

**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 REVIEW REPORT  
AT 30 SEPTEMBER 2015**



## INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I of Section Three)

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

### *Introduction*

We have reviewed the unconsolidated balance sheet of Pasha Yatırım Bankası A.Ş. ("the Bank") at 30 September 2015 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



### *Conclusion*

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Pasha Yatırım Bankası A.Ş. at 30 September 2015 and of the results of its operations and its cash flows for the nine-month-period then ended in all aspects in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation.

### *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, 9 November 2015



**THE NINE MONTH UNCONSOLIDATED INTERIM FINANCIAL REPORT OF  
PASHA YATIRIM BANKASI A.Ş. AS OF 30 SEPTEMBER 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) 705 89 00  
Fax of the Bank : (0 212) 345 07 12  
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E-mail for correspondence : info@pashabank.com.tr

The unconsolidated nine-month 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 INTERIM 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** - EXPLANATIONS ON REVIEW REPORT

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

**Agha-Ali KAMALOV**  
Chairman of the Board of Directors

**Mesut ÖZDİNC**  
Member of the Audit Committee

**Necip Süreyya SERDENGEÇTİ**  
Member of the Audit Committee

**Hikmet Cenk EYNEHAN**  
General Manager

**Ali İhsan TOKKUZUN**  
Deputy General Manager

**Ümran DEMİR**  
Operation&Accounting  
Manager

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

Name-Surname/Title : Yeşim ÇAĞLAR / Deputy Manager  
Telephone Number : (0212) 705 89 08  
Fax Number : (0212) 345 07 12

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**PASHA YATIRIM BANK A.Ş.  
NOTES TO FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2015**

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

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**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 - 30 September 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	<a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a>
E-mail	<a href="mailto:info@pashabank.com.tr">info@pashabank.com.tr</a>

Pasha Yatırım Bankası A.Ş. ("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 30 September 2015, the 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:**

Within the scope of the decision made by the previous parent company of the Bank regarding the sale of shares in the Bank, a share purchase sales agreement was signed with Aksoy Holding A.Ş. on 13 May 2013. With its letter dated 26 September 2013, the BRSA notified the Bank that permission had been given for the direct transfer of 99.4689% of the Bank's shares to Aksoy Holding A.Ş., in accordance with the application made by Aksoy Holding A.Ş. to the BRSA and the agreement signed between the previous partner company of the Bank and Aksoy Holding A.Ş. In the extraordinary general assembly meeting of the Bank on 31 July 2013, decision no. 32 of the board of directors, dated 31 July 2013, regarding the share transfer transaction made to Aksoy Holding A.Ş. by the previous parent of the Bank was approved, and the share transfer in question was accepted on the conditions that the closing transactions are completed, the share transfer realised and the share transfer transactions completed on 2 August 2013.

In the extraordinary general assembly meeting of the Bank on 31 October 2013, it was decided that the principal capital of the Bank should be increased to TL 39,000 from TL 37,000 and in accordance with the BRSA letter on suitability for capital increase, the principal capital of the Bank was increased to TL 39,000 on 13 November 2013.

In the extraordinary general assembly meeting of the Bank on 21 November 2013, it was decided that the principal capital of the Bank should be increased to TL 80,000 from TL 39,000 and in accordance with the BRSA letter on suitability for capital increase, the principal capital of the Bank was increased to TL 80,000 on 29 November 2013.

Pasha Bank OJSC between controlling shareholder Aksoy Holding A.Ş. has agreed to the transfer of majority shares to the Pasha Bank OJSC. The Bank's capital take over amounting to TRY 28,795,121 (full TL) after that in according to the changes of articles of incorporation, was decided to increase the principal capital of the Bank from TL 80,000 to TL 255,000, and the Bank's shares of %79.9196 merged and approved by BRSA decision no 6137, dated 26 December 2014.

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**PASHA YATIRIM BANK A.Ş.  
NOTES TO FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2015**

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

**GENERAL INFORMATION (Continued)**

In the extraordinary general assembly meeting of the Bank on 27 January 2015, it was decided increase paid in capital of the Bank to TL 255,000 by TL 175,000 addition of cash and acceptance of this capital increase share and Article 7 of articles of incorporations was amended as following table and decided to change the Bank title "Pasha Yatırım Bankası A.Ş." Assignment of share process was completed on January 2015. Transaction regarding to change in title of the Bank registered as at 2 March 2015 was announced at Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773.

Bank's title was changed to the Pasha Yatırım Bankası A.Ş., trade name to the PashaBank and related to the changes in the registration dated 2 March 2015 and published on 6 March 2015 to İstanbul Trade Registration.

Partnership structure of the Bank as of 30 September 2015, is stated below:

Name/Commercial title	Capital	Share percentage
Pasha Bank OJSC	203,795	%79.9196
Aksoy Holding A.Ş.	51,000	%20.0000
Other	205	%0.0804
<b>Total</b>	<b>255,000</b>	

**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	Share Percentage
Chairman of the Board of Directors <sup>(1)</sup>	Agha-Ali Kamalov	PhD	-
Member of the Board of Directors/	Saffet Batu Aksoy	Graduate	-
Member of the Board of Directors <sup>(5)</sup>	Jalal Gasimov	Postgraduate	-
Vice President of the Board of Directors <sup>(2)</sup>	Necip Süreyya Serdengeçti	Postgraduate	-
Member of the Board of Directors/	Mesut Özdiç	Postgraduate	-
Member of the Audit Committee	Hikmet Cenk Eynehan	Postgraduate	-
Member of the Board of Directors/	Shahin Mammadov	Postgraduate	-
Member of the Audit Committee	Taleh Kazimov	Postgraduate	-
Member of the Board of Directors/	Adnan Aykol	Graduate	-
General Manager	Ali İhsan Tokkuzun	Postgraduate	-

- (1) As of 31 March 2015 Agha-Ali Kamalov is assigned with the board decision numbered 2015/41 to Chairman of the Board.
- (2) As of 31 March 2015 Saffet Batu Aksoy is assigned with the board decision numbered 2015/41 to Vice President of the Executive Board .
- (3) As of 31 March 2015 Taleh Kazimov and Shahin Mamadov are assigned with the Extraordinary General Assembly Meeting regarding the fiscal year 2014 decision to Board Membership.
- (4) As of 31 December 2014 the President of the Bank's Board of Directors Erdal Aksoy has resigned from the Board of Directors with the Extraordinary General Assembly Meeting decision dated March 31, 2015.
- (5) As of 17 August 2015 ,Jalal Gasimov is assigned with the Board decision numbered 2015/75 to Board Membership Afag Mustayeva left from the Board of Directors with the Board decision 63, 29 September 2015 dated.

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



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**PASHA YATIRIM BANK A.Ş.  
NOTES TO FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2015**

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

**GENERAL INFORMATION (Continued)**

**IV. Explanation on shareholders having control shares:**

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital (nominal)	Unpaid portion
PASHA Holding Ltd.	122,277	%47.95	122,277	-
Ador Ltd.	61,138	%23.98	61,138	-
Erdal Aksoy	29,998	%11.76	29,772	-

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

The Bank operates as an investment bank and as of 30 September 2015 the Bank has 34 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:**

The Parent Bank and its subsidiary Tasfiye Halinde PDF Kurumsal Danışmanlık Hizmetleri A.Ş. (“PDF”) (formerly “PDF Kurumsal Danışmanlık Hizmetleri A.Ş.”) are explained in detail in Section 5 “Explanations Disclosure and Footnotes On Unconsolidated 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 STATEMENT OF FINANCIAL POSITION  
AT 30 SEPTEMBER 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)	Reviewed 30 September 2015			Audited 31 December 2014		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>CASH AND BALANCES WITH CENTRAL BANK</b>	<b>(1)</b>	<b>839</b>	<b>5,052</b>	<b>5,891</b>	<b>135</b>	<b>1</b>	<b>136</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	<b>(2)</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1	Trading Financial Assets		50	-	50	-	-	-
2.1.1	Government Debt Securities		-	-	-	-	-	-
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		50	-	50	-	-	-
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		-	-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	<b>(3)</b>	<b>27,269</b>	<b>11,238</b>	<b>38,507</b>	<b>3</b>	<b>1,092</b>	<b>1,095</b>
<b>IV.</b>	<b>MONEY MARKETS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V.</b>	<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>(4)</b>	<b>7,463</b>	<b>-</b>	<b>7,463</b>	<b>1,764</b>	<b>-</b>	<b>1,764</b>
5.1	Share Certificates		-	-	-	-	-	-
5.2	Government Debt Securities		7,463	-	7,463	1,764	-	1,764
5.3	Other Marketable Securities		-	-	-	-	-	-
<b>VI.</b>	<b>LOANS</b>	<b>(5)</b>	<b>200,674</b>	<b>15,053</b>	<b>215,727</b>	<b>47,792</b>	<b>3,490</b>	<b>51,282</b>
6.1	Loans		200,674	15,053	215,727	47,792	3,490	51,282
6.1.1	Loans to Bank's Risk Group		3,727	1,531	5,258	-	-	-
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		196,947	13,522	210,469	47,792	3,490	51,282
6.2	Loans under Follow-up		-	-	-	-	-	-
6.3	Specific Provisions (-)		-	-	-	-	-	-
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>HELD-TO-MATURITY SECURITIES (Net)</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8.1	Government Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-	-	-
<b>X.</b>	<b>SUBSIDIARIES (Net)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI.</b>	<b>JOINT VENTURES (Net)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-financial Joint Ventures		-	-	-	-	-	-
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
<b>XIII.</b>	<b>HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV.</b>	<b>PROPERTY AND EQUIPMENT (Net)</b>	<b>(12)</b>	<b>302</b>	<b>-</b>	<b>302</b>	<b>292</b>	<b>-</b>	<b>292</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	<b>(13)</b>	<b>279</b>	<b>-</b>	<b>279</b>	<b>191</b>	<b>-</b>	<b>191</b>
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		279	-	279	191	-	191
<b>XVI.</b>	<b>INVESTMENT PROPERTY (Net)</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>TAX ASSET</b>		<b>1,446</b>	<b>-</b>	<b>1,446</b>	<b>3,341</b>	<b>-</b>	<b>3,341</b>
17.1	Current Tax Asset		81	-	81	38	-	38
17.2	Deferred Tax Asset		1,365	-	1,365	3,303	-	3,303
<b>XVIII.</b>	<b>ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1	Held for Resale		-	-	-	-	-	-
18.2	Discontinued Operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	<b>(17)</b>	<b>6,064</b>	<b>38</b>	<b>6,102</b>	<b>2,941</b>	<b>29</b>	<b>2,970</b>
	<b>TOTAL ASSETS</b>		<b>244,386</b>	<b>31,381</b>	<b>275,767</b>	<b>56,459</b>	<b>4,612</b>	<b>61,071</b>

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

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

**PASHA YATIRIM BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2015**

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

**I. STATEMENT OF FINANCIAL POSITION (Continued)**

	LIABILITIES	Note (Section Five-II)	Reviewed 30 September 2015			Audited 31 December 2014		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>							
1.1	Deposits of Bank's Risk Group	(1)	-	-	-	-	-	-
1.2	Other		-	-	-	-	-	-
<b>II.</b>	<b>TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	420	-	420	-	-	-
<b>III.</b>	<b>BORROWINGS</b>	(3)	-	32,449	32,449	1,001	5,593	6,594
<b>IV.</b>	<b>MONEY MARKETS</b>		5,010	-	5,010	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	(4)	5,010	-	5,010	1,100	-	1,100
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>	(5)	-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>FUNDS</b>		95	10	105	2,393	3	2,396
6.1	Borrower Funds	(6)	95	10	105	2,393	3	2,396
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		-	-	-	42	-	42
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	(7)	5,933	-	5,933	2,916	-	2,916
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	(8)	26	-	26	135	-	135
10.1	Financial Lease Payables		27	-	27	146	-	146
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)	(1)	-	-	(1)	(11)	-	(11)
<b>XI.</b>	<b>HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	(9)	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	(10)	3,602	-	3,602	828	-	828
12.1	General Loan Loss Provision		2,065	-	2,065	492	-	492
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		274	-	274	209	-	209
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		1,263	-	1,263	127	-	127
<b>XIII.</b>	<b>TAX LIABILITY</b>	(11)	288	-	288	211	-	211
13.1	Current Tax Liability		288	-	288	211	-	211
13.2	Deferred Tax Liability		-	-	-	-	-	-
<b>XIV.</b>	<b>PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS</b>	(12)	-	-	-	-	-	-
14.1	Held for Resale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	(13)	-	-	-	-	-	-
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(14)	227,934	-	227,934	46,849	-	46,849
16.1	Paid-in Capital		255,000	-	255,000	80,000	-	80,000
16.2	Capital Reserves		(159)	-	(159)	(6)	-	(6)
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Reserve		(159)	-	(159)	(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)		(27,231)	-	(27,231)	(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)		6,238	-	6,238	(1,817)	-	(1,817)
	<b>TOTAL LIABILITIES</b>		<b>243,308</b>	<b>32,459</b>	<b>275,767</b>	<b>55,475</b>	<b>5,596</b>	<b>61,071</b>

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

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

**PASHA YATIRIM BANKASI A.Ş.  
UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS  
AT 30 SEPTEMBER 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)	Reviewed 30 September 2015			Audited 31 December 2014		
			TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I-II+III)</b>		<b>30,092</b>	<b>54,760</b>	<b>84,852</b>	<b>6,265</b>	<b>551</b>	<b>6,816</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>(1)</b>	<b>15,050</b>	<b>39,485</b>	<b>54,535</b>	<b>6,262</b>	<b>551</b>	<b>6,813</b>
1.1.	Letters of Guarantee		15,050	34,136	49,186	6,262	551	6,813
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		15,050	34,136	49,186	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		-	5,349	5,349	-	-	-
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	5,349	5,349	-	-	-
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		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>		<b>63</b>	<b>150</b>	<b>213</b>	<b>3</b>	<b>-</b>	<b>3</b>
2.1.	Irrevocable Commitments		63	150	213	3	-	3
2.1.1.	Asset Purchase and Sales Commitments		48	150	198	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
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		15	-	15	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		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>14,979</b>	<b>15,125</b>	<b>30,104</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1.	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1.	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Derivative Financial Instruments		14,979	15,125	30,104	-	-	-
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		5,668	6,050	11,718	-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy		5,668	-	5,668	-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell		-	6,050	6,050	-	-	-
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		9,311	9,075	18,386	-	-	-
3.2.2.1.	Foreign Currency Swap-Buy		9,311	-	9,311	-	-	-
3.2.2.2.	Foreign Currency Swap-Sell		-	9,075	9,075	-	-	-
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>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>86,112</b>	<b>54,012</b>	<b>140,124</b>	<b>30,933</b>	<b>8,219</b>	<b>39,152</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>778</b>	<b>-</b>	<b>778</b>	<b>774</b>	<b>-</b>	<b>774</b>
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		-	-	-	-	-	-
4.3.	Cheques Received for Collection		778	-	778	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		-	-	-	-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>85,334</b>	<b>9,082</b>	<b>94,416</b>	<b>30,159</b>	<b>8,219</b>	<b>38,378</b>
5.1.	Marketable Securities		-	-	-	-	-	-
5.2.	Guarantee Notes		85,117	9,082	94,199	30,152	8,219	38,371
5.3.	Commodity		143	-	143	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		-	-	-	-	-	-
5.6.	Other Pledged Items		74	-	74	-	-	-
5.7.	Pledged Items-Depository		-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>44,930</b>	<b>44,930</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>116,204</b>	<b>108,772</b>	<b>224,976</b>	<b>37,198</b>	<b>8,770</b>	<b>45,968</b>

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

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

**PASHA YATIRIM BANKASI A.Ş.  
UNCONSOLIDATED INCOME STATEMENT  
AT 30 SEPTEMBER 2015**

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

**III. STATEMENT OF PROFIT AND LOSS**

	INCOME AND EXPENSE ITEMS	Note (Section Five-IV)	Reviewed 1 January - 30 September 2015	Reviewed 1 January - 30 September 2014	Reviewed 1 July - 30 September 2015	Reviewed 1 July - 30 September 2014
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>18,466</b>	<b>4,231</b>	<b>6,815</b>	<b>1,372</b>
1.1	Interest on Loans		10,877	3,534	5,177	1,285
1.2	Interest Received from Reserve Requirements		3	-	3	-
1.3	Interest Received from Banks		5,978	395	1,488	49
1.4	Interest Received from Money Market Transactions		540	161	-	8
1.5	Interest Received from Marketable Securities Portfolio		1,068	141	147	30
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		1,068	141	147	30
1.5.4	Held-to-maturity Investments		-	-	-	-
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		-	-	-	-
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>(626)</b>	<b>(162)</b>	<b>(262)</b>	<b>(62)</b>
2.1	Interest on Deposits (-)		-	-	-	-
2.2	Interest on Funds Borrowed (-)		(342)	(79)	(162)	(40)
2.3	Interest Expense on Money Market Transactions (-)		(159)	(54)	(97)	(14)
2.4	Interest on Securities Issued (-)		-	-	-	-
2.5	Other Interest Expenses (-)	<b>(12)</b>	<b>(125)</b>	<b>(29)</b>	<b>(3)</b>	<b>(8)</b>
<b>III.</b>	<b>NET INTEREST INCOME (I + II)</b>		<b>17,840</b>	<b>4,069</b>	<b>6,553</b>	<b>1,310</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>135</b>	<b>29</b>	<b>105</b>	<b>12</b>
4.1	Fees and Commissions Received		307	74	233	29
4.1.1	Non-cash Loans		128	51	89	22
4.1.2	Other	<b>(12)</b>	179	23	144	7
4.2	Fees and Commissions Paid (-)		(172)	(45)	(128)	(17)
4.2.1	Non-cash Loans (-)		-	-	-	-
4.2.2	Other (-)	<b>(12)</b>	(172)	(45)	(128)	(17)
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>	<b>(4)</b>	<b>681</b>	<b>147</b>	<b>688</b>	<b>134</b>
6.1	Trading Gains/(Losses) on Securities		(460)	-	4	-
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		(1,908)	(1)	(1,606)	(1)
6.3	Foreign Exchange Gains/(Losses)		3,049	148	2,290	135
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>58</b>	<b>72</b>	<b>-</b>	<b>(7)</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>18,714</b>	<b>4,317</b>	<b>7,346</b>	<b>1,449</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(6)</b>	<b>(1,573)</b>	<b>(206)</b>	<b>(731)</b>	<b>(42)</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>(8,927)</b>	<b>(4,974)</b>	<b>(3,178)</b>	<b>(1,685)</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII+IX+X)</b>		<b>8,214</b>	<b>(863)</b>	<b>3,437</b>	<b>(278)</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>(8)</b>	<b>8,214</b>	<b>(863)</b>	<b>3,437</b>	<b>(278)</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (-)</b>	<b>(9)</b>	<b>(1,976)</b>	<b>125</b>	<b>(841)</b>	<b>46</b>
16.1	Current Tax Provision		-	-	-	-
16.2	Deferred Tax Provision		(1,976)	125	(841)	46
<b>XVII.</b>	<b>NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)</b>	<b>(10)</b>	<b>6,238</b>	<b>(738)</b>	<b>2,596</b>	<b>(232)</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XX.</b>	<b>INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (-)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1	Current tax provision		-	-	-	-
21.2	Deferred tax provision		-	-	-	-
<b>XXII.</b>	<b>NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET INCOME/(LOSS) (XVII+XXII)</b>	<b>(11)</b>	<b>6,238</b>	<b>(738)</b>	<b>2,596</b>	<b>(232)</b>
	Earnings/(Loss) per share		0.0245	(0.009)	0.0102	(0.003)

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  
30 SEPTEMBER 2015**

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

**IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY**

		<b>Reviewed</b>	<b>Reviewed</b>
		<b>30 September 2015</b>	<b>30 September 2014</b>
	<b>INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY</b>		
<b>I.</b>	<b>ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>(199)</b>	<b>1</b>
<b>II.</b>	<b>REVALUATION DIFFERENCES OF TANGIBLE ASSETS</b>	-	-
<b>III.</b>	<b>REVALUATION DIFFERENCES OF INTANGIBLE ASSETS</b>	-	-
<b>IV.</b>	<b>FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V.</b>	<b>INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	-	-
<b>VI.</b>	<b>PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	-	-
<b>VII.</b>	<b>EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS</b>	-	-
<b>VIII.</b>	<b>OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS</b>	-	-
<b>IX.</b>	<b>DEFERRED TAX ON VALUATION DIFFERENCES</b>	<b>40</b>	-
<b>X.</b>	<b>NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)</b>	<b>(159)</b>	<b>1</b>
<b>XI.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>6,238</b>	<b>(738)</b>
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	6,238	(738)
<b>XII.</b>	<b>TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)</b>	<b>6,079</b>	<b>(737)</b>

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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 30 SEPTEMBER 2014**

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

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Reviewed Prior Period 30 September 2014	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation 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 Difference of AHS and Discontinued Operations	Total Shareholders' Equity
<b>I.</b>	Balance at the beginning of the period		80,000	-	-	-	29	295	-	-	(9,082)	(22,570)	-	-	-	-	-	48,672
	Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II.</b>	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Marketable Securities Valuation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	Differences	(1)	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1
<b>IV.</b>	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI.</b>	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII.</b>	Current Year Income or Loss		-	-	-	-	-	-	-	-	(738)	-	-	-	-	-	-	(738)
<b>XVIII.</b>	Profit Distribution	(3)	-	-	-	-	-	-	-	-	9,082	(9,082)	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves	(2)	-	-	-	-	-	-	-	-	9,082	(9,082)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (I+ ...+ XVIII)		80,000	-	-	-	29	295	-	-	(738)	(31,652)	1	-	-	-	-	47,935

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**PASHA YATIRIM BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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

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

	Reviewed Current Period 30 September 2015	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation 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 Difference of AHS and Discontinued Operations	Total Shareholders' Equity
<b>I.</b>	Balance at the beginning of the period		80,000	-	-	-	29	295	-	-	(1,817)	(31,652)	(6)	-	-	-	-	46,849
	Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II.</b>	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Marketable Securities Valuation	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	Differences		-	-	-	-	-	-	-	-	-	-	(153)	-	-	-	-	(153)
<b>IV.</b>	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI.</b>	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	Capital Increase		175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
12.1	Cash		175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII.</b>	Current Year Income or Loss		-	-	-	-	-	-	-	-	6,238	-	-	-	-	-	-	6,238
<b>XVIII.</b>	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	-	-	6,238	(33,469)	(159)	-	-	-	-	227,934

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



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IN TURKISH, SEE NOTE I OF SECTION THREE**

**PASHA YATIRIM BANKASI A.Ş.  
NOTES TO UNCONSOLIDATED STATEMENTS OF CASH FLOW  
AT 30 SEPTEMBER 2015**

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

**VI. STATEMENT OF CASH FLOW**

		Note (Section Five-VI)	Reviewed 30 September 2015	Reviewed 30 September 2014
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		5,015	(1,006)
1.1.1	Interest Received		13,157	3,612
1.1.2	Interest Paid		(584)	(147)
1.1.3	Dividend Received		-	-
1.1.4	Fees and Commissions Received		332	74
1.1.5	Other Income		(126)	182
1.1.6	Collections from Previously Written-off Loans and Other Receivables		-	-
1.1.7	Payments to Personnel and Service Suppliers		(4,172)	(3,017)
1.1.8	Taxes Paid		-	-
1.1.9	Other	(2)	(3,592)	(1,710)
1.2	Changes in Operating Assets and Liabilities		(136,600)	(16,003)
1.2.1	Net (Increase)/Decrease in Trading Securities		370	-
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3	Net (Increase)/Decrease in Due from Banks		(5,005)	35
1.2.4	Net (Increase)/Decrease in Loans		(159,080)	(25,352)
1.2.5	Net (Increase)/Decrease in Other Assets	(2)	2,597	123
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		25,814	8,500
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	(2)	(1,296)	691
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>		<b>131,585</b>	<b>(17,009)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>		<b>(6,071)</b>	<b>(1,900)</b>
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		(281)	(528)
2.4	Disposals of Property and Equipment		-	-
2.5	Cash Paid for Purchase of Investments Available-for-Sale		(6,983)	(3,654)
2.6	Cash Obtained from Sale of Investments Available-for-Sale		1,193	2,282
2.7	Cash Paid for Purchase of Investment Securities		-	-
2.8	Cash Obtained from Sale of Investment Securities		-	-
2.9	Other		-	-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>		<b>174,880</b>	<b>(131)</b>
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		(120)	(131)
3.6	Other		-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(2)	<b>918</b>	<b>11</b>
<b>V.</b>	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>38,142</b>	<b>(19,029)</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	(1)	<b>1,231</b>	<b>19,450</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period (V+VI)</b>	(1)	<b>39,373</b>	<b>421</b>

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**PASHA YATIRIM BANKASI A.Ş.  
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2015**

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

- a. The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents”:**

The 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 unconsolidated 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 unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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**PASHA YATIRIM BANKASI A.Ş.  
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2015**

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

The general strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding 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".

**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**

The Bank does not have any embedded 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2015**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

**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 Note IV of this section.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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”.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

**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".

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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
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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.

**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.

The Bank has no finance lease agreements where the Bank is the leaser.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS**

Provisions and contingent liabilities except for the financial instruments within the scope of the 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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**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 related to transaction recognized directly 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 30 September 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 30 September 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 30 September 2015, the capital adequacy ratio of the Bank is 138.37% (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	%75	%100	%200
<b>Risk Categories</b>							
Conditional and unconditional receivables from Central Governments or Central Banks	8,285	-	-	-	-	-	-
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	5,010	-	139,824	34,272	-	3,933	-
Conditional and unconditional corporate receivables	-	-	-	-	-	104,411	-
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	43	-	-	-	-	6,370	-
<b>Assets at total risk</b>	<b>13,338</b>	<b>-</b>	<b>139,824</b>	<b>34,280</b>	<b>-</b>	<b>114,714</b>	<b>-</b>
<b>Assets at total risk weighted</b>	<b>-</b>	<b>-</b>	<b>27,965</b>	<b>17,140</b>	<b>-</b>	<b>114,714</b>	<b>-</b>

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**INFORMATION RELATED TO FINANCIAL POSITION (Continued)**

Prior Period	Risk Weights						
	Bank						
	%0	%10	%20	%50	%100	%150	%200
<b>Risk Categories</b>							
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	-	-
<b>Assets at total risk</b>	<b>1,985</b>	<b>-</b>	<b>32,207</b>	<b>4,300</b>	<b>22,586</b>	<b>-</b>	<b>-</b>
<b>Assets at total risk weighted</b>	<b>-</b>	<b>-</b>	<b>6,441</b>	<b>2,150</b>	<b>22,586</b>	<b>-</b>	<b>-</b>

**c. Summary information about capital adequacy ratio:**

	30 September 2015	31 December 2014
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	12,786	2,495
Capital Requirement for Market Risk (MRCR)	83	-
Capital Requirement for Operational Risk (ORCR)	355	95
Equity	228,701	43,836
<b>Equity/((CRCR+CRMR+CROR)*12,5*100)</b>	<b>138.36</b>	<b>135.43</b>
<b>Capital / ((CRCR+CRMR+CROR) *12,5*100)</b>	<b>137.15</b>	<b>134.23</b>
<b>Core Capital /(( CRCR+CRMR+CROR) *12,5*100)</b>	<b>137.49</b>	<b>142.17</b>

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**d. Information about shareholders' equity items:**

	30 September 2015	31 December 2014
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
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	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>255,324</b>	<b>80,324</b>
<b>Deductions From Common Equity Tier 1 Capital</b>		
Loss excess of reserves and loss passed on to shareholders' equity in accordance with TAS (-)	(27,391)	(33,475)
Leasehold Improvements (-)	(27)	-
Goodwill and other intangible assets and related deferred tax liabilities. (-)	(279)	(191)
Net deferred tax income/expense (-)	(370)	(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 (-)	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>(28,067)</b>	<b>(34,290)</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>227,257</b>	<b>46,034</b>
<b>ADDITIONAL TIER 1 CAPITAL</b>		
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)	-	-
<b>Additional Tier 1 Capital Before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions From Additional Tier 1 Capital</b>		
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 (-)	-	-
<b>Total Deductions From Additional Tier 1 Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 Capital</b>	<b>-</b>	<b>-</b>
<b>Deductions From Tier 1 Capital</b>		
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. (-)	(554)	(2,497)
	226,703	43,537

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	30 September 2015	31 December 2014
<b>SUPPLEMENTARY CAPITAL</b>		
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	1,998	390
<b>Supplementary Capital Before Deductions</b>	<b>1,998</b>	<b>390</b>
<b>Deductions From Supplementary Capital</b>		
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 (-)	-	-
<b>Total Deductions From Supplementary Capital</b>	<b>-</b>	<b>-</b>
<b>Total Supplementary Capital</b>	<b>1,334</b>	<b>390</b>
<b>CAPITAL</b>		
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	228,701	43,927
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 2nd article of 20th 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 1st and 2nd paragraphs of temporary article 2 of Regulation of Shareholders' Equity of Banks. (-)	-	-
<b>SHAREHOLDERS' EQUITY</b>		
<b>Amounts Below Overrun Amounts In Applied Reducing Procedures</b>		
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%	228,701	43,927
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	473	192
Amount generating from temporary differences of deferred income tax income	-	-
	-	-
	-	-
	473	192



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

<b>Current Period</b>	<b>Considered Amount of Current Period Shareholders' Equity Calculation</b>	<b>Total Amount</b>
Comon equity tier1 capital share amount of minority shareholders	-	-
Additional core capital share amount of third parties	-	-
Supplementaru 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.)	-
Legistation of debt instrument	-
<b>Attention Situation of Shareholders' Equity</b>	
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.	-
<b>Type of debt instrument</b>	
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	-
<b>Interest/Dividend Payments</b>	
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	-
<b>Feature of being convertible bonds</b>	
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	-
<b>Feature of value reduction</b>	
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	-
<b>Claiming rank in case of winding up (Instrument that is just above debt instrument)</b>	
Whether being provided with conditions of the 7 <sup>th</sup> and 8 <sup>th</sup> articles of Shareholders' Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 <sup>th</sup> and 8 <sup>th</sup> 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 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:**

	30 September 2015	31 December 2014
(I) Capital to be Employed for General Market Risk - Standard Method	74	-
(II) Capital to be Employed for Specific Risk - Standard Method	-	-
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	-	-
(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	9	-
<b>(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model</b>	-	-
<b>(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)</b>	83	-
<b>(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)</b>	1,035	-

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

	30 September 2015			31 December 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	18	74	-	-	-	-
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	62	444	-	95	287	-
Commodity Risk	-	-	-	-	-	-
Clearing Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	6	12	-	-	2	-
<b>Total Amount Subject to Risk</b>	<b>86</b>	<b>530</b>	<b>-</b>	<b>95</b>	<b>289</b>	<b>-</b>

**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.

	30 September 2015	31 December 2014
Contracts based on Interest rate	-	-
Contracts based on currency	300	-
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	<b>300</b>	<b>-</b>

**III. 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)						<b>4,432</b>

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**IV. 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:

	ABD Doları		EURO	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<b>Bid Rate</b>	3.0251	2.3269	3.3941	2.8272
1. Bid rate	3.0433	2.3189	3.4212	2.8207
2. Bid rate	3.0464	2.3235	3.4057	2.8339
3. Bid rate	3.0069	2.3182	3.3602	2.8255
4. Bid rate	3.0069	2.3177	3.3602	2.8368
5. Bid rate	2.9978	2.3209	3.3847	2.8312

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

	ABD Doları		EURO	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Arithmetic average - 30 days	3.0068	2.2917	3.3796	2.8231

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**Information on currency risk of the Bank:**

	EUR	USD	Other FC	Total
<b>30 September 2015</b>				
<b>Assets</b>				
Cash and Balances with The Central Bank of the Republic of Turkey	2	5,050	-	5,052
Due From Banks	5,065	6,173	-	11,238
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans(*)	11,879	20,292	-	32,171
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	38	-	38
<b>Total Assets</b>	<b>16,946</b>	<b>31,553</b>	<b>-</b>	<b>48,499</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	16,987	15,462	-	32,449
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	1	9	-	10
<b>Total Liabilities</b>	<b>16,988</b>	<b>15,471</b>	<b>-</b>	<b>32,459</b>
<b>Net On-balance Sheet Position</b>	<b>(42)</b>	<b>16,082</b>	<b>-</b>	<b>16,040</b>
<b>Net Off-balance Sheet Position</b>	<b>51</b>	<b>(15,026)</b>	<b>-</b>	<b>(14,975)</b>
Financial Derivative Assets(**)	51	99	-	150
Financial Derivative Liabilities(**)	-	15,125	-	15,125
<b>Non-Cash Loans</b>	<b>25,772</b>	<b>13,713</b>	<b>-</b>	<b>39,485</b>
<b>31 December 2014</b>				
<b>Total Assets</b>	<b>6</b>	<b>5,771</b>	<b>-</b>	<b>5,777</b>
<b>Total Liabilities</b>	<b>1</b>	<b>5,595</b>	<b>-</b>	<b>5,596</b>
<b>Net On-balance Sheet Position</b>	<b>5</b>	<b>176</b>	<b>-</b>	<b>181</b>
<b>Net Off-balance Sheet Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
<b>Non-Cash Loans (**)</b>	<b>202</b>	<b>349</b>	<b>-</b>	<b>551</b>

(\*) Foreign exchange linked loans amounting to TRY 17,118 (31 December 2014 :1,165) are also included.

(\*\*) Forward and swap transactions included.

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**V. 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.

**Interest rate sensitivity of the Bank:**

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

<b>30 September 2015</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Year</b>	<b>5 Year and over</b>	<b>Non- Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	5,025	-	-	-	-	866	5,891
Due From Banks	30,940	256	-	-	-	7,311	38,507
Financial Assets at Fair Value Through Profit/Loss	-	50	-	-	-	-	50
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	150	-	5,865	1,448	-	-	7,463
Loans	135,003	30,328	50,282	114	-	-	215,727
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	8,129	8,129
<b>Total Assets</b>	<b>171,118</b>	<b>30,634</b>	<b>56,147</b>	<b>1,562</b>	<b>-</b>	<b>16,306</b>	<b>275,767</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	5,010	-	-	-	-	-	5,010
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	11,260	6,796	14,393	-	-	-	32,449
Other Liabilities (**)	13	13	-	-	-	238,282	238,308
<b>Total Liabilities</b>	<b>16,283</b>	<b>6,809</b>	<b>14,393</b>	<b>-</b>	<b>-</b>	<b>238,282</b>	<b>275,767</b>
Balance Sheet Long Position	154,835	23,825	41,754	1,562	-	-	221,976
Balance Sheet Short Position	-	-	-	-	-	221,976	221,976
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>154,835</b>	<b>23,825</b>	<b>41,754</b>	<b>1,562</b>	<b>-</b>	<b>221,976</b>	<b>-</b>

(\*) 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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<b>31 December 2014</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Year</b>	<b>5 Year and over</b>	<b>Non- Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
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
<b>Total Assets</b>	<b>32,987</b>	<b>19,250</b>	<b>809</b>	<b>-</b>	<b>-</b>	<b>8,025</b>	<b>61,071</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>2,113</b>	<b>5,616</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>53,242</b>	<b>61,071</b>
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	-	-	-	-	-	-	-
<b>Total Position</b>	<b>30,874</b>	<b>13,634</b>	<b>709</b>	<b>-</b>	<b>-</b>	<b>(45,217)</b>	<b>-</b>

(\*) 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.

<b>30 September 2015</b>	<b>EUR %</b>	<b>USD %</b>	<b>JPY %</b>	<b>TL %</b>
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Due From Banks	-	0.99	-	10.98
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	10.95
Available-for-Sale Financial Assets	-	-	-	8.72
Loans	5.00	4.85	-	12.14
Held-to-Maturity Investments	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	8.72
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Inst.	1.43	2.72	-	10.75

<b>31 December 2014</b>	<b>EUR %</b>	<b>USD %</b>	<b>JPY %</b>	<b>TL %</b>
<b>Assets</b>				
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	-	-	-	-
<b>Liabilities</b>				
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



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**INFORMATION RELATED TO FINANCIAL POSITION (Continued)**

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

Current Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
1. TRY	(+) 500 baz puan	(1,658)	(0.72%)
2. TRY	(-) 400 baz puan	1,410	0.62%
3. USD	(+) 200 baz puan	16	0.01%
4. USD	(-) 200 baz puan	(3)	0.00%
5. EURO	(+) 200 baz puan	128	0.06%
6. EURO	(-) 200 baz puan	(6)	0.00%

Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
1. TRY	(+) 500 baz puan	(179)	%(0.41)
2. TRY	(-) 400 baz puan	150	% 0.34
3. USD	(+) 200 baz puan	15	%0.03
4. USD	(-) 200 baz puan	(11)	% (0.03)
5. EURO	(+) 200 baz puan	-	-
6. EURO	(-) 200 baz puan	-	-

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

As of 30 September 2015, The Banks' portfolio does not have private equity investments, publicly traded shares and other equities (31 December 2014: None).

**VI. EXPLANATIONS ON EQUITY POSITION RISK**

The Bank does not hold equity position as of 30 September 2015 (31 December 2014: None).

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**INFORMATION RELATED TO FINANCIAL POSITION (Continued)**

**VII. 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.

**a. Liquidity ratios realized in the current period**

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC +TL	FC	FC +TL
<b>30 September 2015</b>				
Average (%)	4,488	3,958	2,815	3,454
Maximum (%)	22,221	24,685	54,473	41,234
Minimum (%)	120	425	82	382

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC +TL	FC	FC +TL
<b>31 December 2014</b>				
Average (%)	5,531	1,489	5,697	1,963
Maximum (%)	31,527	7,206	41,911	8,164
Minimum (%)	88	288	83	296

Referring to the BRSA's announcement dated 29/12/2014, No: 30223; it is announced that development and investment banks' consolidated and unconsolidated liquidity coverage ratio will be applied as 0 % by 2016 according to paragraph 5 of article 4 of Regulations About Banks' Liquidity Coverage Ratio Measurement.

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**INFORMATION RELATED TO FINANCIAL POSITION (Continued)**

**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
<b>30 September 2015</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	866	5,025	-	-	-	-	-	5,891
Due From Banks	7,311	30,940	256	-	-	-	-	38,507
Financial Assets at Fair Value Through Profit/Loss	-	50	-	-	-	-	-	50
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	150	-	5,866	1,447	-	-	7,463
Loans	-	87,535	33,864	82,373	11,955	-	-	215,727
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	5,730	81	-	-	-	2,318	8,129
<b>Total Assets</b>	<b>8,177</b>	<b>129,430</b>	<b>34,201</b>	<b>88,239</b>	<b>13,402</b>	<b>-</b>	<b>2,318</b>	<b>275,767</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	11,260	6,796	14,393	-	-	-	32,449
Miscellaneous Payables	-	5,010	-	-	-	-	-	5,010
Marketable Securities Issued	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-	-
Other Liabilities (**)	105	6,199	433	-	-	-	231,571	238,308
<b>Total Liabilities</b>	<b>105</b>	<b>22,469</b>	<b>7,229</b>	<b>14,393</b>	<b>-</b>	<b>-</b>	<b>231,571</b>	<b>275,767</b>
<b>Net Liquidity Gap</b>	<b>8,072</b>	<b>106,961</b>	<b>26,972</b>	<b>73,846</b>	<b>13,402</b>	<b>-</b>	<b>(229,253)</b>	<b>-</b>
<b>31 December 2014</b>								
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
<b>Net Liquidity Gap</b>	<b>(1,165)</b>	<b>21,642</b>	<b>13,672</b>	<b>9,524</b>	<b>-</b>	<b>-</b>	<b>(43,673)</b>	<b>-</b>

(\*) 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, provisions and commissions collected in advance is presented under "Other liabilities" item in the "Unclassified" column.

**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
<b>Liabilities</b>					
Deposits	-	-	-	-	-
Funds borrowed from other financial inst.	11,260	6,796	14,393	-	-
Funds from interbank money market	5,009	-	-	-	-
Financial leasing payables	13	13	-	-	-
Current accounts of customers	106	-	-	-	-
<b>Total</b>	<b>16,388</b>	<b>6,809</b>	<b>14,393</b>	<b>-</b>	<b>-</b>
Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
<b>Liabilities</b>					
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	-	-	-	-
<b>Total</b>	<b>20,401</b>	<b>14,925</b>	<b>26</b>	<b>-</b>	<b>-</b>

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**INFORMATION RELATED TO FINANCIAL POSITION (Continued)**

**d. Breakdown of derivative instruments according to their remaining contractual maturities:**

The maturity distribution of the Bank's derivative instrument are summarized in the following table as of 30 September 2015 (31 December 2014: None).

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Forward	11,917	-	-	-	-
Swap	-	-	18,386	-	-
Futures	-	-	-	-	-
Options	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	<b>11,917</b>	<b>-</b>	<b>18,386</b>	<b>-</b>	<b>-</b>

**VIII. EXPLANATIONS ON THE SECURITISATION POSITIONS**

The Bank does not apply securitisation as of 30 September 2015 (31 December 2014: None).

**IX. 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
<b>Risk classifications:</b>	<b>328,619</b>	<b>5,010</b>	<b>-</b>	<b>-</b>
Claims on sovereigns and Central Banks	8,285	-	-	-
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	196,588	5,010	-	-
Conditional and unconditional corporate receivables	88,684	-	-	-
Claims included in the regulatory retail portfolios	28,649	-	-	-
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	6,413	-	-	-

(\*) Amount before credit risk mitigation.

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**INFORMATION RELATED TO FINANCIAL POSITION (Continued)**

**X. 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.

Within the scope of operational risk, activities of identification, calculation, monitoring, control and reporting of operational risks undertaken by the Bank are performed.

**XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:**

The Parent Bank mediates transactions such as trading of capital market instruments, repurchase and resale commitments which is in the scope of Capital Markets Board licence for the date 25.11.1999 and BNK/ASA-BD.0081 number.

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**INFORMATION RELATED TO FINANCIAL POSITION (Continued)**

**XII. EXPLANATIONS ON OPERATING SEGMENTS**

<b>Current Period</b>	<b>Corporate Banking</b>	<b>Treasury and Asset Liability Management</b>	<b>Total</b>
Total Assets	215,727	60,040	275,767
Total Liabilities	105	275,662	275,767
Net Interest Income/(Loss)	10,877	6,963	17,840
Net Fee and Commission Income/(Loss)	135	-	135
Trading Gain/(Loss)	-	681	681
Other Operating Segments Gain/(Loss)	-	58	58
Provisions for Loan Losses and Other Receivables(-)	(1,573)	-	(1,573)
Other Operating Expense (-)	-	(8,927)	(8,927)
<b>Profit Before Tax</b>	<b>9,439</b>	<b>(1,225)</b>	<b>8,214</b>
Tax Provision	-	(1,976)	(1,976)
<b>Net Profit</b>	<b>9,439</b>	<b>(3,201)</b>	<b>6,238</b>

<b>Previous Period</b>	<b>Corporate Banking</b>	<b>Treasury and Asset Liability Management</b>	<b>Total</b>
Total Assets	54,918	6,138	61,056
Total Liabilities	2,429	10,692	13,121
Net Interest Income/(Loss)	3,534	535	4,069
Net Fee and Commission Income/(Loss)	51	(22)	29
Trading Gain/(Loss)	-	147	147
Other Operating Segments Gain/(Loss)	-	72	72
Provisions for Loan Losses and Other Receivables(-)	-	(206)	(206)
Other Operating Expense (-)	-	(4,974)	(4,974)
<b>Profit Before Tax</b>	<b>3,585</b>	<b>(4,448)</b>	<b>(863)</b>
Tax Provision	-	125	125
<b>Net Profit</b>	<b>3,585</b>	<b>(4,323)</b>	<b>(738)</b>

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO  
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**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:**

	30 September 2015		31 December 2014	
	TL	FC	TL	FC
Cash/Foreign currency	4	8	4	-
CBRT	835	5,044	131	1
Other	-	-	-	-
<b>Total</b>	<b>839</b>	<b>5,052</b>	<b>135</b>	<b>1</b>

**b. Information on the account of the CBRT:**

	30 September 2015		31 December 2014	
	TL	FC	TL	FC
Demand Unrestricted Amount	835	19	131	14
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	5,025	-	34
<b>Total</b>	<b>835</b>	<b>5,044</b>	<b>131</b>	<b>48</b>

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 30 September 2015, the Bank has no financial assets at fair value through profit or loss subject to repo transactions (31 December 2014: None).

As of 30 September 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:**

	30 September 2015		31 December 2014	
	TP	YP	TP	YP
Forward				
Swap	50	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>

**c. Information on trading securities:**

None (31 December 2014: None).

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**3. Information on banks:**

**a. Information on banks:**

	30 September 2015		31 December 2014	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	27,269	-	3	2
Foreign	-	11,238	-	1,090
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>27,269</b>	<b>11,238</b>	<b>3</b>	<b>1,092</b>

**b. Information on foreign banks accounts:**

	Unrestricted Amount		Restricted Amount	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
European Union Countries	5,065	-	-	-
USA, Canada	2,240	-	-	-
OECD Countries (*)	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	3,933	-	-	-
<b>Total</b>	<b>11,238</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**4. Information on available-for-sale financial assets:**

- a. As of 30 September 2015 there are financial assets given as collateral/blocked amounting to TL 1,989 (31 December 2014: TL 444).

As of 30 September 2015 there are available-for-sale financial assets subject to repo transactions TL 5,134 (31 December 2014: 1,144).

	30 September 2015	31 December 2014
<b>Debt Securities</b>	<b>7,528</b>	<b>1,764</b>
Quoted on Stock Exchange	7,528	1,764
Not Quoted	-	-
<b>Share Certificates</b>	<b>-</b>	<b>-</b>
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	65	-
<b>Total</b>	<b>7,463</b>	<b>1,764</b>

**5. Explanations on loans:**

- a. **Information on all types of loans and advances given to shareholders and employees of the Bank:**

	30 September 2015		31 December 2014	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	<b>5,258</b>	<b>23,952</b>	<b>-</b>	<b>-</b>
Legal Entities	5,258	23,952	-	-
Individuals	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans Granted to Employees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5,258</b>	<b>23,952</b>	<b>-</b>	<b>-</b>



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**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		Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	
		Restructured or Rescheduled	Other		Restructured or Rescheduled	Other
<b>Non-specialized Loans</b>	<b>215,727</b>	-	-	-	-	-
Loans given to enterprises	76,337	-	-	-	-	-
Export Loans	15,053	-	-	-	-	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	124,223	-	-	-	-	-
Consumer Loans	-	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	114	-	-	-	-	-
<b>Specialized Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>215,727</b>	-	-	-	-	-

Number of modifications made to extend payment plan	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	-	-
Extended by 3,4 or 5 times	-	-
Extended by more than 5 times	-	-
<b>Total</b>	-	-

Extended period of time	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	-	-
6 - 12 Months	-	-
1 - 2 Years	-	-
2 - 5 Years	-	-
5 Years and over	-	-
<b>Total</b>	-	-

**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
<b>Cash Loans</b>				
<b>Short-Term Loans and Other Receivables</b>	<b>203,733</b>	-	-	-
Non-Specialized Loans	203,733	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-Term Loans and Other Receivables</b>	<b>11,993</b>	-	-	-
Non-Specialized Loans	11,993	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-

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**d. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards**

None (31 December 2014: None).

**e. Information on commercial instalment loans and corporate credit cards:**

	Kısa Vadeli	Orta ve Uzun Vadeli	Toplam
Commercial installment loans-TC	-	114	114
Business residential loans	-	-	-
Automobile loans	-	114	114
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)	-	-	-
<b>Total</b>	<b>-</b>	<b>114</b>	<b>114</b>

**f. Loans according to types of borrowers:**

	30 September 2015	31 December 2014
Public	-	-
Private	215,727	51,282
<b>Total</b>	<b>215,727</b>	<b>51,282</b>

**g. Distribution of domestic and foreign loans:**

	30 September 2015	31 December 2014
Domestic Loans	215,727	51,282
Foreign Loans	-	-
<b>Total</b>	<b>215,727</b>	<b>51,282</b>

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**h. Loans granted to investments in associates and subsidiaries:**

	30 September 2015	31 December 2014
Direct loans granted to investments in associates and subsidiaries	-	-
Indirect loans granted to investments in associates and subsidiaries	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**i. Specific provisions accounted for loans:**

	30 September 2015	31 December 2014
Loans and Receivables with Limited Collectability	-	-
Loans and Receivables with Doubtful Collectability	-	-
Uncollectible Loans and Receivables	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**j. Information on non-performing loans (Net):**

**1. Information on non-performing loans restructured or rescheduled and other receivables:**

None (31 December 2014: None).

**2. Information on the movement of total non-performing loans:**

	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
<b>Prior Period End Balance:</b>	-	-	-
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	-	-	-
<b>Period End Balance:</b>	-	-	-
Specific Provisions (-)	-	-	-
<b>Net Balance on Balance Sheet Date</b>	<b>-</b>	<b>-</b>	<b>-</b>

**3. Information on non-performing loans granted as foreign currency loans:**

None (31 December 2014: None).

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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 non-performing loans based on types of borrowers:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectability</b>	<b>Loans and Other Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period (Net)</b>	-	-	-
Loans granted to corporate entities and real persons (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
<b>Loans granted to corporate entities and real persons (Net)</b>	-	-	-
Banks (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
<b>Banks (Net)</b>	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
<b>Other Loans and Advances (Net)</b>	-	-	-
<b>Prior Period (Net)</b>	-	-	-
Loans granted to corporate entities and real persons (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
<b>Loans granted to corporate entities and real persons (Net)</b>	-	-	-
Banks (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
<b>Banks (Net)</b>	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
<b>Other Loans and Advances (Net)</b>	-	-	-

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**7. Information on held-to-maturity investments:**

None (31 December 2014: None).

**8. Information on investments in associates:**

None (31 December 2014: None).

**9. Information on subsidiaries (Net):**

**a. Recognition of subsidiaries:**

Explained in the Section Three.

**b. Information on the equity of subsidiaries**

	<b>PDF</b>
<b>Main Capital</b>	
Paid-in capital	140
Nominal capital	5
Legal Reserves	28
Status reserves	102
Extraordinary reserves	-
Net profit or losses and prior year income \ loss	(305)
Leasehold improvements amount (-)	-
Intangible assets (-)	-
<b>Total Core Capital</b>	<b>(30)</b>
Supplementary Capital	-
<b>Capital</b>	<b>(30)</b>
Deductions from the capital	-
<b>Total Shareholders' Equity</b>	<b>(30)</b>

The internal capital adequacy assessment approach is not used for Bank's subsidiary.

According to Resolution of Extraordinary General Assembly dated August 7, 2014, Company is currently in the process of liquidation. The relevant resolution was registered and declared at Trade Registry Gazette dated September 8, 2014.

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**c. Information on unconsolidated subsidiaries**

	<b>Title</b>	<b>Address (City/ Country)</b>	<b>Bank's share percentage, if different voting percentage (%)</b>	<b>Other shareholders' share percentage (%)</b>
1	Tasfiye Halinde PDF Kurumsal Finansman Danışmanlık Hizmetleri A.Ş.	İstanbul/Turkey	99.99	0.01

An impairment provision of TL 7,926 has been set aside for the book value of the subsidiary with respect to the board of director's decision dated 31 December 2013, numbered 77. Also, the loan granted to PDF amounting TL 550 has been written-off.

In the extraordinary general assembly meeting of PDF on 23 January 2014, it was unanimously decided that the members of the PDF board of directors should be authorised regarding the merger or liquidation of the company through take over by another company or partner bank.

In the board director meeting of PDF on 17 July 2014, it was decided to held extraordinary general assembly meeting on 7 August 2014 in order to decision for the liquidation of the company. The relevant resolution was registered and declared at Trade Registry Gazette dated September 8, 2014.

**d. Main financial figures of the subsidiaries in the order of the above table:**

The below figures have been obtained from the Bank's unconsolidated the financial statements as of 30 September 2015.

	<b>Total Assets</b>	<b>Shareholders Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities Portfolio</b>	<b>Current Period Profit / Loss</b>	<b>Prior Period Profit / Loss</b>	<b>Fair value</b>
1	33	(29)	-	-	-	10	(167)	-

**e. Information on subsidiaries consolidated:**

As explained in section "Explanations and notes related to assets", depending on the decision taken regarding PDF, the subsidiary does not have any carrying value in the balance sheet and as of the balance sheet date it has been decided not to consolidate the subsidiary.

**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.

**i. Subsidiaries quoted on stock exchange:**

None.

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**10. Information on joint ventures:**

None (31 December 2014: None).

**11. Information on lease receivables (net):**

None (31 December 2014: None).

**12. Information on hedging derivative financial assets:**

None (31 December 2014: None).

**13. Information on property and equipment:**

<b>Prior Period End: 31 December 2014</b>	<b>Immovable</b>	<b>Leased Fixed Assets</b>	<b>Other Tangible Fixed Assets</b>	<b>Total</b>
Cost	-	271	456	727
Accumulated Depreciation(-)	-	(68)	(367)	(435)
Net Book Value	-	203	89	292
<b>Current Period End: 30 September 2015</b>				
Net Book Value at the beginning of the Period	-	203	89	292
Additions	-	-	97	97
Disposals(-), net	-	-	(3)	(3)
Depreciation (-)	-	(51)	(33)	(84)
Impairment	-	-	-	-
Cost at Period End	-	271	480	751
Accumulated Depreciation at Period End (-)	-	(119)	(331)	(450)
Closing Net Book Value	-	152	150	302

<b>Prior Period End: 31 December 2013</b>	<b>Immovable</b>	<b>Leased Fixed Assets</b>	<b>Other Tangible Fixed Assets</b>	<b>Total</b>
Cost	-	-	502	502
Accumulated Depreciation(-)	-	-	(409)	(409)
Net Book Value	-	-	93	93
<b>Current Period End: 31 December 2014</b>				
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

**14. Informations on intangible assets:**

	<b>Current Period 30 September 2015</b>	<b>Previous Period 31 December 2014</b>
Net Book Value at the beginning of the Period	191	41
Additions	184	223
Disposals(-), net	-	-
Depreciation (-)	(96)	(73)
Other (*)	279	191

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**15. Information on investment property:**

None (31 December 2014: None).

**16. 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 30 September 2015, the Bank calculated deferred tax asset amounting TL 1,365 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.

	<b>30 September 2015</b>		<b>31 December 2014</b>	
	<b>Temporary Differences of Deferred Tax Base</b>	<b>Deferred Tax Amount</b>	<b>Temporary Differences of Deferred Tax Base</b>	<b>Deferred Tax Amount</b>
Financial loss	4,621	924	15,606	3,121
Provision for employee benefits	1,354	270	209	42
Expense provisions	116	23	208	42
Other	854	171	541	108
<b>Deferred Tax Asset, net</b>	<b>6,945</b>	<b>1,388</b>	<b>16,564</b>	<b>3,313</b>
Depreciation	(41)	(9)	(41)	(8)
Other	(70)	(14)	(10)	(2)
<b>Deferred Tax Liability, net</b>	<b>(111)</b>	<b>(23)</b>	<b>(51)</b>	<b>(10)</b>
<b>Deferred Tax Asset/ (Liability), net</b>	<b>6,834</b>	<b>1,365</b>	<b>16,513</b>	<b>3,303</b>

**17. Information on assets held for resale and discontinued operations:**

None (31 December 2014: None).

**18. Information on other assets:**

As of 30 September 2015, other assets amount to TL 6,102 (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. Negative differences related to trading derivative financial liabilities:**

	30 September 2015		31 December 2014	
	TL	FC	TL	FC
Forward	420	-	-	-
Swap	-	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>420</b>	<b>-</b>	<b>-</b>	<b>-</b>

**3. Information on borrowings:**

**a. Information on banks and other financial institutions:**

	30 September 2015		31 December 2014	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	-	8,234	1,001	-
From Foreign Banks, Institutions and Funds	-	24,215	-	5,593
<b>Total</b>	<b>-</b>	<b>32,449</b>	<b>1,001</b>	<b>5,593</b>

**b. Information on maturity structure of borrowings:**

	30 September 2015		31 December 2014	
	TL	FC	TL	FC
Short-term	-	25,653	1,001	5,593
Medium and Long-term	-	6,796	-	-
<b>Total</b>	<b>-</b>	<b>32,449</b>	<b>1,001</b>	<b>5,593</b>

**c. Additional explanation related to the concentrations of the Bank's major liabilities on the basis of concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed**

The Bank, funds its assets mainly with its capital and borrowings.

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**4. Information on Repo Transactions:**

	30 September 2015		31 December 2014	
	TL	FC	TL	FC
Financial Institutions	5,010	-	1,100	-
Other	-	-	-	-
<b>Total</b>	<b>5,010</b>	<b>-</b>	<b>1,100</b>	<b>-</b>

**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
<b>30 September 2015</b>	-	-	-	-	-	-
Borrower fund	105	-	-	-	-	-
<b>31 December 2014</b>	-	-	-	-	-	-
Borrower fund	2,396	-	-	-	-	-

**7. Information on other foreign source :**

As of 30 September 2015, other liabilities amount to TL 5,933 (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:**

	30 September 2015		31 December 2014	
	Gross	Net	Gross	Net
Less Than 1 Year	27	26	146	135
1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
<b>Total</b>	<b>27</b>	<b>26</b>	<b>146</b>	<b>135</b>

**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:**

	<b>30 September 2015</b>	<b>31 December 2014</b>
Provisions for Group I. Loans and Receivables	1,837	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	109	13
Other	119	11
<b>General Provisions</b>	<b>2,065</b>	<b>492</b>

**b. Information on provisions related with foreign currency difference of foreign indexed loans:**

As of 30 September 2015, provisions related with foreign currency difference of foreign indexed loans amount 9 TL (31 December 2014: 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.

	<b>30 September 2015</b>	<b>31 December 2014</b>
Discount rate (%)	3.49	3.50

The movement of employee termination benefits is shown below:

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Balance at the Beginning of the Period</b>	<b>160</b>	<b>157</b>
Provisions Recognised During the Period	46	3
<b>Balance at the end of the period</b>	<b>206</b>	<b>160</b>

In addition, as of 30 September 2015 the Bank have unused vacation provision of TL 68 (31 December 2014: 49).

**iii. Other provisions are explained if they exceed 10% of the total provision balance**

Other provisions amount of TL 1,263 TL; 1,080 TL is for bonus provisions and 183 TL for ongoing lawsuits. (31 December 2014: 127).

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**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 30 September 2015, the Bank has no tax liability after the deduction of temporary taxes paid (31 December 2014: None).

**ii) Information on taxes payable:**

	<b>30 September 2015</b>	<b>31 December 2014</b>
Corporate Tax Payable	-	-
Taxation on Marketable Securities	1	-
Property Tax	1	-
Banking Insurance Transaction Tax (BITT)	80	21
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	8	17
Other	123	117
<b>Total</b>	<b>213</b>	<b>155</b>

**iii) Information on premium payables:**

	<b>30 September 2015</b>	<b>31 December 2014</b>
Social Security Premiums – Employee	31	23
Social Security Premiums – Employer	38	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	-	-
<b>Total</b>	<b>75</b>	<b>56</b>

**b. Information on deferred tax liability:**

Explanations on the taxation of the Bank are presented in explanations and notes related to unconsolidated assets.

**12. Liabilities for assets held for sale and assets of discontinued operations**

None (31 December 2014: None).

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**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:**

	<b>30 September 2015</b>	<b>31 December 2014</b>
Common Stock	255,000	80,000
Preferred Stock	-	-

Within the scope of the decision taken by the previous parent company of the Bank regarding the sale of shares in the Bank, a share purchase sales agreement was signed with Aksoy Holding A.Ş. on 13 May 2013. It was declared to the Bank with the correspondence of BRSA dated 26 June 2013 that the Bank is permitted to transfer %99.4689 of its shares to Aksoy Holding A.Ş. within the scope of the application made by Aksoy Holding A.Ş. and the agreement signed between Aksoy Holding A.Ş. and the Bank by BRSA.

In the general assembly of the Bank dated 31 October 2013, it was decided to increase the principal capital of the Bank from TL 37,000 to TL 39,000, and with respect to the BRSA's suitability correspondence the Bank's principal capital has been increased to TL 39,000 on 13 November 2013.

In the general assembly of the Bank on 21 November 2013, it was decided to increase the principal capital of the Bank from TL 39,000 to TL 80,000 and with respect to the BRSA's suitability correspondence the Bank's principal capital has been increased to TL 80,000 on 29 November 2013.

The approval regarding to the Pasha Bank OJSC's acquisition of the TL 28,795,121 (full TL) of the Bank's paid in capital after then holding % 79.9196 of the Bank's shares after increasing the Bank's total paid in capital from TL 175,000 to TL 225,000 and change in Bank's articles of incorporation was stated to the Bank by BRSA's decision dated 26 December 2014 and numbered 6137.

In the extraordinary general assembly meeting of the Parent Bank on 27 January 2015, 28,795,121 count Aksoy Holding A.Ş.'s share were transferred to the Pasha Bank OJSC, has addressed 15 Yusif Mammadaliyev Cad., Baku, AZ1005 Azerbaijan.

With transfer of shares of Aksoy Holding A.Ş. amounting to 28,795,121 to Pasha Bank OJSC and aquisition of shares of Aksoy Holding A.Ş. by Pasha Bank OJSC amounting to 175,000,000, equals to the increased capital in the Extraordinary General Assembly Meeting of the Bank dated 27 January 2015, share percentage of Pasha Bank OJSC has been increased to %79.9196 and the Pasha Bank Group takes control of the Bank.

The approval regarding to completion of transactions related with transferring of 175,000 TL to share capital paid by Pasha Bank OJSC was declared to the Bank with the BRSA's article numbered 32521522-101.01(13) - 3230, dated 25 February 2015 and at the same date 175,000 TL were booked on the paid in capital account.

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After these transactions mentioned above Aksoy Holding A.Ş.'s share percentage has been occurred as %20.

Bank's title was changed to the Pasha Yatırım Bankası A.Ş., trade name to the PashaBank and related to the changes in the registration dated 2 March 2015 and published on 6 March 2015 to İstanbul Trade Registration.

- 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:**

	30 September 2015		31 December 2014	
	TL	FC	TL	FC
From Subsidiaries, Affiliates and Joint ventures	-	-	-	-
Valuation difference	(159)	-	(6)	-
Rate difference	-	-	-	-
<b>Total</b>	<b>(159)</b>	<b>-</b>	<b>(6)</b>	<b>-</b>

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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 99 TL forward exchange sale and 99 TL forward exchange purchase 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 30 September 2015, the Bank has guarantee and indemnities amounting TL 54,535 (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:**

	30 September 2015	31 December 2014
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	1,500	-
Other Non-cash Loans	53,035	6,813
<b>Total</b>	<b>54,535</b>	<b>6,813</b>

**d. Information on sectoral risk concentrations of non-cash loans:**

	Current Period				Prior Period			
	30 September 2015				31 December 2014			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	<b>1,396</b>	<b>9.28</b>	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Production	1,396	9.28	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
<b>Construction</b>	<b>3,130</b>	<b>20.80</b>	<b>10,140</b>	<b>25.68</b>	-	-	-	-
<b>Services</b>	<b>10,524</b>	<b>69.92</b>	<b>29,345</b>	<b>74.31</b>	<b>6,262</b>	<b>100.00</b>	<b>551</b>	<b>100.00</b>
Wholesale and Retail Trade	1,588	10.55	170	0.43	1,948	31.11	142	25.77
Hotel, Food and Beverage Services	4,041	26.85	-	-	4,247	67.82	-	-
Transportation and Telecommunication	-	-	5,275	13.36	65	1.04	348	63.16
Financial Institutions	4,895	32.52	23,827	60.34	2	0.03	-	-
Real Estate and Leasing Services	-	-	73	0.18	-	-	61	11.07
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15,050</b>	<b>100.00</b>	<b>39,485</b>	<b>100.00</b>	<b>6,262</b>	<b>100.00</b>	<b>551</b>	<b>100.00</b>

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**e. Information on the non-cash loans classified in Group I and Group II:**

30 September 2015	Group I		Group II	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>15,050</b>	<b>39,484</b>	-	-
Letters of Guarantee	15,050	34,136	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	5,348	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

**2. Information on derivative transactions:**

Bank has foreign currency transaction-buy 5,668 TL, foreign currency transaction-sell 6,050 TL, 9,311 TL swap purchase and 9,075 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 30 September 2015, the Bank has reflected the provision for its ongoing lawsuits amounting TL 183 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).



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**IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT**

**1. Information on interest income:**

**a. Information on interest income on loans:**

	30 September 2015		30 September 2014	
	TL	FC	TL	FC
Short-term Loans	10,263	418	3,479	55
Medium/Long-term Loans	196	-	-	-
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total</b>	<b>10,459</b>	<b>418</b>	<b>3,479</b>	<b>55</b>

(\*) Includes fee and commission income regarding cash loans.

**b. Information on interest income on banks:**

	30 September 2015		30 September 2014	
	TL	FC	TL	FC
From the CBRT	15	-	-	-
From Domestic Banks	5,824	1	394	1
From Foreign Banks	122	16	-	-
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>5,961</b>	<b>17</b>	<b>394</b>	<b>1</b>

**c. Information on interest income on marketable securities:**

	30 September 2015		30 September 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	1,068	-	141	-
From Held-to-Maturity Investments	-	-	-	-
<b>Total</b>	<b>1,068</b>	<b>-</b>	<b>141</b>	<b>-</b>

**d. Information on interest income received from investments in associates and subsidiaries:**

	30 September 2015		30 September 2014	
	TL	FC	TL	FC
Interest income received from investments in associates and subsidiaries	-	-	-	-

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**2. Information on interest expense:**

**a. Information on interest expense on borrowings(\*):**

	30 September 2015		30 September 2014	
	TL	FC	TL	FC
Banks	1	341	67	12
The CBRT	-	-	-	-
Domestic Banks	1	15	67	12
Foreign Banks	-	326	-	-
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>1</b>	<b>341</b>	<b>67</b>	<b>12</b>

(\*) Includes fee and commission income regarding cash loans.

**b. Information on interest expense given to investments in associates and subsidiaries:**

	30 September 2015		30 September 2014	
	TP	YP	TP	YP
Interest expense given to investments in associates and subsidiaries	-	-	-	-

**c. Maturity structure of the interest expense on deposits:**

None (30 September 2014: None).

**d. Interest expense on issued marketable securities:**

None (30 September 2014: None).

**3. Information on dividend income:**

None (30 September 2014: None).

**4. Information on trading income/loss (Net):**

	30 September 2015	30 September 2014
<b>Income</b>	<b>10,419</b>	<b>840</b>
Income from Capital Market Transactions	4	-
Income from Derivative Financial Transactions (*)	387	-
Foreign Exchange Gains	10,028	840
<b>Loss (-)</b>	<b>(9,738)</b>	<b>(693)</b>
Loss from Capital Market Transactions	(464)	-
Loss from Derivative Financial Transactions (*)	(2,295)	(1)
Foreign Exchange Loss	(6,979)	(692)
	<b>681</b>	<b>147</b>

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**5. Information on other operating income:**

Other operating income includes cancellation of TL 2 per participant addendum, other operating income consists of TL 56 income from previous years' provision cancellations addendum and there is no income regarding extraordinary accounts. (30 September 2014: 26 TL)

**6. Provision expenses related to loans and other receivables:**

	30 September 2015	30 September 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	1,573	206
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	-	-
<b>Total</b>	<b>1,573</b>	<b>206</b>

**7. Information related to other operating expenses:**

	30 September 2015	30 September 2014
Personnel Expenses	4,172	3,017
Reserve For Employee Termination Benefits	66	36
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	88	80
Impairment Expenses of Intangible Assets	-	-
Goodwill impairment expenses	-	-
Amortisation Expenses of Intangible Assets	96	52
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	2,475	1,197
Operational Lease Expenses	813	217
Maintenance Expenses	1	1
Advertising Expenses	1	1
Other Expense	1,660	978
Loss on Sales of Assets	-	-
Other	2,030	592
<b>Total</b>	<b>8,927</b>	<b>4,974</b>

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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 17,840, net commission fee income amounting TL 135, trading loss amounting TL 681, other operating income amounting TL 58, provision for loan losses and other receivables amounting to TL 1,573 and other operating expenses amounting TL 8,927.

**9. Information on provision for taxes from continuing or discontinued operations:**

As of 30 September 2015 the Bank has no current tax income/ expense (31 December 2014: None). The Bank has deferred tax loss amounting to TL 1,976 (30 September 2014: TL 125 income).

As of 30 September 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 6,238 (30 September 2014: TL 738 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 (30 September 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.**

The other operating income which exceed 10% of the income statement, TL 35 for from the banking services income, TL 44 for from the paid expenses and the commissions for the correspondent banks and TL 8 for from the interest expenses of leasing liabilities.

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**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 159 (31 December 2014: 6).

**2. Amounts transferred to legal reserves:**

The Bank has no amounts transferred to legal reserves for current period.

**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.

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**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:**

	30 September 2015	30 September 2014
<b>Cash</b>	<b>5,891</b>	<b>280</b>
Cash, Foreign Currency and Other	12	2
T.C. Central Bank	5,879	278
Other	-	-
<b>Cash Equivalents</b>	<b>38,507</b>	<b>141</b>
Banks	38,507	141
Interbank Money Market Placements	-	-
<b>Total Cash and Cash Equivalents</b>	<b>44,398</b>	<b>421</b>
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	(5,025)	-
<b>Cash Flow Statements Cash and Cash Equivalents</b>	<b>39,373</b>	<b>421</b>

**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 3,592 (30 September 2014: TL 1,170) 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 2,597 (30 September 2014: TL 123) consists of mainly changes in prepaid expenses and other assets.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 1,296 (30 September 2014: 691) consists of mainly changes in miscellaneous payables, other liabilities and taxes and other duties payable.

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**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 (30 September 2015):**

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	-	-	-	-	-	4,247
End of the Period	-	-	4,490	23,952	768	4,114
Interest and Commission Income Received	-	-	-	-	-	8

**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:**

None (31 December 2014: None).

As of 30 September 2015, amount for current account of risk group is TL 22 (31 December 2014: TL 1).

**d. Information on key management compensation:**

As of 30 September 2015, key management compensation amount is TL 975 (30 September 2014: TL 681).

**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 30 SEPTEMBER 2015**

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

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**SECTION SIX**

**OTHER EXPLANATIONS AND NOTES**

**I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK**

None.

**II. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

None.

**III. EXPLANATIONS ON REVIEW REPORT**

The unconsolidated financial statements for the year ended 30 September 2015 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the independent auditor’s review report dated 09 November 2015 has been presented with the unconsolidated financial statements.

**IV. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS**

None (31 December 2014: None).

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