a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a> .
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	<ul style="list-style-type: none"> <li>• Within the framework of its Sustainability, Environment and Social Responsibility Policy, the Bank bases on the principles exemplified below on related issues.</li> <li>• The Bank endeavors to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.</li> <li>• The Bank applies the Law on Occupational Health and Safety and its secondary regulations in Türkiye to provide full compliance, related to the health and safety of their employees apply the necessary measures in time.</li> <li>• The Bank undertakes to comply with the related obligations by following all environmental regulations it is subject to due to its activities.</li> <li>• The Bank aims to support investments in renewable energy with projects with high environmental awareness.</li> <li>• The Bank conducts environmental awareness raising activities to ensure that its employees act environmentally sensitive in their activities.</li> <li>• The Bank takes the necessary measures to ensure the recovery of wastes.</li> <li>• Within the framework of the Bank's Credit Policy approved by the Board of Directors, it is undertaken not to finance restricted sectors and areas in terms of loan granting regardless of the amount limitation.</li> </ul>

Corporate Governance Information Form

Any measures combating any kind of corruption including embezzlement and bribery	The following methods are used pursuant to the Misconduct Prevention Policy to prevent abuses before they occur and to reveal them after they occur.
	External Audit of Financial Statements and Financial Reporting
	Financial Reporting Approved by Senior Management
	Authority Limits
	Segregation of Duties
	Ethical Principles Policy
	Corporate Governance
	Independent Audit Committee
	Whistleblowing Hotline
	Misconduct Training for Staff and Managers
	Misconduct Prevention Policy
	Official Misconduct Risk Assessments
	Internal Audit and Internal Control Practices
	Unexpected Inspections
	Supervision
	Physical Inspections and Reconciliations
	Information Security Policies
	Personnel Policies
	CV Reference Checks
	Rotation / Mandatory Leave



#### 4. BOARD OF DIRECTORS-I

##### 4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	31.10.2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation of authority.
Number of reports presented by internal control unit to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	It is included under the heading "Audit Committee's Assessment of the Functioning of Internal Systems" in the section of the annual report titled "Assessments on Financial Information and Risk Management".
Name of the Chairman	Jalal Gasimov
Name of the CEO	Hikmet Cenk Eynehan
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different persons.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	The cost of directors' & officers' liability insurance does not exceed 25% of the capital of the Bank and no separate disclosure was made in the PDP on this matter.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	2 people, with a rate of 20%.

# Corporate Governance Information Form

Name, Surname of the Board Member	Real Person Acting on Behalf of Legal Person Member	Gender	Title	Profession	The First Election Date To the Board	Whether Executive Director Or Not	Positions Held in the Company in the Last 5 Years
Jalal Gasimov	-	Male	Chairman	Banker	17/08/2015	Non-Executive	Chairman Chairman of the Strategy and Budget Expert Group Chairman/Member of the HR and Remuneration Committee Chairman/Member of the Nomination and Remuneration Committee Member of the Corporate Governance Committee
Farid Mammadov	-	Male	Deputy Chairman	Banker	31/03/2017	Non-Executive	Deputy Chairman Member of the Strategy and Budget Expert Group Chairman/Member of the HR and Remuneration Committee Chairman/Member of the Nomination and Remuneration Committee Member of the Risk Management Committee Alternate Member of the Credit Committee
Shahin Mammadov	-	Male	Board Member	Banker	31/03/2015	Non-Executive	Board Member Chairman of the Strategy and Budget Expert Group Alternate Member of the Credit Committee Member of the Corporate Governance Committee
Javid Guliyev	-	Male	Board Member	Banker	12/06/2019	Non-Executive	Board Member Member of the Credit Committee
Rovshan Allahverdiyev	-	Male	Board Member	Banker	16/03/2023	Non-Executive	Board Member Chairman of the Nomination and Remuneration Committee Chairman of the Human Resources Expert Group Member of the Strategy and Budget Expert Group Alternate Member of the Credit Committee
Kamala Nuriyeva	-	Female	Board Member	Banker	25/11/2016	Non-Executive	Board Member Chairman/Member of the Risk Management Committee Member of the Audit Committee
Ebru Oğan Knottnerus	-	Female	Board Member	Banker	02/07/2018	Non-Executive	Independent Board Member Chairman/Member of the of the Risk Management Committee Chairman of the Audit Committee
Nuri Tuncali	-	Male	Board Member	Banker	29/03/2019	Non-Executive	Independent Board Member Member of the Credit Committee Chairman of the Corporate Governance Committee
Furkan Evranos	-	Male	Board Member	Banker	25/05/2021	Non-Executive	Independent Board Member Chairman of the Audit Committee Chairman of the Corporate Governance Committee
H. Cenk Eynehan	-	Male	CEO and Board Member	Banker	02/08/2013	Executive	CEO and Board Member Chairman of the Credit Committee Member of the Strategy and Budget Expert Group Member of the HR and Remuneration Committee Member of the Nomination and Remuneration Committee

Current Positions Held Outside the Company	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not	Independent Board Member or Not	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Committees Charged and Task
PASHA Holding LLC, CEO Azerbaijan Supermarkets (Bravo), Chairman Food City Agropark, Chairman PASHA Management Company, Chairman Kapital Bank OJSC, Azerbaijan, Board Member PASHA Insurance, Azerbaijan, Board Member PASHA Life, Azerbaijan, Board Member PASHA Investment, Azerbaijan, Board Member	Yes	Not Independent Member				Member of the Nomination and Remuneration Committee
PASHA Holding LLC, Deputy CEO, Ecosystem General Manager Kapital Bank OJSC, Azerbaijan, Board Member PASHA Technology, Azerbaijan, Chairman	Yes	Not Independent Member				
PASHA Holding LLC, Deputy CEO, Business Support Director PASHA Bank OJSC, Azerbaijan, Board Member JSC PASHA Bank, Georgia, Board Member PASHA Insurance, Azerbaijan, Board Member PASHA Life, Azerbaijan, Board Member	Yes	Not Independent Member				Chairman of the Strategy and Budget Expert Group Member of the Human Resources Expert Group Member of the Corporate Governance Committee Alternate Member of the Credit Committee
PASHA Bank OJSC, CEO, Chairman of the Management Board	Yes	Not Independent Member				Member of the Credit Committee
PASHA Holding LLC, Corporate Banking and Insurance Deputy General Manager	Yes	Not Independent Member				Chairman of the Nomination and Remuneration Committee Chairman of the Human Resources Expert Group Member of the Strategy and Budget Expert Group Alternate Member of the Credit Committee
PASHA Shareholder's Office, CRO JSC PASHA Bank, Georgia, Board Member PMD Group LLC, Board Member Lu - Mun Holding LLC, Board Member	Yes	Not Independent Member				Member of the Risk Management Committee Member of the Audit Committee
JSC PASHA Bank, Georgia, Board Member, Member of the Audit Committee and Chairman of the Risk Management Committee Odea Bank A.Ş. Independent Board Member, Member of the Risk Committee, Alternate Member of the Credit Committee	Yes	Independent Member	-	Not Considered	No	Chairman of the Risk Management Committee
-	Yes	Independent Member	-	Considered	No	Member of the Credit Committee
COGITO Park & Co, Founding Partner Nişantaşı University, Graduate Education Institute, Finance and Banking Department Faculty Member		Independent Member		Considered	No	Chairman of the Audit Committee Chairman of the Corporate Governance Committee
PD Turizm ve Gayrimenkul A.Ş., Board Member	Yes	Not Independent Member				Chairman of the Credit Committee Member of the Strategy and Budget Expert Group Member of the Human Resources Expert Group Member of the Nomination and Remuneration Committee

## Corporate Governance Information Form

### 4. BOARD OF DIRECTORS-II

#### 4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	In 2023, 5 meetings were held by meeting in person.
Director average attendance rate at board meetings	91%
Whether the board uses an electronic portal to support its work or not	Electronic Board of Directors System is being used since July 2021
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Each meeting notification confirming the date, time, place and agenda is made by the Board Secretariat to all Members of the Board of Directors at least three (3) business days prior to the meeting date, and the relevant supporting documents for the agenda items to be addressed are submitted to the members of the Board of Directors at least three (3) business days prior to the date of the meeting.
The name of the section on the corporate website that demonstrates information about the board charter	It was described in the article 14 of the "Articles of Association" located in the "Corporate Governance" section within the "About Us" page on the Bank's corporate website at the address of "www.pashabank.com.tr".
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.

#### 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented.	It is located under the heading "Information on Activities of the Board, Committees and Expert Groups" in the section of "Information on Management and Corporate Governance Practices" of the annual report.
Link(s) to the PDP announcement(s) with the board committee charters	None.

**Composition of Board Committees-I**

<b>Names Of The Board Committees</b>	<b>Name Of Committees Defined As "Other" In The First Column</b>	<b>Name-Surname of Committee Members</b>	<b>Whether Committee Chair Or Not</b>	<b>Whether Board Member Or Not</b>
Audit Committee	-	Furkan Evranos	Yes	Board Member
Audit Committee	-	Kamala Nuriyeva	No	Board Member
Corporate Governance Committee	-	Furkan Evranos	Yes	Board Member
Corporate Governance Committee	-	Shahin Mammadov	No	Board Member
Risk Management Committee	-	Ebru Oğan Knottnerus	Yes	Board Member
Risk Management Committee	-	Kamala Nuriyeva	No	Board Member
Nomination & Remuneration Committee		Rovshan Allahverdiyev	Yes	Board Member
Nomination & Remuneration Committee	-	Jalal Gasimov	No	Board Member
Nomination & Remuneration Committee	-	H. Cenk Eynehan	No	Board Member
Human Resources Expert Group		Rovshan Allahverdiyev	Yes	Board Member
Human Resources Expert Group	-	Shahin Mammadov	No	Board Member
Human Resources Expert Group	-	H. Cenk Eynehan	No	Board Member
Strategy and Budget Expert Group	-	Shahin Mammadov	Yes	Board Member
Strategy and Budget Expert Group	-	Rovshan Allahverdiyev	No	Board Member
Strategy and Budget Expert Group	-	H. Cenk Eynehan	No	Board Member
Credit Committee	-	H. Cenk Eynehan	Yes	Board Member
Credit Committee	-	Javid Guliyev	No	Board Member
Credit Committee	-	Nuri Tuncali	No	Board Member
Credit Committee	-	Rovshan Allahverdiyev / Alternate Member	No	Board Member
Credit Committee	-	Shahin Mammadov / Alternate Member	No	Board Member

## Corporate Governance Information Form

### 4. BOARD OF DIRECTORS-III

#### 4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.

#### 4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	It is contained in the CEO's Message in the Annual Report, the Summary Report by the Board of Directors submitted to the General Assembly, and under the "Assessments on the Financial Condition, Profitability, Debt Servicing Capability and Realization of the Defined Strategic Objectives" in the "Financial Information and Assessments on Risk Management".
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	It is located in the heading "Remuneration Policy" under the "Policies" tab in the "Corporate Governance" section within the "About Us" page on the Bank's corporate website at the address of "www.pashabank.com.tr".
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	It is located under the heading "Human Resources Practices" in the section of "Information on Management and Corporate Governance Practices" of the Annual Report.



**Composition of Board Committees-II**

<b>Names Of The Board Committees</b>	<b>Name Of Committees Defined As "Other" In The First Column</b>	<b>The Percentage Of Non-executive Directors</b>	<b>The Percentage Of Independent Directors In The Committee</b>	<b>The Number Of Meetings Held In Person</b>	<b>The Number Of Activity Reports Submitted to the Board</b>
Audit Committee	-	100%	50%	1	1
Corporate Governance Committee	-	100%	50%	0	0
Risk Management Committee	-	100%	50%	1	4
Human Resources Expert Group	-	66%	0%	0	1
Nomination and Remuneration Committee	-	66%	0%	1	1
Strategy and Budget Expert Group	-	66%	0%	2	2
Other	Credit Committee	66%	33%	13	0

# Statement of Independence

I hereby declare that I currently serve as an "independent member" on the Board of Directors of PASHA Yatırım Bankası A.Ş. pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board and in this context, I hereby declare the following:

1. Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Bank, any company in which the Bank has management control or significant influence, or any shareholder having management control or significant influence over the Bank or any corporate entity;
2. I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years;
3. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;
4. After having been elected as a member I am not a full-time employee of public institutions and organizations, except as a member of academia should applicable legislation permit;
5. I am considered to be a resident of Türkiye as for the purposes of the Income Tax Law no. 193, dated 31 December 1960;
6. I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Bank's operations, maintaining my independence in possible conflicts of interest between the Bank and its shareholders, and making decisions freely taking into consideration the rights of stakeholders;
7. I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Bank's affairs and to fully meet the requirements of the duties I undertake;
8. I have not held the position of member of the Board of Directors of the Company for more than six years in the past ten years;
9. I am not serving as an independent board member in any company which is controlled by the Bank or by shareholders having management control over the Bank;
10. I will be serving on the Bank's Board of Directors as a real person and in this context; I have not been registered and promulgated in the name of any corporate entity elected as a board member



Ebru Oğın KNOTTNERUS  
Independent Member of the Board of Directors

I hereby declare that I currently serve as an "independent member" on the Board of Directors of PASHA Yatırım Bankası A.Ş. pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board and in this context, I hereby declare the following:

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2. I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years;
3. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;
4. After having been elected as a member I am not a full-time employee of public institutions and organizations, except as a member of academia should applicable legislation permit;
5. I am considered to be a resident of Türkiye as for the purposes of the Income Tax Law no. 193, dated 31 December 1960;
6. I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Bank's operations, maintaining my independence in possible conflicts of interest between the Bank and its shareholders, and making decisions freely taking into consideration the rights of stakeholders;
7. I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Bank's affairs and to fully meet the requirements of the duties I undertake;
8. I have not held the position of member of the Board of Directors of the Company for more than six years in the past ten years;
9. I am not serving as an independent board member in any company which is controlled by the Bank or by shareholders having management control over the Bank;
10. I will be serving on the Bank's Board of Directors as a real person and in this context; I have not been registered and promulgated in the name of any corporate entity elected as a board member



Nuri TUNCALI  
Independent Member of the Board of Directors

## Statement of Independence

I hereby declare that I currently serve as an "independent member" on the Board of Directors of PASHA Yatırım Bankası A.Ş. pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board and in this context, I hereby declare the following:

1. Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Bank, any company in which the Bank has management control or significant influence, or any shareholder having management control or significant influence over the Bank or any corporate entity;
2. I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years;
3. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;
4. After having been elected as a member I am not a full-time employee of public institutions and organizations, except as a member of academia should applicable legislation permit;
5. I am considered to be a resident of Türkiye as for the purposes of the Income Tax Law no. 193, dated 31 December 1960;
6. I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Bank's operations, maintaining my independence in possible conflicts of interest between the Bank and its shareholders, and making decisions freely taking into consideration the rights of stakeholders;
7. I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Bank's affairs and to fully meet the requirements of the duties I undertake;
8. I have not held the position of member of the Board of Directors of the Company for more than six years in the past ten years;
9. I am not serving as an independent board member in any company which is controlled by the Bank or by shareholders having management control over the Bank;
10. I will be serving on the Bank's Board of Directors as a real person and in this context; I have not been registered and promulgated in the name of any corporate entity elected as a board member



Furkan EVRANOS  
Independent Member of the Board of Directors

# Corporate Governance Compliance Report Responsibility Statement

As per the decision 2/49 of Capital Markets Board (CMB) dated 10 January 2019, we have reviewed the Corporate Governance Compliance Report and Corporate Governance Information Form for the period 1 January 2023-31 December 2023 and we declare that these reports were prepared in accordance with the rules and principles stated in CMB's Communiqué on Corporate Governance numbered II-17.1.



Furkan EVRANOS  
Chairperson of Audit Committee



Kamala NURIYEVA  
Member of Audit Committee

# PASHA Yatırım Bankası A.Ş. 2023 Annual Report Responsibility Statement

Annual report of PASHA Yatırım Bankası A.Ş. for the year 2023 was prepared in accordance with the rules and procedures specified within the frame of "Regulation on Principles and Procedures for Preparation and Publication of Annual Reports by the Banks" published in the Official Gazette numbered 26333, dated 1 November 2006 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 and Board Member



Ayşe Hale YILDIRIM  
Deputy CEO



Yeşim ÇAĞLAR  
Director, Finance



# Independent Auditor's Report on The Board of Directors' Annual Report

## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Pasha Yatırım Bankası Anonim Şirketi

### Opinion

We have audited the annual report of Pasha Yatırım Bankası Anonim Şirketi (the "Bank") for the period between 1 January 2023 and 31 December 2023, since we have audited the complete set unconsolidated financial statements for this period.

In our opinion, and unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

### Basis for Opinion

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRSA Auditing Regulation") 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 Annual Report 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 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.

### Other Matter

The annual report of the Bank for the period between 1 January 2022 and 31 December 2022 was audited by another auditor who expressed an unmodified opinion on the annual report on 17 February 2023.

Auditor's Opinion on Complete Set of Unconsolidated Financial Statements

We have expressed an unqualified opinion on the complete set of unconsolidated financial statements of the Bank for the period between 1 January 2023 and 31 December 2023 on 19 February 2024.

### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

- a) The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's unconsolidated financial statements. The annual report shall also clearly indicate the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

## Independent Auditor's Report on The Board of Directors' Annual Report

c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Bank's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

### **Auditor's Responsibility for the Audit of the Annual Report**

Our objective is to express an opinion on whether the unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent with the audited unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent with the unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Alper Güvenç, SMMM  
Partner

23 February 2024

İstanbul, Türkiye

# Assessments of the Audit Committee on the Activities of Internal Systems

PASHA Bank's internal audit, internal control, risk management and compliance departments assume the responsibility to report to the Board of Directors in compliance with the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" as well as the provisions of the "Regulation on Program of Compliance with Obligations of Anti-Money Laundering of Proceeds of Crime and Combatting the Financing of Terrorism, and conduct their activities in line with these regulations.

The internal systems organization of the Bank consisting of Internal Audit, Internal Control, Compliance, and Risk Management Departments that operate in line with the BRSA and The Financial Crimes Investigation Board (MASAK) directives reports to the Board of Directors through the Audit Committee and the Risk Management Committee.

## Internal Audit Department

In consideration of the evolving and changing activities of the Bank, legislative amendments, and the risk assessment report and risk matrix results prepared for the year 2023, the risk-based internal audit plan prepared as of the previous year-end was approved by the Audit Committee following the approval of the Board of Directors and implemented.

Audit activities in 2023 were realized for the operational areas specified in the audit plan which covers the effectiveness of the Bank's internal control environment and risk management systems.

Throughout the year, the primary activities of such internal systems

departments were monitored and reported in accordance with this plan. Decisions taken during the Audit Committee meetings were forwarded to the relevant departments of the Bank by the Bank's Internal Audit Department.

Risk analysis studies for support service institutions were created in line with the views of the internal systems departments, and the periodic evaluation reports and audit reports issued on the relevant organizations were submitted to the Board of Directors.

The Internal Audit Unit, in conjunction with the Internal Control Unit, conducted audits based on the 'Management Statement' of the Bank within the scope of the Banking Regulation and Supervision Agency's Regulation dated 31 December 2021 and numbered BSD 31706, on Independent Audit of Information Systems and Business Processes, during the period and submitted its report primarily to the Audit Committee and subsequently to the Board of Directors. In addition to the banking processes and information systems controls, the audit of the support service institutions was also carried out by the Internal Audit Department within the scope of the Management Declaration study. Audit results were reviewed by the Audit Committee and the results were presented to the Board of Directors.

The Internal Audit Department operates as a whole in the form of an inherent supervision and audit function with respect to the banking and information systems processes and risk management, internal control and compliance practices, and examines and audits units periodically

on the basis of risk. It also assumes an objective and independent consulting function in terms of the management of all applications and processes of the bank in parallel with best practices. It provides Board of Directors with assurance that the Bank's operations are conducted in accordance with laws and other relevant legislation, as well as on such matters as the effectiveness and adequacy of the internal control environment and risk management systems. It offers opinions and recommendations for the effective and efficient utilization of bank resources.

Internal Audit Unit conducted audits according to the prescribed audit plan for 2023 and submitted 7 audit reports to the Board of Directors through the Audit Committee.

Members of the Internal Audit Unit continued their training activities in 2023. In this context, the Internal Audit team members participated 62 hours of trainings related with their areas.

## Internal Control Department

Internal Control Unit is responsible for securing and coordinating a healthy, competent and efficient internal control environment, taking into consideration the evolving and changing nature of the Bank. Internal Control Unit assists the Bank in carrying out its activities efficiently and effectively in line with the management strategy and policies as well as within the framework of current regulation and rules. Furthermore, it is supervised that all control activities within the Bank are carried out duly.

Within the scope of the internal control model designed in accordance with three lines of defense principles, first level of controls were defined by business units considering their risks.

## Assessments of the Audit Committee on the Activities of Internal Systems

The Internal Control Unit realized second level controls for all functions based on a certain methodology, taking into consideration the scope and sample size. Control activities regularly performed by different departments for operations of Head Office business units were closely monitored and inspections were made to observe they are being performed timely, completely and accurately.

Internal Control team continuously monitors the IT activities to ensure they are being performed securely within the scope of legal regulations and the rules defined by the Bank. Similarly, internal control points were designed by the Internal Control Unit for the IT processes based on legal regulations and the Bank's internal control model. These control points were adopted into the control activities in accordance with the methodology and tools.

Suggestions were made for deficiencies and weaknesses detected as a result of the activities of the Internal Control Department and resolutions of findings were monitored based on a specific action plan.

Control activities designed for this purpose were conducted by internal control personnel competent and experienced in their areas. Local and international developments in internal control area were followed up and the Bank's internal control applications were updated.

In 2023, all operational activities of the Bank were reviewed on a changing frequency and on a need basis for

control points. In this context, control results were reported to the Audit Committee and senior management on a regular basis.

During the same year, as required by legal regulations, process update and testing activities were conducted within the scope of Management Statement works.

The Internal Control Unit provides opinions by evaluating potential risks and controls related to new products and services, as well as application changes.

Additionally, using control assertion forms implemented by the Internal Control Unit and key control results prepared by business units responsible for first level controls, the effectiveness of the general control environment was assessed and second level controls were realized. Moreover, asset confirmation studies were performed; Validation Report for ICAAP Report was prepared and business continuity tests were attended as an observer.

Furthermore, Internal Control Unit team attended various trainings during the year for their professional development. Taking into consideration the training times which employees who work at the information systems internal control function of the department are legally required to get trainings were delivered in areas of internal control governance and establishment of controls or information security.

Internal Control Unit will continue to perform their tasks and responsibilities to establish an objective, transparent and effective internal control system and ensure its sustainability, in accordance with legal requirements and the Bank's internal regulations and procedures.

### Compliance Department

Compliance Department performs its activities with the objective of conducting and developing control and monitoring activities which are designed within the scope of a risk-based approach. Activities performed in 2021 in accordance with Laws 5549, 6415, 7262 and related legislation are presented below:

Through Combat Against Laundering of Crime Proceeds and Financing of Terrorism Unit; conducting monitoring and control activities within the framework of recommendations issued by prestigious institutions at international platforms in the areas of prevention of laundering and financing of terrorism with a risk-based approach in accordance with Laws 5549, 6415, 7262 and related legislation.

Development of monitoring and control activities designed for the Bank's areas of operations with a risk-based approach,

Start of the activities to implement the project which is based on a risk-based scenario to provide for full compliance of the Bank's activities with MASAK (Financial Crimes Investigation Board) regulations and all other related legislation,

Conducting activities for internal regulations, codes and procedures to comply with MASAK, BRSA, domestic and international legislation,

Providing an effective, efficient and strong internal control environment to conduct the operations of the Bank in accordance with recommendations developed by FATF and similar international authorities,

Review of new products and services with a risk-based approach within the scope of MASAK and BRSA regulations and providing an opinion before implementation,

Coordination of support service procurement process based on BRSA regulations.

Within the scope of compliance with ethical principles; management of the internal communication system, Ethics Hotline, which was established within the scope of Ethical Principles of PASHA Yatırım Bankası A.Ş. and monitoring of measures taken to prevent conflicts of interest under ethical principles discipline.

Management of MIDES and customer complaint resolution process within the scope of protection of the interests of customers.

Development and organization of training programs intended for the prevention of laundering of proceeds of crime and combatting the financing of terrorism and conducting activities for improving the compliance culture and awareness.

Development and improvement of existing embargo and sanction list controls under the scope of financial security and monitoring and controlling activities under the scope of prevention of laundering of proceeds of crime and combatting the financing of terrorism.

Application of controls via banned/sanction lists at customer acceptance stage, before and after establishing SWIFT, account etc. relations with banks within the scope of prevention of laundering of proceeds of crime and combatting the financing of terrorism.

Monitoring of suppliers within the scope of the prevention of laundering of proceeds of crime and combatting the financing of terrorism. Application of controls both within this scope and in terms of conflicts of interest under the ethical principles sub-discipline before establishing relations.

Preparing reports in accordance with the legislation within the scope of FATCA and CRS.

### **Risk Management Department**

The Risk Management Department continued to monitor at regular intervals credit risk concentrations, quality of assets, the risk in the financial asset portfolio, and the operational risks that were exposed to in accordance with the internal policies and rules and risk limits approved by the Board of Directors. The Risk Management Department carried out the following activities in 2023:

Risk maps regarding the risks the Bank is exposed to, key risk indicators, risk reducing actions were monitored within the frame of Operational Risks. The areas in need of improvement regarding the Bank's operational risks are identified and the necessary measures were taken together with the relevant teams within the Bank.

In terms of Market Risk, relevant regulatory reports were prepared and market risk capital adequacy was calculated. Risks that our Bank may be exposed due to fluctuations in market prices were measured. Balance sheet and off-balance sheet foreign currency positions were followed and reported based on internal and regulatory limits. These reports were shared with Asset Liability Committee (ALCO) and Risk Management Committee and risk reduction techniques were implemented based on senior management views when necessary.

The structural interest rate risk due to term discord in the structure of the Bank's Balance sheet was monitored through gap analysis under the scope of Structural Interest Rate and Liquidity Risk. The executed stress tests were debated at the Asset-Liability Committee and Risk Management Committee. The Bank's liquidity level is being monitored with both TL - FX and as total liquidity. The liquidity adequacy was tested under various stress assumptions of which the results were submitted regularly to the relevant Committees and Senior Management.

## Assessments of the Audit Committee on the Activities of Internal Systems

Credit Risk is also monitored within the scope of both internal and regulatory reports, credit risk capital requirement was calculated. Historical trend of credit portfolio and concentration risk were monitored. To keep credit concentration under control, concentration limits were identified and monitored for individual firms, group companies and banks. Provisions were calculated using provision methods established within the frame of compliance with legal and international standards based on IFRS 9.

Information Technologies and Information Security risk management policies and procedures were updated. Risk assessments were performed based on the Bank's asset inventory and action plans were prepared.

All of the analysis and reports covering the credit, market, liquidity and operational risks were submitted primarily to Asset-Liability Committee and Risk Management Committee and to relevant committees.

Stress tests and scenario analyses which are intended to assess and measure all risks that the Bank may be exposed to and which enables the determination of necessary capital amount were performed and shared with the Board of Directors within the scope of Internal Capital Adequacy Assessment Process (ICAAP).

Risks that the Bank may be exposed to and the risk appetite regarding these risks were identified by taking the stress test results into consideration and the Risk Appetite Statement was regularly updated.

Policies and procedures of Risk Management Department are updated to include the Bank's current structure and risks that the Bank may be exposed to.

Improvement of technical infrastructure and competences were achieved in terms of the Bank's risk identification, monitoring, control, risk reduction and stress testing processes within the scope of the action plans established so that Risk Health Indicators (RHI) scores reach the expected levels, which is among the Bank's strategic key performance indicators. Assessments were made within the Bank to increase risk awareness within the scope of the risk culture project. Improvement areas were identified and action plans were established.

Internal systems departments are at the focus of all transactions within the Bank in terms of risk, organization, quality management, effectiveness, adequacy and compliance.

In this context, Internal Control and Risk Management Departments which constitute the second line of defense will continue its activities

such as updating the infrastructure, performing second level controls, monitoring and reporting of results, fulfilling regulatory requirements and demands, improvement of the Bank's internal control and risk management environment in 2024. Compliance Department will also continue its monitoring and control activities in accordance with the legislation.

In 2024, the Internal Audit Department will continue its auditing responsibilities for the efficacy, adequacy, and compliance of the Bank's internal control and risk management environment with the same scope and care.



## Assessments on the Financial Condition, Profitability, Debt Servicing Capability and Realization of the Defined Strategic Objectives

PASHA Bank defined its key strategic support points to reach its targets for the three-year strategic period, which includes 2021-2023, as regional visibility in foreign trade, re-definition of credit products, diversified funding, guiding growth and innovation in investment banking.

PASHA Bank's total assets grew by 61% year-over-year to reach TL 9,910 million, due to the growth in loans. In the same period, the Bank's liabilities increased to TL 8,582 million, and total shareholders' equity rose to TL 1,328 million. Having attained a gross operating profit of TL 568 million according to the unconsolidated financials at the end of 2023, the Bank closed 2023 with a net period profit of TL 505 million.

The total amount of cash loans and lease receivables (gross) rose by 55% year-over-year at the end of 2023, increasing from TL 3,638 million to TL 5,642 million, corresponding to 57% in the total assets. Non-cash loans amounted to TL 1,152 million and the total credit risk exposure rose to TL 6,794 million with 54% increase.

Cash, banks and liquid marketable securities consist of 37% of total assets. The securities portfolio, which reached TL 1,163 million with an increase of 110%, has a 12% share in total assets.

The Bank's non-performing loans were realized as TL 13.8 million thousand and its ratio over total loans was 0.2%.

The primary funding sources of the Bank are the shareholders' equity with a 13% share, "Funds Borrowed" and "Due to Money Markets" with a 58% share, "Debt Securities Issued" with a 9% share, "Funds" with a 4% share and "Subordinated Loans" with an 7% share.

Among FX-denominated debt securities issued, Eurobond issuances in Azerbaijan constitute the whole of total issuances in circulation as of the balance sheet date.

Among debt securities issued and in circulation, amount of USD 25 million was issued in Azerbaijan as Eurobonds. There is a subordinated loan of USD 25 million.

Funding from the risk group constitutes 20% of total funding. Normal customer relations and market conditions are considered for relations with the risk group.

Total operating expenses reached TL 192 million in parallel with the expansion in the operations of the Bank.

Information on investments of the Bank in 2023 was disclosed in the Independent Audit Report Section 5/ I. Notes and disclosures to asset account in balance sheet.

PASHA Bank exceeded its target by 48% in total assets set for the year 2023 budget objectives. Among the key financial indicators, capital adequacy ratio was 23.8% and total assets/equity ratio was 7.5.

Actions and projects supporting strategic goals are being studied by senior management through the committees they work in, reviewed by the Board of Directors and decisions are taken.

Strategy and Budget Expert Group reviews the Bank's strategy and its key pillars regularly, strategic initiatives and implementation plan is reviewed in meetings which are realized at Group level every six months.

The Bank's paid-in-capital amounting to TL 500 million was assessed for possibility of loss of capital within the scope of Article 376 of the Turkish Commercial Code. It was determined that there were no obstacles in front of PASHA Bank to continue its operations in a healthy manner thanks to its strong position in terms of capital adequacy ratio and debt structure and assets are at a sufficient level to meet liabilities.

PASHA Bank analyzes its capital requirements in line with its strategic goals within the scope of the criteria defined in "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and "Guidance on ICAAP Report". Capital planning is done in accordance with ICAAP.

A measurement and assessment process was established to cover risks specified within the scope of ICAAP.

- a. First structural pillar risks
- b. Second structural pillar risks that are significant and identified by the Bank.
- c. External risks arising from the economic environment, business environment and regulatory framework which are not covered above.



# Risk Management Policies

The risk management process of PASHA Yatırım Bankası A.Ş. is laid out and implemented in accordance with the "Banking Law" and the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" that was published by the Banking Regulation and Supervision Agency and other relevant regulations and the principles and implementation procedures contained in good practice guidelines. It is essential that the Risk Management Unit works independently of other business lines. Risk management function at our Bank was established in accordance with this independence principle and reports to Risk Management Committee.

The Bank's risk management approach is based on an integrated risk management structure overseeing risk-return-equity balance by establishing necessary infrastructure required for a healthy risk management system including human resources, information technologies, risk assessment models, regulations, procedures, practice manuals and reports.

Risk awareness and management is an important component of the bank culture and utmost attention is paid to compliance with domestic legislation and in the implementation

of internationally accepted standards. The establishment and pursuance of an effective risk management system is among the priorities of the top management at PASHA Yatırım Bankası A.Ş.

The Bank's risk appetite strategy is determined by overseeing equity and liquidity capacity, by considering potential risks to be assumed in financial markets, position boundaries limiting these risks and control points of risks to be taken.

The managers and the employees at all levels of the bank have been tasked with assessing the risks that are faced, knowing the techniques for managing possible risks that may be encountered in the areas within their job descriptions, as well as providing the necessary support for the control and audit procedures implemented by other units within the internal systems. Accordingly, first level controls were put in place that need to be performed by each operational area, in addition to second and third level controls monitored by the Bank's internal systems department.

Policies and procedures for measurement, analysis, monitoring, reporting and control of the identified risks are being defined by the Risk Management Department and the

relevant departments of the Bank. These policies and procedures are adopted upon the review of the Risk Management Committee and approval of the Board of Directors.

The risk management unit is responsible for monitoring the risk appetite and limits and submitting them to the Board of Directors after updating them when necessary, and the Board of Directors has the ultimate responsibility. Limits are set by using methods developed in accordance with the Bank's risk appetite in that field of activity and the volume and complexity of the products and services offered and with early warning limits, when appropriate.

Risk management activities carried out in accordance with the policies are checked in periods determined by the Internal Audit Unit and findings are reported to the Audit Committee and Board of Directors for their information and for actions to be taken if necessary.

## Information on Ratings Assigned by Rating Agencies

The international credit rating agency JCR Eurasia Rating has revised the national credit rating of PASHA Yatırım Bankası A.Ş. from 'A (tr)' level to 'A+ (tr)' level and confirmed the credit rating outlook as 'Stable'.

**National Long-Term Rating: A+ (tur) (Outlook: Stable)**

**International Long-Term Foreign Currency Rating BB, (Outlook Negative)**

The Bank's credit rating was publicly announced via PDP and detailed information about the Bank's rating was posted on the Bank's corporate website [www.pashabank.com.tr](http://www.pashabank.com.tr) and JCR Eurasia Rating's website [jcrer.com.tr](http://jcrer.com.tr).

SAHA Corporate Governance and Credit Rating Services Inc. (SAHA Rating) determined PASHA Bank's Compliance Score with CMB Corporate Governance Principles as 9.39 out of 10 in its corporate governance rating report dated 28 August 2023. The scores for main headings are as follows: Shareholders 9.20, Public Disclosure and Transparency 9.62, Stakeholders 9.35, and Board of Directors 9.39.

The revised Corporate Governance Rating Score for the period was posted on the Bank's corporate website, [www.pashabank.com.tr](http://www.pashabank.com.tr), and also announced to the public via material disclosure made on the Public Disclosure Platform (PDP).

## Five-Year Summary of Unconsolidated Financial Highlights

(TL thousand)	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Total Assets	9,910,172	6,155,855	3,562,553	2,179,409	1,725,503
Loan and Leasing Receivables, net	5,584,607	3,569,284	2,351,519	1,450,745	1,045,060
Securities, net	1,163,003	553,096	428,520	153,276	96,133
Total Equity	1,328,204	815,762	606,980	562,670	531,611
Net Profit/Loss	525,002	203,873	47,125	31,376	25,691

Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Independent Auditor's Report, Originally Issued in Turkish

PASHA Yatırım Bankası A.Ş.

**Publicly Announced Unconsolidated  
Financial Statements Together with  
Audit Report at 31 December 2023**

## 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.

# Independent Auditor's Report

<b>Key audit matter</b>	<b>How the matter is addressed in our audit</b>
<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"> <li>• significant increase in credit risk</li> <li>• incorporating the forward-looking macroeconomic information in calculation of credit risk</li> <li>• design and implementation of expected credit loss model</li> </ul> <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>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>	<p>Our procedures for auditing the expected credit losses on loans include below:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification.</li> <li>• 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.</li> <li>• 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.</li> <li>• We assessed the macroeconomic models and tested the effect of the risk parameters by recalculation method.</li> <li>• We evaluated the qualitative and quantitative assessments, which are used in determining the significant increase in credit risk.</li> <li>• We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.</li> </ul>

## 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.

# Independent Auditor's Report

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 Yatırım Bankası A.Ş. as of 31 December 2023

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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:

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PASHA Yatırım Bankası 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 Hümevra Sokak No:2 PASHA Plaza, Kat:5 34415 Kağıthane, İstanbul
Telephone	(0 212) 705 89 00
Fax	(0 212) 345 07 12
Website	<a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a>
E-mail	<a href="mailto:info@pashabank.com.tr">info@pashabank.com.tr</a>

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

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

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

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

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

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

Convenience Translation of Publicly Announced Unconsolidated Financial Statements Originally Issued in Turkish, See Note I of Section Three

PASHA Yatırım Bankası 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%
<b>Total</b>	<b>500,000</b>	<b>100.00%</b>

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.

## Notes to Unconsolidated Financial Statements at 31 December 2023

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

### GENERAL INFORMATION (continued)

#### 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 <sup>(3)</sup>	Name	Education	Share %
Chairman of the Board of Directors <sup>(1)</sup>	Jalal Gasimov	Postgraduate	-
Deputy Chairman of the Board of Directors <sup>(1)</sup>	Farid Mammadov	Postgraduate	-
Board Member	Shahin Mammadov	PhD	-
Board Member	Javid Guliyev	Postgraduate	-
Board Member/Audit Committee Member	Kamala Nuriyeva	Postgraduate	-
Board Member <sup>(2)</sup>	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	-

<sup>(1)</sup> 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.

<sup>(2)</sup> Rovshan Allahverdiyev was elected as a Member of the Board of Directors with the decision of the General Assembly dated March 16, 2023.

<sup>(3)</sup> 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.

#### 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.

Convenience Translation of Publicly Announced Unconsolidated Financial Statements Originally Issued in Turkish, See Note I of Section Three

PASHA Yatırım Bankası 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*)

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.



# 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
<b>I.</b>	<b>FINANCIAL ASSETS (Net)</b>		<b>596,557</b>	<b>2,178,084</b>	<b>2,774,641</b>	<b>102,079</b>	<b>1,722,517</b>	<b>1,824,596</b>
<b>1.1</b>	<b>Cash and cash equivalents</b>		<b>465,828</b>	<b>2,075,044</b>	<b>2,540,872</b>	<b>43,673</b>	<b>1,675,539</b>	<b>1,719,212</b>
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)
<b>1.2</b>	<b>Financial assets at fair value through profit or loss</b>	<b>(5.1.2)</b>	<b>5,005</b>	<b>85,598</b>	<b>90,603</b>	<b>3,602</b>	<b>37,566</b>	<b>41,168</b>
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
<b>1.3</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>(5.1.4)</b>	<b>125,685</b>	<b>16,243</b>	<b>141,928</b>	<b>54,804</b>	<b>9,412</b>	<b>64,216</b>
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
<b>1.4</b>	<b>Derivative financial assets</b>		<b>39</b>	<b>1,199</b>	<b>1,238</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)	-	-	-	-	-	-
<b>II.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>1,296,142</b>	<b>5,218,937</b>	<b>6,515,079</b>	<b>1,159,655</b>	<b>2,857,341</b>	<b>4,016,996</b>
<b>2.1</b>	<b>Loans</b>	<b>(5.1.5)</b>	<b>913,805</b>	<b>3,604,362</b>	<b>4,518,167</b>	<b>1,096,988</b>	<b>2,282,149</b>	<b>3,379,137</b>
<b>2.2</b>	<b>Receivables from leasing transactions</b>	<b>(5.1.10)</b>	<b>416,375</b>	<b>707,500</b>	<b>1,123,875</b>	<b>140,398</b>	<b>118,558</b>	<b>258,956</b>
<b>2.3</b>	<b>Factoring receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4</b>	<b>Financial assets measured at amortised cost</b>	<b>(5.1.6)</b>	<b>-</b>	<b>948,264</b>	<b>948,264</b>	<b>-</b>	<b>456,634</b>	<b>456,634</b>
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
<b>2.5</b>	<b>Allowance for expected credit losses (-)</b>	<b>(5.1.5)</b>	<b>(34,038)</b>	<b>(41,189)</b>	<b>(75,227)</b>	<b>(77,731)</b>	<b>-</b>	<b>(77,731)</b>
<b>III.</b>	<b>NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)</b>	<b>(5.1.16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1	Held for sale		-	-	-	-	-	-
3.2	Held from discontinued operations		-	-	-	-	-	-
<b>IV.</b>	<b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1</b>	<b>Investments in associates (Net)</b>	<b>(5.1.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-consolidated associates		-	-	-	-	-	-
<b>4.2</b>	<b>Investments in subsidiaries (Net)</b>	<b>(5.1.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1	Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
<b>4.3</b>	<b>Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	<b>(5.1.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
<b>V.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>(5.1.12)</b>	<b>81,455</b>	<b>-</b>	<b>81,455</b>	<b>100,528</b>	<b>-</b>	<b>100,528</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS AND GOODWILL (Net)</b>	<b>(5.1.13)</b>	<b>19,762</b>	<b>-</b>	<b>19,762</b>	<b>11,648</b>	<b>-</b>	<b>11,648</b>
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		19,762	-	19,762	11,648	-	11,648
<b>VII.</b>	<b>INVESTMENT PROPERTIES (Net)</b>	<b>(5.1.14)</b>	<b>201,660</b>	<b>-</b>	<b>201,660</b>	<b>170,217</b>	<b>-</b>	<b>170,217</b>
<b>VIII.</b>	<b>CURRENT TAX ASSETS</b>		<b>4,441</b>	<b>-</b>	<b>4,441</b>	<b>12</b>	<b>-</b>	<b>12</b>
<b>IX.</b>	<b>DEFERRED TAX ASSETS</b>	<b>(5.1.15)</b>	<b>292,532</b>	<b>-</b>	<b>292,532</b>	<b>12,251</b>	<b>-</b>	<b>12,251</b>
<b>X.</b>	<b>OTHER ASSETS (Net)</b>	<b>(5.1.17)</b>	<b>20,602</b>	<b>-</b>	<b>20,602</b>	<b>19,523</b>	<b>84</b>	<b>19,607</b>
	<b>TOTAL ASSETS</b>		<b>2,513,151</b>	<b>7,397,021</b>	<b>9,910,172</b>	<b>1,575,913</b>	<b>4,579,942</b>	<b>6,155,855</b>

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 Yatırım Bankası 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
<b>I.</b>	<b>DEPOSITS</b>	(5.2.1)	-	-	-	-	-	-
<b>II.</b>	<b>LOANS RECEIVED</b>	(5.2.3)	710,650	4,003,174	4,713,824	414,313	2,348,891	2,763,204
<b>III.</b>	<b>MONEY MARKET FUNDS</b>	(5.2.4)	535,997	539,125	1,075,122	110,215	202,753	312,968
<b>IV.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>	(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
<b>V.</b>	<b>FUNDS</b>		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
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>		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)	-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE PAYABLES (Net)</b>	(5.2.7)	485	-	485	876	-	876
<b>X.</b>	<b>PROVISIONS</b>	(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
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	(5.2.10)	31,639	-	31,639	21,711	-	21,711
<b>XII.</b>	<b>DEFERRED TAX LIABILITIES</b>	(5.2.11)	-	-	-	-	-	-
<b>XIII.</b>	<b>LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.2.12)	-	-	-	-	-	-
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT</b>	(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		-	-	-	-	-	-
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(5.2.6)	43,927	609,664	653,591	59,868	94,902	154,770
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(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
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,841,261</b>	<b>7,068,911</b>	<b>9,910,172</b>	<b>1,658,978</b>	<b>4,496,877</b>	<b>6,155,855</b>

The accompanying notes are an integral part of these financial statements

PASHA Yatırım Bankası 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

			Current Period 31/12/2023			Prior Period 31/12/2022		
	OFF BALANCE SHEET COMMITMENTS	Note	LC	FC	Total	LC	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>681,977</b>	<b>1,273,387</b>	<b>1,955,364</b>	<b>295,257</b>	<b>1,543,792</b>	<b>1,839,049</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>(5-3-1)</b>	<b>511,816</b>	<b>640,510</b>	<b>1,152,326</b>	<b>282,430</b>	<b>502,747</b>	<b>785,177</b>
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		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	<b>(5-3-1)</b>	<b>170,161</b>	<b>178,021</b>	<b>348,182</b>	<b>12,827</b>	<b>397,682</b>	<b>410,509</b>
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		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(5-3-2)</b>	-	<b>454,856</b>	<b>454,856</b>	-	<b>643,363</b>	<b>643,363</b>
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		-	-	-	-	-	-

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 Yatırım Bankası A.Ş.

## Unconsolidated Financial Statements At 31 December 2023

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

		Note	Current Period 31/12/2023			Prior Period 31/12/2022		
			LC	FC	Total	LC	FC	Total
	<b>OFF BALANCE SHEET COMMITMENTS</b>							
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>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>3,501,313</b>	<b>5,772,343</b>	<b>9,273,656</b>	<b>3,043,671</b>	<b>3,776,031</b>	<b>6,819,702</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>144,545</b>	<b>830,650</b>	<b>975,195</b>	<b>81,193</b>	<b>329,373</b>	<b>410,566</b>
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		-	-	-	-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>3,353,418</b>	<b>4,528,515</b>	<b>7,881,933</b>	<b>2,959,552</b>	<b>3,162,299</b>	<b>6,121,851</b>
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		-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>3,350</b>	<b>413,178</b>	<b>416,528</b>	<b>2,926</b>	<b>284,359</b>	<b>287,285</b>
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>4,183,290</b>	<b>7,045,730</b>	<b>11,229,020</b>	<b>3,338,928</b>	<b>5,319,823</b>	<b>8,658,751</b>

The accompanying notes are an integral part of these financial statements

# 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
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(5.4.1)</b>	<b>767,504</b>	<b>454,306</b>
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	-
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	<b>(5.4.2)</b>	<b>431,590</b>	<b>229,979</b>
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
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>335,914</b>	<b>224,327</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>98,906</b>	<b>50,434</b>
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
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(5.4.3)</b>	<b>275</b>	<b>-</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	<b>(5.4.4)</b>	<b>83,964</b>	<b>50,619</b>
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
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5.4.5)</b>	<b>49,094</b>	<b>58,668</b>
<b>VIII.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>568,153</b>	<b>384,048</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	<b>(5.4.6)</b>	<b>45,691</b>	<b>17,567</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(5.4.6)</b>	<b>-</b>	<b>100</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>109,797</b>	<b>56,264</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(5.4.7)</b>	<b>81,744</b>	<b>44,012</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>330,921</b>	<b>266,105</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	<b>(5.4.8)</b>	<b>330,921</b>	<b>266,105</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(5.4.9)</b>	<b>(194,081)</b>	<b>62,232</b>
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
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	<b>(5.4.10)</b>	<b>525,002</b>	<b>203,873</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)</b>	<b>(5.4.8)</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(5.4.9)</b>	<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Expense Effect Of Deferred Tax (+)		-	-
23.3	Income Effect Of Deferred Tax (-)		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>	<b>(5.4.10)</b>	<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSSES (XIX+XXIV)</b>	<b>(5.4.11)</b>	<b>525,002</b>	<b>203,873</b>
	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 Yatırım Bankası 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
<b>I.</b>	<b>PROFIT (LOSS)</b>	<b>525,002</b>	<b>203,873</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(12,560)</b>	<b>4,909</b>
<b>2.1</b>	<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
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	-	-
<b>2.2</b>	<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>(12,560)</b>	<b>4,909</b>
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)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>512,442</b>	<b>208,782</b>

The accompanying notes are an integral part of these financial statements

# 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

							Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			
		Note	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	
	Prior Period 01/01/2022 – 31/12/2022									
I.	Balance at the beginning of the period		500,000	-	-	-	-	-	-	
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	-	-	-	-	-	-	
IV.	Total comprehensive income (loss)		-	-	-	-	-	-	-	
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		-	-	-	-	-	-	-	
11.1	Dividends distributed		-	-	-	-	-	-	-	
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	
11.3	Other		-	-	-	-	-	-	-	
	Period-End Balance (III+IV+.....+X+XI)		500,000	-	-	-	-	-	-	
	Current Period 01/01/2023 – 31/12/2023									
I.	Balance at the beginning of the period		500,000	-	-	-	-	-	-	
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	-	-	-	-	-	-	
IV.	Total comprehensive income (loss)		-	-	-	-	-	-	-	
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		-	-	-	-	-	-	-	
11.1	Dividends distributed		-	-	-	-	-	-	-	
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	
11.3	Other		-	-	-	-	-	-	-	
	Period-End Balance (III+IV+.....+X+XI)		500,000	-	-	-	-	-	-	

<sup>1)</sup> Accumulated revaluation increase/decrease of fixed assets<sup>2)</sup> Accumulated remeasurement gain/loss of defined benefit pension plan<sup>3)</sup> 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)<sup>4)</sup> Foreign currency translation reserve<sup>5)</sup> Accumulated revaluation and/or remeasurement gain/loss of the financial assets at fair value through other comprehensive income<sup>6)</sup> 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 Yatırım Bankası A.Ş.

## Unconsolidated Financial Statements At 31 December 2023

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

Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss							
4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity	
-	(2,911)	-	62,766	-	47,125	606,980	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	(2,911)	-	62,766	-	47,125	606,980	
-	4,909	-	-	-	203,873	208,782	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	47,125	-	(47,125)	-	
-	-	-	-	-	-	-	
-	-	-	47,125	-	(47,125)	-	
-	-	-	-	-	-	-	
-	1,998	-	109,891	-	203,873	815,762	
-	1,998	-	109,891	-	203,873	815,762	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	1,998	-	109,891	-	203,873	815,762	
-	(12,560)	-	-	-	525,002	512,442	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	203,873	-	(203,873)	-	
-	-	-	-	-	-	-	
-	-	-	203,873	-	(203,873)	-	
-	-	-	-	-	-	-	
-	(10,562)	-	313,764	-	525,002	1,328,204	

The accompanying notes are an integral part of these financial statements

# 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
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>171,172</b>	<b>150,723</b>
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	(5.6.2)	(76,070)	(38,395)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>		<b>1,198,868</b>	<b>655,210</b>
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	(5.6.2)	(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	(5.6.2)	1,082,561	761,546
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>		<b>1,370,040</b>	<b>805,933</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided from/(Paid For) Investing Activities</b>		<b>(274,996)</b>	<b>54,428</b>
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		-	-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>		<b>(591,076)</b>	<b>(144,663)</b>
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		-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(5.6.2)	<b>157,131</b>	<b>119,763</b>
<b>V.</b>	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>661,099</b>	<b>835,461</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	(5.6.1)	<b>1,009,883</b>	<b>174,422</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period (V+VI)</b>	(5.6.1)	<b>1,670,982</b>	<b>1,009,883</b>

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 Yatırım Bankası 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 <sup>1</sup>	Prior Period 31/12/2022
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR INCOME</b>		
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 <sup>2</sup>	275,088	625
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>525,002</b>	<b>203,873</b>
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(10,194)
1.5	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>525,002</b>	<b>193,679</b>
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	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>	-	-
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 (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>	-	-
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 (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>	-	-
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 (%)	-	-

<sup>1</sup> 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.

<sup>2</sup> 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

## 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.

##### **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.

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## 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)

#### 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.

#### 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.

## 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)

#### 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.

#### Financial Assets at Fair Value Through Other Comprehensive Income

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

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

Equity securities, which are classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in some exceptional cases, cost may be an appropriate estimation method for determining fair value. The cost is estimated to be the case fair value is reflected in the best way possible.

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

#### Financial Assets Measured at Amortized Cost

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

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

#### Loans

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

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(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.



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(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:

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

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### VII. EXPLANATIONS ON EXPECTED CREDIT LOSS (Continued)

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

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

The expected loss provision for the assets in Stage 1 are presented under the "12 Months Expected Credit Losses (Stage 1)", expected loss provision for the assets in Stage 2 are presented under the "Significant Increase in Credit Risk" and expected loss provision for financial assets in Stage 3 are followed as "Credit-Impaired (Stage 3)". Due to the deterioration in the credit risk between stages, there may be downgrade transitions as well as improvements between stages. In accordance with the internal policies, TFRS 9 models are reviewed once a year.

#### VIII. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

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

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

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

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

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

A discontinued operation is a part of the Bank that is either disposed of or classified as held for sale. Results of discontinued operations are presented separately in the profit and loss statement. The Bank has no discontinued operations.

#### XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

As of 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.

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

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

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

#### XIII. EXPLANATIONS ON INVESTMENT PROPERTIES

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

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

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

#### XIV. EXPLANATIONS ON LEASING TRANSACTIONS

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

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

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

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS

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

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

#### XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

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

	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 17<sup>th</sup> day of the second month following the period and pay it until the evening of the 17<sup>th</sup> 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 17<sup>th</sup> day of the second month following the period and pay it until the evening of the 17<sup>th</sup> 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.

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%).

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XVII. EXPLANATIONS ON TAXATION (Continued)

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.

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.

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XVII. EXPLANATIONS ON TAXATION (Continued)

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.

#### 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.



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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XVIII. EXPLANATIONS ON BORROWINGS

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

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

#### XIX. EXPLANATIONS ON ISSUANCE OF SHARES CERTIFICATES

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

The Bank has not issued any share certificates.

No dividend payments were announced after the balance sheet date.

#### XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

#### XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

None.

#### XXII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION

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

#### XXIII. EXPLANATIONS ON EARNINGS PER SHARE

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

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

	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

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XXIV. EXPLANATIONS ON CASH AND CASH EQUIVALENTS

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

#### XXV. EXPLANATIONS ON SEGMENT REPORTING

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

#### XXVI. RECLASSIFICATIONS

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

#### XXVII. EXPLANATIONS ON OTHER MATTERS

None.

### 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%).

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

#### a. Information on shareholders' equity

	Current Period	Prior Period
<b>Common Equity Tier 1 capital</b>		
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	-	-
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>1,340,455</b>	<b>815,762</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
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	-	-
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>193,700</b>	<b>11,648</b>
<b>Common Equity Tier 1 capital (CET 1)</b>	<b>1,146,755</b>	<b>804,114</b>

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

	Current Period	Prior Period
<b>Additional Tier 1 capital: instruments</b>		
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		-
<b>Additional Tier 1 capital before regulatory adjustments</b>	-	-
<b>Additional Tier 1 capital: regulatory adjustments</b>	-	-
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	-	-
<b>The process of transition will continue to reduce from Tier 1 Capital</b>		
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(-)		-
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	-
<b>Additional Tier 1 capital (AT1)</b>	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>1,146,755</b>	<b>804,114</b>
<b>Tier 2 capital: instruments and provisions</b>		
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
<b>Tier 2 capital before regulatory adjustments</b>	<b>813,717</b>	<b>538,748</b>
<b>Tier 2 capital: regulatory adjustments</b>	-	-
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) (-)	-	-

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

	Current Period	Prior Period
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 (-)	-	-
<b>Total regulatory adjustments to Tier 2 capital</b>		-
<b>Tier 2 capital (T2)</b>	<b>813,717</b>	<b>538,748</b>
<b>Total capital (TC = T1 + T2)</b>	<b>1,960,472</b>	<b>1,342,862</b>
<b>Total risk weighted assets</b>	-	-
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	-	-
<b>The process of transition will continue to reduce from Common Equity Tier 1 capital and Additional Tier 1 capital</b>		
of which: The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%	-	-
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-

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

	Current Period	Prior Period
<b>Shareholders' Equity</b>		
Total shareholders' equity	1,960,472	1,342,862
Total risk weighted items	8,239,943	5,736,757
<b>CAPITAL ADEQUACY RATIOS</b>		
<b>Core Capital Adequacy Ratio (%)</b>	<b>13.92</b>	<b>14.02</b>
<b>Tier 1 Capital Adequacy Ratio (%)</b>	<b>13.92</b>	<b>14.02</b>
<b>Capital Adequacy Standard Ratio (%)</b>	<b>23.79</b>	<b>23.41</b>
<b>BUFFERS</b>		
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
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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)	-	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
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	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
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.

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

#### 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
<b>Regulatory Treatment</b>	
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
<b>Coupon/Dividend Payment</b>	
Fixed or floating coupon/dividend payments	Floating
Coupon rate and any related index	The interest rate applicable for initial 5 years period shall be annually 5.73%, second 5 years is based on consensual; if the parties cannot be reach an agreement for coupon rate, the interest rate will be Yield Of Sovereign Debt + Spread for Bonds of Bank
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Non-cumulative
<b>Convertible or Non-convertible Into Equity Shares</b>	
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	-
<b>Write-Down Feature</b>	
If bonds can be written-down, write-down trigger(s)	In case of a threat on revocation of the operation license pursuant to Article 71 of the Banking Law No:5411 or transfer to the Saving Deposit Insurance Fund due to losses suffered, the outstanding amount of the Facility can be wholly or partially written off by the Brower by setting off to the account of such losses based on the decision of the BRSA.
If bond can be written-down, full or partial	Partial or complete
If bond can be written-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	Before the stock shares and primary subordinated debt and after all the other debts
In compliance with article number 7 and 8 of own fund regulation	Yes
Details of incompliances with article number 7 and 8 of own fund regulation	Accept those conditions mentioned article number 8 .2. (a) "issued by the Bank" and "registered by the Capital Markets Board", the instruments is in compliance with article number 8.The instrument is not compliant with article numbered 7.



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

#### 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.

#### 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.

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### 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 <sup>1</sup>	Average Risk Amount <sup>2</sup>	Prior Period Risk Amount <sup>1</sup>	Average Risk Amount <sup>2</sup>
<b>Risk Classifications</b>				
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
<b>Total</b>	<b>11,188,598</b>	<b>8,592,329</b>	<b>6,942,097</b>	<b>5,625,581</b>

<sup>1</sup> The figures represent total risk amounts before Credit Risk Mitigation and after credit conversion factor.

<sup>2</sup> Average risk amounts are calculated as arithmetical average of monthly amounts of relevant year.

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

#### h. Profile of significant exposures in significant regions

	Risk Classifications <sup>1</sup>						
	1	2	3	4	5	6	7
<b>Current Period</b>							
Domestic	2,503,769	-	-	-	-	1,825,981	5,171,515
European Union Countries	-	-	-	-	-	23,729	-
OECD Countries <sup>2</sup>	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	19,494	-
Other Countries	-	-	-	-	-	81,186	518,884
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-
Unallocated Assets/Liabilities <sup>3</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>2,503,769</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,950,390</b>	<b>5,690,399</b>

<sup>1</sup> 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.

<sup>2</sup> Conditional and unconditional receivables from Central Governments or Central Banks

<sup>3</sup> Conditional and unconditional receivables from Regional Management or Local Governments

<sup>4</sup> Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures

<sup>5</sup> Conditional and unconditional receivables from Multilateral Development Banks

<sup>6</sup> Conditional and unconditional receivables from International Organizations

<sup>7</sup> Conditional and unconditional receivables from Banks and Brokerage Corporation

<sup>8</sup> Conditional and unconditional corporate receivables

<sup>9</sup> Conditional and unconditional retail receivables

<sup>10</sup> Conditional and unconditional collateralized by real estate mortgages receivables

<sup>11</sup> Non-performing receivables

<sup>12</sup> Receivables defined in high risk category by BRSA

<sup>13</sup> Securities collateralized by mortgages

<sup>14</sup> Securitization positions

<sup>15</sup> Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations

<sup>16</sup> Investments in nature of Collective Investment funds

<sup>17</sup> Equity security investments

<sup>18</sup> Other receivables

<sup>2</sup> Includes OECD countries other than EU countries, USA and Canada.

<sup>3</sup> Includes assets and liability items that cannot be allocated on a consistent basis.

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	8	9	10	11	12	13	14	15	16	17	Total
	1,596	602,250	-	-	-	-	-	70,258	7,659	341,833	10,524,861
	-	-	-	-	-	-	-	20,344	-	-	44,073
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	19,494
	100	-	-	-	-	-	-	-	-	-	600,170
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	<b>1,696</b>	<b>602,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,602</b>	<b>7,659</b>	<b>341,833</b>	<b>11,188,598</b>

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

	Risk Classifications <sup>1</sup>						
	1	2	3	4	5	6	7
<b>Prior Period</b>							
Domestic	822,775	-	-	-	-	710,661	3,163,708
European Union Countries	-	-	-	-	-	659,505	-
OECD Countries <sup>2</sup>	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	127,840	-
Other Countries	-	-	-	-	-	321,912	484,282
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-
Unallocated Assets/Liabilities <sup>3</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>822,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,819,918</b>	<b>3,647,990</b>

<sup>1)</sup> 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.

<sup>1)</sup> Conditional and unconditional receivables from Central Governments or Central Banks

<sup>2)</sup> Conditional and unconditional receivables from Regional Management or Local Governments

<sup>3)</sup> Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures

<sup>4)</sup> Conditional and unconditional receivables from Multilateral Development Banks

<sup>5)</sup> Conditional and unconditional receivables from International Organizations

<sup>6)</sup> Conditional and unconditional receivables from Banks and Brokerage Corporation

<sup>7)</sup> Conditional and unconditional corporate receivables

<sup>8)</sup> Conditional and unconditional retail receivables

<sup>9)</sup> Conditional and unconditional collateralized by real estate mortgages receivables

<sup>10)</sup> Non-performing receivables

<sup>11)</sup> Receivables defined in high risk category by BRSA

<sup>12)</sup> Securities collateralized by mortgages

<sup>13)</sup> Securitization positions

<sup>14)</sup> Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations

<sup>15)</sup> Investments in nature of Collective Investment funds

<sup>16)</sup> Equity security investments

<sup>17)</sup> Other receivables

<sup>2)</sup> Includes OECD countries other than EU countries, USA and Canada.

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

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	8	9	10	11	12	13	14	15	16	17	Total
	529	311,310	37	-	-	-	-	3,602	7,659	290,390	5,310,671
	-	-	-	-	-	-	-	37,566	-	-	697,071
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	127,840
	321	-	-	-	-	-	-	-	-	-	806,515
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	850	311,310	37	-	-	-	-	41,168	7,659	290,390	6,942,097

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

#### 12. Risk profile by sectors or counterparties

Current Period	Risk Classifications <sup>1</sup>							
	1	2	3	4	5	6	7	8
<b>Agriculture</b>	-	-	-	-	-	-	20,461	-
Farming and Stockbreeding	-	-	-	-	-	-	20,461	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	-	-	-	-	-	-	601,592	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	131,097	-
Electricity, Gas and Water	-	-	-	-	-	-	470,495	-
<b>Construction</b>	-	-	-	-	-	-	576,830	-
<b>Services</b>	2,057,055	-	-	-	-	1,950,390	4,373,585	-
Wholesale and Retail Trade	-	-	-	-	-	-	625,083	-
Accommodation and Dining	-	-	-	-	-	-	457,425	-
Transportation and Telecom	-	-	-	-	-	-	188,204	-
Financial Institutions	2,057,055	-	-	-	-	1,950,390	1,732,632	-
Real Estate and Rental Services	-	-	-	-	-	-	1,139,135	-
Professional Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	231,106	-
<b>Others</b>	<b>446,714</b>	-	-	-	-	-	<b>117,931</b>	<b>1,696</b>
<b>Total</b>	<b>2,503,769</b>	-	-	-	-	<b>1,950,390</b>	<b>5,690,399</b>	<b>1,696</b>

<sup>1</sup> 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.

<sup>1</sup> Conditional and unconditional receivables from Central Governments or Central Banks

<sup>2</sup> Conditional and unconditional receivables from Regional Management or Local Governments

<sup>3</sup> Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures

<sup>4</sup> Conditional and unconditional receivables from Multilateral Development Banks

<sup>5</sup> Conditional and unconditional receivables from International Organizations

<sup>6</sup> Conditional and unconditional receivables from Banks and Brokerage Corporation

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<sup>8</sup> Conditional and unconditional retail receivables

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<sup>11</sup> Receivables defined in high risk category by BRSA

<sup>12</sup> Securities collateralized by mortgages

<sup>13</sup> Securitization positions

<sup>14</sup> Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations

<sup>15</sup> Investments in nature of Collective Investment funds

<sup>16</sup> Equity security investments

<sup>17</sup> Other receivables



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	9	10	11	12	13	14	15	16	17	LC	FC	Total
	-	-	-	-	-	-	-	-	-	20,461	-	20,461
	-	-	-	-	-	-	-	-	-	20,461	-	20,461
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
35,920	-	-	-	-	-	-	-	-	-	70,518	566,994	637,512
-	-	-	-	-	-	-	-	-	-	-	-	-
300	-	-	-	-	-	-	-	-	-	70,132	61,265	131,397
35,620	-	-	-	-	-	-	-	-	-	386	505,729	506,115
322,138	-	-	-	-	-	-	-	-	-	77,443	821,525	898,968
244,192	-	-	-	-	-	-	90,602	7,659	-	2,179,829	6,543,654	8,723,483
-	-	-	-	-	-	-	-	-	-	97,274	527,809	625,083
139,924	-	-	-	-	-	-	-	-	-	44,982	552,367	597,349
22,088	-	-	-	-	-	-	-	-	-	137,593	72,699	210,292
-	-	-	-	-	-	-	90,602	7,659	-	1,803,148	4,035,190	5,838,338
82,180	-	-	-	-	-	-	-	-	-	94,832	1,126,483	1,221,315
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	2,000	229,106	231,106
-	-	-	-	-	-	-	-	-	341,833	572,231	335,943	908,174
602,250	-	-	-	-	-	-	90,602	7,659	341,833	2,920,482	8,268,116	11,188,598

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

Prior Period	Risk Classifications <sup>1</sup>							
	1	2	3	4	5	6	7	8
<b>Agriculture</b>	-	-	-	-	-	-	5,022	-
Farming and Stockbreeding	-	-	-	-	-	-	5,022	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	-	-	-	-	-	-	1,163,356	-
Mining and Quarrying	-	-	-	-	-	-	245	-
Production	-	-	-	-	-	-	812,024	-
Electricity, Gas and Water	-	-	-	-	-	-	351,087	-
<b>Construction</b>	-	-	-	-	-	-	623,646	155
<b>Services</b>	810,524	-	-	-	-	1,819,918	1,815,637	-
Wholesale and Retail Trade	-	-	-	-	-	-	343,964	-
Accommodation and Dining	-	-	-	-	-	-	231,857	-
Transportation and Telecom	-	-	-	-	-	-	159,528	-
Financial Institutions	810,524	-	-	-	-	1,819,918	886,883	-
Real Estate and Rental Services	-	-	-	-	-	-	124,707	-
Professional Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	68,698	-
<b>Others</b>	12,251	-	-	-	-	-	40,329	695
<b>Total</b>	822,775	-	-	-	-	1,819,918	3,647,990	850

<sup>1</sup> 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.

<sup>1</sup> Conditional and unconditional receivables from Central Governments or Central Banks

<sup>2</sup> Conditional and unconditional receivables from Regional Management or Local Governments

<sup>3</sup> Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures

<sup>4</sup> Conditional and unconditional receivables from Multilateral Development Banks

<sup>5</sup> Conditional and unconditional receivables from International Organizations

<sup>6</sup> Conditional and unconditional receivables from Banks and Brokerage Corporation

<sup>7</sup> Conditional and unconditional corporate receivables

<sup>8</sup> Conditional and unconditional retail receivables

<sup>9</sup> Conditional and unconditional collateralized by real estate mortgages receivables

<sup>10</sup> Non-performing receivables

<sup>11</sup> Receivables defined in high risk category by BRSA

<sup>12</sup> Securities collateralized by mortgages

<sup>13</sup> Securitization positions

<sup>14</sup> Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations

<sup>15</sup> Investments in nature of Collective Investment funds

<sup>16</sup> Equity security investments

<sup>17</sup> Other receivables

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	9	10	11	12	13	14	15	16	17	LC	FC	Total
	-	-	-	-	-	-	-	-	-	5,022	-	5,022
	-	-	-	-	-	-	-	-	-	5,022	-	5,022
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	22,068	37	-	-	-	-	-	-	-	533,881	651,580	1,185,461
	-	-	-	-	-	-	-	-	-	-	245	245
	-	37	-	-	-	-	-	-	-	533,495	278,566	812,061
	22,068	-	-	-	-	-	-	-	-	386	372,769	373,155
	112,109	-	-	-	-	-	-	-	-	86,856	649,054	735,910
	177,133	-	-	-	-	-	41,168	7,659	-	929,443	3,742,596	4,672,039
	11,312	-	-	-	-	-	-	-	-	76,067	279,209	355,276
	65,866	-	-	-	-	-	-	-	-	59,956	237,767	297,723
	22,844	-	-	-	-	-	-	-	-	31,390	150,982	182,372
	-	-	-	-	-	-	41,168	7,659	-	659,613	2,906,539	3,566,152
	77,111	-	-	-	-	-	-	-	-	93,822	107,996	201,818
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	8,595	60,103	68,698
	-	-	-	-	-	-	-	-	290,390	302,551	41,114	343,665
	311,310	37	-	-	-	-	41,168	7,659	290,390	1,857,753	5,084,344	6,942,097

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### 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 <sup>2</sup>
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	-	-	-	-
<b>Total<sup>1</sup></b>	<b>3,946,694</b>	<b>1,222,945</b>	<b>1,561,310</b>	<b>672,861</b>	<b>3,784,788</b>

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

<sup>2)</sup> Includes also undistributed amounts.

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

Risk Classifications (Prior Period)	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year <sup>2</sup>
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
<b>Total<sup>1</sup></b>	<b>2,380,071</b>	<b>770,879</b>	<b>479,225</b>	<b>1,040,385</b>	<b>2,271,537</b>

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

<sup>2)</sup> 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.

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

#### p. Risk amounts according to risk weights

Risk Weights' (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	-

<sup>(\*)</sup> 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.

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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		
	Loans <sup>1</sup>		Provisions	Loans <sup>1</sup>		Provisions
	Impaired Loans (TFRS 9) Significant increase in credit risk (Stage 2)	Non- Performing Loans (Stage 3)	Expected Credit Losses (TFRS 9) <sup>2</sup>	Impaired Loans (TFRS 9) Significant increase in credit risk (Stage 2)	Non- Performing Loans (Stage 3)	Expected Credit Losses (TFRS 9) <sup>2</sup>
<b>Agriculture</b>	-	-	-	-	-	-
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	-	-	-	-	-	-
<b>Construction</b>	-	13,787	13,787	-	13,787	13,787
<b>Services</b>	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	-	-	-	-	-	-
<b>Others</b>	-	-	-	-	-	-
<b>Total</b>	<b>59,838</b>	<b>13,787</b>	<b>31,213</b>	<b>124,310</b>	<b>16,604</b>	<b>41,979</b>

<sup>1)</sup> Breakdown of cash loans is given

<sup>2)</sup> Represents the expected loss provision for cash loans



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

#### s. Movements in value adjustments and provisions

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

<b>Current Period</b>	<b>Banking book for private sector lending</b>	<b>RWAs of trading book</b>	<b>Total</b>
<b>Country</b>			
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
<b>Total</b>	<b>7,677,430</b>	<b>-</b>	<b>7,677,430</b>
<b>Prior Period</b>	<b>Banking book for private sector lending</b>	<b>RWAs of trading book</b>	<b>Total</b>
<b>Country</b>			
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
<b>Total</b>	<b>5,441,262</b>	<b>-</b>	<b>5,441,262</b>

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### 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
<b>Foreign exchange rates as of 31 December 2023</b>	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	<b>29.0552</b>	<b>31.7410</b>
<b>Foreign exchange rates as of 31 December 2022</b>	<b>18.6983</b>	<b>19.9349</b>

#### 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

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

Current Period	EURO	USD	Other FC	Total
<b>Assets</b>				
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	<b>1,620,602</b>
Due from Banks	157,623	271,060	25,759	<b>454,442</b>
Financial Assets at Fair Value Through Profit or Loss	85,598	-	-	<b>85,598</b>
Money Market Placements	-	-	-	<b>-</b>
Financial assets at fair value through other comprehensive income	-	16,243	-	<b>16,243</b>
Loans <sup>(1)</sup>	1,332,362	2,978,010	-	<b>4,310,372</b>
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	<b>-</b>
Financial assets at fair value through profit or loss	-	930,472	-	<b>930,472</b>
Derivative Financial Assets	-	-	-	<b>-</b>
Property and Equipment	-	-	-	<b>-</b>
Intangible Assets	-	-	-	<b>-</b>
Other Assets	-	-	-	<b>-</b>
<b>Total Assets</b>	<b>2,149,010</b>	<b>5,242,947</b>	<b>25,772</b>	<b>7,417,729</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	<b>-</b>
Foreign Currency Deposits	-	-	-	<b>-</b>
Funds From Interbank Money Market	421,778	111,688	5,659	<b>539,125</b>
Funds Borrowed From Other Financial Institutions	1,544,315	2,458,859	-	<b>4,003,174</b>
Marketable Securities Issued	-	737,105	-	<b>737,105</b>
Miscellaneous Payables <sup>(3)</sup>	310,622	288,493	10,247	<b>609,362</b>
Derivative Financial Liabilities <sup>(4)</sup>	-	-	-	<b>-</b>
Other Liabilities <sup>(2,5)</sup>	30,200	1,148,326	-	<b>1,178,526</b>
<b>Total Liabilities</b>	<b>2,306,915</b>	<b>4,744,471</b>	<b>15,906</b>	<b>7,067,292</b>
<b>Net On-balance Sheet Position</b>	<b>(157,905)</b>	<b>498,476</b>	<b>9,866</b>	<b>350,437</b>
<b>Net Off-balance Sheet Position</b>	<b>224,759</b>	<b>(393,459)</b>	<b>-</b>	<b>(168,700)</b>
Derivative Financial Assets	228,017	-	-	<b>228,017</b>
Derivative Financial Liabilities	3,258	393,459	-	<b>396,717</b>
Non-Cash Loans	339,478	200,937	100,095	<b>640,510</b>
<b>Prior Period</b>				
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	<b>394,929</b>	<b>(286,253)</b>	<b>234</b>	<b>108,910</b>
Net Off-balance Sheet Position	<b>(334,723)</b>	<b>320,756</b>	<b>-</b>	<b>(13,967)</b>
Derivative Financial Assets	-	321,373	-	321,373
<b>Derivative Financial Liabilities</b>	<b>334,723</b>	<b>617</b>	<b>-</b>	<b>335,340</b>
<b>Non-Cash Loans</b>	<b>245,646</b>	<b>144,655</b>	<b>112,446</b>	<b>502,747</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Borrowers' funds amounting to TL 436,671 (31 December 2022 – TL 595,596) are included.

<sup>(3)</sup> Presented in other liabilities at financial statements.

<sup>(4)</sup> 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).

<sup>(5)</sup> Subordinated loans and provisions are presented in other liabilities..

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### 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.

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

#### 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 <sup>(1)</sup>	Total
<b>Assets</b>							
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 <sup>(7)</sup>	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 <sup>(2)</sup>	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
<b>Total Assets</b>	<b>2,734,692</b>	<b>1,256,913</b>	<b>2,138,058</b>	<b>2,135,923</b>	<b>34,512</b>	<b>1,610,074</b>	<b>9,910,172</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	712,253	56,547	306,322	-	-	-	1,075,122
Miscellaneous Payables <sup>(5)</sup>	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 <sup>(3),(4)</sup>	15,467	334,683	-	735,955	-	1,514,765	2,600,870
<b>Total Liabilities</b>	<b>2,974,714</b>	<b>1,399,020</b>	<b>1,669,530</b>	<b>1,884,045</b>	<b>-</b>	<b>1,982,863</b>	<b>9,910,172</b>
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 <sup>(6)</sup>	398,178	-	-	-	-	-	398,178
Off-balance Sheet Short Position <sup>(6)</sup>	(396,717)	-	-	-	-	-	(396,717)
<b>Total Position</b>	<b>(238,561)</b>	<b>(142,107)</b>	<b>468,528</b>	<b>251,878</b>	<b>34,512</b>	<b>(372,789)</b>	<b>1,461</b>

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

<sup>(2)</sup> Finance lease receivables are included.

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

<sup>(4)</sup> Borrowers' funds and subordinated loans are presented in the other liabilities.

<sup>(5)</sup> Presented in other liabilities at financial statements.

<sup>(6)</sup> Includes asset purchase and sale commitments

<sup>(7)</sup> Includes derivative financial assets

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### 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 <sup>(1)</sup>	Total
<b>Assets</b>							
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 <sup>(7)</sup>	-	-	-	-	-	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 <sup>(2)</sup>	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
<b>Total Assets</b>	<b>1,271,742</b>	<b>670,614</b>	<b>1,413,002</b>	<b>1,360,283</b>	<b>57,433</b>	<b>1,382,781</b>	<b>6,155,855</b>
<b>Liabilities</b>							
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 <sup>(3),(4)</sup>	54,487	189,091	-	467,749	-	1,285,894	1,997,221
<b>Total Liabilities</b>	<b>1,871,813</b>	<b>1,314,585</b>	<b>920,320</b>	<b>719,241</b>	<b>-</b>	<b>1,329,896</b>	<b>6,155,855</b>
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 <sup>(6)</sup>	239,915	92,894	-	-	-	-	332,809
Off-balance Sheet Short Position <sup>(6)</sup>	(241,645)	(93,695)	-	-	-	-	(335,340)
<b>Total Position</b>	<b>(601,801)</b>	<b>(644,772)</b>	<b>492,682</b>	<b>641,042</b>	<b>57,433</b>	<b>52,885</b>	<b>(2,531)</b>

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

<sup>(2)</sup> Finance lease receivables are included.

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

<sup>(4)</sup> Borrowers' funds is presented in the other liabilities.

<sup>(5)</sup> Presented in other liabilities at financial statements.

<sup>(6)</sup> Includes asset purchase and sale commitments

<sup>(7)</sup> Includes derivative financial assets

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

#### b. Average interest rates for monetary financial instruments

Current Period	EUR %	USD %	JPY %	TRY %
<b>Assets</b>				
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	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	3.48	4.30	-	28.14
Miscellaneous Payables <sup>(1)</sup>	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

<sup>(1)</sup> Includes borrowers' funds and subordinated loans.

Prior Period	EUR %	USD %	JPY %	TRY %
<b>Assets</b>				
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	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	1.60	2.69	-	16.49
Miscellaneous Payables <sup>(1)</sup>	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

<sup>(1)</sup> Includes borrowers' funds.



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#### 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
<b>TOTAL (for negative shocks)</b>		<b>123,307</b>	<b>6.29</b>
<b>TOTAL (for positive shocks)</b>		<b>(99,746)</b>	<b>(5.09)</b>

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
<b>TOTAL (for negative shocks)</b>		<b>49,090</b>	<b>3.66</b>
<b>TOTAL (for positive shocks)</b>		<b>(49,884)</b>	<b>(3.72)</b>

#### 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 LIQUIDITY RISK and LIQUIDITY COVERAGE RATIO

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

Liquidity risk is the risk occurring as a result of non-availability of sufficient cash on hand or cash inflow to meet cash outflows in a timely manner completely as a result of imbalance in cash flows. Treasury department manages the liquidity of the Bank daily and informs ALCO about the liquidity position of the Bank weekly. It is the Treasury Department's responsibility to plan the liquidity management for weekly, monthly and annual periods and to take the necessary precautions, in coordination with the Financial Planning & Control Department and Risk Management. It is the Risk Management's responsibility to inform the senior management.

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

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

#### VI. EXPLANATIONS ON LIQUIDITY RISK and LIQUIDITY COVERAGE RATIO (Continued)

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

#### **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.

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

#### 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.

#### 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.

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

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 <sup>(2)</sup>	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	LC+FC	FC	LC+FC	FC
<b>High-quality Liquidity Assets (HLA)</b>				
1 High-quality Liquidity Assets			1,781,749	1,716,140
<b>Cash Outflows</b>				
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	-	-	-	-
<b>16 TOTAL CASH OUTFLOWS</b>			<b>2,669,533</b>	<b>2,056,888</b>
<b>CASH INFLOWS</b>				
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
<b>20 TOTAL CASH INFLOWS</b>	<b>1,261,022</b>	<b>854,487</b>	<b>856,853</b>	<b>647,800</b>
			<b>Upper limit applied amount</b>	
<b>21 TOTAL HLA STOCK</b>			<b>1,781,749</b>	<b>1,716,140</b>
<b>22 TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>1,812,680</b>	<b>1,409,088</b>
<b>23 LIQUIDITY COVERAGE RATION (%)</b>			<b>98.29%</b>	<b>121.79%</b>

<sup>(1)</sup> 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.

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

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Prior Period <sup>(2)</sup>	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	LC+FC	FC	LC+FC	FC
<b>High-quality Liquidity Assets (HLA)</b>				
1 High-quality Liquidity Assets			538,634	464,096
<b>Cash Outflows</b>				
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	-	-	-	-
<b>16 TOTAL CASH OUTFLOWS</b>			<b>1,518,384</b>	<b>951,084</b>
<b>CASH INFLOWS</b>				
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
<b>20 TOTAL CASH INFLOWS</b>	<b>1,092,631</b>	<b>891,640</b>	<b>949,391</b>	<b>844,382</b>
			<b>Upper limit applied amount</b>	
<b>21 TOTAL HLA STOCK</b>			<b>538,634</b>	<b>464,096</b>
<b>22 TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>568,993</b>	<b>237,771</b>
<b>23 LIQUIDITY COVERAGE RATION (%)</b>			<b>94.66</b>	<b>195.19</b>

<sup>(1)</sup> 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.

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

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

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:

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
Current Period	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

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

Current Period	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified <sup>1</sup>	Total
<b>Assets</b>								
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 <sup>(7)</sup>	-	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 <sup>(2)</sup>	-	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
<b>Total Assets</b>	<b>1,096,670</b>	<b>2,469,856</b>	<b>1,234,476</b>	<b>2,118,976</b>	<b>2,354,266</b>	<b>120,110</b>	<b>515,818</b>	<b>9,910,172</b>
<b>Liabilities</b>								
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 <sup>(5)</sup>	462,047	147,761	20,507	2,087	-	-	-	632,402
Other Liabilities <sup>(3),(4)</sup>	93,090	39,051	363,627	29,106	304	736,013	1,339,679	2,600,870
<b>Total Liabilities</b>	<b>556,148</b>	<b>3,003,338</b>	<b>1,427,964</b>	<b>1,698,636</b>	<b>1,148,394</b>	<b>736,013</b>	<b>1,339,679</b>	<b>9,910,172</b>
<b>Liquidity Gap</b>	<b>540,522</b>	<b>(533,482)</b>	<b>(193,488)</b>	<b>420,340</b>	<b>1,205,872</b>	<b>(615,903)</b>	<b>(823,861)</b>	<b>-</b>
<b>Net Off-Balance Sheet</b>								
<b>Liquidity Gap</b>	<b>-</b>	<b>1,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,461</b>
Financial Derivative Assets <sup>(6)</sup>	-	398,178	-	-	-	-	-	398,178
Financial Derivative Liabilities <sup>(6)</sup>	-	(396,717)	-	-	-	-	-	(396,717)
Non-cash Loans	<b>235,693</b>	<b>2,944</b>	<b>176,624</b>	<b>572,550</b>	<b>155,154</b>	<b>9,361</b>	<b>-</b>	<b>1,152,326</b>

<sup>(1)</sup> Allowances for the expected credit losses are included in the non-interest bearing column.<sup>(2)</sup> Finance lease receivables are included.<sup>(3)</sup> Borrowers' funds and subordinated loans are presented in the other liabilities.<sup>(4)</sup> Shareholders' equity is presented under other liabilities in the unclassified column.<sup>(5)</sup> Presented in other liabilities at financial statements.<sup>(6)</sup> Includes asset purchase and sale commitments<sup>(7)</sup> Includes derivative financial assets



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### 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	Total
<b>Assets</b>								
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 <sup>(7)</sup>	-	-	-	-	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 <sup>(2)</sup>	-	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
<b>Total Assets</b>	<b>1,152,068</b>	<b>1,196,900</b>	<b>671,905</b>	<b>1,313,607</b>	<b>1,491,900</b>	<b>114,476</b>	<b>214,999</b>	<b>6,155,855</b>
<b>Liabilities</b>								
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 <sup>(5)</sup>	33,050	23,007	14,100	58,482	-	-	-	128,639
Other Liabilities <sup>(3),(4)</sup>	390,476	77,023	210,552	16,220	9,702	467,548	825,700	1,997,221
<b>Total Liabilities</b>	<b>432,610</b>	<b>1,896,217</b>	<b>1,336,046</b>	<b>936,540</b>	<b>261,194</b>	<b>467,548</b>	<b>825,700</b>	<b>6,155,855</b>
<b>Liquidity Gap</b>	<b>719,458</b>	<b>(699,317)</b>	<b>(664,141)</b>	<b>377,067</b>	<b>1,230,706</b>	<b>(353,072)</b>	<b>(610,701)</b>	<b>-</b>
<b>Net Off-Balance Sheet</b>								
<b>Liquidity Gap</b>	<b>-</b>	<b>(1,730)</b>	<b>(801)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,531)</b>
Financial Derivative Assets <sup>(6)</sup>	-	239,915	92,894	-	-	-	-	332,809
Financial Derivative Liabilities <sup>(6)</sup>	-	(241,645)	(93,695)	-	-	-	-	(335,340)
<b>Non-cash Loans</b>	<b>191,999</b>	<b>229</b>	<b>53,716</b>	<b>217,410</b>	<b>321,823</b>	<b>-</b>	<b>-</b>	<b>785,177</b>

<sup>(1)</sup> Allowances for the expected credit losses are included in the non-interest bearing column.<sup>(2)</sup> Finance lease receivables are included.<sup>(3)</sup> Borrowers' funds is presented in the other liabilities.<sup>(4)</sup> Shareholders' equity is presented under other liabilities in the unclassified column.<sup>(5)</sup> Presented in other liabilities at financial statements.<sup>(6)</sup> Includes asset purchase and sale commitments<sup>(7)</sup> Includes derivative financial assets

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### 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
<b>Total</b>	<b>3,543,669</b>	<b>1,450,485</b>	<b>1,829,160</b>	<b>1,577,434</b>	<b>1,788,476</b>	<b>10,189,224</b>	<b>8,488,952</b>

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
<b>Total</b>	<b>2,307,489</b>	<b>1,345,422</b>	<b>990,343</b>	<b>473,676</b>	<b>1,189,706</b>	<b>6,306,636</b>	<b>5,258,149</b>

#### 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	-	-	-	-	<b>398,178</b>
Forward Transactions-Sell	(396,717)	-	-	-	-	<b>(396,717)</b>
Swap Transactions-Buy	-	-	-	-	-	-
Swap Transactions-Sell	-	-	-	-	-	-
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>1,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,461</b>

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

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	-	-	-	-	-	-
<b>Total</b>	<b>(1,730)</b>	<b>(801)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,531)</b>

### 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 <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>Asset On The Balance Sheet</b>		
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)
<b>Total risk amount for assets on the balance sheet</b>	<b>9,232,771</b>	<b>5,824,763</b>
<b>Derivative Financial Instruments and Loan Derivatives</b>		
Renewal cost of derivative financial instruments and loan derivatives	-	-
Potential credit risk amount of derivative financial instruments and loan derivatives	797	3,570
<b>Total risk amount of derivative financial instruments and loan derivatives</b>	<b>797</b>	<b>3,570</b>
<b>Financing Transactions With Securities Or Goods Warranties</b>		
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	-	-
<b>Total risk amount of financing transactions with securities or goods warranties</b>	<b>267,398</b>	<b>97,599</b>
<b>Off-the-Balance Sheet Transactions</b>		
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	-	-
<b>Total risk amount for off-the-balance sheet transactions</b>	<b>1,263,248</b>	<b>1,130,648</b>
<b>Capital and Total Risk</b>		
Core capital	1,038,069	791,736
Total risk amount	10,764,214	7,056,580
<b>Leverage Ratio</b>		
<b>Leverage ratio (%)</b>	<b>9.6%</b>	<b>11.2%</b>

<sup>(1)</sup> Arithmetic average of last three months including reporting period.

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### 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.

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

#### VIII. EXPLANATIONS ON THE 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	-	-	-
<b>Total</b>	<b>8,239,943</b>	<b>5,736,757</b>	<b>659,195</b>

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

#### 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 <sup>1</sup>	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 <sup>2</sup>	
<b>Assets</b>						
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	-	-	-	-
<b>Total assets</b>	<b>9,910,172</b>	<b>9,968,923</b>	<b>814,693</b>	-	-	<b>181,450</b>
<b>Liabilities</b>						
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
<b>Total liabilities</b>	<b>9,910,172</b>	<b>-</b>	<b>603,075</b>	<b>-</b>	<b>-</b>	<b>9,307,097</b>

<sup>1)</sup> Unconsolidated financial statements of Bank are stated.

<sup>2)</sup> 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.

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Prior Period	Carrying values as reported in published financial statements <sup>1</sup>	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 <sup>2</sup>	
<b>Assets</b>						
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	-	-	-	-
<b>Total assets</b>	<b>6,155,855</b>	<b>6,223,882</b>	<b>311,139</b>	<b>-</b>	<b>-</b>	<b>11,648</b>
<b>Liabilities</b>						
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
<b>Total liabilities</b>	<b>6,155,855</b>	<b>-</b>	<b>234,407</b>	<b>-</b>	<b>-</b>	<b>5,921,448</b>

<sup>1)</sup> Unconsolidated financial statements of Bank are stated.

<sup>2)</sup> 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.



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### 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

	<b>Current Period</b>	<b>Total</b>	<b>Subject to credit risk</b>	<b>Subject to securitization</b>	<b>Subject to counterparty credit risk</b>	<b>Subject to market risk <sup>1</sup></b>
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	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>10,180,571</b>	<b>9,968,923</b>	<b>-</b>	<b>211,648</b>	<b>-</b>
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		<b>10,930,290</b>	<b>-</b>	<b>211,648</b>	<b>-</b>

<sup>1)</sup> 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.

	<b>Prior Period</b>	<b>Total</b>	<b>Subject to credit risk</b>	<b>Subject to securitization</b>	<b>Subject to counterparty credit risk</b>	<b>Subject to market risk <sup>1</sup></b>
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	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>6,303,778</b>	<b>6,223,882</b>	<b>-</b>	<b>79,896</b>	<b>-</b>
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		<b>6,856,041</b>	<b>-</b>	<b>79,896</b>	<b>-</b>

<sup>1)</sup> 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.

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### 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.

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.

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

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
	<b>Total</b>	<b>13,787</b>	<b>8,309,558</b>	<b>(87,025)</b>	<b>8,236,320</b>

	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
	<b>Total</b>	<b>16,604</b>	<b>5,379,193</b>	<b>(85,913)</b>	<b>5,309,884</b>

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### 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
<b>1 Beginning Balance</b>	<b>16,604</b>	<b>45,824</b>
2 Additions	-	116
3 Receivables that are not re-default	-	-
4 Write-offs	-	-
5 Other changes <sup>1)</sup>	(2,817)	(29,336)
<b>Ending Balance(1+2-3-4+5)</b>	<b>13,787</b>	<b>16,604</b>

<sup>1)</sup> 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	-	-	-	-	-	-
<b>Total</b>	<b>13,787</b>	<b>13,787</b>	<b>-</b>	<b>16,604</b>	<b>16,567</b>	<b>-</b>

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### 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
<b>Agriculture</b>	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	-	-	-	-	-	-
<b>Manufacturing</b>	-	-	-	2,817	2,780	-
Mining and Quarrying	-	-	-	-	-	-
Production	-	-	-	2,817	2,780	-
Electricity, Gas and Water	-	-	-	-	-	-
<b>Construction</b>	13,787	13,787	-	13,787	13,787	-
<b>Services</b>	-	-	-	-	-	-
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	-	-	-	-	-	-
<b>Others</b>	-	-	-	-	-	-
<b>Total</b>	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	-	-
<b>Total</b>	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
<b>Total</b>	29,891	93,033

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#### 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.

	<b>Current Period</b>	<b>Exposures unsecured: carrying amount (According to TAS)</b>	<b>Exposures secured by collateral</b>	<b>Exposures secured by collateral, of which: secured amount</b>	<b>Exposures secured by financial guarantees</b>	<b>Exposures secured by financial guarantees, of which: secured amount</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives, of which: secured amount</b>
1	Loans and lease receivables	4,494,239	1,090,368	686,935	516,063	400,115	-	-
2	Debt securities	1,160,592	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>5,654,831</b>	<b>1,090,368</b>	<b>686,935</b>	<b>516,063</b>	<b>400,115</b>	<b>-</b>	<b>-</b>
4	Defaulted items	13,787	-	-	-	-	-	-

	<b>Prior Period</b>	<b>Exposures unsecured: carrying amount (According to TAS)</b>	<b>Exposures secured by collateral</b>	<b>Exposures secured by collateral, of which: secured amount</b>	<b>Exposures secured by financial guarantees</b>	<b>Exposures secured by financial guarantees, of which: secured amount</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives, of which: secured amount</b>
1	Loans and lease receivables	3,172,173	397,111	297,067	586,984	105,095	-	-
2	Debt securities	552,168	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>3,724,341</b>	<b>397,111</b>	<b>297,067</b>	<b>586,984</b>	<b>105,095</b>	<b>-</b>	<b>-</b>
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.

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

Current Period	Risk Classifications	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
<b>Total</b>		<b>10,240,456</b>	<b>1,160,469</b>	<b>9,827,117</b>	<b>961,367</b>	<b>7,423,393</b>	<b>68.81</b>



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	Prior Period	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA	RWA Density(%)
	Risk Classifications						
1	Receivables from Central Governments or Central Banks	822,775	-	822,775	-	324,054	39.39
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	0.00
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	0.00
4	Receivables from Multilateral Development Banks	-	-	-	-	-	0.00
5	Receivables from International Organizations	-	-	-	-	-	0.00
6	Receivables from Banks and Brokerage Corporation	1,587,665	334,635	1,587,665	232,253	1,204,812	66.20
7	Corporate receivables	3,247,026	460,588	3,150,003	399,464	3,274,403	92.25
8	Retail receivables	841	17	841	9	637	74.94
9	Collateralized by real estate mortgages receivables	35,691	1,694	35,691	433	12,643	35.00
10	Collateralized by trading mortgages receivables	274,772	-	274,772	-	170,301	61.98
11	Non-performing receivables	16,604	-	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
	<b>Total</b>	<b>6,324,591</b>	<b>796,934</b>	<b>6,211,001</b>	<b>632,159</b>	<b>5,326,075</b>	<b>77.83</b>

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

															Total credit risk amount (after CRM and CCF)
	Current Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	Others		
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	

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

															Total credit risk amount (after CRM and CCF)
	Prior Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	Others		
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	

#### 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.

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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

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Current Period 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					-	-
	<b>Total</b>						<b>267,439</b>

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### 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					-	-
	<b>Total</b>						<b>100,075</b>

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#### 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	2
	Total subject to the CVA capital charge	<b>1,743</b>	<b>-</b>	<b>531</b>	<b>2</b>

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

Current Period	Risk Weights								
Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk <sup>(1)</sup>
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 <sup>(2)</sup>	-	-	-	-	-	-	-	-	-
Total	-	-	4,588	-	1,696	265,248	-	-	271,532

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

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

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

Prior Period	Risk Weights								Total Credit Risk <sup>(1)</sup>
	0%	10%	20%	50%	75%	100%	150%	Other	
<b>Risk Classifications</b>									
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 <sup>(2)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	531	-	841	99,337	-	-	100,709

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

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

#### 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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	315,178



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#### 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
<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		-		-
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	-	-	-	-
<b>Exposures to non-QCCPs (total)</b>		-		-
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC Derivatives	-	-	-	-
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-	-	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-

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#### 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
	<b>Outright products</b>		
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	-	-
	<b>Options</b>		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	<b>Securitisation</b>	-	-
	<b>Total</b>	<b>196,413</b>	<b>101,488</b>

#### 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)						<b>352,699</b>
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)						<b>209,119</b>

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#### 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
<b>Financial Assets</b>	<b>9,369,471</b>	<b>5,921,267</b>	<b>9,385,394</b>	<b>5,862,947</b>
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
<b>Financial Liabilities</b>	<b>8,488,497</b>	<b>5,260,437</b>	<b>8,506,056</b>	<b>5,254,923</b>
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

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### 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
<b>Total Assets</b>	<b>139,274</b>	<b>94,495</b>	<b>-</b>	<b>233,769</b>
Derivative financial liabilities	-	30	-	30
<b>Total liabilities</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>30</b>

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
<b>Total Assets</b>	<b>60,159</b>	<b>45,225</b>	<b>-</b>	<b>105,384</b>
Derivative financial liabilities	-	3,164	-	3,164
<b>Total liabilities</b>	<b>-</b>	<b>3,164</b>	<b>-</b>	<b>3,164</b>

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.

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#### XI. EXPLANATIONS ON OPERATING SEGMENTS

Current Period	Corporate and Commercial Banking	Treasury and Asset Liability Management	Total
<b>Total Assets</b>	5,592,000	4,318,172	9,910,172
<b>Total Liabilities</b>	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)
<b>Profit Before Tax</b>	<b>760,893</b>	<b>(429,972)</b>	<b>330,921</b>
Tax Provision	(228,268)	422,349	194,081
<b>Net Profit/Loss</b>	<b>532,625</b>	<b>(887,269)</b>	<b>525,002</b>

Prior Period	Corporate and Commercial Banking	Treasury and Asset Liability Management	Total
<b>Total Assets</b>	<b>3,582,669</b>	<b>2,573,186</b>	<b>6,155,855</b>
<b>Total Liabilities</b>	<b>786,377</b>	<b>5,369,478</b>	<b>6,155,855</b>
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)	<b>(100,276)</b>
<b>Profit Before Tax</b>	<b>453,756</b>	<b>(187,651)</b>	266,105
Tax Provision	(106,117)	43,885	(62,232)
<b>Net Profit/Loss</b>	<b>347,639</b>	<b>(143,766)</b>	<b>203,873</b>

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### SECTION FIVE

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

##### I. EXPLANATIONS AND NOTES Related to Assets

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

##### a. Information on cash and the account of the CBRT

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

##### 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
<b>Total</b>	<b>10,690</b>	<b>1,621,910</b>	<b>41,409</b>	<b>409,325</b>

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).

##### b. Financial assets at fair value through profit or loss

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

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## 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)

#### 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	-	-	-	-
<b>Total</b>	<b>39</b>	<b>1,199</b>	<b>-</b>	<b>-</b>

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

### 3. Information on banks

#### a.Information on banks

	Current Period		Prior Period	
	LC	FC	LC	FC
<b>Banks</b>	<b>4,373</b>	<b>456,766</b>	<b>4,198</b>	<b>1,266,198</b>
Domestic	4,372	386,498	4,198	476,947
Foreign	1	70,268	-	789,251
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>4,373</b>	<b>456,766</b>	<b>4,198</b>	<b>1,266,198</b>

#### 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 <sup>1</sup>	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	27,046	1,906	-	-
<b>Total</b>	<b>70,269</b>	<b>789,251</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.



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(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	-
<b>Total</b>	<b>68,686</b>	<b>-</b>	<b>18,014</b>	<b>-</b>

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>151,448</b>	<b>56,607</b>
Quoted on Stock Exchange	151,448	56,607
Not Quoted	-	-
<b>Share Certificates</b>	<b>7,659</b>	<b>7,659</b>
Quoted on Stock Exchange	-	-
Not Quoted	7,659	7,659
<b>Impairment Provision (-)</b>	<b>(17,179)</b>	<b>(50)</b>
<b>Total</b>	<b>141,928</b>	<b>64,216</b>

#### 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
<b>Direct Loans Granted to Shareholders</b>	<b>-</b>	<b>76,476</b>	<b>-</b>	<b>109,320</b>
Legal Entities	-	76,476	-	109,320
Individuals	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans Granted to Employees</b>	<b>567</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total<sup>(1)</sup></b>	<b>567</b>	<b>76,476</b>	<b>-</b>	<b>109,320</b>

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

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(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 Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
			Modifications on agreement conditions	Refinancing
<b>Non-specialized Loans</b>	<b>4,444,542</b>	<b>32,839</b>	<b>26,999</b>	<b>-</b>
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	-	-
<b>Specialized Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,444,542</b>	<b>32,839</b>	<b>26,999</b>	<b>-</b>

Prior Period Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
			Modifications on agreement conditions	Refinancing
<b>Non-specialized Loans</b>	<b>3,238,223</b>	<b>34,094</b>	<b>90,216</b>	<b>-</b>
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	-
<b>Specialized Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,238,223</b>	<b>34,094</b>	<b>90,216</b>	<b>-</b>

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
<b>Total</b>	<b>17,994</b>	<b>17,426</b>	<b>25,542</b>	<b>25,412</b>

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### 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

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

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(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
<b>Commercial installment loans-LC</b>	<b>24,636</b>	<b>2,705</b>	<b>27,341</b>
Business residential loans	-	-	-
Automobile loans	-	2,705	2,705
Consumer loans	-	-	-
Other	24,636	-	24,636
<b>Commercial installment loans- Indexed to FC</b>	<b>-</b>	<b>21,907</b>	<b>21,907</b>
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	21,907	21,907
Other	-	-	-
<b>Commercial installment loans - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-LC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment	-	-	-
Non-Installment	-	-	-
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment	-	-	-
Non-Installment	-	-	-
<b>Overdraft accounts-LC (Commercial customer)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft accounts-FC (Commercial customer)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>24,636</b>	<b>24,612</b>	<b>49,248</b>

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

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

Prior Period	Short Term	Medium-Long Term	Total
<b>Commercial installment loans-LC</b>	<b>4,575</b>	<b>9,881</b>	<b>14,456</b>
Business residential loans	-	-	-
Automobile loans	4,575	9,881	14,456
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment loans- Indexed to FC</b>	<b>-</b>	<b>22,691</b>	<b>22,691</b>
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	22,691	22,691
Other	-	-	-
<b>Commercial installment loans - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-LC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment	-	-	-
Non-Installment	-	-	-
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment	-	-	-
Non-Installment	-	-	-
<b>Overdraft accounts-LC (Commercial customer)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft accounts-FC (Commercial customer)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,575</b>	<b>32,572</b>	<b>37,147</b>

#### g. Loans according to types of borrowers

	Current Period	Prior Period
Public	-	-
Private	4,518,167	3,379,137
Total <sup>(1)</sup>	<b>4,518,167</b>	<b>3,379,137</b>

<sup>(1)</sup> 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 <sup>(1)</sup>	<b>4,518,167</b>	<b>3,379,137</b>

<sup>(1)</sup> 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).

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

#### j. Specific provisions accounted for loans

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

#### a. Information on non-performing loans

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

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

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

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

<sup>(i)</sup> Includes loans classified from non-performing loans to performing loans.



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

Prior Period	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
<b>Prior period end balance</b>	-	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 (-) <sup>(1)</sup>	-	(11,824)	(8,615)
Collections (-)	-	-	(20,748)
Deducted from the record (-)	-	-	-
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Current period end balance</b>	-	-	16,604
Provision (-)	-	-	(16,567)
<b>Net Balance on balance sheet</b>	-	-	37

<sup>(1)</sup> 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
<b>Current period</b>			
Period end balance	-	-	-
Provision (-)	-	-	-
<b>Net balance on balance sheet</b>	-	-	-
<b>Prior period</b>			
Period end balance	-	-	-
Provision (-)	-	-	-
<b>Net balance on balance sheet</b>	-	-	-

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

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
<b>Current period (Net)</b>	-	-	-
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)	-	-	-
<b>Prior Period (Net)</b>	-	-	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 Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
<b>Current period (Net)</b>	-	-	-
Interest accruals, rediscounts and valuation differences	-	-	899
Provision (-)	-	-	(899)
<b>Prior Period (Net)</b>	-	-	7
Interest accruals, rediscounts and valuation differences	-	-	1,161
Provision (-)	-	-	(1,154)

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

#### 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.

#### 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
<b>Total</b>	<b>-</b>	<b>747,374</b>	<b>-</b>	<b>302,199</b>

##### 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	-	-
<b>Total</b>	<b>515,967</b>	<b>324,054</b>

##### c. Information on financial assets measured at amortized cost

	Current Period	Prior Period
<b>Debt Securities</b>	<b>948,264</b>	<b>456,634</b>
Quoted in a stock exchange	948,264	456,634
Not quoted	-	-
Impairment provisions (-) <sup>(1)</sup>	-	-
<b>Total</b>	<b>948,264</b>	<b>456,634</b>

<sup>(1)</sup> 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
<b>Beginning balance</b>	<b>456,634</b>	<b>361,103</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	323,032	164,066
Purchases during year	209,092	211,638
Disposals through sales and redemptions	(40,494)	(280,173)
Impairment provisions (-)	-	-
<b>Total</b>	<b>948,264</b>	<b>456,634</b>

<sup>(1)</sup> 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.

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

#### 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).

#### 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	<b>1,123,875</b>	<b>258,956</b>

<sup>(1)</sup> 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	-	-	-	-
<b>Total</b>	<b>1,369,726</b>	<b>1,123,875</b>	<b>302,718</b>	<b>258,956</b>

#### 11. Information on hedging derivative financial assets

None (31 December 2022 - None).

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

#### 12. Information on property and equipment

	Immovable/ Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
<b>Prior Period</b>					
Cost	97,907	1,628	1,194	9,754	110,483
Accumulated Depreciation(-)	(3,122)	(1,173)	(391)	(5,269)	(9,955)
<b>Net Book Value 31 December 2022</b>	<b>94,785</b>	<b>455</b>	<b>803</b>	<b>4,485</b>	<b>100,528</b>
<b>Current Period</b>					
<b>Net Book Value : 31 December 2022</b>	<b>94,785</b>	<b>455</b>	<b>803</b>	<b>4,485</b>	<b>100,528</b>
Additions	12,314	-	18	5,123	17,455
Transfers, cost <sup>(1)</sup>	(33,710)	-	-	-	(33,710)
Disposals(-), cost	-	-	-	(92)	(92)
Disposals(+), accumulated depreciation	-	-	-	62	62
Depreciation (-)	(770)	(315)	(398)	(2,225)	(3,708)
Transfers, accumulated depreciation <sup>(1)</sup>	920	-	-	-	920
<b>Net Book Value: 31 December 2023</b>	<b>73,539</b>	<b>140</b>	<b>423</b>	<b>7,353</b>	<b>81,455</b>
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)
<b>Net Book Value: 31 December 2023</b>	<b>73,539</b>	<b>140</b>	<b>423</b>	<b>7,353</b>	<b>81,455</b>

<sup>(1)</sup> Transferred from owner-occupied property to investment property.

	Immovable/ Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
<b>Prior Period</b>					
Cost	97,907	1,628	665	8,810	109,010
Accumulated Depreciation(-)	(16,192)	(848)	(165)	(3,823)	(21,028)
<b>Net Book Value 31 December 2021</b>	<b>81,715</b>	<b>780</b>	<b>500</b>	<b>4,987</b>	<b>87,982</b>
<b>Current Period</b>					
<b>Net Book Value : 31 December 2021</b>	<b>81,715</b>	<b>780</b>	<b>500</b>	<b>4,987</b>	<b>87,982</b>
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
<b>Net Book Value: 31 December 2022</b>	<b>94,785</b>	<b>455</b>	<b>803</b>	<b>4,485</b>	<b>100,528</b>
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)
<b>Net Book Value: 31 December 2022</b>	<b>94,785</b>	<b>455</b>	<b>803</b>	<b>4,485</b>	<b>100,528</b>

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

#### 13. Information on intangible assets

	Current Period	Prior Period
<b>Net Book Value at the beginning of the Period</b>	11,648	7,784
Additions	13,798	7,343
Disposals(-), net	-	-
Depreciation (-)	(5,684)	(3,479)
<b>Closing Net Book Value</b>	<b>19,762</b>	<b>11,648</b>

#### 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
<b>Beginning balance, Net</b>	<b>170,217</b>	<b>143,910</b>
Additions (+)	-	-
Disposals (-), net	-	-
Reversal of Provision for Impairment	-	28,020
Depreciation (-)	(1,347)	(1,713)
Transfers, net <sup>(2)</sup>	32,790	-
<b>Current period end balance, Net <sup>(1)</sup></b>	<b>201,660</b>	<b>170,217</b>

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

<sup>(2)</sup> Transferred from owner-occupied property to investment property.

#### 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).

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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
<b>Deferred Tax Asset</b>	<b>1,070,782</b>	<b>321,235</b>	<b>97,377</b>	<b>24,346</b>
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)
<b>Deferred Tax Liability</b>	<b>(95,676)</b>	<b>(28,703)</b>	<b>(48,371)</b>	<b>(12,095)</b>
<b>Deferred Tax Asset/ (Liability), net</b>	<b>975,106</b>	<b>292,532</b>	<b>49,006</b>	<b>12,251</b>

#### 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.

### 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	-	-	-	-
<b>Total</b>	<b>30</b>	<b>-</b>	<b>10</b>	<b>3,154</b>



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

#### 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	<b>710,650</b>	<b>4,003,174</b>	<b>414,313</b>	<b>2,348,891</b>

##### 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	<b>710,650</b>	<b>4,003,174</b>	<b>414,313</b>	<b>2,348,891</b>

##### 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
<b>Book Value</b>	<b>150,849</b>	<b>737,105</b>	<b>170,065</b>	<b>783,758</b>

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.

#### 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.

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

#### 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	-	-	-	-
<b>Total</b>	<b>535</b>	<b>485</b>	<b>1,018</b>	<b>876</b>

#### 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
<b>Total</b>	<b>9,387</b>	<b>7,254</b>

#### 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).

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### 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
<b>Total</b>	<b>28,640</b>	<b>21,012</b>

##### 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	-	-
<b>Total</b>	<b>2,999</b>	<b>699</b>

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

#### 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
<b>To be included in the calculation of additional capital borrowing instruments</b>	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
<b>Debt instruments to be included in contribution capital calculation</b>	-	736,414	-	467,749
Subordinated loans	-	736,414	-	467,749
Subordinated debt instruments	-	-	-	-
<b>Total</b>	-	736,414	-	467,749

<sup>(1)</sup> 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.

##### 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.

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

#### 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	-	-	-	-
<b>Total</b>	<b>(12,181)</b>	<b>1,619</b>	<b>1,998</b>	<b>-</b>

### 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
<b>Total</b>	<b>348,182</b>	<b>410,509</b>

##### 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
<b>Total</b>	<b>1,152,326</b>	<b>785,177</b>

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#### 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	-
<b>Total</b>	<b>795,997</b>	<b>542,886</b>

#### 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
<b>Total</b>	<b>1,152,326</b>	<b>785,177</b>

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

Current Period	I. Group		II. Group	
	LC	FC	LC	FC
<b>Non-Cash Loans</b>	<b>505,808</b>	<b>640,510</b>	<b>6,008</b>	<b>-</b>
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
<b>Non-Cash Loans</b>	<b>276,422</b>	<b>502,747</b>	<b>6,008</b>	<b>-</b>
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	-	-

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

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

	Current Period				Prior Period			
	LC	(%)	FC	(%)	LC	(%)	FC	(%)
<b>Agricultural</b>	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	<b>2,590</b>	<b>0.51</b>	-	-	<b>2,590</b>	<b>0.91</b>	-	-
Mining	-	-	-	-	-	-	-	-
Production	1,817	0.36	-	-	1,817	0.64	-	-
Electric, Gas and Water	773	0.16	-	-	773	0.27	-	-
<b>Construction</b>	-	-	<b>158,795</b>	<b>24.79</b>	-	-	<b>158,024</b>	<b>31.43</b>
<b>Services</b>	<b>509,226</b>	<b>99.49</b>	<b>481,715</b>	<b>75.21</b>	<b>279,823</b>	<b>99.08</b>	<b>344,723</b>	<b>68.57</b>
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
<b>Other</b>	-	-	-	-	<b>17</b>	<b>0.01</b>	-	-
<b>Total</b>	<b>511,816</b>	<b>100.00</b>	<b>640,510</b>	<b>100.00</b>	<b>282,430</b>	<b>100.00</b>	<b>502,747</b>	<b>100.00</b>

#### 2. Information on derivative transactions

	Current Period	Prior Period
Trading Derivative Financial Instruments		
<b>Foreign Currency Transactions (I)</b>	<b>794,895</b>	<b>668,149</b>
Forward Foreign Currency Buy/Sell Transactions <sup>(i)</sup>	340,039	24,786
Foreign Currency Swap-Buy-Sell Transactions	454,856	643,363
Futures Transactions	-	-
Options-Buy-Sell Transactions	-	-
<b>Interest Rate Transactions (II)</b>	-	-
Forward interest rate Buy-Sell	-	-
Interest Rate Swap-Buy-Sell	-	-
Interest Rate Options-Buy-Sell	-	-
Interest Rate Futures But-Sell	-	-
<b>Other Trading Derivative Financial Instruments (III)</b>	-	-
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>794,895</b>	<b>668,149</b>
Hedging Derivative Financial Instruments		
Transactions for Fair Value Hedge	-	-
Transactions for Cash Flow Hedge	-	-
Transactions for Foreign Net Investment Hedge	-	-
<b>B. Total Hedging Derivative Financial Instruments</b>	-	-
<b>Total Derivatives (A+B)</b>	<b>794,895</b>	<b>668,149</b>

<sup>(i)</sup> Includes asset purchase and sale commitments



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

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

#### 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.

### IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

#### 1. Information on interest income

##### a. Information on interest income on loans <sup>(1)</sup>

	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	-	-	-	-
<b>Total</b>	<b>244,954</b>	<b>285,070</b>	<b>242,024</b>	<b>124,822</b>

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

<sup>(1)</sup> 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
<b>Total</b>	<b>23,246</b>	<b>61,045</b>	<b>11,836</b>	<b>38,385</b>

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

None (31 December 2022 - None).

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(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<sup>(1)</sup>

	Current Period		Prior Period	
	LC	FC	LC	FC
<b>Banks</b>	<b>68,845</b>	<b>152,924</b>	<b>49,276</b>	<b>52,708</b>
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	-	-	-	-
<b>Other Institutions<sup>(2)</sup></b>	<b>-</b>	<b>36,520</b>	<b>-</b>	<b>6,963</b>
<b>Total</b>	<b>68,845</b>	<b>189,444</b>	<b>49,276</b>	<b>59,671</b>

<sup>(1)</sup> Commission expense for borrowings are also included.

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

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

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

#### 5. Information on other operating income

Other operating income includes TL 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 <sup>(1)</sup>	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)	-	-
<b>Marketable Securities Impairment Provision</b>	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease</b>	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	-	100
<b>Total<sup>(2)</sup></b>	<b>45,691</b>	<b>17,667</b>

<sup>(1)</sup> Includes expected credit losses for the non-cash loans.

<sup>(2)</sup> 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 <sup>(1)</sup>	-	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
<b>Total</b>	<b>81,744</b>	<b>45,073</b>

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

## 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	-	-
<b>Total</b>	<b>2,249</b>	<b>1,420</b>

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

\* 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.

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

#### 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).

#### 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	-
<b>Other Interest Income</b>	<b>263</b>	<b>-</b>
Interest on funds borrowed/funds and cash collateral	(14,683)	(17,656)
Other	-	(2)
<b>Other Interest Expenses</b>	<b>(14,683)</b>	<b>(17,658)</b>
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
<b>Other Commission Income</b>	<b>98,146</b>	<b>54,801</b>
Given to correspondent banks	(2,901)	(3,689)
Asset backed securities funds services	(5,827)	(6,364)
Other	(1,323)	(833)
<b>Other Commission Expenses</b>	<b>(10,051)</b>	<b>(10,886)</b>

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(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.

#### 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
<b>Cash</b>	<b>1,632,672</b>	<b>450,760</b>
Cash and Foreign Currency Cash	72	26
Turkish Central Bank	1,632,600	450,734
Other	-	-
<b>Cash Equivalents</b>	<b>912,724</b>	<b>1,270,396</b>
Banks	461,139	1,270,396
Interbank Money Market Placements	451,585	-
<b>Total Cash and Cash Equivalents</b>	<b>2,545,396</b>	<b>1,721,156</b>
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)
<b>Cash Flow Statements Cash and Cash Equivalents</b>	<b>1,670,982</b>	<b>1,009,883</b>

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

#### 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).

### 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.



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

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

#### 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).

#### 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.

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

**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 <sup>(i)</sup>	-	794,895	-	-	668,149	-

<sup>(i)</sup> 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	-	-	-	-	-

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### SECTION SIX

#### OTHER EXPLANATIONS AND NOTES

##### I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK

###### a. Explanations on ratings of the Bank

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

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

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

##### II. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

### SECTION SEVEN

#### EXPLANATIONS ON INDEPENDENT AUDITOR'S INTERIM REPORT

##### I. EXPLANATIONS ON INDEPENDENT AUDITOR'S INTERIM REPORT

The unconsolidated financial statements for the period ended 31 December 2023 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. 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.



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