

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

PASHA YATIRIM BANKASI A.Ş.

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



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

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

Report on the Unconsolidated Financial Statements

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

Management's Responsibility for the Unconsolidated Financial Statements

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

Independent Auditor's Responsibility

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

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by bank's management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

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

Report on Other Responsibilities Arising From Regulatory Requirements

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

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

Additional Paragraph for Convenience Translation

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

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

Talar Gül, SMMM
Partner

Istanbul, 22 February 2016



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

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

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

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

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

Agha-Ali KAMALOV
Chairman of the Board of Directors

Mesut ÖZDİNCİ
Member of the Audit Committee

Necip Süreyya SERDENGECİ
Member of the Audit Committee

Hikmet Cenk EYNEHAN
General Manager

Ali İhsan TOKKUZUN
Deputy General Manager

Yeşim ÇAĞLAR
Financial Planning&Controlling
Manager

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

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

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PASHA YATIRIM BANK A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015

(Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.)

SECTION ONE

GENERAL INFORMATION

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

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

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

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

With the decision taken by TAIB Bank B.S.C. (c) - previous parent of the Bank- regarding the sale of its shares in the Bank, a share purchase agreement was signed between the Aksoy Holding A.Ş. and previous parent of the Bank on 13 May 2013. Upon the Banking Regulation and Supervision Agency ("BRSA")'s approval dated 26 June 2013, Aksoy Holding A.Ş. acquired the 99.4689% of the shares of the Bank. With the decision taken in the extraordinary general assembly meeting of the Bank dated 31 July 2013 and numbered 32, share transfer transaction has been approved. The share transfer from previous parent of the Bank to Aksoy Holding A.Ş. has been completed as at 2 August 2013.

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

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

PASHA Bank OJSC and Aksoy Holding A.Ş. has agreed on transferring the majority shares of the Bank. Acquisition of TL 28,795,121 of the Bank's capital and increase in the paid-in capital from TL 80,000 to TL 255,000 upon the Acquisition were approved by the BRSA's decision dated 26 December 2014. And numbered 6137. The capital increase from TL 80,000 to TL 175,000 has been completed as at 25 February 2015.

Paid-in capital increase from TL 175,000 to TL 255,000, approval of the share transfer and changing the Bank's title as "Pasha Yatırım Bankası A.Ş." have been approved in the extra ordinary general assembly of the Bank dated 27 January 2015. The change of Bank's title as "Pasha Yatırım Bankası A.Ş." registered on 2 March 2016 and announced on Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773.

(Yetkili İmza / Kaşe)

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PASHA YATIRIM BANK A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015

(Tutarlar aksi belirtilmedikçe bin Türk Lirası (“TL”) olarak ifade edilmiştir.)

GENERAL INFORMATION (Continued)

Acquisition of remaining 51,000 shares of Aksoy Holding A.Ş. by PASHA Bank OJSC by increasing Pasha Bank OJSC shares from %79.9196 to %99.9196 has been approved by the BRSA’s resolution dated 23 December 2015 and numbered 18038.

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

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

Name/ Commercial Title	31 December2015	
	Capital	Share Rate
PASHA Bank OJSC	254,795	%99.9196
Others	205	%0.0804
Total	255,000	

(Yetkili İmza / Kaşe)

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PASHA YATIRIM BANK A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015

(Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.)

GENERAL INFORMATION (Continued)

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

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

- (1) As of 31 March 2015 Agha-Ali Kamalov is appointed as the Chairman of the Board of Directors with the Board Resolution numbered 2015/41.
- (2) As of 31 March 2015 Saffet Batu Aksoy is appointed as the Vice President of the Executive Board as per the Board Resolution numbered 2015/41
- (3) As of 31 March 2015 Taleh Kazimov and Shahin Mammadov are appointed as the Board Members with the resolution of the Extraordinary General Assembly Meeting regarding the fiscal year 2014 Chairman of the Bank's Board of Directors Erdal Aksoy has resigned from the Board of Directors with the Extraordinary General Assembly Meeting resolution dated March 31, 2015.
- (4) As of 17 August 2015, Jalal Gasimov is appointed as the Board Member with the Board Resolution numbered 2015/75 Afag Mustafayeva left her office at the Board of Directors with the Board Resolution numbered 63 and dated 29 September 2015.

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

IV. Explanation on shareholders having control shares:

Acquisition of remaining 51,000 shares of Aksoy Holding A.Ş. by PASHA Bank OJSC by increasing Pasha Bank OJSC shares from %79,9196 to %99,9196 has been approved by the BRSA's resolution dated 23 December 2015 and numbered 18038.

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

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

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

(Yetkili İmza / Kaşe)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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PASHA YATIRIM BANK A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015

(Tutarlar aksi belirtilmedikçe bin Türk Lirası ("TL") olarak ifade edilmiştir.)

GENERAL INFORMATION (Continued)

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

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

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

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

After the extraordinary general meeting registered on 2 September 2014 PDF "Kurumsa Finansal Danışmanlık Anonim Şirketi in Liquidation" has gone into liquidation with the publication of the general assembly's resolution on the 367th and 368th pages of the Trade Registry Gazette no. 8648 and dated 8 September 2014.

Invitation announcements has been published for creditors respectively;

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

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

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

(Yetkili İmza / Kaşe)

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PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

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

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

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

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015**

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) (Continued)

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

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

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

PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2015

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

II. OFF-BALANCE SHEET

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

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

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

PASHA YATIRIM BANKASI A.Ş.

UNCONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2015

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

III. INCOME STATEMENT (STATEMENT OF PROFIT AND LOSS)

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

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

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

**PASHA YATIRIM BANKASI A.Ş.
UNCONSOLIDATED INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY AT
31 DECEMBER 2015**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY

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

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

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

**PASHA YATIRIM BANKASI A.Ş.
NOTES TO UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**PASHA YATIRIM BANKASI A.Ş.
NOTES TO UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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

	Audited Current Period 31 December 2015	Note (Section Five-V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation 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
I.	Balance at the beginning of the period		80,000	-	-	-	29	295	-	-	(1,817)	(31,652)	(6)	-	-	-	-	46,849
	Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	(1)	-	-	-	-	-	-	-	-	-	-	(84)	-	-	-	-	(84)
IV.	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
12.1	Cash		175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Net Income or Loss		-	-	-	-	-	-	-	-	8,787	-	-	-	-	-	-	8,787
XVIII.	Profit Distribution	(3)	-	-	-	-	-	-	-	-	1,817	(1,817)	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	1,817	(1,817)	-	-	-	-	-	-
	Period End Balance (I+ ...+ XVIII)		255,000	-	-	-	29	295	-	-	8,787	(33,469)	(90)	-	-	-	-	230,552

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED STATEMENTS OF CASH FLOW AT 31 DECEMBER 2015

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

VI. STATEMENT OF CASH FLOWS

			Current Period	Prior Period
		Note (Section Five-VI)	31 December 2015	31 December 2014
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		8,554	(1,891)
1.1.1	Interest Received		20,108	5,120
1.1.2	Interest Paid		(718)	(196)
1.1.3	Dividend Received		-	-
1.1.4	Fees and Commissions Received		1,228	118
1.1.5	Other Income		(884)	157
1.1.6	Collections from Previously Written-off Loans and Other Receivables		-	-
1.1.7	Payments to Personnel and Service Suppliers		(6,000)	(4,128)
1.1.8	Taxes Paid		-	-
1.1.9	Other	(2)	(5,180)	(2,962)
1.2	Changes in Operating Assets and Liabilities		(129,947)	(14,298)
1.2.1	Net (Increase)/Decrease in Trading Securities		(556)	-
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3	Net (Increase)/Decrease in Due from Banks		(11,752)	35
1.2.4	Net (Increase)/Decrease in Loans		(188,748)	(24,268)
1.2.5	Net (Increase)/Decrease in Other Assets	(2)	2,657	125
1.2.6	Net Increase/(Decrease) in Bank Deposits		-	-
1.2.7	Net Increase/(Decrease) in Other Deposits		-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed		64,273	6,585
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	(2)	4,179	3,225
I.	Net Cash Provided from Banking Operations		(121,393)	(16,189)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities		(8,596)	(1,925)
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment		(767)	(553)
2.4	Disposals of Property and Equipment		-	-
2.5	Cash Paid for Purchase of Investments Available-for-Sale		(11,663)	(3,654)
2.6	Cash Obtained from Sale of Investments Available-for-Sale		3,834	2,282
2.7	Cash Paid for Purchase of Investment Securities		-	-
2.8	Cash Obtained from Sale of Investment Securities		-	-
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		174,853	(171)
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Capital Instruments		175,000	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(147)	(171)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(2)	2,153	66
V.	Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		47,017	(18,219)
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	1,231	19,450
VII.	Cash and Cash Equivalents at the End of the Period (V+VI)	(1)	48,248	1,231

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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PASHA YATIRIM BANKASI A.Ş.

NOTES TO UNCONSOLIDATED STATEMENTS OF CASH FLOW AT 31 December 2015

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

VII. PROFIT APPROPRIATION STATEMENT

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

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

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

- a. The 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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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 31 DECEMBER 2015

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

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 this section.

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

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

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.

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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 effects of the transactions accounted under equity are included in equity.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

c. Transfer Pricing:

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

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

XIX. EXPLANATIONS ON BORROWINGS

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARES CERTIFICATES

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

The Bank has not issued any share certificates.

No dividend payments were announced after the balance sheet date.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON EARNINGS PER SHARE

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

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

XXV. EXPLANATIONS ON RELATED PARTIES

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING

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

XXVIII. RECLASSIFICATIONS

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

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO

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

Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks", "Communiqué on Credit Risk Mitigation Techniques", "Communiqué on Calculation of Risk Weighted Amounts for Securitizations" published on 28 June 2012 and Official Gazette numbered 28337 and "Communiqué on Equities of Banks" published on 1 November 2006 in the Official Gazette numbered 26333.

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

- b. **Information related to capital adequacy ratio:**

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

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

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

c. Summary information about capital adequacy ratio:

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

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d. Information about shareholders' equity items:

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

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

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

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

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

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

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

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

II. EXPLANATIONS ON CREDIT RISK

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

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

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

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

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

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

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

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- e. The Bank doesn't have any reimbursed non-cash loans, If any are present, they will be weighted in the same risk weight as loans that are overdue.
- f. The Bank has no rescheduled or restructured loans. If any, it is planned to be followed by monthly reports of risk management unit.

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

- g. The Bank has no banking activities and credit transactions in foreign countries. The Bank has no rescheduled or restructured loans.
- h. When considered within the financial activities of other financial institutions, the Bank as an active participant in the national and international banking market is not exposed to a significant credit risk.
- i. The share of the top 100 and 200 cash loan customers comprises 100% and %100 of the total cash loans portfolio of the Parent Bank respectively (31 December 2014: 100% and 100%).

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

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

- j. The Bank provided a general provision amounting to TL 2,670 (31 December 2014: TL 492).
- k. Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

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

(*) Amounts before credit risk mitigation.

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

I. Profile of significant exposures in major regions:

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

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

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Other receivables

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

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

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

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

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

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
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(**) Includes OECD countries other than EU countries, USA and Canada.

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

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

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m. Risk profile by sectors or counterparties:

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

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

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
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- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Other receivables

(**) Risk amounts before credit risk mitigation.

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

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

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

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
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- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
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(**) Risk amounts before credit risk mitigation.

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

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

(*) Risk amounts before credit risk mitigation.

(**) Includes undistributed amounts.

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

(*) Risk amounts before credit risk mitigation.

(**) Includes undistributed amounts.

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- o. The Bank has no particular agreement with a credit rating agency.
- p. There is no credit rating for the amounts that are excluded in purchase and sale accounts and no credit rating for issue or issuer.
- q. **Exposures by risk weights**

	Risk weights (Current Period)	%0	%20	%50	%100	%150	%1250	Deductions from equity
1	Amount before credit risk reduction	22,777	118,815	66,824	181,356	2,000	-	-
2	Amount after credit risk reduction	22,777	118,815	66,820	177,951	2,000	-	-

	Risk weights (Prior Period)	%0	%20	%50	%100	%150	%1250	Deductions from equity
1	Amount before credit risk reduction	885	32,207	5,401	25,991	-	-	-
2	Amount after credit risk reduction	1,985	32,207	4,299	22,586	-	-	-

- r. **Movements in value adjustments and provisions**

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

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s. Information by major sectors and type of counterparties

In accordance with TAS and TFRS;

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

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

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

III. EXPLANATIONS ON MARKET RISK

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

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

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

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a. Information on Market Risk:

	31 December2014	31 December2013
(I) Capital to be Employed for General Market Risk - Standard Method	-	-
(II) Capital to be Employed for Specific Risk -Standard Method	15	-
Capital requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital to be Employed for Currency Risk - Standard Method	-	-
(IV) Capital to be Employed for Commodity Risk - Standard Method	836	-
(V) Capital to be Employed for Clearance Risk - Standard Method	-	-
(VI) Capital to be Employed for Market Risk Due to Options - Standard Method	-	-
(VII) Capital to be Employed for Counterparty Credit Risk - Standard Method	-	-
(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	16	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	-	-
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	867	-
	10,835	-

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

	31 December2015			31 December2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	21	74	-	-	-	-
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	116	836	-	95	287	-
Commodity Risk	-	-	-	-	-	-
Clearing Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	8	16	-	-	2	-
Total Amount Subject to Risk	144	926	-	95	289	-

c. Information about counterparty credit risk:

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

	31 December2015	31 December2014
Contracts based on Interest rate	-	-
Contracts based on currency	1,029	-
Contracts based on commodity	-	-
Contracts based on stocks	-	-
Other	-	-
Gross Positive Fair Value	-	-
Benefits of clarification	-	-
Clarified current risk amount	-	-
The securities which are held	-	-
The net position of derivatives	1,029	-

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IV. EXPLANATIONS ON OPERATIONAL RISK

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

	31 December2012	31 December2013	31 December2014	Total/Positive Year	Rate (%)	Total
Gross Revenue	305	1,215	5,571	2,364	15	354,55
Amount Subject to Operational Risk (Total*12,5)						4,432

V. EXPLANATIONS ON CURRENCY RISK

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

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

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

	USD		EUR	
	31 December2015	31 December2014	31 December2015	31 December2014
Bid Rate	2.9181	2.3269	3.1838	2.8272
1. Bid rate	2.9084	2.3189	3.1921	2.8207
2. Bid rate	2.9157	2.3235	3.2006	2.8339
3. Bid rate	2.9123	2.3182	3.1904	2.8255
4. Bid rate	2.9187	2.3177	3.1968	2.8368
5. Bid rate	2.9262	2.3209	3.1969	2.8312

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

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

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Information on currency risk of the Bank:

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

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

(**) Includes forward and swap transactions.

Sensitivity Analysis

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

Döviz Kuru Değişim		Effect on profit and loss		Effect on equity	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
USD	% 10	1,056	(115)	1,056	(115)
EUR	% 10	20	-	20	-

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VI. EXPLANATIONS ON INTEREST RATE RISK

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

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

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

Interest rate sensitivity of the Bank:

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

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

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

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

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

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

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

b. Average interest rates for monetary financial instruments:

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

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

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

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

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

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

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

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

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VII. EXPLANATIONS ON EQUITY POSITION RISK

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

VIII. EXPLANATIONS ON LIQUIDITY RISK

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

Treasury Department, manages liquidity of the group on a daily basis, and informs the asset-liability committee every week about the Bank's liquidity level. Planning the liquidity management for weekly, monthly, yearly periods, taking the necessary measures and informing the senior management about these is the responsibility of the treasury.

The Bank forms its assets and liabilities in balance in order not to create a negative space in the cumulative basis in the maturity periods.

In accordance with the "Regulation on Measurement and Assessment of Liquidity Adequacy of the Banks", which came into effect after its publication in the Official Gazette numbered 26333 on 1 November 2006 by BRSA, weekly simple arithmetic average of total liquidity adequacy ratio related to the first maturity period, and total liquidity adequacy ratio related to the second maturity period cannot be less than a hundred percent; weekly simple arithmetic average of the foreign currency liquidity adequacy ratio related to first maturity period, and foreign currency liquidity adequacy ratio related to second maturity period cannot be less than eighty percent as of 1 June 2007.

a. Liquidity ratios realized in the current period

	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC +TL	FC	FC +TL
31 December 2015				
Average (%)	4,008	3,178	2,157	2,748
Maximum (%)	22,221	24,685	54,473	41,234
Minimum (%)	120	390	82	382

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

Development and Investment Banks' consolidated and non-consolidated total and foreign currency liquidity coverage ratio requirement is %0 till 2016 with 29 December 2014 date and 30223 numbered letter forwarded by the BRSA.

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b. Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified (*)	Total
31 December 2015								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	891	11,772	-	-	-	-	-	12,663
Due From Banks	21,342	26,015	-	-	-	-	-	47,357
Financial Assets at Fair Value Through Profit/Loss	-	604	-	-	-	-	-	604
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	256	-	9,363	-	-	-	9,619
Loans	-	58,002	56,531	73,852	13,307	44,052	-	245,744
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	4,305	-	-	-	-	2,113	6,418
Total Assets	22,233	100,954	56,531	83,215	13,307	44,052	2,113	322,405
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	9,125	-	21,086	41,100	-	-	71,311
Miscellaneous Payables	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	100	-	-	-	-	-	100
Other Liabilities (**)	10,272	5,209	-	-	-	-	235,513	250,994
Total Liabilities	10,272	14,434	-	21,086	41,100	-	235,513	322,405
Net Liquidity Gap	11,961	86,520	56,531	62,129	(27,793)	44,052	(233,400)	-
31 December 2013								
Total Assets	1,231	26,914	19,288	9,624	-	-	4,014	61,071
Total Liabilities	2,396	5,272	5,616	100	-	-	47,687	61,071
Net Liquidity Gap	(1,165)	21,642	13,672	9,524	-	-	(43,673)	-

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed assets, associates and subsidiaries, stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.

(**) Shareholders' equity is presented under "Other liabilities" item in the "Unclassified" column.

c. Breakdown of liabilities according to their remaining contractual maturities:

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Liabilities					
Deposits	-	-	-	-	-
Funds borrowed from other financial inst.	9,125	-	21,086	41,100	-
Funds from interbank money market	-	-	-	-	-
Financial leasing payables	-	-	-	-	-
Current accounts of customers	10,272	-	-	-	-
Total	19,397	-	21,086	41,100	-

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Liabilities					
Deposits	-	-	-	-	-
Funds borrowed from other financial inst.	16,916	14,900	-	-	-
Funds from interbank money market	3,002	-	-	-	-
Borrower Funds	14	25	26	-	-
Current accounts of customers	469	-	-	-	-
Total	20,401	14,925	26	-	-

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

Bank's forward and swap transactions are in the table below as of 31 December 2015 (31 December 2014: None).

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Year	5 years and above
Forward	18,946	7,629	-	-	-
Swap	63,587	-	-	-	-
Futures	-	-	-	-	-
Options	-	-	-	-	-
Other	-	-	-	-	-
Total	82,533	7,629	-	-	-

e. Leverage Ratio

Unconsolidated leverage ratio was realized as 54.8 % (31.12.2014: 72.6%). The increase occurred in the on-balance sheet assets and off-balance sheet transactions led to a change in leverage compared to the previous period. Regulation has been linked to the provision of the minimum leverage ratio of 3%.

	Current Period*	Prior Period *
Asset On The Balance Sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	309,195	56,041
(Assets deducted from core capital)	737	3,320
Total risk amount for assets on the balance sheet	308,458	52,721
Derivative Financial Instruments and Loan Derivatives		
Renewal cost of derivative financial instruments and loan derivatives	498	-
Potential credit risk amount of derivative financial instruments and loan derivatives	238	-
Total risk amount of derivative financial instruments and loan derivatives	736	-
Financing Transactions With Securities Or Goods Warranties		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	-	-
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	-	-
Off-the-Balance Sheet Transactions		
Gross nominal amount of the off-the-balance sheet transactions	108,645	8,094
Adjustment amount arising from multiplying by the credit conversion rate	-	-
Total risk amount for off-the-balance sheet transactions	108,645	8,094
Capital and Total Risk		
Core capital	229,104	44,131
Total risk amount	417,839	60,815
Leverage Ratio		
Leverage ratio	54.8%	72.6%

* 3 months average.

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IX. EXPLANATIONS ON THE SECURITISATION POSITIONS

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

X. EXPLANATIONS ON THE CREDIT RISK MITIGATION TECHNIQUES

Bank calculates the credit risk with simple financial guarantee method in accordance with "Communique on Credit Risk Mitigation Techniques". The collaterals to be considered in credit risk mitigation should be compatible with the currency and maturity.

The main collateral type that can be considered as a risk mitigation technique according to the communiqué is a real estate mortgage, which is planned to be taken by the Bank. Other main collateral types that the Bank receives in the lending process are customer checks and notes which are not taken into account according to "Communique on Credit Risk Mitigation Techniques".

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

(*) Amount before credit risk mitigation.

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Prior Period	Amount (*)	Financial Guarantees	Other /Material Guarantees	Guarantees and Loan Derivatives
Risk classifications:	64,484	1,100	-	-
Claims on sovereigns and Central Banks	790	-	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	37,605	1,100	-	-
Conditional and unconditional corporate receivables	22,732	-	-	-
Claims included in the regulatory retail portfolios	-	-	-	-
Claims secured by residential property	-	-	-	-
Past due loans	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other receivables	3,357	-	-	-

(*) Risk amounts before credit risk mitigation.

XI. EXPLANATIONS ON RISK MANAGEMENT OBJECTIVES AND POLICIES

Compliance with the Banking Law and the relevant law regulated under the “Regulation on Internal Systems of Banks”, in a separate organisational structure, by creating a direct reporting line to the board of directors and audit committee, the complete independence of the risk management unit from the operations is the fundamental principle

Risk limits are in the responsibility of risk management unit and are determined by the board.

The Bank developed a systemic borrower rating model to measure risk exposure levels at customer level through quantitative and qualitative analysis. An internally developed transaction rating system is used to evaluate the repayment capacity of the loan.

Against concentration risk, information on the borrower / group, industry, collateral, etc. are traced on the monthly credit risk report and presented to the board of directors.

Application of stress tests on currency risk and liquidity positions and calculation of the interest rate risk is carried by the risk management department.

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

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XII. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

a. Financial Assets and Liabilities at their fair values:

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The fair value of marketable securities issued is calculated according to broker price quotations and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying Value		Fair Value	
	Current Period 31 December 2015	Prior Period 31 December 2014	Current Period 31 December 2015	Prior Period 31 December 2014
Financial Assets	302,720	54,092	302,720	54,092
Interbank Money Market Placements	-	-	-	-
Banks	47,357	1,095	47,357	1,095
Available-for-Sale Financial Assets	9,619	1,764	9,619	1,764
Held-to-Maturity Financial Assets	-	-	-	-
Loans	245,744	51,233	245,744	51,233
Financial Liabilities	81,683	10,132	81,683	10,132
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Borrowings	71,311	6,594	71,311	6,594
Payables to money market	-	1,100	-	1,100
Securities issued	-	-	-	-
Miscellaneous Payables	100	42	100	42
Borrower Funds	10,272	2,396	10,272	2,396

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- Identical assets and quoted market prices (non-adjusted) (1st level)
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- Data not based on observable data regarding assets or liabilities (3rd level)

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Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below.

Current Period	1.Level	2.Level	3.Level	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Available For Sale Financial Assets	9,619	-	-	9,619
Total Assets	9,619	-	-	9,619
Trading Derivative Financial Liabilities	-	-	-	-
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	-	-	-

Previous Period	1.Level	2.Level	3.Level	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Available For Sale Financial Assets	1,764	-	-	1,764
Total Assets	1,764	-	-	1,764
Trading Derivative Financial Liabilities	-	-	-	-
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	-	-	-

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

Held in accordance with Article 40 of the Capital Market Law by Capital Market, numbered BNK-019 (081) certificate of authenticity the Bank, has been authorized to provide limited custodian service for Trading Brokerage Operations, Portfolio Brokerage Activity, the Best-Effort Copy Public Offering Brokerage Operations. The Bank does not deal with fiduciary transactions.

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INFORMATION RELATED TO FINANCIAL POSITION (Continued)

XIV. EXPLANATIONS ON OPERATING SEGMENTS

Current Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	245,744	76,661	322,405
Total Liabilities	10,272	312,133	322,405
Net Interest Income/(Loss)	17,647	7,374	25,021
Net Fee and Commission Income/(Loss)	345	-	345
Trading Gain/(Loss)	-	1,102	1,102
Other Operating Segments Gain/(Loss)	-	97	97
Provisions for Loan Losses and Other Receivables(-)	(2,178)	-	(2,178)
Other Operating Expense (-)	-	(12,903)	(12,903)
Profit Before Tax	15,814	(4,330)	11,484
Tax Provision	-	(2,697)	(2,697)
Net Profit	15,814	(7,027)	8,787

Previous Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	51,282	9,789	61,071
Total Liabilities	2,396	11,826	14,222
Net Interest Income/(Loss)	4,761	580	5,341
Net Fee and Commission Income/(Loss)	80	(34)	46
Trading Gain/(Loss)	-	177	177
Other Operating Segments Gain/(Loss)	-	59	59
Provisions for Loan Losses and Other Receivables(-)	-	(234)	(234)
Other Operating Expense (-)	-	(7,571)	(7,571)
Profit Before Tax	4,841	(7,023)	(2,182)
Tax Provision	-	365	365
Net Profit	4,841	(6,658)	(1,817)

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SECTION FIVE

**EXPLANATIONS AND NOTES RELATED TO
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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:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Cash/Foreign currency	6	5	4	-
CBRT	782	11,870	131	1
Other	-	-	-	-
Total	788	11,875	135	1

b. Information on the account of the CBRT:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Demand Unrestricted Amount	782	98	131	14
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	11,772	-	34
Total	782	11,870	131	48

According to CBRT’s “Required Reserves Announcement” numbered 2005/1, for Turkish currency and foreign currency denominated liabilities, reserve requirement amounts held in CBRT have been included in the above table.

2. Information on financial assets at fair value through profit or loss:

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

As of 31 December 2015; there are no and financial assets given as collateral/are blocked (31 December 2014: None).

b. Positive differences related to trading derivative financial assets:

	31 December 2015		31 December 2014	
	TP	YP	TP	YP
Forward	-	-	-	-
Swap	604	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	604	-	-	-

c. Information on trading securities:

None (31 December 2014: None).

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3. Information on banks:

a. Information on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks				
Domestic	24,028	-	3	2
Foreign	2,000	21,329	-	1,090
Headquarters and Branches Abroad		-	-	-
Total	26,028	21,329	3	1,092

b. Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
European Union Countries	287	6	-	-
USA, Canada	10,808	1,084	-	-
OECD Countries (*)	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	12,234	-	-	-
Total	23,329	1,090	-	-

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

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

- a. As of 31 December 2015 there are financial assets given as collateral/blocked amounting to TL 1,026 (31 December 2014: TL 444).

As of 31 December 2015 there are no available-for-sale financial assets subject to repo transactions (31 December 2014: 1,144)

	31 December 2015	31 December 2014
Debt Securities	9,638	1,764
Quoted on Stock Exchange	9,638	1,764
Not Quoted	-	-
Share Certificates	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	(19)	-
Total	9,619	1,764

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5. Explanations on loans:

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

	31 December 2015		31 December 2014	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	22,475	-	-
Legal Entities	-	22,475	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	-	-	-	-
Total	-	22,475	-	-

b. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms Restructured or Rescheduled	Other	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms Restructured or Rescheduled	Other
Non-specialized Loans	245,744	-	-	-	-	-
Loans given to enterprises	68,849	-	-	-	-	-
Export Loans	13,505	-	-	-	-	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	117,175	-	-	-	-	-
Consumer Loans	-	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	46,215	-	-	-	-	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	245,744	-	-	-	-	-

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	-	-
Total	-	-

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	-	-
Total	-	-

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c. Breakdown of loans according to their maturities:

	Standard Loans and Other Receivables		Loans and Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Short-Term Loans and Other Receivables	188,387	-	-	-
Non-Specialized Loans	188,387	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	57,359	-	-	-
Non-Specialized Loans	57,359	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-

d. Information on commercial instalment loans and corporate credit cards:

None (31 December 2014: None).

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

	Up to 1 year	More than 1 year	Total
Commercial installment loans-TC	-	2,163	2,163
Business residential loans	-	-	-
Automobile loans	-	2,163	2,163
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans- Indexed to FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans - FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Corporate credit cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Overdraft accounts-TC (Commercial customer)	-	-	-
Overdraft accounts-FC (Commercial customer)	-	-	-
Total	-	2,163	2,163

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f. Loans according to types of borrowers:

	31 December 2015	31 December 2014
Public	-	-
Private	245,744	51,282
Total	245,744	51,282

g. Distribution of domestic and foreign loans:

	31 December 2015	31 December 2014
Domestic Loans	245,744	51,282
Foreign Loans	-	-
Total	245,744	51,282

h. Loans granted to investments in associates and subsidiaries:

	31 December 2015	31 December 2014
Direct loans granted to investments in associates and subsidiaries	-	-
Indirect loans granted to investments in associates and subsidiaries	-	-
Total	-	-

i. Specific provisions accounted for loans:

	31 December 2015	31 December 2014
Loans and Receivables with Limited Collectability	-	-
Loans and Receivables with Doubtful Collectability	-	-
Uncollectible Loans and Receivables	-	-
Total	-	-

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

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

None (31 December 2014: None).

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Prior Period End Balance:	-	-	-
Additions (+)	-	-	-
Transfers from Other Categories of Non-performing Loans (+)	-	-	-
Transfers to Other Categories of Non- Performing Loans (-)	-	-	-
Collections (-)	-	-	-
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Period End Balance:	-	-	-
Specific Provisions (-)	-	-	-
Net Balance on Balance Sheet Date	-	-	-

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

None (31 December 2014: None).

4. Information on non-performing loans based on types of borrowers:

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

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k. Information on the collection policy of non-performing loans and other receivables and information on the write-off policy of the Bank:

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals. Credits that have become losses in nature, are attached to the certificate of insolvency or insufficient collateral document, and written off from the Bank's assets. However, if the Bank's receivable is an insignificant amount compared to the costs and expenses to be incurred for the preparation of said documents, writing off of assets may be performed if the Board of Directors decides so.

6. Information on held-to-maturity investments:

None (31 December 2014: None).

7. Information on investments in associates:

None (31 December 2014: None).

8. Information on subsidiaries (Net):

a. Recognition of subsidiaries:

Explained in the Section Three.

b. Information on the equity of subsidiaries

None.

c. Information on unconsolidated subsidiaries

None.

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

None.

e. Information on subsidiaries consolidated:

None.

f. Main financial figures of the subsidiaries consolidated in the order of the above table:

None.

g. Movement schedules of consolidated subsidiaries:

None.

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h. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

None.

i. Subsidiaries quoted on stock exchange:

None.

9. Information on joint ventures:

None (31 December 2014: None).

10. Information on lease receivables (net):

None (31 December 2014: None).

11. Information on hedging derivative financial assets:

None (31 December 2014: None).

12. Information on property and equipment:

Prior Period End: 31 December 2015	Immovable	Leased Fixed Assets	Other Tangible Fixed Assets	Total
Cost	-	271	456	727
Accumulated Depreciation(-)	-	(68)	(367)	(435)
Net Book Value	-	203	89	292
Current Period End: 31 December 2015				
Net Book Value at the beginning of the Period	-	203	89	292
Additions	-	-	334	334
Disposals (-), net	-	-	(3)	(3)
Depreciation (-)	-	(68)	(51)	(119)
Impairment	-	-	-	-
Cost at Period End	-	271	716	987
Accumulated Depreciation at Period End (-)	-	(136)	(347)	(483)
Closing Net Book Value	-	135	369	504

Prior Period End: 31 December 2014	Immovable	Leased Fixed Assets	Other Tangible Fixed Assets	Total
Cost	-	-	502	502
Accumulated Depreciation(-)	-	-	(409)	(409)
Net Book Value	-	-	93	93
Current Period End: 31 December 2014				
Net Book Value at the beginning of the Period	-	-	93	93
Additions	-	271	59	330
Disposals(-), net	-	-	(32)	(32)
Depreciation (-)	-	(68)	(31)	(99)
Impairment	-	-	-	-
Cost at Period End	-	271	456	727
Accumulated Depreciation at Period End (-)	-	(68)	(367)	(435)
Closing Net Book Value	-	203	89	292

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13. Informations on intangible assets:

	Current Period	Previous Period
	31 December2015	31 December2014
Net Book Value at the beginning of the Period	191	41
Additions	433	223
Disposals(-), net	-	-
Depreciation (-)	(156)	(73)
Other (*)	468	191

14. Information on investment property:

None (31 December 2014: None).

15. Information on deferred tax asset:

The Bank calculates deferred tax asset or liability on the differences between the applied accounting policies and valuation bases and tax legislation that comes from timing differences and reflects the amount on the financial statements.

As of 31 December2015, the Bank calculated deferred tax asset amounting TL 627 and reflected this amount to the financial statements. (31 December2014: TL 3,303).

In the situation that the difference between the book value and value subject to tax of the assets that are subject to deferred tax is related to equity accounts, deferred tax asset or liability is netted with the relevant accounts in this group.

	31 December2015		31 December2014	
	Temporary Differences of Deferred Tax Base	Deferred Tax Amount	Temporary Differences of Deferred Tax Base	Deferred Tax Amount
Financial loss	1,239	247	15,606	3,121
Provision for employee benefits	1,324	264	209	42
Expense provisions	400	80	208	42
Other	738	147	541	108
Deferred Tax Asset, net	3,701	738	16,564	3,313
Other	(556)	(111)	(10)	(2)
Deferred Tax Liability, net	(556)	(111)	(51)	(10)
Deferred Tax Asset/ (Liability), net	3,145	627	16,513	3,303

16. Information on assets held for resale and discontinued operations:

None (31 December2014: None).

17. Information on other assets:

As of 31 December 2015, other assets amount to TL 4,738 (31 December 2014: TL 2,970) and don't exceed 10% of total balance sheet except off balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on deposits:

The Bank has no deposits due to its nature as an investment bank.

2. Information on trading derivative financial liabilities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Forward	10	-	-	-
Swap	10	28	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	20	28	-	-

3. Information on borrowings:

a. Information on banks and other financial institutions:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	-	1,751	1,001	-
From Foreign Banks, Institutions and Funds	-	69,560	-	5,593
Total	-	71,311	1,001	5,593

b. Information on maturity structure of borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Short-term	-	30,211	1,001	5,593
Medium and Long-term	-	41,100	-	-
Total	-	71,311	1,001	5,593

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

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

4. Information on Repo Transactions:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Financial Institutions	-	-	1,100	-
Other	-	-	-	-
Total	-	-	1,100	-

5. Securities Issued :

None (31 December 2014: None).

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6. Information on Borrower Fund:

	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over
31 December 2015	-	-	-	-	-	-
Borrower fund	10,272	-	-	-	-	-
	-	-	-	-	-	-
31 December 2014	-	-	-	-	-	-
Borrower fund	2,396	-	-	-	-	-
	-	-	-	-	-	-

7. Information on other liabilities:

As of 31 December 2015, other liabilities amount to TL 5,338 (31 December 2014: TL 2,916) and don't exceed 10% of total balance sheet except off balance sheet commitments.

8. Information on financial lease agreements:

	31 December 2015		31 December 2014	
	Gross	Net	Gross	Net
Less Than 1 Year	-	-	146	135
1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	-	-	146	135

9. Information on hedging derivative financial liabilities:

None (31 December 2014: None).

10. Information on provisions:

a. Information on general provisions:

	31 December 2015	31 December 2014
Provisions for Group I. Loans and Receivables	2,130	468
Additional Provision for Loans and Receivables with Extended Maturities	-	-
Provisions for Group II. Loans and Receivables	-	-
Additional Provision for Loans and Receivables with Extended Maturities	-	-
Provisions for Non Cash Loans	253	13
Other	287	11
General Provisions	2,670	492

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

As of 31 December 2015, provisions related with foreign currency difference of foreign indexed loans amount 167 TL (31 December 2015: None).

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c. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:

None (31 December 2014: None).

d. Information on other provisions:

i. Information on provisions for possible risks:

None (31 December 2014: None).

ii. Obligations related to employee rights:

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. In this context, the following actuarial assumptions were used in the calculation of total liabilities.

	31 December 2015	31 December 2014
Discount rate (%)	3.49	3.50

The movement of employee termination benefits is shown below:

	31 December 2015	31 December 2014
Balance at the Beginning of the Period	160	157
Provisions Recognised During the Period	74	3
Balance at the end of the period	234	160

In addition, as of 31 December 2015 the Bank have unused vacation provision of TL 65 (31 December 2014: 49).

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

Other provisions amount of TL 1,333 TL; 1,025 TL is for bonus provisions and 195 TL for ongoing lawsuits, 113 TL other provisions. (31 December 2014: 127).

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

ii) Information on taxes payable:

	31 December 2015	31 December 2014
Corporate Tax Payable	-	-
Taxation on Marketable Securities	1	-
Property Tax	1	-
Banking Insurance Transaction Tax (BITT)	81	21
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	89	17
Other	235	117
Total	407	155

iii) Information on premium payables:

	31 December 2015	31 December 2014
Social Security Premiums - Employee	32	23
Social Security Premiums - Employer	37	28
Bank Social Aid Pension Fund Premium- Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee	2	2
Unemployment Insurance - Employer	4	3
Other	-	-
Total	75	56

b. Information on deferred tax liability:

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

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:

	31 December 2015	31 December 2014
Common Stock	255,000	80,000
Preferred Stock	-	-

With the decision taken by the previous parent of the Bank regarding the sale of its shares in the Bank, a share purchase agreement was signed between the Aksoy Holding A.Ş. and previous parent of the Bank on 13 May 2013. Upon the Banking Regulation and Supervision Agency (“BRSA”)’s approval dated 26 June 2013, Aksoy Holding A.Ş. acquired the 99.4689% of the shares of the Bank. With the decision taken in the extraordinary general assembly meeting of the Bank dated 31 July 2013 and numbered 32, share transfer transaction has been approved. The share transfer from previous parent of the Bank to Aksoy Holding A.Ş. has been completed as at 2 August 2013.

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

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

PASHA Bank OJSC and Aksoy Holding A.Ş. has agreed on transferring the majority shares of the Bank. Acquisition of TL 28,795,121 of the Bank’s capital and increase in the paid-in capital from TL 80,000 to TL 255,000 upon the Acquisition were approved by the BRSA’s decision dated 26 December 2014. And numbered 6137. The capital increase from TL 80,000 to TL 175,000 has been completed as at 25 February 2015.

Paid-in capital increase from TL 175,000 to TL 255,000, approval of the share transfer and changing the Bank’s title as “Pasha Yatırım Bankası A.Ş.” have been approved in the extraordinary general assembly of the Bank dated 27 January 2015. The change of Bank’s title as “Pasha Yatırım Bankası A.Ş.” registered on 2 March 2016 and announced on Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773.

As a result of these transfer transactions Aksoy Holding’s share has been decreased to 20 %.

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Paid-in capital increase from TL 175,000 to TL 255,000, approval of the share transfer and changing the Bank’s title as “Pasha Yatırım Bankası A.Ş.” have been approved in the extra ordinary general assembly of the Bank dated 27 January 2015. The change of Bank’s title as “PashaYatırım Bankası A.Ş.” registered on 2 March 2016 and announced on Turkish Trade Registry Gazette dated 6 March 2015 and numbered 8773.

Acquisition of remaining 51,000 shares of Aksoy Holding A.Ş. by PASHA Bank OJSC by increasing Pasha Bank OJSC shares from %79,9196 to %99,9196 has been approved by the BRSA’s resolution dated 23 December 2015 and numbered 18038.

Share transfer is performed according to the Board of minute dated 24 December 2015 and numbered 110.

- b. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:**

The Bank does not apply the registered share capital system.

- c. Information on share capital increases and their sources; other relevant information on increased share capital in current period:**

None.

- d. Explanation on the transfers from capital reserve to paid-in capital in the current period:**

None.

- e. Information on capital commitments, the general purpose and the estimated sources for these commitments until the end of the fiscal year and the subsequent interim period:**

None (31 December 2014: None).

- f. Information on the Bank’s income, profitability, prior period indicators on liquidity and uncertainty on these indicators and their potential effects on the Bank’s capital:**

The Bank considers there is no uncertainty regarding the prior period income, profitability and liquidity indicators, therefore the Bank does not foresee an effect on capital.

- g. Summary information about privileged shares representing the capital:**

None (31 December 2014: None).

- h. Information on marketable securities value increase fund:**

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Subsidiaries, Affiliates and Joint ventures	-	-	-	-
Valuation difference	(90)	-	(6)	-
Rate difference	-	-	-	-
Total	(90)	-	(6)	-

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III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet commitments:

a. The amount and type of irrevocable commitments:

Bank has 8,475 TL forward exchange sale and 8,437 TL forward exchange purchase commitments, 2,009 TL deposit sale commitments (31 December 2014: None).

b. Type and amount of probable losses and obligations arising from off-balance sheet items

1. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

As of 31 December 2015, the Bank has guarantee and indemnities amounting TL 126,995 (31 December 2014: TL 6,813) based upon the guarantee letter.

2. Revocable, irrevocable guarantees and other similar commitments and contingencies

None (31 December 2014: None).

c. Total amount of non-cash loans:

	31 December 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	22,091	-
Other Non-cash Loans	104,904	6,813
Total	126,995	6,813

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

	Current Period				Prior Period			
	31 December 2015				31 December 2014			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	1,845	3.09	14,686	21.81	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Production	1,730	2.90	14,686	21.81	-	-	-	-
Electric, Gas and Water	115	0.19	-	-	-	-	-	-
Construction	3,130	5.25	6,929	10.29	-	-	-	-
Services	54,690	91.66	45,715	67.89	6,262	100.00	551	100.00
Wholesale and Retail Trade	33,241	55.71	20,651	30.67	1,948	31.11	142	25.77
Hotel, Food and Beverage Services	5,112	8.57	-	-	4,247	67.82	-	-
Transportation and Telecommunication	-	-	2,714	4.03	65	1.04	348	63.16
Financial Institutions	16,337	27.38	22,350	33.19	2	0.03	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	61	11.07
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	59,665	100.00	67,330	100.00	6,262	100.00	551	100.00

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

31 December 2015	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	59,665	67,330	-	-
Letters of Guarantee	59,665	44,829	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	22,501	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

2. Information on derivative transactions:

Bank has currency transaction-buy 3,835 TL, currency transaction-sale 3,794 TL 32,122 TL swap purchase and 31,465 TL swap sale transactions (31 December 2014: None).

3. Information on credit derivatives and related imposed risks:

None (31 December 2014: None).

4. Information on Contingent Assets and Liabilities:

(i) Contingent assets

None

(ii) Contingent liabilities

As of 31 December 2015, the Bank has reflected the provision for its ongoing lawsuits amounting TL 193 to the financial statements. The process regarding the law suits is still ongoing and decisions will be finalised after trial.

The Bank issued indemnification letters in favour of its members of Board of Directors to protect them against possible claims.

5. Information on services in the name of others' names and accounts:

None (31 December 2014: None).

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. Information on interest income:

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Short-term Loans	16,355	936	4,657	104
Medium/Long-term Loans	356	-	-	-
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilisation	-	-	-	-
Support Fund	-	-	-	-
Total	16,711	936	4,657	104

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

b. Information on interest income on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From the CBRT	71	-	-	-
From Domestic Banks	6,428	1	431	1
From Foreign Banks	174	17	-	-
Headquarters and Branches Abroad	-	-	-	-
Total	6,673	18	431	1

c. Information on interest income on marketable securities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Trading Financial Assets	-	-	-	-
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	1,252	-	187	-
From Held-to-Maturity Investments	-	-	-	-
Total	1,252	-	187	-

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Interest income received from investments in associates and subsidiaries	-	-	-	-

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2. Information on interest expense:

a. Information on interest expense on borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks	2	766	82	20
The CBRT	-	-	-	-
Domestic Banks	2	21	82	11
Foreign Banks	-	745	-	9
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	2	766	82	20

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

	31 December 2015		31 December 2014	
	TP	YP	TP	YP
Interest expense given to investments in associates and subsidiaries	-	-	-	-

c. Maturity structure of the interest expense on deposits:

None (31 December 2014: None).

d. Interest expense on issued marketable securities:

None (31 December 2014: None).

3. Information on dividend income:

None (31 December 2014: None).

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

	31 December 2015	31 December 2014
Income	13,732	2,706
Income from Capital Market Transactions	4	-
Income from Derivative Financial Transactions (*)	1,076	-
Foreign Exchange Gains	12,652	2,706
Loss (-)	(12,630)	(2,529)
Loss from Capital Market Transactions	(464)	-
Loss from Derivative Financial Transactions (*)	(2,208)	(1)
Foreign Exchange Loss	(9,958)	(2,528)
	1,102	177

(*) The major part of the gain/loss from derivative financial transactions stems from the changes in FX rates due to the fact that these derivatives are short term.

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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 69 income from previous years’ provision cancellations addendum and there is no income regarding extraordinary accounts (31 December 2014: 59 TL).

6. Provision expenses related to loans and other receivables:

	31 December 2015	31 December 2014
Specific Provisions for Loans and Other Receivables	-	-
III. Group Loans and Receivables	-	-
IV. Group Loans and Receivables	-	-
V. Group Loans and Receivables	-	-
General Provision Expenses	2,178	190
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other	-	44
Total	2,178	234

7. Information related to other operating expenses:

	31 December 2015	31 December 2014
Personnel Expenses	6,000	4,128
Reserve For Employee Termination Benefits	107	52
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	122	131
Impairment Expenses of Intangible Assets	-	-
Goodwill impairment expenses	-	-
Amortisation Expenses of Intangible Assets	156	73
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	4,122	2,354
Operational Lease Expenses	1,116	289
Maintenance Expenses	4	2
Advertising Expenses	329	1
Other Expense	2,673	2,062
Loss on Sales of Assets	-	-
Other	2,396	833
Total	12,903	7,571

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8. Information on income/(loss) before tax from continuing or discontinued operations:

Loss before tax comes from net interest income amounting TL 25,021, net commission fee income amounting TL 345, trading profit amounting TL 1,102 other operating income amounting TL 97, provision for loan losses and other receivables amounting to TL 2,178 and other operating expenses amounting TL 12,903.

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

As of 31 December 2015 the Bank has no current income tax expense (31 December 2014: None). The Bank has deferred tax income amounting to TL 2,697 (31 December 2014: 365).

As of 31 December 2015, the Bank doesn't have any discontinued operations.

10. Information on net income/(loss) from continuing or discontinued operations:

The Bank doesn't have discontinued operations. The Bank's net profit from continuing operations amounting to TL 8,787 (31 December 2014: TL 1,817 loss).

11. Information on net income/(loss) for the period:

- a. If the disclosure of ordinary banking transactions and the composition of income and expense items is necessary to understand the annual performance of Bank, the composition and amount of these items:**

None (31 December 2014: None).

- b. If an accounting estimate change significantly affects the profit/loss in the current period or has a probability to significantly affect the profit/loss in the subsequent periods, the overall effect is disclosed:**

There is no significant change in accounting estimates which would affect the current or the subsequent periods.

12. Disclosure of 20% of sub-accounts in the case of other line items exceed 10% of the income statement total.

Explanations on other income are presented in of Section Five, Explanations on other expenses are presented in explanations and notes related to income statement, note 7.

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CHANGES IN THE
SHAREHOLDERS’ EQUITY**

1. Information on available-for-sale financial assets:

“Unrealized gains and losses” arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the “Marketable securities value increase fund” account under equity, until the financial assets are sold, disposed or impaired.

There is loss for marketable securities valuation difference related to available-for-sale financial assets of TL 90 (31 December2014: 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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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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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:

	31 December 2015	31 December 2014
Cash	12,663	136
Cash, Foreign Currency and Other	11	4
T.C. Central Bank	12,652	132
Other	-	-
Cash Equivalents	47,357	1,095
Banks	47,357	1,095
Interbank Money Market Placements	-	-
Total Cash and Cash Equivalents	60,020	1,231
Blocked amounts on cash and cash equivalents	-	-
Interest income rediscounts on cash and cash equivalents	-	-
Cash equivalents with a maturity longer than three months	-	-
Unrestricted reserve deposits	(11,772)	-
Cash Flow Statements Cash and Cash Equivalents	48,248	1,231

2. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

The “Other” items presented in “Net operating income before changes in operating assets and liabilities” amount to TL 5,180 (31 December 2014: TL 2,962) mainly consists foreign exchange gain and loss items and other operating expenses excluding fees and commissions paid, trading gains/losses and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 2,657 (31 December 2014: TL 125) consists of mainly changes in prepaid expenses and other assets.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 4,179 (31 December 2014: TL 3,225) consists of mainly changes in miscellaneous payables, other liabilities and taxes and other duties payable.

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

VII. EXPLANATIONS AND NOTES RELATED TO THE BANK'S RISK GROUP

1. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:

a. Current Period (31 December 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	-	-	-	-	-	-
End of the Period	-	-	-	22,475	8,082	30,227
Interest and Commission Income Received	-	-	-	98	74	40

Previous Period (31 December 2014):

Banks' Risk Group	Investments in Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	4,247
Interest and Commission Income Received	9	-	-	-	-	5

b. Information on deposits of the Bank's risk group:

The Bank doesn't have any deposits since it is an investment bank.

c. Information on forward and option agreements and other similar agreements made with the Bank's risk group:

As of 31 December 2015, amount for current account of risk group is TL 10,213 (31 December 2014: TL 1).

d. Information on key management compensation:

As of 31 December 2015, key management compensation amount is TL 1,368 (31 December 2014: TL 899).

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

None (31 December 2014: None).

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK

None.

II. EVENTS AFTER REPORTING PERIOD

None.

SECTION SEVEN

INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements for the year ended 31 December 2015 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the independent auditor’s report dated 22 February 2016 is presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None (31 December 2014: None).

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