



**TURKMEN-TURKISH  
JOINT-STOCK COMMERCIAL  
BANK**

**Financial statements**

for the year ended  
December 31, 2024

and

**Independent Auditor's Report**

# **TURKMEN-TURKISH JOINT-STOCK COMMERCIAL BANK**

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## **TURKMEN-TURKISH JOINT-STOCK COMMERCIAL BANK**

### **STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024**

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The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the financial statements of Turkmen-Turkish Joint-stock Commercial Bank (the "Bank").

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Bank as at December 31, 2024, the results of its operations, cash flows and changes in shareholders' capital for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") and requirements set by the Central Bank of Turkmenistan.

In preparing the financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Bank will continue in business for the foreseeable future.

Management is also responsible for:

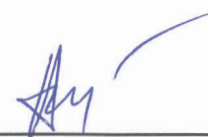
- designing, implementing and maintaining an effective and sound system of internal control, throughout the Bank;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- maintaining statutory accounting records in compliance with legislation, accounting standards of Turkmenistan and requirements set by the Central bank of Turkmenistan;
- taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended December 31, 2024 were approved and authorized for issue on July 7, 2025 by the management of the Bank.

**On behalf of the Management:**

  
  
**Ercan Durmus**  
**Chairman of Management Board**

July 7, 2025  
Ashgabat, Turkmenistan

  
**Serdar Saparov**  
**Chief Accountant**

July 7, 2025  
Ashgabat, Turkmenistan

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders and Supervisory Council of Turkmen-Turkish Joint-Stock Commercial Bank**

#### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Turkmen-Turkish Joint-stock Commercial Bank (the "Bank"), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the explanatory notes to the financial statements, including a disclosure of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Turkmenistan, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

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



## Adjustments for expected credit losses (ECL) on loans issued

Key Audit Matter	<i>How this key audit matter was addressed in our audit</i>
<p>Management's assessment of the indicators of impairment and determining expected losses on loans to customers is a complex process that involves the use of estimates and judgment. In order to determine the expected loss provisioning requirements for loans, the Bank applies a statistical model that uses parameters determined both internal and external parameters.</p> <p>In accordance with IFRS 9 Financial Instruments, the Bank distinguishes between three stages of impairment, based on classification criteria that take into account both objective characteristics of the loans and the borrowers, and subjective estimates of the Bank.</p> <p>Classification credits stages of impairment is the result of the interplay of several factors:</p> <ul style="list-style-type: none"> <li>• The comparison between the probability of default to the date of grant and the date of the financial statements;</li> <li>• Limits established by law, for example the 90 days delay;</li> <li>• Other factors that are relevant to the Bank, for example threshold for individual analysis.</li> </ul> <p>Expected losses are calculated based on historical data and macroeconomic forecasting elements.</p> <p>The statistical model used to determine the expected loss on loans to customers is based on the probability of default and the estimated value. According to Note 11 "Loans to customers" and Note 21 "Risk management policies" in the financial statements, the Bank created ECL provisions in value of 31,718 thousand manats for guarantees issued, consumer and corporate loans granted on the gross amount of 1,036,644 thousand manats.</p> <p>Because of the importance of these judgments and the volume of loans to customers, ECL of loans to customers is a key aspect of the audit.</p>	<p>Our audit procedures included among others to obtain a detailed understanding of the methodology for calculating the depreciation of the loan portfolio, we assessed the adequacy of the Bank's methodology for identifying depreciation loan portfolio and establish expected credit loss. Thus, we analysed the macroeconomic scenarios and related indexes, criteria for staging loans and assessed models for determining credit risk parameters and quality of data used. For this purpose, we used specialist experts in the field. We also reviewed the quality of the historical data used in the calculation of credit risk parameters.</p> <p>In addition, we evaluated the design and operating effectiveness of internal controls implemented by management in the computation of provisions, including:</p> <ul style="list-style-type: none"> <li>• Checks for timely identification of indications of impairment, if any</li> <li>• Checks on regular reviews by management, the calculation results for the impairment of loans and related provisions.</li> </ul> <p>We performed substantive procedures on a sample of loans to check their classification and to identify any indications of impairment and if necessary additional provisions for expected credit losses. We applied professional judgment to evaluate the factors to be taken into account in determining the loss of value and compared the results with those of the Bank. We evaluated the impact of economic conditions, the collaterals, and other factors that may affect the recoverability of loans.</p> <p>We assessed the completeness and adequacy of the Bank's financial statements disclosures on loans to customers.</p>

**Other matter**

The financial statements as of December 31, 2023, were audited by another auditing firm whose opinion dated August 12, 2024 who expressed unmodified opinion.

**Responsibilities of management and those charged with governance for the financial statements**

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

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Ana Gabedava, Engagement Partner (SARAS-A-518332)**

**Nexia Georgia LLC (SARAS-F-550338)**

**July 7, 2025**  
**Tbilisi, Georgia**



# TURKMEN-TURKISH JOINT-STOCK COMMERCIAL BANK

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Turkmen manats)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest income	4	86,483	82,053
Interest expenses	4	(2,084)	(3,172)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON INTEREST BEARING ASSETS		84,399	78,881
Accrual of allowance for expected credit losses on interest bearing assets	11	(3,494)	(14,992)
NET INTEREST INCOME		80,905	63,889
Commission income	5	54,465	38,064
Commission expenses	5	(3,667)	(2,367)
Net gain / (loss) on foreign exchange operations	6	(746)	360
Other expenses, net		1,595	(1,694)
NET NON-INTEREST INCOME		51,647	34,363
Operating expenses	7	(37,141)	(32,414)
PROFIT BEFORE INCOME TAX		95,411	65,838
Income tax	8	(24,557)	(18,315)
NET PROFIT FOR THE YEAR		70,854	47,523
Change in revaluation reserve		(14)	-
TOTAL COMPREHENSIVE INCOME		70,840	47,523

On behalf of the Management:

  
Ercan Durmus  
Chairman of Management Board

July 7, 2025  
Ashgabat, Turkmenistan



  
Serdar Saparov  
Chief Accountant

July 7, 2025  
Ashgabat, Turkmenistan

The notes on pages 12-51 form an integral part of the financial statements. The Independent Auditor's Report is on pages 3-6.



# TURKMEN-TURKISH JOINT-STOCK COMMERCIAL BANK

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Turkmen manats)

	Notes	December 31, 2024	December 31, 2023
<b>ASSETS:</b>			
Cash and cash equivalents	9	1,295,243	1,034,668
Due from banks	10	314,001	249,064
Loans to customers	11	1,004,926	962,354
Investments to securities		-	1,555
Property, plant and equipment		3,431	4,673
Intangible assets		1,335	1,688
Investment property		1,091	1,118
Assets held for sale		2,940	2,940
Deferred tax asset	8	8,159	6,893
Other assets		15,948	20,598
<b>TOTAL ASSETS</b>		<b>2,647,074</b>	<b>2,285,551</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>LIABILITIES:</b>			
Due to banks	12	31,341	21,982
Customer accounts	13	2,133,446	1,812,047
Loans received	14	66,444	80,538
Deferred tax liability	8	4,268	1,330
Other liabilities		47,388	10,284
		<b>2,282,887</b>	<b>1,926,181</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	15	210,000	210,000
Revaluation reserve		425	439
General reserves		33,765	33,765
Retained earnings		119,997	115,166
		<b>364,187</b>	<b>359,370</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2,647,074</b>	<b>2,285,551</b>

On behalf of the Management:

  
**Ercan Durmus**  
 Chairman of Management Board

July 7, 2025  
 Ashgabat, Turkmenistan

  
**Serdar Saparov**  
 Chief Accountant

July 7, 2025  
 Ashgabat, Turkmenistan

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# TURKMEN-TURKISH JOINT-STOCK COMMERCIAL BANK

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Turkmen manats)

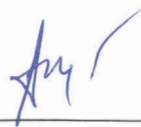
	Notes	Share capital	General reserves	Revaluation reserve	Retained earnings	Total equity
Balance at December 31, 2022	15	113,790	10,987	439	203,635	328,851
<b>Comprehensive income</b>						
Profit for the year		-	-	-	47,523	47,523
Dividends paid	15	-	-	-	(17,004)	(17,004)
Increase in share capital	15	96,210	-	-	(96,210)	-
Increase in general reserves		-	22,778	-	(22,778)	-
<b>Total comprehensive income</b>		<b>96,210</b>	<b>22,778</b>	<b>-</b>	<b>(88,469)</b>	<b>30,519</b>
Balance at December 31, 2023	15	210,000	33,765	439	115,166	359,370
<b>Comprehensive income</b>						
Profit for the year		-	-	-	70,854	70,854
Dividends paid	15	-	-	-	(66,023)	(66,023)
Change in revaluation reserve		-	-	(14)	-	(14)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(14)</b>	<b>4,831</b>	<b>4,817</b>
Balance at December 31, 2024	15	210,000	33,765	425	119,997	364,187

On behalf of the Management:



**Ercan Durmus**  
Chairman of Management Board

July 7, 2025  
Ashgabat, Turkmenistan

**Serdar Saparov**  
Chief Accountant

July 7, 2025  
Ashgabat, Turkmenistan

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# **TURKMEN-TURKISH JOINT-STOCK COMMERCIAL BANK**

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024**

*(in thousands of Turkmen manats)*

	<b>Notes</b>	<b>For the year ended December 31, 2024</b>	<b>For the year ended December 31, 2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before income tax expenses		95,411	65,838
Adjustments for:			
Net interest income	4	(84,399)	(78,881)
Foreign exchange differences		746	(360)
Change in allowance for expected credit losses on interest bearing assets	11	3,495	14,992
Loss from disposal of property, plant and equipment		27	-
Depreciation of property, plant and equipment		1,186	1,231
Depreciation of rights of use asset		-	206
Amortization of intangible assets		353	446
Depreciation of investment property		27	28
Change in unused vacation provision		670	(487)
Cash flows before changes in working capital		17,516	3,013
Changes in operating assets and liabilities:			
Decrease / (increase) in due from banks	10	1,479	(191,482)
Increase in loans to customers	11	(40,311)	(21,425)
(Increase) / decrease in obligatory reserve in CBT	9	(19,557)	9,132
(Increase) / decrease in other assets		(3,530)	44
Increase / (decrease) in customer accounts	13	320,343	(179,722)
Increase in due to banks	12	7,124	17,543
Increase in other liabilities		9,532	4,051
Cash inflow / (outflow) from operating activities before taxation and interest		292,596	(358,846)
Interest received	4	82,097	76,035
Interest paid	4	(2,050)	(3,277)
Income tax paid	8	(17,513)	-
Net cash inflow / (outflow) from operating activities		355,130	(286,088)

# TURKMEN-TURKISH JOINT-STOCK COMMERCIAL BANK

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024 (continued) (in thousands of Turkmen manats)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(398)	(774)
Proceeds from disposal of property, equipment and intangible assets		413	-
Purchase of intangible assets		-	(911)
Net cash inflow /(outflow) from investing activities		15	(1,685)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payment of lease liabilities		-	(238)
Repayment of loans received	14	(14,086)	(45,699)
Dividends paid	15	(36,313)	(17,004)
Net cash outflow from financing activities		(50,399)	(62,941)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		304,746	(350,714)
Effect of changes in exchange rates on cash and cash equivalents		1,074	-
CASH AND CASH EQUIVALENTS, at the beginning of the year	9	883,624	1,234,338
CASH AND CASH EQUIVALENTS, at the end of the year	9	1,189,444	883,624

On behalf of the Management:

  
**Ercan Durmus**  
Chairman of Management Board



  
**Serdar Saparov**  
Chief Accountant

July 7, 2025  
Ashgabat, Turkmenistan

July 7, 2025  
Ashgabat, Turkmenistan

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