

**IF THE GOAL IS HIGHER
WE ARE READY!**



2015 ANNUAL REPORT



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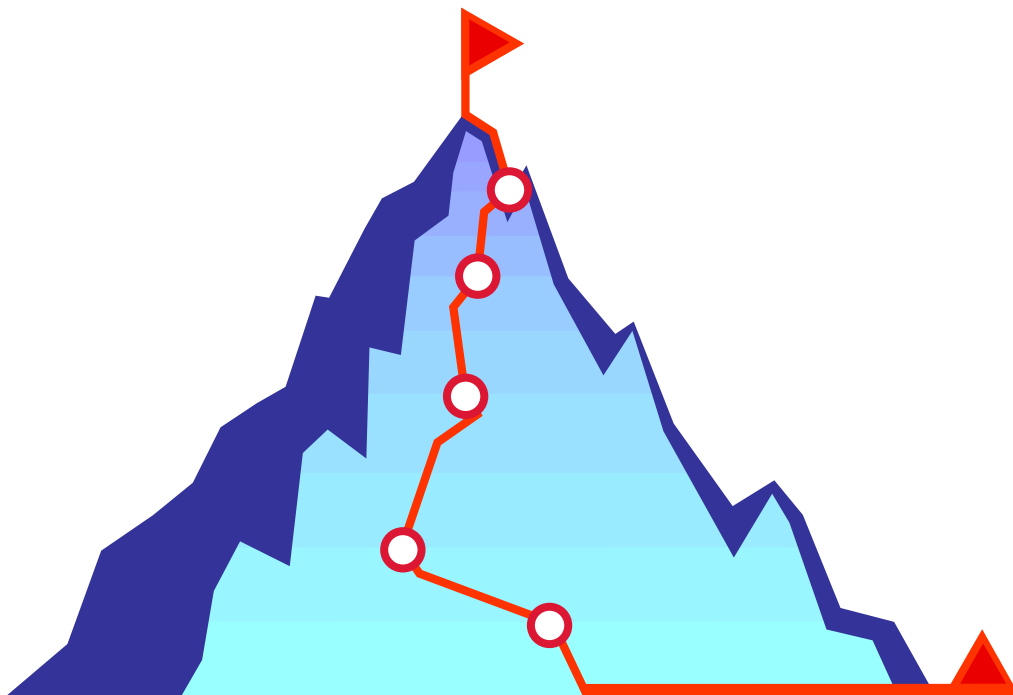
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OUR PATH LEADS TO BIGGER GOALS!

WE ARE ON OUR WAY TO THE TOP WITH OUR CORPORATE AND COMMERCIAL CUSTOMERS BOTH IN TURKEY AND IN THE TRIANGLE THAT INCLUDES AZERBAIJAN AND GEORGIA.

WE ARE GUIDING OUR CORPORATE AND COMMERCIAL CUSTOMERS WITH GREAT GOALS ON OUR CLIMBING ROUTE. HERE ARE THE IMPORTANT STEPS OF OUR JOURNEY TO THE TOP...





Arzu Söylemez
Corporate Marketing Specialist

PAID-IN CAPITAL
(TL MILLION)

255

2015

80

2014

**FIRST, THE REGION SHOULD BE
RECOGNIZED WELL**

WE KNOW WELL THE POTENTIALS, OPPORTUNITIES
AND INVESTMENT PROCESSES IN THE TRIANGLE OF
TURKEY, AZERBAIJAN AND GEORGIA AND GUIDING
OUR CUSTOMERS ACCURATELY.

Kaan Tekeli
Change and Project Manager

TOTAL ASSETS
(TL MILLION)

322

2015

61

2014

CHOICES MUST BE MADE IN ACCORDANCE WITH THE CONDITIONS

WE ENSURE THAT THE ENTREPRENEURS IN THE CORPORATE AND COMMERCIAL SEGMENTS PROGRESS WITH CONFIDENCE ON THEIR WAY BY PROVIDING THEM THE RIGHT, CUSTOM TAILORED AND INNOVATIVE BANKING PRODUCTS THEY NEED.



Yüksel Güneş
Statutory Reporting Manager

Fuad Babayev
Financial Institutions Manager

LOANS
(TL MILLION)

246

2015

51

2014

İlkyardım Çantası
First Aid Bag



**TOOLS SHOULD BE
AVAILABLE FOR INSTANT NEEDS**

AS A BANK HAVING 5-FOLD INCREASE IN CREDIT SIZE,
WE ARE OFFERING THE CREDIT SUPPORT NEEDED BY
OUR CUSTOMERS IN A VERY SHORT TIME AS SPEED IS
IMPORTANT IN THE CURRENT CONDITIONS.

Sinem Atahan Güven
Legal Counsellor

CURRENT YEAR PROFIT
(TL MILLION)

8.8

2015

-1.8

2014

Yeşim Çağlar
Financial Planning and
Controlling Manager



Çağla Eralp
Internal Audit Manager



Ender Sözer
Treasury Manager

**ENERGY SHOULD BE STORED
FOR BIGGER GOALS**

THANKS TO THE SYNERGY THAT WE HAVE CREATED
WITH PASHA BANK AZERBAIJAN AND PASHA BANK
GEORGIA, WE CONTINUE OFFERING ADVANTAGEOUS
SOLUTIONS TO OUR CUSTOMERS IN THE TARGET REGION
AND GETTING STRONGER EVERY DAY FOR BIGGER GOALS.

Özge Başoğlu
Foreign Trade Specialist

M. Serkan Halay
Board Secretary



CORPORATE GOVERNANCE RATING

8.94

2015

8.86

2014

WE SHOULD MOVE TOWARDS GOALS CONTINUALLY

WITH A VISION FOR CREATING NEW AND LASTING VALUES FOR THE BUSINESS WORLD AND THE COMMUNITY, WE CONTINUE WITH OUR STABLE DEVELOPMENT AND WE CARRY OUR POSITION TO HIGHER ELEVATIONS BY REPEATING OUR SUCCESSES.



Agenda of the Annual General Meeting of Shareholders

AGENDA OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE YEAR 2015

1. Opening; Election of the Meeting Chairman and empowering the Chairman to undersign the minutes of the Meeting.
2. Approval of the Board Resolution with regard to transfer of share
3. Discussing Board of Director's Activity Report for the Accounting Period, the Bank's Annual Activity Report, Independent Auditor's Report, Balance Sheet and Statement of Income for the Fiscal Year 2015 and adopting a resolution for approval.
4. Adopting a resolution concerning the accrued profit of 2015 in accordance with the balance sheet.
5. The discharge of the members of the Board of Directors from liability separately, who have served during the accounting period, with regard to their activities in the year 2015;
6. Approval of the appointment of the board member who was elected to fill the vacant positions during the previous year.
7. Election of the members of the Board of Directors and determining terms of office;
8. Determining remuneration and payments to the members of the Board of Directors;
9. Empowering the Board Members for transactions stipulated under articles 395 and 396 of the Turkish Commercial Code No 6102 and informing the shareholders about the third-party duties that the members of the Board of Directors assume and about the reasons for assuming such assignments as per Corporate Governance Principle of the Capital Markets Board numbered 4.4.7.
10. Empowering the Board of Directors to issue Bank's Bond/Bill within the legal limits to create resources, to determine related matters in accordance with the conditions of the concerned period and carry out related transactions,
11. Election of the Independent Audit Institution that would undertake the independent audit of the Bank in 2016,
12. Providing information to the shareholders on collaterals, pledges, mortgages and guarantees given by the Bank on behalf of third persons, and on income and benefits it has obtained,
13. Providing information to the shareholders on the amounts of all donations and charities made and given during the accounting period as well as on their beneficiaries as per Corporate Governance Principle of the Capital Markets Board numbered 1.3.11.
14. Providing information to the shareholders on significant transactions performed in 2015 that may cause conflict of interest as per Corporate Governance Principle of the Capital Markets Board numbered 1.3.6
15. Wishes, suggestions and closing.



Corporate Values

VISION

**TO CREATE NEW AND LASTING VALUES FOR THE
BUSINESS WORLD AND THE SOCIETY**

MISSION

**TO BECOME A CROSS-BORDER BANK EMPOWERING ITS
CUSTOMERS**

TO BE AN INTERNATIONAL BANK, ADDING VALUE TO THE
PRESENT AND THE FUTURE OF;

THE CUSTOMERS BY HIGH QUALITY, INNOVATIVE AND
SOLUTION ORIENTED SERVICE CONCEPT,

THE EMPLOYEES BY INVESTING IN ITS COMPETENT STAFF,

THE SOCIETY IN GENERAL BY DISPLAYING SOCIAL AND
ENVIRONMENTAL SENSITIVITY AND,

THE SHAREHOLDERS BY MAINTAINING A ROBUST
FINANCIAL STRUCTURE AND ACHIEVING A STEADY GROWTH
AND PROFITABILITY.



Summary of Financial Highlights

**The Power
Rising from
the Synergy of
Two Brotherly
Countries**

PASHA Yatırım Bankası A.Ş. has no affiliate subject to consolidation and brief unconsolidated financial information on the results of the activities for the year 2015 is presented below.

(IN THOUSANDS OF TL)	31.12.2015	31.12.2014
Cash Assets and Central Bank	12,663	136
Financial Assets For Trading	-	-
Financial Assets Available For Sale	9,619	1,764
Receivables From Banks And Money Markets	47,357	1,095
Loans	245,744	51,282
Other Assets	7,022	6,794
TOTAL ASSETS	322,405	61,071
Amounts Due To Credit Institutions	71,311	6,594
Debts To Money Markets	-	1,100
Other Liabilities	20,542	6,528
Paid-In Capital	255,000	80,000
Profit Reserves	324	324
Securities Valuation Differences	(90)	(6)
Prior Years' Profit / (Loss)	(33,469)	(31,652)
Current Year Profit / (Loss)	8,787	(1,817)
TOTAL LIABILITIES	322,405	61,071



**The Banking
Approach
Empowering Its
Customers**



PASHA Bank's Historical Development and Milestones

PASHA BANK SERVES ENTREPRENEURS IN AN EFFORT TO CONTRIBUTE TO THE DEVELOPMENT OF TRADE AMONG TURKEY, AZERBAIJAN AND GEORGIA

255 (TL Million)

Total Paid-In Capital

PASHA Yatırım Bankası A.Ş., set up in Istanbul on December 25, 1987 under the title of Yatırım Bank A.Ş., is the first foreign investment bank in Turkey and has provided services until the year 2015 under the management of different shareholder groups.

Following the approval decision taken on June 20, 2013 by the Banking Regulation and Supervision Agency, Aksoy Holding A.Ş., which was the controlling shareholder of the Bank with a capital share of 99.74%, turned over to PASHA Bank OJSC the 79.92% majority shareholding of the Bank in the year 2015 on the basis of the permission by the regulatory authority by agreeing with PASHA Bank OJSC, a Baku-based regional financial institution, as the strategic shareholder.

Following the completion of formal transactions, the new title of our Bank became PASHA Yatırım Bankası A.Ş. and the company name became PASHA Bank as of March 2015.

The capital share owned by the majority shareholder, PASHA Bank OJSC, as a result of purchase of all portion of shares that belonged to Aksoy Holding A.Ş. was realized as 99.92% as of December 2015.

PASHA Bank has been operating at the head office located in Istanbul and has no branch offices.

PASHA Bank renders services to entrepreneurs in the corporate and commercial segment with its investment banking products in an effort to contribute to the development of trade among Turkey, Azerbaijan and Georgia and to provide resources and guidance to the businesses investing in the region.

1987

PASHA Bank was established in Istanbul on December 25, 1987 under the title of Yatırım Bank A.Ş. as the first foreign-owned investment bank in Turkey.

1997

The title of the Bank was changed to TAIB YatırımBank A.Ş.

2013

Aksoy Holding A.Ş. acquired the majority stake in the Bank and the paid-in capital was increased to TL 80 million.

2015

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



**Strong
Ownership
Structure,
Innovation
Meets Tradition**



Changes on Articles of Association, Capital of the Bank and Ownership Structure

THE AMOUNT OF THE BANK'S PAID-IN CAPITAL AS OF DECEMBER 31, 2015 IS TL 255 MILLION AND THE PASHA BANK OJSC IS THE MAJORITY SHAREHOLDER IN THE BANK. DURING THE ACCOUNTING PERIOD, AN INCREASE OF TL 175 MILLION WAS REALIZED IN THE BANK'S SHARE CAPITAL AND THE COMPANY NAME BECAME PASHA BANK.

During the 2015 accounting period, the Article 2, Article 7, and the Paragraph 4 of the Article 15 of the Bank's Articles of Association were amended. The old and new texts of the articles that were amended in the Articles of Association were published in the issue no. 8773 dated 06 March 2015 of the Trade Registry Gazette of Turkey. The Bank's Articles of Association is accessible on our corporate website (www.pashabank.com.tr).

The sale of the majority stake of 79,92% of the Bank by Aksoy Holding A.Ş. to PASHA Bank OJSC, a Baku-based financial institution, was completed on January 27, 2015 and the transfer of shares was recorded in the share register upon the Board resolution adopted on the same date.

Following the completion of the official procedures related to the amendments to the articles of association, the new trade name and company name of our Bank became PASHA Yatırım Bankası A.Ş. and PASHA Bank, respectively, as of March 2015 and the paid-in capital was increased by TL 175 million in cash to TL 255 million by PASHA Bank OJSC.

By the Decision no. 6583 dated 18.12.2015 of the Banking Regulation and Supervision Agency; the acquisition by PASHA Bank OJSC of the direct shareholding of 20% that Aksoy Holding A.Ş. had in our Bank and the increase of PASHA Bank OJSC's shareholding in our Bank to 99,92% from 79,92% were approved.

The assignment of shares in question was recorded in the share register upon the resolution no. 110 dated 24 December 2015 by the Board of Directors.

NAME-SURNAME / TRADE NAME OF THE SHAREHOLDER	SHARE AMOUNT (TL)	RATIO (%)
PASHA Bank OJSC	254,795,121	99.92
Other	204,879	0.08
TOTAL	255,000,000	100.00

As of the date of this report, the Bank's controlling shareholder Pasha Bank OJSC was controlled by PASHA Holding Ltd. (60%), Ador Ltd. (30%) and Arif Pashayev.

The Bank has no preference shares.



PASHA YATIRIM BANKASI A.Ş. AMENDMENT TEXT OF THE ARTICLES OF ASSOCIATION

OLD TEXT TITLE

ARTICLE 2: The trade name of the company is "TAIB YatırımBank Anonim Şirketi.

The company name is "Yatırımbank." The company will hereinafter be referred to as the Bank in these Articles of Association.

PRINCIPAL CAPITAL

ARTICLE 7: (Amended. 21.11.2013) The Bank's capital is TL 80,000,000- (eighty million Turkish Liras) and this capital was divided into 80,000,000 (eighty million) registered shares, each with a nominal value of TL 1.- (One Turkish Lira).

The Bank's capital in the amount of TL 80,000,000.- (eighty million Turkish Liras) prior to increase was fully paid. All of the capital in the amount of TL 41,000,000.- (fortyone million Turkish Liras) that was issued this time around was fully committed by the shareholders free of collusion and paid in cash.

NEW TEXT TITLE

ARTICLE 2: The trade name of the company is "Pasha Yatırım Bankası Anonim Şirketi.

The company name is "PashaBank." The company will hereinafter be referred to as the Bank in these Articles of Association.

PRINCIPAL CAPITAL

ARTICLE 7: The Bank's capital is TL 255,000,000- (two hundred and fifty-five million Turkish Liras) and this capital was divided into 255,000,000 (two hundred and fifty-five million) registered shares, each with a nominal value of TL 1.- (One Turkish Lira).

The Bank's capital in the amount of TL 80,000,000.- (eighty million Turkish Liras) prior to increase was fully paid. All of the capital in the amount of TL 175,000,000.- (one hundred and seventy-five million Turkish Liras) that was issued this time around was fully committed by the shareholders free of collusion and paid in cash.



Changes on Articles of Association, Capital of the Bank and Ownership Structure

SHAREHOLDER	NUMBER OF SHARES	AMOUNT IN TL	SHARE (%)
1. Aksoy Holding A.Ş.	79,795,121	79,795,121	99.7439
2. Sheikh Abdullah Mohamed BAROM	40,975	40,975	0.0512
3. Iqbal G. MAMDANI	40,975	40,975	0.0512
4. Sheikh Abdulrahman AL JERAISY	40,975	40,975	0.0512
5. Sheikh Abdulaziz AL RASHED	40,975	40,975	0.0512
6. First Anglo Holdings Ltd.	40,975	40,975	0.0512
7. Syed Shezad ABEDI	2	2	0.0000
8. Sheikh Ahmed Mohammed BAROM	2	2	0.0000
TOTAL	80,000,000	80,000,000	100.0000

The shares are registered shares and the General Assembly has the authority to split up the shares into ones with a lower nominal value or merge them into shares with a higher nominal value by amending the articles of association, keeping the amount of the principal capital the same.

DUTIES AND POWERS OF THE BOARD OF DIRECTORS

ARTICLE 15: (AMENDED. 21.11.2013) PARAGRAPH 4

The Board of Directors can assign partially or completely, within the framework of the article 367 of the TCL, the powers it uses to the Chairman of the Board of Directors, one or more members of the Board of Directors, committees that would consist of members, General Manager or third parties with the terms and conditions of its choice and limitations that it would deem appropriate without prejudice to the provisions of the Banking Law. The Board of Directors can get back or change all or part of these powers. The provision of the article 375 of the TCL is reserved.

SHAREHOLDER	NUMBER OF SHARES	AMOUNT IN TL	SHARE (%)
1. PASHA Bank OJSC	203,795,121	203,795,121	79.9196
2. Aksoy Holding A.Ş.	51,000,000	51,000,000	20.00
3. Sheikh Abdullah Mohamed BAROM	40,975	40,975	0.0160
4. Iqbal G. MAMDANI	40,975	40,975	0.0160
5. Sheikh Abdulrahman AL JERAISY	40,975	40,975	0.0160
6. Sheikh Abdulaziz AL RASHED	40,975	40,975	0.0160
7. First Anglo Holdings Ltd.	40,975	40,975	0.0160
8. Syed Shezad ABEDI	2	2	0.0000
9. Sheikh Ahmed Mohammed BAROM	2	2	0.0000
TOTAL	255,000,000	255,000,000	100.0000

The shares are registered shares and the General Assembly has the authority to split up the shares into ones with a lower nominal value or merge them into shares with a higher nominal value by amending the articles of association, keeping the amount of the principal capital the same.

DUTIES AND POWERS OF THE BOARD OF DIRECTORS

ARTICLE 15: PARAGRAPH 4

The Board of Directors can assign partially or completely, by an internal directive that it would issue within the framework of the article 367 of the TCL, the powers it uses and/or the management to the Chairman of the Board of Directors, one or more members of the Board of Directors, committees that would consist of members, General Manager or third parties with the terms and conditions of its choice and limitations that it would deem appropriate without prejudice to the provisions of the Banking Law. The Board of Directors can appoint, within the framework of the article 371 of the TCL, the members of the board of directors without representative powers or those working for the Bank under an employment contract as well as limited-power commercial agent or other merchant assistants. Duties and powers of those to be appointed in this way shall be specified clearly in the internal directive to be prepared according to the article 367 of the TCL that was cited above. The Board of Directors can get back or change all or part of these powers. The provision of the article 375 of the TCL is reserved.



About the PASHA Bank Group

PASHA Bank is a leading investment and corporate bank in Azerbaijan. Established in 2007, it provides a range of corporate banking services, including loans, securities, current account and treasury services, to both its domestic clients and also foreign companies looking to do business in the region. The Bank offers a range of financial products backed by trade finance-related partnerships with international banks and financial institutions. The Bank also offers underwriting services to legal entities and is the first in the local securities market to act as a market maker.

PASHA Bank has also been offering private banking services to HNWIs since 2011 that include deposits, loans and financial planning.

PASHA Bank employs circa 393 people across its head office and four branches in Baku and two regional branches in Ganja and Zaqatala cities. In February 2013 the Bank has opened its first subsidiary bank, PASHA Bank Georgia.

PASHA Bank has been named 'The Best Bank of Azerbaijan' in 2014, "The Best Investment Bank of Azerbaijan" in 2011, 2012 and 2013 by international financial journal, EMEA Finance and "The Best Investment Bank of Azerbaijan" by International Finance Magazine in 2013. It has also been awarded with "The Best Corporate Social Responsibility (CSR) Programme in Europe" by Europe Banking Awards in 2012. BNE survey has called PASHA Bank "The Best Bank of Azerbaijan" in 2012 and the World Finance has awarded PASHA Bank with "The Best Private Bank" award in 2013. In 2014 PASHA Bank has been named as "The Best Investment Bank" and "The Best SME Bank" by the International

Finance Magazine (IFM) Financial Awards and has received three accolades from the World Finance Awards as "The Best Commercial Bank in Azerbaijan", "The Best Banking Group in Azerbaijan" and was given "The Best Private Bank in Azerbaijan" award for the second consecutive year. PASHA Capital was announced as Best Broker in Azerbaijan by EMEA Finance in 2013. PASHA Bank Georgia was named as the Bank of the Year at 2014 Caspian Energy Forum and The Fastest Growing Corporate Bank in Georgia 2015 by Global Banking and Finance Review Awards.

In September 2012 PASHA Bank has been assigned with "BB-" long-term and "B" short-term counterparty credit ratings with stable outlook by Standard & Poor's, an international credit rating agency which was reaffirmed in December 2013 and in December 2014.

PASHA Bank is a part of PASHA Group, a major investment holding group in Azerbaijan, which also includes significant assets in insurance, property development, construction, tourism and other businesses. Kapital Bank, one of the largest retail banks in Azerbaijan, is also owned by PASHA Group.

PASHA Bank's authorized capital amounts to AZN333 million, which makes it the most capitalized private bank in Azerbaijan.

The Bank is committed to establishing and developing long-term, supportive relationships with its growing customer base. It aims to deliver banking services at the highest international levels of transparency and service built on the three core values of Integrity, Quality and Profitability.



About the PASHA Bank Group

The operations for building up synergy and collaboration have been carried out within PASHA Group in 2015. Selected financial indicators and performance ratios of the parent bank, PASHA Bank OJSC and the sister bank, JSC PASHA Bank Georgia for 2015 are given below;

2015	PASHA BANK, AZERBAIJAN (AZN)	PASHA BANK, GEORGIA (GEL)
Net Profit	2,991,910	2,692,813
Net Loans	705,326,615	106,065,036
Total Assets	2,126,686,652	278,631,789
Return on Average Equity	0.9%	2.9%
Cost / Income Ratio	31%	69%



Disclosures Regarding the Bank Shares Owned by the Chairman and the Members of the Board of Directors, General Manager and Deputy General Managers

There are no Bank shares, which are owned directly by the members of the board of directors, the general manager and his deputies.

The persons and establishments having qualified shares of the Bank as of December 31, 2015, are as follows:

NAME-SURNAME / TRADE NAME OF THE SHAREHOLDER	SHARE AMOUNT (IN THOUSAND TL)	RATIO (%)
PASHA Holding Ltd.	152,877	59.95
Ador Ltd.	76,439	29.98
Arif Pashayev	25,480	9.99



**Strong
Strategies for
the Future, Goals
for the Stable
and Sustainable
Growth**



General Overview of the Year 2015 and Expectations for 2016

THE TURKISH ECONOMY RECORDED A MODERATE GROWTH IN 2015 WITH A POSITIVE CONTRIBUTION OF PRIVATE CONSUMPTION AND PUBLIC SPENDING WHEN COMPARED WITH THE OVERALL WORLD ECONOMY.

The Turkish economy recorded a moderate growth in 2015 with a positive contribution of private consumption and public spending when compared with the overall world economy. The economy grew by 3.4% in the first three quarters of 2015 and is expected to grow at a rate close to 4% on an annualized basis.

2015 was a difficult year for all asset groups on the basis of the Turkish Lira, even though the economy had a moderate growth. While the currencies of the developing countries struggling with the expectations and realization of the FED's rate hike fell to historic lows against the dollar, the uncertainties created by the prolonged election agenda domestically and the geopolitical risks rising in our region and the target markets were the factors that increased the fragility of the Turkish Lira asset. Since the beginning of 2015, the Turkish Lira has lost 20% of its value against the dollar and the BIST 100 Index has gone down by 14% in TL terms and by 32% in USD terms. The compound interest rate of the two-year benchmark bond rose to 11% from 8%.

The US Federal Reserve Bank (FED) launched the normalization process in interest rates by raising its policy rate by 25 basis points in December of 2015, after the near-zero interest rate policy that it had followed for about 7 years. On the other hand, the concerns about growth experienced in both Asia and Europe and the continued decline in inflation have led the central banks of other developed countries to expansionary monetary policies. This divergence observed in the policies of the FED and the central banks of other developed countries was also reflected on the exchange rates and the US dollar gained significantly in value in 2015. While the developing countries with high foreign currency indebtedness and dependent on foreign sources were affected by this process negatively, currencies lost considerable value against the US dollar. The FED members with expectations of interest rate hikes of 4 more times in 2016 is seen as an indicator that 2016 will also be an active year in terms of global markets. However, we expect that the Fed will follow a more gradual way on interest rate increases and increase the rate twice by 25 basis points in 2016 under the influence of the decline in inflation expectations due to weak commodity prices and the state of the global economy.

The expectations that the economy will further cooldown in China, which has a high debt ratio, increased in the second half of 2015 and the stock markets in China came under a stiff selling pressure. With this situation experienced in China effecting the perception of risk in global markets negatively, these concerns for the world's largest commodity consumer led to large declines in commodity prices. While the worries have been increasing again about China since the early days of 2016, their effects are felt in almost all countries. The pressure on commodity prices of the decline in investments and growth in China appears to be likely to continue in 2016. The Asian economies dependent on exports and the developing countries that are commodity producers will be the countries most affected by the reduction of investment by China.

In an environment where the Fed is going to tighten, the expansionary monetary policies pursued by central banks in Europe and Japan serve as remedy for financial markets. The European Central Bank (ECB) maintained its low interest rate policy that it had pursued after the 2008 crisis and revealed its determination to combat the low inflation below target and weak growth by pulling down the borrowing rate to below zero percent from the middle of 2014. Also, the ECB started its bond purchase program in this process and pursued



policies in support of the financial markets in 2015. Although there are concerns as to how much the ECB may lower the interest rates below zero in 2016 and the reduced effects of its tools against financial shocks, such steps that it is expected to take will be important factors supporting the developing countries.

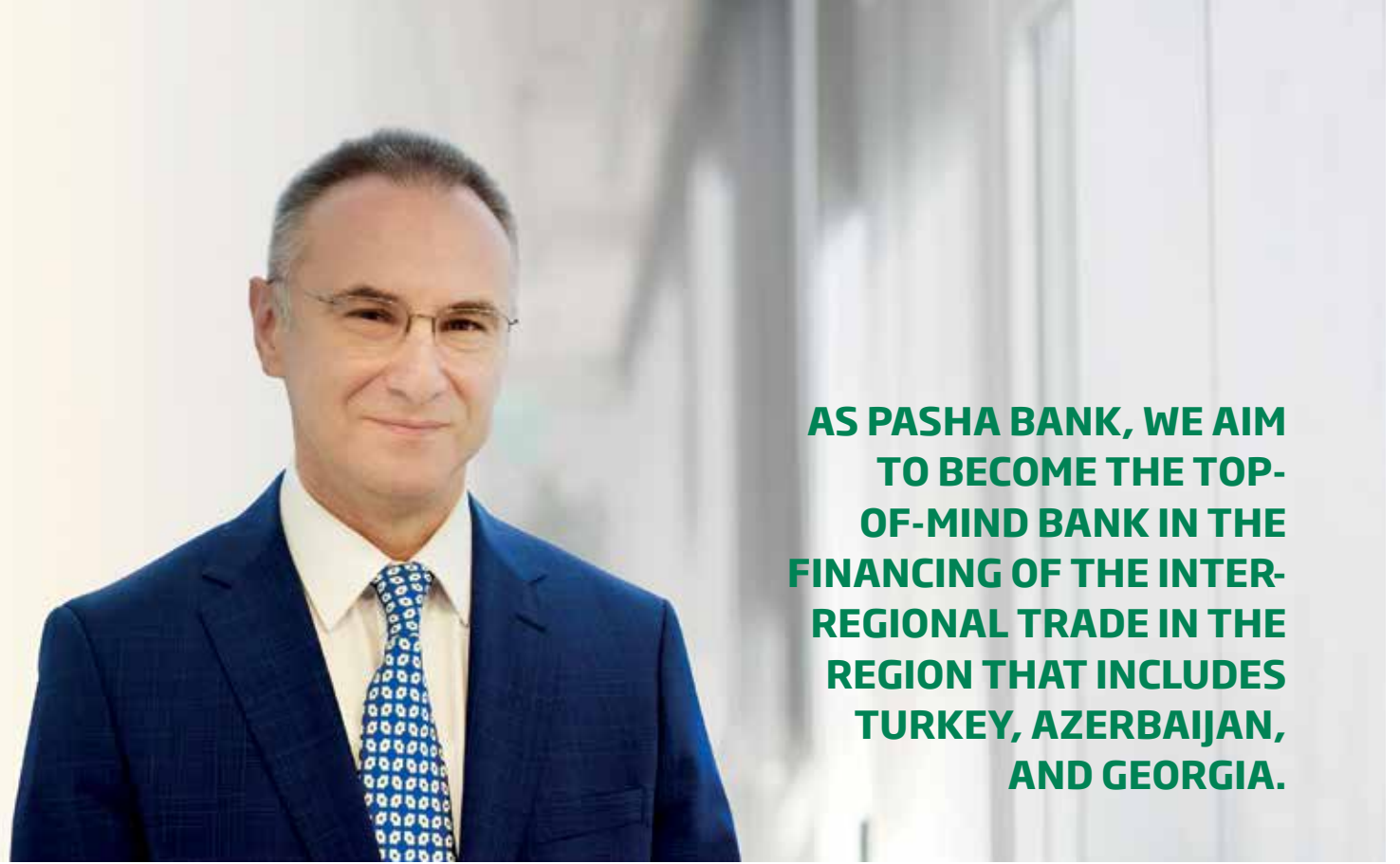
Particularly in Turkey, the election processes that we experienced in 2015 have created serious pressure on exchange rates and interest rates. Furthermore, when the civil war in Syria and the increasing influx of refugees into Turkey, the proliferation of terrorist attacks at home, the diplomatic crisis experienced with Russia, troubles in the regions targeted for our exports due to the falling oil prices coupled with the uncertainty of the Fed and global growth concerns, Turkey was decoupled from other developing countries in a bit more negative direction.

We do not think that the basic domestic macroeconomic indicators will be very different in 2016 compared to the last year. The growth expected to be 4% at the end of 2015 is expected to be at the level of 3.5-4% in 2016 and the unemployment hovering above 10% at the end of 2015 is expected to be at the same level in 2016 and it is possible to say that the inflation which seems to end 2015 close to the level of 9% will be around 7.5-8% by the end of 2016. With the questionable impact of lower oil prices on the one hand and as a result of the problems experienced with Russia, the course of the growth, and relative relaxation in fiscal policy on the other hand, we expect the current account deficit to be realized at the levels of 28-32 billion dollars - at least 4% of the GNP - in the most optimistic estimate after its level of 32 billion dollars - 4.4% of the GNP - in 2015. We also forecast the dollar/TL exchange rate to be in the range of 2.90 to 3.20 and the benchmark interest rate to move in the range of 9.50 to 11.50% in 2016.

Although continuing uncertainty for 2016 prevents us from drawing a nice picture for domestic markets, we believe it would be a more positive year compared with 2015. The election process staying behind, the simplification process expected in the Central Bank's monetary policy, our belief in the normalization of deteriorating relations with Russia over time, the rise expected in our trade volume with Iran with the lifting of the embargo, our expectation that the FED would increase the interest rate gradually and less frequently, the expectations that low levels of oil prices could increase consumer spending in the world and would make a positive contribution to global growth, and additional expansionary steps that may come from the central banks of Europe and Japan reinforce our expectation that 2016 would be a more positive year compared to the last year.



Message from the Chairman



**AS PASHA BANK, WE AIM
TO BECOME THE TOP-
OF-MIND BANK IN THE
FINANCING OF THE INTER-
REGIONAL TRADE IN THE
REGION THAT INCLUDES
TURKEY, AZERBAIJAN,
AND GEORGIA.**

Dear Stakeholders,

The collaboration that we have created with our majority shareholder PASHA Bank OJSC completed its first year. During this period, we, as PASHA Bank, had a better understanding of the opportunities in the economic triangle among Turkey-Azerbaijan-Georgia and our potential in the region. On the other hand, the dynamism and strong structural characteristics of the Turkish economy continued to motivate us in our activities. We have confirmed once again that we had taken a very correct decision by making an investment in the brotherly country of Turkey.

As PASHA Bank Turkey, we continued our operations in 2015 in a manner consistent with the corporate strategy covering the period of 2015-2017 based on the diversification of business lines in order to establish the sustainable business model of the PASHA Group and left the year 2015 behind as a successful and profitable operating period in financial and operational aspects.

On the other hand, the valuable guidance and support provided to the PASHA Group by Aksoy Holding in the process of stepping into the banking sector in Turkey and the valuable business partnership that we conducted afterwards in 2015 have contributed significantly to the successful results that we achieved.

In this period, we have developed business partnerships with national companies having cross-border activities and combined our rapid growth with effective risk management. We witnessed the reflection of our reputable partnership structure in our credit rating that we received in 2015 for the first time.

That PASHA Bank OJSC is a member of the largest privately owned banking group in Azerbaijan and its high credibility and awareness in the region provide us with power to strengthen more the close relationships coming from our history with financial ties.

As PASHA Bank, we aim to become the top-of-mind bank in the financing of the inter-regional trade in the region that includes Turkey, Azerbaijan, and Georgia, linking the investment with trust and the success with future by acting as a bridge in cross-border relations, and thus contributing to the development of the regional trade.

With our high value-added services in the field of foreign trade, we will continue in 2016 as well supporting the entrepreneurs in the region, offering the opportunity to do business with different advantages, and contributing to the economies.

In line with our commitment on further developing our efforts to obtain funds from domestic and overseas markets, we are working intensively to strengthen our network of correspondents and our credit lines. We see 2016 as a year in which we will expand and deepen our funding sources. We are also working hard to develop our cooperation with international institutions in the framework of our goals in question.

As PASHA Bank, we fully believe in becoming an agent of the best corporate practices and the confidence and continuity. In an effort to facilitate sustainable economic growth and

regional business partnerships in line with the vision of our group, we will continue to serve our customers as a reliable business partner managed by utmost integrity, robust corporate governance, high-tech solutions, and competent human talent.

We will see the positive impact on our business processes of the synergy efforts that we carried out in the PASHA Group increasingly in the future periods. We will expand our goals with the support provided by the corporate vision and strategy of the PASHA Group.

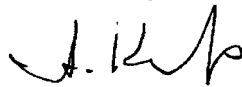
With the investments to be made in 2016 for brand awareness, we believe that the positive perception of our target customer base of the PASHA Bank's brand name will increase in a quick manner.

We see the investments that we will make in qualified human resources in Turkey as the key to our success as PASHA Bank of our long-standing activities in Turkey.

We are confident that we will have the advantage of hitting the road with strong strategies and dynamic staff in the year 2016 in which we anticipate the market conditions to be challenging. In this process, our continuous improvement work will go on regarding our risk management systems, especially the credit risk, in a manner to support our healthy and sustainable growth.

I would like to thank our valued employees and our management team for their dedicated work, our shareholders and all business partners for their valuable support, and our customers for their confidence in us.

Yours sincerely,



Agha Ali KAMALOV
Chairman

**We will
take strong
endeavours to
diversify our
funding sources.**

**We will have
a pivotal role
in enhancing
trade relations
among Turkey-
Azerbaijan-
Georgia**



Message from the General Manager



OUR PRIORITY AS PASHA BANK IS TO ABLE TO SERVE OUR CUSTOMERS WITH FAST, FLEXIBLE AND TAILOR-MADE SOLUTIONS AND TO CARRY OUT SUSTAINABLE BANKING IN A DYNAMIC, EVERCHANGING GEOGRAPHY.

Dear customers, shareholders, the board of directors and my colleagues,

The Turkish banking industry increased total assets by 18.2%, loan size by 19.3% in the last year and recorded a profit increase by 5.7% compared to 2014. The average capital adequacy ratio of the banking sector shows that the industry has a pretty solid base with 15.6%. As PASHA Bank, we left behind the year 2015 which was described as a difficult year for the financial institutions with a profit of TL 8.8 million, which was above what we had targeted with our cautious and sustainable growth strategy. At the beginning of 2015, our bank debuted with a new name in the Turkish banking sector with the change of the title to PASHA Yatırım Bankası A.Ş.

Together with the capital increase made by our main shareholder and the additional funds raised, size of our assets and loans increased five times compared to the last year and our total loans reached TL 373 million.

Generally speaking, 2015 was quite demanding in terms of both global and domestic markets. While the past two elections and the uncertainty created by these elections kept the agenda busy for a long-term, the geopolitical risks rising in our region and target export markets have led assets in Turkish Lira to remain under pressure. During the year in which the agenda was set by the Central Banks again, the FED realized its first interest rate hike and the developing countries that also included us have been the group most affected

from this process. While the FED's announcement that the interest rate hikes will continue in 2016 and that such increases will be gradual calmed the markets relatively, growth concerns about China and the global economy indirectly, the tension experienced with Russia, civil war in Syria, and ongoing geopolitical risks will be the factors that would negatively affect the perception of risk for the year 2016. While expecting 2016 to be an active year just as the year 2015 was, we expect it to be a more positive year with expectations that our foreign trade will be affected in a positive way by the lifting of the embargo in Iran, that the Central Bank will follow a more austere monetary policy, and that the decline in oil prices will improve inflation and current account deficit. We anticipate the growth to occur in the range of 3.5-4% and the inflation in the range of 7.5-8%. We think that the credit growth in the banking sector will be realized in the range of 15-16% as was the case last year and that the banking sector will continue to increase its profit with steps expected to be taken by the BRSA in the issue of capital adequacy and the structural reforms that we expect the government to make regarding the economy.

PASHA Bank Turkey received its first rating in 2015 from the international credit rating agency Fitch Ratings. The national long-term credit rating of our bank has been assigned at "A(tur)" by Fitch. At the same time, our desire to strengthen our corporate governance and willingness to manage this process in a dynamic and continual manner were confirmed in the year 2015 as well and our rating has been revised upwards to 8.94 by an independent rating agency appointed by the Capital Markets Board. Our goal is to move up our institutionalization further in the future and to keep our credibility in the eyes of our stakeholders at the highest level.

The primary goal of our Bank in 2016 will be to increase the diversity of external resources. We introduced the internet banking service for corporate customers in 2015 as part of our ongoing investments to improve our banking process. We believe that we had our name printed in the Turkish banking industry as one of the best start-up banks among the newly

established banks in Turkey and swiftly increased the recognition for PASHA Bank's service quality before target audience during the year in which the investments we made in infrastructure and human resources continued. We continued our support to corporations doing business in Turkey and Azerbaijan by expanding our portfolio of corporate clients, we provided long-term funding for projects in the energy sector, prioritized foreign trade financing, developed, and continue to develop, business partnerships with national companies that have cross-border activities.

Our priority as PASHA Bank is to able to serve our customers with fast, flexible and tailor-made solutions and to carry out sustainable banking in a dynamic, everchanging geography. Thanks to the synergy we have created with PASHA Bank Azerbaijan and PASHA Bank Georgia as well as Turkey's geopolitical position, we will continue to offer advantageous solutions to our customers in the target region. In this context, we will introduce the models for project and working capital financing in our region in 2016. We will continue to support mergers and investment advisory within the scope of investment banking as well as the industries with growth priorities, especially the financing of foreign trade, in the field of corporate banking.

I extend my sincere thanks to my teammates who created the most important value and worked with the awareness of team spirit in the attainment of the success that our Bank achieved last year, our shareholders and valuable members of our Board of Directors who did not spare their support, and our customers that preferred us. I wish the year 2016 to be a more positive and successful year both for us and for the entire banking industry.

Yours sincerely,



H. Cenk EYNEHAN

General Manager and Board Member

A (Tur)

National Long-Term Rating of PASHA Bank

8.94

Corporate Governance Rating of PASHA Bank



Activities of PASHA Bank in 2015

PASHA BANK RECEIVED ITS FIRST CREDIT RATING IN OCTOBER 2015 WITH RESPECT TO ITS STRATEGY FOR DIVERSIFYING ITS FUNDING STRUCTURE. FITCH RATINGS ASSIGNED PASHA BANK TURKEY NATIONAL LONG-TERM RATING AT “A (TUR)”.

31

Number of Total Employees in PASHA Bank

PASHA BANK’S ASSETS INCREASED FOUR TIMES COMPARED TO THE PRIOR YEAR

PASHA Bank continues its operations in two main areas as corporate and investment banking and offers financial solutions and banking services to large-scale national and international corporate and commercial customers under the corporate banking business line. It offers cash and non-cash loans and leasing products, treasury products, foreign trade products and investment services with an innovative approach in order to meet the needs of its customers for their investments, working capital, and projects.

Under the investment banking business line, it provides its customers with project financing, structured funding, corporate finance products.

Working with leading institutions in its industry as the basic purpose, PASHA Bank gives priority to mergers and investment consultancy in the area of investment banking; and construction, logistics, manufacturing and energy industries and foreign trade financing in corporate banking.

In line with its boutique service approach and three-year strategy, PASHA Bank aims to keep its customer base numerically limited in order to be able to provide its customers with the necessary interest quickly and effectively and to work thoroughly.

PASHA Bank continues its operations at its head office in Istanbul with a staff of 31 people as of December 31, 2015 and has no branches.

PASHA Bank, has improved its performance by adopting the correct strategies set out for 2015 with experienced and specialized staff, expanded its assets size by 428% with sound equity and assets quality.

TREASURY MANAGEMENT:

The main task of the Treasury Department is to manage effectively the assets and liabilities held by the Bank in terms of amount, currency and maturity and to ensure the maintenance of the Bank's cash flow and asset-liability balance. By following very closely the developments in the domestic and foreign markets and the Central Bank monetary policies in order to minimize the risks that the Bank may face and taking action in this direction, the Treasury Department continues its operations within the framework of regulations issued by the legal authorities, policies and risk limits determined by the Board of Directors, and the decisions taken by the Assets and Liabilities Committee.

Choosing to refrain from investing in risky assets due to the volatility and uncertainty in global markets while managing the Bank's liquidity in 2015, the Treasury Department has chosen to remain liquid by utilizing the Bank's funds in short-term assets.



The Treasury Department tries to reduce risks to a minimum level and to maximize profits by monitoring very closely the developments in global markets and by taking all possible risks of the Bank into account. Perform trading transactions for profit on the inter-bank market and on the stock exchange in line with the risk limits set by the Board of Directors, the Treasury Department succeeded in closing the year 2015, which was rather volatile, profitably in line with the goals of the department.

PASHA Bank also uses treasury products in an increasing amount in order to increase the added value created for its customers and to provide services in appropriate terms required by its customers in export and import transactions. By offering its customers competitively priced spot, forward, foreign exchange swaps, bonds and bills and Eurobond products, it helps its customers hedge themselves against risks with its structured products created in line with the needs. It also provides support to customers at home and abroad through weekly newsletters and disclosures during the day summarizing market developments and guides the marketing of local financial products in the target region by transmitting instantly the developments and opportunities in the financial markets in Turkey to the Research Departments in PASHA Bank Azerbaijan and Georgia.

The Treasury Department aims in 2016 as well to manage all risks, in particular liquidity and exchange rate risks, in the most effective way in line with the Bank's risk management strategy and to contribute to the Bank's profitability by taking positions of strategic trading purposes. It plans to improve structured products offered to domestic and foreign corporate customers and to play a role in increasing the trading volumes of the potential customers in Azerbaijan and Georgia by offering them the Turkish capital markets products.

CORPORATE BANKING OPERATIONS:

The main corporate banking principles of the Bank are, "Boutique Service", "Continuous Development", "Customer Loyalty" and "Regional Player"

The principle of "**Boutique Service**"; The Bank offers to the customers that it sees as its business partner, not only the traditional solutions, but also solution oriented and diversified boutique services and; thus adopting as a principle, building efficient, sustainable and productive relationships with them.

The principle of "**Continuous Development**"; Having adopted the corporate governance mentality and continuous development principle, the Bank follows the current developments in the finance sector, and offers customized solutions

PASHA Bank also uses treasury products in an increasing amount in order to increase the added value created for its customers and to provide services in appropriate terms required by its customers in export and import transactions.



Activities of PASHA Bank in 2015

PASHA BANK INTRODUCES A NEW SERVICE FOR THE FIRST TIME IN THE REGION COVERING TURKEY, AZERBAIJAN AND GEORGIA BY GUARANTEEING WITHIN THE PASHA BANK GROUP THE TERM RECEIVABLES OF ITS CUSTOMERS ARISING FROM THEIR SALES AND ALSO BY PROVIDING THE NECESSARY FINANCIAL SUPPORT.

Continuous Progress Towards Corporate Goals...

to its customers by correctly identifying their needs and by improving its service infrastructure. Our objective is to foresee the future needs of customers by paying regard to the ever-increasing competition and to the constant developments in the world and in Turkey, and to offer them the financing alternatives that are most suitable for them. Here, our motto is mutual benefit.

The principle of **"Customer Loyalty"**; Our prioritized target is to achieve high level of customer satisfaction and loyalty. Thus, our principle is to know our customers well, to treat them scrupulously and to create relationships based on trust.

The principle of **"Regional Player"**; the Bank positions itself as the solution partner and guide that comes to mind first for all types of banking transactions, particularly the trade finance, for the companies having business operations in Turkey, headquartered in Azerbaijan and Georgia with the flexibility provided by its new ownership structure, in addition to the relationships that it maintained with reputable institutions in Turkey.

PASHA Bank is working to provide innovative and tailor-made products and solutions in order to become the preferred bank in the fields mentioned below.

Construction Industry

PASHA Bank has the flexibility to create different and alternative financing models and solutions with the strength provided by the awareness in the region and the experience in the construction industry of PASHA Construction, its sister company in Azerbaijan, and the experience of the Bank's management team in the industry.

Foreign Trade

PASHA Bank is targeting to take a role in increasing trade volume among Turkey-Azerbaijan-Georgia and sales of its customers exporting in the region, by taking advantage of its main shareholder, PASHA Bank Azerbaijan as being highest capitalized banking group in its home country and the recognition of PASHA Bank Georgia in its home country.

PASHA Bank introduces a new service for the first time in the region covering Turkey, Azerbaijan and Georgia by guaranteeing within the Bank the term receivables of its customers arising from their sales and also by providing the necessary financial support.

Energy Industry

PASHA Bank mediates in the implementation of projects through equity or borrowing from the international capital markets in order to ensure long-term funding for projects in the energy industry.



To this end, it obtains long-term loans from development banks that are compatible with cash flows that such projects would create when completed. On the other hand, it also offers structured products for the disposal of assets over time and in their real values, considering the fact that asset pricing in the energy industry in particular is under pressure due to market conditions.

INVESTMENT BANKING AND INTERMEDIATION SERVICES

PASHA Bank provides services to leading mid-sized manufacturing companies in line with their needs for mergers and acquisitions. Such advisory operations are performed by intermediation for financial, strategic partnerships or assets trading in an effort to help companies that need to access to new markets, technologies or financial resources.

As a reflection our interest in innovative and value-added instruments in the capital markets, we do not hesitate to invest in new products with a reasonable return that have been well secured. In order to impart depth to the capital markets, we believe in the importance of new and different instruments and want to get involved in providing financing.

PASHA Bank is authorized to engage in the Activity of Execution of Orders, the Activity of Dealing on Own Account, the Activity of Intermediation for Public Offering through Best

Efforts and Limited Custody Services within the framework of the approval issued by the Capital Markets Board in 2015.

CHANGE AND PROJECT MANAGEMENT

The Bank's corporate website was renewed in 2015 in accordance with the corporate identity of the PASHA Bank group and began to be used with a new face including the English language option. Also, internet banking activities were continued in order to reach our corporate customers through alternative delivery channels in the first quarter of 2016.

The Change and Project Management Department was established within the Bank in line with the strategic objectives of the PASHA Group and the infrastructure was set up that was needed for the management of tactical projects, in accordance with best practices, for improving operational efficiency in the bank, besides the strategic projects within the Group's strategic priorities.

PASHA Bank has chosen to participate in the preparatory processes of the projects involving changes concerning the Banking industry and has been appreciated as an exemplary Bank in within the Interbank Clearing Center User Group with the contribution it provided to the Turkish Central Bank's Video Electronic Cheque Processing Clearing Project (G.E.C.I.T.) by voluntarily taking part among the pilot banks in the project.

The Bank's corporate website was renewed in 2015 in accordance with the corporate identity of the PASHA Bank group and began to be used with a new face including the English language option.

Change and Project Management commenced its activities in PASHA Bank



PASHA Bank's Position in the Sector

As we look at the unconsolidated and up-to-date data of the Banking sector that was announced and interpretation of our Bank's position in the sector;

Bank's share accounted for 0.02% in total assets of the sector.

Bank's share accounted for 0.09% in total shareholders' equity of the sector.

Bank's share accounted for 0.02% in total loans of the sector.

The share regarding the basic capacities that the Bank receives from the sector is as follows.

(IN MILLION TL)	THE SECTOR ^(*)	THE BANK	BANK'S SHARE
Total Assets	2,095,243	322	0.02%
Shareholders' Equity	262,229	231	0.09%
Total Loans	1,484,883	246	0.02%

^(*) Reference: Banking Regulation and Supervision Agency; as of December 2015



Information Regarding Research and Development Practices on New Services and Activities

PASHA Bank, has continued research and development activities in 2015 to provide its services through channels based on technologies. Thus, having made enhancements on the core banking system with the goal of rendering services to the corporate customers via alternative distribution channels, has brought the "Internet Banking" into use as a pilot project.



**PASHA Bank
has brought
“Internet
Banking”
into use of its
customers as a
pilot project.**



Information on Senior Management



Agha Ali KAMALOV Chairman of the Board of Directors

In 1987 he graduated summa cum laude from Department of Economics and Management at Azerbaijan Agricultural Academy with Master Degree in Economics and Management and later on in 1992 after earning Ph. D. in Economics from Research Institute in Economics in Baku he commenced his professional career as Associate Professor in the Academy.

In 1993 Ali Kamalov received scholarship from Institute of International Education /AMOCO and in 1994 graduated from University of Texas at Austin in the USA with master degree in Business Administration and in 1995 he accomplished his master studies in International Affairs from Bilkent University in Turkey sponsored by Dogramaci Scholarship.

During 1995-1997, Ali Kamalov served as Relationship Manager with Citibank N.A. Turkey covering non-present countries of S. Caucasus and Central Asia.

In 1997 he joined newly opened EBRD resident office in Baku and worked as Associate Banker until 2000 year responsible for development and financing of infrastructure and power sectors in Azerbaijan.

During 2000-2005 Ali Kamalov worked with newly established Black Sea Trade and Development Bank in Thessaloniki, Greece and he served as a Senior Banker and Deputy Director for Energy Department covering 11 member states of the Black Sea Region.

In 2005 he received E. Mason Fellowship from Kennedy School of Government and in 2006 he graduated with Master Degree in Public Administration (Industry Finance and Regulation) from Harvard University in USA.

During 2006-2012 Ali Kamalov worked at various positions with IFIs and leading financial institutions namely with IFC/World Bank (Doing Business in Azerbaijan project) as chief economic and financial advisor, EBRD as principal banker, with Central Bank of Azerbaijan as chief advisor to the chairman, SOFRECO, as regional operational leader to promote energy efficiency projects under INOGATE program framework in S. Caucasus and Central Asia.

In 2012 Ali was appointed Director of the Investments and Projects Department at PASHA Holding and Member of the Supervisory Board at PASHA Bank OJSC. Ali Kamalov joined PASHA Bank Turkey as Board Member on March 31, 2015.

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



S. Batu AKSOY (*)

Deputy Chairman of the Board of Directors

Batu Aksoy is the Deputy Chairman of the Board of Directors of Pasha Yatırım Bankası A.Ş. and Aksoy Holding and the Chief Executive Officer (CEO) and the Board Member of Turcas Petrol A.Ş. and its associate companies. At the same time, Batu Aksoy is the Board Member of Aksoy Holding Real Estate Companies, Aksoy Enternasyonal Ticaret A.Ş. and RWE & Turcas Güney Elektrik Üretim A.Ş.

Batu Aksoy is Alternate Board Member of Turkish Industry and Business Association (TUSIAD) and the Deputy Chairman of its Energy Workgroup; the Deputy Chairman of the Energy Business Council of the Foreign Economic Relations Board (DEIK); member of the Energy Trade Association (ETD), of which he was the Chairman during the 2013-2014 period; member of the Oil Platform Association (PETFORM), of which he was the Chairman during the 2006-2008 period; member of the Dean's Advisory Council of Carrey Business School of John Hopkins University (JHU) and member of Young Presidents Organization (YPO)

Batu Aksoy has 17 years of experience in management.



Jalal GASIMOV

Board Member

Jalal Gasimov completed his undergraduate degree in economics at Azerbaijan Economy University, received his graduate degree in Economic Relations, at Higher Diplomatic College of Azerbaijan and an MBA degree at Warwick Business School, UK.

Jalal Gasimov has started his banking career at İlbank OSJC, Azerbaijan in 1999. Between years 2002-2003 he held various positions on finance at private sector companies. He worked in Azpetrol Oil Company as a Finance Director between 2003-2004 and he was the Deputy Chairman of the Board of Directors of Azpetrol Holding between 2004-2006. He joined to Moscow Office of McKinsey & Company and served as a Consultant between 2006-2007. He held top management duties; CEO in Bank of Baku, Finance Director in CRA Group Companies, CEO and Chairman of the Executive Board in Unibank between 2007-2015 respectively. Jalal Gasimov joined PASHA Holding as the Head of Banking Group and Deputy CEO in 2015 and he has been serving as the Chairman of the Supervisory Board of Kapital BANK OSJC.

He serves as Deputy Chairman of the Board of Directors of PASHA Bank since March 31, 2016, where he started in August 2015 as the Member of the Board of Directors.

He has 17 years of experience in banking and business administration.

(*) S. Batu Aksoy, who have been serving as Deputy Chairman of the Board as of December 31, 2015, have left his office as of March 30, 2016.



Information on Senior Management



Taleh KAZIMOV
Board Member

Mr. Taleh Kazimov holds a bachelor degree in Automation and Computer engineering from Azerbaijan Technical University. He also pursued MBA from Azerbaijan State Oil Academy and a Commerce degree with a major in Finance from Georgia State University. In addition, Mr. Kazimov successfully completed the executive educational programs of London Business School in 2010 and Harvard Business School in 2012.

Mr. Kazimov held specialist and managerial positions at treasury, accounting, budget planning and corporate loans departments at the CJSC Bank Standard from 2004 to 2006. He joined Ernst and Young as an auditor in 2006 and served as General Director of "FinEko" Informational Analytical Agency from January 2007 to July 2007.

Mr. Kazimov joined PASHA Bank in July 2007 as Risk Manager and then promoted to the position of the Bank's Treasury Director in 2009, he has served since 2011 as member of the Executive Board and lastly as CEO and Chairman Executive Board as of July 1, 2015.

Taleh Kazimov joined PASHA Bank Turkey as a Member of the Board of Directors on March 31, 2015. He has 15 years of experience in banking and business administration. Mr. Kazimov has been also serves as Board Member of PASHA Bank Georgia and American Chamber of Commerce in Azerbaijan.



Shahin MAMMADOV
Board Member

Shahin Mammadov majored in accounting at Azerbaijan State Economic University and obtained a diploma in 2002. In 2004 he was awarded a master's degree from the same university and finally a Ph.D. in Economy in 2010.

Mr. Mammadov held the roles of accountant and deputy chief accountant at Kochbank Azerbaijan Ltd. from 2003. He joined Deloitte & Touche in 2005 as associate auditor and was subsequently promoted to audit manager. Mr. Mammadov is ACCA since 2014.

In 2009 Shahin Mammadov was assigned to the position of director of financial management department at PASHA Bank head office and in 2011 he became a member of executive board. In 2013 he moved to PASHA Bank Georgia to hold the position of business development director. Since July 2014 Shahin Mammadov is the CEO at PASHA Bank Georgia. Shahin Mammadov has joined PASHA Bank Turkey as Board Member on March 31, 2015 and he has 13 years of experience in banking and business administration.



N. Süreyya SERDENGEÇTİ

Independent Board Member / Member of the Audit Committee

He received his bachelor's degree in the year 1979 from the economics department of the Middle East Technical University, and his master's degree from Vanderbilt University in the USA.

Between 1990 and 2001, he served at the Central Bank of the Republic of Turkey, as the Manager of Foreign Currency Transactions, Manager of the Open Market Transactions, Deputy General Secretary, Press Spokesman for the General Secretariat, Deputy Governor for External Affairs, Deputy Governor for Markets, and as Deputy Governor for Loans, Information Systems and Statistics.

Between the dates of 14 March 2001 and 14 March 2006, Süreyya Serdengeçti served as the Governor of the Central Bank of the Republic of Turkey; since the 2006, he is the Founding Director of the Stability Institute of the think-tank organization TEPAV (Economic Policy Research Foundation of Turkey). Mr. Serdengeçti is also a senior lecturer in the Economy and Technology University of the TOBB (Unions of Chambers of Commodity Exchange of Turkey), and advisor to the Executive Board of the TOBB.

Between the years of 2006-2012, Mr. Serdengeçti served as the member of the Board of Directors of Turcas Petrol A.Ş., and on 16 September 2013, he joined PASHA Bank as independent member of the Board of Directors.

He has 35 years of experience in banking.

Mr. Serdengeçti is Member of the Audit Committee and Chairman of the Corporate Governance Committee of our Bank.



Information on Senior Management



Mesut ÖZDİNÇ

Independent Board Member / Chairman of the Audit Committee

Having received his bachelor's and master's degrees in economics from the Faculty of Economics of Istanbul University, Mr. Özdiñ also holds a master's degree in financial economy from Bilgi University. He worked at various brokerage houses from 1995 to 2004 and; he held various managerial positions and served as deputy general manager at Şekerbank T.A.Ş. from 2004 until 2009. After finally serving as a board member at Şeker Factoring T.A.Ş., he joined PASHA Bank as an independent member of the board of directors on December 19, 2013. He has 20 years of experience in banking.

Mesut Özdiñ is the Chairman of the Audit Committee of our Bank.



Adnan AYKOL

Independent Board Member

He graduated from the Faculty of Political Science of Marmara University in 1980, and started his banking career at the board of auditors of T. Garanti Bankası A.Ş. He held a similar position at İktisat Bankası T.A.Ş. Then, he worked at Demirbank T.A.Ş., as the deputy general manager in charge of credits, until year 2002 and following the acquisition of HSBC Bank A.Ş. he served as group leader at the risk control department until July 31, 2008. He worked at Bank Pozitif A.Ş. as deputy general manager in charge of credits from 2008 to 2010. Following his last assignment as the member of the board of directors at Alternatif Bank A.Ş., Mr. Aykol joined PASHA Bank as an independent member of the board of directors. He has 36 years of experience in banking.



H. Cenk EYNEHAN

General Manager and Board Member

Hikmet Cenk Eynehan received his two-year degree in economics from Erasmus University in the Netherlands, and his bachelor's degree in management from Monroe College in the United States of America, and had an Executive MBA degree from Koç University, Istanbul.

He commenced his banking career in 1994 and occupied various positions in DHB Bank (Netherlands) N.V. until 2001. He continued his professional career as a managing partner in the non-financial sector during 2002-2004 and he joined Şekerbank T.A.Ş. and held executive positions in various departments from 2005 to 2010. He was Deputy General Manager in charge of Corporate Marketing & Sales with Ekspo Factoring A.Ş. from 2011 until 2013.

Mr. Eynehan appointed as the General Manager and Board Member of PASHA Yatırım Bankası A.Ş. on August 2, 2013 and he has been serving as the Board Member of PASHA Bank Georgia since October 26, 2015.

He has 22 years of experience in banking and business administration.



Ali İhsan TOKKUZUN

Deputy General Manager

After receiving his bachelor's degree from the Management Department of Gazi University, Ali İhsan Tokkuzun attended to the Executive MBA program at Istanbul Technical University.

Mr. Tokkuzun started his professional career at the board of auditors of Esbank T.A.Ş., and until year 2000 he worked as the deputy head of the board of auditors, and held various positions at Esbank AG in Vienna. In the years 2000-2002, Mr. Tokkuzun worked at Kentbank A.Ş. as the financial institutions and international marketing group manager and; in years 2002-2010 continued his management career at Denizbank AG, Vienna as the deputy general manager, and in years 2010-2012 at SK Danube AG, Vienna as the general manager. His last assignment was at Istanbul Gemi İnşa San.Tic. A.Ş. as the member of the executive committee and as finance coordinator.

He is the deputy general manager of PASHA Bank since June 2014. He has 25 years of experience in banking and business administration.



Information on Senior Management

THE BOARD COMMITTEES

The Credit Committee, Audit Committee, Corporate Governance Committee, Remuneration Committee have been set up to assist the Board of Directors in their tasks in the area of responsibility and to perform their tasks more effectively.

The areas of assignment and members of the committees created within the Bank are determined by the Board and announced to the public on the PASHA Bank's corporate website as well as in its Annual Report.

The information on the Board Committees is disclosed below.

THE AUDIT COMMITTEE

The Audit Committee was created by the Bank's Board of Directors to assist in the fulfillment of the board of directors' auditing and oversight activities and to supervise the coordination of the work by the Departments within the internal systems, the effectiveness and adequacy of the internal control systems in order to ensure uninterrupted flow of information to the Board of Directors, and the operation of these systems and the accounting and reporting systems within the framework of the Banking Law and related regulations and the integrity of the information produced. Below is the existing structure of the committee, the election of whose members was renewed under the Board of Directors' Resolution No. 90 dated October 22, 2015.

NAME - SURNAME DUTY IN THE COMMITTEE	
Mesut Özding (Independent Member)	Chairman
Süreyya Serdengeçti (Independent Member)	Member

The members of the Audit Committee have been elected from among independent non-executive board members and the committee is continuing its activities within the framework of the Audit Committee Policy.

THE CREDIT COMMITTEE

The Credit Committee has been set up to take credit allocation decisions and to perform related tasks concerning the credits that are within its own competence within the limits set by the Board of Directors within the framework of the legal and banking regulations. Below is the existing structure of the committee, the election of whose members was renewed under the Board of Directors' Resolution No. 03 dated January 20, 2016.

NAME - SURNAME	DUTY IN THE COMMITTEE
H. Cenk Eynehan	Chairman
Adnan Aykol	Member
Taleh Kazimov	Member
Jalal Gasimov	Reserve Member
Shahin Mammadov	Reserve Member

The Committee is continuing its activities within the framework of the Credit Committee Policy.

THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has been set up for the purpose of ensuring the management of the Bank in a responsible, fair, transparent, and accountable manner so as to protect the rights and interests of all stakeholders and shareholders in line with the objectives that have been identified, the Banking Law, the Capital Market Law, and the regulations issued pursuant to them as well as other laws, the articles of incorporation, the bank's internal regulations and the banking ethics, and of monitoring the compliance with the Bank with the corporate governance principles and submitting the proposals required to the board of directors.

Below is the existing structure of the committee, the election of whose members was renewed under the Board of Directors' Resolution No. 90 dated October 22, 2015.

NAME - SURNAME	DUTY IN THE COMMITTEE
Süreyya Serdengeçti (Independent Member)	Chairman
Agha Ali Kamalov	Member

The Committee is continuing its activities within the framework of the Corporate Governance Policy.

THE REMUNERATION COMMITTEE

It has been set up for the purpose of monitoring and supervising remuneration practices on behalf of the board of directors in line with the provisions of the Banking Law and the Bylaw on the Banks' Corporate Governance Principles. Below is the existing structure of the committee, the election of whose members was renewed under the Board of Directors' Resolution No. 90 dated October 22, 2015.

NAME - SURNAME	DUTY IN THE COMMITTEE
Agha Ali Kamalov	Chairman
Jalal Gasimov	Member

The Committee is continuing its activities within the framework of the Remuneration Policy.

NAMES & SURNAMES, TERMS OF OFFICE, FIELD OF RESPONSIBILITY, ACADEMIC BACKGROUNDS AND PROFESSIONAL EXPERIENCE OF THE HEADS OF THE DEPARTMENTS UNDER INTERNAL SYSTEMS:

NAME & SURNAME	DUTY	FIELD OF RESPONSIBILITY	TERMS OF OFFICE	ACADEMIC BACKGROUND	PROFESSIONAL EXPERIENCE (YEAR)
Meltem Kiyak	Department Head	Internal Control and Compliance (*)	05.05.2015- Ongoing	Undergraduate	14
Çağla Eralp	Department Head	Internal Audit	25.11.2013- Ongoing	Undergraduate	8
Elif İsmet Şahinalp	Department Head	Risk Management	08.03.2016- Ongoing	Graduate	7

(*) Have served as the AML Compliance Officer and Manager of Compliance and Legislation Department in the activity period and was appointed as the Manager of Internal Control and Compliance Department as of February 01, 2016 and still continue to serve as the Compliance Officer.

Terms of Office and Professional Experience of the Independent Auditors



At the annual general meeting of shareholders of the Bank that was held on March 31, 2015, Başaran Nas Independent Audit and Freelance Accountant Financial Advisory Inc. was appointed as per Banking Law No. 5411 and Turkish Commercial Code No. 6102, to serve as an Independent Audit Institution with respect to the fiscal year of 2015.



Information on the Participation of the Members of the Board of Directors and the Committees to the Meetings

BOARD OF DIRECTORS

The Board of Directors meets physically on periodical basis every month, at the head office of the Bank. Resolutions of the Board of Directors are adopted by observing the quorum requirements for holding the meeting and for resolutions. The Board of Directors did, within the period, meet 10 times and pass 111 resolutions.

AUDIT COMMITTEE

The Audit Committee holds its meetings according to the agenda and schedules prepared by the departments of the internal systems. It also meets with the managers of the independent audit institution and receives detailed information about the scope and results of their work, and reviews the progress of the audit institution.

During the period, the Audit Committee held nine meetings and passed 31 resolutions, in order to review the policy and regulations, reports, activity reports prepared by the Internal Control and Compliance, the Internal Audit and Risk Management Departments, competency and independence of the appraisal institutions, the election and duty change of the managers of departments within internal systems, the risk assessment reports, the ICAAP works, the technical adequacy and risk analysis as well as annual assessment reports of the support service institutions, the independent audit workings and the independence of these auditors, and the financial reports that were audited by independent auditors. At the Board meetings which follows any audit committee meeting, Board members are given information on the work performed by the internal systems and; periodic reports and plans that have been prepared by the Audit Committee and the Internal Systems Group are submitted to the Board of Directors for its information and/or approval.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has been set up with the purpose of ensuring that the Bank is managed fairly, transparently and accountably; according to the targets that have been set as well as according to the Banking Law, the Capital Market Law, the rules and regulations made in accordance with them and the other legislation, to the articles of association, to the internal rules and regulations of the Bank and to the ethical rules of banking; in a way to protect the rights and interests of all stakeholders and shareholders and; also to follow up and to inspire the Bank's compliance with the corporate governance principles and to make the necessary recommendations to the board of directors.

The Committee meets when the work and the transactions of the Bank requires and; during the accounting period it convened four times and passed four resolutions.

REMUNERATION COMMITTEE

It has been set up with purpose of following up and supervising the remuneration practices of the Bank on behalf of the Board of Directors, and in order to present its assessment of the remuneration policy and practices within the framework of risk management, in a report it drafts every year, to the board of directors.

The Committee meets when the work and the transactions of the Bank requires and; during the accounting period it convened three times and passed three resolutions.

The Summary Report of the Board of Directors Submitted to the General Assembly



Dear Shareholders,

We thank each and every one of our shareholders participating in the 2015 Annual General Meeting of Shareholders of our Bank.

Our bank completed its activities in 2015 growing by 428%, total assets reached TL 322 million according to the audited stand-alone financial statements for 2015, and the share of total cash loans in the balance sheet was realized as 76%.

PASHA Bank's total equity as of December 31, 2015 is TL 230.5 million and the paid-up capital is TL 255 million as a result of the capital increase made pursuant to the resolution of the Extraordinary General Assembly Meeting held on January 27, 2015.

The increase in loans was reflected positively on the results of 2015, the total loans of the Bank reached TL 373 million, increasing by 542% compared to the previous year as a result of prudent risk policies that were applied, and the net profit for the period was realized as TL 8.8 million.

The Bank's financial statements for the period of 1 January to 31 December 2015 have been examined by us and they do not contain any omissions that may create for them the result of being a false or misleading statement in important issues and reflect the Bank's financial position accurately. PASHA Bank's financial statements containing the operating results for 2015 are presented for your examination and approval in the attachment.

We propose and submit to the General Assembly the approval of our audited, unconsolidated financial statements that were prepared as of the date of 31 December 2015 and the discharge of our members of the Board of Directors individually.

Regards,

On Behalf of the Board of Directors

Agha Ali Kamalov
Chairman of the Board of Directors



Human Resources Policy

The recruitment policies of PASHA Bank are based on the principle of right person for the right job. Our primary target is to bring in the candidates with high potential and who agree with our corporate culture to our Bank. In our communication with our employees, we adopt a management understanding that distinguishes our Bank from the other entities, and which increases the motivation of our employees, ensures their loyalty, and that is innovative and open to development. The recruitment process starts by first clearly determining the roles and responsibilities, the expected performance indicators, and the required qualifications and competencies. Then the process is concluded by making an assessment of the suitability of the candidate, his willingness to get the position, and his enthusiasm for the Bank. The following tools and channels are used during this process:

- Competency based interview techniques;
- Websites and consultancy firms;
- Interviews conducted by the managers of human resources and functions;
- Tests that measure the level of business knowledge and foreign language required for that position.

It will be ascertained that the personnel is given the trainings, which will guide them to perform and work in accordance with the strategic objectives of PASHA Bank, and that will raise the quality of its services.

The Bank does implement, within the scope of human resources policy, its rules and regulations for encouraging success and creativity.

The Remuneration Policy of the Bank, focused on current and future interests of our employees and supported by a fair incentive strategy.

In the matter of pay and fringe benefits that are offered, methods focused on current and future interests are used, and a pay scale system that refers to market surveys is also taken into consideration.

In our Bank, pay scales are based on gross amounts, and health and life insurance, lunch vouchers, and depending on the requirements of the position mobile phone and car is provided as fringe benefit.

The benchmark for pay that is based on performance is laid down in the Remuneration Policy, and relies of the following assessments to be made according to the following criteria as well as the Bank's performance:

- Predetermined financial and/or non-financial performance criteria;
- Compliance with professional attitude that is based on values as well as the professional ethics code, and with the policies/procedures of the Bank;
- Contributions in the field of risk management and legal compliance;
- When necessary, individual performance with reference to the management attitudes of the concerned parties.

Sixteen employees were recruited during the accounting period. The internal rotation and promotion practices of the Bank, and the optimum use of the knowledge and skills of the employees are all intended for the satisfaction of the needs of the Bank swiftly and effectively. Internal and external training programs were organized and participation to such organizations by other institutions/establishments is ensured, for the personal development of the employees and; also with the purpose of meeting their professional need for knowledge that is relevant to the strategies and objectives of the Bank.

The profile of our employees who were working at PASHA Bank as of December 31, 2015 is as follows:

- Number of the Bank personnel: 31
- Average professional experience (years): 15
- Average age: 38
- Employees with undergraduate degree : 24
- Employees with master's and doctorate degree: 6



Profit Distribution Policy

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

The Bank's principles pertaining to profit distribution are included in the Articles of Association and the website of the Bank. The General Assembly can – after setting aside the statutory reserves as required by Turkish Commercial Code and the provisions of the Articles of Association of the Bank, and upon obtaining the permission that need to be taken according to the legislation on banking – at its sole discretion and in a way not to constitute a vested right, appropriate as much of the profit as it wishes to the members of the Board of Directors and/or top managers and the employees of the Bank.

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

Information on Lawsuits Filed Against The Bank, Which Can Affect its Financial Situation and Activities, and on Their Possible Consequences



There is no lawsuit that can affect the financial situation and the activities of the Bank. There was no administrative or judicial sanction for incompliance with the provisions of the legislation, against the Bank and the members of its board of directors, during the reporting period.



Transactions Made with the Bank's Risk Group

There are no derivative transactions made by the risk group involving the Bank and the funds borrowed by the risk group totaled TL 10,213 thousand.

The details of the transactions realized with the risk group are as follows.

CREDITS (IN THOUSANDS OF TL)

RISK GROUP CONTAINING THE BANK	PARTICIPATIONS, SUBSIDIARIES, AND JOINTLY CONTROLLED ENTITIES (JOINT VENTURES)		DIRECT AND INDIRECT SHAREHOLDERS OF THE BANK		OTHER REAL AND LEGAL PERSONS INCLUDED IN THE RISK GROUP	
	CASH	NONCASH	CASH	NONCASH	CASH	NONCASH
Credits and Other Receivables	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	22,475	8,082	30,227
Interest and Commission Income Received	-	-	-	98	74	40



Information on Support Service Providers

The following are the details of the support services obtained within the scope of the “Bylaw Regarding the Procurement of Support Services by the Banks” that was put into effect on November 5, 2011 by the Banking Regulation and Supervision Agency.

TITLE OF THE FIRM PROVIDING SUPPORT SERVICES	DESCRIPTION OF THE SERVICE	OPERATING AREA FOR WHICH SUPPORT SERVICES WERE PROCURED
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	Maintenance and support service for the SWIFT Alliance system that provides the connection to the SWIFT network	Information Systems
INTERTECH BİLGİ İŞLEM VE PAZARLAMA TİCARET A.Ş.	Maintenance, support, and development services for the Inter-Vision platform, the core banking system, Hosting services for secondary systems of the Bank in the disaster recovery center	Information Systems
TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SANAYİ A.Ş.	Private security service for the head office	Security Service



Corporate Governance Principles Compliance Report

1. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

With the awareness of the importance of corporate governance practices as well as financial performance, PASHA Bank improves inner workings to establish an effective, adequate, and consistent corporate structure with regard to the "Bylaw on the Corporate Governance Principles for Banks" issued by the Banking Regulation and Supervision Agency ("BRSA"). On the other hand, it has been working voluntarily to ensure maximum compliance with the Corporate Governance Principles contained in the attachment to the "Corporate Governance Communiqué" no. II-17.1 that was published by the Capital Markets Board ("CMB") and continues to strengthen corporate governance mechanisms in this endeavor.

PASHA Bank believes that the existence of independent members of the board of directors as part of the Corporate Governance Principles will contribute to the development and strengthening of the Bank's activities and the establishment of a more professional management approach. Three members in the Bank's Board of Directors serve as independent members of the board of directors. As an indication of the importance given by our controlling shareholder to the compliance with the Principles of Corporate Governance, three independent board members elected in 2013 continued their duties in 2015.

PASHA Bank's determination to implement corporate governance principles and its willingness to manage this process dynamically and continuously were confirmed in 2015 by an independent rating agency recognized by the Capital Markets Board of Turkey and the rating that had been assigned was revised and upgraded in June 2015 to 8.94 (on a scale of 1-10).

The revised note of the Corporate Governance Rating is posted on the Bank's corporate website at the address of www.pashabank.com.tr. PASHA Bank has continued to expand the contents of its corporate website in order to inform its stakeholders about the Bank's activities.

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

PASHA Bank complied in the 2015 operating period with the "Corporate Governance Principles" published by the CMB with the exception of some principles provided below that were not required to be implemented. There is no conflict of interest stemming from the matters outlined below that were not implemented.

- Pursuant to the Article 4.6.5. of the "Corporate Governance Principles", the fees and other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public through the annual report. However, the disclosure made is for the entire top management collectively, not on an individual basis.
- In the Article 1.2.1 of the "Corporate Governance Principles", in our Bank's Articles of Association, there are no provisions that make carrying out special audits more difficult and our Bank Management has adopted in principle the notification to the Audit Committee by the shareholders of the issues that they suspected and wanted to be examined and the examination of the issues in this manner.
- Pursuant to the Article 4.5.3 of the "Corporate Governance Principles", the chairs of all the committees in our Bank have not been elected from among the independent board members. However, the chairs of all the committees are composed of our non-executive board members.

The reason for not electing chairs of the Corporate Governance Committee and the Remuneration Committee out of the committees that were created pursuant to the Corporate Governance Principles from independent board members is to improve the composition and to increase the competence of the members of the committees within the Board of Directors and also to enhance the synergy for similar processes carried out before the controlling shareholder group.

SECTION-I SHAREHOLDERS

2. INVESTOR RELATIONS DEPARTMENT

The Investor Relations function was structured under the Financial Planning, Controlling and Investor Relations Department ("FPC") in an effort to meet the Shareholders' right to receive information and to review, and to ensure the protection and the facilitation of the use of the shareholding rights.

The Financial Planning, Controlling and Investor Relations Department, the Corporate Center and Relations Department, and the Legal Affairs Department jointly fulfill the task of ensuring communication between the Board of Directors and the existing and potential shareholders and of carrying out the necessary procedures for it in compliance with the CMB Principles of Corporate Governance.

There are no applications made to the Investor Relations Department during the year due to the Bank being not publicly owned.

The activities listed below of the Investor Relations function are fulfilled by the Financial Planning, Controlling and Investor Relations Department, the Corporate Center and Corporate Relations Department, and the Legal Affairs Department by ensuring the necessary coordination in compliance with their job descriptions.

- a) To ensure the records relating to the correspondence between the Bank and Investors and other information and documents to be kept in a healthy, safe, and up-to-date manner,
- b) To respond to written requests for information by the shareholders about the Bank,
- c) To prepare the documents required to be submitted to the shareholders for information and review regarding the general assembly meeting and to take the measures that would ensure the general assembly meeting to be made in accordance with the relevant legislation, the Articles of Association, and other internal regulations of the Bank,
- d) To supervise the fulfillment of the obligations arising from capital market regulations including all matters relating to corporate governance and the public disclosure and perform the necessary announcements from the corporate website,
- e) To present an annual report to the Board of Directors at least once a year on activities with respect to Investor Relations.
- f) To execute the process for increasing the capital,
- g) To ensure the necessary changes to be made in accordance with the relevant legislation in the Articles of Association.

Name Surname	Title	Telephone No.	E-mail Address	License Certificate
Yeşim Çağlar	Manager, Financial Planning, Controlling and Investor Relations Department	(212) 705 8908	yesim.caglar@pashabank.com.tr	Capital Market Activities Level 3 License and Corporate Governance Rating License
M. Serkan Halay	Manager, Corporate Center and Corporate Relations Department	(212) 705 8916	serkan.halay@pashabank.com.tr	Capital Market Activities Level 3 License
Sinem Atahan Güven	Legal Counsellor	(212) 705 8919	sinem.guven@pashabank.com.tr	-



Corporate Governance Principles Compliance Report

Investor Relations is responsible for informing the shareholders and prospective investors about the Bank's operations, financial condition, and strategies, except for confidential information and trade secrets, and managing the bi-directional communication between the shareholders and Bank managers by taking the views of other departments and in coordination with such departments when necessary.

All kinds of information and disclosures other than the special requests for information are included on our Bank's website under the pages of Investor Relations and Corporate Governance.

The FPC Department realized the following activities by obtaining the support needed from the Corporate Center and Corporate Relations Department, and the Legal Affairs Department.

- Disclosures of special cases,
- Ensuring communication with the independent auditing firm, preparation of annual and interim activity reports, and the publication thereof in the areas deemed appropriate by the legislation,
- Keeping the information within the department's responsibility and the investor relations page up to date on our corporate website,
- Preparation of presentations promoting the Bank and relating to the Bank's performance and strategies,
- Preparation of market share reports and undertaking comparative analysis of key performance indicators through the examination of the industry information,
- Responding to questions coming in via e-mail and phone,
- Ensuring communication with Credit Rating Agencies, review and evaluation of reports.

The report on the activities carried out in 2015 under the Communiqué will be presented to the Board of Directors in March 2016.

3. EXERCISE OF SHAREHOLDERS' RIGHT TO INFORMATION

On the Bank's website, our articles of association, shareholding structure, financial information, activity reports, the meeting minutes of the invitations of the General Meeting of Shareholders, our trade registration and contact details are disclosed to the public.

The main principle in regard to the right to information and the right to review of the shareholders, as per the Corporate Governance Policy of the Bank, is indiscrimination between the shareholders.

The provision of Article 33 of our Bank's articles of association reads as, "Bank's independent audit will be conducted according to the pertinent legislation, by the independent audit institutions that are empowered to conduct independent audit of bank. The audit institution which will conduct such audit will be selected by the General Assembly." There is no provision regarding any request for the assignment of any private auditor. No request has been made during the period, regarding appointment of a private auditor.

In addition, a link is provided to the Public Disclosure Platform on the Bank's website.

4. GENERAL MEETINGS OF SHAREHOLDERS

Provisions that pertain to the General Assembly are included in the "Articles of Association of the Bank" (AoA) and in the "Internal Directive Pertaining to the Working Principles and Procedures of the General Assembly", which are placed on the Bank's website and that are open to the public.

The annual general meeting of shareholders of the Bank for the year 2015 is held physically at the head office address on March 31, 2015.

In the matter of the quorum regarding the annual and extraordinary meetings, the provisions in Turkish Commercial Code applies, as per the pertinent Article of the Articles of Association. Our shareholders that own 254.795.121 of the total number of shares, which is 255.000.000, were present at the annual general meeting of shareholders; that adds up to a majority at a ratio of 99.92%. No reporter from any of the media groups did participate to the general assembly.

At the Extraordinary General Assembly Meeting of PASHA Yatırım Bankası A.Ş., which was held on January 27, 2015;

The capital of the Bank was increased from TL 80,000,000 to TL 255,000,000, and Article 7, titled "The Capital", of the Articles of Association was amended regarding this increase.

The trade name was changed to "PASHA Yatırım Bankası A.Ş.", company name was changed to "PashaBank" and Article 2, titled "The Title" of the Articles of Association was amended.

Invitations letters were sent to the shareholders, whose names are written on the share ledger, three weeks before the dates of the General Assembly, and in addition to this, invitation announcements for the meetings as well as the agenda items and a sample copy of power of attorney were published in the Trade Registry Gazette of Turkey as well as in a daily newspaper that is distributed nationwide in Turkey. Invitations to the General Assembly were made by the Board of Directors. On the other hand, the officials of the Banking Regulation and Supervision Agency (BDDK) were also invited to the said meetings, along with the shareholders. In addition to the shareholders, the representatives of the official establishments that are, according to the pertinent legislation, empowered to attend the General Assembly can participate to them.

Announcements of the invitation to the general assembly of the Bank had been published in the Trade Registry Gazette of Turkey (TTSG) at least 3 (three) weeks ahead excluding the dates of the announcement and of the meeting, as per the provisions of Article 414 of Turkish Commercial Code, in accordance with the pertinent Article of the Articles of Association, by observing the time limits in the legislation. Besides, the announcement for the meeting has been published on our website and in the Hürses newspaper, and the day, place and agenda have also been posted to the shareholders.

Our activity report have been made available before the General Assembly, at the head office of the Bank and on the website, for the information of our shareholders, and for them to review. There is no deadline for registration of the holders of the registered shares in the share ledger, for participation to the General Assembly.

The minutes of the general meetings of shareholders of our Bank are available at all times, to the shareholders, on the information society site of the Bank's webpage.

The shareholders of our Bank are entitled to declare their opinions and as questions about the subject on the agenda, and there are no limitations in this regard.

The shareholders did not make any request for the inclusion of any items to the agenda of the Annual and Extraordinary General Meetings.

There is no provision in our Articles of Association regarding voting of important motions like sale, purchase, lease of assets of significant value, and the General Management and the Board of Directors is empowered to effect transactions within the set limits of the powers of authority. The reason for the entrustment of such power with the Board of Directors is to enable timely decisions. However, the activity reports of the Board of Directors, the balance sheet, income and expenditure accounts as well as the reports that are prepared by the auditors, selection of the independent audit firm, recommendation of the Board of Directors regarding distribution of profit, assignments to the vacant seats of the members of the Board of Directors who leaves before their term ends, aid and donations within the year, must be submitted to the General Assembly for its information, and are subject to release by it.

TL 850 donations have been made to TEV during the period and the internal rules and regulations about the policy on donations are laid down according to the Corporate Governance Policy.



Corporate Governance Principles Compliance Report

Casting of votes by proxies is possible as per to the provisions of the Articles of Association of the Bank. According to Article 26 of the Articles of Association, the shareholders can themselves exercise their right to vote, or they can have themselves represented by other shareholders, by a non-shareholder proxy they will appoint, or by the representative of the organ that would be assigned as per Article 428 of Turkish Commercial Code, by an independent representative or a corporate representative.

The minutes of the General Assembly of our Bank are published on the investor relations, information society site of the Bank's webpage, and announced in the Trade Registry Gazette of Turkey.

The Annual General Meeting of Shareholders of the Bank for the year 2015 will be held on March 30, 2016 at its head office building.

5. VOTING RIGHTS AND MINORITY RIGHTS

In the Articles of Association, there is no preferred voting right. There is no company with which the Bank has a mutual participation relation.

6. DIVIDEND RIGHT

The policies regarding dividends are developed within the framework of the Corporate Governance Policy. Dividends can be paid to the extent it is allowed by the general policy of the Bank regarding distribution of profits, its financial structure, pending investments, the current conditions of the sector, the economic conjuncture and by the legislation on banking.

The principles on distribution of profits are included in the Articles of Association of the Bank (AoA) and in the website contents.

The General Assembly can - after setting aside the statutory reserves as required by Turkish Commercial Code (TCC) and the provisions of the Articles of Association of the Bank, and upon obtaining the permission that need to be taken according to the legislation on banking - at its sole discretion and in a way not to constitute a vested right, appropriate as much of the profit as it wishes to the members of the Board of Directors and/or top managers and the employees of the Bank.

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

7. TRANSFER OF SHARES

There is no provision that restricts transfer of share certificates, in the Articles of Association of our Bank.

The share certificates of the Bank can be transferred freely, without prejudice the provisions of the Banking Law, Turkish Commercial Code and of the Articles of Association.

SECTION-II PUBLIC DISCLOSURE AND TRANSPARENCY

8. POLICY ON THE PROVISION OF INFORMATION

Our Bank's disclosure policy has been developed in compliance with the Corporate Governance principles; approved by the Board of Directors and is published on its website.

The principles on the disclosure of information regarding the future are included in the Disclosure Policy.

The power and responsibility for follow up, supervision and development of the policy on public disclosure and provision of information belongs to the Board of Directors.

The Investor Relations is assigned with the duty of supervision of every matter regarding public disclosures, and answering the questions addressed to the company. The names and duties of the persons who are responsible for following of the disclosure policy are included in the "Investor Relations Section" of this report.

Information that is disclosed to the public are presented on the "Public Disclosure Platform" (www.kap.gov.tr) and on the Bank's website, in a way that would help the individuals and organizations, that would benefit from the disclosure, make their decisions, in a meticulous, understandable and interpretable manner and with low cost accessibility.

9. COMPANY'S WEBSITE AND ITS CONTENTS

The address of our Bank's corporate website is "www.pashabank.com.tr. The principles relating to the use of the website organized in Turkish and English are included in the Corporate Governance Policy.

The information to be disclosed to the public is made public on the Bank's corporate website under the pages of "Investor Relations" and "Corporate Governance" in a timely, accurate, complete, intelligible, and interpretable way.

The corporate website is laid out and kept up to date so as to include information and data required by the applicable legislation.

10. ANNUAL REPORT

The Annual Report is prepared with as much detail as to enable access to complete and correct information, and to include the information and data mentioned in the applicable provisions of the pertinent legislation.

Moreover, information mentioned in the Corporate Governance Principles and Corporate Governance Principles Compliance Report is presented in the annual activity report.

SECTION-3 STAKEHOLDERS

11. PROVISION OF INFORMATION TO STAKEHOLDERS

The Bank provides all stakeholders with information by way of the general assembly minutes, meetings, press bulletin, electronic post and website, but excluding the commercial secrets of the Bank, within the framework of the Banking Law, Turkish Commercial Code and the Capital Market Board legislation. Furthermore, the public disclosure tools and methods have been developed according to the Disclosure Policy and published on the website.

In the "Ethical Principles Regulation" of the Bank, relations with stakeholders are treated in regard to different groups.

An internal reporting system and an ethics hotline has been set up that enable direct contact with the Compliance Officer, should our Bank and/or employees face a risk that may be associated with risk management or compliance.

The Internal Audit Department will be notified about the transactions, which have been reported by the stakeholders as being incompliant with the legislation and ethically inappropriate.

12. STAKEHOLDERS' PARTICIPATION TO MANAGEMENT

A customer hotline and a complaints hotline through Internet have been set up for all stakeholders, enabling them e-mail any opinion, suggestion, wish and complaint they may have as well as their request for information.

Models, incentives and codes of practice in support of participation of the employees to management are developed within the framework of the "Human Resources Policy".

Efforts that promote communication and support team spirit among the employees are made, with the purpose of establishing effective and productive relationships, and for collaborative workings.

Responsibilities are assigned in order to effectively reveal and resolve conflicts of interest and measures and control processes intended to prevent them are implemented by the Bank within the framework of "Conflict of Interest Policy".

Conflict of Interest Policy has been updated in compliance with the provisions of the capital markets regulation and approved with the Board Resolution dated October 22, 2015 and numbered 88.

13. HUMAN RESOURCES POLICY

Human resources policy and the basic policies of the Bank are explicitly stated in the Human Resources Policy document that is served to all employees against signature.



Corporate Governance Principles Compliance Report

Human Resources Policy includes, in addition to the basic principles on the personnel policy, information about recruitment processes and principles, performance management, promotions, salaries, fringe benefit, rewarding, disciplinary provisions and termination of employment contracts.

The Human Resources Policy of the Bank is decided on behalf of the Board of Directors by the Human Resources Committee, by taking the following principles into consideration. The purpose of the Bank is to retain the most qualified and competent personnel available at all positions. When recruiting, the basic recruitment criteria must be observed.

- a) To employ the personnel who best meets the qualities for that job, and to give all personnel the opportunity to develop their talents and competencies,
- b) To hire optimum number of personnel by facilitating the conditions for them to work in most productive way,
- c) To organize seminars and on the job training programs for the personal development of the employees;
- d) To encourage and reward the personnel for success,
- e) To strive for training personnel from among the Bank staff and when filling the vacancies, to give priority the Bank personnel, and to give promotion opportunities to the Bank personnel according to their skills,
- f) To inform the personnel about matters that concerns them in a timely manner, and to develop effective communication means and methods for the personnel to easily communicate their opinion to their superiors,
- g) To create a work atmosphere that would motivate the personnel and all managers, maintain sustainability of the internal communication,
- h) To create the environment and conditions that is needed for the professional and personal development of all personnel, without making discrimination among them.
- i) To offer career opportunities to the personnel who meets the conditions that are necessary for promotion.

- j) Considering market conditions and the budget of the Bank, to give sufficient pay and benefits to the personnel;
- k) To keep the channels, through which the personnel can communicate their opinion and suggestions, open;
- l) To ensure awareness for the Bank's goals and the personnel get together around the common goals,
- m) To achieve sharing of corporate culture and corporate loyalty,
- n) To create a work atmosphere that would encourage people to think creatively and to develop ideas for improving the processes.

At our Bank, target based assessment system is implemented in order to increase productivity of the employees and to reward their successes. The performance system of the Bank measures the performance of the employees with reference to targets and achievement of such targets. For this purpose, Target Performance Cards that consist of four main sections that are based on financial, customer, internal process, learning and development perspectives are used. A performance assessment meeting is held at the end of every quarterly period, with the Department Manager and the Bank's Top Management. At these performance assessment meetings, the level of achievement is assessed and the actions that would be taken are discussed.

The vacancies will be filled primarily by existing employees, and the training and development programs of the employees will be supported in line with the career plans set with them.

On the other hand, there are job descriptions that apply to each and every employee. The organizational structure of the Bank and the job descriptions of the employees are published in the file server of the Bank, and the employees are informed by announcements.

The Human Resources Department is working in coordination with the other departments, in line with the targets, and with the purpose of selecting the most suitable candidate at the recruitment phase, by reaching the correct target group for that particular position. Besides, special care is taken to ensure that all candidates are willing to adopt the corporate culture, that they believe in open communication and continuous development and are customer and result oriented, and that they have the necessary education and knowledge of foreign language.

Minimum levels of seniority at the current position, depending on the educational qualifications, for promotion have been defined. The Employees can be promoted by meeting the criteria that are defined and stated in the Human Resources Policy.

The "Remuneration Committee" of our Bank had been set up in year 2013, by resolution 52 of the Board of Directors, dated October 9, 2013, with the purpose of carrying out the activities which fall under the scope of the "Regulation on Corporate Governance Principles of Banks" of the Banking Regulation and Supervision Agency.

The Remuneration Committee is responsible for following up, on behalf of the Board of Directors, of the remuneration management practices of the Banks within the scope of compliance with the Corporate Governance Principles; for compliance of such practices with the Banks' ethical values, internal balances and strategic targets; for reviewing of the remuneration policy and for submitting of its recommendations determined according to the needs; for other matters as well as the duties given to it within this context by the Board of Directors.

The Remuneration Policy of the Bank has been developed on the basis the "Corporate Governance Principles of Banks" and the "Capital Markets Board Principles of Corporate Governance", and approved by the Board of Directors on March 10, 2014. At the Annual General Meeting of Shareholders of the Bank for the year 2013, which was held on March 28, 2014, the Remuneration Policy was explained to the shareholders, and approved by them. The Policy have been disclosed to the public on Bank's website as per the requirements of the regulations.

The Remuneration Committee undertakes a review at least once a year to ensure the provision of policy activity. The Remuneration Committee reviewed the remuneration system policies and practices of our Bank regarding the year 2015 and then reported its assessments and recommendations within the scope of management of the risks associated with such remuneration practices, to the Board of Directors as of January 2016.

When deciding the severance and notice pay, Labor Law 4857, dated 22.5.2003, was referred to.

Bank management has not received any discrimination complaint in the year 2015.

The targets of the training activities of the Human Resources Department are as follows:

- With the career training, to increase the performance of our employees at their current jobs and also to make them ready for higher positions;
- Ensuring the acquisition by the employees of the information, skills and equipment required by modern banking in accordance with the principles of equality and continuity,
- Supporting positive developments in our employees' relations with each other and with our customers.
- To increase their work and social life quality with the help of personal development trainings.

Job applications are made through the use of the email address ik@pashabank.com.tr as well as over the contracted human resources portals and recruitment positions are announced via these channels. Consulting firms are also employed when necessary. The 97% of the employees at the PASHA Bank, who have an average age of 38, have an undergraduate or graduate degree.



Corporate Governance Principles Compliance Report

14. ETHICAL RULES AND SOCIAL RESPONSIBILITY

The "Ethical Principles Regulation" that had been approved by the Board of Directors lays down all of the rules that have to be observed in all actions and transactions with the customers, employees, other financial organizations and all stakeholders and it has been disclosed to the public on the website, according to the disclosure policy of the Bank.

The ethical principles are intended to regulate the relations with all stakeholders in and outside the bank, which are categorized as the competitors, customers, suppliers, personnel, the media, and the public institutions and organizations.

The Ethical Principles of PASHA Yatırım Bankası A.Ş. is deemed as an inseparable part of the Corporate Governance Policy and the Human Resources Policy.

The Ethical Principles are the aggregate of all rules that would be observed in all actions and transactions with the customers, employees, other financial organizations and all stakeholders.

The rules and regulations set in accordance with the Ethical Principles Regulation are among the general responsibilities of all employees, and they must be included in the compliance and acceptance statement.

The Sustainability, Environment and Social Responsibility Policy of the Bank have been put into effect as of April 28, 2014.

In the year 2015, the Bank did not pay any fine to the regulatory and supervisory authorities for violation of the provisions of the legislation.

The Board of Directors is carrying out its activities in a transparent, fair, responsible and accountable manner.

The members and the fields of duty of the members of the Board of Directors of our Bank are stated at below.

The CVs of the members of the Board of Directors are included in the annual activity report on section "Information on Top Management" and on the website of the Bank, and on the MKK (the Central Registry Agency) e-company portal.

The number of board members was determined as nine in the Annual General Meeting of Shareholders of the Bank held on March 31, 2015, including the General Manager who is a natural member as required by the Banking Law, and Agha Ali Kamalov, Saffet Batu Aksoy, Afag Mustafayeva, Taleh Kazimov, Shahin Mammadov, Süreyya Serdengeçti, Mesut Özding, Adnan Aykol, and Hikmet Cenk Eynehan were elected as Members of the Board of Directors to serve for a period of three years. Jalal Gasimov was assigned to replace Afag Mustafayeva who left her office through resignation during the year pursuant to the Board resolution dated August 17, 2015 and numbered 75.

The term of office of all Members of the Board of Directors are set as three years at most under the Articles of Association. Members whose term of office has expired may be re-elected. The tasks assumed by Members of the Board of Directors in the institutions outside the Bank were given in the table below by their areas of responsibility and such information is also disclosed in the CV's of the people concerned on the Bank's corporate website.

SECTION-4 THE BOARD OF DIRECTORS

15. THE STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS

In section two of the Articles of Association, the Bank's organization and the duties and powers of the Board of Directors are explained. According to them, the duties and responsibilities of the Board of Directors are subject to the principles set forth by the provisions of Turkish Commercial Code and the Banking Law, and to the provisions of the Articles of Association.

NAME-SURNAME	DUTY	DUTIES ASSUMED OUTSIDE THE BANK	RESPONSIBILITY AREA	APPOINTMENT DATE	ACADEMIC BACKGROUND	PROFESSIONAL EXPERIENCE (YEAR)
Agha Ali Kamalov	Chairman	PASHA Holding LLC, First Deputy Director (COO)	Remuneration Committee Corporate Governance Committee	31/03/2015	Doctorate	21
S. Batu Aksoy	Deputy Chairman	Aksoy Holding A.Ş. - Deputy Chairman of the Board of Directors Turcas Oil A.Ş. and its Subsidiaries - CEO and Board Member Yeditepe International Hotel Management Tourism Trade A.Ş. (Conrad Hotel) - Board Member Aksoy International Trade A.Ş. - Board Member Aksoy Holding Real Estate Investment Companies - Board Member RWE & Turcas South Electricity Production A.Ş. - Board Member	-	02/08/2013 ^(*)	Undergraduate	17
Jalal Gasimov	Board Member	PASHA Holding LLC, First Deputy Director, Banking Group Director Kapital Bank OJSC, Chairman of the Supervisory Board	Remuneration Committee Credit Committee	17/08/2015	Graduate	17
Taleh Kazimov	Board Member	PASHA Bank OJSC, CEO, Chairman of the Executive Board JSC PASHA Bank Georgia, Member of the Supervisory Board	Credit Committee	31/03/2015	Graduate	15
Shahin Mammadov	Board Member	JSC PASHA Bank Georgia, CEO, Chairman of the Supervisory Board	Credit Committee	31/03/2015	Doctorate	13
N. Süreyya Serdengeçti	Independent Board Member	TOBB Economy and Technology University - Lecturer TEPAV - Director	Audit Committee Corporate Governance Committee	16/09/2013 ^(*)	Graduate	34
Mesut Özdiç	Independent Board Member	Istanbul Bilgi University - Lecturer (part-time)	Audit Committee	19/12/2013 ^(*)	Graduate	18
Adnan Aykol	Independent Board Member	-	Credit Committee	20/08/2013 ^(*)	Undergraduate	33
H. Cenk Eynehan	General Manager and Board Member	JSC PASHA Bank Georgia, Member of the Supervisory Board	Credit Committee	02/08/2013 ^(*)	Graduate	21

^(*) They were re-elected in the Annual General Meeting of Shareholders held on March 31, 2015.

Assumption of any other duty or duties by the members of the Board of Directors, is not, unless otherwise is stated in Turkish Laws, subjected to any rules or restrictions.

According to the corporate governance practices of the Capital Market Board, the members of the audit committees of the banks are at the same time the independent members of the board of directors.

As of the end of the year 2015; Süreyya Serdengeçti, Mesut Özdiç, and Adnan Aykol has been serving as Independent Board Members. A situation did not occur during the year that eliminated the independence of the Independent Members of the Board of Directors. The independence declarations of the Independent Board Members were included in the attachment to the report.

Except for the General Manager, no member of the Board has executive duties.



Corporate Governance Principles Compliance Report

The powers of the Chairman of the Board of Directors and of the General Manager are clearly separated as per Articles of Association and Corporate Governance Policy of the Bank.

16. PRINCIPLES ON ACTIVITIES OF THE BOARD OF DIRECTORS

In order to ensure the productivity of the Board of Directors, the General Manager will determine the timetable of its meetings that would be held during the year, with the approval of Board.

The Board of Directors meets at times and frequencies as required by business needs and legislations, but in principle, holds physical meetings at least once a month and held 10 meetings in 2015.

The agenda of the meetings is prepared according to the suggestions received from various departments of the Bank, and by including the items that the Members request to add. The meeting date and agenda as well as the related files are submitted to the members of the Board of Directors, by the Board Secretary, according to the principles laid down in the Corporate Governance Policy, for review. The way Board of Directors' meetings should be held is written in the said policy.

The members of the Board of Directors must physically attend to the meetings as long as they don't have an excuse.

Invitations to the meetings of the Board of Directors will be made by sending e-mails. The Board of Directors is informed and communicated with via the Secretary of the Board and the decisions, minutes, and related documents by the Board are recorded regularly by the Secretariat.

The Board of Directors passed 111 resolutions, some at the meetings and some upon reviewing the files. During the period, the decisions were taken unanimously and there was no dissenting opinion.

According to the Articles of Association of the Bank, the Board of Directors meets when absolute majority is present, and will pass resolutions with the majority of the attendants.

Minutes and the resolutions of the meetings of the Board of Directors are recorded in the resolutions books of the Board.

The members of the Board of Directors cannot cast prevailing vote and/or they don't have veto rights. Every member has one vote.

Every members of the Board of Directors confirms that his participation to the Board does not directly or indirectly result in any conflict of interests because of personal reasons or because of the professional interests they represent. The members of the Board of Directors cannot attend to and vote at the sessions at which matters that are associated with their interests or with the interests of their relations mentioned in Article 393 of Turkish Commercial Code.

The working principles of the Board of Directors are laid down in the Corporate Governance Policy which has been last updated as of December 08, 2015.

The transfer of the limited powers of representation is provided by the Internal Directive issued within the framework of the provisions of the TCL.

17. THE NUMBER, STRUCTURE, AND INDEPENDENCE OF THE COMMITTEES SET UP ON THE BOARD OF DIRECTORS

The Credit Committee, Audit Committee, Corporate Governance Committee, and the Remuneration Committee have been set up to help the Board of Directors with its duties in its area of responsibilities and fulfill its tasks more effectively.

The assignments and members of the committees created within the Bank are determined by the Board of Directors and announced to the public on the PASHA Bank's corporate website as well as in its Annual Report.

The information on the committees established within the Board of Directors is disclosed below.

Audit Committee

The Members of the Audit Committee have been elected from among the independent non-executive board members and the Committee maintains its activities within the framework of the Audit Committee Charter.

The existing structure of the committee, the election of whose members was renewed under the Board Resolution dated October 22, 2015 and numbered 22, is given below.

NAME - SURNAME	DUTIES IN THE COMMITTEE
Mesut Özdiç (Independent Member)	Chairman
Süreyya Serdengeçti (Independent Member)	Member

Credit Committee

The Credit Committee has been set up to make the credit allocation decisions concerning the credits within its competence and perform the associated tasks within the limits set by the Board of Directors within the framework of legal and banking regulations. The existing structure of the committee, the election of whose members was renewed under the Board Resolution dated January 20, 2015 and numbered 03, is given below.

NAME - SURNAME	DUTIES IN THE COMMITTEE
H. Cenk Eynehan	Chairman
Adnan Aykol	Member
Taleh Kazimov	Member
Jalal Gasimov	Reserve Member
Shahin Mammadov	Reserve Member

The Committee maintains its activities within the framework of the Credit Committee Charter.

Corporate Governance Committee

The Corporate Governance Committee was set up to ensure the management of the Bank so as to protect the rights and obligations of all stakeholders and shareholders in a responsible, fair, transparent, and accountable manner in line with the defined goals, Banking Law, Capital Markets Law, and the regulations issued pursuant thereto and other legislation, articles of association, the bank's internal regulations, and the banking ethics, to monitor compliance with the Bank's corporate governance principles, and to submit the necessary measures to the board of directors.

The existing structure of the committee, the election of whose members was renewed under the Board Resolution dated October 22, 2015 and numbered 90, is given below.

NAME - SURNAME	DUTIES IN THE COMMITTEE
Süreyya Serdengeçti (Independent Member)	Chairman
Agha Ali Kamalov	Member

The Committee maintains its activities within the framework of the Corporate Governance Policy.



Corporate Governance Principles Compliance Report

Remuneration Committee

It was set up to in line with the provisions of the Banking Law and the Bylaw on the Banks' Corporate Governance Principles for the purpose of monitoring and supervising the remuneration practices on behalf of the Board of Directors. The existing structure of the committee, the election of whose members was renewed under the Board Resolution dated October 22, 2015 and numbered 90, is given below.

NAME - SURNAME	DUTIES IN THE COMMITTEE
Agha Ali Kamalov	Chairman
Jalal Gasimov	Member

The Committee maintains its activities within the framework of the Remuneration Policy.

18. WORKING PRINCIPLES OF BOARD COMMITTEES AND BOARD'S ASSESSMENT ON EFFECTIVENESS OF THE COMMITTEES

Working Principles of Audit Committee

The Board of Directors appoints as members of the Audit Committee of the Bank at least two members of the Board of Directors that it would choose from among its members that have the qualifications mentioned in the "Bylaw on Internal Systems of Banks" and perform no executive duties to assist the board in performing the auditing and supervisory activities.

The Audit Committee meets at least once every quarter. The duties and responsibilities of the members of the Audit Committee are as follows:

- Audit the effectiveness and adequacy of the Bank's internal control, risk management, and internal audit systems;
- Make a preliminary assessment of the independent audit, support services, and rating institutions prior to their appointment by the Board of Directors;

- Ensure the continuation of the internal audit function in a consolidated and coordinated manner;
- Monitor and assess the results of the internal audit, annual and quarterly interim financial statements, financial reports, operating results, and relevant documents;
- Present a report to the Board of Directors and the Bank at least twice a year, in periods not exceeding six months, assessing, adequacy of the internal audit and independent audit systems and / or institutions that provide an independent assessment on the assets and liabilities, income and / or costs of the bank and the independence of the relevant authorized persons of such institutions, essential precautions that need to be taken by the Bank, practices that need to be adopted, and other matters that need to be to be considered in order for the Bank to maintain its activities in a prudent manner;
- Provide the Board of Directors with recommendations when necessary concerning the appointment and / or dismissal of the independent auditor;
- Review and monitor the existence and implementation of the procedures evaluating and controlling compliance risks.

Assessment by the Board of Directors

The structure, duties, powers, and responsibilities of the Audit Committee have been defined in accordance with the Audit Committee Charter and the working principles have been posted on the website. The Audit Committee's assessments relating to the activities in the 2015 and the activities of the internal systems have been included in the Operating Report issued in six-month periods.

The Audit Committee convened during the year nine times on the dates of 08 December 2015, 06 November 2015, 22 October 2015, 03 August 2015, 23 July 2015, 25 June 2015, 21 April 2015, 25 March 2015, 26 February 2015 to assess and decide on the reports, annual reports, risk assessment reports, internal capital assessment and stress testing studies prepared by the Internal Control and Compliance, Internal Audit, and Risk Management Departments, technical adequacy, risk analysis, and annual evaluation reports related to the support services institutions, annual assessment reports for appraisal institutions, independent auditor's work and independence, independently audited financial reports and adopted a total of 31 resolutions in 2015 both in meetings and by examining files.

The Chairman of the Audit Committee has held meetings periodically with the managers of the departments within the internal systems in order to assess the issues on the agenda of the respective internal systems departments.

The Audit Committee has informed the members of the Board of Directors in the meetings held of the decisions it had taken about the results of the workings within the internal systems and the agenda items, and submitted to the Board of Directors for information and/or approval the periodic reports and plans prepared by the Committee and the Departments within the Internal Systems.

Working Principles of the Credit Committee

The Credit Committee performs the duties to be assigned by the Board of Directors in connection with credits under the Banking Regulations. In this context, it decides on those secured loans and open credits which fall into the limits of authority granted to itself according to the banking legislation. The committee's agenda is determined by the general manager or, in the absence of the general manager, by his proxy and communicated to other members. The credit committee convenes with the participation of all members. The decisions taken unanimously by the credit committee are implemented directly and the decisions made by majority are implemented after approval by the Board of Directors. The decisions by the credit committee are recorded in the book of resolutions. The book of resolutions for the credit committee are kept according to the procedures and principles that the book of resolutions for the board of directors is subject to.

The duties and responsibilities of members of the Credit Committee are as follows:

1. The Credit Committee convenes with the participation of all members at least every three months as often as required by business needs. Participation in meetings may be accomplished through teleconferencing and video conferencing.
2. The Credit Committee convenes with the participation of all members. The decisions taken unanimously by the committee are implemented directly and the decisions made by majority are implemented after approval by the Board of Directors. In case of failure to achieve unanimity, the chairperson of the Committee takes the issue to the Board of Directors.
3. The committee's agenda is determined by the general manager or, in the absence of the general manager, by his proxy and communicated to other members by the secretary of the Credit Committee. The written recommendation to be made by the Credits Department is sought in the allocation of credits by the Credit Committee. In the transactions relating to the credits in which account status certificate must be obtained, the financial analysis and intelligence reports (credit assessment reports) for those seeking credits must be attached.



Corporate Governance Principles Compliance Report

4. The Board of Directors It is obliged to supervise the activities of the credit committee. Each member of the Board of Directors is authorized to demand from the credit committee any information about the activities of the committee and make any checks he or she may deem necessary.

5. The secretariat of the Credit Committee is managed by the manager of the Credits Department.

6. The Credit Committee's secretary ensures delivery in writing via e-mail the credit proposal form and credit assessment report to all Committee members.

7. The decisions by the Credit Committee are recorded in the book of resolutions of the Credit Committee by the secretary of the Board of Directors on the basis of the information to be provided by the secretary of the Credit Committee. The book of resolutions for the credit committee are kept according to the procedures and principles that the book of resolutions for the board of directors is subject to and maintained by the secretariat of the Board of Directors.

8. Decisions by the Credit Committee that have been approved are notified by the secretary of the Board of Directors to managers of the relevant business departments.

Assessment by the Board of Directors

Conducting its activities within the framework of the provisions of the bylaw, the Committee assesses, under the authority delegated by our Board of Directors, the credit limits and conditions proposed by the Credits Department that have been reviewed and deemed to be in accordance with the Banking legislation and the internal regulations of our Bank.

The Credit Committee has discussed the credit proposals that fall into its competence within the limits established by Board of Directors under the related legal and banking regulations and approved the credit lines for the firms whose investigations were concluded positively.

The Credit Committee holds meetings when necessary to fulfill its duties and adopted 11 resolutions during the year.

Working Principles of the Corporate Governance Committee

A Corporate Governance Committee was set up to monitor the Bank's compliance with the corporate governance principles, to carry out improvement studies in this issue, and to provide the Board of Directors with recommendations. Both members of the Committee in case it consists of two members, the majority of the members in case it has more than two members, comprise of non-executive board members. The Board of Directors has the power to determine and change the matters of the number of members and who would be members in accordance with the procedures.

The Corporate Governance Committee consists of 2 (two) members to be chosen from among the members of the Board of Directors. The chairperson of the committee is elected from among the non-executive board members.

The Corporate Governance Committee is responsible, within the corporate governance principles of the Turkish Commercial Law, the Banking Law and the Capital Markets Board, for monitoring the Bank's compliance with the corporate governance principles, carrying out improvement studies on this matter, and submitting recommendations to the Board of Directors and is tasked with the realization of the following matters in particular:

- To study the extent of implementation of the corporate governance principles in the Bank and identify the reasons in case of non-implementation and to suggest taking measures for improvement by identifying the unfavorable situations developing as a result of lack of exact implementation,

- To specify the methods that would provide transparency in identifying the candidates for membership to be recommended to the Board of Directors,
- To carry out studies and develop suggestions regarding the number of the Board of Directors' members and executives,
- To develop recommendations and monitor implementation concerning the principles and practices on the performance assessment and remuneration of the Board of Directors' members and executives,
- To study the independence of the members of the Board of Directors and to uncover conflicts of interest, if any,

It is essential that detailed information be provided on the workings of the Corporate Governance Committee in the Activity Report of the Board of Directors.

Participation in the meeting may be accomplished through teleconferencing and video conferencing. Decisions are taken unanimously by the participants at the meeting. In case of failure to achieve unanimity, the chairperson of the committee may take the issue to the Board of Directors, those not submitted to the Board of Directors are considered to have been rejected.

The reporter of the Committee and secretariat are provided by the Secretary of the Board of Directors. The Committee's reporter is responsible for creating the committee's agenda, calling for meetings, keeping the minutes of meetings, informing the relevant departments of the decision that have been taken and following the issues on which actions were decided to be taken and informing the committee of the results.

Assessment by the Board of Directors

The "independence declarations" prepared to indicate that the members of our Board of Directors considered to be independent according to the principle no. 4.3.6 of the CMB's Principles of Corporate Governance have met the independence criteria were received and notified to our Board of Directors.

The Committee, having met whenever required by the Bank's business and operations, realized four meetings and passed four resolutions during the accounting period.

Working Principles of Remuneration Committee

Remuneration Committee consists of at least two members of the Board of Directors without executive duties.

The Remuneration Committee convenes at least once a year or when necessary and reports to the Board of Directors.

Remuneration Committee performs the following duties, powers and responsibilities:

- Ensures the implementation of a Remuneration Policy in compliance with the statutory regulations,
- Assesses the recommendations of the Human Resources Committee, makes the necessary changes and corrections, and submits the applications provided with compliance to the Board of Directors for approval,
- Makes recommendations concerning the remuneration principles of the senior executives,
- Reviews the remuneration policy at least once a year to ensure the effectiveness of the remuneration policy,
- Considering the degree of achieving the criteria, assesses the remuneration of the senior executives and remuneration policy and practices within the scope of the risk management, and submits every year its recommendations concerning them to the Board of Directors in a report,
- Ensures the determination of the criteria for the incentive payments to the employees that are tied to performance and the review of such criteria regularly in accordance with the standards and specific work responsibilities that have been set out.



Corporate Governance Principles Compliance Report

Assessment by the Board of Directors

Having assessed remuneration policies and practices within the framework of risk management, the Committee presented to the Board its recommendations related to them in January 2016.

The Committee, having met whenever required by the Bank's business and operations, realized three meetings and adopted three resolutions during the accounting period.

19. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

It has been created in a structure that is in accordance with the scope and composition of the activities of the Bank and in accordance with the changing conditions as well in order for the determination, measurement, analysis, and monitoring of the risks that may arise from the Bank's strategy and operations and for the exercise of control and audit.

The Internal Audit, Internal Control and Compliance, and Risk Management Departments operate under the effective supervision and control of the Audit Committee, reporting to the Board of Directors.

The Bank's internal regulations related to the duties, powers, and responsibilities of these departments have been created in accordance with the provisions of the Banking Law and the Bylaw on the Banks' Internal Systems and put into force by the approval of the Board of Directors.

Internal control and compliance activities are checked and monitored continually by the Internal Control and Compliance Department and its staff operating under the Board of Directors. Risk management activities have been carried out by the Risk Management Department and its staff operating again under the Board of Directors.

The basic aim of the compliance activities is to provide the maximum contribution on such issues as ensuring that the compliance risk in the Bank is kept under control through purposeful and effective management and the Bank's activities are executed and managed within this framework continually in accordance and compliance with the relevant legislation, regulations, and standards in terms of structure and functioning, and that laundering of criminal proceeds and terrorist financing are prevented.

The compliance of all banking processes and information systems with the legal regulations, internal regulations, and banking principles are audited by the Internal Audit Department and its staff within the framework of the annual risk assessment studies and audit plan and the results of the audit are reported to the Audit Committee and Board of Directors.

The Audit Committee is a committee set up by the Board of Directors to assist it in the performance of auditing and supervision activities pursuant to both the Banking Law and the Bylaw on the Banks' Internal Systems. The Audit Committee supervises on behalf of the Board of Directors the effectiveness and adequacy of the departments within Internal Systems and the operation of these systems and accounting and reporting systems of the Bank within the framework of the Banking Law and related regulations and the integrity of the information generated.

The assessments by the Audit Committee concerning the year are published in the annual report.

The Banks year 2016 budget had been approved by the Board of Directors, with its resolution that had been passed at the meeting of December 08, 2015.

Banks performance regarding achievement of its annual budget targets is regularly followed up by the Board of Directors. Banks performance with reference to the budget targets are reported in detail to the Board of Directors, at the meetings held every month.

On the other hand, our Bank's vision, values, and mission are included in the Annual Report that is renewed each year and on our website.

20. STRATEGIC TARGETS OF THE BANK

PASHA Bank has been carrying out the banking operations in a manner consistent with its corporate strategy covering the period of 2015 - 2017 based on the diversification of business lines to establish the sustainable business model of the PASHA Group and total assets of TL 466 million, total loans of TL 574 million, and a shareholders' equity of TL 241 million have been targeted in line with the budget targets stipulated by the Bank for the year 2016. Actions and projects that support strategic goals are worked on by the senior management through the committees that they attended, and assessed and decided by the Board of Directors.



Corporate Governance Principles Compliance Report

21. FINANCIAL RIGHTS

The financial rights granted to the members of the Board of Directors are decided in accordance with Article 41 of the Articles of Association. According to that Article,

- A payment at the amount decided by the Board of Directors will be paid to the Chairman, Deputy Chairman and Members of the Board of Directors. When deciding these amounts, the time that these people would spend at the meeting, for preparing before the meetings and for performing the duties following the meetings will be taken into consideration. In addition to these, the amount of honoraria that would be paid to them for every meeting they attend will also be decided by the General Assembly.
- Whether or not a payment would be made to the chairman and the members of the committee, and the amount of any such payment if it is going to be made, will be decided by the Board of Directors, in its decision for setting up such committee. In the event the chairman and the member of the committee is at the same time the chairman and the member of the Board of Directors, the General Assembly will decide if any payment would be made, and if so its amount.

The remuneration policy of the Bank is implemented in accordance with the rules and regulations of the Banking Regulation and Supervision Agency and the Capital Markets Board. The remuneration policy is prepared in writing, and at the Annual General Meeting of Shareholders for the year 2013 - which had been held on March 28, 2014 - it was presented to the shareholders for their information under a separate item of the agenda.

Profit share, share options or Bank performance based payment plans cannot be implemented for the remuneration of the independent members of the Board of Directors.

Total sums paid to the top-level managers and to the members of the Boards of Directors will, at the following General Assembly meeting, presented to the shareholders for their information and/or approval in accordance with the legislation.

The total sum of all pay and other benefits provided to the members of the Board of Directors and to the top-level managers will be disclosed to the public in the annual activity report.

The total sum of honoraria, pay, premium, bonus, and profit share and similar other financial benefits provided to the Board of Directors and to the top-level managers of the Bank in year 2015 was TL 1,368 thousand.

No loans were given by the Bank to the members of the Board of Directors and managers either directly or through a third person; and no guarantees were issued in their favor. The Banking Law provisions were not violated in regard to matters such as giving loans, credits to any member of the board of directors or to any manager. In Article 17 of the Articles of Association it is provided as follows: "Members of the Boards of Directors cannot take part at the phases where loan transactions to which they themselves, their spouses or children who are under his custody, other real and legal persons who together with them constitute a risk group is a party, are assessed and decided and they must report it to the authorities in writing. Provisions of the Banking Law that prohibit and restrict giving loans to the members of the Board of Directors are not affected."

Statement of Independence

Statements of Independence of the Board Members

To PASHA Yatırım Bankası A.Ş.,

I do hereby state that I will perform my duties as the independent member of the board of directors, and that,

1. There was, during the last five years, no employment relationship as the holder of any management positions with significant duties and responsibilities, between I myself, my spouse and my relatives by blood and marriage up to second degree, and the Company, the companies that control or who has significant influence over the Company as well as the shareholders that control the Company, and the legal entities over the management of which these shareholders have control and; that I do not own solely or collectively more than 5% of the capital or the voting rights or the privileged shares or that no significant commercial relation have been established;
2. I was not, during the last five years and the periods when services and products were being purchased, a shareholder (5% or more), an employee holding a management position with significant duties and responsibilities, or a member of the board of directors of the companies from which the Company had purchased or sold significant services or products, first and foremost auditing (including tax audit, statutory audit, internal audit), rating and consultancy services, within the framework of concluded contracts;
3. I possess the professional training, knowledge and experience to properly perform the duty I will assume as the holder of the position of independent member of the board of directors;
4. I will not, after having been elected as a member, be working fulltime in any public establishment and organization, except as a member of academia, should the legislation which applies permit it;
5. I am deemed, as per Income Tax Law 193, dated 31.12.1960, to have domiciled in Turkey;
6. I possess the strong ethical standards, the professional reputation and the experience that would enable me make positive contributions to the Company's activities, retain my impartiality in any conflict of interests between the Company and the shareholders, and freely take decisions by considering the rights of the stakeholders;
7. I can spare sufficient time for Company business, enabling me to pursue the Company operations and to fully perform the duties I assume;
8. I have not, within the last ten years, assumed the position of the member of the board of directors of the Company, for more than six years;
9. I am not the independent member of the board of directors of more than three companies which are owned by the same person, company or the companies the management of which are controlled by controlling shareholders of the Company and; of more than five companies the stock of which are traded in the stock exchange;
10. I have not been registered or announced in the name of the legal entity elected as the member of the board of directors.



Süreyya SERDENGEÇTİ



Statement of Independence

Statements of Independence of the Board Members

To PASHA Yatırım Bankası A.Ş.,

I do hereby state that I will perform my duties as the independent member of the board of directors, and that,

1. There was, during the last five years, no employment relationship as the holder of any management positions with significant duties and responsibilities, between I myself, my spouse and my relatives by blood and marriage up to second degree, and the Company, the companies that control or who has significant influence over the Company as well as the shareholders that control the Company, and the legal entities over the management of which these shareholders have control and; that I do not own solely or collectively more than 5% of the capital or the voting rights or the privileged shares or that no significant commercial relation have been established;
2. I was not, during the last five years and the periods when services and products were being purchased, a shareholder (5% or more), an employee holding a management position with significant duties and responsibilities, or a member of the board of directors of the companies from which the Company had purchased or sold significant services or products, first and foremost auditing (including tax audit, statutory audit, internal audit), rating and consultancy services, within the framework of concluded contracts;
3. I possess the professional training, knowledge and experience to properly perform the duty I will assume as the holder of the position of independent member of the board of directors;
4. I will not, after having been elected as a member, be working fulltime in any public establishment and organization, except as a member of academia, should the legislation which applies permit it;
5. I am deemed, as per Income Tax Law 193, dated 31.12.1960, to have domiciled in Turkey;
6. I possess the strong ethical standards, the professional reputation and the experience that would enable me make positive contributions to the Company's activities, retain my impartiality in any conflict of interests between the Company and the shareholders, and freely take decisions by considering the rights of the stakeholders;
7. I can spare sufficient time for Company business, enabling me to pursue the Company operations and to fully perform the duties I assume;
8. I have not, within the last ten years, assumed the position of the member of the board of directors of the Company, for more than six years;
9. I am not the independent member of the board of directors of more than three companies which are owned by the same person, company or the companies the management of which are controlled by controlling shareholders of the Company and; of more than five companies the stock of which are traded in the stock exchange;
10. I have not been registered or announced in the name of the legal entity elected as the member of the board of directors.

Mesut ÖZDİNÇ

Statements of Independence of the Board Members

To PASHA Yatırım Bankası A.Ş.,

I do hereby state that I will perform my duties as the independent member of the board of directors, and that,

- 1) There was, during the last five years, no employment relationship as the holder of any management positions with significant duties and responsibilities, between I myself, my spouse and my relatives by blood and marriage up to second degree, and the Company, the companies that control or who has significant influence over the Company as well as the shareholders that control the Company, and the legal entities over the management of which these shareholders have control and; that I do not own solely or collectively more than 5% of the capital or the voting rights or the privileged shares or that no significant commercial relation have been established;
- 2) I was not, during the last five years and the periods when services and products were being purchased, a shareholder (5% or more), an employee holding a management position with significant duties and responsibilities, or a member of the board of directors of the companies from which the Company had purchased or sold significant services or products, first and foremost auditing (including tax audit, statutory audit, internal audit), rating and consultancy services, within the framework of concluded contracts;
- 3) I possess the professional training, knowledge and experience to properly perform the duty I will assume as the holder of the position of independent member of the board of directors;
- 4) I will not, after having been elected as a member, be working fulltime in any public establishment and organization, except as a member of academia, should the legislation which applies permit it;
- 5) I am deemed, as per Income Tax Law 193, dated 31.12.1960, to have domiciled in Turkey;
- 6) I possess the strong ethical standards, the professional reputation and the experience that would enable me make positive contributions to the Company's activities, retain my impartiality in any conflict of interests between the Company and the shareholders, and freely take decisions by considering the rights of the stakeholders;
- 7) I can spare sufficient time for Company business, enabling me to pursue the Company operations and to fully perform the duties I assume;
- 8) I have not, within the last ten years, assumed the position of the member of the board of directors of the Company, for more than six years;
- 9) I am not the independent member of the board of directors of more than three companies which are owned by the same person, company or the companies the management of which are controlled by controlling shareholders of the Company and; of more than five companies the stock of which are traded in the stock exchange;
- 10) I have not been registered or announced in the name of the legal entity elected as the member of the board of directors.



Adnan AYKOL



Statement of Responsibility

PASHA YATIRIM BANKASI A.Ş. STATEMENT RELATED TO THE 2015 ANNUAL REPORT

The 2015 Annual Report of PASHA Yatırım Bankası A.Ş. has been prepared in accordance with the provisions of the "Regulation on Principles and Standards for the Preparation and Publication of Annual Reports by the Banks" published in the Official Gazette numbered 26333, dated November 11, 2006 and presented hereafter.

Agha-Ali KAMALOV
Chairman of the
Board of Directors

Mesut ÖZDİÑ
Member of the
Audit Committee

Necip Süreyya SERDENGEÇTİ
Member of the
Audit Committee

Hikmet Cenk EYNEHAN
General Manager

Ali İhsan TOKKUZUN
Deputy General Manager

Yeşim ÇAĞLAR
Financial Planning &
Controlling Manager



Annual Report Compliance Opinion

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

Auditor's Report on the Board of Directors' Annual Report within the Scope of Independent Audit Standards

We have audited the annual report of Pasha Yatırım Bankası A.Ş. (the "Bank") for the period ended 31 December 2015.

Board of Directors' responsibility for the Annual Report

The Bank management is responsible for the fair preparation of the annual report and its consistency with the financial statements which are issued in accordance with the "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No. 26333 dated 1 November 2006 and article 514 of Turkish Commercial Code ("TCC") No. 6102, "Regulation on the Procedures and Principles Regarding Accounting Applications for Banks and Safeguarding of Documents", published in Official Gazette No. 26333 dated 1 November 2006, other regulations published by the Banking Regulation and Supervision Agency ("BRSA") on accounting records of Banks, interpretations and circulars published by BRSA and the provisions of Turkish Accounting Standards for the matters which are not regulated by the aforementioned legislations; "BRSA Accounting and Financial Reporting Legislation" and for such internal control as Bank management determines is necessary to enable the preparation of an annual report.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on whether the financial information in this annual report is consistent with the Bank's financial statements and reflects the truth, based on our independent audit of the Bank's annual report within the scope of the Regulation on Independent Audits of Banks published in official gazette No. 29314 dated 2 April 2015 and article 397 of the TCC.

Our independent audit was conducted in accordance with Independent Auditing Standards ("ISA") that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.



Annual Report Compliance Opinion

Opinion

Based on our opinion, the financial information in the annual report of the Board of Directors is consistent with the audited financial statements and presented fairly, in all material respects and the convenience translation of audited financial statements originally issued in Turkish.

Other Responsibilities Arising from Regulatory Requirements

Pursuant to subparagraph 3 of Article 402 of the Turkish Commercial code CC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of Bank to continue its operations for the foreseeable future.

Talar Gül, SMMM
Partner

Istanbul, 9 March 2016

The Audit Committee's Assessment on Internal Systems' Activities



PASHA Bank's internal audit, internal control, compliance and risk management systems have been structured under departments each managed by one executive personnel, reporting to the Board of Directors in accordance with the "Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks".

The internal audit, internal control and compliance as well as risk management departments do report, in accordance with the directives of the Banking Regulation and Supervision Agency, to the Board of Directors, through the Audit Committee.

The annual internal audit plan and the annual internal control plan, which are prepared every year according to the developing and changing activities of the Bank, to the changes in the legislation, and to the results of the risk assessment report and risk matrix, prepared as of the end of the previous year, are submitted, following the approval of the Audit Committee, to the Board of Directors.

The main activities of the internal systems within the years are carried out according to these plans, and reported. Matters identified at the Audit Committee meetings, and the requests for reports are communicated to the concerned departments of the Bank, through the internal systems departments.

The risk analysis studies regarding the support service institutions are performed in accordance with the opinions of the internal systems departments, and assessment reports that are prepared about the concerned institutions are submitted to the Board of Directors.

The Internal Audit Department did perform the audits that are within the scope of Circular BSD 2010/3 of the Banking Regulation and Supervision Agency, dated 30.7.2010, on which the "Management Statement" of the Bank is based, and submitted its report primarily to the Audit Committee, and to the Board of Directors.

Regarding the risk, organization, quality management, effectiveness, efficiency and compliance functions, the internal systems group is positioned at the focal point of all transactions effected at the Bank and at its subsidiaries.

The internal audit, internal control and compliance departments do carry out their activities according to the annual audit and internal control plans, which are prepared every new year according to the developing and changing structure of the Bank, to the changing legislation, on the basis of the risks that had arisen as the result of the previous year's internal audit and internal control as well as compliance activities and; that is approved of the Board of Directors.

The Internal Audit Department does, as a whole, carry out activities in the form of internal supervision and audit function in regard to banking and information systems processes as well as risk management and internal control and compliance and; audits all departments periodically and on the basis of risks. In addition to these, it assumes the function of objective and independent advising regarding the management of all applications and processes of the Bank in line with good practices. It gives assurances to the top management that the Bank's activities are carried out according to the laws and other legislation, and on the effectiveness and efficiency of the internal control and risk management systems. It states its opinion and makes recommendations for effective and productive use of the Bank's resources. The Internal Control and Compliance Department, which carries out activities inside the internal systems group, periodically monitors the banking transactions; executes second level controls and; ensures correction of the mistakes and discrepancies by executing controls in order to detect them. In the year 2015, all operational activities of the Bank and were controlled on a daily, weekly, biweekly, monthly, quarterly, annual and need basis with reference to control points and; the results of such controls were explained in the monthly internal reports.



The Audit Committee's Assessment on Internal Systems' Activities

The legal reports that are prepared by the Financial Planning and Controlling Department, and which are delivered to the regulatory bodies are double-checked. The efficiency of these checks is always assessed by the Internal Control and Compliance Department. By this way, efforts are made to reduce the risks that are faced during the legal reporting process.

With regard to the securities portfolio held by the Bank, value-at-risk results which are calculated by using the standard method; the analysis and the assessment of the other findings obtained with the help of these findings and; their concordance with the risk management calculations and legal action ratios however, are followed up by the Risk Management Department.

COBIT compliance workings were conducted by Information Systems for compliance with international systems, and a corporate awareness, process as well as a system infrastructure were created in this direction.

In 2015, the Audit Committee did meet with the managers of the independent audit institution of our Bank on quarterly basis, and received information about their workings.

The classroom trainings have been organized for PASHA Bank staff regarding the prevention of laundering proceeds of crime and financing of terrorism and to confirm the compliance culture.

The control activities with regard to prevention of laundering proceeds of crime and financing of terrorism have been conducted with the monitoring software procured and compliance activities have been carried out by following up local and international regulations.

On the other hand, opinions were expressed on policy and procedures for new services and products and the ongoing projects as well.

TARGETS FOR THE YEAR 2016

Internal Capital Adequacy Rating Process (ICAAP) reports in accordance with the standards set by the Banking Regulation and Supervision Agency will be prepared in a way to also include the 3 year growth targets and capital planning, by making use of the stress test results. The purpose of doing this is ensuring that the ICAAP report becomes a part of the budget and capital management activities.

Internal Control and Internal Audit Departments will continue their activities to fulfill the requirements to establish and operate an effective, adequate, and consistent internal control system in the Bank within the scope of Banking Law and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process (ICAAP) of Banks.

Mesut ÖZDİNÇ
Chairman of the Audit Committee

N. Süreyya SERDENGEÇTİ
Member of the Audit Committee



Evaluation of Financial Position, Profitability, and Solvency

The main shareholder PASHA Bank OJSC strengthened the Bank's equity structure by realizing a capital increase of a total of TL 175 million in cash in 2015 in order to support the three-year strategy and business plans of the Bank. The Bank's equity increased by 392% compared to the previous period and the return on equity was realized as 3.8%.

PASHA Bank completed the year 2015 with TL 8,787 thousand in profits according to the unconsolidated data.

Total assets stood at TL 322,405 thousand, representing an increase of 428% compared to the prior year as a result of the growth in corporate loans.

22% of PASHA Bank's total assets consist of cash, banks, and liquid securities account. The Bank's entire securities portfolio comprises high-liquidity government bonds and treasury bills.

Total cash loans stood at TL 245,744 thousand, increasing by 379% compared to the previous year and became the largest item in the balance sheet with a share of 76%.

As a result of prudent lending and risk management policies, there are no loans by the Bank under legal proceedings.

Equity represents the primary funding source of PASHA Bank with a share of 72% in the balance sheet. The funds borrowed had a share of 78% in foreign liabilities by reaching TL 71,311 thousand at the end of the year and its share in the balance sheet total was realized as 22%.

The Bank's unconsolidated capital adequacy ratio was realized at a high level of 91.75%. PASHA Bank does not have a problem in terms of capital and its assets are able to meet its liabilities.

Total property and equipment investments made as of December 31, 2015 amounted to TL 972 thousand and no government promotion was utilized by PASHA Bank.

PASHA Bank has a solid financial structure with its strong capital structure and asset quality.



Risk Management Policies

Risk management process of PASHA Yatırım Bankası A.Ş. is conducted and implemented in accordance with the principles and implementation procedures included in the "Banking Law", the "Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks" and in the other pertinent regulations and best practice guidelines that are published by the Banking Regulation and Supervision Agency. In principle, the Risk Management Department reports to the Audit Committee, the responsible body from internal systems and carry out its activities completely independent from other business departments.

The risk management approach of the Bank is to achieve an integrated risk management that is based on setting up and operating of a healthy risk management including human resources and information technologies infrastructures, risk assessment models, regulations, procedures, implementation instructions and reports and; on risks and yields.

Risk awareness and management is an important element of the banking culture and; utmost care is taken for compliance with the local legislation and to implement internationally accepted standards. Setting up and ensuring the continuity of an effective risk management system in PASHA Yatırım Bankası A.Ş. is among the priorities of the top management.

The risk taking strategy of the Bank is decided in such a way to include the risks that can be taken in the financial markets, and also the limits of positions as well as the control points of the risks that would be taken.

The risk management function of the Bank has been set up as a separate organization that reports to the Audit Committee, and which is independent from other business departments.

It is the duty of the managers and all personnel at all levels of the Bank to assess the risks faced, to have full knowledge of the techniques regarding

the management of the possible risks that can be encountered in the field of their responsibilities, and to provide the support that is necessary for the control and audit procedures applied by the departments within internal systems.

The policies, procedures and methods that are needed to gauge, analyze, monitor, report and control of the defined risks are designated by the Risk Management Department, and put into effect after approval by the Board of Directors.

The responsibility for following up and as necessary updating of the risk limits, and for submitting them to the Board of Directors belongs to the Risk Management Department, whereas the ultimate responsibility lies with the Board of Directors. The limits are set by using methods that are developed according to the risk appetite of the Bank in that field of activity, and to the volume and complicatedness of the offered products and services and; where appropriate, together with early warning limits.

Follow up of the Bank positions and risk/limit compliance controls are performed at three levels, which are "business and operation", "risk management and internal control" and "internal audit" and; are included in routine reports. Any discrepancies will urgently be reported by the Department that discovers it, to the Board of Directors and to senior management, without waiting for the regular reporting time.

The risk management activities that are conducted according to the regulations are checked at intervals identified by the Internal Audit Department, and the findings are reported, thus the Audit Committee and the Board of Directors are informed.

CREDIT RISK MANAGEMENT

The policies and procedures to gauge the credit risks of the Bank, regularly analyze, follow up the financial means of the counterparty are established in accordance with the segregation of duties. The processes regarding approval, revision,

novation and restructuring of loans are laid down clearly and in detail with the implemented procedures.

The Bank did, in order to measure the exposure level regarding each customer, develop a systematic borrower's rating model based on their qualitative and quantitative analyses. An internally developed facility rating system is used for the assessment of the possibility of repayment of the loan. The facility rating system is based on discountable acceptable collateral types, and reflects the loss that would be incurred in the event of default. Borrower's and facility ratings of the customer are used as the basic parameters in all decision taking processes for loan allocation.

Periodic review of the rating systems and overseeing its performance is executed independently by the Risk Management Department under the supervision of the Audit Committee. Either to comply with the Basel standards and to conduct customer evaluation with objective criteria, by this means to increase the capabilities to gauge risks; enhancement efforts for the current rating systems and development of the successful statistical models for the new necessities have been effectively pursued

The credit portfolio risk level is followed by the Risk Management Department. A comprehensive report on the credit portfolio, the risk level of as well as the trends and changes in the portfolio, and the non-performing loans if exist is published monthly. That report is presented to the senior management and the Board of Directors of the Bank. The portfolio is also reviewed regularly by making concentration risk analyses (borrower, group, sector, rating grade, collateral etc.).

MARKET AND LIQUIDITY RISK MANAGEMENT

The bank market risk management includes differentiation between the routine assets and liabilities management activities (banking book) and the purchase and sale activities (trading book).

The securities portfolio for available-for-sale and held to maturity are managed by the Treasury Department, according to the decisions of the Assets and Liabilities Committee (ALCO), and also by observing the limits set by the Board of Directors. Management of the liquidity is ensured with the coordination of the treasury and financial control departments, and under the supervision of the internal systems group in accordance with the decisions of ALCO.

Gauging of the risks and their inclusion in the capital adequacy ratio is done monthly, by calculating the exposed value and by using the standard method that has been set by the Banking Regulation and Supervision Agency. The interest rate risk and the exchange rate risk are calculated at the Bank on a monthly basis, by using the standard method.

The liquidity position of the Bank is followed on the basis of segregation of foreign currency and local currency and in total as well. The adequacy of the liquidity is tested under various stress scenarios and the outcome is reported to the respective Committees and Senior Management on a regular basis.

OPERATIONAL RISK MANAGEMENT

The Bank's objective for managing the operational risk is to administer and control it without incurring losses because of fraud, unauthorized transactions, error, negligence, ineffectiveness, system error and external events, within an effective cost structure. Operational risk are defined and assessed at least annually, and suitable measurements are developed to gauge them. Gauging and reporting of operational risk is conducted by use of the basic indicator approach, and the operational risk capital requirement is calculated. All workflows and control points of the Bank for all of its processes have been determined. Workings for development of the risk-control matrices out of these workflows and scoring of the risks continue.



Information on Ratings Assigned by Rating Agencies

International credit rating agency Fitch Ratings described PASHA Bank's rating in its report dated October 13, 2015 as follows.

National Long-Term Rating: A(tur) (Outlook: Stable)

Detailed information about the Bank's credit rating was posted on the Bank's corporate website www.pashabank.com.tr and Fitch Ratings' website www.fitchratings.com.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. disclosed the Corporate Governance Rating assigned to PASHA Bank as 89.43 by revising it upwards in its latest report dated June 26, 2015.

The distribution of the revised periodical ratings of our Corporate Governance Rating is as follows under four main categories weighted within the framework of the resolution by the Capital Markets Board on this issue (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors).

SUBCATEGORIES	WEIGHT	RATING ASSIGNED
Shareholders	25%	91.78
Public Disclosure and Transparency	25%	82.13
Stakeholders	15%	91.34
Board of Directors	35%	92.15
TOTAL	100%	89.43

The revised periodical ratings of our Corporate Governance Rating were posted on the Bank's corporate website www.pashabank.com.tr and also announced to the public by disclosures of special cases made on the Public Disclosure Platform (PDP).



Summary of Unconsolidated Financial Highlights for the Five-Year Period

TL THOUSAND	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Total Assets	322,405	61,071	50,058	19,282	21,879
Total Cash Loans	245,744	51,282	26,681	750	
Securities	9,619	1,764	293	1,587	7,091
Total Equity	230,552	46,849	48,672	16,331	15,009
Net Profit/Loss	8,787	(1,817)	(9,082)	(1,478)	(4,685)

Significant Developments Regarding Bank's Activities



The Bank's subsidiary "PDF Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. In Liquidation" was put into liquidation, following the extraordinary general assembly meeting that had been registered on 09.02.2014, through the publication of the resolution by the general assembly on the pages 367 and 368 of the Trade Registry Gazette of Turkey no. 8648 dated 08.09.2014. Announcements for calls to the creditors were published as follows;

The first announcement on page 260 of the Trade Registry Gazette of Turkey no. 8654 dated 16.09.2014,

The second announcement on page 260 of the Trade Registry Gazette of Turkey no. 8659 dated 23.09.2014,

The third announcement on page 260 of the Trade Registry Gazette of Turkey no. 8664 dated 30.09.2014.

As a result of the period of one year that passed after the publication of the third announcement and the completion of the liquidation process, the company board of directors decided to hold the extraordinary general assembly meeting on the date of 30 November 2015 and to complete the liquidation process.

As a result of the conclusion of the company's liquidation process as announced in the Trade Registry Gazette of Turkey no. 8972 dated 21 December 2015, the cost of the company included in the Bank's balance sheet, impairment provision, and the credit balance in the amount of TL 550 followed as an off-balance sheet item were decided to be written off under the Resolution no. 111 dated 31 December 2015 by the Board of Directors.



**CONVENIENCE TRANSLATION OF PUBLICLY
ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT, ORIGINALLY ISSUED IN
TURKISH, SEE NOTE I OF SECTION THREE**

PASHA YATIRIM BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S
REPORT AT 1 JANUARY TO 31 DECEMBER 2015**



**CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

To the Board of Directors of Pasha Yatırım Bankası A.Ş.;

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated balance sheet of Pasha Yatırım Bankası A.Ş. ("the Bank") as at 31 December 2015 and the related unconsolidated statement of income, unconsolidated income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, other regulations on accounting records of Banks published by BRSA, circulars and interpretations published by BRSA, and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and Independent Auditing Standards that are part of Turkish Standards on Auditing published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements 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. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by bank's management, as well as evaluating the overall presentation of the financial statements.

We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Pasha Yatırım Bankası A.Ş. as at 31 December 2015 and the results of its operations and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Report on Other Responsibilities Arising From Regulatory Requirements

In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January-31 December 2015 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Talar Gül, SMMM
Partner

Istanbul, 22 February 2016

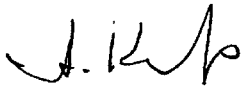
**THE YEAR END UNCONSOLIDATED FINANCIAL REPORT OF
PASHA YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2015**

Address of the Bank's Headquarters : A.O.S. 55. Sokak No: 2 42 Maslak Ofis 3 Kat:7
34398 Maslak İstanbul, Türkiye
Telephone of the Bank : (0 212) 345 07 11
Fax of the Bank : (0 212) 345 07 12
Web site of the Bank : www.pashabank.com.tr
E-mail for correspondence : info@pashabank.com.tr

The unconsolidated year end financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- SECTION ONE - GENERAL INFORMATION ABOUT THE BANK
- SECTION TWO - UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- SECTION THREE - EXPLANATIONS ON ACCOUNTING POLICIES
- SECTION FOUR - INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION
- SECTION FIVE - EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- SECTION SIX - OTHER EXPLANATIONS AND NOTES
- SECTION SEVEN - EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

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



Agha-Ali KAMALOV
Chairman of the Board of Directors



Mesut ÖZDİNCİ
Member of the Audit Committee



Necip Süreyya SERDENGEÇTİ
Member of the Audit Committee



Hikmet Cenk EYNEHAN
General Manager



Ali İhsan TOKKUZUN
Deputy General Manager



Yeşim ÇAĞLAR
Financial Planning&Controlling Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Title : Yeşim ÇAĞLAR/Manager
Telephone Number : (0212) 705 89 08
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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I OF SECTION THREE



PASHA YATIRIM BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

SECTION ONE

GENERAL INFORMATION

I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute:

Bank's commercial title	PASHA Yatırım Bankası A.Ş.
Reporting Period	1 January-31 December 2015
Address of the Bank's Headquarters	A.O.S. 55. Sokak No:2 42 Maslak Ofis 3 Kat:7 34398 Maslak İstanbul, Türkiye
Telephone	(0 212) 705 89 00
Fax	(0 212) 345 07 12
Website	www.pashabank.com.tr
E-mail	info@pashabank.com.tr

PASHA Yatırım Bankası A.Ş. ("the Bank", "PASHABank") was incorporated on 25 December 1987 as an investment bank with the permission of the Council of Ministers decision no. 6224 which allows the transfer of the Banks' net profit after statutory liabilities and in case of liquidation the transfer of capital to foreign shareholders, and started its financial operations on 1 March 1988. As of 31 December 2014, the Parent Bank operates in its head office in Istanbul and there are no other branches.

II. Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to:

With the decision taken by TAIB Bank B.S.C. (c)-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. With the decision taken in the extraordinary general assembly meeting of the Bank dated 31 July 2013 and numbered 32, share transfer transaction has been approved. The share transfer from previous parent of the Bank to Aksoy Holding A.Ş. has been completed as at 2 August 2013.

In the extraordinary general assembly meeting of the Bank dated 31 October 2013, it was decided to increase the paid-in capital of the Bank to from TL 37,000 to TL 39,000. The paid-in capital of the Bank was increased to 39,000 TL in accordance with the BRSA's approval as at 13 November 2013.

In the extraordinary general assembly meeting of the Bank dated 21 November 2013, it was decided to increase the paid-in capital of the Bank to from TL 39,000 to TL 80,000. The paid-in capital of the Bank was increased to 80,000 TL in accordance with the BRSA's approval as at 29 November 2013.

PASHA Bank OJSC and Aksoy Holding A.Ş. has agreed on transferring the majority shares of the Bank. Acquisition of TL 28,795,121 of the Bank's capital and increase 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 capital increase from TL 80,000 to TL 175,000 has been completed as at 25 February 2015.

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." registered on 2 March 2016 and announced on Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773.



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

PASHA YATIRIM BANKASI A.Ş.
NOTES TO FINANCIAL STATEMENTS AT
31 DECEMBER 2015

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

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.

The share transfer was accounted as at 24 December 2015 in the statutory accounting records by the approval of the board of the directors.

The partnership structure of the Parent Bank as of 31 December 2015, is stated below:

Name/Commercial Title	31 December 2015	
	Capital	Share Rate
PASHA Bank OJSC	254,795	%99.9196
Others	205	%0.0804
Total	255,000	

III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess:

Title	Name	Education	Percentage
Chairman of the Board of Directors ^{(1), (3)}	Agha-Ali Kamalov	PhD	-
Member of the Board of Directors/Vice President of the Board of Directors ⁽²⁾	Saffet Batu Aksoy	Graduate	-
Member of the Board of Directors ⁽⁴⁾	Jalal Gasimov	Postgraduate	-
Member of the Board of Directors ⁽³⁾	Taleh Kazimov	Postgraduate	-
Member of the Board of Directors ⁽³⁾	Shahin Mammadov	Postgraduate	-
Member of the Board of Directors/ Member of the Audit Committee	Necip Süreyya Serdengeçti	Postgraduate	-
Member of the Board of Directors	Adnan Aykol	Graduate	-
Member of the Board of Directors/Member of the Audit Committee	Mesut Özdiç	Postgraduate	-
Member of the Board of Directors/General Manager	Hikmet Cenk Eynehan	Postgraduate	-
Assistant General Manager	Ali İhsan Tokkuzun	Postgraduate	-

⁽¹⁾ As of 31 March 2015 Agha-Ali Kamalov is appointed as the Chairman of the Board of Directors with the Board Resolution numbered 2015/41.

⁽²⁾ As of 31 March 2015 Saffet Batu Aksoy is appointed as the Vice President of the Executive Board as per the Board Resolution numbered 2015/41.

⁽³⁾ As of 31 March 2015 Taleh Kazimov and Shahin Mammadov are appointed as the Board Members with the resolution of the Extraordinary General Assembly Meeting regarding the fiscal year 2014 Chairman of the Bank's Board of Directors Erdal Aksoy has resigned from the Board of Directors with the Extraordinary General Assembly Meeting resolution dated March 31, 2015.

⁽⁴⁾ As of 17 August 2015, Jalal Gasimov is appointed as the Board Member with the Board Resolution numbered 2015/75 Afag Mustafayeva left her office at the Board of Directors with the Board Resolution numbered 63 and dated 29 September 2015

The shares of the above individuals in the Bank are insignificant.



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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

IV. Explanation on shareholders having control shares:

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.

Name(Commercial title)	Share Amounts (nominal)	Share percentage	Paid-in Capital (nominal)	Unpaid portion
PASHA Holding Ltd.	152,877	%59.95	152,877	-
Ador Ltd.	76,439	%29.98	76,439	-
Arif Pashayev	25,480	%9.99	25,480	-

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

The Bank operates as an investment bank and as of 31 December 2015 the Bank has 31 employees (31 December 2014: 26).

VI. Existing or Potential, Actual or Legal obstacles on Immediate Equity Transfer Between the Bank and its subsidiaries or Repayment of the Debt:

In accordance with the Board of Decision dated as of 30 December 2013 and numbered 77, as of the date of 31 December 2013, provision for losses amounting to TL 7,926 was provided for whole carrying amount of PDF in balance sheet. At the same time, available credit balance of PDF amounting to 550 TL was extracted by cancellation from assets.

With the decision made at the Extraordinary General Meeting of PDF on 23 January 2014, it has been decided to give authorization to the members of the Board of Directors of PDF on the matters about liquidation or merging of the company with another company or parent bank through acquisition by another company or the parent bank.

At the board of decision held on 17 July 2014, it has been unanimously resolved amongst the participants to set an Extraordinary General Meeting on 7 August 2014 for making decision about liquidation of PDF.



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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

After the extraordinary general meeting registered on 2 September 2014 *PDF Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. In Liquidation* has gone into liquidation with the publication of the general assembly's resolution on the 367th and 368th pages of the Trade Registry Gazette no. 8648 and dated 8 September 2014.

Invitation announcements has been published for creditors respectively;

1. Announcement 16 September 2014 dated, law no 8654 on 260.page of Turkish Trade Registry Gazette,
- 2-Announcement 23 September 2014 dated, law no 8659 on 260.page of Turkish Trade Registry Gazette
- 3-Announcement 30 September 2014 dated, law no 8664 on 260.page of Turkish Trade Registry Gazette

As a result of the end of the liquidation process and one year passing after the third announcement published by the company, Board of the Bank has decided to have the extraordinary general meeting on 30 November 2015 and to conclude the liquidation procedures.

Upon the end of liquidation transactions and as a result of the announcement issued at Turkey Trade Registry Gazette dated 21 December 2015 and numbered 8972 it has been decided to write off the PDF'S cost, impairment and loans amounted to TL 550 accounted under off-balance sheet items by the Board of the Directors minute dated 31 December 2015 and numbered 8972

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



PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015

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

SECTION TWO UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note (Section Five-I)	Current Period 31 December 2015			Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(1)	788	11,875	12,663	135	1	136
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(2)	604	-	604	-	-	-
2.1 Trading Financial Assets		604	-	604	-	-	-
2.1.1 Government Debt Securities		-	-	-	-	-	-
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		604	-	604	-	-	-
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	26,028	21,329	47,357	3	1,092	1,095
IV. MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(4)	9,619	-	9,619	1,764	-	1,764
5.1 Share Certificates		-	-	-	-	-	-
5.2 Government Debt Securities		9,619	-	9,619	1,764	-	1,764
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(5)	188,187	57,557	245,744	47,792	3,490	51,282
6.1 Loans		188,187	57,557	245,744	47,792	3,490	51,282
6.1.1 Loans to Bank's Risk Group		7,620	462	8,082	-	-	-
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		180,567	57,095	237,662	47,792	3,490	51,282
6.2 Loans under Follow-up		-	-	-	-	-	-
6.3 Specific Provisions (-)		-	-	-	-	-	-
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(6)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(12)	504	-	504	292	-	292
XV. INTANGIBLE ASSETS (Net)	(13)	468	-	468	191	-	191
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		468	-	468	191	-	191
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET		708	-	708	3,341	-	3,341
17.1 Current Tax Asset		81	-	81	38	-	38
17.2 Deferred Tax Asset	(15)	627	-	627	3,303	-	3,303
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Held for Resale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	4,701	37	4,738	2,941	29	2,970
TOTAL ASSETS		231,607	90,798	322,405	56,459	4,612	61,071

The accompanying notes are an integral part of these financial statements



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

PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note (Section Five-II)	Current Period 31 December 2015			Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
1.1 Deposits of Bank's Risk Group		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(2)	20	28	48	-	-	-
III. BORROWINGS	(3)	-	71,311	71,311	1,001	5,593	6,594
IV. MONEY MARKETS		-	-	-	1,100	-	1,100
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		-	-	-	1,100	-	1,100
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		49	10,223	10,272	2,393	3	2,396
6.1 Borrower Funds		49	10,223	10,272	2,393	3	2,396
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		100	-	100	42	-	42
VIII. OTHER LIABILITIES	(4)	5,292	46	5,338	2,916	-	2,916
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5)	-	-	-	135	-	135
10.1 Financial Lease Payables		-	-	-	146	-	146
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	(11)	-	(11)
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(6)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(7)	4,302	-	4,302	828	-	828
12.1 General Loan Loss Provision		2,670	-	2,670	492	-	492
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		299	-	299	209	-	209
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		1,333	-	1,333	127	-	127
XIII. TAX LIABILITY	(8)	482	-	482	211	-	211
13.1 Current Tax Liability		482	-	482	211	-	211
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1 Held for Resale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(11)	230,552	-	230,552	46,849	-	46,849
16.1 Paid-in Capital		255,000	-	255,000	80,000	-	80,000
16.2 Capital Reserves		(90)	-	(90)	(6)	-	(6)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Reserve		(90)	-	(90)	(6)	-	(6)
16.2.4 Tangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Reserves (Effective portion)		-	-	-	-	-	-
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		-	-	-	-	-	-
16.3 Profit Reserves		324	-	324	324	-	324
16.3.1 Legal Reserves		29	-	29	29	-	29
16.3.2 Status Reserves		295	-	295	295	-	295
16.3.3 Extraordinary Reserves		-	-	-	-	-	-
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		(24,682)	-	(24,682)	(33,469)	-	(33,469)
16.4.1 Prior Years' Income/(Loss)		(33,469)	-	(33,469)	(31,652)	-	(31,652)
16.4.2 Current Year Income/(Loss)		8,787	-	8,787	(1,817)	-	(1,817)
TOTAL LIABILITIES		240,797	81,608	322,405	55,475	5,596	61,071

The accompanying notes are an integral part of these financial statements



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

PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2015

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

II. OFF-BALANCE SHEET

OFF-BALANCE SHEET COMMITMENTS	Note (Section Five-III)	Current Period 31 December 2015			Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		106,131	111,026	217,157	6,265	551	6,816
I. GUARANTEES AND WARRANTIES	(1)	59,665	67,330	126,995	6,262	551	6,813
1.1. Letters of Guarantee		59,665	44,829	104,494	6,262	551	6,813
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	8,754	8,754	-	-	-
1.1.3. Other Letters of Guarantee		59,665	36,075	95,740	6,262	551	6,813
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	22,501	22,501	-	-	-
1.3.1. Documentary Letters of Credit		-	22,501	22,501	-	-	-
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		10,509	8,437	18,946	3	-	3
2.1. Irrevocable Commitments		10,509	8,437	18,946	3	-	3
2.1.1. Asset Purchase and Sales Commitments		8,475	8,437	16,912	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		2,009	-	2,009	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Commitments for Loan Limits		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments		25	-	25	3	-	3
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	35,957	35,259	71,216	-	-	-
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		35,957	35,259	71,216	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		3,835	3,794	7,629	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		3,835	-	3,835	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	3,794	3,794	-	-	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		32,122	31,465	63,587	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		32,122	-	32,122	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	31,465	31,465	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		97,868	91,809	189,677	30,933	8,219	39,152
IV. ITEMS HELD IN CUSTODY		955	-	955	774	-	774
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Cheques Received for Collection		955	-	955	774	-	774
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		96,913	49,418	146,331	30,159	8,219	38,378
5.1. Marketable Securities		-	43,772	43,772	7	-	7
5.2. Guarantee Notes		94,234	5,646	99,880	30,152	8,219	38,371
5.3. Commodity		2,679	-	2,679	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		-	-	-	-	-	-
5.6. Other Pledged Items		-	-	-	-	-	-
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	42,391	42,391	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		203,999	202,835	406,834	37,198	8,770	45,968

The accompanying notes are an integral part of these financial statements



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

PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT AT
31 DECEMBER 2015

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

III. INCOME STATEMENT (STATEMENT OF PROFIT AND LOSS)

		Current Period	Prior Period
	Note (Section Five-IV)	1 January- 31 December 2015	1 January- 31 December 2014
INCOME AND EXPENSE ITEMS			
I. INTEREST INCOME	(1)	26,183	5,546
1.1 Interest on Loans		17,647	4,761
1.2 Interest Received from Reserve Requirements		6	-
1.3 Interest Received from Banks		6,691	432
1.4 Interest Received from Money Market Transactions		587	166
1.5 Interest Received from Marketable Securities Portfolio		1,252	187
1.5.1 Trading Financial Assets		-	-
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		1,252	187
1.5.4 Held-to-maturity Investments		-	-
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		-	-
II. INTEREST EXPENSE (-)	(2)	(1,162)	(205)
2.1 Interest on Deposits (-)		-	-
2.2 Interest on Funds Borrowed (-)		(768)	(102)
2.3 Interest Expense on Money Market Transactions (-)		(269)	(67)
2.4 Interest on Securities Issued (-)		-	-
2.5 Other Interest Expenses (-)	(12)	(125)	(36)
III. NET INTEREST INCOME (I + II)		25,021	5,341
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		345	46
4.1 Fees and Commissions Received		579	109
4.1.1 Non-cash Loans		270	80
4.1.2 Other	(12)	309	29
4.2 Fees and Commissions Paid (-)		(234)	(63)
4.2.1 Non-cash Loans (-)		-	-
4.2.2 Other (-)	(12)	(234)	(63)
V. DIVIDEND INCOME	(3)	-	-
VI. TRADING INCOME/(LOSS) (Net)	(4)	1,102	177
6.1 Trading Gains/(Losses) on Securities		(460)	-
6.2 Trading Gains/(Losses) on Derivative Financial Instruments		(1,132)	(1)
6.3 Foreign Exchange Gains/(Losses)		2,694	178
VII. OTHER OPERATING INCOME	(5)	97	59
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		26,565	5,623
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(2,178)	(234)
X. OTHER OPERATING EXPENSES (-)	(7)	(12,903)	(7,571)
XI. NET OPERATING INCOME/(LOSS) (VIII+IX+X)		11,484	(2,182)
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-
CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIII. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XIV. INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	(8)	11,484	(2,182)
XV. TAX PROVISION FOR CONTINUING OPERATIONS (-)	(9)	(2,697)	365
16.1 Current Tax Provision		-	-
16.2 Deferred Tax Provision		(2,697)	365
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)	(10)	8,787	(1,817)
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-Current Assets Held for Resale		-	-
18.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3 Other Income from Discontinued Operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expense from Non-Current Assets Held for Resale		-	-
19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other Expenses from Discontinued Operations		-	-
XX. INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(8)	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)	(9)	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)	(10)	-	-
XXIII. NET INCOME/(LOSS) (XVII+XXII)	(11)	8,787	(1,817)
Earnings/(Loss) per share		0.0345	(0.023)

The accompanying notes are an integral part of these financial statements



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

PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED INCOME AND EXPENSE ITEMS

ACCOUNTED IN EQUITY AT 31 DECEMBER 2015

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY

	Current Period	Prior Period
	1 January- 31 December 2015	1 January- 31 December 2014
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(105)	(7)
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-	-
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	21	1
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(84)	(6)
XI. CURRENT PERIOD INCOME/LOSS	8,787	(1,817)
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	-	-
11.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	8,787	(1,817)
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	8,703	(1,823)

The accompanying notes are an integral part of these financial statements



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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited	Prior Period (Section Five-V)	Note	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I.	Balance at the beginning of the period		80,000	-	-	-	29	295	-	-	(9,082)	(22,570)	-	-	-	-	-	48,672
	Share in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	(1)	-	-	-	-	-	-	-	-	-	-	(6)	-	-	-	-	(6)
IV.	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Net Income or Loss		-	-	-	-	-	-	-	-	(1,817)	-	-	-	-	-	-	(1,817)
XVIII.	Profit Distribution	(3)	-	-	-	-	-	-	-	-	9,082	(9,082)	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	9,082	(9,082)	-	-	-	-	-	-
	Period End Balance (I+II+V+...+XVIII+XX+XX)		80,000	-	-	-	29	295	-	-	(1,817)	(31,652)	(6)	-	-	-	-	46,849

The accompanying notes are an integral part of these financial statements



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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

Audited	Current Period 31 December 2015	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation	Share Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Adjustment of AFS and Discontinued Operations	Total Shareholders' Equity
I.	Balance at the beginning of the period		80,000	-	-	-	29	295	-	-	-	(1,817)	(31,652)	(6)	-	-	-	-	46,649
	Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	(1)	-	-	-	-	-	-	-	-	-	-	-	(84)	-	-	-	-	(84)
IV.	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Issued from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Associates in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
12.1	Cash		175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Net Income or Loss		-	-	-	-	-	-	-	-	-	8,787	-	-	-	-	-	-	8,787
XVIII.	Profit Distribution	(3)	-	-	-	-	-	-	-	-	-	1,817	(1,817)	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	1,817	(1,817)	-	-	-	-	-	-
	Period End Balance (I+...+ XVIII)		255,000	-	-	-	29	295	-	-	-	8,787	(33,469)	(90)	-	-	-	-	230,52

The accompanying notes are an integral part of these financial statements



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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED STATEMENTS OF CASH FLOW AT 31 DECEMBER 2015

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

VI. STATEMENT OF CASH FLOWS

		Current Period	Prior Period
	Note (Section Five-VI)	31 December 2015	31 December 2014
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	8,554	(1,891)
1.1.1	Interest Received	20,108	5,120
1.1.2	Interest Paid	(718)	(196)
1.1.3	Dividend Received	-	-
1.1.4	Fees and Commissions Received	1,228	118
1.1.5	Other Income	(884)	157
1.1.6	Collections from Previously Written-off Loans and Other Receivables	-	-
1.1.7	Payments to Personnel and Service Suppliers	(6,000)	(4,128)
1.1.8	Taxes Paid	-	-
1.1.9	Other	(2)	(2,962)
1.2	Changes in Operating Assets and Liabilities	(129,947)	(14,298)
1.2.1	Net (Increase)/Decrease in Trading Securities	(556)	-
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets	-	-
1.2.3	Net (Increase)/Decrease in Due from Banks	(11,752)	35
1.2.4	Net (Increase)/Decrease in Loans	(188,748)	(24,268)
1.2.5	Net (Increase)/Decrease in Other Assets	(2)	125
1.2.6	Net Increase/(Decrease) in Bank Deposits	-	-
1.2.7	Net Increase/(Decrease) in Other Deposits	-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed	64,273	6,585
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	(2)	3,225
I.	Net Cash Provided from Banking Operations	(121,393)	(16,189)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	(8,596)	(1,925)
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries	-	-
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries	-	-
2.3	Purchases of Property and Equipment	(767)	(553)
2.4	Disposals of Property and Equipment	-	-
2.5	Cash Paid for Purchase of Investments Available-for-Sale	(11,663)	(3,654)
2.6	Cash Obtained from Sale of Investments Available-for-Sale	3,834	2,282
2.7	Cash Paid for Purchase of Investment Securities	-	-
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	174,853	(171)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Issued Capital Instruments	175,000	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(147)	(171)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	2,153	66
V.	Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)	47,017	(18,219)
VI.	Cash and Cash Equivalents at the Beginning of the Period	1,231	19,450
VII.	Cash and Cash Equivalents at the End of the Period (V+VI)	48,248	1,231



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NOTES TO UNCONSOLIDATED STATEMENTS OF CASH FLOW AT 31 December 2015

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

VII. PROFIT APPROPRIATION STATEMENT

		Current Period 31 December 2015 ^(*)	Prior Period 31 December 2014
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	11,484	(2,182)
1.2	TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1	Corporate Tax (Income tax)	-	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties ^(**)	(2,697)	365
A.	NET INCOME FOR THE YEAR (1.1-1.2)	8,787	(1,817)
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	8,787	(1,817)
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and (loss) sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES(%)	-	-
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES(%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES(%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES(%)	-	-

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

^(**) Deferred tax income/expense shown in other taxes and duties not subject to profit appropriation

The accompanying notes are an integral part of these financial statements



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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

SECTION THREE EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

a. The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents":

The Bank prepares its financial statements and notes according to Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards ("TAS") enacted by Public Oversight Accounting and Auditing Standards Authority (POA), Turkish Financial Reporting Standards ("TFRS") and related additions and comments (all "Turkish Financial Reporting Standards or TFRS") to , other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency ("BRSA"), Turkish Commercial Code and Tax Legislation.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

b. The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles:

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained below.

c. Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which these financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

The general strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Bank is internal funding, in addition external funding including funding from repo transactions and borrowing from foreign financial institutions is utilised. Funds obtained from internal and external sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed in accordance with the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses".

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



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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON INVESTMENT ON ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

Derivative instruments are classified either as "Hedging Derivative Financial Instruments" or "Trading Derivative Financial Instruments" in accordance with the "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")". Certain derivative transactions, even though they provide effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in TAS 39 and are therefore treated as "Financial assets at fair value through profit or loss".

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

Derivative instruments are classified either as "Hedging Derivative Financial Instruments" or "Trading Derivative Financial Instruments" in accordance with the "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")". Certain derivative transactions, even though they provide effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in TAS 39 and are therefore treated as "Financial assets at fair value through profit or loss".

Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Financial assets at fair value through profit or loss" in "Trading derivative financial instruments" and if the fair value difference is negative, it is disclosed under "Trading derivative financial liabilities". The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognised in the income statement on an accrual basis. The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made. Only cash collections regarding non-performing loans are recorded as interest income.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

All fees and commissions income/expenses are recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection.

Fees and commissions expenses paid to the other institutions regarding financial liabilities are considered a component of interest expense of the related funding and are recognised as transaction costs and recorded as expense in the statement of profit and loss.

Contract-based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person are recognised as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS

The Bank classifies and accounts its financial assets as "Fair value through profit or loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". Sales and purchases of the financial assets mentioned above are recognised at the "settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.



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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

a. Financial assets at fair value through profit or loss:

Financial assets are classified either as "Financial assets at fair value through profit or loss" or "Trading financial assets".

Trading financial assets are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Sales and purchases of trading financial assets are recognised at the "settlement dates". Trading financial assets are initially recognised at fair value plus transactions costs and are subsequently re-measured at their fair value. All gains and losses arising from these evaluations are recognised in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are not designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in this section.

b. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as "Loans and receivables", "Held-to-maturity assets" or "Financial asset at fair value through profit or loss".

Government bonds included in the available-for-sale financial assets are subsequently re-measured at fair value. "Unrealised gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the shareholders' equity as "Marketable Securities Valuation Reserve", until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, services or goods to a debtor. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognised at the amortised cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised in the expense accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 26333 dated 1 November 2006. Apart from specific provisions, the Bank has general loan loss provision within the scope of the stated regulations.

d. Held-to-maturity financial assets:

Held-to-maturity financial assets are assets that are not classified under loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognised at cost. Held-to-maturity securities are carried at "amortised cost" net of impairment using the effective interest method after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

The Bank does not have any held-to-maturity financial assets. There are no financial assets that were previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the violation of classification principles.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the effective interest method, or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Available-for-sale" and "Held-to-maturity" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements ("Reverse repo") to resell are accounted under "Receivables from Reverse Repurchase Agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the "effective interest method".

XI. EXPLANATIONS ON ASSETS HELD FOR RESALE AND FIXED ASSETS FROM DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS

According to TFRS 5, non-current asset classified as held for sale (or group of assets to be disposed) is measured by the lowest of book value or sales costs discounted fair value. An asset to be held for sale asset (or group of assets to be disposed) it is necessary that, the related asset has to be commonly seen on the sales of these kind of sales assets, it could be easily immediately sold in the frame of usual conditions and it has to have high sales probability. For the high sales probability, there has to be a plan regarding the sales of asset made by the appropriate management level and by the determination of buyers there has to be an active program started regarding to completion of the plan.

Assets held-for-resale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovable and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated 1 November 2006, No. 26333.

A discontinued operation is a part classified as discarded or held for sales by the bank. Results regarding to discontinued operations are presented individually in income statement.

The Bank has no discontinued operations.



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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII.EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, 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.

Computer software development expenses that add to the economic benefit and extend the useful life of the software are capitalised. These expenses are amortised over the remaining useful life of the related intangible asset using "the straight-line method".

XIII.EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease, if any. Depreciation is calculated over the cost of property and equipment using the straight-line method. The depreciation rates are stated below:

Office machine, furniture, leasehold improvements and vehicles	3-10 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 provision for the diminution in value is charged to the income statement.

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

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

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 equipments.

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.



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV.EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of these assets. If there is any 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.

XV.EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS

Provisions and contingent liabilities except for the financial instruments within the scope of the TAS 39 or the provisions recognised in accordance with the TAS 12 and TAS 19 are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the "Matching principle". When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

XVI.EXPLANATIONS ON CONTINGENT ASSETS

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements in which the change occurs.

XVII.EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet. Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability.

According to TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Bank, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Bank has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Income and Expense Items Accounted in Equity" and represented in the Prior Periods' Income/(Loss) item in the Shareholders Equity section.



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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII.EXPLANATIONS ON TAXATION

a.Current Tax:

Many clauses of Corporate Tax Law No. 5520 ("Tax Law") which are valid starting from 1 January 2006, were taken into effect after being published in the Official Gazette dated 21 September 2006 No. 26205. According to the Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% since 1 January 2006. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (such as capital gains derived from the sale of equity investments) and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

b.Deferred Tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements. Deferred tax effects of the transactions accounted under equity are included in equity.



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

c. Transfer Pricing:

The article 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "Disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this matter.

According to this Communiqué The Bank is required to fill out Transfer Pricing form, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties as well as the methodology of the transfer pricing.

XIX. EXPLANATIONS ON BORROWINGS

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortised cost" using the effective interest method.

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities.

XX. EXPLANATIONS ON ISSUANCE OF SHARES CERTIFICATES

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity after eliminating the tax effects. Dividend payments are determined by the General Assembly of Bank.

The Bank has not issued any share certificates.

No dividend payments were announced after the balance sheet date.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Avalized drafts and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments". The Bank has no avalized drafts and acceptances shown as liabilities against assets.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

As of 31 December 2015 and 31 December 2014, the Bank has no government grants.

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code ("TCC") the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV.EXPLANATIONS ON EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned. Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average capital outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. Where the number of outstanding shares increase due to distribution of bonus shares after the balance sheet date but before the release of the financial statements, earnings per share computations are performed based on the revised average number of shares.

XXV.EXPLANATIONS ON RELATED PARTIES

For the purpose of these financial statements, shareholders, senior management members and board members together with their families and companies controlled by/affiliated with them, and associated companies and joint ventures are considered and referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" ("TAS 24"). The transactions with related parties are disclosed in detail in Section Five.

XXVI.EXPLANATIONS ON CASH AND CASH EQUIVALENTS

For the purposes of the preparation of statement of cash flows, "Cash" includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXVII.EXPLANATIONS ON SEGMENT REPORTING

Information on operational fields which are determined in accordance with the Bank's organisational and internal reporting structure and the requirements of "Turkish Accounting Standards on Segment Reporting" ("TAS 14") is disclosed in Section Four.

XXVIII.RECLASSIFICATIONS

To conform to presentation of 31 December 2015 unconsolidated financial statements, some reclassifications can be made on comparative 31 December 2014 unconsolidated financial statements.



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SECTION FOUR INFORMATION RELATED TO FINANCIAL POSITION

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO

a. As of 31 December 2015, the capital adequacy ratio of the Bank is 91.75% (31 December 2014: 135.43%).

Capital Adequacy Standard Ratio is calculated in accordance with "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 28 June 2012 and Official Gazette numbered 28337 and "Communiqué on Equities of Banks" published on 1 November 2006 in the Official Gazette numbered 26333.

"Simple financial guarantee method" has been used in the calculation of the amount subject to credit risk. Amount subject to market risk has been calculated with "Standard method". Amount subject to operational risk is calculated yearly, on previous three years' gross income.

b. Information related to capital adequacy ratio:

Current Period	Risk Weights						
	Bank						
	%0	%10	%20	%50	%100	%150	%200
Risk Categories							
Conditional and unconditional receivables from Central Governments or Central Banks	22,354	-	-	-	-	-	-
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	-	-	118,815	66,808	-	2,000	-
Conditional and unconditional corporate receivables	-	-	-	12	172,725	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	-	-	-	-	-	-
Non-performing receivables	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	-	-	-
Other receivables	390	-	-	-	5,216	-	-
Assets at total risk	22,744	-	118,815	66,820	177,941	2,000	-
Assets at total risk weighted	-	-	23,763	33,410	177,941	3,000	-



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

Prior Period	Risk Weights						
	Bank						
	%0	%10	%20	%50	%100	%150	%200
Risk Categories							
Conditional and unconditional receivables from Central Governments or Central Banks	790	-	-	-	-	-	-
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	1,100	-	32,207	4,298	-	-	-
Conditional and unconditional corporate receivables	-	-	-	2	19,324	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	-	-	-	-	-	-	-
Non-performing receivables	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	-	-	-
Other receivables	95	-	-	-	3,262	-	-
Assets at total risk	1,985	-	32,207	4,300	22,586	-	-
Assets at total risk weighted	-	-	6,441	2,150	22,586	-	-

c.Summary information about capital adequacy ratio:

	31 December 2015	31 December 2014
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	19,049	2,495
Capital Requirement for Market Risk (MRCR)	867	-
Capital Requirement for Operational Risk (ORCR)	355	95
Equity	232,480	43,836
Equity/((CRCR+CRMR+CROR)*12,5*100)	91.75	135.43
Capital/((CRCR+CRMR+CROR)*12,5*100)	90.70	134.23
Core Capital/((CRCR+CRMR+CROR)*12,5*100)	90.76	142.17



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d. Information about shareholders' equity items:

	31 December 2015	31 December 2014
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital to be Entitled for Compensation after All Creditors	255,000	80,000
Share premium	-	-
Share cancellation profit	-	-
Legal reserves	324	324
Income passed on to shareholders' equity in accordance with TAS	-	-
Profit	-	-
Net Income for current period	-	-
Prior period profit	-	-
Provisions for possible risks	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-	-
Common Equity Tier 1 Capital Before Deductions	255,324	80,324
Deductions From Common Equity Tier 1 Capital		
Loss excess of reserves and loss passed on to shareholders' equity in accordance with TAS (-)	(24,772)	(33,475)
Leasehold Improvements (-)	(26)	-
Goodwill and other intangible assets and related deferred tax liabilities. (-)	(468)	(191)
Net deferred tax income/expense (-)	(99)	(624)
Shares noncompliant with article 56/4 of the Law (-)	-	-
Direct or indirect investments on Bank's own Common Tier 1 Capital (-)	-	-
Total net long position exceeding 10% of Bank's Common Tier 1 capital, belonging to investments on own funds of banks and financial institutions that are not consolidated, with a shareholding of 10% and below	-	-
Total net long position exceeding 10% of Bank's Common Tier 1 capital, belonging to investments on own funds of banks and financial institutions that are not consolidated, with a shareholding of 10% and above	-	-
Rights of providing mortgage service exceeding 10% of Common Tier 1 capital (-)	-	-
Deferred tax assets based on temporary differences exceeding 10% of Common Tier 1 capital (-)	-	-
Balances in accordance with the temporary article 2/2 of Regulation on Shareholders' Equity of Banks exceeding 15% of Common Tier 1 capital (-)	-	-
Excess amount arising from total net long position belonging to investments on Common Tier 1 Capital of banks and financial institutions that are not consolidated, with a shareholding above 10%	-	-
Excess amount arising from rights of providing mortgage service (-)	-	-
Excess amount arising from deferred tax assets based on temporary differences (-)	-	-
Other items determined by board (-)	-	-
Deduction amount from Common Tier 1 Capital in case of shortage of additional Tier 1 capital or supplementary capital (-)	-	-
Total Deductions From Common Equity Tier 1 Capital	(25,365)	(34,290)
Total Common Equity Tier 1 Capital	229,959	46,034
ADDITIONAL TIER 1 CAPITAL		
Premiums of privilege share capital not included in Common Equity Tier 1 capital	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Issued after 1.1.2014)	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Issued before 1.1.2014)	-	-
Additional Tier 1 Capital Before Deductions	-	-
Deductions From Additional Tier 1 Capital	-	-
Direct or indirect investments which bank provides for its' own additional Tier 1 capital (-)	-	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above (-)	-	-
Other items determined by board (-)	-	-
Deduction amount of additional core capital in case of there is not enough additional core capital or supplementary capital (-)	-	-
Total Deductions From Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	-	-
Deductions From Tier 1 Capital	-	-
Non deducted Common Tier 1 capital part in accordance with deferred tax expense and goodwill impairment and other intangible fixed assets which is in temporary article 2/1 of Regulation of Shareholders' Equity of Banks. (-)	-	-
Non deducted Common Tier 1 capital part in accordance with net deferred tax income/expense which is in temporary article 2/1 of Regulation of Shareholders' Equity of Banks. (-)	(149)	(2,497)
Total Tier 1 Capital	229,810	43,537



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	31 December 2015	31 December 2014
SUPPLEMENTARY CAPITAL		
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported after 1.1.2014)	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported before 1.1.2014)	-	-
Pledged sources to bank from shareholders which is used for share capital increasing of bank	-	-
General Provisions	2,670	390
Supplementary Capital Before Deductions	2,670	390
Deductions From Supplementary Capital		
Direct or indirect investments which bank provides for its' own supplementary capital (-)	-	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-	-
10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above (-)	-	-
Other items determined by board (-)	-	-
Total Deductions From Supplementary Capital	-	-
Total Supplementary Capital	2,670	390
CAPITAL	232,480	43,927
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	-	-
Investments to loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-	-
Deduction from equity in accordance with 2 nd article of 20 th item in Regularity of Measurement and Valuation of Capital Adequacy of Banks (-)	-	-
Other accounts determined by board (-)	-	-
Non deducted part of common equity tier1, additional core and supplementary capital in accordance with temporary article 2/1 of Regulation of Shareholders' Equity of Banks which is 10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10% (-)	-	-
Non deducted part of common equity tier1, additional core and supplementary capital in accordance with temporary article 2/1 of Regulation of Shareholders' Equity of Banks which is 10% exceed part of Common Tier 1 capital of bank from the sum of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% or above (-)	-	-
Non deducted part of common equity tier1 generating from exceed amount generating from investments to Common Tier 1 capitals of partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% and above, temporary differences of deferred tax income and the right of offering mortgage services explained in the 1 st and 2 nd paragraphs of temporary article 2 of Regulation of Shareholders' Equity of Banks. (-)	-	-
SHAREHOLDERS' EQUITY	232,480	43,927
Amounts Below Overrun Amounts In Applied Reducing Procedures	382	192
Amount generating from long position of investments to shareholders' equity and partnership share on banks and financial institutions that are not consolidated, with a shareholding less than 10%	-	-
Amount generating from long position of investments to shareholders' equity and partnership share on banks and financial institutions that are not consolidated, with a shareholding of 10% or above.	-	-
Amount generating from right of offering mortgage service	-	-
Amount generating from temporary differences of deferred income tax income	382	192



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e. Informations on factors of temporary practice about shareholders' equity calculation:

Current Period	Considered Amount of Current Period Shareholders' Equity Calculation	Total Amount
Common equity tier1 capital share amount of minority shareholders	-	-
Additional core capital share amount of third parties	-	-
Supplementary capital share amount of third parties	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported before 1.1.2014)	-	-

f. Informations on addition debt instruments to shareholders' equity calculating:

Exporter	-
Code of debt instrument (CUSIP, ISIN vb.)	-
Legislation of debt instrument	-
Attention Situation of Shareholders' Equity	
Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2015)	-
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based.	-
Type of debt instrument	-
Considered amount of shareholders' equity calculation. (By last report date of - Million TL)	-
Nominal value of debt instrument (Million TL)	-
Related account of debt instrument	-
Export date of debt instrument	-
Maturity structure of debt instrument (demand/term)	-
Beginning term of debt instrument	-
Whether there is right of reimbursement of exporter or not according to Banking Regulation and Supervision Agency (BRSA) rules.	-
Optional reimbursement date, options of conditional reimbursement and reimbursement amount.	-
Following reimbursement option dates	-
Interest/Dividend Payments	
Fixed or floating interest/dividend payments	-
Interest rate and index value of interest rate	-
Whether there is any restriction to stop payment of capital bonus or not	-
Feature of being full optional, partially optional or obligatory	-
Whether there is any stimulant to repayment like interest rate hike or not	-
Feature of being cumulative or noncumulative	-
Feature of being convertible bonds	
If there's convertible bonds, trigger incidents cause this conversion	-
If there's convertible bonds, feature of full or partially conversion	-
If there's convertible bonds, rate of conversion	-
If there's convertible bonds, feature of conversion-obligatory or optional-	-
If there's convertible bonds, types of convertible instruments	-
If there's convertible bonds, exporter of convertible debt instruments	-
Feature of value reduction	
If there is feature of value reduction, trigger incidents cause this value reduction	-
If there is feature of value reduction, feature of full or partially reduction of value	-
If there is feature of value reduction, feature of being constant or temporary	-
If the value can be reduced temporarily, mechanism of value incrementation	-
Claiming rank in case of winding up (Instrument that is just above debt instrument)	-
Whether being provided with conditions of the 7 th and 8 th articles of Shareholders' Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 th and 8 th articles of Shareholders' Equity of Banks Regulation	-



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g. Information on applied approaches in order to evaluate internal capital adequacy in terms of future and current activities

The Bank, has created "Capital Requirements Internal Assessment Process (Evaluation Process)" to identify and assess the risks exposed or may be exposed in the future, to provide adequate capital to cover the risks in question and to monitor the risks and the development of proper risk management techniques for managing the risk and in order to ensure the application. As stated in "Regulation on Internal Systems of Banks" Article No. 45, Risk Management is responsible for the planning and implementation of the Evaluation Process. For the most appropriate scope and approach to the Evaluation Process, in necessary cases, Risk Management, Internal Audit, Internal Control, Operations and Treasury departments can include their contributions in the process. The evaluation process is risk-oriented, including the quantifiable and unquantifiable risks, future-directed and creates a clear correlation between the types of risks and the necessary capital. Types of risks considered in the evaluation process are included in the evaluation report.

II. EXPLANATIONS ON CREDIT RISK

a. The Bank, for the loans to be granted to a single borrower or group to be applied in risk limits are based on the regulations of the Banking Law. In order to avoid sectoral concentration, limits have been defined and adherence to limits is monitored on a transaction basis.

Daily loan and securities transactions, adherence to limits and concentration is monitored and reported by the risk management unit. In addition, the value of securities are monitored and credit risk compliance with the limits of the operations, marketing and internal control units are monitored by transaction basis.

Loans and other receivables are subjected to re-evaluation at least once a year by the credit allocation unit, borrower and transaction rating models are used for this purpose.

Lending activities, including the documents received from business units independently of the internal control unit is subject to detective control.

b. According to the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette numbered 26333 dated 1 November 2006 which was amended with the communiqué published in the Official Gazette numbered 27119 dated 23 January 2009; loans that do not meet the required delay time condition to be considered as Group III Loans are considered as "non-performing"; group III, IV and V loans defined on the mentioned communiqué are considered as impaired receivables without considering refinancing or addition accrued interest and quasi-interest loading to principal.

c. The Bank does not have positions of forward, option and similar agreements.

d. When considered within the financial activities of other financial institutions, the Bank as an active participant in the national and international banking market is not exposed to a significant credit risk. With an increase in credit risk amount, use of mentioned derivative products can come up.

e. The Bank doesn't have any reimbursed non-cash loans, if any are present, they will be weighted in the same risk weight as loans that are overdue.

f. The Bank has no rescheduled or restructured loans. If any, it is planned to be followed by monthly reports of risk management unit.

Separation of credit risk is performed with debtor rating system and transaction rating system. Maturity based risk separation is not performed.



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g. The Bank has no banking activities and credit transactions in foreign countries. The Bank has no rescheduled or restructured loans.

h. When considered within the financial activities of other financial institutions, the Bank as an active participant in the national and international banking market is not exposed to a significant credit risk.

i. The share of the top 100 and 200 cash loan customers comprises 100% and %100 of the total cash loans portfolio of the Parent Bank respectively (31 December 2014: 100% and 100%).

The share of the top 100 and 200 non-cash loan customers comprises 100% and 100% of the total non-cash loans portfolio of the Parent Bank respectively (31 December 2014: 100% and 100%).

The Bank's total cash and non-cash loans from its top 100 and 200 loan customers comprise 100% and 100% of the total assets and off-balance sheet items (31 December 2014: 100% and 100%).

j. The Bank provided a general provision amounting to TL 2,670 (31 December 2014: TL 492).

k. Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

	Current Period Risk Amount (*)	Average Risk Amount
Risk classifications:	448,123	298,231
Claims on sovereigns and Central Banks	22,347	8,694
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	203,217	184,928
Conditional and unconditional corporate receivables	216,903	99,324
Claims included in the regulatory retail portfolios	-	-
Claims secured by residential property	-	-
Past due loans	-	-
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other receivables	5,656	5,284

(*) Amounts before credit risk mitigation.



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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

I. Profile of significant exposures in major regions:

Current period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
Domestic	22,347	-	-	-	-	179,888	216,903	-	-	-	-	-	-	-	-	5,656	424,794
European Union Countries	-	-	-	-	-	287	-	-	-	-	-	-	-	-	-	-	287
OECD Countries **	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	10,808	-	-	-	-	-	-	-	-	-	-	10,808
Other Countries	-	-	-	-	-	12,234	-	-	-	-	-	-	-	-	-	-	12,234
Associates, Subsidiaries and Joint - Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	22,347	-	-	-	-	-	203,217	216,903	-	-	-	-	-	-	-	5,656	448,123

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1) Conditional and unconditional receivables from Central Governments or Central Banks

2) Conditional and unconditional receivables from Regional Management or Local Governments

3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures

4) Conditional and unconditional receivables from Multilateral Development Banks

5) Conditional and unconditional receivables from International Organizations

6) Conditional and unconditional receivables from Banks and Brokerage Corporation

7) Conditional and unconditional corporate receivables

8) Conditional and unconditional retail receivables

9) Conditional and unconditional collateralized by real estate mortgages receivables

10) Non-performing receivables

11) Receivables defined in high risk category by BRSA

12) Securities collateralized by mortgages

13) Securitization positions

14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations

15) Investments in nature of Collective Investment funds

16) Other receivables

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

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

(****) Risk amounts before credit risk mitigation



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

Prior period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
Domestic	790	-	-	-	-	36,515	22,732	-	-	-	-	-	-	-	-	3,357	63,394
European Union Countries	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-	6
OECD Countries**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	1,084	-	-	-	-	-	-	-	-	-	-	1,084
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and joint-Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	790	-	-	-	-	37,605	22,732	-	-	-	-	-	-	-	-	3,357	64,484

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1) Conditional and unconditional receivables from Central Governments or Central Banks

2) Conditional and unconditional receivables from Regional Management or Local Governments

3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures

4) Conditional and unconditional receivables from Multilateral Development Banks

5) Conditional and unconditional receivables from International Organizations

6) Conditional and unconditional receivables from Banks and Brokerage Corporation

7) Conditional and unconditional corporate receivables

8) Conditional and unconditional retail receivables

9) Conditional and unconditional collateralized by real estate mortgages receivables

10) Non-performing receivables

11) Receivables defined in high risk category by BRSA

12) Securities collateralized by mortgages

13) Securitization positions

14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations

15) Investments in nature of Collective Investment funds

16) Other receivables

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

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

(****) Risk amounts before credit risk mitigation

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

m. Risk profile by sectors or counterparties:

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
Agriculture	-	-	-	-	-	-	1,067	-	-	-	-	-	-	-	-	-	1,067
<i>Farming and Stockbreeding</i>	-	-	-	-	-	-	1,067	-	-	-	-	-	-	-	-	-	1,067
<i>Forestry</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Fishery</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	47,349	-	-	-	-	-	-	-	-	-	47,349
<i>Mining and Quarrying</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Production</i>	-	-	-	-	-	-	37,570	-	-	-	-	-	-	-	-	-	37,570
<i>Electricity, Gas and Water</i>	-	-	-	-	-	-	9,779	-	-	-	-	-	-	-	-	-	9,779
Construction	-	-	-	-	-	-	49,931	-	-	-	-	-	-	-	-	-	49,931
Services	22,309	-	-	-	-	203,217	74,504	-	-	-	-	-	-	-	-	-	300,030
<i>Wholesale and Retail Trade</i>	-	-	-	-	-	-	64,791	-	-	-	-	-	-	-	-	-	64,791
<i>Accommodation and Dining</i>	-	-	-	-	-	-	5,112	-	-	-	-	-	-	-	-	-	5,112
<i>Transportation and Telecom</i>	-	-	-	-	-	-	2,601	-	-	-	-	-	-	-	-	-	2,601
<i>Financial Institutions</i>	22,309	-	-	-	-	203,217	-	-	-	-	-	-	-	-	-	-	225,526
<i>Real Estate and Rental Services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Professional Services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Educational Services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Health and Social Services</i>	-	-	-	-	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000
Others	38	-	-	-	-	-	44,052	-	-	-	-	-	-	-	-	5,656	49,746
Total	22,347	-	-	-	-	203,217	216,903	-	-	-	-	-	-	-	-	5,656	448,123

(*) Risk classes on "Communique on Measurement and Assessment of Capital Adequacy of Banks" are taken into consideration.

1) Conditional and unconditional receivables from Central Governments or Central Banks

2) Conditional and unconditional receivables from Regional Governments or Local Governments

3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures

4) Conditional and unconditional receivables from Multilateral Development Banks

5) Conditional and unconditional receivables from International Organizations

6) Conditional and unconditional receivables from Banks and Brokerage Corporation

7) Conditional and unconditional corporate receivables

8) Conditional and unconditional retail receivables

9) Conditional and unconditional collateralized by real estate mortgages receivables

10) Non-performing receivables

11) Receivables defined in high risk category by BRSA

12) Securities collateralized by mortgages

13) Securitization positions

14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations

15) Investments in nature of Collective Investment funds

16) Other receivables

(**) Risk amounts before credit risk mitigation.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Farming and Stockbreeding</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Forestry</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Fishery</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	8,180	-	-	-	-	-	-	-	-	-	8,180
<i>Mining and Quarrying</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Production</i>	-	-	-	-	-	-	3,072	-	-	-	-	-	-	-	-	-	3,072
<i>Electricity, Gas and Water</i>	-	-	-	-	-	-	5,108	-	-	-	-	-	-	-	-	-	5,108
Construction	-	-	-	-	-	-	4,492	-	-	-	-	-	-	-	-	-	4,492
Services	752	-	-	-	-	-	37,605	10,060	-	-	-	-	-	-	-	-	48,417
<i>Wholesale and Retail Trade</i>	-	-	-	-	-	-	4,173	-	-	-	-	-	-	-	-	-	4,173
<i>Accommodation and Dining</i>	-	-	-	-	-	-	4,247	-	-	-	-	-	-	-	-	-	4,247
<i>Transportation and Telecom</i>	-	-	-	-	-	-	414	-	-	-	-	-	-	-	-	-	414
<i>Financial Institutions</i>	752	-	-	-	-	-	37,605	-	-	-	-	-	-	-	-	-	38,357
<i>Real Estate and Rental Services</i>	-	-	-	-	-	-	61	-	-	-	-	-	-	-	-	-	61
<i>Professional Services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Educational Services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Health and Social Services</i>	-	-	-	-	-	-	1,165	-	-	-	-	-	-	-	-	-	1,165
Others	38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,357
Total	790	-	-	-	-	-	37,605	22,732	-	-	-	-	-	-	-	-	3,357 64,484

(*) Risk classes on "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" are taken into consideration.

1) Conditional and unconditional receivables from Central Governments or Central Banks

2) Conditional and unconditional receivables from Regional Management or Local Governments

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4) Conditional and unconditional receivables from Multilateral Development Banks

5) Conditional and unconditional receivables from International Organizations

6) Conditional and unconditional receivables from Banks and Brokerage Corporation

7) Conditional and unconditional corporate receivables

8) Conditional and unconditional retail receivables

9) Conditional and unconditional collateralized by real estate mortgages receivables

10) Non-performing receivables

11) Receivables defined in high risk category by BRSA

12) Securities collateralized by mortgages

13) Securitization positions

14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations

15) Investments in nature of Collective Investment funds

16) Other receivables

(**) Risk amounts before credit risk mitigation.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

n. Analysis of maturity-bearing exposures according to remaining maturities:

Exposure Categories	According to their outstanding maturities				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year ^(*)
Current Period					
Claims on sovereigns and Central Banks	12,728	658	-	9,363	-
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	21,342	103,478	25,360	14,352	38,685
Conditional and unconditional corporate receivables	52,903	22,736	5,220	22,074	113,970
Claims included in the regulatory retail portfolios	-	-	-	-	-
Claims secured by residential property	-	-	-	-	-
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other receivables	5,188	-	-	-	468
Total^(*)	92,161	126,470	30,580	45,789	153,123

(*) Risk amounts before credit risk mitigation.

(**) Includes undistributed amounts.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

Exposure Categories	According to their outstanding maturities				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year ^(*)
Prior Period					
Claims on sovereigns and Central Banks	132	658	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	22,265	11,088	502	3,748	2
Conditional and unconditional corporate receivables	3,060	8,064	3,889	1,492	6,227
Claims included in the regulatory retail portfolios	-	-	-	-	-
Claims secured by residential property	-	-	-	-	-
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other receivables	2,703	-	-	43	611
Total^(*)	28,160	19,810	4,391	5,283	6,840

^(*) Risk amounts before credit risk mitigation.

^(**) Includes undistributed amounts.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

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

p. There is no credit rating for the amounts that are excluded in purchase and sale accounts and no credit rating for issue or issuer.

q. Exposures by risk weights

	Risk weights (Current Period)	%0	%20	%50	%100	%150	%1250	Deductions from equity
1	Amount before credit risk reduction	22,777	118,815	66,824	181,356	2,000	-	-
2	Amount after credit risk reduction	22,777	118,815	66,820	177,951	2,000	-	-
	Risk weights (Prior Period)	%0	%20	%50	%100	%150	%1250	Deductions from equity
1	Amount before credit risk reduction	885	32,207	5,401	25,991	-	-	-
2	Amount after credit risk reduction	1,985	32,207	4,299	22,586	-	-	-

r. Movements in value adjustments and provisions

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific Provisions	-	-	-	-	-
General Provisions	492	2,178	-	-	2,670



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

s.Information by major sectors and type of counterparties

In accordance with TAS and TFRS;

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

Non-Performing Loans; By the end of the reporting period up to 90 days due but not impaired loans. For such loans, "General Provisions" are calculated within the scope of Provision Regulation.

	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agricultural	-	-	-	-
<i>Farming and raising livestock</i>	-	-	-	-
<i>Forestry</i>	-	-	-	-
<i>Fishing</i>	-	-	-	-
Manufacturing	-	-	-	-
Mining	-	-	-	-
<i>Production</i>	-	-	-	-
<i>Electric, gas and water</i>	-	-	-	-
Construction	-	-	-	-
Services	-	-	-	-
<i>Wholesale and retail trade</i>	-	-	-	-
<i>Hotel, food and beverage services</i>	-	-	-	-
<i>Transportation and telecommunication</i>	-	-	-	-
<i>Financial Institutions</i>	-	-	-	-
<i>Real estate and renting services</i>	-	-	-	-
<i>Self-employment services</i>	-	-	-	-
<i>Education services</i>	-	-	-	-
<i>Health and social services</i>	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

III.EXPLANATIONS ON 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 below table represents the details of the market risk calculation in accordance with the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", section three "Calculation of Market Risk with Standard Method".

a.Information on Market Risk:

	31 December 2014	31 December 2013
(I)) Capital to be Employed for General Market Risk-Standard Method	-	-
(II) Capital to be Employed for Specific Risk-Standard Method	15	-
Capital requirement against Specific Risks of Securitisation Positions- Standard Method	-	-
(III) Capital to be Employed for Currency Risk-Standard Method	-	-
(IV) Capital to be Employed for Commodity Risk-Standard Method	836	-
(V) Capital to be Employed for Clearance Risk-Standard Method	-	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-	-
(VII) Capital to be Employed for Counterparty Credit Risk-Standard Method	-	-
(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	16	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	-	-
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	867	-
	10,835	-



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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

b. Average Market Risk Table of Calculated Market Risk for Current and Prior Periods:

	31 December 2015			31 December 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	21	74	-	-	-	-
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	116	836	-	95	287	-
Commodity Risk	-	-	-	-	-	-
Clearing Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	8	16	-	-	2	-
Total Amount Subject to Risk	144	926	-	95	289	-

c. Information about counterparty credit risk:

In order to calculate the counterparty credit risk "Calculating Fair Value" (Annex 2) of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks," published in 28 June 2012 is taken into consideration. In accordance with the before-mentioned method, potential credit risk value is calculated and added to the renewal costs of the agreements with positive values.

	31 December 2015	31 December 2014
Contracts based on Interest rate	-	-
Contracts based on currency	1,029	-
Contracts based on commodity	-	-
Contracts based on stocks	-	-
Other	-	-
Gross Positive Fair Value	-	-
Benefits of clarification	-	-
Clarified current risk amount	-	-
The securities which are held	-	-
The net position of derivatives	1,029	-



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

IV. EXPLANATIONS ON OPERATIONAL RISK

The "Basic indicator method" is used in the operational risk calculation of the Bank. The amount subject to the operational risk is calculated based on the gross income of the Bank in the last three years 2014, 2013, and 2012 in accordance with the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published on 28 June 2012 and Official Gazette numbered 28337 in the Official Gazette "Calculation of the Operational Risk".

	31 December 2012	31 December 2013	31 December 2014	Total/Positive Year	Rate (%)	Total
Gross Revenue	305	1,215	5,571	2,364	15	354,55
Amount Subject to Operational Risk (Total*12,5)						4,432

V. EXPLANATIONS ON CURRENCY RISK

The Bank's foreign currency position is managed within the limits set by legislation and the Bank. The basic principle in foreign currency risk management is not to be exposed to currency risk. Accordingly, the exchange-trading risk positions are not allocated to the limit, banking accounts as of the currency by creating a matched asset-liability structure is aimed to provide natural protection. The Bank uses derivative financial instruments such as forward foreign exchange contracts and currency swaps for hedging purposes in foreign currency denominated transactions.

Bank's methodology of digitising the foreign currency position includes the use of standard method when calculating the capital adequacy ratio and application of internal stress tests/sensitivity analysis.

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five business days prior to that date:

	USD		EUR	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Bid Rate	2.9181	2.3269	3.1838	2.8272
1. Bid rate	2.9084	2.3189	3.1921	2.8207
2. Bid rate	2.9157	2.3235	3.2006	2.8339
3. Bid rate	2.9123	2.3182	3.1904	2.8255
4. Bid rate	2.9187	2.3177	3.1968	2.8368
5. Bid rate	2.9262	2.3209	3.1969	2.8312

The simple arithmetic average of the Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date:

	USD		EUR	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Arithmetic average-30 days	2.9177	2.2917	3.1770	2.8231



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

Information on currency risk of the Bank:

	EUR	USD	Other FC	Total
31 December 2015				
Assets				
Cash and Balances with The Central Bank of the Republic of Turkey	2	11,873	-	11,875
Due From Banks	287	10,808	10,234	21,329
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans*	14,766	66,637	-	81,403
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	37	-	37
Total Assets	15,055	89,355	10,234	114,644
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	6,408	64,903	-	71,311
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	1	10,268	-	10,269
Total Liabilities	6,409	75,171	-	81,580
Net On-balance Sheet Position	8,646	14,184	10,234	33,064
Net Off-balance Sheet Position	(8,438)	(18,384)	-	(26,822)
Financial Derivative Assets(**)	8,437	-	-	8,437
Financial Derivative Liabilities(**)	16,875	18,384	-	35,259
Non-Cash Loans	24,101	41,563	1,666	67,330
			-	
31 December 2014				
Total Assets	6	5,771	-	5,777
Total Liabilities	1	5,595	-	5,596
Net On-balance Sheet Position	5	176	-	181
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	202	349	-	551

(*) Foreign exchange loans amounting to TL 23,846 (31 December 2014: 1,135) are also included.

(**) Includes forward and swap transactions.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

Sensitivity Analysis

A 10% weakening of TL against the foreign currencies at 31 December 2015 and 31 December 2014 would have effect on the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Change (Foreing Currency)		Effect on profit and loss		Effect on equity	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
USD	%10	1,056	(115)	1,056	(115)
EUR	%10	20	-	20	-

VI. EXPLANATIONS ON INTEREST RATE RISK

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank's interest rate sensitive assets and liabilities.

The interest rate sensitivity of Assets, Liabilities and Off-balance sheet items is carefully followed up by the treasury department of the Bank. Assets and liabilities which are sensitive to interest are managed in such a way that minimizes the interest risk.

The interest rate risk of the banking items is measured legally in accordance with the "Regulation on Measurement and Assessment of Standard Shock Method on the interest rate risk arising from banking accounts", and this legal limit is monitored and reported monthly, based on this measurement.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

Interest rate sensitivity of the Bank:

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates

31 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	11,772	-	-	-	-	891	12,663
Due From Banks	26,015	-	-	-	-	21,342	47,357
Financial Assets at Fair Value Through Profit/Loss	-	604	-	-	-	-	604
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	256	-	9,363	-	-	-	9,619
Loans	105,683	41,488	52,357	2,164	44,052	-	245,744
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	6,418	6,418
Total Assets	143,726	42,092	61,720	2,164	44,052	28,651	322,405
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	100	100
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	9,125	-	21,086	41,100	-	-	71,311
Other Liabilities (**)	-	-	-	-	-	250,994	250,994
Total Liabilities	9,125	-	21,086	41,100	-	251,094	322,405
Balance Sheet Long Position	134,601	42,092	40,634	-	44,052	-	261,379
Balance Sheet Short Position	-	-	-	38,936	-	222,443	261,379
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	134,601	42,092	40,634	38,936	44,052	222,443	-

(*) Other assets includes miscellaneous receivables, tangible Assets, intangible Assets and non-interests bearing assets in other assets and tax assets.

(**) Shareholders' equity, non-interests bearing liabilities in other liabilities and tax liability is presented under "Other Liabilities" in the "Non-Interest Bearing" column.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

31 December 2014	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The CBRT	-	-	-	-	-	136	136
Due From Banks	-	-	-	-	-	1,095	1,095
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	1,764	-	-	-	-	1,764
Loans	32,987	17,486	809	-	-	-	51,282
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	6,794	6,794
Total Assets	32,987	19,250	809	-	-	8,025	61,071
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	1,100	-	-	-	-	-	1,100
Miscellaneous Payables	-	-	-	-	-	42	42
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,001	5,593	-	-	-	-	6,594
Other Liabilities (**)	12	23	100	-	-	53,200	53,335
Total Liabilities	2,113	5,616	100	-	-	53,242	61,071
Balance Sheet Long Position	30,874	13,634	709	-	-	-	45,217
Balance Sheet Short Position	-	-	-	-	-	(45,217)	(45,217)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	30,874	13,634	709	-	-	(45,217)	-

(*) Other assets includes miscellaneous receivables, tangible Assets, intangible Assets and non-interests bearing assets in other assets and tax assets.

(**) Shareholders' equity, non-interests bearing liabilities in other liabilities and tax liability is presented under "Other Liabilities" in the "Non-Interest Bearing" column.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

b.Average interest rates for monetary financial instruments:

The average interest rates in the following tables are calculated by weighting the simple interest to principle amounts.

31 December 2015	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Due From Banks	-	0.99	-	10.60
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	10.95
Available-for-Sale Financial Assets	-	-	-	8.80
Loans	4.80	4.82	-	12.28
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	9.79
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Inst.	2.0	3.25	-	10.75



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	EUR %	USD %	JPY %	TL %
31 December 2014				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Due From Banks	-	0.12	-	10.59
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	9.26
Available-for-Sale Financial Assets	-	-	-	10.54
Loans	-	5.46	-	12.25
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits				
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	9.95
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Inst.	-	-	-	-
	-	0.79	-	10.11

c. Economic value differences resulted from interest rate instabilities calculated according to regulation on measurement and evaluation of interest rate risk resulted from banking book as per standard shock method:

Type of Currency (Current Period)	Shocks Applied (+/-basis points)	Gains/Losses	Gains/Equity-Losses/Equity
1. TRY	(+) 500 bps	(1,974)	(0.85%)
2. TRY	(-) 400 bps	1,687	0.73%
3. USD	(+) 200 bps	1,313	0.56%
4. USD	(-) 200 bps	(946)	(0.41%)
5. EURO	(+) 200 bps	67	0.03%
6. EURO	(-) 200 bps	(1)	0.00%
Total (For negative shocks)		740	0.32 %
Total (For positive shocks)		(594)	(0.26) %



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

Type of Currency (Prior Period)	Shocks Applied (+/-basis points)	Gains/Losses	Gains/Equity- Losses/Equity
1. TRY	(+) 500 bps	(179)	%(0.41)
2. TRY	(-) 400 bps	150	% 0.34
3. USD	(+) 200 bps	15	%0.03
4. USD	(-) 200 bps	(11)	% (0.03)
5. EURO	(+) 200 bps	-	-
6. EURO	(-) 200 bps	-	-
Total (For negative shocks)		139	0.31 %
Total (For positive shocks)		(164)	(0.38) %

d.Total unrealized gains or losses, total revaluation increases with the amount of their primary and contribution included in capital:

As of 31 December 2015, The Banks' portfolio does not have private equity investments, publicly traded shares and other equities (31 December 2014: None).

VII.EXPLANATIONS ON EQUITY POSITION RISK

The Bank does not hold equity position as of 31 December 2015 (31 December 2014: None).

VIII.EXPLANATIONS ON LIQUIDITY RISK

Liquidity risk is the risk arising from not having adequate cash or not having adequate cash inflows to fund cash outflows on time due to the imbalance of cash flows.

Treasury Department, manages liquidity of the group on a daily basis, and informs the asset-liability committee every week about the Bank's liquidity level. Planning the liquidity management for weekly, monthly, yearly periods, taking the necessary measures and informing the senior management about these is the responsibility of the treasury.

The Bank forms its assets and liabilities in balance in order not to create a negative space in the cumulative basis in the maturity periods.

In accordance with the "Regulation on Measurement and Assessment of Liquidity Adequacy of the Banks", which came into effect after its publication in the Official Gazette numbered 26333 on 1 November 2006 by BRSA, weekly simple arithmetic average of total liquidity adequacy ratio related to the first maturity period, and total liquidity adequacy ratio related to the second maturity period cannot be less than a hundred percent; weekly simple arithmetic average of the foreign currency liquidity adequacy ratio related to first maturity period, and foreign currency liquidity adequacy ratio related to second maturity period cannot be less than eighty percent as of 1 June 2007.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

a.Liquidity ratios realized in the current period

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC + TL	FC	FC + TL
31 December 2015				
Average (%)	4,008	3,178	2,157	2,748
Maximum (%)	22,221	24,685	54,473	41,234
Minimum (%)	120	390	82	382
	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC + TL	FC	FC + TL
31 December 2014				
Average (%)	5,531	1,489	5,697	1,963
Maximum (%)	31,527	7,206	41,911	8,164
Minimum (%)	88	288	83	296

Development and Investment Banks' consolidated and non-consolidated total and foreign currency liquidity coverage ratio requirement is %0 till 2016 with 29 December 2014 date and 30223 numbered letter forwarded by the BRSA.



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b. Breakdown of assets and liabilities according to their outstanding maturities:

	Demand Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified (*)	Total
31 December 2015							
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	891	11,772	-	-	-	-	12,663
Due From Banks	21,342	26,015	-	-	-	-	47,357
Financial Assets at Fair Value Through Profit/Loss	-	604	-	-	-	-	604
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	256	-	9,363	-	-	9,619
Loans	-	58,002	56,531	73,852	13,307	44,052	245,744
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	4,305	-	-	-	2,113	6,418
Total Assets	22,233	100,954	56,531	83,215	13,307	44,052	322,405
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	9,125	-	21,086	41,100	-	71,311
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	100	-	-	-	-	100
Other Liabilities (**)	10,272	5,209	-	-	-	235,513	250,994
Total Liabilities	10,272	14,434	-	21,086	41,100	235,513	322,405
Net Liquidity Gap	11,961	86,520	56,531	62,129	(27,793)	44,052	(233,400)
31 December 2013							
Total Assets	1,231	26,914	19,288	9,624	-	4,014	61,071
Total Liabilities	2,396	5,272	5,616	100	-	47,687	61,071
Net Liquidity Gap	(1,165)	21,642	13,672	9,524	-	(43,673)	-

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed assets, associates and subsidiaries, stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.

(**) Shareholders' equity is presented under "Other liabilities" item in the "Unclassified" column.



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c.Breakdown of liabilities according to their remaining contractual maturities:

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Liabilities					
Deposits	-	-	-	-	-
Funds borrowed from other financial inst.	9,125	-	21,086	41,100	-
Funds from interbank money market	-	-	-	-	-
Financial leasing payables	-	-	-	-	-
Current accounts of customers	10,272	-	-	-	-
Total	19,397	-	21,086	41,100	-

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Liabilities					
Deposits	-	-	-	-	-
Funds borrowed from other financial inst.	16,916	14,900	-	-	-
Funds from interbank money market	3,002	-	-	-	-
Borrower Funds	14	25	26	-	-
Current accounts of customers	469	-	-	-	-
Total	20,401	14,925	26	-	-

d.Breakdown of derivative instruments according to their remaining contractual maturities:

Bank's forward and swap transactions are in the table below as of 31 December 2015 (31 December 2014: None).

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	5 years and above
Forward	18,946	7,629	-	-	-
Swap	63,587	-	-	-	-
Futures	-	-	-	-	-
Options	-	-	-	-	-
Other	-	-	-	-	-
Total	82,533	7,629	-	-	-



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e.Leverage Ratio

Unconsolidated leverage ratio was realized as 54.8 % (31.12.2014: 72.6%). The increase occurred in the on-balance sheet assets and off-balance sheet transactions led to a change in leverage compared to the previous period. Regulation has been linked to the provision of the minimum leverage ratio of 3%.

	Current Period*	Prior Period *
Asset On The Balance Sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	309,195	56,041
(Assets deducted from core capital)	737	3,320
Total risk amount for assets on the balance sheet	308,458	52,721
Derivative Financial Instruments and Loan Derivatives		
Renewal cost of derivative financial instruments and loan derivatives	498	-
Potential credit risk amount of derivative financial instruments and loan derivatives	238	-
Total risk amount of derivative financial instruments and loan derivatives	736	-
Financing Transactions With Securities Or Goods Warranties		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	-	-
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	-	-
Off-the-Balance Sheet Transactions		
Gross nominal amount of the off-the-balance sheet transactions	108,645	8,094
Adjustment amount arising from multiplying by the credit conversion rate	-	-
Total risk amount for off-the-balance sheet transactions	108,645	8,094
Capital and Total Risk		
Core capital	229,104	44,131
Total risk amount	417,839	60,815
Leverage Ratio		
Leverage ratio	54.8%	72.6%

*3 months average.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

IX.EXPLANATIONS ON THE SECURITISATION POSITIONS

The Bank does not apply securitisation as of 31 December 2015 (31 December 2014: None).

X.EXPLANATIONS ON THE CREDIT RISK MITIGATION TECHNIQUES

Bank calculates the credit risk with simple financial guarantee method in accordance with "Communique on Credit Risk Mitigation Techniques". The collaterals to be considered in credit risk mitigation should be compatible with the currency and maturity.

The main collateral type that can be considered as a risk mitigation technique according to the communiqué is a real estate mortgage, which is planned to be taken by the Bank. Other main collateral types that the Bank receives in the lending process are customer checks and notes which are not taken into account according to "Communique on Credit Risk Mitigation Techniques".

	Amount (*)	Financial Guarantees	Other/ Material Guarantees	Guarantees and Loan Derivatives
Risk classifications:	448,123	-	-	-
Claims on sovereigns and Central Banks	22,347	-	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	203,217	-	-	-
Conditional and unconditional corporate receivables	216,903	-	-	-
Claims included in the regulatory retail portfolios	-	-	-	-
Claims secured by residential property	-	-	-	-
Past due loans	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other receivables	5,656	-	-	-

(*)Amount before credit risk mitigation.



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Prior Period	Amount (*)	Financial Guarantees	Other/Material Guarantees	Guarantees and Loan Derivatives
Risk classifications:	64,484	1,100	-	-
Claims on sovereigns and Central Banks	790	-	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	37,605	1,100	-	-
Conditional and unconditional corporate receivables	22,732	-	-	-
Claims included in the regulatory retail portfolios	-	-	-	-
Claims secured by residential property	-	-	-	-
Past due loans	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other receivables	3,357	-	-	-

(*) Risk amounts before credit risk mitigation.

XI.EXPLANATIONS ON RISK MANAGEMENT OBJECTIVES AND POLICIES

Compliance with the Banking Law and the relevant law regulated under the "Regulation on Internal Systems of Banks", in a separate organisational structure, by creating a direct reporting line to the board of directors and audit committee, the complete independence of the risk management unit from the operations is the fundamental principle.

Risk limits are in the responsibility of risk management unit and are determined by the board.

The Bank developed a systemic borrower rating model to measure risk exposure levels at customer level through quantitative and qualitative analysis. An internally developed transaction rating system is used to evaluate the repayment capacity of the loan.

Against concentration risk, information on the borrower/group, industry, collateral, etc. are traced on the monthly credit risk report and presented to the board of directors.

Application of stress tests on currency risk and liquidity positions and calculation of the interest rate risk is carried by the risk management department.



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Within the scope of operational risk, activities of identification, calculation, monitoring, control and reporting of operational risks undertaken by the Bank are performed.

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

a.Financial Assets and Liabilities at their fair values:

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

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

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

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

	Carrying Value		Fair Value	
	Current Period 31 December 2015	Prior Period 31 December 2014	Current Period 31 December 2015	Prior Period 31 December 2014
Financial Assets	302,720	54,092	302,720	54,092
Interbank Money Market Placements	-	-	-	-
Banks	47,357	1,095	47,357	1,095
Available-for-Sale Financial Assets	9,619	1,764	9,619	1,764
Held-to-Maturity Financial Assets	-	-	-	-
Loans	245,744	51,233	245,744	51,233
Financial Liabilities	81,683	10,132	81,683	10,132
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Borrowings	71,311	6,594	71,311	6,594
Payables to money market	-	1,100	-	1,100
Securities issued	-	-	-	-
Miscellaneous Payables	100	42	100	42
Borrower Funds	10,272	2,396	10,272	2,396



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

a) Identical assets and quoted market prices (non-adjusted) (1st level)

b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)

c) Data not based on observable data regarding assets or liabilities (3rd level)

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

Current Period	1.Level	2.Level	3.Level	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Available For Sale Financial Assets	9,619	-	-	9,619
Total Assets	9,619	-	-	9,619
Trading Derivative Financial Liabilities	-	-	-	-
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	-	-	-
Previous Period	1.Level	2.Level	3.Level	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Available For Sale Financial Assets	1,764	-	-	1,764
Total Assets	1,764	-	-	1,764
Trading Derivative Financial Liabilities	-	-	-	-
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	-	-	-

XIII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:

Held in accordance with Article 40 of the Capital Market Law by Capital Market, numbered BNK-019 (081) certificate of authenticity the Bank, has been authorized to provide limited custodian service for Trading Brokerage Operations, Portfolio Brokerage Activity, the Best-Effort Copy Public Offering Brokerage Operations. The Bank does not deal with fiduciary transactions.



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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

XIV.EXPLANATIONS ON OPERATING SEGMENTS

Current Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	245,744	76,661	322,405
Total Liabilities	10,272	312,133	322,405
Net Interest Income/(Loss)	17,647	7,374	25,021
Net Fee and Commission Income/(Loss)	345	-	345
Trading Gain/(Loss)	-	1,102	1,102
Other Operating Segments Gain/(Loss)	-	97	97
Provisions for Loan Losses and Other Receivables(-)	(2,178)	-	(2,178)
Other Operating Expense (-)	-	(12,903)	(12,903)
Profit Before Tax	15,814	(4,330)	11,484
Tax Provision	-	(2,697)	(2,697)
Net Profit	15,814	(7,027)	8,787

Previous Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	51,282	9,789	61,071
Total Liabilities	2,396	11,826	14,222
Net Interest Income/(Loss)	4,761	580	5,341
Net Fee and Commission Income/(Loss)	80	(34)	46
Trading Gain/(Loss)	-	177	177
Other Operating Segments Gain/(Loss)	-	59	59
Provisions for Loan Losses and Other Receivables(-)	-	(234)	(234)
Other Operating Expense (-)	-	(7,571)	(7,571)
Profit Before Tax	4,841	(7,023)	(2,182)
Tax Provision	-	365	365
Net Profit	4,841	(6,658)	(1,817)



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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

a. Information on cash and the account of the CBRT:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Cash/Foreign currency	6	5	4	-
CBRT	782	11,870	131	1
Other	-	-	-	-
Total	788	11,875	135	1

b. Information on the account of the CBRT:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Demand Unrestricted Amount	782	98	131	14
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	11,772	-	34
Total	782	11,870	131	48

According to CBRT's "Required Reserves Announcement" numbered 2005/1, for Turkish currency and foreign currency denominated liabilities, reserve requirement amounts held in CBRT have been included in the above table.

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

a. As of 31 December 2015, the Bank has no financial assets at fair value through profit or loss subject to repo transactions (31 December 2014: None).

As of 31 December 2015; there are no and financial assets given as collateral/are blocked (31 December 2014: None).

b. Positive differences related to trading derivative financial assets:

	31 December 2015		31 December 2014	
	TP	YP	TP	YP
Forward				
Swap	604	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	604	-	-	-



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c.Information on trading securities:

None (31 December 2014: None).

3.Information on banks:

a.Information on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks				
Domestic	24,028	-	3	2
Foreign	2,000	21,329	-	1,090
Headquarters and Branches Abroad	-	-	-	-
Total	26,028	21,329	3	1,092

b.Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
European Union Countries	287	6	-	-
USA, Canada	10,808	1,084	-	-
OECD Countries (*)	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	12,234	-	-	-
Total	23,329	1,090	-	-

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

4.Information on available-for-sale financial assets:

a. As of 31 December 2015 there are financial assets given as collateral/blocked amounting to TL 1,026 (31 December 2014: TL 444).

As of 31 December 2015 there are no available-for-sale financial assets subject to repo transactions (31 December 2014: 1,144)

	31 December 2015	31 December 2014
Debt Securities	9,638	1,764
Quoted on Stock Exchange	9,638	1,764
Not Quoted	-	-
Share Certificates	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	(19)	-
Total	9,619	1,764



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5.Explanations on loans:

a.Information on all types of loans and advances given to shareholders and employees of the Bank:

	31 December 2015		31 December 2014	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	22,475	-	-
Legal Entities	-	22,475	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	-	-	-	-
Total	-	22,475	-	-

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

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms Restructured or Rescheduled	Other	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms Restructured or Rescheduled	Other
Non-specialized Loans	245,744	-	-	-	-	-
Loans given to enterprises	68,849	-	-	-	-	-
Export Loans	13,505	-	-	-	-	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	117,175	-	-	-	-	-
Consumer Loans	-	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	46,215	-	-	-	-	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	245,744	-	-	-	-	-



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	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of modifications made to extend payment plan		
Extended by 1 or 2 times	-	-
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
Total	-	-

	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended period of time		
0-6 Months	-	-
6-12 Months	-	-
1-2 Years	-	-
2-5 Years	-	-
5 Years and over	-	-
Total	-	-

c.Breakdown of loans according to their maturities:

	Standard Loans and Other Receivables		Loans and Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Short-Term Loans and Other Receivables	188,387	-	-	-
Non-Specialized Loans	188,387	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	57,359	-	-	-
Non-Specialized Loans	57,359	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-

d.Information on commercial instalment loans and corporate credit cards:

None (31 December 2014: None).



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e.Information on commercial instalment loans and corporate credit cards:

	Up to 1 year	More than 1 year	Total
Commercial installment loans-TC	-	2,163	2,163
Business residential loans	-	-	-
Automobile loans	-	2,163	2,163
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans-Indexed to FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans-FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Corporate credit cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Overdraft accounts-TC (Commercial customer)	-	-	-
Overdraft accounts-FC (Commercial customer)	-	-	-
Total	-	2,163	2,163

f.Loans according to types of borrowers:

	31 December 2015	31 December 2014
Public	-	-
Private	245,744	51,282
Total	245,744	51,282



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g. Distribution of domestic and foreign loans:

	31 December 2015	31 December 2014
Domestic Loans	245,744	51,282
Foreign Loans	-	-
Total	245,744	51,282

h. Loans granted to investments in associates and subsidiaries:

	31 December 2015	31 December 2014
Direct loans granted to investments in associates and subsidiaries	-	-
Indirect loans granted to investments in associates and subsidiaries	-	-
Total	-	-

i. Specific provisions accounted for loans:

	31 December 2015	31 December 2014
Loans and Receivables with Limited Collectability	-	-
Loans and Receivables with Doubtful Collectability	-	-
Uncollectible Loans and Receivables	-	-
Total	-	-

j. Information on non-performing loans (Net):

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

None (31 December 2014: None).



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2.Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Prior Period End Balance:	-	-	-
Additions (+)	-	-	-
Transfers from Other Categories of Non-performing Loans (+)	-	-	-
Transfers to Other Categories of Non-Performing Loans (-)	-	-	-
Collections (-)	-	-	-
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Period End Balance:	-	-	-
Specific Provisions (-)	-	-	-
Net Balance on Balance Sheet Date	-	-	-

3.Information on non-performing loans granted as foreign currency loans:

None (31 December 2014: None).



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4.Information on non-performing loans based on types of borrowers:

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period (Net)	-	-	-
Loans granted to corporate entities and real persons (Gross)	-	-	-
Specific Provisions Amount(-)	-	-	-
Loans granted to corporate entities and real persons (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans granted to corporate entities and real persons (Gross)	-	-	-
Specific Provisions Amount(-)	-	-	-
Loans granted to corporate entities and real persons (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provisions Amount(-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-



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k.Information on the collection policy of non-performing loans and other receivables and information on the write-off policy of the Bank:

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals. Credits that have become losses in nature, are attached to the certificate of insolvency or insufficient collateral document, and written off from the Bank's assets. However, if the Bank's receivable is an insignificant amount compared to the costs and expenses to be incurred for the preparation of said documents, writing off of assets may be performed if the Board of Directors decides so.

6.Information on held-to-maturity investments:

None (31 December 2014: None).

7.Information on investments in associates:

None (31 December 2014: None).

8.Information on subsidiaries (Net):

a.Recognition of subsidiaries:

Explained in the Section Three.

b.Information on the equity of subsidiaries

None.

c.Information on unconsolidated subsidiaries

None.

d.Main financial figures of the subsidiaries in the order of the above table:

None.

e.Information on subsidiaries consolidated:

None.

f.Main financial figures of the subsidiaries consolidated in the order of the above table:

None.

g.Movement schedules of consolidated subsidiaries:

None.

h.Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

None.



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i.Subsidiaries quoted on stock exchange:

None.

9.Information on joint ventures:

None (31 December 2014: None).

10.Information on lease receivables (net):

None (31 December 2014: None).

11.Information on hedging derivative financial assets:

None (31 December 2014: None).

12.Information on property and equipment:

Prior Period End: 31 December 2015	Immovable	Leased Fixed Assets	Other Tangible Fixed Assets	Total
Cost	-	271	456	727
Accumulated Depreciation(-)	-	(68)	(367)	(435)
Net Book Value	-	203	89	292
Current Period End: 31 December 2015				
Net Book Value at the beginning of the Period	-	203	89	292
Additions	-	-	334	334
Disposals (-), net	-	-	(3)	(3)
Depreciation (-)	-	(68)	(51)	(119)
Impairment	-	-	-	-
Cost at Period End	-	271	716	987
Accumulated Depreciation at Period End (-)	-	(136)	(347)	(483)
Closing Net Book Value	-	135	369	504

Prior Period End: 31 December 2014	Immovable	Leased Fixed Assets	Other Tangible Fixed Assets	Total
Cost	-	-	502	502
Accumulated Depreciation(-)	-	-	(409)	(409)
Net Book Value	-	-	93	93
Current Period End: 31 December 2014				
Net Book Value at the beginning of the Period	-	-	93	93
Additions	-	271	59	330
Disposals(-), net	-	-	(32)	(32)
Depreciation (-)	-	(68)	(31)	(99)
Impairment	-	-	-	-
Cost at Period End	-	271	456	727
Accumulated Depreciation at Period End (-)	-	(68)	(367)	(435)
Closing Net Book Value	-	203	89	292



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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Informations on intangible assets:

	Current Period 31 December 2015	Previous Period 31 December 2014
Net Book Value at the beginning of the Period	191	41
Additions	433	223
Disposals(-), net	-	-
Depreciation (-)	(156)	(73)
Other (*)	468	191

14. Information on investment property:

None (31 December 2014: None).

15. Information on deferred tax asset:

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

As of 31 December 2015, the Bank calculated deferred tax asset amounting TL 627 and reflected this amount to the financial statements. (31 December 2014: TL 3,303).

In the situation that the difference between the book value and value subject to tax of the assets that are subject to deferred tax is related to equity accounts, deferred tax asset or liability is netted with the relevant accounts in this group.

	31 December 2015		31 December 2014	
	Temporary Differences of Deferred Tax Base	Deferred Tax Amount	Temporary Differences of Deferred Tax Base	Deferred Tax Amount
Financial loss	1,239	247	15,606	3,121
Provision for employee benefits	1,324	264	209	42
Expense provisions	400	80	208	42
Other	738	147	541	108
Deferred Tax Asset, net	3,701	738	16,564	3,313
Other	(556)	(111)	(10)	(2)
Deferred Tax Liability, net	(556)	(111)	(51)	(10)
Deferred Tax Asset/(Liability), net	3,145	627	16,513	3,303

16. Information on assets held for resale and discontinued operations:

None (31 December 2014: None).

17. Information on other assets:

As of 31 December 2015, other assets amount to TL 4,738 (31 December 2014: TL 2,970) and don't exceed 10% of total balance sheet except off balance sheet commitments.



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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on deposits:

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

2. Information on trading derivative financial liabilities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Forward	10	-	-	-
Swap	10	28	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	20	28	-	-

3. Information on borrowings:

a. Information on banks and other financial institutions:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	-	1,751	1,001	-
From Foreign Banks, Institutions and Funds	-	69,560	-	5,593
Total	-	71,311	1,001	5,593

b. Information on maturity structure of borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Short-term	-	30,211	1,001	5,593
Medium and Long-term	-	41,100	-	-
Total	-	71,311	1,001	5,593

c. Additional explanation related to the concentrations of the Bank's major liabilities on the basis of concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed

The Bank, funds its assets mainly with its capital and borrowings.



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4.Information on Repo Transactions:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Financial Institutions	-	-	1,100	-
Other	-	-	-	-
Total	-	-	1,100	-

5.Securities Issued :

None (31 December 2014: None).

6.Information on Borrower Fund:

	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over
31 December 2015	-	-	-	-	-	-
Borrower fund	10,272	-	-	-	-	-
31 December 2014	-	-	-	-	-	-
Borrower fund	2,396	-	-	-	-	-

7.Information on other liabilities:

As of 31 December 2015, other liabilities amount to TL 5,338 (31 December 2014: TL 2,916) and don't exceed 10% of total balance sheet except off balance sheet commitments.

8.Information on financial lease agreements:

	31 December 2015		31 December 2014	
	Gross	Net	Gross	Net
Less Than 1 Year	-	-	146	135
1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	-	-	146	135

9.Information on hedging derivative financial liabilities:

None (31 December 2014: None).



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10. Information on provisions:

a. Information on general provisions:

	31 December 2015	31 December 2014
Provisions for Group I. Loans and Receivables	2,130	468
Additional Provision for Loans and Receivables with Extended Maturities	-	-
Provisions for Group II. Loans and Receivables	-	-
Additional Provision for Loans and Receivables with Extended Maturities	-	-
Provisions for Non Cash Loans	253	13
Other	287	11
General Provisions	2,670	492

b. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 31 December 2015, provisions related with foreign currency difference of foreign indexed loans amount 167 TL (31 December 2015: None).

c. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:

None (31 December 2014: None).

d. Information on other provisions:

i. Information on provisions for possible risks:

None (31 December 2014: None).

ii. Obligations related to employee rights:

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. In this context, the following actuarial assumptions were used in the calculation of total liabilities.

	31 December 2015	31 December 2014
Discount rate (%)	3.49	3.50

The movement of employee termination benefits is shown below:

	31 December 2015	31 December 2014
Balance at the Beginning of the Period	160	157
Provisions Recognised During the Period	74	3
Balance at the end of the period	234	160

In addition, as of 31 December 2015 the Bank have unused vacation provision of TL 65 (31 December 2014: 49).



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iii. Other provisions are explained if they exceed 10% of the total provision balance

Other provisions amount of TL 1,333 TL; 1,025 TL is for bonus provisions and 195 TL for ongoing lawsuits, 113 TL other provisions. (31 December 2014: 127).

11. Information on taxes payable:

a. Information on current year tax liability:

i) Information on tax provision:

Explanations on taxation are presented in the related Note of Section Three. As of 31 December 2015, the Bank has no tax liability after the deduction of temporary taxes paid (31 December 2014: None).

ii) Information on taxes payable:

	31 December 2015	31 December 2014
Corporate Tax Payable	-	-
Taxation on Marketable Securities	1	-
Property Tax	1	-
Banking Insurance Transaction Tax (BITT)	81	21
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	89	17
Other	235	117
Total	407	155

iii) Information on premium payables:

	31 December 2015	31 December 2014
Social Security Premiums-Employee	32	23
Social Security Premiums-Employer	37	28
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	2	2
Unemployment Insurance-Employer	4	3
Other	-	-
Total	75	56

b. Information on deferred tax liability:

Explanations on the taxation of the Bank are presented in explanations and notes related to unconsolidated assets.



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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Liabilities for assets held for sale and assets of discontinued operations

None (31 December 2014: None).

13. Information on the quantity, maturity date, interest rate and supplier firm of the subordinated loans given to the bank and transactional option if there are any marketable securities

None (31 December 2014: None).

14. Information on shareholders' equity:

a. Presentation of paid-in capital:

	31 December 2015	31 December 2014
Common Stock	255,000	80,000
Preferred Stock	-	-

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. With the decision taken in the extraordinary general assembly meeting of the Bank dated 31 July 2013 and numbered 32, share transfer transaction has been approved. The share transfer from previous parent of the Bank to Aksoy Holding A.Ş. has been completed as at 2 August 2013.

In the extraordinary general assembly meeting of the Bank dated 31 October 2013, it was decided to increase the paid-in capital of the Bank to from TL 37,000 to TL 39,000. The paid-in capital of the Bank was increased to 39,000 TL in accordance with the BRSA's approval as at 13 November 2013.

In the extraordinary general assembly meeting of the Bank dated 21 November 2013, it was decided to increase the paid-in capital of the Bank to from TL 39,000 to TL 80,000. The paid-in capital of the Bank was increased to 80,000 TL in accordance with the BRSA's approval as at 29 November 2013.

PASHA Bank OJSC and Aksoy Holding A.Ş. has agreed on transferring the majority shares of the Bank. Acquisition of TL 28,795,121 of the Bank's capital and increase 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 capital increase from TL 80,000 to TL 175,000 has been completed as at 25 February 2015.

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." registered on 2 March 2016 and announced on Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773.

As a result of these transfer transactions Aksoy Holding's share has ben decreased to 20 %.

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." registered on 2 March 2016 and announced on Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773.



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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.

Share transfer is performed according to the Board of minute dated 24 December 2015 and numbered 110.

b. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The Bank does not apply the registered share capital system.

c. Information on share capital increases and their sources; other relevant information on increased share capital in current period:

None.

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

None.

e. Information on capital commitments, the general purpose and the estimated sources for these commitments until the end of the fiscal year and the subsequent interim period:

None (31 December 2014: None).

f. Information on the Bank's income, profitability, prior period indicators on liquidity and uncertainty on these indicators and their potential effects on the Bank's capital:

The Bank considers there is no uncertainty regarding the prior period income, profitability and liquidity indicators, therefore the Bank does not foresee an effect on capital.

g. Summary information about privileged shares representing the capital:

None (31 December 2014: None).

h. Information on marketable securities value increase fund:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Subsidiaries, Affiliates and Joint ventures	-	-	-	-
Valuation difference	(90)	-	(6)	-
Rate difference	-	-	-	-
Total	(90)	-	(6)	-



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

1.Information on off-balance sheet commitments:

a.The amount and type of irrevocable commitments:

Bank has 8,475 TL forward exchange sale and 8,437 TL forward exchange purchase commitments, 2,009 TL deposit sale commitments (31 December 2014: None).

b.Type and amount of probable losses and obligations arising from off-balance sheet items

1.Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

As of 31 December 2015, the Bank has guarantee and indemnities amounting TL 126,995 (31 December 2014: TL 6,813) based upon the guarantee letter.

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

None (31 December 2014: None).

c.Total amount of non-cash loans:

	31 December2015	31 December2014
Non-cash Loans Given against Cash Loans	-	-
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	22,091	-
Other Non-cash Loans	104,904	6,813
Total	126,995	6,813



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d.Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	31 December 2015				31 December 2014			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	1,845	3.09	14,686	21.81	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Production	1,730	2.90	14,686	21.81	-	-	-	-
Electric, Gas and Water	115	0.19	-	-	-	-	-	-
Construction	3,130	5.25	6,929	10.29	-	-	-	-
Services	54,690	91.66	45,715	67.89	6,262	100.00	551	100.00
Wholesale and Retail Trade	33,241	55.71	20,651	30.67	1,948	31.11	142	25.77
Hotel, Food and Beverage Services	5,112	8.57	-	-	4,247	67.82	-	-
Transportation and Telecommunication	-	-	2,714	4.03	65	1.04	348	63.16
Financial Institutions	16,337	27.38	22,350	33.19	2	0.03	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	61	11.07
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	59,665	100.00	67,330	100.00	6,262	100.00	551	100.00

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

31 December 2015	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	59,665	67,330	-	-
Letters of Guarantee	59,665	44,829	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	22,501	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-



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2.Information on derivative transactions:

Bank has currency transaction-buy 3,835 TL, currency transaction-sale 3,794 TL 32,122 TL swap purchase and 31,465 TL swap sale transactions (31 December 2014: None).

3.Information on credit derivatives and related imposed risks:

None (31 December 2014: None).

4.Information on Contingent Assets and Liabilities:

(i) Contingent assets

None

(ii) Contingent liabilities

As of 31 December 2015, the Bank has reflected the provision for its ongoing lawsuits amounting TL 193 to the financial statements. The process regarding the law suits is still ongoing and decisions will be finalised after trial.

The Bank issued indemnification letters in favour of its members of Board of Directors to protect them against possible claims.

5.Information on services in the name of others' names and accounts:

None (31 December 2014: None).

IV.EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1.Information on interest income:

a.Information on interest income on loans (*):

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Short-term Loans	16,355	936	4,657	104
Medium/Long-term Loans	356	-	-	-
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	16,711	936	4,657	104

(*Includes fee and commission income regarding cash loans.



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b.Information on interest income on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From the CBRT	71	-	-	-
From Domestic Banks	6,428	1	431	1
From Foreign Banks	174	17	-	-
Headquarters and Branches Abroad	-	-	-	-
Total	6,673	18	431	1

c.Information on interest income on marketable securities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Trading Financial Assets	-	-	-	-
From Financial Assets at Fair Value through Profit or Loss-	-	-	-	-
From Available-for-sale Financial Assets	1,252	-	187	-
From Held-to-Maturity Investments	-	-	-	-
Total	1,252	-	187	-

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Interest income received from investments in associates and subsidiaries	-	-	-	-

2.Information on interest expense:

a.Information on interest expense on borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks	2	766	82	20
The CBRT	-	-	-	-
Domestic Banks	2	21	82	11
Foreign Banks	-	745	-	9
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	2	766	82	20



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b. Information on interest expense given to investments in associates and subsidiaries:

	31 December 2015		31 December 2014	
	TP	YP	TP	YP
Interest expense given to investments in associates and subsidiaries	-	-	-	-

c. Maturity structure of the interest expense on deposits:

None (31 December 2014: None).

d. Interest expense on issued marketable securities:

None (31 December 2014: None).

3. Information on dividend income:

None (31 December 2014: None).

4. Information on trading income/loss (Net):

	31 December 2015	31 December 2014
Income	13,732	2,706
Income from Capital Market Transactions	4	-
Income from Derivative Financial Transactions (*)	1,076	-
Foreign Exchange Gains	12,652	2,706
Loss (-)	(12,630)	(2,529)
Loss from Capital Market Transactions	(464)	-
Loss from Derivative Financial Transactions (*)	(2,208)	(1)
Foreign Exchange Loss	(9,958)	(2,528)
	1,102	177

(*)The major part of the gain/loss from derivative financial transactions stems from the changes in FX rates due to the fact that these derivatives are short term.

5. Information on other operating income:

Other operating income includes cancellation of TL 2 per participant addendum, other operating income consists of TL 69 income from previous years' provision cancellations addendum and there is no income regarding extraordinary accounts (31 December 2014: 59 TL).



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6.Provision expenses related to loans and other receivables:

	31 December 2015	31 December 2014
Specific Provisions for Loans and Other Receivables	-	-
III. Group Loans and Receivables	-	-
IV. Group Loans and Receivables	-	-
V. Group Loans and Receivables	-	-
General Provision Expenses	2,178	190
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other	-	44
Total	2,178	234

7.Information related to other operating expenses:

	31 December 2015	31 December 2014
Personnel Expenses	6,000	4,128
Reserve For Employee Termination Benefits	107	52
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	122	131
Impairment Expenses of Intangible Assets	-	-
Goodwill impairment expenses	-	-
Amortisation Expenses of Intangible Assets	156	73
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	4,122	2,354
Operational Lease Expenses	1,116	289
Maintenance Expenses	4	2
Advertising Expenses	329	1
Other Expense	2,673	2,062
Loss on Sales of Assets	-	-
Other	2,396	833
Total	12,903	7,571



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

Loss before tax comes from net interest income amounting TL 25,021, net commission fee income amounting TL 345, trading profit amounting TL 1,102 other operating income amounting TL 97, provision for loan losses and other receivables amounting to TL 2,178 and other operating expenses amounting TL 12,903.

9.Information on provision for taxes from continuing or discontinued operations:

As of 31 December 2015 the Bank has no current income tax expense (31 December 2014: None). The Bank has deferred tax income amounting to TL 2,697 (31 December 2014: 365).

As of 31 December 2015, the Bank doesn't have any discontinued operations.

10.Information on net income/(loss) from continuing or discontinued operations:

The Bank doesn't have discontinued operations. The Bank's net profit from continuing operations amounting to TL 8,787 (31 December 2014: TL 1,817 loss).

11.Information on net income/(loss) for the period:

a.If the disclosure of ordinary banking transactions and the composition of income and expense items is necessary to understand the annual performance of Bank, the composition and amount of these items:

None (31 December 2014: None).

b.If an accounting estimate change significantly affects the profit/loss in the current period or has a probability to significantly affect the profit/loss in the subsequent periods, the overall effect is disclosed:

There is no significant change in accounting estimates which would affect the current or the subsequent periods.

12.Disclosure of 20% of sub-accounts in the case of other line items exceed 10% of the income statement total.

Explanations on other income are presented in of Section Five, Explanations on other expenses are presented in explanations and notes related to income statement, note 7.

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

1.Information on available-for-sale financial assets:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities value increase fund" account under equity, until the financial assets are sold, disposed or impaired.

There is loss for marketable securities valuation difference related to available-for-sale financial assets of TL 90 (31 December 2014: 6).

2.Amounts transferred to legal reserves:

The Bank has no amounts transferred to legal reserves for current period.



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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

3.Information on distribution of profit:

No dividend distribution has been announced after the balance sheet date.

4.Information on capital increase:

Explanations on capital increase are presented in of Section Five, Explanations and notes related to liabilities.

VI.EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

1.Information on cash and cash equivalents:

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

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

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

	31 December 2015	31 December 2014
Cash	12,663	136
Cash, Foreign Currency and Other	11	4
T.C. Central Bank	12,652	132
Other	-	-
Cash Equivalents	47,357	1,095
Banks	47,357	1,095
Interbank Money Market Placements	-	-
Total Cash and Cash Equivalents	60,020	1,231
Blocked amounts on cash and cash equivalents	-	-
Interest income rediscounts on cash and cash equivalents	-	-
Cash equivalents with a maturity longer than three months	-	-
Unrestricted reserve deposits	(11,772)	-
Cash Flow Statements Cash and Cash Equivalents	48,248	1,231

2.Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

The "Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to TL 5,180 (31 December 2014: TL 2,962) mainly consists foreign exchange gain and loss items and other operating expenses excluding fees and commissions paid, trading gains/losses and other operating expenses excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 2,657 (31 December 2014: TL 125) consists of mainly changes in prepaid expenses and other assets.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 4,179 (31 December 2014: TL 3,225) consists of mainly changes in miscellaneous payables, other liabilities and taxes and other duties payable.



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

PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

a.Current Period (31 December2015):

Banks' Risk Group	Investments in Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables				-		
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	22,475	8,082	30,227
Interest and Commission Income Received	-	-	-	98	74	40

Previous Period (31 December 2014):

Banks' Risk Group	Investments in Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	4,247
Interest and Commission Income Received	9	-	-	-	-	5

b.Information on deposits of the Bank's risk group:

The Bank doesn't have any deposits since it is an investment bank.

c.Information on forward and option agreements and other similar agreements made with the Bank's risk group:

As of 31 December 2015, amount for current account of risk group is TL 10,213 (31 December 2014: TL 1).

d.Information on key management compensation:

As of 31 December 2015, key management compensation amount is TL 1,368 (31 December 2014: TL 899).

VIII.EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

None (31 December 2014: None).



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

PASHA YATIRIM BANKASI A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2015

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

SECTION SIX
OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK

None.

II. EVENTS AFTER REPORTING PERIOD

None.

SECTION SEVEN
INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the year ended 31 December 2015 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the independent auditor's report dated 22 February 2016 is presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None (31 December 2014: None).

Reporting Period : 01.01.2015 - 31.12.2015

Trade Name of the Bank: PASHA Yatırım Bankası A.Ş.

**Trade Registration
Number of the Bank** : 240320

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