“PASHA YATIRIM BANK” A.Ş-NiN

2024-cü il üzrə İdarəetmə

Hesabatı

1.Emitentin tam və qısaldılmış adı, vergi ödəyicisinin eyniləşdirmə nömrəsi (VÖEN), dövlət qeydiyyatının tarixi və nömrəsi	“PASHA Yatırım Bankası” Anonim Şirkəti, VÖEN-9400019073, 25.12.1987-ci il, 240320
2. Emitentin hüquqi ünvanı və olduğu yer	Türkiyə Respublikası, PASHA Bank Genel Müdürlük, Sultan Selim Mahallesi, Hümeyra Sokak, PASHA Plaza No:2/7, 34415 Kağıthane / İstanbul
3. Emitentin adında dəyişikliklər olduqda, emitentin bütün əvvəlki adları, habelə onların qeydiyyata alındığı tarixlər, emitent digər hüquqi şəxsin bölünməsi və ya tərkibindən ayrılması şəklində yenidən təşkil yolu ilə yaradıldıqda, yenidən təşkilin forması, həmin hüquqi şəxsin adı, emitent hüquqi şəxslərin birləşməsi və ya çevrilmə şəklində yenidən təşkil yolu ilə yaradıldıqda, yenidən təşkilin forması, həmin hüquqi şəxslərin adları	“Yatırım Bank” Anonim Şirkəti, 1987-ci ildə Təşkilati-hüquqi formasına dəyişiklik edilməmişdir. 2015-ci ildə Azərbaycanın ən böyük kapitala malik bankı olan, baş ofisi Bakıda yerləşən, regionun maliyyə təşkilatı ”PAŞA Bank” ASC indiki rəsmi adı “PAŞA Yatırım Bankası” A.Ş-nin səhmlərini satın almış və onun hüquqi ünvanını PAŞA Bank Türkiyə olaraq dəyişdirmişdir. 2018-ci ildə bankın səhmlərinin əksər hissəsini əldə edən səhmdarı 49%-lə “PAŞA Holdinq” MMC olmuşdur və bankın ödənmiş kapitalı 500 milyon TL-yə çatmışdır. “PAŞA Bank” ASC-yə məxsus 113.748.764 ədəd səhmin 29 dekabr 2023-cü il tarixində “PAŞA Holdinq” MMC tərəfindən alınması ilə “PAŞA Holdinq” MMC-nin Bankdakı birbaşa payı 49%-dən 71,7498%-ə yüksəlmişdir. “PAŞA Bank” ASC-yə məxsus səhmlər %28.2093 olaraq qalmışdır.

4. Emitentin hesabat dövrü ərzində yaranmış və ləğv edilmiş filialları və nümayəndəliklərinin adı, olduqları yer və qeydiyyatları haqqında məlumatlar	Bank İstanbulda yerləşən baş ofisində fəaliyyət göstərir və heç bir filialı yoxdur.
5. Emitentin hesabat dövrü ərzində yaranmış və ya ləğv edilmiş hər bir törəmə cəmiyyətinin adı, təşkilati-hüquqi forması, hüquqi ünvanı, qeydiyyatı haqqında məlumatlar, nizamnamə kapitalında emitentin payı, hüquqi şəxsin emitentin törəmə cəmiyyəti hesab olunması üçün əsas olan müqavilənin bağlanma tarixi və qüvvədə olma müddəti	Yoxdur
6. Emitent şirkətlər qrupunun bir hissəsi olduğu təqdirdə qrupun (emitent daxil olmaqla iqtisadiyyatın müxtəlif sahələrində fəaliyyət göstərən bir və ya daha artıq	Emitent "PAŞA Holding" MMC-nin törəmə müəssisəsidir.

törəmə təşkilatı olan qrupdur) adı	
7. Emitentin məşğul olduğu fəaliyyət istiqamətləri	-Bank investisiya bankı kimi fəaliyyət göstərir. Bank yerli və beynəlxalq investisiyaların həyata keçirilməsi ilə məşğul olur, müştəriləri sırasında energetika, maliyyə institutları, inşaat-tikinti, Emal sənayesi sahəsində fəaliyyət göstərən çoxlu şirkətlər və təşkilatlar mövcuddur. Hazırda Bank müştərilərə müxtəlif növ bank xidmətləri göstərir: Hesablaşma-Kassa xidməti, Kreditlər, Plastik Kartlar, Valyuta Mübadiləsi, Qiymətli Kağızlarla Əməliyyatlar, Qarantiyalar, Portfel idarəetməsi, Lizinq; -Türkiyə Respublikasının iqtisadiyyatının və ölkədə bank işininin inkişafına və ölkənin dünya iqtisadiyyatına inteqrasiyasına dəstəklik göstərmək; -Sahibkarlıq fəaliyyətinin inkişafına yönəlmiş yerli və xarici sərmayələrin və kreditlərin cəlb edilməsini təmin etmək; -Öz vəsaitlərini və cəlb olunmuş vəsaitləri Türkiyə iqtisadiyyatının və Emitentin öz fəaliyyətinin inkişafına yönəltmək; -Türkiyə Respublikasının Qanunvericiliyinə Emitentin Səhmdarlarının və müştərilərinin maraqlarına zidd olmayan Bank lisenziyasında nəzərdə tutulmuş maliyyə-kredit və digər sahibkarlıq fəaliyyətini həyata keçirmək; -Türkiyə Respublikasının Qanunvericiliyi və bank lisenziyası ilə müəyyən edilən hüdudlarda Emitent aşağıdakı Bank əməliyyatlarını həyata keçirmək hüququna malikdir: ➢ Nağd, qeyri-nağd olan bütün növ kreditlərin verilməsi; ➢ Nağd və qeyri-nağd əməliyyatlar, köçürmə əməliyyatları, müxbir bank və ya çeklərdən istifadə daxil olmaqla hər növ ödənişlər və məxaric əməliyyatları; ➢ Çek və digər mübadilə veksellərinin nağdlaşdırılması əməliyyatları; ➢ Saxlama xidmətləri; ➢ Kredit kartları, bank kartları və səyahət çekləri kimi ödəmə vasitələrinin emissiyası və bunlarla əlaqədar fəaliyyətlərinin aparılması əməliyyatları; ➢ Vayuta mübadilə əməliyyatları, qiymətli kağızların alqı və satqısı, qiymətli metalların və qiymətli daşların alınması, satışı və ya bunların əmanət kimi qoyulması əməliyyatları; ➢ İqtisadi və maliyyə indekslərinə, qiymətli kağızlara, mala, qiymətli metallara və valyutaya əsaslanan, fyuçers müqavilələrinin, opsion müqavilələrinin, birdən çox törəmə vasitəsini ehtiva edən sadə və ya mürəkkəb quruluşlu maliyyə alətlərinin alınması, satılması və onlara vasitəçilik əməliyyatları; ➢ Qiymətli kağızların alqı-satqısı ilə geri alınması və ya təkrar satılması üzrə əməliyyatlar;

	➢ Qiymətli kağızların anderraytinqi və ya kütləvi yeləşdirmə yolu ilə satışına vasitəçilik xidmətləri; ➢ Daha əvvəl emissiya edilmiş olan qiymətli kağızların vasitəçilik məqsədilə alqı-satqısının aparılması əməliyyatları; ➢ Başqaları xeyrinə təminat, zəmanət və sair öhdəliklərin götürülməsi əməliyyatları kimi zəmanət işləri; ➢ İnvestisiya məsləhətçiliyi əməliyyatları; ➢ Portfel idarəçiliyi və əməliyyatları; ➢ Dövlət xəzinədarlığı və/və ya Mərkəzi Bank və təşkilatların birlikləri nəzdində bağlanan bir müqavilə çərçivəsində öhdəliklər üzrə alqı-satqı əməliyyatlarına bağlı bazar fəaliyyəti; ➢ Faktorinq və forfeytinq əməliyyatları; ➢ Banklararası bazarda pul alqı-satqısı əməliyyatlarına vasitəçilik; ➢ Maliyyə icarəsi (lizinq) əməliyyatları; ➢ Sığorta agentliyi və fərdi pensiya vasitəçilik xidmətləri; ➢ Emitentin lisenziyasına, Türkiyə Respublikasının qanunvericiliyinə o cümlədən Türkiyə Respublikası maliyyə bazarlarına nəzarət orqanının qərarlarına zidd olmayan hər hansı digər fəaliyyəti.
8. Emitent lisenziya və ya icazəyə malik olduqda, onlar üzrə fəaliyyət növləri və qüvvədə olma müddətləri	**Lisenziya Növü** — **Əldə edilmə tarixi** Əməliyyat vasitəçiliyi fəaliyyəti — 27.11.2015 Portfel vasitəçiliyi fəaliyyəti — 27.11.2015 Ən yaxşı səy vasitəçiliyi şərtilə Kütləvi təklif vastəçiliyi fəaliyyəti (anderraytinq) — 27.11.2015 Məhdud saxlama xidməti — 27.11.2015 Birjaya üzvlük — 27.11.2015
9. Emitentin təklif etdiyi məhsullar və xidmətlər	Milli və xarici valyutada fiziki və hüquqi şəxslərdən depozitlərin və ya digər qaytarılan vəsaitlərin cəlb edilməsi öz adından və öz hesabına kreditlərin verilməsi habelə müştərilərin tapşırığı ilə köçürmə və hesablaşma-kassa əməliyyatlarının məcmu halda həyata keçirilməsi bank qarantiyalarının verilməsi depozit qutularının icarəsi rəqamsal bankçılıq Nizamnaməsində bank lisenziyasında və qanunvercilikdə nəzərdə tutulmuş digər fəaliyyət növləri ilə məşğul olur.
10. Emitentin işçilərinin sayı və onun rüblük dinamikası	30 iyun 2024-cü il tarixinə: işçi sayı 62 15 nəfər işə qəbul edildi, 7 nəfər işdən azad edildi.

<table>
<tr>
<td>11. Emitentin idarəetmə orqanları haqqında məlumat: direktorlar şurası (müşahidə şurası) (olduqda), icra orqanı, audit komitəsi (olduqda), onların üzvlərinin adı, soyadı, atasının adı</td>
<td>Emitentin ali idarəetmə orqanı Səhmdarların Ümumi yığıncağıdır. Emitentin idarəolunması və işinə nəzarəti Direktorlar Şurası həyata keçirir.

Direktorlar Şurasının üzvləri:
-Cəlal Qasımov
-Şahin Məmmədov
-Cavid Quliyev
-Rövşən Allahverdiyev
-Kəmalə Nuriyeva
-Nuri Tuncalı
-Furkan Evranos
-H. Cenk Eynehan(baş direktor)
-Ayşe Hale Yıldırım(baş direktoru müavini)

Səhmdarların Ümumi Yığınacağı:
-“PASHA Holding” MMC
-“PASHA Bank” ASC

Auditorlar:
- Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (2021-2022)
- KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (2023)</td>
</tr>
<tr>
<td>12. Emitentin fiziki və hüquqi şəxs olan səhmdarlarının (payçılarının) ayrı-ayılıqda sayı</td>
<td>Hüquqi şəxs-2
-“PAŞA Holding” MMC, 71.75%
-“PAŞA Bank” ASC, 28.21%</td>
</tr>
<tr>
<td>13. Emitentin nizamnamə kapitalının beş faizi və daha artıq həcmdə səsli səhmlərinə (paylara) malik olan şəxslər (fiziki şəxsin soyadı, adı, atasının adı; hüquqi şəxsin adı, olduğu yer və VÖEN-i), onların hər birinə</td>
<td><table>
<tr><th>Səhmdarın adı</th><th>VÖEN</th><th>Yeri</th><th>Nizamnamə kapitalında payı (2023-cü il tarixinə) faizlə</th></tr>
<tr><td>PASHA Holding MMC</td><td>1401007871</td><td>Port Baku 153, Neftçilər prospekti, AZ 1010, Bakı, Azərbaycan</td><td>71.75%</td></tr>
<tr><td>PAŞA Bank ASC</td><td>1700767721</td><td>AZ1005, Bakı şəhəri Səbail rayonu, Yusif Məmmədəliyev, ev 13</td><td>28.21%</td></tr>
</table></td>
</tr>
</table>

məxsus olan səhmlərin sayı (səhmlərin hər növü üzrə ayrı-ayrılıqda göstərilir) və emitentin nizamnamə kapitalında payı	
14. Nizamnamə kapitalında emitentin payı beş faizdən az olmayan hüquqi şəxslər (hüquqi şəxsin adı, olduğu yer, VÖEN-i, nizamnamə kapitalında emitentin payı)	-"PAŞA Holding" MMC, 71.75%, VÖEN: 1401007871, Port Baku 153, Neftçilər prospekti, AZ 1010, Bakı, Azərbaycan -"PAŞA Bank" ASC, VÖEN-1700767721, AZ1005, Bakı şəhəri Səbail rayonu, Yusif Məmmədəliyev, ev 13, 28.21%
15. Emitentin səhmdarlarının (payçılarının) hesabat dövrü ərzində keçirilmiş yığıncaqları barədə məlumat: -Yığıncağın keçirilmə tarixi və yeri (ünvan) -Ümumi yığıncaqda qəbul edilmiş qərarlar.	Ümumi Yığıncağın Qərarının tarixi: 15.05.2024 Ümumi Yığıncağın keçirildiyi yer: PAŞA Yatırım Bankının Baş Ofis Binası Ümumi Yığıncaqda qəbul edilmiş qərarlar: Sözügedən Bankın 2023-cü il Hesabat ilinə olan Balans Hesabatının Ümumi Yığıncağın təsdiqinə təqdim edilməsi çərçivəsində 1 nömrəli Sərəncama əsasən Bankın 2023-cü ilə dair birləşdirilməmiş (konsolidə edilməmiş) 525.002.013, 47 TL dəyərində xalis mənfəətindən qanuni olaraq məcburi şəkildə 26.250.100,67 TL-nin ehtiyat məbləğ kimi ayrılmasından sonra 16 may 2017-ci ildən etibarən fövqəladə ehtiyatlar hesabında mövcud olan 498.751.912,80 TL dəyərindəki bölüşdürülə bilən xalis mənfəətdən 15.000.000,00 TL-nin səhmdarlar(ortaqlar) arasında bölüşdürülməsinə, qərar hesabatında yer alan Mənfəətin Bölüşdürülməsi Cədvəlininin təsdiqlənməsinə qərar verilmişdir.
16. Emitentin dövriyyədə olan investisiya qiymətli kağızlarının buraxılışları haqqında məlumat (investisiya qiymətli kağızların hər buraxılışı ayrı-ayrılıqda göstərilir):	(see table below)

Növü	Buraxılış məbləği		Buraxılış tarixi	İtfa Tarixi	Gəlir dərəcəsi (%)	Buraxılış növü	ISIN Kodu
Maliyyələşmə Bonusu	200.000.000	TL	22/08/2024	28.11.2024	50%	İxtisaslı İnvestor	TRFPASHK2413

<table>
<tr><td>-İnvestisiya qiymətli kağızın növü və forması
-İnvestisiya qiymətli kağızlar buraxılışının dövlət qeydiyyat nömrəsi və qeydiyyat tarixi
- İnvestisiya qiymətli kağızların miqdarı və nominal dəyəri
- İnvestisiya qiymətli kağızlar buraxılışının məcmu nominal dəyəri
-Hesabat ili ərzində emitent tərəfindən səhmlər üzrə ödənilmiş dividendlər haqqında məlumat (hesabat ilində səhmlərin hər növü üzrə ödənilmiş dividendlərin məbləği göstərilir)
- Faizli istiqrazlar buraxılışı haqqında məlumatda istiqrazlar üzrə gəlirliyin illik faiz dərəcəsi
- İnvestisiya qiymətli kağızların yerləşdirildiyi və ya tədavüldə olduğu fond birjasının adı və olduğu yer (olduqda)</td>
<td><table>
<tr><td>Maliyyələşmə Bonusu</td><td>125.000.000</td><td>TL</td><td>25.09.2024</td><td>09.01.2025</td><td>50%</td><td>İxtisaslı İnvestor</td><td>TRFPASH12519</td></tr>
<tr><td>Ölkə xariciistiqraz</td><td>25.000.000</td><td>USD</td><td>30.05.2024</td><td>30.11.2025</td><td>6,19%</td><td>Ölkə xarici</td><td>AZ2009020176</td></tr>
</table></td></tr>
<tr><td>17. Emitent tərəfindən</td><td>Yoxdur.</td></tr>
</table>

bağlanılmış xüsusi əhəmiyyətli əqdlər barədə məlumatlar: -Əqdin məbləği -Hesabat tarixinə əqdin ödənilməmiş hissəsi	
18. Emitent tərəfindən aidiyyəti şəxslərlə bağlanılmış əqdlər barədə məlumatlar: - Bağlanılmış əqdin mahiyyəti, tarixi və məbləği; -Aidiyyəti şəxs barədə məlumat və emitentlə aidiyyət əlaqəsi.	Yoxdur.
19. İllik hesabatın təsdiq edildiyi ümumi yığıncağın tarixi;	15/03/2024
20. Hesabatın açıqlanma mənbəyi haqqında məlumat.	İnternet səhifəsində yayınlanmıştır. https://www.pashabank.com.tr/tr/yatirimci-iliskileri/yillar-list/Faaliyet-Raporlari/49/0/0

PAŞA Yatırım Bank A.Ş

Baş direktor

Cenk Eynehan

PAŞA Yatırım Bankası A.Ş.
Sultan Selim Mah. Hümeyra Sok. PASHA Plaza
No:2/7 34415 Kağıthane İSTANBUL
Büyükmükellefler V.D. 940 001 9073

PASHA YATIRIM BANKASI A.Ş.

INTERIM CONDENSED
FINANCIAL STATEMENTS
30 JUNE 2024

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

Introduction

We have reviewed the accompanying condensed statement of financial position of PASHA Yatırım Bankası Anonim Şirketi ("the Bank") as at 30 June 2024, the condensed statement of profit or loss, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the six month period then ended, and notes to the interim financial information ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Alper Güvenç, SMMM
Partner

8 August 2024
Istanbul, Türkiye

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Report on review of interim condensed financial statements

Financial statements

Notes to the interim condensed financial statements

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

	Notes	30 June 2024 (unaudited)	31 December 2023 (audited)
Assets			
Cash and cash equivalents	4	1,207,141	2,083,389
Amounts due from credit institutions	5	1,059,689	1,085,957
Financial assets at fair value through profit and loss	6	86,301	113,013
Derivative financial assets	18	270	1,544
Investment securities	7	1,338,206	1,337,654
Loans to customers	8	6,016,400	6,965,937
Investment property	9	996,078	975,563
Property and equipment	10	351,313	346,469
Intangible assets	12	36,419	43,136
Right of use assets	11	1,106	1,199
Current tax asset	20	-	5,539
Deferred tax asset	20	58,803	68,733
Other assets	13	41,907	27,406
TOTAL ASSETS		**11,193,633**	**13,055,539**
Liabilities			
Amounts due to banks and financial institutions	14	4,700,076	6,213,011
Amounts due to customers	15	1,066,536	1,001,559
Money market deposits	16	1,017,020	1,341,049
Debt securities issued	17	1,156,066	1,107,586
Lease liabilities	11	592	605
Derivative financial liabilities	18	74	37
Provisions	19	25,411	50,091
Current tax liability	20	56,025	39,465
Deferred tax liability	20	-	-
Other liabilities	13	28,698	32,922
Subordinated liabilities	21	821,039	918,563
Total Liabilities		**8,871,537**	**10,704,888**
Equity			
Share capital	22	4,271,838	4,271,838
Retained earnings		(2,008,345)	(1,957,378)
Other reserves	22	82,999	50,257
Net unrealised gain on financial assets at FVOCI		(24,396)	(14,066)
Total Equity		**2,322,096**	**2,350,651**
TOTAL LIABILITIES AND EQUITY		**11,193,633**	**13,055,539**

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

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

	Notes	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Interest income on loans		648,547	486,239
Interest income on investment securities		63,015	50,619
Interest income on deposits at banks		16,574	11,835
Interest on amount due from credit institutions		20,115	6,490
Other interest income		132	-
Total interest income		**748,383**	**555,183**
Interest expense on amounts due to customers		(21,579)	(15,379)
Interest expense on amounts due to banks and financial institutions		(277,137)	(134,941)
Interest expense on debt securities issued		(82,315)	(49,312)
Interest expense on money market deposits		(83,058)	(69,426)
Interest expense on subordinated liabilities		(24,941)	(28,978)
Other interest expense		(70)	(154)
Total interest expense		**(489,100)**	**(298,190)**
Net interest income		**259,283**	**256,993**
Provision expense for loans and other credit risks, net	24	(21,934)	(6,945)
Net interest income after credit loss expense		**237,349**	**250,048**
Fees and commissions income		61,436	121,321
Fees and commissions expense		(8,448)	(9,146)
Net fees and commissions income	25	**52,988**	**112,175**
Net (losses) / gains from trading securities		(24,455)	43,134
Net gains / (losses) from investment securities		863	(20,564)
Foreign exchange gains, net		106,862	59,321
Net gains / (losses) from derivative financial instruments		3,372	(1,879)
Other income		6,210	6,014
Impairment reversal of the building	9,10	34,531	-
Total non-interest income		**127,383**	**86,026**
Total operating income		**417,720**	**448,249**
Personnel expenses	26	(95,172)	(68,828)
General and administrative expenses	26	(53,617)	(52,430)
Depreciation and amortisation	9,10,11,12	(18,960)	(17,716)
Impairment losses of the building	9,10	-	(10,313)
Impairment losses of the securities		(7,679)	(7,152)
Total non-interest expenses		**(175,428)**	**(156,439)**
Loss on net monetary position		(149,987)	(164,606)
Profit before tax		**92,305**	**127,204**
Income tax expense	20	(95,284)	(105,436)
Net profit / loss for the period		**(2,979)**	**21,768**
Other comprehensive income			
Net change in fair value of investment instruments at fair value through other comprehensive income		(14,758)	(1,968)
Income tax of other comprehensive income		4,428	492
Net other comprehensive (loss) / income that may be reclassified to profit or loss in subsequent periods		**(10,330)**	**(1,476)**
Total comprehensive (loss) / income for the period		**(13,309)**	**20,292**

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

	Notes	Share capital	Fair value reserve of financial assets at FVOCI	Other reserves	Retained earnings	Total equity
1 January 2023		**4,271,838**	**2,768**	**29,304**	**(2,190,402)**	**2,113,508**
Loss for the period		-	-	-	21,768	**21,768**
Other net comprehensive income for the period,		-	(1,476)	-	-	**(1,476)**
Total net comprehensive income for the period		**-**	**(1,476)**	**-**	**21,768**	**20,292**
Transfers to reserves		-	-	20,950	(20,950)	-
30 June 2023 (unaudited)	**21**	**4,271,838**	**1,292**	**50,254**	**(2,189,584)**	**2,133,800**
1 January 2024		**4,271,838**	**(14,066)**	**50,257**	**(1,957,378)**	**2,350,651**
Profit for the period		-	-	-	(2,979)	**(2,979)**
Other net comprehensive income for the period		-	(10,330)	-	-	**(10,330)**
Total net comprehensive income for the period		**-**	**(10,330)**	**-**	**(2,979)**	**(13,309)**
Transfers to reserves		-	-	32,742	(32,742)	-
Dividends paid		-	-	-	(15,246)	**(15,246)**
30 June 2024 (unaudited)	**21**	**4,271,838**	**(24,396)**	**82,999**	**(2,008,345)**	**2,322,096**

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

INTERIM CONDENSED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2024

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

	Notes	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Interest received		698,397	538,861
Interest paid		(483,647)	(239,107)
Fees and commissions received		56,128	105,584
Fees and commissions paid		(4,117)	(7,209)
Net realized (losses) on sale of investment securities		(10,277)	(20,564)
Other operating income received		16,313	25,705
Personnel expenses paid		(111,663)	(84,067)
General and administrative expenses paid		(61,234)	(51,096)
Cash flows from operating activities before changes in operating assets and liabilities		**99,900**	**268,107**
Net (increase)/decrease in operating assets			
Trading securities		52,189	(3,489)
Amounts due from credit institutions	5	(94,625)	219,840
Loans to customers	8	(628,304)	(1,077,280)
Other assets		2,094	(1,845)
Net increase/(decrease) in operating liabilities			
Amounts due to banks, money market deposit and financial institutions		(638,026)	256,134
Amounts due to customers		268,915	(914,584)
Other liabilities		(184,360)	500,285
Net cash flows (used in) operating activities before income tax		**(1,122,217)**	**(752,832)**
Income tax paid		(58,134)	(49,708)
Net cash flows (used in) operating activities		**(1,180,351)**	**(802,540)**
Cash flows from/(used in) investing activities			
Proceeds from sale and redemption of investment securities	7	54,503	625,513
Purchase of investment securities	7	(245,381)	(770,039)
Proceeds from sale of property and equipment	10	-	72
Purchase and prepayments for property and equipment	10	(665)	(27,958)
Purchase and prepayments for intangible assets	12	(1,922)	(16,190)
Net cash (used in) investing activities		**(193,465)**	**(188,602)**
Cash flows from / (used in) financing activities			
Proceeds from debt securities issued	29	1,692,810	701,709
Payment of debt securities	29	(1,506,906)	(658,072)
Finance lease paid	11	(348)	(504)
Payments of dividends		(15,246)	-
Net cash flows from financing activities		**170,310**	**43,133**
Effect of net foreign exchange differences on cash and cash equivalents		99,874	168,651
Inflation effect on cash and cash equivalents		227,450	(234,712)
Net (decrease) / increase in cash and cash equivalents		**(876,182)**	**(1,014,070)**
Cash and cash equivalents, beginning		2,084,293	1,864,132
Cash and cash equivalents in the statement of cash flows		**1,208,111**	**850,062**
Effect of expected losses on cash and cash equivalents	4	(1,994)	(1,795)
Effect of restricted balances and accruals		1,024	321
Cash and cash equivalents in the statement of financial position	**4**	**1,207,141**	**848,588**

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

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

1. Principal activities

PASHA Yatırım Bankası A.Ş. ("the Bank", "PASHA Bank"), set up in Istanbul on 25 December 1987 under the title of Yatırım Bank A.Ş., is the first foreign investment bank in Turkey. With the decision taken by the previous parent of the Bank regarding the sale of its shares in the Bank, a share purchase agreement was signed between the Aksoy Holding A.Ş. and previous parent of the Bank on 13 May 2013. Upon the Banking Regulation and Supervision Agency ("BRSA")'s approval dated 26 June 2013, Aksoy Holding A.Ş. acquired the 99.4689% of the shares of the Bank. PASHA Bank OJSC and Aksoy Holding A.Ş. has agreed on transferring the majority shares of the Bank. Acquisition of TL 28,795 of the Bank's capital by PASHA Bank OJSC and increase the notional amount of in the paid-in capital from TL 80,000 to TL 255,000 upon the acquisition were approved by the BRSA's decision dated 26 December 2014 and numbered 6137. The notional amount of capital increase from TL 80,000 to TL 175,000 has been completed as of 25 February 2015. The notional amount of paid-in capital increase from TL 175,000 to TL 255,000, approval of the share transfer and changing the Bank's title as "PASHA Yatırım Bankası A.Ş." have been approved in the extra ordinary general assembly of the Bank dated 27 January 2015. The change of Bank's title as "PASHA Yatırım Bankası A.Ş." was registered on 2 March 2015 and announced at the Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773. Acquisition of remaining 51,000 shares of Aksoy Holding A.Ş. by PASHA Bank OJSC by increasing PASHA Bank OJSC shares from 79.9196% to 99.9196% has been approved by the BRSA's resolution dated 23 December 2015 and numbered 18038.

In the Extraordinary General Meeting held on 18 May 2018, it was decided that the outstanding TL 255,000 notional amount of paid-in capital will be increased to notional amount of TL 500,000 with cash injection committed by PASHA Holding LLC, and the Articles of Association of the Bank will be revised accordingly. In accordance with the BRSA decision dated 4 May 2018 and numbered 7803, it has been approved that the indirect shareholder PASHA Holding LLC has the right to participate directly by 49% in the Bank. The share capital increase and the total notional amount of paid-in capital TL 500,000 has been registered by Istanbul Trade Registry Chamber on 6 June 2018. The amendments to the Articles of Association of the Bank has been published by Turkish Trade Registry Gazette's copy dated 12 June 2018 and numbered 9598.

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 December 2023.

The shareholder structure of the Bank as of 30 June 2024 and 31 December 2023 is stated below:

	30 June 2024		31 December 2023	
	Capital	**%**	**Capital**	**%**
PASHA Holding LLC	3,065,034	71.75%	3,065,034	71.75%
PASHA Bank OJSC	1,205,051	28.21%	1,205,051	28.21%
Others	1,753	0.04%	1,753	0.04%
	4,271,838	**100.00%**	**4,271,838**	**100.00%**

As of 30 June 2024 and 31 December 2023, the Bank is ultimately owned by Mrs. Leyla Aliyeva, Mrs. Arzu Aliyeva, Mr. Arif Pashayev and Mr. Mir Jamal Pashayev, who exercise collective control over the Group.

The financial statements were authorised for issue by the Board of Directors on 8 August 2024.

2. Basis of preparation

The interim condensed financial statements for the period ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accompanying financial statements are prepared on the historical cost basis as adjusted for the effects of inflation on Turkish Lira at the reporting date based on International Accounting Standard ("IAS") No. 29 "Financial Reporting in Hyperinflationary Economies" except for the monetary assets and liabilities and those assets and liabilities which are measured at fair value.

The interim condensed financial statements are presented in Turkish Lira ("TL") and except as indicated, financial information presented in TL has been rounded to the nearest thousand.

Transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency differences arising on retranslation are recognised in profit or loss.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

2. Basis of preparation *(continued)*

The Bank maintains its books of accounts and prepares its statutory financial statements in accordance with the Banking Law and the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, which refers to Turkish Accounting Standards and Turkish Financial Reporting Standards issued by Public Oversight Accounting and Auditing Standards Authority "POA" and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA") and other relevant rules promulgated by the Turkish Commercial Code, Capital Markets Board and Tax Regulations.

The preparation of interim condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: valuation of over-the-counter ("OTC") derivatives, unlisted securities, retirement benefits obligation, impairment of loans and receivables, provisions for taxes and contingencies from litigation. Actual results in the future may differ from those reported.

Judgements and estimates used in the preparation of the interim condensed financial statements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies.

Financial reporting in hyperinflationary economy

IAS 29 Financial Reporting in Hyperinflation Economies has been applied to the financial statements of the Bank because the functional currency of the bank (Turkish Lira) is the currency of a hyperinflationary economy as per IAS 29.

Since the cumulative three-year inflation rate has risen to above 100% as of March 2022, based on the Turkish nation-wide consumer price indices announced by the TSI, Turkey should be considered a hyperinflationary economy under IAS 29 from 30 April 2022. Consequently, the financial statements of the Bank whose functional currency TL are restated for the changes in the general purchasing power of the Turkish Lira as at 30 June 2024 based on IAS 29. On the application of IAS 29, the Bank used the conversion coefficient derived from Consumer Price Index (CPI) in the Turkey published by Turkey Statistical Institute. CPI is for current and previous year periods and corresponding conversion factors since the time when the Turkey previously ceased to be considered hyperinflationary, i.e., since 1 January 2005, were as follow:

Year/period end	Index Numbers	Index, %	Conversion Factor
2004	113.86	9.32%	20.37
2005	122.65	7.72%	18.91
2006	134.49	9.65%	17.25
2007	145.77	8.39%	15.91
2008	160.44	10.06%	14.46
2009	170.91	6.53%	13.57
2010	181.85	6.40%	12.75
2011	200.85	10.45%	11.55
2012	213.23	6.16%	10.88
2013	229.01	7.40%	10.13
2014	247.72	8.17%	9.36
2015	269.54	8.81%	8.60
2016	292.54	8.53%	7.93
2017	327.41	11.92%	7.08
2018	393.88	20.30%	5.89
2019	440.50	11.84%	5.27
2020	504.81	14.60%	4.59
2021	686.95	36.08%	3.38
2022	1,128.45	64.27%	2.06
June 2023	1,351.59	38.21%	1.72
2023	1,859.38	64.77%	1.25
June 2024	2,319.29	71.60%	1.00

2. Basis of preparation *(continued)*

To perform the required restatement of financial statements under IAS 29, assets and liabilities are separated into those that are monetary and non–monetary, with non–monetary items further divided into those measured on either a current or historical basis. Monetary items (other than index -linked monetary items) are not restated because they are already expressed in terms of measuring unit as of 30 June 2024. Non-monetary items are restated by applying the relevant index. The restated amount of a non-monetary item is reduced, in accordance with appropriate IFRSs, when it exceeds its recoverable amount. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income also be restated by applying the relevant index.

Non-monetary items measured at historical cost that were acquired or assumed and components of shareholders' equity that were contributed or arose before the time when the Turkey previously ceased to be considered hyperinflationary, i.e before 1 January 2005, are restated by applying the change in the relevant index from 1 January 2005 to 30 June 2024.

The application of IAS 29 results in an adjustment for the loss of purchasing power of the Turkish Lira recognized in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of comprehensive income and the adjustment of index linked assets and liabilities.

Corresponding figures for the year ended 31 December 2023 and the period ended 30 June 2023 have also been restated so that they are presented in terms of the purchasing power of the Turkish Lira as of 30 June 2024.

3. Summary of significant accounting policies

3.1 Interest income and expense

Interest income and expense are recognised in the profit or loss using the effective interest method. Interest income is recorded according to the effective interest rate method (rate equal to net present value of future cash flows or financial assets and liabilities) defined in the IFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets.

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. Effective interest rate method is used during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), interest income at subsequent reporting periods is calculated by applying the effective interest rate over gross amount.

Interest income and expense presented in the statement of comprehensive income include the interest income on financial assets and liabilities carried at amortized cost on an effective interest rate basis and the interest income on held for trading investments and fair value through other comprehensive income investments.

3.2 Fees and commissions

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 IFRS 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.

3. Summary of significant accounting policies *(continued)*

3.3 Net trading income

Net trading income comprises gains less loss related to derivative financial and liabilities and includes all realised and unrealised fair value changes and interest. Any realised or unrealised fair value changes and interest of derivative financial assets and liabilities are recorded as trading income.

3.4 Taxation

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

The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. The corporate tax rate is 30% for the corporate income for the taxation period.

Deferred tax asset or liability is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and currently enacted tax rates are used to determine deferred tax on income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the income statement as expense or income. Moreover, if the deferred tax is related to items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity. Deferred tax assets and liabilities are also offset.

3.5 Financial instruments

The Bank categorises its financial assets as “Financial Assets at Fair Value Through Profit/Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” and “Financial Assets Measured at Amortized Cost”. Such financial assets are recognized or derecognized according to the principles defined in section three of “IFRS 9 Financial Instruments” standard, issued for classification and measurement of the financial instruments. 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.

IFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

Classification and measurement of financial assets

According to IFRS 9 requirements, classification and measurement of the financial assets depend on two fundamental criteria:

- The business model within financial assets are managed and
- The features of contractual cash flow; whether contractual cash flows are based on solely payments of principal and interest or not

Assessment for the business model:

The business model of the Bank represents how the Bank manages its financial assets for generating cash flows. The business model specifies whether cash flows arise from the collection of contractual cash flows or the sale of financial assets, or both. This assessment is based on scenarios the Bank expects to reasonably occur.

3. Summary of significant accounting policies *(continued)*

3.5 Financial instruments *(continued)*

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making such assessment, the Bank considers contingent events that would change the amount and timing of cash flows, conditions that limit the Bank's claim to cash flows, prepayments and extension terms and features that modify consideration for the time value of money. Such assessments are also briefly defined as contractual cash flow characteristics test.

The Bank fulfils the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

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 can be measured are carried 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 amortised 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.

3. Summary of significant accounting policies *(continued)*

3.5 Financial instruments *(continued)*

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 Amortised Cost" account.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities. Financial liabilities, including funds borrowed, securities issued, customer accounts and money market payables are initially measured at fair value, net of transaction costs. Such financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date which a derivative contract is entered into and subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are recognised in profit or loss.

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

3.6 Expected credit losses

The Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost and fair value through other comprehensive income and non-cash loans in accordance with IFRS 9. IFRS 9 introduces a forward-looking expected credit loss (ECL) approach, which is intended to result in an earlier recognition of credit losses based on an ECL impairment approach compared with the incurred-loss impairment approach for financial instruments under IAS 39, Financial Instruments: Recognition and Measurement and the loss-provisioning approach for financial guarantees and loan commitments.

At each reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. The Bank considers the changes in the default risk of financial instrument, when making the assessment.

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

Stage 3: Financial assets considered as impaired at the reporting date are classified as stage 3. The probability of default is taken into account as 100% in the calculation of impairment provision and the Bank accounts lifetime expected credit losses. In determining the impairment, the Bank takes into consideration the following criteria:

Furthermore, 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.

The Bank measured expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations regarding time value of money, past events, current conditions and future economic conditions as of the reporting date, without undue cost or effort. The calculation of expected credit losses consists of three main parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

3. Summary of significant accounting policies *(continued)*

3.6 Expected credit losses *(continued)*

Prior to 1 January 2018, the Bank did not have any default history track and no historical data for assumptions of PD and LGD. The Bank uses Moody's global default rates corresponding to the ratings of external / internal rating of lenders when there are default probabilities (PDs) to be used to calculate ECLs. The recovery rates of collateralized loss (LGD) rates are calculated taking into account the specific coefficients. Credit risks carried outside of the statement of financial position is included in the ECL calculation using a specific credit conversion rate. Such ECL calculation is modelled taking into Basel criteria.

With the adoption of IFRS 9, the Bank calculates PD, LGD, EAD (Exposure at default) and ECL (expected credit losses) for each financial asset, rather than group or portfolio basis. PDs are determined by the bank based on internal rating scores calculated by in-house built up model for corporate loans and financial customers other than banks. For banks and sovereign risk, ratings given by the internationally accepted independent rating institutions are used as basis for ECL calculation. The Bank's policy is to use standard PDs published by international rating agencies as Through the Cycle PDs and calibrate them to obtain 1 year Point in Time by considering forward looking approach. The PDs in Stage 1 and Stage 2 are considered using the linear projection method (interpolation) for the remaining period of existence of quarters. The Bank would use the same model for stage 2 loans when exists with using life-time PDs. Further; PDs will be %100 for stage 3 loans when there will be non-performing loans. For non-cash loans, prior to calculating EAD, cash equivalent risk exposures are calculated by a credit conversion factor (CCF). Credit Conversion Factors are determined based on the ratios specified in the "Capital Adequacy Regulation" set by BRSA, local regulator. The present value of the ECLs are then calculated using the effective interest rates of the related financial assets.

The PD represents the likelihood of a default over a specified time period. A 12-month PD represents the likelihood of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. The lifetime PD calculation is based on a series of 12-month PIT PDs that are derived from TTC PDs and scenario forecasts.

Exposure at Default ("EAD")

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals, discounted at the effective interest rate. Future drawdowns on facilities are considered through a credit conversion factor (CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios.

The Bank defines EAD with following terms while summing up to express the total exposure:

- Accrued interest and principal at reporting date;
- Possible interest costs during the post-default lifecycle, if interest calculations are not stopped at default date (normally, we accept one-year horizon);
- Contractual future penalties that might increase the value of the borrower's liability during the post-default year

Calculating the Expected Loss Period

Lifetime ECL is calculated by considering maturity extensions, repayment options and the period during which the Parent Bank will be exposed to credit risk. The time in financial guarantees and other irrevocable commitments represents the credit maturity for which the liabilities of the Bank.

Significant increase in credit risk

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as stage 2 (Significant Increase in Credit Risk).

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD, it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2.

3. Summary of significant accounting policies *(continued)*

3.6 Expected credit losses *(continued)*

Forward-looking information and multiple economic scenarios

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- Gross Domestic Product;
- Turkey 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.

Based on three-year expectations on NPL and gross domestic product, PD table is calibrated. Economic changes show its influence to the rating score and PD estimates across industries for the three years period forward at least. It will be an extensive channel to the rating factors and PD estimates from the forecasted indicators written sourced from the strategy.

3.7 Derecognition of financial instruments

Derecognition of financial assets due to change in contractual terms

Based on IFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset could lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a ‘new’ financial asset. When the Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

Derecognition of financial assets without any change in contractual terms

The Bank derecognizes the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

Derecognition of financial liabilities

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

3. Summary of significant accounting policies *(continued)*

3.8 Property and equipment

All property and equipment are carried at cost as adjusted for the effects of inflation on Turkish Lira at the reporting data less accumulated depreciation and accumulated impairment losses if any. Depreciation is calculated over the adjusted cost for the effects of inflation on Turkish Lira of property and equipment using the straight-line method. The useful lives are stated below:

	Useful Life
Buildings	50 years
Furniture and fixtures	5-10 years
Computer and Other Equipment	3-10 years
Other Equipment	3-15 years
Vehicles	5 years

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 impairment losses is charged to the income statement.

Property and equipment are not subject to valuation such that fair value is presented in the financial statements.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

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

There is no pledge, mortgage or commitment on the Bank’s property and equipment.
The Bank expects no change with respect to accounting estimates that have significant impact on the current period or may have significant impact on the following periods.

3.9 Intangible assets

Intangible assets are recognized for at their cost as adjusted for the effects of inflation on Turkish Lira at the reporting data less accumulated amortization. Subsequently, intangible assets are carried at the adjusted cost for the effects of inflation on Turkish Lira after the deduction of accumulated amortization and the impairment losses, if any.

Intangibles are amortised over their estimated useful lives of three to five years using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit of the assets.

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

3.10 Investment property

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 as adjusted for the effects of inflation on Turkish Lira, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost as adjusted for the effects of inflation on Turkish Lira at the reporting data 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.

3. Summary of significant accounting policies *(continued)*

3.11 Leases

Assets acquired under 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 right of use assets and depreciation is charged on a straight-line basis over the useful life of these assets. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognised. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement.

The Bank can engage in 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 records most leases on-balance sheet except its short term leases and its low value assets accordance with as IFRS 16 Leases.

3.12 Provisions

Provisions and contingent liabilities except for the financial instruments within the scope of the IFRS 9 or the provisions recognised in accordance with other standards such as IAS 12 and IAS 19 are accounted in accordance with the "IAS 37 Standard for Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized when the Bank has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.13 Employee benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Bank. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation.

Profit-sharing and bonus plans

The Bank recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

The Bank has a bonus policy which depends on the profitability and each employee's performance. When certain performance criteria are met during the year, the Bank recognises a bonus provision for that year.

3.14 Fiduciary and trust activities

The Bank provides fiduciary and trust services to individuals and other institutions, whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Bank receives fee income for providing these services. Trust assets held by the Bank in a fiduciary, agency or custodian capacity for its customers are not recognized in the financial statements, since such items are not as assets of the Bank. The Bank is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

4. Cash and cash equivalents

	30 June 2024	31 December 2023
Current accounts with the Central Bank of the Republic Turkey (CBRT)	583,276	1,095,832
Time deposits with credit institutions up to 3 months	487,218	875,542
Current accounts with other credit institutions	138,544	115,588
Cash on hand	97	90
Reverse repurchase agreements with credit institutions up to 3 months	-	-
Less: allowance for impairment	(1,994)	(3,663)
	1,207,141	**2,083,389**

As of 30 June 2024 and 31 December 2023, all the cash and cash equivalents are allocated to Stage 1 in accordance with IFRS 9. An analysis of changes in the ECL allowances during the year is, as follows:

	30 June 2024	31 December 2023
ECL allowance as of 1 January	(3,663)	(987)
The effect of inflation on the beginning balance and current transactions adjustments	659	2,417
Changes in ECL	1,010	(5,093)
	(1,994)	**(3,663)**

As of 30 June 2024, the interest rates for time deposits are 5.5% for USD balances and 3.5%- 3.9% for EUR balances (31 December 2023: 5.5% for USD balances).

5. Amounts due from credit institutions

	30 June 2024	31 December 2023
Obligatory reserve with the Central Bank of the Republic Turkey (CBRT)	929,863	940,584
Restricted deposits	131,613	147,353
Less: allowance for impairment	(1,787)	(1,980)
	1,059,689	**1,085,957**

As of 30 June 2024 and 31 December 2023, all the reserve requirements are allocated to Stage 1 in accordance with IFRS 9.

The reserve rates for TL liabilities vary between 0% and 12% for TL deposits and other liabilities according to their maturities as of 30 June 2024 (31 December 2023: 0% and 8% for TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 30% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2024 (31 December 2023: 5% and 30% for foreign currency liabilities).

An analysis of changes in the gross carrying values from credit institutions as of 30 June 2024 and 31 December 2023 are as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as of 1 January 2024	**1,087,937**	**-**	**-**	**1,087,937**
The effect of inflation on the beginning balance and current transactions adjustments	(246,048)	-	-	(246,048)
New assets originated or purchased	282,128	-	-	282,128
Assets repaid	(187,503)	-	-	(187,503)
Foreign exchange adjustments	124,962	-	-	124,962
Gross carrying value as of 30 June 2024	**1,061,476**	**-**	**-**	**1,061,476**

	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as of 1 January 2023	**1,461,753**	**-**	**-**	**1,461,753**
The effect of inflation on the beginning balance and current transactions adjustments	(832,257)	-	-	(832,257)
New assets originated or purchased	1,555,504	-	-	1,555,504
Assets repaid	(1,901,407)	-	-	(1,901,407)
Foreign exchange adjustments	804,344	-	-	804,344
Gross carrying value as of 31 December 2023	**1,087,937**	**-**	**-**	**1,087,937**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

5. Amounts due from credit institutions *(continued)*

An analysis of changes in ECL allowance on amounts from credit institutions as of 30 June 2024 and 31 December 2023 are as follows:

	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2024	**(1,980)**	**-**	**-**	**(1,980)**
The effect of inflation on the beginning balance and current transactions adjustments	539	-	-	539
New assets originated or purchased	(802)	-	-	(677)
Assets repaid	343	-	-	331
Changes to models and inputs used for ECL calculations	113	-	-	113
ECL as of 30 June 2024	**(1,787)**	**-**	**-**	**(1,787)**

	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2023	**(3,009)**	**-**	**-**	**(3,009)**
The effect of inflation on the beginning balance and current transactions adjustments	1,284	-	-	1,284
New assets originated or purchased	(9,525)	-	-	(9,525)
Assets repaid	9,270	-	-	9,270
ECL as of 31 December 2023	**(1,980)**	**-**	**-**	**(1,980)**

6. Financial assets at fair value through profit or loss

	30 June 2024	31 December 2023
Mutual funds participation certificates	86,301	113,013
	86,301	**113,013**

As of 30 June 2024, total remaining commitments amount for the mutual funds is TL 6,323 (31 December 2023 - TL 10,157).

7. Investment Securities

	30 June 2024	31 December 2023
Debt securities at FVOCI		
Turkish government bonds	134,852	120,083
Bonds of financial institutions	46,640	47,397
Corporate bonds	-	-
	181,492	**167,480**
Equity securities at FVOCI		
Investment in Kredi Garanti Fonu A.Ş.	7,659	9,553
	189,151	**177,033**

	30 June 2024	31 December 2023
Debt securities at amortized cost		
Bonds of financial institutions	610,127	505,991
Turkish government bonds	528,428	643,589
Corporate bonds	29,708	33,233
	1,168,263	**1,182,813**
Less: allowance for impairment	(19,208)	(22,192)
	1,149,055	**1,160,621**

The details of securities pledged under repurchase of investment securities of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
Debt securities at FVOCI		
Securities pledged under repurchase agreements	2,578	82,426
Debt securities at amortized cost		
Securities pledged under repurchase agreements	638,290	932,234
	640,868	**1,014,660**

All balances of investment securities are allocated to Stage 1.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

7. Investment Securities *(continued)*

The interest rate range and the latest maturity of investment securities as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	Interest Rate Range %	**Latest Maturity**	**Interest Rate Range %**	**Latest Maturity**
Debt securities at FVOCI				
Turkish government bonds in TRY	1.5%-37.0%	Feb 2026	1.5-25.2%	Oct 2025
Bonds of financial institutions in TRY	11.5%-59.5%	Oct 2027	11.5%-59.5%	Oct 2027
Bonds of financial institutions in USD	8.0%	Nov 2028	8.0%	Nov 2028
Corporate bonds in TRY	-	-	-	-
Debt securities at amortized cost				
Turkish government bonds in USD	6.4%-7.4%	Oct 2025	5.8%-7.8%	Oct 2025
Bonds of financial institutions in USD	5.4%-9.5%	Mar 2029	5.4%-9.5%	Mar 2029
Corporate bonds in USD	5.0%	Nov 2024	5.0%	Nov 2024

An analysis of changes in the gross carrying values in relation to debt securities at FVOCI and at amortized cost are as follows:

	Stage 1	Stage 2	Stage 3	Total
Debt securities and equity securities at FVOCI				
Gross carrying value as of 1 January 2024	**177,033**	**-**	**-**	**177,033**
The effect of inflation on the beginning balance and current transactions adjustments	(29,435)	-	-	(29,435)
New assets originated or purchased	83,902	-	-	83,902
Assets repaid	(2,916)	-	-	(2,916)
Unwinding of discount (recognised in interest revenue)[1]	(28,598)	-	-	(28,598)
Change at fair value	(12,704)	-	-	(12,704)
Foreign exchange adjustments	1,869	-	-	1,869
Gross carrying value as of 30 June 2024	**189,151**	**-**	**-**	**189,151**

	Stage 1	Stage 2	Stage 3	Total
Debt securities and equity securities at FVOCI				
Gross carrying value as of 1 January 2023	**131,983**	**-**	**-**	**131,983**
The effect of inflation on the beginning balance and current transactions adjustments	(65,093)	-	-	(65,093)
New assets originated or purchased	604,743	-	-	604,743
Assets repaid	(510,950)	-	-	(510,950)
Unwinding of discount (recognised in interest revenue)[1]	33,600	-	-	33,600
Change at fair value	(23,993)	-	-	(23,993)
Foreign exchange adjustments	6,743	-	-	6,743
Gross carrying value as of 31 December 2023	**177,033**	**-**	**-**	**177,033**

[1] The amounts represent for the change in interest accruals.

	Stage 1	Stage 2	Stage 3	Total
Debt securities at amortized cost				
Gross carrying value as of 1 January 2024	**1,182,813**	**-**	**-**	**1,182,813**
The effect of inflation on the beginning balance and current transactions adjustments	(262,501)	-	-	(262,501)
New assets originated or purchased	161,479	-	-	161,479
Assets repaid	(51,587)	-	-	(51,587)
Unwinding of discount (recognised in interest revenue)[1]	3,569	-	-	3,569
Foreign exchange adjustments	134,490	-	-	134,490
Gross carrying value as of 30 June 2024	**1,168,263**	**-**	**-**	**1,168,263**

	Stage 1	Stage 2	Stage 3	Total
Debt securities at amortized cost				
Gross carrying value as of 1 January 2023	**938,514**	**-**	**-**	**938,514**
The effect of inflation on the beginning balance and current transactions adjustments	(659,819)	-	-	(659,819)
New assets originated or purchased	355,882	-	-	355,882
Assets repaid	(79,231)	-	-	(79,231)
Unwinding of discount (recognised in interest revenue)[1]	13,178	-	-	13,178
Foreign exchange adjustments	614,289	-	-	614,289
Gross carrying value as of 31 December 2023	**1,182,813**	**-**	**-**	**1,182,813**

[1] The amounts represent for the change in interest accruals.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

7. Investment Securities *(continued)*

An analysis of changes in ECLs in relation to debt securities at FVOCI and at amortized cost are as follows:

	Stage 1	Stage 2	Stage 3	Total
Debt securities at FVOCI				
ECL as of 1 January 2024	**(3,008)**	**-**	**-**	**(3,008)**
The effect of inflation on the beginning balance and current transactions adjustments	628	-	-	628
New assets originated or purchased	(721)	-	-	(721)
Asset repaid	17	-	-	17
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	222	-	-	222
ECL as of 30 June 2024	**(2,861)**	**-**	**-**	**(2,861)**

	Stage 1	Stage 2	Stage 3	Total
Debt securities at FVOCI				
ECL as of 1 January 2023	**(1,906)**	**-**	**-**	**(1,906)**
The effect of inflation on the beginning balance and current transactions adjustments	1,972	-	-	1,972
New assets originated or purchased	(12,931)	-	-	(12,931)
Asset repaid	9,533	-	-	9,533
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	324	-	-	324
ECL as of 31 December 2023	**(3,008)**	**-**	**-**	**(3,008)**

	Stage 1	Stage 2	Stage 3	Total
Debt securities at amortized cost				
ECL as of 1 January 2024	**(22,192)**	**-**	**-**	**(22,192)**
The effect of inflation on the beginning balance and current transactions adjustments	4,501	-	-	4,501
New assets originated or purchased	(3,658)	-	-	(3,658)
Asset repaid	622	-	-	622
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	1,519	-	-	1,519
ECL as of 30 June 2024	**(19,208)**	**-**	**-**	**(19,208)**

	Stage 1	Stage 2	Stage 3	Total
Debt securities at amortized cost				
ECL as of 1 January 2023	**(18,337)**	**-**	**-**	**(18,337)**
The effect of inflation on the beginning balance and current transactions adjustments	14,532	-	-	14,532
New assets originated or purchased	(21,797)	-	-	(21,797)
Asset repaid	1,749	-	-	1,749
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	1,661	-	-	1,661
ECL as of 31 December 2023	**(22,192)**	**-**	**-**	**(22,192)**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

8. Loans to customers

	30 June 2024	31 December 2023
Corporate customers	6,066,036	7,025,401
Individuals	10,685	12,177
Gross loans to customers at amortised cost	**6,076,721**	**7,037,578**
Less: allowance for impairment	(60,321)	(71,641)
	6,016,400	**6,965,937**

Finance lease receivables included in corporate lending portfolio and the analysis of the gross finance lease receivables and the unearned future finance income are as follows:

	30 June 2024			31 December 2023		
	Gross	Unearned	Net	Gross	Unearned	Net
Up to 1 year	588,725	(109,840)	478,885	869,339	(192,357)	676,982
1 to 5 years	707,280	(70,243)	637,037	839,183	(114,304)	724,879
Over 5 years	-	-	-	-	-	-
	1,296,005	**(180,083)**	**1,115,922**	**1,708,522**	**(306,661)**	**1,401,861**

The breakdown of loans to customers is as follows:

	30 June 2024	31 December 2023
Non-banking credit organizations	2,212,280	2,038,939
Energy	1,142,589	1,862,921
Trade and services	643,736	611,862
Tourism	484,430	676,559
Manufacturing	437,853	168,228
Construction	345,935	947,821
Rental services	277,969	235,128
Transport and telecommunication	231,723	170,270
Other	300,206	325,850
	6,076,721	**7,037,578**

An analysis of changes in the gross carrying value and corresponding ECL are as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as of 1 January 2024	**6,945,742**	**74,639**	**17,197**	**7,037,578**
The effect of inflation on the beginning balance and current transactions adjustments	(1,998,035)	(13,496)	(6,975)	(2,018,506)
New assets originated or purchased	4,668,456	16,162	25	4,684,643
Assets repaid (excluding write-offs)	(4,020,841)	(26,711)	(8,786)	(4,056,338)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(39,307)	(26,756)	66,063	-
Amounts written off	-	-	(15,079)	(15,079)
Foreign exchange adjustments	444,423	-	-	444,423
Gross carrying value as of 30 June 2024	**6,000,438**	**23,838**	**52,445**	**6,076,721**

	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2024	**(32,708)**	**(21,736)**	**(17,197)**	**(71,641)**
The effect of inflation on the beginning balance and current transactions adjustments	7,027	3,097	3,977	14,101
New assets originated or purchased	(21,614)	(293)	(9,976)	(31,883)
Assets repaid	10,773	538	-	11,311
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	15	17,963	(17,978)	-
Amounts written off	-	-	15,079	15,079
Changes to models and inputs used for ECL calculations	2,683	29	-	2,712
Foreign exchange adjustments	-	-	-	-
ECL as of 30 June 2024	**(33,824)**	**(402)**	**(26,095)**	**(60,321)**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

8. Loans to customers *(continued)*

	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as of 1 January 2023	**7,187,711**	**255,493**	**34,126**	**7,477,330**
The effect of inflation on the beginning balance and current transactions adjustments	(3,628,769)	(66,994)	(12,457)	(3,708,220)
New assets originated or purchased	9,500,691	104,932	-	9,605,623
Assets repaid (excluding write-offs)	(8,655,651)	(238,061)	(389)	(8,894,101)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	4,083	(4,083)	-
Transfers to Stage 3	-	-	-	-
Foreign exchange adjustments	2,541,760	15,186	-	2,556,946
Gross carrying value as of 31 December 2023	**6,945,742**	**74,639**	**17,197**	**7,037,578**

	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2023	**(55,144)**	**(52,229)**	**(34,050)**	**(141,423)**
The effect of inflation on the beginning balance and current transactions adjustments	21,175	13,938	11,090	46,203
New assets originated or purchased	(26,915)	(18,567)	-	(45,482)
Assets repaid	25,564	40,856	-	66,420
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(5,763)	5,763	-
Changes to models and inputs used for ECL calculations	2,612	29	-	2,641
Foreign exchange adjustments	-	-	-	-
ECL as of 31 December 2023	**(32,708)**	**(21,736)**	**(17,197)**	**(71,641)**

9. Investment Property

	30 June 2024	31 December 2023
Opening balance	**975,563**	**706,103**
Additions	-	-
Amortisation for the period	(3,667)	(5,955)
Impairment (losses)/reversal	24,182	139,418
Transfers,net	-	135,997
Closing balance	**996,078**	**975,563**

As of 30 June 2024, the fair value of the investment property is TL 996,078 according to reports of the accredited independent companies (31 December 2023: TL 975,563).

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

10. Property and equipment

	Land	Buildings	Furniture and fixtures	Computers and other equipment	Vehicles	Other equipment	Total
Cost							
1 January 2023	**345,751**	**225,605**	**17,499**	**26,116**	**9,142**	**7,865**	**631,978**
Additions	-	22,115	3,989	2,028	-	2,877	31,009
Disposals	-	-	-	(419)	-	-	(419)
Transfers	(92,349)	(45,539)	-	-	-	-	(137,888)
31 December 2023	**253,402**	**202,181**	**21,488**	**27,725**	**9,142**	**10,742**	**524,680**
Additions	-	-	5	414	-	246	665
Disposals	-	-	-	(10)	-	-	(10)
30 June 2024	**253,402**	**202,181**	**21,493**	**28,129**	**9,142**	**10,988**	**525,335**
Accumulated Depreciation							
1 January 2023	**(108,859)**	**(67,499)**	**(10,077)**	**(17,699)**	**(6,612)**	**(3,632)**	**(214,378)**
Additions	-	(2,871)	(3,535)	(3,879)	(1,764)	(1,164)	(13,213)
Disposals	-	-	-	69	-	-	69
Transfers	-	1,891	-	-	-	-	1,891
Impairment (losses)/reversal	22,909	24,511	-	-	-	-	47,420
31 December 2023	**(85,950)**	**(43,968)**	**(13,612)**	**(21,509)**	**(8,376)**	**(4,796)**	**(178,211)**
Additions	-	(1,835)	(1,893)	(1,261)	(545)	(636)	(6,170)
Disposals	-	-	-	10	-	-	10
Transfers	-	-	-	-	-	-	-
Impairment (losses)/reversal	1,450	8,899	-	-	-	-	10,349
30 June 2024	**(84,500)**	**(36,904)**	**(15,505)**	**(22,760)**	**(8,921)**	**(5,432)**	**(174,022)**
Net Book Value							
31 December 2023	**167,452**	**158,213**	**7,876**	**6,216**	**766**	**5,946**	**346,469**
30 June 2024	**168,902**	**165,277**	**5,988**	**5,369**	**221**	**5,556**	**351,313**

11. Right of use assets and lease liabilities

	Right of use assets	Lease liabilities
Opening balance at 1 January 2024	**1,199**	**605**
The effect of inflation on the beginning balance and current transactions adjustments	-	(134)
Additions	391	391
Disposals and write offs, net	-	-
Depreciation expense	(484)	-
Interest expense	-	78
Payments	-	(348)
Foreign exchange adjustments	-	-
Closing balance at 30 June 2024	**1,106**	**592**
Opening balance at 1 January 2023	**2,440**	**1,800**
The effect of inflation on the beginning balance and current transactions adjustments	-	(565)
Additions	107	79
Disposals and write offs, net	-	-
Depreciation expense	(1,348)	-
Interest expense	-	160
Payments	-	(869)
Foreign exchange adjustments	-	-
Closing balance at 31 December 2023	**1,199**	**605**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

12. Intangible assets

	Computer software	Total
Cost		
1 January 2023	**97,403**	**97,403**
Additions	23,012	23,012
Disposals	-	-
31 December 2023	**120,415**	**120,415**
Additions	1,922	1,922
Disposals	-	-
30 June 2024	**122,337**	**122,337**
Accumulated Amortisation		
1 January 2023	**(61,049)**	**(61,049)**
Additions	(16,230)	(16,230)
Disposals	-	-
31 December 2023	**(77,279)**	**(77,279)**
Additions	(8,639)	(8,639)
Disposals	-	-
30 June 2024	**(85,918)**	**(85,918)**
Net Book Value		
31 December 2023	**43,136**	**43,136**
30 June 2024	**36,419**	**36,419**

13. Other assets and liabilities

	30 June 2024	31 December 2023
Other financial assets		
Clearance cheque accounts[1]	15,894	9,222
Other receivables	3,726	1,458
	19,620	**10,680**
Less: allowance for impairment of other financial assets	-	-
Total other financial assets	**19,620**	**10,680**
Other non-financial assets		
Prepayments	22,071	16,416
Collaterals given	160	200
Other non-financial assets	56	110
Total other non-financial assets	**22,287**	**16,726**
Other assets	**41,907**	**27,406**

[1] Amount consists of collateral cheques received from customers and submitted to settlement and custody bank.

As of 30 June 2024 and 31 December 2023, all the financial assets are allocated to Stage 1 in accordance with IFRS 9.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

13. Other assets and liabilities *(continued)*

	30 June 2024	31 December 2023
Other financial liabilities		
Clearance cheque accounts[1]	15,894	9,222
Accrued expenses	2,211	3,567
Payable to suppliers	3,118	5,112
Other financial liabilities	491	1,569
Total other financial liabilities	**21,714**	**19,470**
Other non-financial liabilities		
Deferred income	6,984	9,931
Other non-financial liabilities	-	3,521
Total other non-financial liabilities	**6,984**	**13,452**
Other liabilities	**28,698**	**32,922**

[1] Amount consists of collateral cheques received from customers and submitted to settlement and custody bank.

14. Amounts due to banks and financial institutions

	30 June 2024	31 December 2023
Short Term		
Foreign banks and financial institutions	1,903,638	3,083,772
Domestic banks and financial institutions	879,798	1,067,953
	2,783,436	**4,151,725**
Long Term		
Foreign banks and financial institutions	1,916,640	2,061,286
Domestic banks and financial institutions	-	-
	1,916,640	**2,061,286**
	4,700,076	**6,213,011**

The interest rate range and the latest maturity of amounts due to banks and financial institutions of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	Interest Rate Range %	Latest Maturity	Interest Rate Range %	Latest Maturity
Domestic banks and financial institutions in TRY	49.5%-52.9%	Jul 2024	42.5-43.5%	Jan 2024
Domestic banks and financial institutions in EUR	4.2%-4.8%	Jul 2024	4.0%	Jan 2024
Domestic banks and financial institutions in USD	6.0%	Jul 2024	7.5-8.0%	Jan 2024
Foreign banks and financial institutions in TRY	48.0%-53.0%	Sep 2024	30.0%-44.0%	Jan 2024
Foreign banks and financial institutions in USD	5.3%-7.6%	Mar 2026	5.3%-7.5%	Mar 2026
Foreign banks and financial institutions in EUR	3.5%-6.0%	Jun 2025	3.5%-6.0%	Dec 2024

15. Amounts due to customers

	30 June 2024	31 December 2023
Demand deposits	307,595	642,353
Time deposits	758,941	359,206
	1,066,536	**1,001,559**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

15. Amounts due to customers *(continued)*

An analysis of customers by economic sectors is as follows:

	30 June 2024	31 December 2023
Holding companies	492,896	416,893
Individuals	172,404	187,553
Transport and telecommunication	112,873	54,061
Non-banking credit organizations	87,931	12,881
Manufacturing	34,487	8,689
Tourism	30,447	79,128
Rental services	26,661	1,225
Energy	19,267	40,292
Construction	17,533	18,914
Trade and services	17,254	177,113
Agriculture	118	863
Other	54,665	3,947
	1,066,536	**1,001,559**

16. Money market deposits

	30 June 2024	31 December 2023
Through repo transaction	464,661	752,206
Through Takasbank	552,359	588,843
	1,017,020	**1,341,049**

The interest rate range and the latest maturity of money market as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	Interest Rate Range %	Latest Maturity	Interest Rate Range %	Latest Maturity
Money market deposits in TRY	40.0%-53.0%	Jun 2025	42.5%-43.1%	Jun 2024
Money market deposits in USD	0.1%-5.8%	Mar 2026	0.1%-5.8%	Jun 2024
Money market deposits in EUR	0.1%-3.8%	Jun 2025	0.1%-4.5%	Jun 2024

17. Debt securities issued

	30 June 2024	31 December 2023
Debt securities issued in FC	824,877	919,425
Debt securities issued in TL	331,189	188,161
	1,156,066	**1,107,586**

The interest rate range and the latest maturity of debt securities issued as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	Interest Rate Range %	Latest Maturity	Interest Rate Range %	Latest Maturity
Debt securities issued in TRY	51.5%-56.0%	Sep 2024	37.0%-42.5%	Feb 2024
Debt securities issued in USD	6.19%	Dec 2025	5.8%	Jun 2024

18. Derivative financial instruments

The Bank enters into derivative financial instruments for trading purposes. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

	30 June 2024			31 December 2023		
	Notional amount	Fair Values		Notional amount	Fair Values	
		Asset	Liability		Asset	Liability
Forwards – domestic	109,976	46	(8)	424,145	49	(37)
Forwards – foreign	31,547	224	-	-	-	-
Swaps – domestic	281,102	-	(66)	567,364	1,495	-
Swaps – foreign	-	-	-	-	-	-
	422,625	**270**	**(74)**	**991,509**	**1,544**	**(37)**

The Bank's derivative financial instruments comprise of OTC derivatives.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

19. Provisions

The principal components of provisions are as follows:

	30 June 2024	31 December 2023
Bonus provision	12,000	35,778
Expected credit losses from non-cash loans	10,223	11,709
Vacation pay liability	1,862	1,572
Employee termination benefits	1,126	783
Other	200	249
	25,411	**50,091**

Expected credit losses from non-cash loans

An analysis of changes in the ECLs from non-cash loans as of 30 June 2024 and 31 December 2023 are as follows

	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2024	**(11,166)**	**(543)**	**-**	**(11,709)**
The effect of inflation on the beginning balance and current transactions adjustments	2,292	90	-	2,382
New exposures	(4,421)	-	-	(4,421)
Exposures derecognised or matured (excluding write-offs)	2,470	252	-	2,722
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to inputs used for ECL calculations	798	5	-	803
ECL as of 30 June 2024	**(10,027)**	**(196)**	**-**	**(10,223)**

	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2023	**(12,657)**	**(2,251)**	**-**	**(14,908)**
The effect of inflation on the beginning balance and current transactions adjustments	7,282	339	-	7,621
New exposures	(8,325)	(6)	-	(8,331)
Exposures derecognised or matured (excluding write-offs)	2,331	1,346	-	3,677
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to inputs used for ECL calculations	203	29	-	232
ECL as of 31 December 2023	**(11,166)**	**(543)**	**-**	**(11,709)**

Provision for defined benefit plans

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government.

These payments are qualified as recognized retirement benefit plan according to revised IAS 19 Employee Benefits. Severance payment liability recognized in the balance sheet is calculated according to net present value of expected amount in the future arising from all employees' retirements and presented in the financial statements.

Other benefits to employees

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with the IAS 19 - Employee Benefits in the accompanying financial statements.

20. Taxation

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

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

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

20. Taxation *(continued)*

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related to Income Tax and Corporate Tax liabilities.

The balance resulting from netting off prepaid taxes and the corporate tax provision is shown in the current tax asset or liability as being positive or negative, respectively.

As of 31 December 2022, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting period including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law No. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law No. 7352 published in the Official Gazette No.31734 dated 29 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023.

According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, were not subject to inflation adjustment, and for the 2023 accounting period; were not subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 were not subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements were presented in previous years' profit/loss accounts and did not affect the corporate tax base.

In accordance with the Tax Procedural Law General Communiqué No. 555 published in the Official Gazette No. 32415 (2nd Repeat) dated 30 December 2023, the financial statements for the 2023 accounting period must be subject to inflation adjustment in accordance with the temporary article 33 of the Law No. 213 as of the end of the 2023 calendar year. In addition, the profit/loss difference arising from the inflation adjustment made by the banks in the 2024 and 2025 accounting periods, including the provisional tax periods, is not taken into account in determining the profit.

In accordance with IAS 12 "Turkish Accounting Standard on Income Taxes" the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences, if sufficient taxable profit within five-year period to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences.

The book value of the deferred tax asset is reviewed at the end of each reporting period. The book value of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient financial profit will be available to allow the benefit of part or all of the deferred tax asset to be obtained.

If the deferred tax transactions and other issues are recognized (accounted) in profit and loss, related tax effects are recognized in profit and loss. On the other hand, if the deferred tax transactions and other issues are recognized (accounted) in equity accounts, related tax effects are also recognized (accounted) in equity accounts.

Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet.

In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

The current tax assets comprises:

	30 June 2024	**31 December 2023**
Current tax assets	-	5,539
	-	**5,539**

The current tax and other tax liabilities comprises:

	30 June 2024	**31 December 2023**
Current income tax liability	44,340	27,841
Banking insurance transactions tax liability	3,800	2,994
Value added tax liability	2,395	1,109
Social security premiums payable	1,163	3,741
Other taxes, duties and premiums payable	4,327	3,780
	56,025	**39,465**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

20. Taxation (continued)

The corporate income tax expense comprises:

	30 June 2024	30 June 2023
Current tax charge	(76,498)	(64,718)
Deferred tax (charge) − origination and reversal of temporary differences	(14,358)	(40,226)
Less: deferred tax recognised in other comprehensive income	(4,428)	(492)
Income tax expense	**(95,284)**	**(105,436)**

Deferred tax related to items charged or credited to other comprehensive income is as follows:

	30 June 2024	30 June 2023
Net gains/ (losses) on investment securities FVOCI	4,428	492
Income tax charge to other comprehensive income	**4,428**	**492**

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

	30 June 2024	30 June 2023
Profit before income tax expense	92,305	127,204
Statutory tax rate	30%	25%
Theoretical tax expense at the statutory rate	**(27,692)**	**(31,801)**
Tax effect of non-deductible expenses	(3,772)	(150)
Tax effect of tax-exempt income	4,661	848
Tax effects of deferred tax rate differences	-	-
Inflation adjustments (permanent difference)	(68,481)	(74,333)
Income tax expense	**(95,284)**	**(105,436)**

Deferred tax assets and liabilities and their movements are as follows:

		Origination and reversal of temporary differences			*Origination and reversal of temporary differences*		
	31 December 2022	*In the statement of profit or loss*	*In other compre-hensive income*	*31 December 2023*	*In the statement of profit or loss*	*In other compre-hensive income*	*30 June 2024*
Loans to customers	27,321	(10,433)	-	16,888	(4,100)	-	12,788
Amount due from credit institutions	999	694	-	1,693	(559)	-	1,134
Investment securities	-	-	-	-	-	-	-
Provision for non-cash loans	3,726	(213)	-	3,513	(446)	-	3,067
Provision for employee benefits	5,902	(4,073)	-	1,829	867	-	2,696
Other provisions	102	(27)	-	75	(15)	-	60
Other	7,556	66,323	-	73,879	(17,301)	-	56,578
Deferred tax assets	**45,606**	**52,271**	**-**	**97,877**	**(21,554)**	**-**	**76,323**
Property, equipment and intangible assets	(158,761)	147,188	-	(11,573)	1,905	-	(9,668)
Investment securities	(6,583)	(17,367)	6,959	(16,991)	5,104	4,428	(7,459)
Other	(708)	128	-	(580)	187	-	(393)
Deferred tax liabilities	**(166,052)**	**129,949**	**6,959**	**(29,144)**	**7,196**	**4,428**	**(17,520)**
Net deferred tax assets	**(120,446)**	**182,220**	**6,959**	**68,733**	**(14,358)**	**4,428**	**58,803**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

21. Subordinated liabilities

As of 30 June 2024, the amount of subordinated liabilities represents subordinated loans of TRY 821,039 (31 December 2023 – TRY 918,563) borrowed from PASHA Holding LLC maturing through September 2032 with an interest rate of 5.73% and early redemption date will decided at after the fifth year.

22. Equity

Share capital:

The composition of shareholders and their respective percentage of ownership can be summarised as follows:

	30 June 2024		31 December 2023	
	Amount	**%**	**Amount**	**%**
PASHA Holding LLC	3,065,034	71.75%	3,065,034	71.75%
PASHA Bank OJSC	1,205,051	28.21%	1,205,051	28.21%
Others	1,753	0.04%	1,753	0.04%
	4,271,838	**100.00%**	**4,271,838**	**100.00%**

Other reserves

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

The other reserve is TL 82,999 and TL 50,257 as of 30 June 2024 and as of 31 December 2023, respectively.

23. Commitments and contingencies

Litigation

The Bank has provided TL 200 (31 December 2023: TL 200) of provision for the disputed legal cases filed by various persons and institutions, high probability of occurrence and requiring cash outflow. Although there are other ongoing lawsuits that against the Bank, do not expect high possibility of against result and cash outflows related to these cases.

Financial commitments and contingencies:

The Bank enters into various contractual commitments on behalf of its customers and is a party to financial instruments with off-balance sheet risk ("non-cash loans") to meet the financing needs of its customers. These contractual commitments consist of letters of guarantees, letters of credit and other guarantees. All these arrangements are related to the normal lending activities of the Bank. The exposure to credit loss in the event of non-performance of the other party is presented by the contractual notional amount of those instruments.

The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

	30 June 2024	31 December 2023
Letter of guarantee	936,346	992,884
Letter of credit	36,002	53,272
Other guarantees	240,678	391,194
Total non-cash loans	**1,213,026**	**1,437,350**
Other commitments	6,323	10,157
Total	**1,219,349**	**1,447,507**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

24. Provision expense for loans and other credit risks

30 June 2024	**Note**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	(4)	1,010	-	-	1,010
Amounts due from credit institutions	(5)	(2,189)	-	-	(2,189)
Investment securities at FVOCI	(7)	(482)	-	-	(482)
Investment securities at amortised cost	(7)	(1,517)	-	-	(1,517)
Loans to customers	(8)	(8,143)	18,237	(27,954)	(17,860)
Credit related commitments	(19)	(1,153)	257	-	(896)
Provisions for loans and other credit risks, net		**(12,474)**	**18,494**	**(27,954)**	**(21,934)**

30 June 2023	**Note**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	(4)	(1,169)	-	-	(1,169)
Amounts due from credit institutions	(5)	(527)	-	-	(527)
Investment securities at FVOCI	(7)	1,057	-	-	1,057
Investment securities at amortised cost	(7)	(15,282)	-	-	(15,282)
Loans to customers	(8)	(3,952)	13,826	5,738	15,612
Credit related commitments	(19)	(7,726)	1,090	-	(6,636)
Provisions for loans and other credit risks, net		**(27,599)**	**14,916**	**5,738**	**(6,945)**

Allowance for impairment of other assets is deducted from the carrying amounts of the related assets. Provision for ECL for credit related commitments are recorded in liabilities.

25. Net fees and commissions income

	30 June 2024	**30 June 2023**
Money transfer operations	48,440	11,198
Guarantees and letters of credit	9,181	16,007
Settlements operations	2,706	59,398
Cheques operations	310	26,330
Other	799	8,388
Fees and commissions income	**61,436**	**121,321**
Commissions for letter of guarantee obtained	(4,314)	(2,078)
Fee to correspondent banks and money transfer operations-expenses	(2,796)	(2,927)
Settlements operations	-	(3,168)
Other	(1,338)	(973)
Fees and commissions expense	**(8,448)**	**(9,146)**
Net fees and commissions income	**52,988**	**112,175**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

26. Personnel, general and administrative expenses

	30 June 2024	30 June 2023
Salaries and bonuses	(76,064)	(54,558)
Social security costs	(9,056)	(7,118)
Other employee related expenses	(10,052)	(7,152)
Total personnel expenses	**(95,172)**	**(68,828)**

	30 June 2024	30 June 2023
Software cost	(12,153)	(11,145)
Professional services	(9,467)	(14,260)
Membership fees	(8,727)	(5,860)
Utilities	(5,958)	(4,427)
Taxes, other than income tax	(3,799)	(3,617)
Communications	(3,279)	(2,891)
Transportation and business trip expenses	(2,675)	(2,392)
Advertising costs	(2,446)	(2,069)
Representation expenses	(1,056)	(1,033)
Insurance	(1,042)	(1,081)
Repair and maintenance	(730)	(474)
Security expenses	(374)	(254)
Stationery	(277)	(213)
Operating leases	(45)	(33)
Other expenses	(1,589)	(2,681)
Total general and administrative expenses	**(53,617)**	**(52,430)**

27. Financial risk management

Introduction and overview

The Bank's risk approach is to achieve sound and sustainable low risk profile, through the identification, the measurement and the monitoring of all types of risks inherent in the nature of the business activities. The main principle of the Bank is to manage the credit risk effectively and to eliminate the other types of risk by not carrying positions.

In the course of its normal operations, the Bank is exposed to a number of risks such as credit risk, market risk, liquidity risk, currency risk and operational risk. The Bank's risk policy can be summarised as:

- eliminating currency, interest rate and maturity risk
- minimizing market risk
- well managing the credit risk through a high standardized credit risk management

In accordance with the Bank's general risk management strategy; the Bank aims to eliminate its currency, interest rate and maturity positions that might create liquidity or market risk to Bank. Additionally, in order to minimize the market risk, marketable securities portfolio is limited proportional to the total assets.

Board of Directors is the highest authority to set all risk management guidelines, and it is responsible for ensuring that the Bank implements all necessary risk management techniques in compliance with the related regulatory requirements in Turkey.

All risk levels are set and approved by the Board of Directors on a regularly basis, and it is announced to the organization.

The main functions and authority of the Board of Directors related to risk management activities are as follows;

- to define the policy of the Bank, regarding exposure to various risks (credit risks, market risks, operational risks, liquidity risks, legal risks, etc.)
- to manage, and guide all the activities of Internal Systems
- to approve new business lines, products or activities that would have a substantial effect on activities of the Bank

The Bank manages its exposure to all types of risks through the Asset and Liability Committee, comprising members of senior management, and a representative of main shareholder.

27. Financial risk management *(continued)*

In summary, in order not to be exposed to any liquidity, interest rate, market and foreign currency risk, the Bank always keeps its funding structure in line with the asset structure (in terms of currency, maturity and interest rate). In addition to that, the Bank does not take any speculative positions on currency, interest rate and maturity that might create any liquidity or market risk to the Bank.

Strategy in using financial instruments

To maintain and improve the soundness of its operations, the Bank accords top management priority to upgrading its risk management systems and capabilities. According to the Bank's "Risk Management Policy", Financial Risks are composed of Market, Credit and Liquidity risks. Risk Management Policy includes details about the framework for defining, measuring, monitoring and managing the risks taken by the business units across the bank. Risk Management Policy covers sound and optimum capital allocation quantification of the actual risks establishment of dynamic risk limit.

The Bank determines risk-based limits, with respect to available economic capital and monitors actual risks against these limits. All risks (market, credit or liquidity), arising from any type financial instrument are subject to aforementioned risk-based limits.

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

Credit-related commitments risks

The Bank makes available to its customers guarantees which may require that the Bank make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Bank to similar risks to loans and these are mitigated by the same control processes and policies.

The maximum exposure to credit risk for the component of the statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Internal rating and PD estimation process

The Bank's independent Credit Unit and Risk Management Unit operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are internally rated. Different rating assessment models to be used for different customer segments. Customer segments to be identified in accordance to internal segmentation rules. Each rating is tied to certain one-year probability of default rate (1-year PD). The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilize supplemental external information that could affect the borrower's behavior. Where practical, they also build on information from the national and international external rating agencies. PDs, incorporating forward looking information and the IFRS 9 stage classification of the exposure, are assigned for each grade. This is repeated for each economic scenario as appropriate.

27. Financial risk management *(continued)*

Treasury and interbank relationships

The Bank's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Bank's Risk Management Unit analyses publicly available information such as financial information and other external data, e.g., the external ratings, and assigns the internal rating, as shown in the table below.

Definition of default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments and 2 times within three years restructured loans that have been overdue (in principal amount and/or accrued interest and/or any of other payment) less than 30 days from the date specified in the contract at the moment of each particular restructuring. The Bank considers amounts due from banks defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Bank
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Bank
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.
- It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition

Corporate lending

For corporate loans, the borrowers are assessed by specialised credit risk employees of the Bank. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward-looking information such as: Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.

- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond prices or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The Bank has formed an internal scoring and rating system, based on statistical methods to monitor the credibility of its clients. This system classifies the customers according to their default risk from highest to lowest score or rating. Internal scoring systems are used to improve the efficiency of the loan granting process, to monitor loan portfolio quality effectively and to assist in the determination of the actions required. By using the rating outputs derived from this internal scoring and rating system, the Bank has formed its ECL calculation methodology. According to this methodology, the internal ratings have been attributed to specific grade classes.

The table below shows the allocation of ratings according to the grade class of financial assets taking into account their probability of default behaviour. The Bank classifies its financial assets, having rating between Aaa and Ba2 as high grade, rating between Ba3 and B3 as standard grade, rating Caa1 and Ca as sub-standard grade. Lower ratings are considered as impaired. Where a loan has passed due but not impaired, regardless of its internal rating, it is classified as sub-standard grade.

Classes	Ratings
High Grade	Between Aaa & Ba2
Standard Grade	Between Ba3 & B3
Sub-standard Grade	Between Caa1 & Ca
Impaired	C

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

27. Financial risk management *(continued)*

The table below shows the credit quality by class of asset for loan-related lines in financial statement of financial position, based on Bank's credit rating system.

30 June 2024	Note		High grade	Standard grade	Sub-standard grade	Impaired	Total
Cash and cash equivalents, except for cash on hand	4	Stage 1	88,117	1,015,502	105,419	-	1,209,038
Amounts due from credit institutions	5	Stage 1	-	1,061,476	-	-	1,061,476
Loans to customers		Stage 1	-	5,954,877	45,561	-	6,000,438
	8	Stage 2	-	2,421	21,417	-	23,838
		Stage 3	-	-	-	52,445	52,445
Investment Securities							
Measured at FVOCI	7	Stage 1	-	189,151	-	-	189,151
Measured at amortised cost		Stage 1	29,708	1,138,555	-	-	1,168,263
Other financial assets	13	Stage 1	-	19,620	-	-	19,620
Letter of guarantee	23	Stage 1	5,471	867,393	61,251	-	934,115
		Stage 2	-	-	2,231	-	2,231
Letter of credit	23	Stage 1	-	36,002	-	-	36,002
Other guarantee	23	Stage 1	-	240,678	-	-	240,678
Total			**123,296**	**10,525,675**	**235,879**	**52,445**	**10,937,295**

31 December 2023	Note		High grade	Standard grade	Sub-standard grade	Impaired	Total
Cash and cash equivalents, except for cash on hand	4	Stage 1	54,281	2,032,681	-	-	2,086,962
Amounts due from credit institutions	5	Stage 1	-	1,087,937	-	-	1,087,937
Loans to customers		Stage 1	-	6,928,405	17,337	-	6,945,742
		Stage 2	-	-	74,639	-	74,639
	8	Stage 3	-	-	-	17,197	17,197
Investment Securities							
Measured at FVOCI		Stage 1	-	177,033	-	-	177,033
Measured at amortised cost	7	Stage 1	33,233	1,149,580	-	-	1,182,813
Other financial assets	13	Stage 1	-	10,680	-	-	10,680
Letter of guarantee		Stage 1	101,570	807,240	76,580	-	985,390
	23	Stage 2	-	-	7,494	-	7,494
Letter of credit	23	Stage 1	-	53,272	-	-	53,272
Other guarantee	23	Stage 1	-	391,194	-	-	391,194
Total			**189,084**	**12,638,022**	**176,050**	**17,197**	**13,020,353**

The geographical concentration of Bank's financial assets and liabilities is set out below:

	30 June 2024				31 December 2023			
	Turkey	Azerbaijan	Others	Total	Turkey	Azerbaijan	Others	Total
Cash and cash equivalents	1,092,218	1,011	113,912	1,207,141	1,995,740	1,789	85,861	2,083,389
Amounts due from credit institutions	1,059,689	-	-	1,059,689	1,085,957	-	-	1,085,957
Financial assets at FVTPL	8,360	-	77,941	86,301	6,243	-	106,770	113,013
Derivative financial assets	46	-	224	270	1,544	-	-	1,544
Investment securities	1,257,606	80,600	-	1,338,206	1,258,664	78,989	-	1,337,654
Loans to customers	6,010,549	5,851	-	6,016,400	6,538,510	-	427,427	6,965,937
Other financial assets	19,620	-	-	19,620	10,680	-	-	10,680
Total financial assets	**9,448,088**	**87,462**	**192,077**	**9,727,627**	**10,897,338**	**80,778**	**620,058**	**11,598,174**
Amounts due to banks and financial institutions	879,782	2,819,191	1,001,103	4,700,076	1,067,953	4,087,617	1,057,441	6,213,011
Amounts due to customers	467,425	492,990	106,121	1,066,536	584,440	417,009	110	1,001,559
Money market deposits	639,795	93,231	283,994	1,017,020	893,269	119,739	328,041	1,341,049
Debt securities issued	331,189	824,877	-	1,156,066	188,161	919,425	-	1,107,586
Lease liabilities	592	-	-	592	605	-	-	605
Derivative financial liabilities	74	-	-	74	37	-	-	37
Other financial liabilities	21,714	-	-	21,714	19,470	-	-	19,470
Subordinated liabilities	-	821,039	-	821,039	-	918,563	-	918,563
Total financial liabilities	**2,340,571**	**5,051,328**	**1,391,218**	**8,783,117**	**2,753,935**	**6,462,353**	**1,385,592**	**10,601,880**
Net financial assets and liabilities	**7,107,517**	**(4,963,866)**	**(1,199,141)**	**944,510**	**8,143,403**	**(6,381,575)**	**(765,534)**	**996,294**

27. Financial risk management *(continued)*

Liquidity risk

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 assets and liabilities committee weekly about the liquidity level of the Bank. Treasury department is responsible for planning liquidity management, taking measures and informing the senior management of aforementioned issues.

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

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks" entered into force after published on Official Gazette dated November 1, 2006 and numbered 26333 by BRSA, 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%.

Treasury department manages the liquidity of the Bank daily and informs assets and liabilities committee weekly about the liquidity level of the Bank. Treasury department is responsible for planning liquidity management, taking measures and informing the senior management of aforementioned issues.

Financial planning, control and strategy department is responsible for reporting of liquidity risk. Stress test applied to liquidity position and calculation of liquidity coverage rate is performed by Risk Management Department and monitors related unit's activities and reports to the Senior Management monthly.

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

TL liquidity of the Bank is managed through funds provided from domestic and foreign banks via repo transactions 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 and Board of Directors on a monthly basis.

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 Limits document and approved by Board of Directors.

At least one of the following liquidity stress tests related to issues mentioned below is applied monthly and result of the related test is reported to top management by Risk Management Unit.

- Negative influence of economic crisis occurring in domestic finance markets on the liquidity of the bank.
- Negative influence of global crisis on the liquidity of the Bank.
- Negative influence of a problem occurred within the Bank (abuse, fraud, reputation risk etc.).

Threshold of weekly and monthly liquidity rate for stress tests which shall be applied for above mentioned scenarios is taken into consideration as 80% for foreign currency assets/liabilities and as 100% for total assets/liabilities.

"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.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

27. Financial risk management *(continued)*

Liquidity risk *(continued)*

The table below shows the remaining maturities of financial assets and liabilities at the balance sheet date.

30 June 2024	Less than 3 months	3 to12 months	1 to 5 years	Over 5 years	Undistri-buted[1]	Total
Cash and cash equivalents	1,209,135	-	-	-	(1,994)	1,207,141
Amounts due from credit institutions	1,061,476	-	-	-	(1,787)	1,059,689
Financial assets at FVTPL	-	-	8,359	77,942	-	86,301
Derivative financial assets	270	-	-	-	-	270
Investment securities	31,691	357,376	960,688	-	(11,549)	1,338,206
Loans to customers	2,554,493	1,778,722	1,738,147	5,359	(60,321)	6,016,400
Other financial assets	19,620	-	-	-	-	19,620
Total financial assets	**4,876,685**	**2,136,098**	**2,707,194**	**83,301**	**(75,651)**	**9,727,627**
Amounts due to banks and financial institutions	2,724,387	695,468	1,280,221	-	-	4,700,076
Amounts due to customers	1,066,010	526	-	-	-	1,066,536
Money market deposits	671,024	342,899	3,097	-	-	1,017,020
Debt securities issued	335,411	-	820,655	-	-	1,156,066
Lease liabilities	81	270	241	-	-	592
Derivative financial liabilities	74	-	-	-	-	74
Other financial liabilities	21,714	-	-	-	-	21,714
Subordinated liabilities	-	384	-	820,655	-	821,039
Total financial liabilities	**4,818,701**	**1,039,547**	**2,104,214**	**820,655**	**-**	**8,783,117**
Net financial assets and liabilities	**57,984**	**1,096,551**	**602,980**	**(737,354)**	**(75,651)**	**944,510**

[1] Includes expected credit losses

31 December 2023	Less than 3 months	3 to12 months	1 to 5 years	Over 5 years	Undistri-buted[1]	Total
Cash and cash equivalents	2,087,053	-	-	-	(3,663)	2,083,389
Amounts due from credit institutions	1,087,936	-	-	-	(1,980)	1,085,957
Financial assets at FVTPL	-	-	6,243	106,770	-	113,013
Derivative financial assets	1,544	-	-	-	-	1,544
Investment securities	74,992	67,233	1,171,363	36,706	(12,639)	1,337,654
Loans to customers	2,705,543	2,568,379	1,757,313	6,343	(71,641)	6,965,937
Other financial assets	10,680	-	-	-	-	10,680
Total financial assets	**5,967,748**	**2,635,612**	**2,934,919**	**149,819**	**(89,923)**	**11,598,174**
Amounts due to banks and financial institutions	4,001,148	779,798	1,432,065	-	-	6,213,011
Amounts due to customers	998,956	2,603	-	-	-	1,001,559
Money market deposits	958,960	382,089	-	-	-	1,341,049
Debt securities issued	189,595	917,990	-	-	-	1,107,586
Lease liabilities	136	289	180	-	-	605
Derivative financial liabilities	37	-	-	-	-	37
Other financial liabilities	19,470	-	-	-	-	19,470
Subordinated liabilities	573	-	-	917,990	-	918,563
Total financial liabilities	**6,168,875**	**2,082,769**	**1,432,245**	**917,990**	**-**	**10,601,880**
Net financial assets and liabilities	**(201,127)**	**552,843**	**1,502,674**	**(768,171)**	**(89,923)**	**996,294**

[1] Includes expected credit losses

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

27. Financial risk management *(continued)*

Liquidity risk *(continued)*

The table below summarises the maturity profile of the Bank's financial liabilities based on contractual undiscounted repayment obligations.

30 June 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Amounts due to banks and financial institutions	2,750,215	835,634	1,528,387	973,707	6,087,943
Amounts due to customers	1,074,394	532	-	-	1,074,926
Money market deposits	671,453	348,181	3,365	-	1,022,999
Debt securities issued	374,932	38,099	846,054	-	1,259,085
Lease liabilities	106	363	317	-	786
Other financial liabilities	21,714	-	-	-	21,714
Subordinated liabilities	-	47,281	187,965	973,707	1,208,953
Total undiscounted financial liabilities	**4,892,814**	**1,270,090**	**2,566,088**	**1,947,414**	**10,676,406**

31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Amounts due to banks and financial institutions	4,037,479	919,268	1,757,161	1,115,424	7,829,332
Amounts due to customers	1,004,883	2,641	-	-	1,007,524
Money market deposits	960,391	388,265	-	-	1,348,657
Debt securities issued	207,118	931,186	-	-	1,138,304
Lease liabilities	165	317	186	-	667
Other financial liabilities	19,470	-	-	-	19,470
Subordinated liabilities	13,115	39,919	210,259	1,115,424	1,378,716
Total undiscounted financial liabilities	**6,242,621**	**2,281,596**	**1,967,606**	**2,230,848**	**12,722,670**

The table below shows the contractual expiry by maturity of the Bank's credit related commitments.

	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Maturity Undefined	Total
30 June 2024	107,339	679,578	169,180	-	256,929	1,213,026
31 December 2023	223,983	714,168	193,531	11,676	293,992	1,437,350

The table below shows nominal amounts of the remaining maturities of derivative financial instruments at the balance sheet date.

30 June 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Currency forward agreements – purchase	70,913	-	-	-	70,913
Currency forward agreements – sell	(70,611)	-	-	-	(70,611)
Swap agreements – purchase	140,514	-	-	-	140,514
Swap agreements – sell	(140,587)	-	-	-	(140,587)
Total	**229**	**-**	**-**	**-**	**229**

31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Currency forward agreements – purchase	496,666	-	-	-	496,666
Currency forward agreements – sell	(494,843)	-	-	-	(494,843)
Swap agreements – purchase	-	-	-	-	-
Swap agreements – sell	-	-	-	-	-
Total	**1,823**	**-**	**-**	**-**	**1,823**

The below tables are prepared in accordance with BRSA regulations representing the ratio of liquid assets to liabilities within certain time intervals for the reporting periods.

	30 June 2024				31 December 2023			
	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)		First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC+LC	FC	FC+LC	FC	FC+LC	FC	FC+LC
Average (%)	217	132	155	119	183	134	136	119
Maximum (%)	302	169	201	137	271	176	187	148
Minimum (%)	149	104	115	103	132	106	100	101

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

27. Financial risk management *(continued)*

Interest rate sensitivity 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.

Interest rate sensitivity of financial assets and liabilities based on repricing dates is as follows:

30 June 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing[1]	Total
Cash and cash equivalents	134,829	-	-	-	1,072,312	1,207,141
Amounts due from credit institutions	930,363	-	-	-	129,326	1,059,689
Financial assets at FVTPL	-	-	-	-	86,301	86,301
Derivative financial assets	270	-	-	-	-	270
Investment securities	110,099	281,479	958,177	-	(11,549)	1,338,206
Loans to customers	2,554,490	1,789,223	1,727,649	5,359	(60,321)	6,016,400
Other financial assets	-	-	-	-	19,620	19,620
Total financial assets	**3,730,051**	**2,070,702**	**2,685,826**	**5,359**	**1,235,689**	**9,727,627**
Amounts due to banks and financial institutions	2,652,824	695,468	1,280,222	-	71,562	4,700,076
Amounts due to customers	758,415	526	-	-	307,595	1,066,536
Money market deposits	671,024	342,899	3,097	-	-	1,017,020
Debt securities issued	335,411	-	820,655	-	-	1,156,066
Lease liabilities	-	-	-	-	592	592
Derivative financial liabilities	74	-	-	-	-	74
Other financial liabilities	-	-	-	-	21,714	21,714
Subordinated liabilities	-	384	820,655	-	-	821,039
Total financial liabilities	**4,417,748**	**1,039,277**	**2,924,629**	**-**	**401,463**	**8,783,117**
Net interest sensitivity gap	**(687,697)**	**1,031,425**	**(238,803)**	**5,359**	**834,226**	**944,510**

[1] Includes expected credit losses

31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing[1]	Total
Cash and cash equivalents	1,022,604	-	-	-	1,060,785	2,083,389
Amounts due from credit institutions	941,074	-	-	-	144,883	1,085,957
Financial assets at FVTPL	-	-	-	-	113,013	113,013
Derivative financial assets	1,544	-	-	-	-	1,544
Investment securities	161,267	66,359	1,085,962	36,706	(12,640)	1,337,654
Loans to customers	2,852,423	2,600,539	1,578,273	6,343	(71,641)	6,965,937
Other financial assets	-	-	-	-	10,680	10,680
Total financial assets	**4,978,912**	**2,666,898**	**2,664,235**	**43,049**	**1,245,080**	**11,598,174**
Amounts due to banks and financial institutions	3,666,644	779,798	1,432,065	-	334,504	6,213,011
Amounts due to customers	639,750	2,603	-	-	359,206	1,001,559
Money market deposits	958,960	382,089	-	-	-	1,341,049
Debt securities issued	189,595	917,991	-	-	-	1,107,586
Lease liabilities	-	-	-	-	605	605
Derivative financial liabilities	37	-	-	-	-	37
Other financial liabilities	-	-	-	-	19,470	19,470
Subordinated liabilities	573	-	917,990	-	-	918,563
Total financial liabilities	**5,455,559**	**2,082,481**	**2,350,055**	**-**	**713,785**	**10,601,880**
Net interest sensitivity gap	**(476,647)**	**584,417**	**314,180**	**43,049**	**531,295**	**996,294**

[1] Includes expected credit losses

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

27. Financial risk management *(continued)*

Interest rate sensitivity risk *(continued)*

The following table indicates the average interest rates by major currencies for the major accounts

	30 June 2024			31 December 2023		
	EUR (%)	USD (%)	TRY (%)	EUR (%)	USD (%)	TRY (%)
Cash and cash equivalents	3.73	5.37	45.39	2.88	4.90	31.47
Amounts due from credit institutions	4.75	4.75	42.69	-	4.75	4.63
Financial assets at FVTPL	-	-	-	-	-	-
Investment securities	-	8.24	47.19	-	8.24	31.82
Loans to customers	8.46	9.65	48.28	6.44	9.44	30.83
Other financial assets	-	-	-	-	-	-
Amounts due to banks and financial inst.	4.58	6.37	49.01	3.52	6.03	20.70
Amounts due to customers	3.75	5.17	46.76	2.82	5.60	25.30
Money market deposits	3.46	4.97	49.06	3.48	4.30	28.14
Debt securities issued	-	5.79	48.59	1.75	4.23	34.64
Other financial liabilities	-	-	-	-	-	-
Subordinated liabilities	-	5.73	-	-	5.73	-

The table below shows the economic value differences resulted from interest rate volatilities calculated according to regulation on measurement and evaluation of interest rate risk resulted from financial assets and liabilities:

30 June 2024	Shocks Applied (+/- basis points)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TRY	(+) 500 bps	(38,109)	(1.73%)
2. TRY	(-) 400 bps	32,737	1.49%
3. USD	(+) 200 bps	87,102	3.96%
4. USD	(-) 200 bps	(106,717)	(4.85%)
5. EURO	(+) 200 bps	(8,513)	(0.39%)
6. EURO	(-) 200 bps	9,160	0.42%
Total (For negative shocks)		**(64,820)**	**(2.94%)**
Total (For positive shocks)		**40,480**	**1.84%**

31 December 2023	Shocks Applied (+/- basis points)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TRY	(+) 500 bps	(28,459)	(1.34%)
2. TRY	(-) 400 bps	24,242	1.14%
3. USD	(+) 200 bps	67,443	3.19%
4. USD	(-) 200 bps	(86,250)	(4.07%)
5. EURO	(+) 200 bps	(10,011)	(0.47%)
6. EURO	(-) 200 bps	10,761	0.51%
Total (For negative shocks)		**(51,247)**	**(2.42%)**
Total (For positive shocks)		**28,973**	**1.38%**

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.

As of 30 June 2024, the Bank's USD bid rate is 32.8262 and EUR bid rate is 35.1284.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

27. Financial risk management *(continued)*

Currency risk *(continued)*

The Bank had the following exposure to foreign currency exchange rate risk:

30 June 2024	TRY	USD	EUR	AZN	Other	Total
Cash and cash equivalents[1]	207,345	318,874	654,750	-	26,172	1,207,141
Amounts due from credit institutions[1]	6,875	929,863	122,951	-	-	1,059,689
Financial assets at FVTPL	8,359	-	77,942	-	-	86,301
Derivative financial assets	260	10	-	-	-	270
Investment securities[1]	171,298	1,166,908	-	-	-	1,338,206
Loans to customers[1]	2,459,854	2,453,827	1,102,719	-	-	6,016,400
Other financial assets[1]	19,477	143	-	-	-	19,620
Total financial assets	**2,873,468**	**4,869,625**	**1,958,362**	**-**	**26,172**	**9,727,627**
The effect of derivatives	33,374	37,539	140,514	-	-	211,427
Amounts due to banks and financial inst.	934,574	2,200,416	1,565,086	-	-	4,700,076
Amounts due to customers	121,324	818,960	116,147	-	10,105	1,066,536
Money market deposits	554,338	132,130	330,530	-	22	1,017,020
Debt securities issued	331,189	824,877	-	-	-	1,156,066
Lease liabilities	592	-	-	-	-	592
Derivative financial liabilities	-	74	-	-	-	74
Other financial liabilities	21,714	-	-	-	-	21,714
Subordinated liabilities	-	821,039	-	-	-	821,039
Total financial liabilities	**1,963,731**	**4,797,496**	**2,011,763**	**-**	**10,127**	**8,783,117**
The effect of derivatives	-	140,587	54,955	-	15,656	211,198
Net position after the effect of derivatives	**943,111**	**(30,919)**	**32,158**	**-**	**389**	**944,739**

[1] Includes expected credit losses

31 December 2023	TRY	USD	EUR	AZN	Other	Total
Cash and cash equivalents[1]	577,884	703,694	769,664	297	31,850	2,083,389
Amounts due from credit institutions[1]	3,165	940,583	142,209	-	-	1,085,957
Financial assets at FVTPL	6,243	-	106,770	-	-	113,013
Derivative financial assets	49	1,495	-	-	-	1,544
Investment securities[1]	156,773	1,180,881	-	-	-	1,337,654
Loans to customers[1]	1,589,412	3,714,609	1,661,916	-	-	6,965,937
Other financial assets[1]	10,680	-	-	-	-	10,680
Total financial assets	**2,344,206**	**6,541,262**	**2,680,559**	**297**	**31,850**	**11,598,174**
The effect of derivatives	212,250	-	284,416	-	-	496,666
Amounts due to banks and financial inst.	889,067	3,085,568	2,238,376	-	-	6,213,011
Amounts due to customers	27,394	851,094	110,289	-	12,782	1,001,559
Money market deposits	668,574	139,314	526,104	-	7,057	1,341,049
Debt securities issued	188,161	919,425	-	-	-	1,107,586
Lease liabilities	605	-	-	-	-	605
Derivative financial liabilities	37	-	-	-	-	37
Other financial liabilities	19,470	-	-	-	-	19,470
Subordinated liabilities	-	918,563	-	-	-	918,563
Total financial liabilities	**1,793,308**	**5,913,964**	**2,874,769**	**-**	**19,839**	**10,601,880**
The effect of derivatives	-	490,779	4,064	-	-	494,843
Net position after the effect of derivatives	**763,148**	**136,519**	**86,142**	**297**	**12,011**	**998,117**

[1] Includes expected credit losses

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

27. Financial risk management *(continued)*

Currency risk *(continued)*

The following table details the Bank's sensitivity to increase and decrease in the USD, EUR and AZN against the TRY. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

	USD/TRY		EUR/TRY		AZN/TRY	
Impact on profit before tax	**+10%**	**-10%**	**+10%**	**-10%**	**+10%**	**-10%**
30 June 2024	(3,092)	3,092	3,216	(3,216)	-	-
31 December 2023	13,652	(13,652)	8,614	(8,614)	30	(30)

Market risk

Market risk is followed under two headings: market risk arising from trading activities and market risk arising from banking transactions. The basic principle of market risk management is creating a compliant asset / liability structure and providing protection by averting differences with derivative instruments when necessary.

By the Board of Directors, market risk limits introduced by the minimization of the risks involved were targeted. Defined risk limits are reviewed by the Board of the Directors in 3 month period and updated if necessary. "Standard method" is used in the measurement of market risk in the extent of capital adequacy ratio. Value of the securities portfolio at risk is monitored and is reported to senior management on a monthly basis.

The market risk arising from trading portfolio is monitored, measured and reported using Standard Approach according to the legal legislation. The monthly market risk report and the weekly currency risk reports prepared using Standard Approach are reported to BRSA.

Counterparty risk

The Bank faces counterparty risk from the over-the-counter transactions and repurchase agreements in which it involves. Counterparty risk strategy has been defined according to counterparty's nature and product category. Counterparties may be sovereigns, banks, corporate and commercial customers. Products are grouped as derivative contracts such as currency forwards-futures-swaps, interest swaps and repurchase transactions.

Previous to the transactions regarding counterparty risk, the counterparty risk is analysed and subsequently the counterparty's credit risk is monitored periodically. In case the frequency of monitoring may be increased.

Except for the banks, the approvals related to loan granting are applied for the corporate counterparties. In case of worsened market conditions and credibility concerns of parties, limits may be revalued and revised. If needed approved limits may be blocked.

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

28. Fair value measurements

Fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For the purpose of fair value disclosures, the Bank's has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy:

		Fair value measurement using			
30 June 2024	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value					
Financial assets at FVTPL	86,301	8,359	77,942	-	86,301
Investment securities at FVOCI	189,151	181,492	7,659	-	189,151
Derivative financial assets	270	-	270	-	270
Assets for which fair values are disclosed					
Cash and cash equivalents	1,207,141	1,207,141	-	-	1,207,141
Amounts due from credit institutions	1,059,689	1,059,689	-	-	1,059,689
Investment securities measured at amortised cost	1,149,055	1,184,552	-	-	1,184,552
Loans to customers	6,016,400	-	-	5,981,116	5,981,116
Other financial assets	19,620	-	-	19,620	19,620
Liabilities measured at fair value					
Derivative financial liabilities	74	-	74	-	74
Liabilities for which fair values are disclosed					
Amounts due to banks and financial institutions	4,700,076	-	-	4,698,371	4,698,371
Amounts due to customers	1,066,536	-	-	1,066,536	1,066,536
Money market deposits	1,017,020	-	-	1,017,020	1,017,020
Debt securities issued	1,156,066	-	-	1,157,057	1,157,057
Other financial liabilities	21,714	-	-	21,714	21,714
Subordinated liabilities	821,039	-	-	821,039	821,039

		Fair value measurement using			
31 December 2023	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value					
Financial assets at FVTPL	113,013	6,243	106,770	-	113,013
Investment securities at FVOCI	177,033	167,480	9,553	-	177,033
Derivative financial assets	1,544	-	1,544	-	1,544
Assets for which fair values are disclosed					
Cash and cash equivalents	2,083,389	2,083,389	-	-	2,083,389
Amounts due from credit institutions	1,085,957	1,085,957	-	-	1,085,957
Investment securities measured at amortised cost	1,194,095	1,194,095	-	-	1,194,095
Loans to customers	6,952,323	-	-	6,952,323	6,952,323
Other financial assets	10,680	-	-	10,680	10,680
Liabilities measured at fair value					
Derivative financial liabilities	37	-	37	-	37
Liabilities for which fair values are disclosed					
Amounts due to banks and financial institutions	6,237,159	-	-	6,237,159	6,237,159
Amounts due to customers	1,001,559	-	-	1,001,559	1,001,559
Money market deposits	1,341,049	-	-	1,341,049	1,341,049
Debt securities issued	1,105,341	-	-	1,105,341	1,105,341
Other financial liabilities	19,470	-	-	19,470	19,470
Subordinated liabilities	918,563	-	-	918,563	918,563

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

28. Fair value measurements (continued)

Fair value hierarchy *(continued)*

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the statement of financial position at fair value.

	30 June 2024			31 December 2023		
	Carrying Value	**Fair value**	**Unrecognized gain/(loss)**	**Carrying value**	**Fair value**	**Unrecognized gain/(loss)**
Financial assets						
Cash and cash equivalents	1,207,141	1,207,141	-	2,083,389	2,083,389	-
Amounts due from credit institutions	1,059,689	1,059,689	-	1,085,957	1,085,957	-
Investment securities measured at amortised cost	1,149,055	1,184,552	35,497	1,160,621	1,194,095	33,474
Loans to customers	6,016,400	5,981,116	(35,284)	6,965,937	6,952,323	(13,614)
Other financial assets	19,620	19,620	-	10,680	10,680	-
Financial liabilities						
Amounts due to banks and financial institutions	4,700,076	4,698,371	(1,705)	6,213,011	6,237,159	24,148
Amounts due to customers	1,066,536	1,066,536	-	1,001,559	1,001,559	-
Money market deposits	1,017,020	1,017,020	-	1,341,049	1,341,049	-
Debt securities issued	1,156,066	1,157,057	991	1,105,341	1,107,586	2,245
Other financial liabilities	21,714	21,714	-	19,470	19,470	-
Subordinated liabilities	821,039	821,039	-	918,563	918,563	-
Total unrecognised change in unrealised fair value			**(501)**			**46,253**

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

The 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 fair values of debt securities issued are determined based on market prices or when this price is not available, using a discounted cash flow analysis based on current market rates of similar maturity debt securities.

The fair value of funds borrowed are determined by using discounted cash flows based on the current Bank's borrowing interest rates for similar types of borrowing arrangements.

The fair value of remaining financial assets and liabilities such as cash and cash equivalents, amounts due from credit institutions, amounts due to banks and money market deposits and amounts due to customers are estimated to be same with carrying amount due to their short-term maturity profile and non-interest earning/bearing characteristics.

Movements in level 3 assets and liabilities at fair value

As of 30 June 2024, there are no movements in level 3 assets and liabilities at fair value (31 December 2023: None)

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29. Changes in liabilities arising from financing activities

	Note	Bonds issued	Subordinated liabilities	Total
Carrying amount at 31 December 2022		**1,960,381**	**961,360**	**2,921,741**
The effect of inflation on the beginning balance and current transactions adjustments		(1,964,907)	(593,454)	(2,558,361)
Proceeds from issue		701,709	-	701,709
Redemption		(658,072)	-	(658,072)
Foreign currency translation		1,058,368	550,657	1,609,025
Other[1]		10,107	-	10,107
Carrying amount at 31 December 2023	**17,21**	**1,107,586**	**918,563**	**2,026,149**
The effect of inflation on the beginning balance and current transactions adjustments		(263,012)	(202,800)	(465,812)
Proceeds from issue		1,692,810	-	1,692,810
Redemption		(1,506,906)	-	(1,506,906)
Foreign currency translation		118,971	105,422	224,393
Other[1]		6,617	(146)	6,471
Carrying amount at 30 June 2024	**17,21**	**1,156,066**	**821,039**	**1,977,105**

[1] Includes the change of interest accruals on bonds issued.

30. Segment Reporting

IFRS 8, Operating Segments, requires entities which issues securities, to disclose information about their operating segments, products and services. Operating segments are defined as activities which Bank earns revenue and incur expenses. The Bank's segmental reporting is based on the following operating segments: Corporate and Commercial Banking and Treasury and Asset Liability Management.

Information on operational segments are as follows:

	Corporate and Commercial banking	Treasury and asset liability management	Total
30 June 2024			
Total assets	6,473,010	4,720,623	11,193,633
Total liabilities	1,165,909	7,705,628	8,871,537
30 June 2024			
Net interest income	597,661	(338,378)	259,283
Provisions for loans and other credit risks, net	(19,941)	(1,993)	(21,934)
Net fee and commission income	51,558	1,430	52,988
Total non-interest income	59,444	67,939	127,383
Total non-interest expenses[1]	-	(325,415)	(325,415)
Profit/(loss) before tax	**688,722**	**(596,417)**	**92,305**
Income tax	(262,747)	167,463	(95,284)
Net profit/(loss) for the period	**425,975**	**(428,954)**	**(2,979)**

[1] Includes loss on net monetary position

	Corporate and Commercial banking	Treasury and asset liability management	Total
31 December 2023			
Total assets	7,366,832	5,688,707	13,055,539
Total liabilities	1,358,427	9,346,461	10,704,888
30 June 2023			
Net interest income	470,768	(213,775)	256,993
Provisions for loans and other credit risks, net	8,975	(15,920)	(6,945)
Net fee and commission income	115,667	(3,492)	112,175
Total non-interest income	7,603	78,423	86,026
Total non-interest expenses[1]	-	(321,045)	(321,045)
Profit/(loss) before tax	**603,013**	**(475,809)**	**127,204**
Income tax	(191,178)	85,742	(105,436)
Net profit/(loss) for the period	**411,835**	**(390,067)**	**21,768**

[1] Includes loss on net monetary position

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

31. Capital adequacy

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with Banking Regulation and Supervision Agency ("BRSA")'s "Communiqué on Measurement and Assessment of Capital Adequacy of Banks", "Communiqué on Credit Risk Mitigation Techniques", "Communiqué on Calculation of Risk Weighted Amounts for Securitizations" published on 6 September 2014 and Official Gazette numbered 29111 and "Communiqué on Equities of Banks" published on 5 September 2013 in the Official Gazette numbered 28756. Bank has complied with the capital requirements throughout the year and previous year.

	30 June 2024 (Unrestated)	31 December 2023 (Unrestated)
Tier 1 capital	1,310,727	1,146,755
Tier 2 capital	890,954	813,717
Total regulatory capital	**2,201,681**	**1,960,472**
Risk-weighted assets	**8,874,426**	**8,239,943**
Capital adequacy ratio	**24.81%**	**23.79%**

32. Related party disclosures

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the period are as follows:

	30 June 2024					31 December 2023				
	Parent	Entities under common control	Key management personnel	Other	Total	Parent	Entities under common control	Key management personnel	Other	Total
Cash and cash equivalents	751	287	-	-	**1,038**	1,499	297	-	-	**1,796**
					-			-	-	
Loans at beginning, gross	**-**	**338,039**	**3,098**	**-**	**341,137**	**-**	**839,197**	**-**	**-**	**839,197**
The effect of inflation on the beginning balance and current transactions adjustments	-	(251,167)	(339)	-	**(251,506)**	-	(514,621)	(1,396)	-	**(516,017)**
Loans issued	-	-	-	-	**-**	-	-	4,639	-	**4,639**
Loan repayments	-	(353,131)	(394)	-	**(353,525)**	-	(426,885)	(182)	-	**(427,067)**
Interest accrual change	-	(4,417)	(2)	-	**(4,419)**	-	(6,989)	37	-	**(6,952)**
Foreign currency translation	-	270,676	-	-	**270,676**	-	530,950	-	-	**530,950**
Loans at balance sheet date, gross	**-**	**-**	**2,363**	**-**	**2,363**	**-**	**421,652**	**3,098**	**-**	**424,750**
Allowance for impairment	-	-	-	-	**-**	-	(1,079)	-	-	**(1,079)**
Loans at ending, net	**-**	**-**	**2,363**	**-**	**2,363**	**-**	**420,573**	**3,098**	**-**	**423,671**
Investment securities	33,197	-	-	24,550	**57,747**	37,334	-	-	14,033	**51,367**
Other assets	-	-	-	-	**-**	-	-	-	-	**-**
Amounts due to banks and financial institutions	814	40,089	-	279,307	**320,210**	612	33,214	-	685,949	**719,775**
Amounts due to customers	489,633	15,445	-	2,287	**507,365**	416,918	17,156	-	2,400	**436,474**
Money market deposits	-	19,099	79,618	-	**98,717**	-	127,860	77,456	306	**205,622**
Debt securities issued	632,390	125,508	-	-	**757,898**	718,990	-	-	-	**718,990**
Other liabilities	-	-	-	-	**-**	-	-	-	-	**-**
Subordinated liabilities	821,039	-	-	-	**821,039**	918,563	-	-	-	**918,563**
Guarantees issued	152,970	5,471	-	-	**158,441**	92,274	101,570	-	-	**193,844**
Letters of credit issued	-	-	-	-	**-**	-	-	-	-	**-**
Other guarantees	2,500	-	-	-	**2,500**	3,118	-	-	-	**3,118**

Currency – In thousands of Turkish Lira in terms of the purchasing power of the Turkish Lira at 30 June 2024 unless otherwise indicated

32. Related party disclosures *(continued)*

	30 June 2024					30 June 2023				
	Parent	**Entities under common control**	**Key management personnel**	**Other**	**Total**	**Parent**	**Entities under common control**	**Key management personnel**	**Other**	**Total**
Interest income on loans	-	4,580	275	-	**4,855**	-	24,417	-	-	**24,417**
Interest income except loans	979	25	-	-	**1,004**	1167	-	-	-	**1,167**
Interest expense	(55,148)	(28)	(1,300)	(6,026)	**(62,502)**	(47,301)	(7,135)	(1,888)	(2,294)	**(58,618)**
Fees and commissions income	1,056	146	-	5,513	**6,716**	2,406	2,317	-	4,000	**8,723**
Fees and commissions expense	-	(685)	-	-	**(685)**	(105)	-	-	-	**(105)**
Non-Interest Income	-	3,232	-	-	**3,232**	-	3,617	-	-	**3,617**
Non-Interest Expenses	(3,861)	(3,504)	-	-	**(7,365)**	-	(3,092)	-	-	**(3,092)**

Compensation to members of key management personnel was comprised of the following:

	30 June 2024	**30 June 2023**
Salaries and other benefits	33,338	13,283
Social security costs	441	242
Total key management personnel compensation	**33,779**	**13,525**

33. Other Explanations

a. Explanations on ratings of the Bank

JCR Eurasia Rating	**September 2023**
National Long Term (tur)	A+ Stable
International Long Term	BB Negative

b. Explanations on ratings of the Bank's compliance score of corporate governance principles

JCR Eurasia Rating has assigned PASHA Bank an overall compliance score of 9.39 with Capital Markets Board of Turkey Corporate Governance Principles along with a (Stable) outlook on 28 August 2023.

34. Subsequent Events

None.