The Turkic Investment Fund

Financial Statements As at and
For the Year Ended 31 December 2025
With Independent Auditor's Report Thereon

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Turkic Investment Fund

A) Report on the Financial Statements

1) Opinion

We have audited the financial statements of Turkic Investment Fund ("the Company"), which comprise the statement of financial position as at December 31, 2025 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

2) 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 Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) 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, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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4) 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 skepticism 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 Company'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 Company'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 Company 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.

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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.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Kaan Birdal, SMMM
Partner

June 4, 2026
Istanbul, Turkey

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

(Amounts expressed in thousands of USD unless otherwise indicated.)

	Notes	31 December 2025	31 December 2024
Assets			
Cash in banks	8	113,971	27,400
Tangible assets	9	479	64
Right-of-use assets	9	387	-
Other assets	10	308	978
Total assets		**115,145**	**28,442**
Liabilities			
Employee benefits	11	196	73
Deferred income	16	53	-
Other liabilities	12	69	152
Total liabilities		**318**	**225**
Equity			
Share capital	13	120,000	30,000
Reserves	11	(3)	-
Retained earnings		(1,783)	-
Loss for the financial year		(3,387)	(1,783)
Total equity		**114,827**	**28,217**
Total liabilities and equity		**115,145**	**28,442**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts expressed in thousands of USD unless otherwise indicated.)

	Notes	31 December 2025	31 December 2024
Profit or Loss			
Interest income			
From banks	14	2,347	200
Net interest income before impairment for credit risks		**2,347**	**200**
Impairment (loss)/gain for credit risks, net	15	(21)	(5)
Net interest income after impairment for credit risks		**2,326**	**195**
Net finance (expense)/income		(4)	(5)
Other income	16	60	32
Total operating income		**2,382**	**222**
Personnel expenses	17	(3,607)	(1,466)
Other administrative expenses	17	(1,709)	(538)
Depreciation and amortization	17	(453)	(1)
Total operating expenses		**(5,769)**	**(2,005)**
Net profit/(loss) for the period		**(3,387)**	**(1,783)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss)	11	(3)	-
Other comprehensive income		**(3)**	**-**
Total comprehensive income		**(3,390)**	**(1,783)**

THE TURKIC INVESTMENT FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts expressed in thousands of USD unless otherwise indicated.)

	Notes	Share capital	Actuarial loss	Retained earnings	Loss for the financial year	Total
Balance at 1 January 2024		**-**	**-**	**-**	**-**	**-**
Transactions with members of the Fund						
Contributions and distributions						
Increase in paid-in share capital		30,000	-	-	-	30,000
Total contributions and distributions		**30,000**	**-**	**-**	**-**	**30,000**
Total comprehensive income						
Profit/(loss) for the period		-	-	-	(1,783)	(1,783)
Total comprehensive income		**-**	**-**	**-**	**(1,783)**	**(1,783)**
Balance at 31 December 2024		**30,000**	**-**	**-**	**(1,783)**	**28,217**
Balance at 1 January 2025		**30,000**	**-**	**-**	**(1,783)**	**28,217**
Transactions with members of the Fund						
Contributions and distributions						
Increase in paid-in share capital		90,000	-			90,000
Appropriation of profit		-	-	(1,783)	1,783	-
Total contributions and distributions		**90,000**	**-**	**(1,783)**	**1,783**	**90,000**
Total comprehensive income						
Profit/(loss) for the period		-	-	-	(3,387)	(3,387)
Other comprehensive income						
Actuarial gain/(loss)		-	(3)	-		(3)
Total comprehensive income		**-**	**(3)**	**-**	**(3,387)**	**(3,390)**
Balance at 31 December 2025		**120,000**	**(3)**	**(1,783)**	**(3,387)**	**114,827**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts expressed in thousands of USD unless otherwise indicated.)

	Notes	31 December 2025	31 December 2024
Cash flows from operating activities			
Net loss for the period		(3,387)	(1,783)
Adjustments for:			
Depreciation and amortization	9,17	67	1
Depreciation of right-of-use (Office rent)	9,17	386	-
Net impairment loss/(gain) on financial assets	15	21	5
Accrued interest		(344)	(21)
Deferred income	16	53	-
Provision for employee benefit obligations	11	123	73
Other non-cash items		(87)	96
Cash flows from operating activities before changes in operating assets and liabilities		**(3,168)**	**(1,629)**
Changes in			
Utilization of provisions		(22)	(5)
Interest accrual		344	21
Other assets		(103)	(978)
Other liabilities		6	61
Net cash from/(used in) operating activities		**(2,943)**	**(2,530)**
Cash flows from investing activities			
Acquisition of tangible and intangible assets	9	(482)	(65)
Net cash from/(used in) investing activities		**(482)**	**(65)**
Cash flows from financing activities			
Increase in share capital	13	90,000	30,000
Net cash from/(used in) financing activities		**90,000**	**30,000**
Net increase/(decrease) in cash and cash equivalents		**86,575**	**27,405**
Cash and cash equivalents as at 1 January		**27,400**	**-**
Effects of exchange-rate changes on cash and cash equivalents		**(4)**	**(5)**
Cash and cash equivalents at the end of the period	**8**	**113,971**	**27,400**

NOTE 1 – REPORTING ENTITY

The Turkic Investment Fund ("the Fund" or "TIF") is an international financial institution established under the Agreement Establishing the Turkic Investment Fund ("Establishment Agreement") that was signed at the Extraordinary Summit of the Organization of Turkic States ("OTS") in Ankara on March 16, 2023, and came into force in February 24, 2024 with the mission to facilitate regional trade, investment, and entrepreneurship across various sectors, enhance regional connectivity, and contribute to a green economy to achieve value-added impact in the Turkic world.

The Establishment Agreement of the Fund was initially signed by five founding member states: the Republic of Azerbaijan, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Türkiye, and the Republic of Uzbekistan. Subsequently, pursuant to the decision of the Board of Governors (Resolution No. TIF/BoG2024/02 dated 18 November 2024), Hungary was given accession as a member and subscribed to the Fund's share capital.

The status, privileges and immunities of the Fund and persons connected therewith in the Republic of Türkiye are defined in the Host Country Agreement between the Government of the Republic of Türkiye and the Fund ("the Host Country Agreement") signed on May 18, 2024. The Host Country Agreement came into force in November 11, 2024.

The headquarters address of the Fund is "Huzur Mahallesi, Azerbaycan Caddesi, Skyland B kapı No:4 Daire No:67-72, Sarıyer, İstanbul, Türkiye".

As of December 31, 2025, the number of employees of the Fund is 24.

NOTE 2 – BASIS OF ACCOUNTING

These financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS"). On a proposal from the Executive Management, the Board of Directors endorsed the financial statements for the year ended December 31, 2025, on June 4, 2026, and authorised their submission to the Board of Governors for approval.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates.

NOTE 3 – FUNCTIONAL AND PRESENTATION CURRENCY

The Fund's "functional currency" is USD, and all transactions are recorded in USD. The Fund's "presentation currency" is also USD.

NOTE 4 – BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis. All financial assets are held within a business model whose objective is to collect contractual cash flows, and are measured at amortized cost in accordance with IFRS 9.

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During 2025, there were no changes in accounting policies requiring disclosure for the reporting period.

5.1. Foreign currency

Foreign currency transactions are translated into the functional currency using the indicative exchange rates at the dates of the transactions announced by Central Bank of the Republic of Türkiye.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency with the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the cost in the functional currency at the beginning of the period, and payments during the period, and the cost in the foreign currency translated with the exchange rate at the end of the period.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on the settlement of such transactions and translation are recognized in “Net finance (loss)/income” in the statement of profit or loss and other comprehensive income.

Exchange rates used by the Fund at the reporting dates are as follows:

		31 December 2025
1 Turkish Lira	USD	0.0233

5.2. Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.2. Interest (Continued)

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired ("POCI") financial assets, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit loss (ECL). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance.

The "gross carrying amount of a financial asset" is the amortised cost of a financial asset before adjusting for any ECL allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Presentation

Interest income and interest expense calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes only interest on financial assets and financial liabilities measured at amortised cost.

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.3. Taxation

According to Article 12 of the "Host Country Agreement", within the scope of its official activities the Fund, its property and assets, movable and immovable, or income of whatever nature such as interests, capital gains, currency gains, profits as well as its operations and transactions, purchase of goods and services shall be exempt:

a) from all present and future, direct and indirect taxation and duties, including but not limited to Value Added Tax (VAT), income tax, property tax, corporate tax, motor vehicles tax, special consumption tax (only related to purchases of goods by the Fund from special consumption tax taxpayers), special communication tax, withholding tax, stamp duties, be it of a local or governmental nature. Referring to the aforesaid provisions, the Fund shall also be exempt from any obligation for the payment, withholding or collection of any tax.

b) from all customs duties and additional financial obligations, and other levies including VAT and special consumption tax (only related to purchases of goods by the Fund from special consumption tax taxpayers) or direct importations of goods made by the Fund on imports and exports in respect of articles including its publications, imported or exported by the Fund for its official use, except the charges for storing, customs clearance of goods outside the places specified for this purpose and the fees to be paid to the customs employees for possible overtime work.

5.4. Cash in banks

"Cash in banks" includes cash and balances with banks repayable on demand and short-term placements with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

"Cash in banks" in the statement of financial position are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method (Note 8).

5.5. Advances

"Advances" in the statement of financial position are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.6. Tangible and intangible assets

5.6.1. Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Fund. Ongoing repairs and maintenance are expensed as incurred. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. The estimated useful lives of significant items of property and equipment are as follows:

	Useful lives
Equipment	4 years
Computer technology	4 years
Motor vehicles	5 years

5.7. Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

5.8. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Fund has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.9. End-of-service indemnity and severance pay

The Fund recognizes provisions for end-of-service indemnity and severance pay in accordance with the terms of employment contracts and applicable labor laws and regulations. Employees are required to serve a minimum period of two years in order to qualify for the end-of-service benefit. The end-of-service indemnity is calculated at the rate of one month’s basic salary for each completed year of service and is payable to employees upon termination of employment. A provision is also recognized for severance pay based on the relevant contractual terms and applicable regulations (Note 11).

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.10. Classification and measurement of financial instruments

The Fund classifies its financial assets at initial recognition into one of three measurement categories in accordance with IFRS 9: (i) amortised cost, (ii) fair value through other comprehensive income (FVOCI), or (iii) fair value through profit or loss (FVTPL). Classification is determined based on two criteria: the Fund's business model for managing the financial assets and the contractual cash flow characteristics of the asset (the "Solely Payments of Principal and Interest" or SPPI test).

A financial asset is measured at amortised cost when it is held within a business model whose objective is to hold assets to collect contractual cash flows (the "hold to collect" model), and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset is measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the "hold to collect and sell" model), provided the contractual terms pass the SPPI test. Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL.

Financial liabilities are classified at initial recognition as either measured at amortised cost or at FVTPL. Financial liabilities are generally measured at amortised cost unless they are held for trading or designated at FVTPL to eliminate or significantly reduce an accounting mismatch. Financial guarantee contracts and undrawn loan commitments are initially recognised at fair value and subsequently measured at the higher of (i) the amount of the loss allowance determined under the ECL model in IFRS 9, and (ii) the amount initially recognised less cumulative income recognised in accordance with IFRS 15.

As of the reporting date, the Fund's financial assets consist primarily of cash in banks, time deposits, and short-term sukuk holdings. These assets are held within a "hold to collect" business model and their contractual terms give rise to cash flows that pass the SPPI test. Accordingly, they are classified and measured at amortised cost. Reclassification of financial assets is permitted only when the Fund changes its business model for managing those financial assets, which is expected to be rare.

5.11. Impairment of financial assets

The Fund recognises ECL allowances on financial assets measured at amortised cost, in accordance with the impairment requirements of IFRS 9. The Fund applies a three-stage impairment model based on changes in credit risk since initial recognition:

a) Stage 1 (Standard): Financial instruments for which credit risk has not significantly increased since initial recognition. A 12-month ECL is recognised, representing the portion of lifetime ECL associated with default events occurring within the next 12 months.

b) Stage 2 (Watchlist): Financial instruments for which credit risk has increased significantly since initial recognition but are not yet credit-impaired. Lifetime ECL is recognised. A significant increase in credit risk (SICR) is assessed using quantitative triggers (such as rating downgrades of two or more notches), qualitative indicators (such as covenant breaches, forbearance, or macroeconomic stress), and a backstop of more than 30 days past due.

NOTE 5 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.11. Impairment of financial assets (Continued)

c) Stage 3 (Impaired): Financial instruments that are credit-impaired, where objective evidence of a credit loss event exists. Lifetime ECL is recognised. An exposure is considered credit-impaired when the borrower is unlikely to pay its obligations in full, or when it is more than 90 days past due on any material credit obligation to the Fund.

ECL is measured as the probability-weighted estimate of credit losses, determined as the present value of all cash shortfalls over the expected life of the financial instrument. ECL is calculated as a function of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). The Fund incorporates forward-looking information, including macroeconomic indicators and scenario analysis, into its ECL estimates to the extent such information is available, reasonable and supportable. As the Fund is in its early operational stage and lacks internal historical loss experience, key risk parameters (PD, LGD, and EAD) are derived from the Basel Framework and external publicly available data. Management overlays may be applied to account for emerging risks not captured through available data or segmentation models.

NOTE 6 – THE NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The accounting policies adopted in preparation of the financial statements as of December 31, 2025 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2025 and thereafter. The effects of these standards and interpretations on Fund's financial position and performance have been disclosed in the related paragraphs.

6.1. The new standards, amendments and interpretations which are effective as of 1 January 2025 are as follows:

Amendments to IAS 21 - Lack of exchangeability

In August 2023, the Board issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a significant impact on the financial position or performance of the Fund.

NOTE 6 – THE NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (Continued)

6.2. Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Fund will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Fund will wait until the final amendment to assess the impacts of the changes.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

In May 2024, the Board issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognized on the 'settlement date'. It also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The amendment will be effective for annual periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings.

The Fund expects no significant impact on its balance sheet and equity.

NOTE 6 – THE NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (Continued)

6.2. Standards issued but not yet effective and not early adopted (Continued)

Annual Improvements to IFRSs – Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, amending the followings:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter:* These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

- *IFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition:* The amendments update the language on unobservable inputs in the Standard and include a cross reference to IFRS 13.

- *IFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price:* IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply derecognition requirement of IFRS 9 and recognise any resulting gain or loss in profit or loss. IFRS 9 has been also amended to remove the reference to 'transaction price".

- *IFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent':* The amendments are intended to remove the inconsistencies between IFRS 10 paragraphs.

- *IAS 7 Statement of Cash Flows – Cost Method:* The amendments remove the term of "cost method" following the prior deletion of the definition of 'cost method'.

Improvements are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted for all.

The Fund expects no significant impact on its balance sheet and equity.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the "own use" requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The amendment will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted but will need to be disclosed. The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The Fund expects no significant impact on its balance sheet and equity.

NOTE 6 – THE NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (Continued)

6.2. Standards issued but not yet effective and not early adopted (Continued)

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34. IFRS 18 and the related amendments are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted. IFRS 18 will be applied retrospectively.

The Fund is in the process of assessing the impact of the amendments on financial position or performance of the Fund.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, the Board issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19.

The standard is not applicable for the Fund.

NOTE 6 – THE NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (Continued)

6.2. Standards issued but not yet effective and not early adopted (Continued)

Amendments to IAS 21 - Translation to a Hyperinflationary Presentation

The amendments issued by the Board in November 2025 require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. Accordingly, if an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the end of the current reporting period. Furthermore, an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with IAS 29, to the foreign operation's comparative figures. The amendments also introduce certain additional disclosure requirements.

The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted. If an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and it translates the results and financial position of foreign operations whose functional currency is that of a non-hyperinflationary economy, then it is required to apply the amendments from the beginning of the annual reporting period in which it first applies the amendments. In addition, it restates the comparative amounts of its foreign operations included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures in accordance with IAS 29. Other entities will apply the amendments retrospectively.

The amendments are not applicable for the Fund and will not have an impact on the financial position or performance of the Fund.

NOTE 7 – FINANCIAL RISK REVIEW AND MANAGEMENT

This section provides details of the Fund's exposure to risk and describes the methods used to manage those risks. The most important types of risk to which the Fund is exposed are credit risk, liquidity risk, market risk, and operational risk.

7.1. Risk management framework

The Fund is committed to actively identify and manage all risks inherent in its activities in order to support its sustainable profitability objective and safeguard its capital base. The Fund pays particular attention to managing credit risk in the course of its core activities and treasury operations, liquidity risk, market risk as well as compliance and operational risk in its organisation and activities.

NOTE 7 – FINANCIAL RISK REVIEW AND MANAGEMENT (Continued)

7.2. Management of credit risk

The Fund's primary exposures to credit risk arise through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of these assets on the statement of financial position. In view of the Fund's philosophy of prudent lending, the function of credit risk management is a critical fulcrum of the Fund's long-term vision and success. Credit analysis is conducted by using various information sources and applying qualitative and quantitative methodologies.

The Fund reviews lending operations and manages the main areas of credit risk which are inherent to the lending activities in order to ensure that decisions are made in line with the Fund's strategy and that loan applications are prudently reviewed. Lending decisions are made to clients by following the guidelines laid down in various policies and through coordination with other business units to ensure that the loans are made in line with the Fund's overall risk appetite and strategy. All credit applications are evaluated and approved by the Board of Directors.

In addition to Risk Management Department, the Fund's Management also provides oversight and direction to the activities of risk management to ensure that the Fund's risk profile is in line with its strategy and operating environment, in a manner which ensures protection to the shareholders.

The Fund applies the IFRS 9 ECL impairment approach to all financial assets measured at amortised cost. Under this framework, the Fund uses a three-stage approach: Stage 1 (Standard) for exposures with no significant increase in credit risk since initial recognition, where 12-month ECL is recognised; Stage 2 (Watchlist) for exposures with a significant increase in credit risk, where lifetime ECL is recognised; and Stage 3 (Impaired) for credit-impaired exposures, where lifetime ECL is recognised. The staging assessment considers both quantitative and qualitative indicators, including credit rating changes, payment arrears, covenant compliance, and macroeconomic conditions. A rebuttable presumption that credit risk has increased significantly applies when contractual payments are more than 30 days past due, and default is presumed when payments are more than 90 days past due.

ECL estimates are based on Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) parameters. Given the Fund's early stage of operations and absence of internal historical loss data, PD and LGD values are derived from Basel Framework benchmarks and external credit risk assessments. EAD for off-balance sheet items are subject to adjustments using credit conversion factors prescribed by Basel Framework. The Risk Management Department leads the end-to-end ECL calculation process, with governance oversight from the Executive Management and the Board of Directors. Individual assessments are applied to material or credit-impaired exposures, while collective assessments are applied to portfolios sharing similar risk characteristics. Management overlays may be applied where limitations or data gaps could lead to underestimation of credit risk.

As of the reporting date, the Fund had not commenced financing operations, and all credit exposures relate to cash in banks, time deposits and rights related to short-term sukuks. These exposures are classified in Stage 1 (Standard), and a 12-month ECL has been recognised accordingly (Note 15). No exposures were classified in Stage 2 or Stage 3 during the reporting period.

NOTE 7 – FINANCIAL RISK REVIEW AND MANAGEMENT (Continued)

7.2. Management of credit risk (Continued)

7.2.1. Concentration of credit risks

The Fund will monitor concentration of credit risk by individual obligor, by Member State, and by sector, in order to ensure that exposures remain within prudent limits and aligned with the Fund's risk appetite framework. Concentration analyses are normally disclosed by geographic location and by sector. However, as the Fund had not yet commenced its financing operations as of the reporting date, no credit exposures associated with financing activities had been originated and therefore no concentrations of credit risk are presented in these financial statements.

7.3. Liquidity risk

Liquidity risk is defined as the risk that the Fund may encounter difficulty in meeting its financial obligations when they fall due, whether under normal conditions or during periods of stress This encompasses (i) funding liquidity risk, arising from the inability to meet liabilities when due; (ii) market liquidity risk, where assets cannot be sold or exchanged at reasonable prices due to market dislocation; and (iii) cash flow timing and refinancing risk, resulting from mismatches between the timing of expected inflows and outflows across the Fund's investment, financing and operational activities. Effective management of liquidity risk is a cornerstone of the Fund's financial stability, as it ensures that the Fund is able to meet its mandate without incurring unacceptable losses or impairing its operational continuity or its reputation.

7.3.1. Management of liquidity risk

The management of liquidity risk within the Fund is governed by the Liquidity Adequacy Assessment Policy (LAAP) and overseen by the Risk Management Department under the accountability of the General Director. Day-to-day liquidity management is carried out by the Treasury function, which ensures that sufficient high-quality liquid assets are maintained to cover near-term obligations. The Fund's liquidity adequacy framework requires monitoring of funding liquidity, market liquidity, and refinancing risk across one-month and a twelve-month forward-looking horizon. Liquidity is managed prudently through the maintenance of a liquidity buffer composed of readily marketable, high-quality liquid assets, and through active monitoring of projected cash inflows and outflows.

The Fund's liquidity position is assessed using a tailored one-month and twelve-month Liquidity Coverage Ratio (LCR) methodology derived from the Basel Framework. This methodology involves projecting cash flows arising from assets, liabilities, and off-balance sheet items over defined time horizons and comparing net outflows against the stock of weighted High-Quality Liquid Assets (HQLA). HQLA are classified into Level 1, Level 2A, and Level 2B categories, each subject to conservative risk factors reflecting their market liquidity and credit quality. The LCR is calculated as the ratio of weighted HQLA to total net cash outflows, with inflows capped at a percentage of outflows to prevent over-reliance on uncertain receipts.

NOTE 7 – FINANCIAL RISK REVIEW AND MANAGEMENT (Continued)

7.3. Liquidity risk (Continued)

7.3.1. Management of liquidity risk (Continued)

In accordance with the Fund's Risk Appetite Statement, the twelve-month LCR and the one-month LCR are governed by a three-tiered threshold framework comprising a risk appetite target, a Key Risk Indicator (early warning level), and a Risk Limit (maximum tolerable level). Liquidity risk thresholds are monitored on a continuous basis by the Risk Management Department. A breach of the Key Risk Indicator triggers escalation to the Audit and Risk Management Committee (ARMC), while a breach of the Risk Limit triggers escalation to the Board of Directors. Corrective action is required unless the Board expressly approves the transactions causing the breach.

Liquidity risk assessment is subject to a structured reporting framework: updates are provided regularly to the Executive Management, quarterly reports to the ARMC, and semi-annual reports to the Board of Directors. In addition, the Risk Management Department monitors Early Warning Signals, including rapid asset growth funded by volatile liabilities, concentration build-up in assets or liabilities, increases in currency mismatches, decreases in weighted average maturity of liabilities, and rising funding costs.

The Fund's assets and liabilities are spread across different maturity intervals as shown in the table below:

	31 December 2025					
	Up To 1 Month	**1 to 3 Months**	**3 Months to 1 Year**	**Over 1 Year**	**Unallocated**	**Total**
Assets						
Cash in banks						
Time deposits and sukuks	93,865	20,074	-	-	-	113,939
Demands	32	-	-	-	-	32
Tangible assets	-	-	-	-	479	479
Right-of-use assets	32	65	290	-	-	387
Intangible assets	-	-	-	-	-	-
Other assets						
Prepaid expenses	20	41	127	-	-	188
Deposits	-	-	65	2	-	67
VAT receivable	-	-	35	-	-	35
Other	8	10	-	-	-	18
Total assets	**93,957**	**20,190**	**517**	**2**	**479**	**115,145**
Liabilities						
Employee benefits	-	-	47	-	149	196
Deferred income	2	3	15	33	-	53
Other liabilities						
Social security liabilities	36	-	-	-	-	36
Payables	31	-	-	-	-	31
Other provisions	2	-	-	-	-	2
Total liabilities	**71**	**3**	**62**	**33**	**149**	**318**

NOTE 7 – FINANCIAL RISK REVIEW AND MANAGEMENT (Continued)

7.3. Liquidity risk (Continued)

7.3.1. Management of liquidity risk (Continued)

	31 December 2024					
	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	Over 1 Year	Unallocated	Total
Assets						
Cash in banks						
Time deposits	13,586	13,699	-	-	-	27,285
Demands	115	-	-	-	-	115
Tangible assets	-	-	-	-	64	64
Intangible assets	-	-	-	-	-	-
Other assets						
Prepaid expenses	45	88	375	387	-	895
Deposits	-	-	-	65	-	65
VAT receivable	-	-	12	-	-	12
Other	6	-	-	-	-	6
Total assets	**13,752**	**13,787**	**387**	**452**	**64**	**28,442**
Liabilities						
Employee benefits	-	-	42	-	31	73
Other liabilities						
Payables	1	46	-	-	-	47
Social security liabilities	15	-	-	-	-	15
Other	14	6	70	-	-	90
Total liabilities	**30**	**52**	**112**	**-**	**31**	**225**

NOTE 7 – FINANCIAL RISK REVIEW AND MANAGEMENT (Continued)

7.4. Currency risk

Currency risk is defined as the potential impact of adverse movements in exchange rates on the Fund's financial position and cash flows. As the functional and reporting currency of the Fund is the USD, all assets, liabilities, income, and expenses are ultimately reported in USD, exposing the Fund to translation effects whenever its exposures are denominated in other currencies.

The Fund maintains a prudent approach to foreign exchange risk in line with its Risk Appetite Statement. The Fund does not assume material open currency positions for profit-taking purposes and seeks to ensure that currency exposures remain within strict thresholds tied to its capital base. The foreign exchange capital requirement, determined under the Fund's capital adequacy methodology, is governed by a defined risk tolerance framework.

Currency risk exposures are measured and monitored by the Treasury function, with independent oversight provided by the Risk Management Department. Monitoring results are consolidated into periodic reports: regularly to the Executive Management, quarterly to the ARMC, and semi-annually to the Board of Directors. In the event of a breach of limits, corrective action is initiated promptly, and post-incident reviews are carried out to strengthen controls.

The concentrations of assets and liabilities in various currencies are:

	31 December 2025		
	USD	**TRY**	**Total**
Assets			
Cash in banks	113,968	3	113,971
Tangible assets	479	-	479
Right-of-use assets	387	-	387
Other assets			
Prepaid expenses	188	-	188
Deposits	67	-	67
VAT receivable	-	35	35
Other	15	3	18
Total assets	**115,104**	**41**	**115,145**
Liabilities			
Employee benefits	187	9	196
Deferred income	53	-	53
Other liabilities			
Social security liabilities	-	36	36
Payables	19	12	31
Other provisions	-	2	2
Total liabilities	**259**	**59**	**318**

NOTE 7 – FINANCIAL RISK REVIEW AND MANAGEMENT (Continued)

7.4. Currency risk (Continued)

	31 December 2024		
	USD	**TRY**	**Total**
Assets			
Cash in banks	27,396	4	27,400
Tangible assets	64	-	64
Other assets			
Prepaid expenses	895	-	895
Deposits	-	65	65
VAT receivable	-	12	12
Other	6	-	6
Total assets	**28,361**	**81**	**28,442**
Liabilities			
Employee benefits	73	-	73
Other liabilities			
Payables	32	15	47
Social security liabilities	-	15	15
Other provisions	78	12	90
Total liabilities	**183**	**42**	**225**

7.5. Interest rate risk

Interest rate risk is defined as the potential loss in earnings or economic value resulting from adverse movements in market interest rates. The Fund is exposed to interest rate risk to the extent that interest-earning assets and interest-bearing liabilities reprice or mature at different times or in different amounts.

The Fund measures interest rate risk in the banking book through the sensitivity of its Economic Value of Equity (EVE) to parallel shifts in the interest rate curve, in line with the Risk Appetite Statement and the Capital Adequacy Assessment Policy. The Fund's risk appetite requires that potential changes in Economic Value of Equity (EVE) under stress scenarios remain within acceptable tolerance levels. An internal monitoring threshold has been established to serve as an early warning indicator, and any breach of this level is reported to the ARMC. Exceeding the defined upper boundary constitutes a limit breach and requires immediate escalation to the Board of Directors.

Monitoring and reporting of interest rate risk are performed by the Risk Management Department and reviewed by the governing bodies of the Fund in accordance with the reporting cycle established under the risk governance framework.

NOTE 7 – FINANCIAL RISK REVIEW AND MANAGEMENT (Continued)

7.6. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. It is inherent in all the Fund's activities, including financing, treasury, and support functions.

The Fund manages operational risk through its Operational Risk Management Policy, which applies to the three-lines-of-defense model. Business units are responsible for day-to-day risk management, the Risk Management and Compliance Departments provide independent oversight, and Internal Audit ensures independent assurance to the Board of Directors. The framework promotes a strong risk culture, systematic risk identification, use of key risk indicators, and business continuity arrangements.

In line with the Capital Adequacy Assessment Policy, operational risk capital requirements are measured using the Standardized Measurement Approach of Basel Framework, with conservative calibration during the Fund's early stage of operations. The Risk Appetite Statement expresses a low tolerance for operational risk, focusing on safeguarding institutional integrity, business continuity, and reputation.

7.7. Capital management

According to Article 17 of the Establishment Agreement, at least ten (10) per cent of the annual net income of the Fund shall be allocated to the general reserves until the general reserve attains twenty-five (25) per cent of the subscribed capital of the Fund. The Board of Governors may decide to allocate a supplementary amount to form an additional reserve or distribute to Members, provided that no part of the net income of the Fund shall be distributed to Members by way of profit until the General Reserves of the Fund shall have attained the level of twenty-five (25) per cent of the subscribed capital.

NOTE 8 – CASH IN BANKS

"Cash in banks" includes cash and balances with banks repayable on demand and short-term placements with original maturities of less than three months. As of December 31, 2025, "Cash in banks" includes several time deposit accounts totalling USD 111,600 (31 December 2024: USD 27,269) with the weighted average annual rate of 5% (31 December 2024: 3%) and rights related to short-term sukuks amounting to USD 2,000 (31 December 2024: None) with the weighted average annual rate of 4% (31 December 2024: None). The following table shows the cash and cash equivalents included in the accompanying statement of cash flows:

	31 December 2025	31 December 2024
Time deposit (with original maturity less than three months)	111,600	27,269
Rights related to short-term sukuks (with original maturity less than three months)	2,000	-
Demand deposit	32	115
Interest accrual	365	21
Less: Allowance for ECL	(26)	(5)
Total	**113,971**	**27,400**

NOTE 9 – TANGIBLE ASSETS

	31 December 2025	31 December 2024
Cost: Tangible assets	547	65
Less: Accumulated depreciation (Tangible assets)	(68)	(1)
Tangible assets net book value	**479**	**64**
Cost: Right-of-use assets	773	-
Less: Accumulated depreciation (Right-of-use assets)	(386)	-
Right-of-use assets net book value	**387**	**-**

Movements in tangible assets are as follows:

	Machinery and equipment	Motor vehicles	Total
31 December 2025			
Net book value at 1 January	64	-	64
Additions	78	404	482
Depreciation	(28)	(39)	(67)
Net book value at period end	**114**	**365**	**479**
31 December 2024			
Net book value at 1 January	-	-	-
Additions	65	-	65
Depreciation	(1)	-	(1)
Net book value at period end	**64**	**-**	**64**

Property and Equipment include net amount of variety of office technology and devices, such as computers, monitors, printers and other essential office equipment.

	Right-of-use (Office rent)	Total
31 December 2025		
Net book value at 1 January	-	-
Additions	773	773
Depreciation	(386)	(386)
Net book value at period end	**387**	**387**

	Right-of-use (Office rent)	Total
31 December 2024		
Net book value at 1 January	-	-
Additions	-	-
Depreciation	-	-
Net book value at period end	**-**	**-**

As of 31 December 2025, in accordance with IFRS 16, the right-of-use asset arising from the lease agreement between TIF and the landlord for its headquarters premises has been recognized under assets.

NOTE 10 – OTHER ASSETS

	31 December 2025	31 December 2024
Short-term assets		
Prepaid expenses	188	508
Deposits	65	-
VAT receivable	35	12
Other	18	6
Long-term assets		-
Prepaid expenses	-	387
Deposits	2	65
Total	**308**	**978**

Other assets are divided into short-term and long-term assets. Other short-term assets mostly consist of prepaid expense of private health insurance for employees and motor vehicles' insurance as well as deposits given for Headquarter rent. VAT receivables are taxes paid during the procurement of tangible assets and payments for other operating expenses that will be claimed from Tax Authorities.

NOTE 11 – EMPLOYEE BENEFITS

	31 December 2025	31 December 2024
End-of-service indemnity provision	140	31
Annual leave provision	47	42
Severance pay provision	9	-
Total	**196**	**73**

11.1. End-of-service indemnity provision

In accordance with the HR Policy of TIF, the Fund's liability for end-of-service benefits represents the aggregate of the monetary entitlements of all employees expected to serve more than two years, measured based on their monthly basic salaries. In measuring the provision for end-of-service indemnities, the discount rate applied is 5.24%.

The movements in the end-of-service liability during the year are presented below:

	31 December 2025	31 December 2024
Balance at the beginning of period	31	-
Payments	-	-
Provision for the period, (net)	109	31
Balance at period end	**140**	**31**

NOTE 11 – EMPLOYEE BENEFITS (Continued)

11.2. Annual leave provision

The Fund's liability is the sum of the monetary values of each employee's annual leave entitlement which is calculated based on the monthly base salaries as per adopted HR Policy of TIF. Movements in the annual leave pay liability are as follows:

	31 December 2025	31 December 2024
Balance at the beginning of period	42	-
Payments	(1)	-
Provision for the period, (net)	6	42
Balance at period end	**47**	**42**

11.3. Severance pay provision

In accordance with the applicable labor law, the TIF's staff with at least one year of service are entitled to severance pay of one month's gross salary per year of service upon dismissal. An actuarial loss of USD 3 was recognized in other comprehensive income and recorded in equity as a reserve. Movements in the severance pay liability were as follows:

	31 December 2025	31 December 2024
Balance at the beginning of period	-	-
Actuarial (gain)/loss	3	
Severance pay provision for the period, (net)	6	-
Balance at period end	**9**	**-**

The employee termination benefit obligation has been measured at the present value of the estimated future outflows expected to arise in respect of employees' services rendered up to 31 December 2025. In line with IAS 19, the obligation was calculated using actuarial valuation methods. The key actuarial assumptions used were a discount rate of 0.31%, expected USD inflation of 3.20%, and an average turnover rate to estimate the probability of retirement of 84.23%, reflecting the estimated probability of retirement.

Given that the statutory ceiling for termination benefits is updated semi-annually, the provision was calculated based on the lower of the projected statutory ceiling as at 31 December 2025 in USD equivalent and the relevant employee's gross monthly salary.

NOTE 12 – OTHER LIABILITIES

	31 December 2025	31 December 2024
Social security liabilities (1)	36	15
Payables (2)	31	47
Other provisions (3)	2	90
Total	**69**	**152**

(1) Social Security Institution Contribution accrued as of the end of the year has been booked under other liabilities and provisions.
(2) Payables mainly consist of outstanding invoices for services provided from third parties.
(3) Provisions relating to the current year, which are expected to be settled next year.

NOTE 13 – SHARE CAPITAL

	31 December 2025	31 December 2024
Authorized share capital	600,000	600,000
Less: unallocated share capital	-	-
Subscribed share capital	**600,000**	**600,000**
Less: callable and payable share capital	(480,000)	(570,000)
Paid-in share capital	**120,000**	**30,000**

The following table shows the number of shares, the amount subscribed by each member, including their respective callable and payable as well as the amount paid-in:

	Shares	Subscribed	Callable	Payable	Paid-in
The Republic of Azerbaijan	2,000	100,000	30,000	47,000	23,000
Hungary	2,000	100,000	30,000	65,000	5,000
The Republic of Kazakhstan	2,000	100,000	30,000	47,000	23,000
The Kyrgyz Republic	2,000	100,000	30,000	47,000	23,000
The Republic of Türkiye	2,000	100,000	30,000	47,000	23,000
The Republic of Uzbekistan	2,000	100,000	30,000	47,000	23,000
Total	**12,000**	**600,000**	**180,000**	**300,000**	**120,000**

The Establishment Agreement of the Fund was initially signed by five founding member states: the Republic of Azerbaijan, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Türkiye, and the Republic of Uzbekistan. Subsequently, pursuant to the decision of the Board of Governors (Resolution No. TIF/BoG2024/02 dated 18 November 2024), Hungary was given accession as a member and subscribed to the Fund's share capital.

Each member state has authorized capital stock of two thousand (2,000) shares with a nominal value of fifty thousand dollars (USD 50,000) each. The authorized capital stock is divided into paid-in shares and callable shares. Shares having an aggregate par value of four hundred and twenty million dollars (USD 420,000,000) is paid-in shares, and shares having an aggregate par value of one hundred and eighty million dollars (USD 180,000,000) are callable shares. Each member state pays the initial payment related to its paid-in shares in the amount of five million dollars (USD 5,000,000). The remaining subscription amount shall be payable in three annual instalments: 1st - eighteen million dollars (USD 18,000,000); 2nd - twenty-three million dollars (USD 23,000,000); 3rd - twenty-four million dollars (USD 24,000,000) on each subsequent anniversary of the date of the initial payment in accordance with Establishment Agreement.

NOTE 14 – NET INTEREST INCOME

TIF generated returns of interest income of USD 2,347 (31 December 2024: USD 200) on time deposits and repos of idle cash held from capital contributions. Interest rates range between 3.0%-5.5% (31 December 2024: 1.55%-4.0%) for the time deposits for the period ending December 31, 2025. The weighted average annual rate applied to the deposits and repos within the year is 5.02%.

NOTE 15 – EXPECTED CREDIT LOSS

The Fund applies the IFRS 9 three-stage impairment model to all financial assets measured at amortized cost. Under this model, 12-month ECL is recognized for exposures in Stage 1 (Standard), and lifetime ECL is recognized for exposures in Stage 2 (Watchlist) or Stage 3 (Impaired). As of 31 December 2025, all of the Fund's credit exposures consist of time deposits and demand deposits held with banks, as well as rights related to short-term sukuks which are classified in Stage 1.

No exposures were classified in Stage 2 or Stage 3 during the reporting period.

15.1. ECL measurement methodology

ECL for Cash in Banks was calculated using a Probability of Default of 0.05% and a Loss Given Default of 45%. These assumptions were informed by parameters referenced in the Basel III Framework, specifically CRE32.2 – Risk Components for Corporate, Sovereign, and Bank Exposures, serving as a benchmark for risk estimation. Given the historically low incidence of defaults within this portfolio, it was classified as a Low Default Portfolio for the purposes of credit risk assessment under IFRS 9.

15.2. Staging and ECL allowance

The following table presents the gross carrying amounts and corresponding ECL allowances by stage as of 31 December 2025 and 31 December 2024:

31 December 2025	Gross carrying amount	ECL allowance	Net carrying amount
Stage 1 (Standard)	113,997	(26)	113,971
Stage 2 (Watchlist)	-	-	-
Stage 3 (Impaired)	-	-	-
Total	**113,997**	**(26)**	**113,971**

31 December 2024	Gross carrying amount	ECL allowance	Net carrying amount
Stage 1 (Standard)	27,405	(5)	27,400
Stage 2 (Watchlist)	-	-	-
Stage 3 (Impaired)	-	-	-
Total	**27,405**	**(5)**	**27,400**

NOTE 15 – EXPECTED CREDIT LOSS (Continued)

15.3. Reconciliation of ECL allowance

The movement in the ECL allowance during the reporting periods is as follows:

ECL allowance reconciliation	Stage 1 (Total)
ECL allowance at 1 January 2024	-
Net charge for the year ended 31 December 2024	(5)
ECL allowance at 31 December 2024	**(5)**
ECL allowance at 1 January 2025	(5)
Net charge for the year ended 31 December 2025	(21)
Transfers between stages	-
Write-offs	-
Recoveries of previously written-off amounts	-
ECL allowance at 31 December 2025	**(26)**

NOTE 16 – OTHER INCOME

	31 December 2025	31 December 2024
Social Security Incentives	39	4
Discounts on meal cards	9	1
Other income [(1)]	12	27
Total	**60**	**32**

(1) This includes salary bank promotion income received from the bank through which payroll is processed, recognized in profit or loss to the extent attributable to the current reporting period, as well as income arising from the reversal of certain provisions recognized in the previous year that were no longer required. The deferred portion for the following years is USD 53.

NOTE 17 – OTHER EXPENSES

	31 December 2025	31 December 2024
Personnel expenses		
Salaries [1]	2,255	978
Allowances/Benefits [2]	1,045	388
Health insurance	186	27
End-of-service indemnity/severance pay [3]	115	31
Annual leave [4]	6	42
Total personnel expenses	**3,607**	**1,466**
Other administrative expenses		
Advisory expenses	1,121	149
Office rent	-	121
Travel and representation	349	199
Transportation related expenses	82	27
Other	157	42
Total other administrative expenses	**1,709**	**538**
Depreciation and amortization	**67**	**1**
Depreciation of right-of-use (Office rent)	**386**	**-**
Total operating expenses	**5,769**	**2,005**

(1) This includes net salaries of the staff as well as contributions to Social Security Institution.
(2) Other allowances paid to employees such as rent, school, meal, transportation, etc.
(3) This amount includes end-of-service indemnity and severance pay provisions.
(4) This amount includes provision for unused annual leave pay of the staff.

NOTE 18 – RELATED PARTY TRANSACTIONS

For the purpose of this report, the Fund's Officers are referred to as related parties. The Fund's Officers are comprised of the President and the General Director. They are entitled to a staff compensation package that includes salary and other short-term allowances and benefits.

The total remuneration paid to the Officers amounts to USD 853 (31 December 2024: USD 838), including for the services before the inaugural date of the Fund. The Officers do not receive post-employment benefits like termination benefits, any share-based payments or other long-term benefits, except end-of-service indemnity payment like other staff members.

The members of the Board of Directors are not personnel of the Fund and do not receive any fixed term salaries nor any staff benefits.

NOTE 19 – SUBSEQUENT EVENTS

On 22 January 2026, the Fund received USD 18,000 from Hungary representing its first annual capital instalment, bringing the total share capital to USD 138,000. As this contribution was made after the reporting date, it has not been recognized in these financial statements and is disclosed as a non-adjusting event after the reporting period.