

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

**Consolidated financial statements for the period January 1 -
December 31, 2013 together with independent auditor's report**

**(Convenience translation of financial statements and auditor's report
originally issued in Turkish, see note 2.6)**

(Convenience translation of financial statements originally issued in Turkish, see note 2.6)

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

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(Convenience translation of independent auditor's report originally issued in Turkish)

Independent auditor's report on consolidated financial statements for the year ended December 31, 2013

To the Board of Directors of
Yapı Kredi Yatırım Menkul Değerler A.Ş.

Introduction

We have audited the accompanying consolidated statement of financial position of Yapı Kredi Yatırım Menkul Değerler A.Ş. (the "Company") and its consolidated subsidiary (together the "Group") as of December 31, 2013, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Group management related to the financial statements

The Group's management is responsible for the preparation and fair presentation of these (consolidated) financial statements in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the independent auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with auditing standards issued by the Capital Markets Board ("CMB"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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



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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yapı Kredi Yatırım Menkul Değerler A.Ş. as of December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on independent auditor responsibilities arising from other regulatory requirements

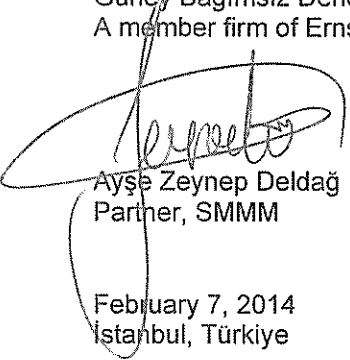
In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 – December 31, 2013 are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

Pursuant to Article 378 of Turkish Commercial Code, in non-listed companies, an Early Risk Identification Committee is formed when the auditor considers as necessary and gives a written notification to the Board of Directors. According to subparagraph 4, Article 398 of the code, the independent auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. As of the date of the financial statements POA has not announced a secondary regulation regarding the criteria of the works to be performed by the auditor for the early identification of the risks and the principles of the report. Accordingly, no work has been performed to form an auditor's opinion on whether the establishment of an early risk identification committee within the body of the Company is necessary and no report has been prepared for this purpose.

Additional paragraph for convenience translation into English of financial statements originally issued in Turkish

As at December 31, 2013, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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


Ayşe Zeynep Deldağ
Partner, SMMM

February 7, 2014
İstanbul, Türkiye

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Consolidated statement of financial position as of December 31, 2013 and 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		(Audited)	(Audited)
Assets	Notes	December 31, 2013	December 31, 2012
Current Assets		3.275.959.983	2.247.104.193
Cash and cash equivalents	6	2.945.925.831	1.712.217.411
Financial investment	7	57.337.570	326.635.933
Trade receivable	10	219.998.046	184.558.956
- Due from related parties	29	5.236.140	3.915.294
- Due from other parties		214.761.906	180.643.662
Receivables from financial activities	11	4.804.569	4.775.008
- Due from related parties		3.766.797	4.712.024
- Due from other parties		1.037.772	62.984
Other receivables	12	39.029.776	9.804.262
- Due from related parties		-	-
- Due from other parties		39.029.776	9.804.262
Derivative financial instruments	16	6.107.090	3.010
Prepaid expenses	19	2.628.167	1.908.817
Current period tax assets		-	7.200.475
Other current asset	20	128.934	321
Sub Total		3.275.959.983	2.247.104.193
Assets classified as held for sale	8	-	38.415.407
Total current assets		3.275.959.983	2.285.519.600
Non-current assets			
Financial investments	7	31.713.607	12.489.795
Property and equipment	13	5.451.013	5.271.568
Intangible assets	14	1.062.331	1.053.828
- Other intangible assets	14	1.062.331	1.053.828
Deffered tax assets	22	29.391.558	385.061
Total non-current assets		67.618.509	19.200.252
Total assets		3.343.578.492	2.304.719.852

The accompanying notes form an integral part of these consolidated financial statements.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Consolidated statement of financial position as of December 31, 2013 and 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		(Audited)	(Audited)
Liabilities	Notes	December 31, 2013	December 31, 2012
Short term liabilities		2.799.134.634	1.745.974.061
Short term financial liabilities	9	2.526.465.504	1.684.820.190
Trade payables	10	94.164.029	44.063.694
- Due to related parties	29	1.964.073	3.365.971
- Due to other parties		92.199.956	40.697.723
Payables due to employee benefits	18	1.011.126	956.447
Other payables	12	6.777.184	3.009.031
- Due to related parties		-	236.192
- Due to other parties	28	6.777.184	2.772.839
Derivative financial instruments	16	137.527.565	330.938
Current income taxes payable	22	18.712.044	1.656.766
Short term provisions	17	10.006.049	9.443.502
- Short term provisions for employee benefits	17	8.624.000	8.355.000
- Other short term provisions	15	1.382.049	1.088.502
Other short term liabilities	20	4.471.133	1.693.493
Other short term liabilities		2.799.134.634	1.745.974.061
Long term liabilities		4.906.120	13.371.630
Long term provisions			
- Provision for employee benefits	17	4.906.120	4.846.490
Deferred tax liability	22	-	8.525.140
Other long term liabilities		4.906.120	13.371.630
Total liabilities		2.804.040.754	1.759.345.691
Equity			
Paid-in share capital	21	98.918.083	98.918.083
Adjustment to share capital	21	63.078.001	63.078.001
Other comprehensive income and expenses to be reclassified in profit or loss	21	(12.111.887)	176.686.330
- Revaluation and measurement gains/losses		(12.230.505)	176.686.330
- Other gains/losses		118.618	-
Restricted reserves	21	61.754.489	62.436.655
Retained earnings	21	55.116.850	70.422.677
Net profit/(loss) for the year		266.496.516	65.634.007
Equity attributable to equity holders of the Parent		533.252.052	537.175.753
Non-controlling interest	21	6.285.686	8.198.408
Total equity		539.537.738	545.374.161
Total liabilities and equity		3.343.578.492	2.304.719.852

The accompanying notes form an integral part of these consolidated financial statements.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Consolidated statement of income for the years ended December 31, 2013 and 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		(Audited)	(Audited)
	Notes	December 31, 2013	December 31, 2012
Profit and loss			
Revenue	23	13.345.148.844	10.856.182.835
Cost of sales(-)	23	(13.283.885.620)	(10.815.506.724)
Gross profit from commercial activities		61.263.224	40.676.111
Revenue from financial activities	24	46.563.495	41.554.145
Cost of financial activities (-)	24	(3.305.783)	(1.784.029)
Gross profit from financial activities		43.257.712	39.770.116
Gross profit		104.520.936	80.446.227
General administrative expenses (-)	25	(67.742.153)	(52.315.290)
Selling, marketing and distribution expenses (-)	25	(5.193.663)	(3.976.404)
Other operating income	26	576.432.245	212.622.018
Other operating expense (-)	27	(314.392.274)	(154.166.094)
Operating profit/(loss)		293.625.091	82.610.457
Profit/(loss) before tax from continuing operations		293.625.091	82.610.457
Tax (income)/expense for continuing operations			
- Current tax expense/income	22	(52.561.866)	(10.083.343)
- Deferred tax income/(expense)	22	28.400.779	(3.884.618)
Profit/(loss) before tax from continuing operations		269.464.004	68.642.496
Net profit for the year		269.464.004	68.642.496
Distribution of profit/loss			
Non-controlling interest		2.967.488	3.008.489
Attributable equity holders of the parent		266.496.516	65.634.007

The accompanying notes form an integral part of these consolidated financial statements.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

**Consolidated statement of comprehensive income
for the years ended December 31, 2013 and 2012**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	(Audited)	(Audited)
	December	December
	31,2013	31,2012
Net profit/loss for the period	269.464.004	68.642.496
Other comprehensive income:		
Adjustments to net income/(loss) reconciliation		
Change in foreign currency translation differences	-	-
Adjustments/revaluation in financial assets available for sale	(198.077.347)	84.515.584
Profit /loss on cash flow hedges (effective part of the fair value changes)	-	-
Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
Adjustment of investments carried at equity method from other comprehensive income in profit/loss	-	-
Other comprehensive income elements adjusted as other profit or loss	148.272	-
Tax income/expense in other comprehensive income adjusted in profit or loss	9.130.858	(4.094.297)
- Current tax expense/income	-	-
- Deferred tax expense/income	9.130.858	(4.094.297)
Other comprehensive income	(188.798.217)	80.421.287
Total comprehensive income	80.665.787	149.063.783
Distribution of total comprehensive income		
Non-controlling interest	2.967.488	3.008.489
Attributable equity holders of the Parent	77.698.299	146.055.294

The accompanying notes form an integral part of these consolidated financial statements.

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Consolidated statement of changes in equity for the years ended December 31, 2013 and 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Paid -in share capital	Adjustment to share capital	Other comprehensive income and expenses not to be reclassified in profit or loss			Accumulated profits			Equity attributable to equity holders of the parent	Non- controlling interest	Total equity
			Revaluation and measurement gains/losses	Other gains /Losses	Restricted reserves	Retained earnings	Net profit for the year				
Balance as at January 1,2012 (Beginning of the period)	98.916.083	63.078.001	96.265.043	-	56.272.643	70.422.453	72.750.236	457.706.459	9.816.630	467.523.289	
Transfers	-	-	-	-	6.164.012	66.586.224	(72.750.236)	-	-	-	
Dividends	-	-	-	-	-	-66.586.000	-	(66.586.000)	(4.626.911)	(71.212.911)	
Total comprehensive income	-	-	80.421.287	-	-	-	65.634.007	146.055.294	3.008.489	149.063.783	
Balance as at December 31,2012 (End of the period)	98.916.083	63.078.001	176.686.330	-	62.436.655	70.422.677	65.634.007	537.175.753	8.198.408	545.374.161	
Balance as at January 1,2013 (Beginning of the period)	98.916.083	63.078.001	176.686.330	-	62.436.655	70.422.677	65.634.007	537.175.753	8.198.408	545.374.161	
Transfers	-	-	-	-	7.667.609	57.966.398	(65.634.007)	-	-	-	
Dividends	-	-	-	-	(8.349.775)	(73.272.225)	-	(81.622.000)	(4.880.210)	(86.502.210)	
Total comprehensive income	-	-	(188.916.835)	-	-	-	266.496.516	77.579.681	2.967.488	80.547.169	
Other	-	-	-	118.618	-	-	-	118.618	-	118.618	
Balance as at December 31,2013 (End of the period)	98.916.083	63.078.001	(12.230.505)	118.618	61.754.489	55.116.850	266.496.516	533.252.052	6.285.666	539.537.738	

The accompanying notes form an integral part of these consolidated financial statements.

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Consolidated statement of cash flow for the years ended December 31, 2013 and 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	December 31, 2013	December 31, 2012
Cash flows from operating activities:			
Current period profit		269.464.004	68.642.496
Adjustments to net income/(loss) reconciliation			
- Adjustments related to depreciation and amortization (13,14)		1.399.749	1.582.323
- Adjustments related to provisions		8.620.394	9.394.970
- Adjustments related with interest income and expense		81.816.148	117.644.375
- Unrealized foreign currency conversion adjustments		(278.589.378)	29.010.361
- Adjustments related to fair value losses/gains		221.618.484	(16.630.421)
- Adjustments related to tax expenses/incomes		24.217.485	13.967.961
- Adjustments in other components related with the investments or financial activities		66.043.794	(27.374.509)
Changes in working capital			
- Change in trade receivables		(35.439.090)	(23.700.375)
- Change in other receivables related to operations		(29.824.259)	(1.251.399)
- Change in trade payables		50.100.335	12.381.510
- Change in other payables related to operations		(1.303.078)	(6.727.369)
Cash Flow from operating activities			
Taxes paid		(28.400.779)	(18.849.539)
Cash flow from operating activities		349.723.809	158.090.384
Cash flows from investing activities:			
Cash outflow for acquisition of tangible and intangible assets		(1.587.697)	(1.093.386)
Cash inflow from sale of subsidiary		24.460.924	-
Cash flows from investing activities		22.873.227	(1.093.386)
Cash flows from investing activities:			
Cash provided from financial liabilities		833.606.176	737.944.943
Interest paid		(160.427.887)	(121.007.797)
Dividend paid		(86.502.207)	(71.212.911)
Cash flows from financial activities		586.676.082	545.724.235
The effect of change in foreign exchange rates on cash and cash equivalents		278.589.378	(29.010.361)
Net increase in cash and cash equivalents		1.237.862.496	673.710.872
Cash and cash equivalents at the beginning of the period	6	1.705.283.561	1.031.572.689
Cash and cash equivalents at the end of the period	6	2.943.146.057	1.705.283.561

The accompanying notes form an integral part of these consolidated financial statements.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1 - Organization and nature of operations

Yapı Kredi Yatırım Menkul Değerler A.Ş. (named as "the Company" or the "Group" with its subsidiary in these consolidated financial statements) was established on September 15, 1989 under the name of Finanscorp Finansman Yatırım Anonim Şirketi, to engage in capital markets transactions and to serve as a brokerage company in accordance with the Law No. 2499 "Capital Market Law" and related legislation. In 1996, 99,6% of the shares of the Company were transferred to Yapı ve Kredi Bankası Anonim Şirketi ("Bank"). The name of the Company was changed to Yapı Kredi Yatırım Anonim Şirketi on September 9, 1996 and Yapı Kredi Yatırım Menkul Değerler Anonim Şirketi on October 5, 1998.

As of September 28, 2005, 57,4% of the shares of Yapı ve Kredi Bankası A.Ş., the main shareholder of the Company, were sold in accordance with the share purchase agreement between Çukurova Holding A.Ş., several Çukurova Group Companies, Mehmet Emin Karamehmet and Koç Finansal Hizmetler A.Ş. ("KFH"), Koçbank N.V. and Koçbank A.Ş. In the framework of the agreement, KFH became the ultimate parent company of Yapı ve Kredi Bankası A.Ş. with 57,4% shares. The main shareholder of the Company is Yapı ve Kredi Bankası A.Ş.(YKB) and ultimate parent of the Company is KFH.

At the Extraordinary General Assembly of the Company at December 29, 2006 the decision to legally merge with Koç Yatırım Menkul Değerler A.Ş. ("Koç Yatırım") in accordance with the related articles of Turkish Commercial Code, Corporate Tax Law, and Capital Market Law and permission of Capital Markets Board No. B.02.1.SP.K.0.16-1955 dated December 15, 2006 and to approve the merger agreement has been taken. Accordingly, all rights, receivables, liabilities and obligations were transferred to the Company due to consequential dissolution without liquidation of Koç Yatırım Menkul Değerler A.Ş.

Commercial Registration Office of Istanbul has registered the Extraordinary General Assembly decision dated December 29, 2006 and the merger agreement as of January 12, 2007 and announced the registration at Trade Registry Gazette No. 6724 and dated January 16, 2007.

Approval of Financial Statements:

Consolidated financial statements prepared as of December 31, 2013 have been approved by the Board of Directors of the Company at February 7, 2014. General Assembly and regulatory bodies have the right to amend the approved financial statements.

The main operations of the Company can be summarized as follows without lending money, except where legislation allows:

- a) Purchasing and selling of capital market instruments according to Capital Market Legislation on behalf and on account of itself and its customers,
- b) Under fulfilling certain requirements of Capital Market Law and the Capital Markets Board ("CMB" or "the Board")
 - Intermediating the issuance and public offering of capital market instruments listed by the Board,
 - Intermediating purchasing and selling of capital market instruments issued before for brokerage activities,
 - Purchasing and selling of marketable securities under repurchase and reverse repurchase agreements,
 - Investment consultancy,
 - Portfolio management,
 - Short selling of marketable securities, borrowing and lending of marketable securities,
 - Founding and managing Investment Funds,
 - Founding and managing Real Estate Investment and Investment Trusts,
 - Intermediating to derivative transactions,
 - Authority for leveraged buyout and sellout transactions

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1 - Organization and nature of operations (continued)

- c) Performing transactions in exchange markets by being a member of such organizations,
- d) Providing custody services in accordance with Capital Market Legislation,
- e) Providing services of collection, payment of principal, interest, dividends and related income and to use the pre-emptive rights to obtain new shares, free shares and acting as proxy to vote arising from possession of shares for and on behalf of its customers.

The Company has 10 funds (December 31, 2012: 9) which are established by the Company itself founded by the Group. As of December 31, 2013, the Group's number of employees is 222 (December 31, 2012: 208) and it has no branches.

The head office of the Company is located at; Yapı Kredi Plaza A Blok Kat:11 Büyükdere Cad. Levent – Istanbul

2 - Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Applicable accounting standards

The accompanying financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") in compliance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the CMB on June 13, 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations.

The consolidated financial statements were based on the legal records of the Group and expressed in Turkish Lira; and they have been subject to certain adjustments and classifications in order to fairly present the financial position of the Group in accordance with the Turkish accounting standards issued by POA..

2.1.2 Adjustments to financial statements in hyperinflationary periods

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Group's financial statements have been prepared in accordance with this decision.

2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.4 Going concern

The Group prepared its financial statements according to the going concern assumption.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

2.1.5 Functional currency

The financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (functional currency). The results and financial position of the Group is expressed in TL, which is the functional and presentation currency of the Group.

2.1.6 Classifications on the financial statements as of December 31,2012

Based on the decision taken on June 7, 2013 by the CMB at its meeting numbered 20/670, a new illustrative financial statement and guidance to it has been issued effective from March 31, 2013, which is applicable for the companies that are subject to Communiqué on the Principles of Financial Reporting in Capital Markets. Based on these new illustrative financial statements, a number of changes were made at the Group's consolidated financial statements. The reclassifications in the consolidated statement of financial position and statement of income of the Group as at December 31, 2012 are as follows

Statement of financial position	Restated		Classification
	December, 31 2012	December, 31 2012	
Financial Investments-short term	60.667.524	326.635.933	(265.968.409)
Cash and cash equivalents	1.775.221.823	1.712.217.411	63.004.412
Financial Investments-long term	215.453.792	12.489.795	202.963.997
Trade receivables	197.141.236	184.558.956	12.582.280
Receivables from financial activities	-	4.775.008	(4.775.008)
Other receivables	-	9.804.262	(9.804.262)
Other receivables	1.996.990	-	1.996.990
Other current assets	1.909.138	321	1.908.817
Prepaid expenses	-	1.908.817	(1.908.817)
Payables due to employee benefits	-	956.447	(956.447)
Other short term liabilities	2.649.940	1.693.493	956.447
Short term provisions for employee benefits	11.546.131	8.355.000	3.191.131
Long term provisions for employee benefits	1.655.359	4.846.490	(3.191.131)

Profit and loss statement	Restated		Classification
	December, 31 2012	December, 31 2012	
Sales	10.895.952.951	10.856.182.835	39.770.116
Revenue from financial activities	-	41.554.145	(41.554.145)
Cost of financial activities (-)	-	(1.784.029)	1.784.029
Credit interest income	17.464.466	-	17.464.466
Other operating income	10.549.354	-	10.549.354
Financial income	184.608.197	-	184.608.197
Other operating income	-	212.622.018	(212.622.018)
Other operating expense	2.640.063	-	2.640.063
Financial expense	151.526.030	-	151.526.030
Other operating expense (-)	-	154.166.094	(154.166.094)

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

2.2. Change in accounting policies and errors

Accounting policy changes taking place as a result of a new TAS/TFRS's first time use are applied in line with the transition rules if there is any, retrospective or prospectively. If transition rules are absent for such changes, intended significant changes regarding the accounting policy or identified accounting mistakes are applied retrospectively and financial statements of prior period are revised accordingly.

2.3 Change in accounting estimations

If the application of changes in the accounting estimates affects the financial results of a specific period, the accounting estimate change is applied in that specific period, if they affect the financial results of current and following periods; the accounting estimate is applied prospectively in the periods in which such change is made.

2.4 Changes in accounting policies and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at December 31, 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2013. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2013 are as follows:

TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

- i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and,
- ii) analyzing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset in accordance with TAS 32. Such disclosures also apply to recognised financial instruments that are subject to enforceable master netting arrangement or similar agreement ,irrespective of whether they are set off in accordance with TAS 32. The amendment affects disclosures only and did not have any impact on the consolidated financial statements of the Group.

TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Group.

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

TAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, and recognizing actuarial gain/(loss) under other comprehensive income for defined benefit plans and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement.

The Group used to recognize the actuarial gain and loss in profit and loss statement before this amendment. The Group, applied this amendment in the current year, retrospective application of this amendment is immaterial, therefore the Group did not restate its prior year financial statements. However based on the amendment in the presentation of short term employee benefits, vacation pay liability formerly presented in the short term provisions has been retrospectively reclassified to long term provisions.

TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the TASB also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Group.

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the TASB also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This amendment did not have an impact on the financial position or performance of the Group.

TFRS 10 Consolidated Financial Statements

TFRS10, TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard did not have an impact on the financial position or performance of the Group.

TFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Group.

TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard affects presentation only and did not have an impact on the disclosures given by the Group.

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

TFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. the Group has presented these disclosures in Note 7 and 28.

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Entities are required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons TFRS 11 and TFRS 12 has also been amended to provide transition relief. These amendments did not have an impact on the consolidated financial statements of the Group.

Improvements to TFRSs

Annual Improvements to TFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Group.

TAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory

TAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

TAS 34 Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards issued but not yet effective and not early adopted

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

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after January 1, 2014, with early application permitted. Retrospective application of this interpretation is required. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. This amendment will not have any impact on the financial position or performance of the Group.

Amendments to TAS 36 - Recoverable Amount Disclosures for Non-Financial assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied TFRS 13. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

Amendments to TAS 39 Financial Instruments: Recognition and Measurement, provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging relationships. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective for annual reporting periods beginning on or after July 1, 2014. Earlier application is permitted.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

Annual Improvements to IFRSs – 2011–2013 Cycle

IFRS 1 First-time Adoption of International Financial Reporting Standards

An entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment is effective immediately.

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

IAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

These amendments did not have an impact on the financial position or performance of the Group.

IFRS 14 - interim standard on regulatory deferral accounts

In January 2014, the IASB issued this standard. IFRS 14 permits first-time adopter rate regulated entities to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. Existing IFRS preparers are prohibited from adopting this Standard. The Standard will be applied on a full retrospective basis and is effective for annual periods beginning on or after

January 1, 2016. Earlier application is permitted. The Standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Resolutions promulgated by the Public Oversight Authority

In addition to those mentioned above, the POA has promulgated the following resolutions regarding the implementation of Turkish Accounting Standards. "The financial statement examples and user guide" became immediately effective at its date of issuance; however, the other resolutions shall become effective for the annual reporting periods beginning after December 31, 2012.

2013-1 Financial Statement Examples and User Guide

The POA promulgated "financial statement examples and user guide" on May 20, 2012 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply Turkish Accounting Standards, excluding financial institutions established to engage in banking, insurance, private pensions or capital market. The Group has made the related classifications stated in Note 2.1.6 in order to comply with the requirements of this regulation.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

2013-2 Accounting of Combinations under Common Control

In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. This resolution did not have any impact on the consolidated financial statements of the Group.

2013-3 Accounting of Redeemed Share Certificates

Clarification has been provided on the conditions and circumstances where the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. This resolution did not have any impact on the consolidated financial statements of the Group.

2013-4 Accounting of Cross Shareholding Investments

If a subsidiary of an entity holds shares of the entity then this is defined as cross shareholding investment. Accounting of this cross investment is assessed based on the type of the investment and different recognition principles adopted accordingly. With this resolution, this topic has been assessed under three main headings below and the recognition principles for each one of them has been determined.

- i) the subsidiary holding the equity based financial instruments of the parent,
- ii) the associates or joint ventures holding the equity based financial instruments of the parent,
- iii) the parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 38 and TFRS 9 by the parent.

This resolution did not have any impact on the consolidated financial statements of the Group.

2.5 Critical accounting judgements, estimates and assumptions

The significant accounting policies followed in the preparation of these financial statements are summarized below:

(a) Consolidation principles

The consolidated financial statements include the financial statements of the Company and its Subsidiary. Control is exercised when a company has power over financial and operational policies of a business with the purpose of benefiting from the business' operations.

As of December 31, 2013 and 2012, details of the subsidiary and associate of the Group are as follows:

Company Name	2013 Share in capital	2012 Share in capital	Principal activity
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	87,32%	87,32%	Portfolio Management
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (Associate)	-	44,97%	Portfolio Management

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

Subsidiary

Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy" or "subsidiary") is subject to full consolidation as the Company is the main shareholder and has control rights over subsidiary.

The Company's subsidiary Koç Portföy Yönetimi A.Ş. ("Koç Portföy") has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. on December 29, 2006. Accordingly, all rights, receivables, liabilities and obligations of Yapı Kredi Portföy were transferred to Koç Portföy. After merger, the Subsidiary has changed its title as Yapı Kredi Portföy Yönetimi A.Ş. and accordingly the Company has an interest of 87,32% (December 31, 2012: 87,32%) of the voting rights.

Within the context of the Capital Markets Board regulations, the Subsidiary's principal activities are managing mutual and private funds and performing discretionary portfolio management ("DPM") for institutions, endowments and individuals.

The balance sheets and statements of income of the subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity.

The minority shares in net assets and operating results are classified as minority interest. Intercompany transactions and balances between the Company and the subsidiary are eliminated during consolidation. Subsidiary is consolidated from the date on which control is transferred to the Company and will no longer be consolidated from the date that control ceases.

Where necessary, accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the Company.

Associate

Within the context of the liquidation process of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. which was performed by Yapı ve Kredi Bankası A.Ş. (YKB), it was decided that the shares of other shareholders sold to YKB with a call price set as TL 2,68 between July 23, 2013 and August 5, 2013 in accordance with Communiqué of the CMB Series: IV, No: 44 "Communiqué on the Principles Regarding the Collection of Corporation Shares through Takeover Bid" and the shares of the Company at YKBYO, representing 44,97% of the Company with a nominal value of TL 14.133.181,44 sold to YKB for a consideration of TL 37.876.926,25. The transfer of the shares was completed as of July 23, 2013 and the Company has no shares left in the capital of YKBYO after the share call. As a result of this sale, the Grup received sales profit of TL 24.460.924 recorded under other operating income in the accompanying consolidated financial statements.

(b) Revenue recognition

(i) Fee and commission income and expenses

Fees and commissions are recognized in the income statement when they are collected or paid. However, fund management, investment consulting fees, intermediary commissions and portfolio management commissions are recognized on an accrual basis. Common stock transaction commissions are netted off with commission rebates (Note 23).

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

(ii) Interest income/expense and dividend income

Interest income and expense are recognized on an accrual basis in the relevant period's income statement. Income includes coupon income from fixed and floating income securities and discounted treasury bills valued by amortized cost, income from reverse repo and stock exchange money market transactions.

Dividend income from common stock investments is recognized when shareholders are entitled to receive dividend.

(c) Trade receivables

Trading receivables that arise as a result of providing services to the receiver by the Company, are disclosed by offsetting unearned financing income. After the unearned financing income, trading receivables are calculated with the discounted amounts of receivables that are recorded with their original invoice value and realized in next periods with the effective interest method. Short term receivables that do not have any specified interest rate are disclosed with their cost values when there is no major effect of using original effective interest rate.

(d) Financial assets

The Group 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 recognized at the "settlement dates"

The appropriate classification of financial assets of the Company is determined at the time of purchase and according to the "market risk policies" by the Company management, taking into consideration the purpose of holding the investment.

All financial assets initially are recognized at fair value with purchase expenses of investment, except financial assets at fair value through profit or loss.

(i) *Financial assets at fair value through profit and loss*

In the Group, financial assets which are classified as "financial assets at fair value through profit or loss" are trading financial assets and 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.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. It is accepted that the fair value is recognized as the best buy order as of the balance sheet date. However, if fair values cannot be obtained from the market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at "amortized cost" using the effective interest method. All gains and losses arising from these evaluations are recognized in the income statement.

All gains and losses arising from these evaluations, coupon and interest income are recognized in "Financial income" account in the income statement.

The assets in this category are classified as current assets.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

(ii) Available for sale financial assets

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

Available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortized cost using the effective interest method.

"Unrealized gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognized in the equity as "Revaluation fund", until there is a permanent decline in the 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 equity are transferred to the income statement.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets that are not classified under loans and receivables or held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, 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 recognized at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortized cost" using the "effective interest method" after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

There are no financial assets of the Group that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to the breaching of classification principles.

(iv) Loans and other receivables

Loans and receivables of the Group which are given with the purpose of providing cash to the debtor are carried at amortized cost. All loans are recognized in financial statements after transferring the cash amounts to debtors.

The Company provides loans to the customers for the share certificate takings.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

(v) Reverse repurchase agreements

Funds given against securities purchased under agreements ("Reverse Repo") to resell are accounted under "Cash and cash Equivalents" 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 and is recorded as receivables from reverse repo transactions.

(e) Property and equipment

Property and equipment are carried at cost less accumulated depreciation (Note 13).

Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related asset. The estimated useful lives of assets are as follows:

Buildings	50 years
Furnitures and fixtures	4-5 years
Motor vehicles	4-5 years
Leasehold improvements	4-5 years

Estimated useful life and depreciation method are reviewed at each balance sheet date in order to detect the effects of changes in the estimates and if appropriate, the changes in estimates are accounted.

Where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down to its "recoverable amount" and the provision for the impairment in value is charged to the income statement.

Gains and losses on the disposal of assets are determined by deducting the net book value of the assets from its sales proceeds and charged to the income statement in the current period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

(f) Intangible assets

Intangible assets consist of acquired rights, information systems and softwares. These assets are recorded at original costs and amortized over their estimated useful lives, approximately 3-5 years, using the straight-line method (Note 14). The useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet

The Book value of intangible assets are reduced to recoverable value, if impairment exists.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

(g) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets.

The Group books a provision for the doubtful receivables when there is an objective evidence that trade receivables are not fully collectible. The correspondent provision amount is the difference between the book value and collectible receivable amount. The collectible amount is the discounted value of trade receivables by effective interest rate including the collectible guarantees and securities.

In the event of the collections of the doubtful receivables whether the whole amount or some part of it, after booking the provision for the doubtful receivables, the collected amount is deducted from the doubtful receivables provision and recorded as income.

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in income statement.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(h) Financial liabilities

(i) Repurchase agreements

Securities subject to repurchase agreements ("Repos") are classified as "at fair value through profit or loss", "available-for-sale" and "held-to-maturity" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Financial Liabilities" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "effective interest method" and is added to the cost of the financial assets which are subject to repurchase agreements.

The Group has no securities lending transactions

(ii) Other financial liabilities

Other financial liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

(i) Foreign Currency Transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions; monetary assets and liabilities are accounted for at the period-end bid rate of Central Bank of the Republic of Turkey ("CBRT") (Note 29). Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(j) Provisions and contingent assets and liabilities

Provisions are recognized when there is 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. When the amount of the obligation cannot be estimated and an outflow of resources is not probable, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements (Note 15).

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 recognized in financial statements since this may result in the recognition of income that may never be realized. 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 recognized in the financial statements in the period in which the change occurs.

(k) Finance leases - the Group as lessee

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the amount of lower of the fair value of the leased asset, and the present value of the lease payment. Assets acquired under finance lease agreements are classified under property and equipment and depreciated as per assets useful lives. Liabilities arising from financial lease agreements are followed under the "Financial lease payables" account in the balance sheet.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

(l) Operational lease - the Group as lessee

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

Operating lease payments are recognized in the consolidated income statements as an expense on a straight line basis over the lease term. Benefits obtained or to be obtained are also recorded on a straight line basis over the lease term.

(m) Subsequent events

Subsequent events cover any events which arise between the date of approval of the financial statements and the balance sheet date, even if they occurred after declaration of the net profit for the period or specific financial information is publicly disclosed. The Group adjusts its financial statements if such subsequent events require an adjustment to the financial statements

(n) Related parties

For the purpose of these consolidated financial statements, shareholders, subsidiaries of Yapı ve Kredi Bankası A.Ş. with indirect capital relation, Koç Holding A.Ş. and Unicredito Italiano S.p.A group companies, key management personnel and board members, their families and companies are considered as "related parties".

(o) Taxes calculated on corporate income

Corporate tax

Corporation tax is calculated in conformity with Tax Procedural Law and tax expenses other than corporation tax are accounted for in operating expenses (Note 22).

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

If there is a legal right for offsetting of current tax assets and liabilities or taxation of these assets and liabilities are determined by the same authority, offsetting is realized.

Deferred tax

Deferred tax is calculated, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Deferred tax assets and liabilities related to income taxes levied by the same taxation authority are offset accordingly.

Significant temporary differences arise from provision for employment termination benefits, provision for unused vacation rights, valuation differences of buildings and other fixed assets, valuation differences of available-for-sale financial assets and various expense provisions.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

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

Current tax and deferred tax are accounted as income or expense in the income statement, except those related to items accounted under "Revaluation fund" in equity

(ö) Employee benefits

Defined benefit plans

The Company accounts for employee termination benefits, vacation rights and other benefits to employees in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and they are classified under "provision for employee benefits" in the balance sheet.

Under the Turkish Labour Law, the Company is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for 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 Company arising from this liability regarding the actuarial projections and reflected to financial statements (Note 17).

Defined contribution plans

The Company has to pay contribution to Social Security Institution (Institution) for its employees within the contribution margin decided by the law. The Company does not have other liabilities to its employees or to Institution other than the contribution for its employees. Those contributions are expensed on the date of accrual.

(p) Capital and dividends

Ordinary shares are classified in equity. Dividends over ordinary shares are classified as dividend payable by deducting from accumulated profits, when the decision of dividend distribution is taken.

(r) Statement of cash flows

For the purposes of statement of cash flows, cash and cash equivalents include due from banks with maturity less than three months, receivables from reverse repo transactions and investment funds.

(s) Share certificates and issuance

At capital increases, the Company accounts the difference between the issued value and nominal value as share issue premium under equity, in the case where the issued value is higher than the nominal value. The Company has no decision for profit distribution after the balance sheet date.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

(§) Assets held for resale and discontinued operations

Discontinued operation is defined as a part of the Group with distinguished operations and cash flows that is disposed of or classified as held for sale. Results of discontinued operations are disclosed separately in the income statement.

A tangible asset (or a disposal group) classified as "asset held for sale" is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

(t) Derivative financial instruments

The Group's derivative transactions are composed of foreign currency/interest rates swaps, forward contracts and future transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting periods.

2.5 Critical accounting judgements, estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities or amounts of contingent assets and liabilities, and income and expense reported in the related period. Even though these assumptions and estimates are based on the best estimates of the Group's management, the actual results might differ from them.

Judgements that have the most significant effect on the amounts recognized in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Held-to-maturity financial assets. Management applies judgement in assessing whether financial assets can be categorized as held-to-maturity, in particular its intention and ability to hold the assets to maturity. If the Group fails to keep these investments to maturity other than for certain specific circumstances – for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value rather than amortized cost.

Impairment of available for-sale equity investments. The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgement. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational or financing cash flows. Had all the declines in fair value below cost been considered significant or prolonged, the Group would not suffer any additional loss, being the transfer of the total debit balance in the revaluation reserve to profit or loss.

Deferred income tax asset recognition. Deferred income tax assets are recorded to the extent that realization of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - Basis of presentation of financial statements (continued)

2.6 Convenience translation into English of financial statements originally issued in Turkish

The accounting principles described above (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

3 - Business Combinations

None (December 31, 2012 - None).

4 - Joint ventures

None (December 31, 2012 - None).

5 - Segment reporting

The main operations of the Grup is purchasing and selling of capital market instruments. As the Group's shares are not publicly traded, therefore there is no separate segment reporting disclosed in December 31, 2013 year-end financial statements.

6 – Cash and cash equivalents

	December 31, 2013	December 31, 2012
Banks		
- Demand Deposits	36.880.094	11.741.957
- Time Deposits	2.858.698.738	1.700.138.331
Receivables from reverse repurchase agreements	175.748	38.401
Investment funds	50.171.251	298.722
	2.945.925.831	1.712.217.411

For the purpose of statement of cash flows, details of cash and cash equivalents are as follows:

	December 31, 2013	December 31, 2012
Time deposits with maturity up to three months	2.858.698.738	1.700.138.331
Demand Deposits	34.100.320	4.808.107
Receivables from reverse repurchase agreements	175.748	38.401
Investment funds	50.171.251	298.722
	2.943.146.057	1.705.283.561

Cash and cash equivalents belonging to the customers of the Company consist of demand deposit amounting of TL 2.779.774 as of December 31, 2013 (December 31, 2012: TL 6.933.851 TL).

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7 – Financial investments

	December 31,2013	December 31, 2012
Short term financial assets		
<i>Financial assets at fair value through profit and loss</i>		
- Share certificates quoted to BIST	20.718.626	31.365.451
<i>Available for sale financial assets</i>		
- Private sector bonds and bills	-	-
- Share certificates	-	202.963.997
- Government bonds and treasury bills	516.359	526.739
<i>Held to maturity financial assets</i>		
- Government bonds and treasury bills	36.102.585	28.775.334
Deposits with an original maturity more than three months	-	63.004.412
	57.337.570	326.635.933
Long term financial assets		
<i>Held to maturity financial assets</i>		
- Government bonds and treasury bills	-	-
<i>Available for sale financial assets</i>		
- Share certificates	31.713.607	12.489.795
- Government bonds and treasury bills	-	-
- Private sector bonds and bills	-	-
	31.713.607	12.489.795
Total financial investments	89.051.177	339.125.728

Held-to-maturity financial investments, with the fair value of TL 31.274.269 TL and the carrying value of TL 31.627.159 TL are held as collateral in the CBRT, BIST and Takas ve Saklama Bankası A.Ş. ("Takasbank") as of December 31, 2013 (December 31,2012: held-to-maturity financial investments, with the fair value TL 28.820.716 and the carrying value of TL 28.775.334)

Maturity distribution of held-to-maturity financial assets is as follows:

	December 31,2013	December 31, 2012
Up to 3 months	-	28.775.334
3 months – 1 year	36.102.585	-
	36.102.585	28.775.334

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7 – Financial investment (continued)

Short term financial investments

	December 31, 2013		
	Cost	Fair value	Carrying value
<i>Financial assets at fair value through profit or loss</i>			
- Government bonds and treasury bills	534.636	516.359	516.359
- Share certificates quoted to BIST	27.274.561	20.718.626	20.718.626
<i>Available-for-sale financial assets</i>			
- Private sector bonds and bills	-	-	-
<i>Held to maturity financial investments</i>			
- Government bonds and treasury bills	36.271.851	35.982.884	36.102.585
	64.081.048	57.217.869	57.337.570

	December 31, 2012		
	Cost	Fair Value	Carrying value
<i>Financial assets at fair value through profit/loss</i>			
- Government bonds and treasury bills	533.053	526.739	526.739
- Share certificates quoted to BIST	26.731.503	31.365.451	31.365.451
<i>Available-for-sale financial assets</i>			
- Share certificates	19.218.824	202.963.997	202.963.997
- Private sector bonds and bills	-	-	-
<i>Held to maturity financial investments</i>			
- Government bonds and treasury bills	28.020.725	28.820.716	28.775.334
	74.504.105	263.676.903	263.631.521

Long term financial investments

	December 31, 2013		
	Cost	Fair value	Carrying value
<i>Held-to-maturity financial investments</i>			
- Government bonds and treasury bills	-	-	-
<i>Available-for-sale financial asset</i>			
- Share certificates	21.921.517	31.713.607	31.713.607
- Government bonds and treasury bills	-	-	-
- Private sector bonds and bills	-	-	-
	21.921.517	31.713.607	31.713.607

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7-Financial investments (continued)

	December 31, 2012		
	Cost	Fair value	Carrying value
<i>Held-to-maturity financial investments</i>			
- Government bonds and treasury bills	-	-	-
<i>Available-for-sale financial assets</i>			
- Share certificates	13.016.806	12.489.795	12.489.795
- Government bonds and treasury bills	-	-	-
- Private sector bonds and bills	-	-	-
	13.016.806	12.489.795	12.489.795

Movements of the held-to-maturity financial assets during the years ended December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
January 1	28.775.334	40.782.675
Purchases during the period	85.371.851	46.700.000
Valuation increase/decrease (rediscount rate is included)	355.400	(407.341)
Disposals in the period	(78.400.000)	(58.300.000)
December 31	36.102.585	28.775.334

As of December 31, 2013, available-for-sale financial assets subject to repurchase agreement is amounting to TL 109.405 (December 31, 2012 - None).

Details of share certificates, that are classified as short- term available-for-sale financial assets are as follows;

Type	December 31, 2013		December 31, 2012	
	Amount TL	Shareholding %	Amount TL	Shareholding %
Quoted to stock exchange				
Yapı Kredi Sigorta A.Ş.	-	-	202.963.997	11,99

Details of share certificates, that are classified as long- term available-for-sale financial assets are as follows;

Type	December 31, 2013		December 31, 2012	
	Amount TL	Shareholding %	Amount TL	Shareholding %
Not quoted to stock exchange				
Takasbank	31.423.700	4,86	12.359.600	4,86
Yapı Kredi Azerbaycan Ltd.	92.064	0,10	92.064	0,10
Yapı Kredi Emeklilik A.Ş.	26.432	0,04	26.432	0,04
Koç Kültür Sanat ve Tanıtım Hiz. Tic. A.Ş.	11.699	4,90	11.699	4,90
Borsa İstanbul	159.712	0,04	-	-
	31.713.607		12.489.795	

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7 - Financial Investments (continued)

On July 12, 2013, in accordance with the share purchase agreement between Allianz SE and the Sellers dated March 26, 2013, the shares of Yapı Kredi Sigorta A.Ş. which are owned by Yapı ve Kredi Bankası A.Ş., Yapı Kredi Yatırım Menkul Değerler A.Ş. and Yapı Kredi Faktoring A.Ş. (Sellers) with a nominal amount TL 95.815.145,696 are transferred to Allianz SE.

As of December 31, 2013 and 2012, the Group has 4,86% of the shares of Takasbank. The Group has TL 20.405.000 shares with a nominal value of TL 20.405.000. The related equity interest has been carried at TL 1,54 per share which is the last price announced by BIST in the balance sheet.

The above unquoted and unlisted available-for-sale equity investments whose fair value cannot be reliably measured are stated at cost less impairment, if any.

8 – Assets held for sale

None (December 31, 2012 - 38.415.407).

Within the context of the liquidation process of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. which was performed by Yapı ve Kredi Bankası A.Ş. (YKB), it was decided that the shares of other shareholders sold to YKB with a call price set as TL 2,68 between July 23, 2013 and August 5, 2013 in accordance with Communiqué of the CMB Series: IV, No: 44 "Communiqué on the Principles Regarding the Collection of Corporation Shares through Takeover Bid" and the shares of the Company at YKBYO, representing 44,97% of the Company with a nominal value of TL 14.133.181,44 sold to YKB for a consideration of TL 37.876.926,25. The transfer of the shares was completed as of July 23, 2013 and the Company has no shares left in the capital of YKBYO after the share call.

9 – Short term trade payables

	December 31, 2013	December 31, 2012
Payables to stock exchange money market	2.207.914.384	1.654.819.548
Funds from repo transactions	1.276.367	-
Bank loans	314.124.753	30.000.642
Due to short selling transactions	3.150.000	-
	2.526.465.504	1.684.820.190

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

10 – Trade receivables and payables

Trade receivables:

Short term trade receivables

	December 31, 2013	December 31, 2012
Receivables from loan customers	117.927.208	142.476.287
Receivables from Takas Saklama Merkezi	51.181.937	2.769.294
Receivables from customers	47.458.870	35.170.638
Commission receivables	937.598	1.801.013
Doubtful receivables	111.295	111.295
Provision for doubtful receivables	(111.295)	(111.295)
Project receivables	2.492.433	750.278
Other short-term receivables	-	1.591.446
	219.998.046	184.558.956

The Group provides loans to customers for using in share certificate transactions. The Company has quoted share certificates as collateral against loans given whose total market value amounts to TL 245.669.560 (December 31, 2012: 287.554.611 TL).

Trade payables:

Short term trade payables

	December 31, 2013	December 31, 2012
Payables to customers	91.311.063	40.906.870
Agent commissions payable	1.607.269	2.397.154
Expense accruals	118.870	382.559
Taxes and funds payables	308.199	337.187
Other trade payables (*)	818.628	39.924
	94.164.029	44.063.694

(*) As of December 31, 2013, other trade payables consists of invoices amounting to TL 742.259 of the Group's subsidiary, Yapı Kredi Portföy.

11 – Receivables and payables from financial sector activities

Receivables and payables from financial activities consists of the the transactions of the consolidated subsidiary.

Receivables from financial sector activities

	December 31, 2013	December 31, 2012
Fund management fee receivables	2.630.739	2.475.027
Individual pension fund management receivables	1.029.914	1.369.357
Investment advisory receivables	1.136.058	833.244
Private portfolio management fee receivables	3.638	53.626
Other	4.220	43.754
	4.804.569	4.775.008

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

11 – Receivables and payables from financial sector activities (continued)

Portfolio management fee receivable amounting to TL 3.660.653 managed by the subsidiary, consists of management fee receivables from 41 (December 31, 2012: 40) investment funds and 19 (December 31, 2012: 16) pension funds, which were established according to the Capital Market Law and related legal provisions.

Management fee receivables are recognized on accrual basis and collected every month.

12 – Other receivables and payables

Other receivables

	December 31, 2013	December 31, 2012
Collaterals from foreign operations	28.709.388	3.177.116
Collaterals from Takasbank	8.906.002	4.630.156
Deposits and collaterals given	1.190.967	660.111
Fund advances given	223.419	1.336.879
	39.029.776	9.804.262

Other payables

	December 31, 2013	December 31, 2012
Payables to parties other than suppliers or customers	6.285.840	2.517.687
Payables to marketable securities disposal fund	491.344	491.344
	6.777.184	3.009.031

13 – Property and equipment

December 31, 2013	Buildings	Vehicles	Furniture and fixtures	Leasehold improvements	Total
Net book value, January 1	3.699.812	866	1.081.704	489.186	5.271.568
Additions	-	-	748.258	192.645	940.903
Disposals	-	-	-	-	-
Depreciation expense	(170.127)	(866)	(367.400)	(223.065)	(761.458)
Net book value, December 31	3.529.685	-	1.462.562	458.766	5.451.013
Cost	8.506.355	77.326	13.171.312	4.030.224	25.785.217
Accumulated depreciation	(4.976.670)	(77.326)	(11.708.750)	(3.571.458)	(20.334.204)
Net book value, December 31	3.529.685	-	1.462.562	458.766	5.451.013

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

13 – Property and equipment (continued)

December 31, 2012	Buildings	Vehicles	Furniture and fixtures	Leasehold improvements	Total
Net book value, January 1	3.869.940	7.858	1.031.420	857.383	5.766.601
Additions	-	-	470.243	49.523	519.766
Disposals	-	-	(16.206)	-	(16.206)
Depreciation expense	(170.128)	(6.992)	(403.753)	(417.720)	(998.593)
Net book value, December 31	3.699.812	866	1.081.704	489.186	5.271.568
Cost	8.506.355	77.327	13.729.426	5.077.912	27.391.020
Accumulated depreciation	(4.806.543)	(76.461)	(12.647.722)	(4.588.726)	(22.119.452)
Net book value, December 31	3.699.812	866	1.081.704	489.186	5.271.568

14 – Intangible assets

	December 31, 2013
Net book value, January 1	1.053.828
Additions	646.794
Amortization	(638.291)
Net book value, December 31	1.062.331
Cost	9.343.175
Accumulated amortization	(8.280.844)
Net book value, December 31	1.062.331
	December 31, 2012
Net book value, January 1	1.063.939
Additions	573.619
Amortization	(583.730)
Net book value, December 31	1.053.828
Cost	8.697.404
Accumulated amortization	(7.643.576)
Net book value, December 31	1.053.828

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

15 – Provisions, contingent assets and liabilities

	December 31, 2013	December 31, 2012
Other short-term provisions		
Legal provisions	1.062.049	1.088.502
Other provisions	320.000	-
	1.382.049	1.088.502

i) Guarantees given

	December 31, 2013	December 31, 2012
Letters of guarantee	3.101.853.341	2.212.641.793

Letters of guarantee are given to BIST, CMB and to Takasbank for Stock Exchange Money Market transactions. Foreign currency denominated letters of guarantee amount to TL 418.352.165 (December 31, 2012: 416.260.617 TL).

ii) Legal provisions

Several outstanding legal cases against the Group have been considered and provision amounting to TL 1.062.049 based on the best estimates has been reflected to the consolidated financial statements as of December 31, 2013 (December 31, 2012: 1.088.502 TL).

16. Derivative transactions

As of December 31, 2013 and December 31, 2012, the details of TL nominal amounts of derivative transaction are as follows:

	December 31, 2013			December 31, 2012	
	USD	EUR	TL	USD	EUR
Forward transactions(buy)	-	7.977.598	-	-	110.229
Forward transactions(sell)	-	7.645.379	-	-	109.282
Swap transactions(buy)	22.493.731	2.685.748.706	-	841.640	26.812.250
Swap transactions(sell)	22.644.923	2.805.825.750	-	837.822	27.044.550
Futures transactions(buy)	-	-	-	-	-
Futures transactions(sell)	-	-	-	-	-
	45.138.654	5.507.197.433	-	1.679.462	54.076.311

Receivables from derivative transactions

	December 31, 2013	December 31, 2012
Forward transactions	9.085	3.010
Swap transactions	6.098.005	-
	6.107.090	3.010

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

16. Derivative transactions (continued)

Payables to derivative transactions

	December 31, 2013	December 31, 2012
Forward transactions	361.622	329.595
Swap transactions	137.165.943	1.343
	137.527.565	330.938

17 – Provision for employee benefits

	December 31, 2013	December 31, 2012
Short-term provisions		
Provision for personnel premiums	8.624.000	8.355.000
	8.624.000	8.355.000
Long-term provisions		
Provision for employment termination benefits	1.848.618	1.655.359
Provision for unused vacations	3.057.502	3.191.131
	4.906.120	4.846.490

Provision for employment termination benefits

Under the Turkish Labour Law, the Company required to pay the employment termination benefits to each employee who have completed one year of service at the Company when they retire (for women 58, for men 60) and when they are dismissed or called up for military services or die. Due to changes in the Law on September 8, 1999, some sections regarding the temporary period related with the working period before retirement have been removed. The indemnity is one month's salary for each working year and is limited to TL 3.438,22 as of December 31, 2013 (December 31, 2012 - TL 3.129,25).

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

TFRS requires actuarial valuation methods to be developed to estimate the Company's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability.

	December 31, 2013	December 31, 2012
Discount rate (%)	4,78	3,86
Turnover rate to estimate retirement probability (%) (*)	95,53	94,28

(*) The rate reflects the parent company's rate.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The liability is revised two times in a year and in the year end calculation, the effective amount as of January 1, 2014 of TL 3.438,22 TL (January 1, 2013 - TL 3.129,25).

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

17 – Provision for employee benefits (continued)

Movements in the provision for employment termination benefits as of December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
January 1	1.655.359	1.218.661
Service cost	193.724	24.838
Interest cost	79.070	93.696
Provisions during the period	342.461	634.210
Payments during the period	(421.996)	(316.046)
December 31	1.848.618	1.655.359

18- Liabilities for employee benefits

	December 31, 2013	December 31, 2012
Taxes payable and liabilities	604.731	524.053
Social security premiums payables	406.395	432.394
	1.011.126	956.447

19- Prepaid expenses

	December 31, 2013	December 31, 2012
Commissions for letters of guarantees	1.391.811	1.164.840
Prepaid expenses	1.236.356	743.977
	2.628.167	1.908.817

20 – Other assets and liabilities

Other current assets

	December 31, 2013	December 31, 2012
Due from personnel	2.558	200
Other	126.376	121
	128.934	321

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

20 – Other assets and liabilities (continued)

Other short-term liabilities

	December 31, 2013	December 31, 2012
Other taxes and funds payables	1.984.065	697.836
Blocked customer accounts	951.431	759.616
Other expense accruals	1.535.637	236.041
	4.471.133	1.693.493

21 - Equity

Paid-in capital and adjustment differences

The paid-in capital of the Company is TL 98.918.083 (December 31,2012: TL 98.918.083) and consists of 9.891.808.346 (December 31, 2012: 9.891.808.346) authorized shares with a nominal value of kr 1 each.The Group has no preferred share as of December 31, 2013.

The shareholders and their shares in capital with historic values as of December 31, 2013 and December 31, 2012 are as follows:

Shareholders	December 31, 2013		December 31, 2012	
	TL	Share %	TL	Share %
Yapı ve Kredi Bankası A.Ş.	98.895.466	99,98	98.895.466	99,98
Temel Ticaret ve Yatırım A.Ş.	20.951	0,02	20.951	0,02
Other	1.666	0,00	1.666	0,00
	98.918.083		98.918.083	
Adjustment to share capital	63.078.001		63.078.001	
Total paid-in capital	161.996.084		161.996.084	

"Adjustment to share capital" represents the difference between total restatement effect of cash and cash equivalent contributions to share capital due to the inflation adjustments and total amount before the inflation adjustment. There is no use of the adjustment to share capital other than to be added to the capital.

Restricted reserves and previous years' profits/losses

	December 31, 2013	December 31, 2012
First legal reserves	18.891.100	18.891.100
Second legal reserves	38.236.572	38.918.738
Special reserves ⁽¹⁾	4.626.817	4.626.817
Total restricted reserves	61.754.489	62.436.655

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

21 – Equity (continued)

As of December 31, 2012 special funds amounting to TL 4.626.817 accounted under the shareholder's equity is the 75% of the profit realized from the sales of the building in 2010.

The Group performs dividend distribution in accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of February 1, 2014.

In accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of February 1, 2014, the dividend distribution rate for non-listed companies may not be less than twenty percent of the net distributable profit for the period including donations. In accordance with the same communiqué, non-listed companies are required to distribute the profit share in whole and in cash; and they cannot benefit from the practice of profit distribution by installments, which is granted to listed companies.

In accordance with the provisions of the said communiqué, non-listed companies may choose not to distribute dividends in the event that the calculated profit share is less than five percent of the capital stock in the most recent annual financial statements to be presented to the general assembly or in the event that the net distributable profit for the period is less than TL 100.000 according to these financial statements. In this case, the undistributed dividends are distributed in subsequent periods.

Changes in the minority interest during the period are as follows:

	December 31, 2013	December 31, 2012
Beginning of the period	8.198.408	9.816.830
Minority interest decrease due to dividend payment	(4.880.210)	(4.626.911)
Minority interest net income	2.967.488	3.008.489
End of the period	6.285.686	8.198.408

Distribution of minority interest net income is as follows:

Minority interest income from continuing operations	2.967.488	3.008.489
	2.967.488	3.008.489

22 – Tax assets and liabilities

Corporate Tax

	December 31, 2013	December 31, 2012
Corporate taxes payable	52.665.237	10.037.970
Less: prepaid taxes	(33.953.193)	(15.581.679)
Taxes payable-net	18.712.044	(5.543.709)
Current tax expenses	52.561.866	7.200.475
Deferred tax income/(expense)	(28.400.779)	(1.656.766)
Total tax expense	24.161.087	5.543.709

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

22 – Tax assets and liabilities (continued)

Deferred tax assets and liabilities

	December 31, 2013	December 31, 2012
Deferred tax assets	29.391.558	385.061
Deferred tax liabilities	-	(8.525.140)
Deferred tax (liabilities) / assets - net	29.391.558	(8.140.079)

Reconciliation of current year tax expense and calculated theoretical tax expense with statutory tax rate by the Company:

	December 31, 2013	December 31, 2012
Net profit before taxes	293.625.091	82.610.457
Theoretical tax expense with 20% tax rate	(58.725.018)	(16.522.091)
Non-deductible expenses	(514.022)	246.754
Non taxable income	42.119.301	(294.077)
Other	(7.041.348)	2.601.452
Current year tax expense	(24.161.087)	(13.967.962)

The Corporate Tax Law was altered by Law No.5520 on June 21, 2006 and published in the Official Gazette No.26205. The majority of regulations in Corporate Tax Law No.5520 became effective as of January 1, 2006. According to this Law, the corporation tax rate of the fiscal year 2013 is 20% (2012: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (e.g. research and development expenditures deductions). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance amount utilized within the scope of the Income Tax Law transitional article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10% in accordance with 94th article of Income Tax Law. Addition of profit to share capital is not considered a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is declared by the 14th and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time 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.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

22 – Tax assets and liabilities (continued)

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

There are numerous exemptions in Corporate Tax Law concerning corporations. Accordingly, earnings of the above mentioned nature, which are in the commercial profit/loss figures, have been taken into account in the calculation of corporate tax.

In addition to exemptions explained above, tax deductions specified in Corporation Tax Law articles 8, 9, 10, and Income Tax Law article 40, are also considered in the assessment of the corporation tax base.

Deferred tax assets and liabilities based upon temporary differences are as follows:

	<u>December 31, 2013</u>		<u>December 31, 2012</u>	
	<u>Cumulative temporary differences</u>	<u>Deferred tax assets / (liabilities)</u>	<u>Cumulative temporary differences</u>	<u>Deferred tax assets / (liabilities)</u>
Valuation differences in financial assets	6.480.935	1.296.187	43.507	8.701
Impairment provision for property and equipment	2.520.243	504.050	2.520.242	504.049
Provision for unused vacations	3.057.502	611.500	3.191.131	638.226
Provision for employment termination benefits	1.848.618	369.724	1.655.359	331.072
Provision for personnel premium	2.189.600	437.920	770.500	154.100
Legal cases provision	1.062.049	212.410	1.088.502	217.700
Derivatives	137.527.565	27.505.513	327.928	65.586
Other	186.590	37.318	1.087.459	217.492
Deferred tax assets		30.974.622		2.136.926
Financial assets fair value increase	-	-	183.213.655	9.160.683
Net difference between the tax base and carrying amount of property and equipment	1.047.697	209.540	909.454	181.892
Valuation differences in financial assets	662.981	132.596	4.633.949	926.789
Derivatives	6.107.090	1.221.418	3.010	602
Other	97.549	19.510	35.195	7.039
Deferred tax liabilities		1.583.064		10.277.005
Deferred tax (liabilities) / assets, net		29.391.558		(8.140.079)

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

22 – Tax assets and liabilities (continued)

Starting from January 1, 2006 the treatment of tax exemption of capital gains from sales of property and participations as per the new Corporate Tax Law numbered 5520 and old Corporate Tax Law numbered 5422 was amended. According to the amendment, 75% of the gains from sales of property and shares of participation are exempted from corporate tax for property and shares that were held for at least two full years in the company's financial statements. However, for the exemption to be utilized, the exempted amounts should be accounted under a special fund account in liabilities for a period for 5 years. The remaining portion is subject to corporate tax.

	December 31, 2013	December 31, 2012
Beginning deferred tax assets / (liabilities), net	(8.140.079)	(161.164)
Deferred tax income / (expense)	28.400.779	(3.884.618)
Deferred tax (expense) / income netted in revaluation fund	9.130.858	(4.094.297)
Deferred tax (liabilities) / assets at period end, net	29.391.558	(8.140.079)

23 – Revenue and cost of sales

	December 31, 2013	December 31, 2012
Revenue		
Treasury bills and government bonds sales	2.992.611.599	2.619.834.861
Share certificates sales	10.292.637.412	8.198.340.413
Commissions on intermediary activities on share certificates	45.399.477	39.201.972
Fund management fees	3.562.831	3.533.036
Intermediary commissions on futures market	7.822.068	6.603.125
Outright purchase-sale transactions intermediary commissions	127.395	492.040
Repo intermediary commissions	342.979	544.078
Custody commissions	1.062.671	916.544
Consultancy services	466.144	-
Other service revenues	3.711.472	2.134.165
Other intermediary commissions	7.232.189	3.361.495
Corporate finance revenues	15.226.787	4.295.172
Total revenue	13.370.203.024	10.879.256.901
Service income discounts and allowances		
Commissions paid to agencies	24.238.198	22.335.078
Commission returns	815.982	738.988
Total discounts and allowances	25.054.180	23.074.066
Revenue	13.345.148.844	10.856.182.835
Cost of sales		
Costs of treasury bills and government bond sales	2.992.462.214	2.619.153.777
Costs of share certificate sales	10.291.423.406	8.196.352.947
Total cost of sales	13.283.885.620	10.815.506.724
Gross operating profit	61.263.224	40.676.111

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

24 – Revenue and cost of financial activities

	December 31, 2013	December 31, 2012
Revenue from financial activities		
Investment funds management fee	29.824.682	23.744.219
Individual pension funds management fee	10.273.842	12.653.801
Fund management fee	40.098.524	36.398.020
Discretionary portfolio management commission	4.194.400	3.011.428
Portfolio achievement premiums	974.600	1.200.253
Discretionary portfolio management income	5.169.000	4.211.681
Investment consultancy revenues	1.295.971	944.444
Other revenues from financial activities	1.295.971	944.444
Financial activities revenue	46.563.495	41.554.145
Financial activities revenue		
Commission expenses	(2.808.523)	(1.784.029)
Fund management commission expense	(497.260)	-
Financial activities cost	(3.305.783)	(1.784.029)
Gross profit/(loss) from financial sector activities	43.257.712	39.770.116

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

25- General administrative expenses

	December 31, 2013	December 31, 2012
Personnel expenses	46.784.177	34.628.525
Duties, taxes and levies	2.826.969	2.523.605
Information services expenses	3.405.401	2.496.577
Data processing expenses	2.471.964	1.997.948
Data processing expenses (Note 13,14)	1.399.749	1.582.323
Communication expenses	1.529.422	1.489.861
Audit and advisory expenses	1.018.267	896.542
Rent expenses	901.110	761.577
Vehicle expenses	639.215	566.973
Membership and subscription fees	919.724	553.597
Insurance expenses	420.684	405.714
Maintenance service expenses	341.486	362.000
Representation expenses	430.667	298.325
Cleaning expenses	325.160	241.683
Stationary expenses	304.483	224.773
Meeting and travelling expenses	645.286	199.747
Other	3.378.389	3.085.520
	67.742.153	52.315.290

Marketing, sales and distribution expenses:

	December 31, 2013	December 31, 2012
Brokerage and operation fees	3.301.407	2.504.182
Custody commissions	949.798	909.295
Advertisement expenses	942.458	562.927
	5.193.663	3.976.404

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26- Other income from operating activities

	December 31, 2013	December 31, 2012
Interest income on deposit at banks	97.909.589	88.368.008
Dividend income	1.208.503	10.105.641
Foreign Exchange gains	136.408.216	-
Interest income on loans	14.601.581	17.705.814
Income due to derivative operations	84.451.418	86.038.216
Interest income on treasury bills and government bonds	2.208.882	4.136.292
Futures trading income	3.552.694	-
Valuation differences on assets held for sale	-	1.100.523
Income from sale of subsidiary and available for sale securities (*)	233.230.458	-
Interest income on share certificates	-	4.633.949
Other interest income	806.681	533.575
Other income	2.054.223	-
	576.432.245	212.622.018

(*) Income from sale of subsidiary and available for sale securities consists of income from the sale of Yapı Kredi Sigorta A.Ş to Allianz SE amounting to TL 208.769.533 and income from the share transfer of YKBYO to YKB amounting to TL 24.460.924.

27 - Other expense from operating activities

	December 31, 2013	December 31, 2012
Interest expense	153.154.710	125.827.987
Derivative loss	137.527.565	1.294.204
Foreign Exchange loss	-	16.143.773
Commissions paid for guarantee letters	9.836.940	7.067.637
Impairment of financial investments	8.104.137	-
Commission expenses	2.606.568	944.855
Banking and insurance transactions tax expense on money market transactions	1.431.786	1.173.301
Legal cases and other provision expenses	293.547	138.049
Other expenses	1.437.021	1.576.288
	314.392.274	154.166.094

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

28 – Related party explanations

Bank deposits in related parties

	December 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. - shareholder	2.300.901.999	378.604.948
Yapı Kredi Nederland N.V. - other related party	1.517.264	1.447.210
	2.302.419.263	380.052.158

The customer deposits that are deposited in Yapı ve Kredi Bankası A.Ş are amounting to TL 2.779.774 (December 31, 2012: TL 5.680.314).

Cash and cash equivalents in related parties

	December 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. B Tipi Likit Fon- other related party	50.171.251	298.722
	50.171.251	298.722

Receivables from related parties

Commission and portfolio management fee receivables

	December 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. Investment funds - other related party	3.766.797	2.475.027
Yapı ve Kredi Bankası A.Ş. - shareholder	439.429	36.514
Yapı Kredi Emeklilik A.Ş. Pension funds - other related party	1.029.914	1.403.753
Yapı Kredi B tipi Yatırım Ortaklığı	-	-
Yapı Kredi Yatırım Menkul Değerler A.Ş. Investment funds- other related party	-	-
Other - other related party	-	-
	5.236.140	3.915.294

Due to related parties

	December 31, 2013	December 31, 2012
Trade Payables		
Yapı ve Kredi Bankası A.Ş.- shareholder	1.964.073	3.365.971
	1.964.073	3.365.971

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

28 – Related party explanations (continued)

Financial and other payables

	December 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. - shareholder	1.535.637	-
Yapı Kredi Sigorta AŞ	-	217.797
Zer Merkezi Hizmetler ve Ticaret A.Ş.	267.661	4.119
Yapı Kredi Emeklilik	79.045	-
Setur Servis Turistik A.Ş. – other related party	1.937	-
Opet Petrolcülük A.Ş. – other related party	4.529	1.500
Oto Koç – other related party	-	12.776
Koç Holding A.Ş. - other related party	5.782	-
YKS Tesis Yönetimi Hizmetleri AŞ– other related party	44.382	-
Other	67	-
	1.939.040	236.192

Operating income from related parties

	December 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. Yatırım Fonları- other related party	27.439.460	20.995.371
Yapı ve Kredi Bankası A.Ş.- shareholder	-	1.644.208
Yapı Kredi Yatırım Menkul Değerler A.Ş.Yatırım Fonları- other related party	3.463.196	12.741.042
Yapı Kredi Emeklilik A.Ş. Emeklilik Fonları- other related party	10.206.604	3.538.030
Yapı Kredi Emeklilik A.Ş. ÖPY Management fee	215.275	-
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	186.058	815.929
Yapı Kredi Sigorta A.Ş. ÖPY Management fee	65.652	100.001
Koç Holding A.Ş. - other related party	8.815	31.584
Ford Otosan Otomotiv San. A.Ş. – other related party	8.815	24.084
Türkiye Petrol Rafinerileri A.Ş. – other related party	8.815	24.084
Aygaz A.Ş. – other related party	8.815	9.084
Türk Traktör A.Ş. – other related party	8.815	19.084
Tofaş Türk Otomobil Fabrikaları A.Ş. – other related party	8.815	16.584
Arçelik A.Ş. – other related party	8.815	16.584
Otokar Otobüs Karoseri A.Ş. – other related party	8.815	14.084
Yapı Kredi Emeklilik A.Ş. – other related party	26.501	-
Tat Konserve ve Sanayi A.Ş. – other related party	8.815	9.084
Marmaris Altinyunus Turistik Tesisleri A.Ş. – other related party	8.815	9.084
Others– other related party	467.632	383.191
	42.158.528	40.391.112

Other income from related parties

Interest income

	December 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. – shareholder	47.272.980	64.715.385
Yapı Kredi Niderland N.V. – other related party	141.554	475.314
	47.414.534	65.190.699

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

28 – Related party explanations (continued)

Service sharing income

	December 31, 2013	December 31, 2012
Tasfiye Halinde Yapı Kredi Yatırım Ortaklığı - associate	54.144	34.414
	54.144	34.414

Rent income

	December 31, 2013	December 31, 2012
Tasfiye Halinde Yapı Kredi Yatırım Ortaklığı - associate	34.193	32.414
	34.193	32.414

Operation expenses paid to related parties

	December 31, 2013	December 31, 2012
Yapı Kredi Sigorta A.Ş.	231.068	1.006.986
Zer Merkezi Hizmetler ve Tic. A.Ş. - other related party	901.156	778.944
Koç Sistem Bilgi ve İletişim Hizm. A.Ş. - other related party	308.050	169.708
Setur Servis Turistik A.Ş. – other related party	378.445	226.226
Otokoç Otomotiv Tic. ve San. A.Ş. – other related party	206.599	195.617
Avis AŞ – other related party	148.966	159.197
Opet Petrolcülük A.Ş. – other related party	147.988	119.572
Koç Holding A.Ş. – other related party	160.374	64.782
Unicredit Menkul Değerler A.Ş.	259.142	-
YKS Tesis Yönetimi	484.221	596.204
Other	1.823	137.572
	3.227.832	3.454.808

Commission paid to related parties

	December 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş.-shareholder	24.162.155	21.767.753
Yapı Kredi Emeklilik	79.045	-
	24.241.200	21.767.753

Financial expenses paid to related parties

	December 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş.- shareholder	289.957	68.638
	289.957	68.638

Benefits provided to key management

	December 31, 2013	December 31, 2012
Benefits provided to key management	4.684.420	2.955.058
	4.684.420	2.955.058

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

28 – Related party explanations (continued)

Dividend income

	December 31, 2013	December 31, 2012
Yapı Kredi Sigorta A.Ş. - associate	-	8.630.337
Takasbank	-	1.347.771
Yapı Kredi Emeklilik A.Ş. - associate	-	13.042
Tasfiye Halinde Yapı Kredi Yatırım Ortaklığı	664.910	-
Yapı Kredi Azerbaycan	-	18.854
	664.910	10.010.004

29 – Nature and level of risks arising from financial instruments

The Group is subject to risks as a result of its commercial activities. The details and management of these risks are explained below. The Group management is fully responsible for the management of financial risk.

a. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet the terms of their agreements as foreseen and cause the other party to incur a financial loss.

For the loans provided, a default risk that the counterparty will not be able to fulfill the liabilities associated with the loan is present. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Company also manages credit risk by keeping equity shares obtained from loan customers as collateral. Credit risk is fully concentrated in Turkey where the Company mainly operates.

Limits of new credits and additional credit limits are bound by the limits approved by Credit Committee and Board of Directors. Limits to be provided to customers are initially proposed by the Credit Committee and approved by the Board of Directors.

The Company makes a regular collateral/equity check for credit transactions where the current equity and benchmark equity is compared. If the collateral amount falls below the benchmark amount, additional collateral is requested from the customer.

The common stocks which the customers would like to buy using credit are bound to be in the "Marketable Securities Accepted for Credit Purchase" list. The items to be included in this list are determined by considering factors like transaction volume, changes in transaction volume, free float rate, liquidity and amount of shares in circulation. The common stocks in the customer's portfolio are accepted as collateral if the customer would like to buy common stocks other than the stocks listed in "Marketable Securities Accepted for Credit Purchase".

The share of the receivables from the biggest 10 credit customers in the total receivables from credit customers of the Company is 64% (December 31, 2012: 67%).

The table below shows credit risk exposure based on financial instruments as of December 31, 2013 and 2012. In the determination of the maximum amount of credit risk exposure, in addition to the collaterals received, factors that lead to credit enhancement are not taken into account.

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

29 – Nature and level of risks arising from financial instruments (continued)

	Receivables						
	Trade receivables		Other receivables				
	Related party	Other	Related party	Other	Bank deposit	Financial investments	Derivatives
December 31, 2013							
Total credit risk exposure (A+B+C)	5.236.140	219.558.617	-	39.029.776	2.945.925.831	89.051.177	6.107.090
- Amount of risk that is guaranteed with collateral *	-	117.927.208	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	5.236.140	219.558.617	-	-	2.945.925.831	89.051.177	-
B. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	111.295	-	-	-	-	-
- Impairment	-	111.295	-	-	-	-	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	6.107.090

	Receivables						
	Trade receivables		Other receivables				
	Related party	Other	Related party	Other	Bank deposit	Financial investments	Derivatives
December 31, 2012							
Total credit risk exposure (A+B+C)	3.915.294	193.225.942	-	9.804.262	1.775.221.823	339.125.728	3.010
- Amount of risk that is guaranteed with collateral *	-	142.476.287	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	3.915.294	193.225.942	-	-	1.775.221.823	339.125.728	-
B. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	111.295	-	-	-	-	-
- Impairment	-	111.295	-	-	-	-	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	3.010

(*) Related collaterals consist of common stocks that are traded at BIST and the values that are shown in the above table are amounts valued by the "best bid" price at the balance sheet date.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

29 – Nature and level of risks arising from financial instruments (continued)

b. Information on market risk

Interest rate risk

The need of Company's dealing ways with interest risk rate arises from effects of interest rates changes on the financial instruments. The sensitivity of the Group to interest rate risk is related with maturity mismatch of assets and liabilities. This risk is managed through corresponding assets that are sensitive to interest rates with similar liabilities.

On the balance sheet of the Group, available for sale and variable interest rate held to maturity financial assets are subject to price risk due to changes in interest rates. Also, the Company is subject to reinvestment rate risk when the cash resulting from the redemption of fixed interest held to maturity investment securities are reinvested.

The table below shows the interest rate position details and sensitivity analysis as of December 31, 2013 and 2012:

Interest Rate Position Table

Financial instruments with fixed interest rates	December 31, 2013	December 31, 2012
Financial assets		
Financial assets held to maturity *	36.102.585	28.775.334
Financial assets available for sale **	-	-
Banks	2.945.925.831	1.775.221.823
Receivables from reverse repo transactions	175.748	38.401
Financial liabilities		
Funds generated from repo transactions	1.166.961	-
Financial leasing payables		-
Funds generated from Takasbank Money Market	2.207.914.384	1.654.819.548
Bank loans	314.124.753	30.000.642
Financial instruments with variable interest rate		
Financial assets		
Financial assets held to maturity *	-	-

(*) Financial assets that bear an interest rate and are classified as held to maturity.

(**) Financial assets that bear an interest rate and are classified as available for sale.

As of December 31, 2013 and 2012, where all other variables are kept as constant the effects of a 5% increase/(decrease) in TL interest rates on interest rate sensitive assets and liabilities other than receivables from credit customers carrying amount, revaluation funds, net income for the period and equity are presented below. Financial liabilities and held to maturity investments with fixed interest rates are assumed to be insensitive to changes in interest rates. Reinvestment risk arises when the cash generated due to redemption of fixed interest held to maturity investment securities is reinvested. As of December 31, 2013, the Group has no financial assets with variable interest rate.

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

29 – Nature and level of risks arising from financial instruments (continued)

As of December 31, 2013 and 2012, average interest rates of financial instruments:

	2013		2012	
	TL (%)	EUR (%)	TL (%)	USD (%)
Assets				
Cash and cash equivalents	-	3,04	8,15	3,90
Available for sale financial assets	7,15	-	7,15	-
Held to maturity financial assets	8,82	-	7,00	-
Credits originated by the Company	9,63	-	11,50	-
Liabilities				
Payables to Stock Exchange Money Market	9,92	-	6,80	-
Bank loans	9,42	-	6,00	-
Funds generated from repo transactions	-	-	-	-

The Group's assets and liabilities are grouped based on their repricing maturities as follows as of December 31, 2013 and 2012:

	December 31, 2013					
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Non-interest bearing	Total
Cash and cash equivalents	2.544.682.894	364.362.843	-	-	36.880.094	2.945.925.831
Financial investments	-	516.359	36.102.585	-	52.432.233	89.051.177
Trade receivables	117.927.208	-	-	-	102.070.838	219.998.046
Derivative financial assets held for trading	-	-	-	-	6.107.090	6.107.090
Other receivables	-	-	-	-	46.462.512	46.462.512
Other current assets	-	-	-	-	128.934	128.934
Property and equipment	-	-	-	-	5.451.013	5.451.013
Intangible assets	-	-	-	-	1.062.331	1.062.331
Deferred tax asset	-	-	-	-	29.391.558	29.391.558
	2.662.610.102	364.879.202	36.102.585	-	279.986.603	3.343.578.492
Financial liabilities	2.526.465.504	-	-	-	-	2.526.465.504
Trade payables	-	-	-	-	94.164.029	94.164.029
Derivative liabilities held for trading	-	-	-	-	137.527.565	137.527.565
Other payables	-	-	-	-	6.777.184	6.777.184
Current income taxes payable	-	-	-	-	18.712.044	18.712.044
Provisions	-	-	-	-	11.017.175	11.017.175
Other current liabilities	-	-	-	-	4.471.133	4.471.133
Provisions for employee benefits	-	-	-	-	4.906.120	4.906.120
	2.526.465.504	-	-	-	277.575.250	2.804.040.754
	136.144.598	364.879.202	36.102.585	-	2.411.353	539.537.738

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

29 – Nature and level of risks arising from financial instruments (continued)

	December 31, 2012					Non-interest bearing	Total
	1 Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years			
Cash and cash equivalents	1.297.136.457	340.334.152	63.004.411	-	-	11.742.391	1.712.217.411
Financial investments	22.093.002	63.004.412	6.682.440	526.739	-	246.819.135	339.125.728
Trade receivables	142.476.287	-	-	-	-	42.082.669	184.558.956
Derivative financial assets held for trading	-	-	-	-	-	3.010	3.010
Other receivables	-	-	-	-	-	16.488.087	16.488.087
Other current assets	-	-	-	-	-	321	321
Assets Held for Sale	-	-	-	-	-	38.415.407	38.415.407
Property and equipment	-	-	-	-	-	5.271.568	5.271.568
Intangible assets	-	-	-	-	-	1.053.828	1.053.828
Current tax asset	-	-	-	-	-	7.200.475	7.200.475
Deferred tax asset	-	-	-	-	-	385.061	385.061
	1.461.705.746	403.338.564	69.686.851	526.739		369.461.952	2.304.719.852
Financial liabilities	1.590.683.837	94.136.353	-	-	-	-	1.684.820.190
Trade payables	-	-	-	-	-	44.063.694	44.063.694
Derivative liabilities held for trading	-	-	-	-	-	330.938	330.938
Other payables	-	-	-	-	-	3.009.031	3.009.031
Current income taxes payable	-	-	-	-	-	1.656.766	1.656.766
Provisions	-	-	-	-	-	10.399.949	10.399.949
Other current liabilities	-	-	-	-	-	1.693.493	1.693.493
Provisions for employee benefits	-	-	-	-	-	4.846.490	4.846.490
Deferred tax liability	-	-	-	-	-	8.525.140	8.525.140
	1.590.683.837	94.136.353	-	-		74.525.501	1.759.345.691
	(128.978.091)	309.202.211	69.686.851	526.739		294.936.451	545.374.161

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

29 – Nature and level of risks arising from financial instruments (continued)

a. Exchange rate risk

As of December 31, 2013 and 2012, the Company's assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2013				December 31, 2012			
	TL Equivalent	USD	EURO	Other	TL Equivalent	USD	EURO	Other
Monetary financial assets	2.838.520.849	12.898.499	957.230.379	27.350	36.687.738	5.046.466	11.757.086	17.470
Current assets	2.838.520.849	12.898.499	957.230.379	27.350	36.687.738	5.046.466	11.757.086	17.470
Financial liabilities	(2.779.774)	(1.093.409)	(146.311)	(7.506)	(7.264.789)	(7.264.789)	(170.517)	(4.851)
Short-term financial liabilities	(2.779.774)	(1.093.409)	(146.311)	(7.506)	(7.264.789)	(7.264.789)	(170.517)	(4.851)
Off-balance sheet derivative instruments denominated in foreign currency	(2.715.887.815)	-	(968.826.703)	-	(27.992.601)	(470.000)	(11.546.872)	-
Derivative instruments								
Total Net foreign currency position(*)	119.853.260				1.430.348			

(*) Foreign currency position of derivative instruments are solely considered in the net foreign currency position calculation in the above table.

Foreign currency assets consist of deposits and collaterals given to foreign markets.

Foreign currency liabilities consist of liabilities to customers.

Convenience translation of financial statements originally issued in Turkish, see note 2.6

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
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29 – Nature and level of risks arising from financial instruments (continued)

Off-balance sheet liabilities in foreign currencies consist of letter of guarantees and derivative transactions (Note 13).

According to the analyses of the Group's sensitivity where, all other variables are kept as constant, the effects of a 10% increase/decrease in the carrying value of common stocks, revaluation fund, net income for the period and equity are as follows:

December 31, 2013	Exchange Rate Sensitivity Analysis Table			
	Profit/Loss Depreciation of foreign currency	Appreciation of foreign currency	Equity Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 10% change in USD exchange rates:</i>				
USD net asset/liability effect	(2.519.560)	2.519.560	-	-
<i>In case of a 10% change in EURO exchange rates:</i>				
EURO net asset/liability effect	(281.047.737)	281.047.737	-	-
<i>In case of a 10% change in other exchange rates:</i>				
Other foreign currency net effect	(6.810)	6.810	-	-
Total	(283.574.107)	283.574.107		

December 31, 2012	Exchange Rate Sensitivity Analysis Table			
	Profit/Loss Depreciation of foreign currency	Appreciation of foreign currency	Equity Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 10% change in USD exchange rates:</i>				
USD net asset/liability effect	(214.055)	214.055	-	-
<i>In case of a 10% change in EURO exchange rates:</i>				
EURO net asset/liability effect	(2.724.813)	2.724.813	-	-
<i>In case of a 10% change in other exchange rates:</i>				
Other foreign currency net effect	(3.427)	3.427	-	-
Total	(2.942.295)	2.942.295		

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

29 – Nature and level of risks arising from financial instruments (continued)

b. Common stock price risk

Majority of the equity shares classified in the balance sheet of the Group at fair value through profit or loss and available for sale financial assets are traded on BIST. According to the analyses of the Company where, all other variables are kept as constant, the effects of a 10% increase/decrease in the carrying value of common stocks, revaluation fund, net income for the period and equity are as follows:

December 31, 2013

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Common stocks						
Financial assets available for sale	10%	Increase	-	-	-	-
Financial assets at a fair value through profit/loss		Decrease	-	-	-	-
Financial assets	10%	Increase	2.071.863	-	2.071.863	-
Financial assets	10%	Decrease	(2.071.863)	-	2.071.863	-

December 31, 2012

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Common stocks						
Financial assets available for sale	%10	Increase	21.545.379	21.545.379	-	21.545.379
Financial assets at a fair value through profit/loss		Decrease	(21.545.379)	(21.545.379)	-	(21.545.379)
Financial assets	%10	Increase	3.189.219	-	3.189.219	-
Financial assets	%10	Decrease	(3.189.219)	-	(3.189.219)	-

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

29 – Nature and level of risks arising from financial instruments (continued)

c. Liquidity risk

Liquidity risk is the possibility that the Group is unable to meet its net funding commitments and is defined as the risk of loss as a result of not being able to close positions at all or at an appropriate price because of barriers in the market. Liquidity risk stems from deterioration in markets or occurrence of events resulting in diminution of fund resources such as fall of credit ratings. The management of the Group controls liquidity risk by allocating fund resources and keeping a sufficient level of cash and cash equivalents to meet its existing and possible obligations.

	December 31, 2013				Total of contractual cash outflows
	Carrying value	Up to 1 month to 1 month	1 year to 1 year	1 year to 5 years	
Financial liabilities	2.518.426.366	2.518.426.366	-	-	2.526.465
Trade payables	94.314.029	94.314.029	-	-	94.314.029
Other payables	6.777.184	6.777.184	-	-	6.777.184

	December 31, 2012				Total of contractual cash outflows
	Carrying value	Up to 1 month to 1 month	1 year to 1 year	1 year to 5 years	
Financial liabilities	1.684.820.190	1.508.190.309	181.891.499	-	1.690.081.808
Trade payables	44.063.694	44.063.694	-	-	44.063.694
Other payables	3.009.031	3.009.031	-	-	3.009.031

30. Financial instruments

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

i. Financial assets:

The fair values of financial assets carried at cost, including cash and cash equivalents and other financial assets, are considered to approximate their respective carrying values due to their short-term nature and their insignificant credit risk.

Market prices are used on the determination of the fair values of government bonds and common stocks.

Financial investments' costs, fair value and carrying values are disclosed in Note 7.

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Notes to the financial statements for the year ended December 31, 2013 (Continued)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

30. Financial instruments (continued)

ii. Financial liabilities:

The fair values of monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and financial liabilities carried at fair value:

December 31, 2013	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit/loss	20.718.626	-	-
<i>Share certificates trading on BIST</i>	20.718.626	-	-
<i>Public sector bonds, notes and bills</i>	-	-	-
Available for sale financial assets	516.359	31.713.605	-
<i>Share certificates</i>	-	31.713.605	-
<i>Public sector bonds, notes and bills</i>	516.359	-	-
<i>Private sector bonds and bills</i>	-	-	-
Derivative receivables held for trading	-	6.107.090	-
Derivative liabilities held for trading	-	137.527.565	-
December 31, 2012	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit/loss			
<i>Share certificates trading on BIST</i>	526.739	-	-
<i>Government bonds and treasury bills</i>	31.365.451	-	-
Available for sale financial assets			
<i>Share certificates</i>	203.094.192	12.359.600	-
<i>Public sector bonds, notes and bills</i>	-	-	-
<i>Private sector bonds and bills</i>	-	-	-
Derivative receivables held for trading	-	3.010	-
Derivative liabilities held for trading	-	330.938	-

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Notes to the financial statements for the year ended December 31, 2013 (Continued)
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31 - Other explanations on operations and other matters

a. Explanation on portfolio management operations:

At December 31, the Company managed 40 mutual funds and 19 pension funds (December, 31 2012 - 40 mutual funds and 16 pension funds) In accordance with the Funds' statute, the Group purchases and sells securities and share certificates for the Funds, markets their participation certificates and provides other services and charges daily management fees. At December 31, 2013 the Group earned a management fee of TL 39.601.264 (December,31 2012 – 36.398.020 TL).

Investment funds which investment period started between the dates January 1, 2013 and December 31, 2013;

Fund Name	Investment period start date
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 33. Alt Fon (APG36)	22.02.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 34. Alt Fon (APG37)	22.02.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 35. Alt Fon (APG38)	31.05.2013
Société d'investissement à capital variable (SICAV)	07.05.2013
Yapı Kredi Bankası B Tipi Şemsiye Fonu'na Bağlı Ülkem İçin Büyüme Amaçlı Değişken Alt Fonu	02.07.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 36. Alt Fon (APG39)	15.11.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 37. Alt Fon (APG40)	29.11.2013

Investment funds which investment period ended between the dates January 1, 2013 and December 31, 2013;

Fund Name	Investment period start date
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 25. Alt Fon (APG28)	20.02.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 26. Alt Fon (APG29)	20.02.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 28. Alt Fon (APG31)	20.02.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 29. Alt Fon (APG32)	20.02.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 30. Alt Fon (APG33)	15.05.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 31. Alt Fon (APG34)	26.06.2013
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 32. Alt Fon (APG35)	13.11.2013

Pension funds which investment period started between the dates January 1, 2013 and December 31, 2013

Fund Name	Investment period start date
Yapı Kredi Emeklilik Katkı Emeklilik Yatırım Fonu	30.04.2013
Yapı Kredi Emeklilik Altın Emeklilik Yatırım Fonu	02.05.2013
Yapı Kredi Emeklilik Standart Emeklilik Yatırım Fonu	02.05.2013

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

31. Other explanations on operations and other matters (continued)

The details of daily management fee commission rates and net assets values for each fund are as follows:

Fund Name	Commission rates		Total Fund Value	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	%	%	Thousand TL	Thousand TL
Investment Funds				
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Değişken Alt Fonu (2. Alt Fon)	0,007	0,007	102.321	128.473
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Özel Portföy Yönetimi Büyüme Amaçlı Değişken Fonu	0,00555	0,00555	24.975	24.837
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonu'na Bağlı Uzun Vadeli Tahvil ve Bono Alt Fonu (2. Alt Fon)	0,00493	0,006	69.068	87.980
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonu'na Bağlı Hisse Senedi Alt Fonu (2. Alt Fon)	0,01	0,01	22.721	22.822
Yapı ve Kredi Bankası A.Ş. B Tipi Dünya Fonları Fon Sepeti Fonu	0,0014	0,0014	7.763	2.857
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Büyüme Amaçlı Değişken Alt Fonu (6. Alt Fon)	0,007	0,007	69.637	46.760
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonuna Bağlı Orta Vadeli Tahvil ve Bono Alt Fonu(3.Alt Fon)	0,00384	0,006	116.209	165.788
Yapı ve Kredi Bankası A.Ş. A Tipi İMKB 100 Endeksi Fonu(Hisse Senedi Yoğun)	0,006	0,006	18.157	15.833
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonu'na Bağlı Karma Alt Fon (3. Alt Fon)	0,01	0,01	5.226	3.670
Yapı ve Kredi Bankası A.Ş. A Tipi Özel Bankacılık İMKB 30 Endeksi Fonu (Hisse Senedi Yoğun)	0,0028	0,0028	7.073	11.821
Yapı ve Kredi Bankası A.Ş. B Tipi Altın Fonu	0,0055	0,0055	51.902	85.934
Yapı ve Kredi Bankası A.Ş. B Tipi Performans Odaklı Değişken Fon	0,007	0,007	70.688	45.633
Yapı ve Kredi Bankası A.Ş. B Tipi Çok Uzun Vadeli Tahvil Bono Fon	0,007	0,007	18.602	28.895
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonuna Bağlı İMKB Tametli Endeksi Alt Fon (1. alt fon)(Hisse Senedi Yoğun)	0,006	0,006	24.881	16.747
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fon'a bağlı Bayi'lere Yönelik Değişken Alt Fon (7.Alt Fon) Fonu	0,0055	0,0055	705	239
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fon'a bağlı Özel Sektör Odaklı Değişken Alt Fon (8.Alt Fon) Fonu	0,005	0,005	182.407	117.925
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fon'a bağlı Emüla Fonları Fon Sepeti Fonu (1.Alt Fon)	0,007	0,007	599	331
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Özel Bankacılık Değişken Alt Fonu (4. Alt Fon)	0,0055	0,0055	16.251	31.652
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Özel Bankacılık Büyüme Amaçlı Değişken Alt Fon (5. Alt Fon)	0,0055	0,0055	83.025	34.019
Yapı ve Kredi Bankası A.Ş. B Tipi Tahvil Bono (Eurobond) Fonu	0,008	0,008	5.771	14.050
Yapı ve Kredi Bankası A.Ş. İstanbul Serbest Yatırım Fonu	0,0055	0,0055	45.958	8.001
Yapı ve Kredi Bankası A.Ş. A Tipi Yabancı Menkul Kıymetler Fonu	0,01	0,01	2.660	1.238
Yapı ve Kredi Bankası A.Ş. B Tipi Likit Fon	0,00325	0,003	1.048.439	1.343.969
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonu'na Bağlı Değişken Alt Fon (5. Alt Fon)	0,003	0,003	1.590	38.230
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonu'na Bağlı Özel Portföy Yönetimi Değişken Alt Fonu (3. Alt Fon)	0,005	0,005	130.055	254.175
Yapı Kredi Yatırım Menkul Değerler A.Ş. A Tipi Şemsiye Fonu'na Bağlı Değişken Alt Fon (1. Alt Fon)	0,008	0,01	18.010	13.620
Yapı Kredi Yatırım Menkul Değerler A.Ş. A Tipi Şemsiye Fonu'na Bağlı Koç Şirketleri İştirak Alt Fonu (3. Alt Fon)(Hisse Senedi Yoğun)	0,01	0,01	105.900	65.617
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonuna Bağlı Kısa Vadeli Tahvil ve Bono Alt Fonu (1.Alt Fon)	0,00575	0,006	271.214	361.593
Yapı Kredi Yatırım Menkul Değerler A.Ş. A Tipi Şemsiye Fonu 'na bağlı İMKB Ulusal 30 Endeksi Alt Fonu (4. Alt Fon)(Hisse Senedi Yoğun)	0,006	0,006	19.000	23.316
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonu'na bağlı Agresif Hisse Senedi Alt Fonu (4.Alt Fon) (Hisse Senedi Yoğun Fon)	0,01	0,01	565	167
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonu'na bağlı İdea Modal Portföy Hisse Senedi Alt Fonu (5.Alt Fon) (Hisse Senedi Yoğun Fon)	0,01	0,01	17.167	2.140
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonu'na Bağlı Özel Portföy Yönetimi Performans Odaklı Değişken Alt Fonu (4.Alt Fon)	0,00055	0,00055	206.687	89.172
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na bağlı Kısa Vadeli Tahvil ve Bono Alt Fonu (9.Alt Fon)	0,00575	0,006	2.711.328	2.151.541
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na bağlı Ülkem İçin Büyüme Amaçlı Değişken Alt Fonu (14. Alt Fon)	0,00412	-	12.263	-
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonuna Bağlı B Tipi % 100 Anapara Garantili Yirmibeşinci Alt Fon	-	0,0059	-	32.396
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonuna Bağlı B Tipi % 100 Anapara Garantili Yirmialtıncı Alt Fon	-	0,0057	-	5.387
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonuna Bağlı B Tipi % 100 Anapara Garantili Yirmisekizinci Alt Fon	-	0,0028	-	2.415
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Yirmidokuzuncu Alt Fon	-	0,0045	-	1.431
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Dinamik - Otuzuncu Alt Fon	-	0,0055	-	3.915
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonu'na bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzbirinci Alt Fonu	-	0,0049	-	13.272
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonu'na bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzikinci Alt Fonu	-	0,00254	-	13.542
Yapı ve Kredi Bankası A.Ş. 'nin Garantili Şemsiye Fonu'na Bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzüçüncü Alt Fon	0,0028	-	5.396	-
Yapı ve Kredi Bankası A.Ş. 'nin Garantili Şemsiye Fonu'na Bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzdördüncü Alt Fonu na Garantili Verilmesi	0,002972	-	16.600	-
Yapı ve Kredi Bankası A.Ş. 'nin Garantili Şemsiye Fonu'na Bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzbeşinci Alt Fon	0,00395	-	4.046	-
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonu'na Bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzaltıncı Alt Fonu	0,03932	-	10.999	-
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonu'na Bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzyedinci Alt Fonu	0,03893	-	16.011	-
Sicav (Société d'investissement à capital variable)	0,0014	-	9.054	-
Total Investment Funds			5.550.923	5.311.403

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

31. Other explanations on operations and other matters (continued)

Fund Name	Commission rates		Total fund value	
	December 31,	December 31,	December 31,	December 31,
	2013	2012	2013	2012
	%	%	Thousand TL	Thousand TL
Allianz Yaşam ve Emeklilik A.Ş Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0.0052	0,0052	1.069.742	1.046.381
Allianz Yaşam ve Emeklilik A.Ş Esnek Emeklilik Yatırım Fonu	0.0055	0,0055	1.514.360	1.095.562
Allianz Yaşam ve Emeklilik A.Ş Para Piyasası Likit Kamu Emeklilik Yatırım Fonu	0.0028	0,0028	274.604	256.859
Allianz Yaşam ve Emeklilik A.Ş Gelir Amaçlı Döviz Cinsinden Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0.0052	0,0052	201.180	216.338
Allianz Yaşam ve Emeklilik A.Ş Büyüme Amaçlı Hisse Senedi Emeklilik Yat. Fonu	0.0055	0,0055	251.689	230.633
Allianz Yaşam ve Emeklilik A.Ş Gelir Amaçlı Kamu Borçlanma Araçları Grup Emeklilik Yatırım Fonu	0.0028	0,0028	178.931	191.814
Allianz Yaşam ve Emeklilik A.Ş Gelir Amaçlı Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu (Euro)	0.0052	0,0052	18.760	10.402
Allianz Yaşam ve Emeklilik A.Ş Esnek (TL) Grup Emeklilik Fonu	0.0028	0,0028	182.625	136.242
Allianz Yaşam ve Emeklilik A.Ş Para Piyasası Emanet Likit - Karma Emeklilik Yat. Fonu	0.0028	0,0028	10.900	42.572
Allianz Yaşam ve Emeklilik A.Ş Uluslar arası Teknoloji Hisse Senedi Emeklilik Yatırım Fonu	0.0055	0,0055	45.768	7.582
Allianz Yaşam ve Emeklilik A.Ş Esnek Döviz Grup Emeklilik Yatırım Fonu	0.0028	0,0028	5.204	5.400
Yapı Kredi Emeklilik A.Ş Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu	0.0055	0,0055	228.967	162.658
Allianz Yaşam ve Emeklilik A.Ş Pera Y Esnek Grup Emeklilik Yatırım Fonu	0.0034	0,0034	28.479	23.150
Allianz Yaşam ve Emeklilik A.Ş Koç İştirak Endeksi Emeklilik Yatırım Fonu	0.0052	0,0052	14.132	4.569
Allianz Yaşam ve Emeklilik A.Ş Alternatif Esnek Emeklilik Yatırım Fonu	0.0055	0,0055	29.734	5.310
Allianz Yaşam ve Emeklilik A.Ş İMKB Temettü Endeksi Emeklilik Yatırım Fonu	0.0052	0,0052	21.905	14.413
Allianz Yaşam ve Emeklilik A.Ş Altın Emeklilik Yatırım Fonu	0.0052	-	11.138	-
Allianz Yaşam ve Emeklilik A.Ş Standart Emeklilik Yatırım Fonu	0.0052	-	1.966	-
Allianz Yaşam ve Emeklilik A.Ş Katkı Emeklilik Yatırım Fonu	0.0010	-	141.388	-
Total pension funds			4.231.472	3.449.885
Total			9.782.395	8.761.288

b. Capital management and capital adequacy requirements

The Company aims to increase its profit by using liability and equity balance in the most efficient way. The Group's funding structure is mainly composed of equity items.

The Company defines and manages its capital in accordance with CMB's Communiqué Series:V No:34 on capital and capital adequacy of intermediary institutions. According to the related communiqué, the equity of intermediary institutions is composed of the portion of total assets, which are valued according to the valuation principles discussed in Communiqué Series:V No:34 and are present in the balance sheet prepared as of the valuation date. Communiqué Series:V No:34 and are present in the balance sheet prepared as of the valuation date. According to the clauses of Communiqué Series: V No: 34, the amount of equity necessary for an intermediary institution's trading operations is TL 845.000 (December 31, 2012: TL 832.000) for the period ended December 31, 2013. In addition, intermediary institutions are obliged to increase their equity for each capital markets operation as follows. In this respect, the required equity for the Company is TL 2.120.000 (December 31, 2012: TL 2.087.000).

- For IPO intermediary activities, 50% of equity that is necessary for trading intermediary activities,
- For repo and reverse repo activities, 50% of equity that is necessary for trading intermediary activities,
- For portfolio management activities, 40% of equity that is necessary for trading intermediary activities,
- For investment advisory activities, 10% of equity that is necessary for trading intermediary activities.

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary

Notes to the financial statements for the year ended December 31, 2013 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

31 - Other explanations on operations and other matters (continued)

According to the Communiqué Series: V No: 34 4th clause, capital adequacy base of intermediary institutions is equal to the equity which is calculated according to Communiqué Series: V No: 34 3rd clause, less net amount of tangible and intangible assets, financial assets not traded in stock exchanges and any other organized markets net of impairment provision and capital commitments, other fixed assets, receivables without collaterals from personnel, shareholders, subsidiaries, associates and persons or entities directly or indirectly related to the company in respect of capital, management and audit, even if they bear client status, and the amount of capital markets instruments issued by these persons and entities not traded in stock exchanges and other organized markets.

According to the Communiqué Series: V No: 34 8th clause, capital adequacy base of intermediary institutions cannot be lower than any of the following: minimum equity amounts corresponding to the certificates of authorization, risk provisions discussed in Communiqué Series: V No: 34 or the operating expenses incurred in the 3 months prior to valuation date.

The Company meets the capital adequacy requirements as of December 31, 2013 and December 31, 2012.

32 - Subsequent events

None.