

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

**Interim condensed consolidated financial statements  
together with independent auditor's review report for the  
period between January 1 – June 30, 2014**

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

**(Convenience translation of the interim condensed consolidated 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 review report originally issued in Turkish)

**Independent auditor's review report on the interim condensed consolidated financial statements for the period between January 1 – June 30, 2014**

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

**Introduction**

We have reviewed the accompanying consolidated financial statements of Yapı Kredi Yatırım Menkul Değerler A.Ş. ("the Company") and its subsidiary (all together referred to as "the Group") as of June 30, 2014, which comprise the statement of consolidated financial position and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month-period then ended and a summary of significant accounting policies and explanatory notes. The management of the Company is responsible for the preparation and fair presentation of the interim financial information in accordance with the Turkish Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of the review**

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

**Conclusion**

Based on our review, nothing has come to our attention which may cause us to conclude that the accompanying interim consolidated financial information of Yapı Kredi Yatırım Menkul Değerler A.Ş. and its subsidiary does not give a true and fair view of financial position and financial performance as of June 30, 2014, and its cash flows for the six-month period then ended in accordance with the Turkish Accounting Standards.

**Additional Paragraph for Convenience Translation to English:**

In the accompanying financial statements, the accounting principles described in Note 2 (defined as Financial Reporting Standards issued by Public Oversight of Accounting and Auditing Standards Board) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting which was ceased to apply one year earlier than IFRS and the presentation of the basic financial statements and the notes to them. Accordingly, the accompanying 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

Yaşar Bivas, SMMM  
Partner  
July 23, 2014  
İstanbul, Türkiye

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

**Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary**  
**Interim condensed consolidated statement of financial position as of June 30, 2014**  
**(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

		Unaudited	Audited
Assets	Notes	June 30, 2014	December 31, 2013
<b>Current Assets</b>		<b>3.111.319.316</b>	<b>3.275.959.983</b>
Cash and cash equivalents	3	2.773.991.022	2.945.925.831
Financial investments	4	65.775.610	57.337.570
Trade receivables	6	163.078.839	219.998.046
- due from related parties	23	135.678	439.429
- due from other parties		162.943.161	219.558.617
Receivables from financial sector activities	7	4.475.738	4.804.569
- due from related parties	23	3.241.620	4.796.711
- due from other parties		1.234.118	7.858
Other receivables	8	94.892.165	39.029.776
- due from other parties	8	94.892.165	39.029.776
Derivative financial assets held for trading	12	2.253.340	6.107.090
Prepaid expenses	15	2.322.183	2.628.167
Current period tax assets	18	4.434.434	-
Other current assets	16	95.985	128.934
<b>Non-current assets</b>		<b>62.835.205</b>	<b>67.618.509</b>
Financial investments	4	31.713.607	31.713.607
Tangible fixed assets	9	5.422.407	5.451.013
Intangible fixed assets	10	2.157.502	1.062.331
- Other intangible fixed assets	10	2.157.502	1.062.331
Deferred tax asset	18	23.541.689	29.391.558
<b>Total assets</b>		<b>3.174.154.521</b>	<b>3.343.578.492</b>

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

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

**Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary**  
**Interim condensed consolidated statement of financial position as of June 30, 2014**  
**(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

		Unaudited	Audited
Liabilities	Notes	June 30, 2014	December 31, 2013
<b>Short-term liabilities</b>		<b>2.687.709.140</b>	<b>2.799.134.634</b>
Short term financial liabilities	5	2.577.468.385	2.526.465.504
Trade payables	6	90.298.546	94.164.029
- due to related parties	23	4.933.379	1.964.073
- due to other parties		85.365.167	92.199.956
Payables due to employee benefits	14	1.134.841	1.011.126
Other payables	8	772.604	6.777.184
- due to related parties	23	486.629	1.939.040
- due to other parties		285.975	4.838.144
Derivative financial liabilities held for trading	12	5.204.408	137.527.565
Current income taxes payable	18	-	18.712.044
Short term provisions		5.885.731	10.006.049
- Provisions for employee benefits	13	4.752.000	8.624.000
- Other short-term provisions	11	1.133.731	1.382.049
Other short-term liabilities	16	6.944.625	4.471.133
<b>Long term liabilities</b>		<b>6.006.120</b>	<b>4.906.120</b>
Long term provisions			
- Provisions for employee benefits	13	6.006.120	4.906.120
<b>Total liabilities</b>		<b>2.693.715.260</b>	<b>2.804.040.754</b>
<b>Shareholder's equity</b>			
Paid-in capital	17	98.918.083	98.918.083
Adjustment to share capital	17	63.078.001	63.078.001
Other comprehensive income and expenses to be reclassified in profit or loss		(12.115.651)	(12.111.887)
- Revaluation and measurement gains/losses		(12.234.269)	(12.230.505)
- Other gain/loss		118.618	118.618
Restricted reserves	17	238.768.671	61.754.489
Retained earnings (loss)		55.481.121	55.116.850
Net profit for the period		32.063.452	266.496.516
<b>Equity attributable to equity holders of the parent</b>		<b>476.193.677</b>	<b>533.252.052</b>
<b>Non-controlling interest</b>	17	<b>4.245.584</b>	<b>6.285.686</b>
<b>Total Shareholders' equity</b>		<b>480.439.261</b>	<b>539.537.738</b>
<b>Total liabilities and Shareholders' equity</b>		<b>3.174.154.521</b>	<b>3.343.578.492</b>

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

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

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

**Interim condensed consolidated statement of income  
statement for the period ended June 30, 2014  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
<b>Profit/ (loss)</b>					
Revenues	19	8.387.479.396	5.185.829.781	6.496.797.509	2.965.928.699
Cost of sales(-)	19	(8.362.289.771)	(5.172.457.871)	(6.464.375.675)	(2.949.466.346)
<b>Gross profit/loss from operations</b>		<b>25.189.625</b>	<b>13.371.910</b>	<b>32.421.834</b>	<b>16.462.353</b>
Revenues from financial sector operations	20	20.161.784	10.195.263	22.216.046	12.168.488
Cost of financial sector operations (-)	20	(1.653.426)	(775.470)	(1.636.993)	(814.598)
<b>Gross profit/loss from financial sector operations</b>		<b>18.508.358</b>	<b>9.419.793</b>	<b>20.579.053</b>	<b>11.353.890</b>
<b>Gross profit/loss</b>		<b>43.697.983</b>	<b>22.791.703</b>	<b>53.000.887</b>	<b>27.816.243</b>
Administration expenses (-)		(38.044.206)	(19.534.608)	(32.363.708)	(16.839.582)
Marketing, selling, distribution expenses (-)		(2.755.756)	(1.314.785)	(2.706.977)	(1.456.167)
Other operating income	21	315.317.195	41.740.600	80.267.677	27.346.076
Other operating expense(-)	22	(276.693.223)	(22.524.796)	(64.653.541)	(21.587.424)
<b>Operating profit/(loss)</b>		<b>41.521.993</b>	<b>21.158.114</b>	<b>33.544.338</b>	<b>15.279.146</b>
Gains from investing activities		-	-	-	-
<b>Operating profit before finance expense / loss</b>		<b>41.521.993</b>	<b>21.158.114</b>	<b>33.544.338</b>	<b>15.279.146</b>
Financial expenses (-)		-	-	-	-
<b>Profit/loss continuing operations before tax</b>		<b>41.521.993</b>	<b>21.158.114</b>	<b>33.544.338</b>	<b>15.279.146</b>
<b>Continuing operations tax profit/(loss)</b>					
- income tax expense/income	18	(2.498.031)	(1.266.336)	(8.524.011)	(7.164.042)
- Deferred income tax income/expense	18	(5.831.495)	(2.919.860)	3.385.063	5.672.728
<b>Continuing operations before tax profit / loss</b>		<b>33.192.467</b>	<b>16.971.918</b>	<b>28.405.390</b>	<b>13.787.832</b>
<b>Gain or loss in the period</b>		<b>33.192.467</b>	<b>16.971.918</b>	<b>28.405.390</b>	<b>13.787.832</b>
<b>Attribution of the profit or loss</b>					
Non-controlling shares	17	1.129.015	596.653	1.373.665	747.530
Parent shares		32.063.452	16.375.265	27.031.725	13.040.302

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

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

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

**Interim condensed consolidated statement of other comprehensive income for the period ended June 30, 2014**

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

	Unaudited	Unaudited	Unaudited	Unaudited
	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Notes				
<b>Net profit/loss for the period</b>	<b>33.192.467</b>	<b>16.971.918</b>	<b>28.405.390</b>	<b>13.787.832</b>
<b>Other comprehensive income:</b>				
<b>Adjustments to net income/(loss) reconciliation</b>				
Change in foreign currency translation differences	-	-	-	-
Adjustments/revaluation in financial assets available for sale	14.610	(3.045.960)	14.664.302	(10.696.233)
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 reclassified from other comprehensive income in profit/loss	-	-	-	-
Other comprehensive income elements reclassified as other profit or loss	-	-	-	-
Tax income/expense in other comprehensive income adjusted in profit or loss	(18.374)	2.969.679	(761.175)	446.942
- Current tax expense/income	-	-	-	-
- Deferred tax expense/income	18 (18.374)	2.969.679	(761.175)	446.942
<b>Other comprehensive income</b>	<b>(3.764)</b>	<b>(76.281)</b>	<b>13.903.127</b>	<b>(10.249.291)</b>
<b>Total comprehensive income</b>	<b>33.188.703</b>	<b>16.895.637</b>	<b>42.308.517</b>	<b>3.538.541</b>
<b>Distribution of total comprehensive income</b>				
Non-controlling interest	1.129.015	596.652	1.373.665	745.530
Attributable equity holders of the Parent	32.059.688	16.298.985	40.934.852	2.793.011

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

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

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

**Consolidated statements of changes in equity for the interim periods ended June 30, 2014 and 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Other comprehensive income and expenses to be reclassified in profit or loss							Accumulated profits			Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	Paid -in share capital	Adjustment to share capital	Revaluation and measurement gains/losses	Other gains /Losses	Restricted reserves	Retained earnings	Net profit for the period	Retained earnings	Net profit for the period				
Balance as at January 1, 2013 (Beginning of the period)	98.918.083	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)	(61.622.000)	(4.880.210)	(86.502.210)			
Dividends	-	-	-	-	(8.349.775)	(73.272.225)	-	40.934.852	1.373.665	42.308.517			
Total comprehensive income	-	-	13.903.127	-	-	-	27.031.725	-	-	-			
Balance as at June 30, 2013 (End of the period)	98.918.083	63.078.001	190.589.457	-	61.754.489	55.116.850	27.031.725	496.486.605	4.691.863	501.180.468			
Balance as at January 1, 2014 (Beginning of the period)	98.918.083	63.078.001	(12.230.505)	118.618	61.754.489	55.116.850	266.496.516	533.252.052	6.286.686	539.537.738			
Transfers	-	-	-	-	8.405.409	258.091.107	(266.496.516)	(89.000.000)	(3.169.117)	(92.169.117)			
Dividends	-	-	-	-	(7.668.631)	(81.331.369)	-	31.941.625	1.129.015	33.070.640			
Total comprehensive income	-	-	(3.764)	-	176.277.404	(176.395.467)	32.063.452	476.193.677	4.245.584	480.439.261			
Balance as at June 30, 2014 (End of the period)	98.918.083	63.078.001	(12.234.269)	118.618	238.788.671	55.481.121	32.063.452	476.193.677	4.245.584	480.439.261			

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



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

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

**Interim condensed consolidated statement of cash flows for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	June 30, 2014	June 30, 2013
<b>Cash flows from operating activities:</b>			
Current period profit from continuing operations		33.192.467	28.405.390
<b>Adjustments to net income/(loss) reconciliation:</b>			
- Adjustments related to depreciation and amortization	9,10	753.880	688.749
- Adjustments related to provisions		4.080.572	7.496.629
- Adjustments related with interest income and expense		174.445.705	60.109.037
- Unrealized foreign currency conversion adjustments		3.285.554	(12.276.674)
- Adjustments related to fair value losses/gains		(155.540.453)	6.772.323
- Adjustments related to tax expenses/incomes		8.329.526	5.138.948
- Adjustments in other components related with the investments or financial activities		(8.570.910)	40.916.084
<b>Changes in working capital</b>			
- Change in trade receivables		56.919.207	(79.780.991)
- Change in other receivables related to operations		(51.669.706)	(17.479.889)
- Change in trade payables		(3.865.483)	17.155.527
- Change in other payables related to operations		(10.508.262)	(7.863.403)
<b>Cash flow from operating activities</b>			
Tax payments/returns		(25.833.860)	(10.674.856)
<b>Cash flow from operating activities</b>		<b>25.018.237</b>	<b>38.806.874</b>
<b>Cash flows from investing activities:</b>			
Cash outflow for acquisition of tangible and intangible assets	9,10	(1.820.445)	(820.490)
<b>Cash flows from investing activities</b>		<b>(1.820.445)</b>	<b>(820.490)</b>
<b>Cash flows from financial activities:</b>			
Cash provided from financial liabilities		37.220.935	76.514.349
Interest paid		(154.685.079)	(86.502.210)
Dividend paid		(92.169.117)	(53.988.868)
<b>Cash flows from financial activities</b>		<b>(209.633.261)</b>	<b>(63.976.729)</b>
The effect of change in foreign exchange rates on cash and cash equivalents		(3.285.555)	12.276.674
<b>Net increase in cash and cash equivalents</b>		<b>(189.721.024)</b>	<b>(13.713.671)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>2.943.146.057</b>	<b>1.705.283.561</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>2.753.425.033</b>	<b>1.691.569.890</b>

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

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

### Notes to interim condensed consolidated financial statements for the period ended June 30, 2014 (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.SPK.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 İstanbul 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 June 30, 2014 have been approved by the Board of Directors of the Company at July 23, 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 accepting deposits and 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 interim condensed consolidated financial statements for the period ended June 30, 2014**  
(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 Group acts as the manager of 10 funds (December 31, 2013: 10) founded by the Group. As of June 30, 2014, the Group's number of employees is 237 (December 31, 2013: 222) 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.

As of June 30, 2014 and 2013 the details of subsidiary and associate of the "Group" are listed as below:

<b>Company Name</b>	<b>July 30, 2014 Share % in capital</b>	<b>2013 Share % in capital</b>	<b>Principal activity</b>
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	%87,32	%87,32	Portfolio Management

***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, 2011: 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.

***Associate***

It was decided that Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. shall be liquidated by Yapı ve Kredi Bankası A.Ş. (YKB) and within this scope, the shares of other shareholders shall be 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 shall be sold to YKB for a consideration of TL 37.876.926,25.

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

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### **2. Basis of preparation of the interim condensed consolidated financial statements**

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 this share call.

#### **2.1 Basis of presentation**

##### **2.1.1 Applicable accounting standards**

The accompanying interim 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.

Interim condensed consolidated financial statements for the period ended June 30, 2014, have been prepared in accordance with TAS 34.

Interim condensed consolidated financial statements were based on the legal records of the Company and expressed in Turkish Lira; and they have been subjected to certain adjustments and classifications in order to properly present the position of the Group which have been published by the Public Oversight Accounting and Auditing Standards

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as of December 31, 2013.

The Group prepared its consolidated financial statements for the accounting period ended June 30, 2014 in coherence with its accounting policies effective as of December 31, 2013 except the new standards and changes which have been effectuated since January 1, 2014

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

### **Notes to interim condensed consolidated financial statements for the period ended June 30, 2014 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

#### **2. Basis of preparation of the interim condensed consolidated financial statements (continued)**

##### **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 Company'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 Company prepared its financial statements according to the going concern assumption.

##### **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 Company.

#### **2.2. Changes in accounting policies and errors**

Accounting policy changes taking place as a result of a new TAS/IFRS'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 Changes 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 30 June 2014 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**2. Basis of preparation of the interim condensed consolidated financial statements (continued)**

**i) The new standards, amendments and interpretations which are effective as at January 1, 2014 are as follows:**

**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 did not have an impact on the interim condensed consolidated financial statements of the Group.

**TRFS 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 not applicable for the Group and did not have any impact on the financial position or performance of the Group.

**TAS 36 Impairment of Assets (Amended) - 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. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

**TAS 39 Financial Instruments: Recognition and Measurement (Amended)- Novation of Derivatives and Continuation of Hedge Accounting**

Amendments 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. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

**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. This amendment does not have any impact on the financial position or performance of the Group.

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**2. Basis of preparation of the interim condensed consolidated financial statements  
(continued)**

**ii) 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 interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

**TFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 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. The second package of amendments issued in November 2013 initiate further accounting requirements for financial instruments, which are explained separately below as 2013 amendment, and removed the 1 January 2015 mandatory effective date of IFRS 9. The IASB is currently working on drafting the final requirements on impairment. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

**The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (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 interim condensed consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

**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 mandatory effective date of IFRS 9 has tentatively been decided as for annual periods beginning on or after 1 January 2018. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### **2. Basis of preparation of the interim condensed consolidated 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 1 July 2014.

#### ***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***

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

##### ***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.



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

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### **2. Basis of preparation of the interim condensed consolidated financial statements (continued)**

#### *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.

#### *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.

#### *Amendment to the Basis for Conclusions on 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.

The Group do not expect that these amendments will have significant impact on the financial position or performance of the Group.

#### **IAS 19 Defined Benefit Plans: Employee Contributions (Amendment)**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Group.

#### **IFRS 11 - Acquisition of an Interest in a Joint Operation (Amendment)**

In May 2014 the IASB amended IFRS 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

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

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### **2. Basis of preparation of the interim condensed consolidated financial statements (continued)**

#### **IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)**

In May 2014, the IASB issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

#### **IFRS 15 – Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on 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, 2013.

#### **2014-1 Financial Statement Examples and User Guide**

The POA promulgated "financial statement examples and user guide" on May 20, 2014 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.

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**2 - Basis of presentation of financial statements (continued)**

**2014-2 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.

**2014-3 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.

**2014-4 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 39 and TFRS 9 by the parent.

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

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

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### 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.

### 2.6 Convenience translation into English of interim condensed consolidated financial statements originally issued in Turkish

The accounting principles defined as Financial Reporting Standards issued by Public Oversight of Accounting and Auditing Standards Board differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting which was ceased to apply one year earlier than IFRS and the presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**3. Cash and cash equivalents**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Banks</b>		
- Demand Deposits	45.852.967	36.880.094
- Time Deposits	2.728.039.186	2.858.698.738
Receivables from reverse repurchase agreements	28.512	175.748
Investment funds	70.357	50.171.251
	<b>2.773.991.022</b>	<b>2.945.925.831</b>

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

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Time deposits with maturity up to three months	2.728.039.186	2.858.698.738
Demand Deposits	25.286.978	34.100.320
Receivables from reverse repurchase agreements	28.512	175.748
Investment funds	70.357	50.171.251
	<b>2.753.425.033</b>	<b>2.943.146.057</b>

As of June 30, 2014, maturity of time deposits is less than three months.

Cash and cash equivalents belonging to the customers of the Company consist of demand deposit amounts of TL 20.565.989 as of June 30, 2014 (December 31, 2013: demand deposit of TL 2.779.774). The deposits belonging to customers and their accrued interests are accounted under trade payables as of June 30, 2014.

The details of annual interest rates of time deposits based on foreign currency are as follows:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Foreign currency/TRY</b>	<b>Effective interest rate per annum (%)</b>	<b>Effective interest rate per annum (%)</b>
TRY	8,75 - 11,15	4,50-9,90
EUR	2,30	2,85-3,50
USD	2,40-2,50	-

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

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**4. Financial Investments**

<b>Short term financial investments</b>	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<i>Financial assets at fair value through profit and loss</i>		
- Share certificates quoted to BIST	10.500.825	20.718.626
<i>Available for sale financial assets</i>		
- Private sector bonds and bills	-	-
- Share certificates	-	-
- Government bonds and treasury bills	283	516.359
<i>Held to maturity financial assets</i>		
- Government bonds and treasury bills	39.892.559	36.102.585
Deposits with an original maturity more than three months	15.381.943	-
	<b>65.775.610</b>	<b>57.337.570</b>
<b>Long term financial assets</b>		
<i>Held to maturity financial assets</i>		
- Government bonds and treasury bills	-	-
<i>Available for sale financial assets</i>		
- Share certificates	31.713.607	31.713.607
- Government bonds and treasury bills	-	-
- Private sector bonds and bills	-	-
	<b>31.713.607</b>	<b>31.713.607</b>
<b>Total financial investments</b>	<b>97.489.217</b>	<b>89.051.177</b>

Held-to-maturity financial investments, with fair value of TL 34.934.075 and carrying value of TL 34.148.926 are held as collateral in the CBRT, ISE and Takas ve Saklama Bankası A.Ş. ("Takasbank") as of June 30, 2014.

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

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
3 months – 1 year	39.892.559	36.102.585
	<b>39.892.559</b>	<b>36.102.585</b>

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2014  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### 4. Financial Investments (continued)

Movements of held-to-maturity financial assets during the periods ended June 30, 2014 and 2013 are as follows:

	June 30, 2014	June 30, 2013
January 1	36.102.585	28.775.334
Purchases during the period	38.000.000	24.680.428
Valuation increase/decrease (rediscount rate is included)	(810.026)	(290.214)
Disposals in the period	(33.400.000)	(22.000.000)
<b>June 30, 2014</b>	<b>39.892.559</b>	<b>31.165.548</b>

As of June 30, 2014, the Company has no available-for-sale financial assets subject to repurchase agreement ("Repo"). (December 31, 2013 – TL 109.405).

As of June 30, 2014, the Company has no share certificates that are classified as short-term available-for-sale financial assets. (December 31, 2013 – none).

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

Type	June 30, 2014		December 31, 2013	
	Amount TL	Shareholding %	Amount TL	Shareholding %
<b>Not quoted to stock exchange</b>				
Takasbank	31.423.700	4,37	31.423.700	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	159.712	0,04
	<b>31.713.607</b>		<b>31.713.607</b>	

As of June 30, 2014, the Group has 4,37% of the shares of Takasbank. The Group has 26.235.000 shares whose nominal value is TL 26.235.000.

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.

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

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**4. Financial Investments (continued)**

IFRS 7 requires classification of line items at fair value presented in the financial statements according to the defined levels. These levels depend on the observability of data used during fair value calculations. Classification for fair value is generated as followed below:

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; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

<b>June 30, 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets designated at fair value through profit / loss</b>	<b>10.500.825</b>	-	-	<b>10.500.825</b>
Financial assets designated at fair value through profit/loss	-	-	-	-
Share certificates	10.500.825	-	-	10.500.825
<b>Available for sale financial assets</b>	<b>283</b>	<b>31.713.607</b>	-	<b>31.713.890</b>
Available for sale financial assets	283	-	-	283
Other securities	-	31.713.607	-	31.713.607
Derivative receivables held for trading	-	2.253.340	-	2.253.340
Derivative liabilities held for trading	-	5.204.408	-	5.204.408
<b>December 31, 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets designated at fair value through profit / loss</b>	<b>20.718.626</b>	-	-	<b>20.718.626</b>
Financial assets designated at fair value through profit/loss	-	-	-	-
Share certificates	20.718.626	-	-	20.718.626
<b>Available for sale financial assets</b>	<b>516.359</b>	<b>31.713.607</b>	-	<b>32.229.966</b>
Available for sale financial assets	516.359	-	-	516.359
Other securities	-	31.713.607	-	31.713.607
Derivative receivables held for trading	-	6.107.090	-	6.107.090
Derivative liabilities held for trading	-	137.527.565	-	137.527.565



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**5. Short term trade payables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Payables to stock exchange money market	2.533.880.416	2.207.914.384
Bank loans	36.869.530	314.124.753
Due to short selling transactions	4.699.500	3.150.000
Funds from repo transactions	2.018.939	1.276.367
	<b>2.577.468.385</b>	<b>2.526.465.504</b>

**6. Trade receivables and payables**

**Trade receivables:**

**Short term trade receivables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Receivables from loan customers	90.919.107	117.927.208
Receivables from customers	70.283.212	47.458.870
Project receivables	1.721.014	2.492.433
Commission receivables	155.506	937.598
Doubtful receivables	111.295	111.295
Provision for doubtful receivables	(111.295)	(111.295)
Receivables from Takas Saklama Merkezi	-	51.181.937
	<b>163.078.839</b>	<b>219.998.046</b>

The Group provides loans to customers for share certificate transactions. The Company has quoted share certificates as collateral against loans given whose total market value amounts to TL 209.661.446 as of June 30, 2014 (December 31, 2013: TL 245.669.560).

**Trade payables:**

**Short term trade payables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Payables to customers	75.340.403	91.311.063
Payables to Takas Saklama Merkezi	8.797.161	-
Agent commissions payable	3.679.019	1.607.269
Expense accruals	1.037.905	118.870
Taxes and funds payables	249.147	308.199
Provisions for advertisement expenses	190.071	-
Other trade payables(*)	1.004.840	818.628
	<b>90.298.546</b>	<b>94.164.029</b>

(\*) As of June 30, 2014 Other trade payables consist of invoices payable from Yapı Kredi Portföy amounting to TL 995.163 (December 31, 2013: TL 742.259)

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**7. Receivables and payables from financial sector activities**

Receivables and payables from financial sector activities are consisted of the the transactions of subsidiary.

**Receivables from financial sector activities**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Fund management fee receivables	2.625.910	2.630.739
Private portfolio management fee receivables	938.859	3.638
Individual pension fund management receivables	615.710	1.029.914
Private portfolio management success premium receivables	290.935	-
Investment advisory receivables	-	1.136.058
Other	4.324	4.220
	<b>4.475.738</b>	<b>4.804.569</b>

Portfolio management fee receivable amounting to TL 3.241.620 ( December 31, 2013: 3.660.653) managed by the subsidiary, consists of management fee receivables from 41 (December 31, 2013: 40) investment funds and 19 (December 31, 2013: 19) 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.

**8. Other receivables and payables**

**Other receivables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Collaterals from foreign operations	82.137.619	28.709.388
Collaterals from Takasbank	10.710.332	8.906.002
Deposits and collaterals given	2.044.214	1.190.967
Fund advances given	-	223.419
	<b>94.892.165</b>	<b>39.029.776</b>

**Other payables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Payables to parties other than suppliers or customers	281.260	6.285.840
Payables to marketable securities disposal fund	491.344	491.344
	<b>772.604</b>	<b>6.777.184</b>

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**9. Property and equipment**

In the six-month period ended June 30, 2014, the Group has purchased proper plant and equipment with a value of TL 349.291 (June 30, 2013 – TL 402.475). The Group did not sale any property, plant or equipment (June 30, 2013 – none). In the same period the Group amortized TL 377.897 (June 30, 2013 – TL 389.323)

**10. Intangible assets**

In the six-month period ended June 30, 2014, the Group has purchased intangible assets with a value of TL 1.471.154 (June 30, 2013 – TL 418.596). In the same period the Group booked redemption amounting to TL 375.983 (June 30, 2013 – TL 300.008).

**11. Provisions, contingent assets and liabilities**

**Contingent assets and liabilities**

**i) Guarantees given**

	<b>June 30, 2014</b>	<b>December 31 2013</b>
Letters of guarantee	3.299.711.495	3.101.853.341

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 416.215.319 (December 31, 2013: TL 418.352.165).

**ii) Other short-term provisions**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Legal provisions (*)	1.133.731	1.062.049
Other provisions	-	320.000
	<b>1.133.731</b>	<b>1.382.049</b>

(\*) As of June 30, 2014 several outstanding legal cases against the Group exist and provision amounting to TL 1.133.731 based on the best estimates, has been reflected in the accompanying interim consolidated financial statements as of June 30, 2014 (December 31, 2013: TL 1.062.049).

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### 12. Derivative transactions

As of June 30, 2014 and December 31, 2013, the details of TL nominal amounts of derivative transaction are as follows:

	June 30, 2014			December 31, 2013		
	USD	EUR	TL	USD	EUR	TL
Forward transactions(buy)	2.804.867	103.692	-	-	7.977.598	-
Forward transactions(sell)	2.809.400	102.212	-	-	7.645.379	-
Swap transactions(buy)	1.232.832.450	55.742.200	30.545.828	22.493.731	2.685.748.706	-
Swap transactions(sell)	1.234.727.108	54.976.092	-	22.644.923	2.805.825.750	-
Futures transactions(buy)	-	-	1.020.000	-	-	-
Futures transactions(sell)	-	-	1.020.000	-	-	-
	<b>2.473.173.825</b>	<b>140.918.854</b>	<b>32.585.828</b>	<b>45.138.654</b>	<b>5.507.197.433</b>	<b>-</b>

#### Receivables from derivative transactions

	June 30, 2014	December 31, 2013
Forward transactions	3.470	9.085
Swap transactions	2.249.870	6.098.005
Futures transactions	-	-
	<b>2.253.340</b>	<b>6.107.090</b>

#### Payables to derivative transactions

	June 30, 2014	December 31, 2013
Forward transactions	11.929	361.622
Swap transactions	5.177.229	137.165.943
Futures transactions	15.250	-
	<b>5.204.408</b>	<b>137.527.565</b>

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**13. Provision for employee benefits**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Short-term provisions</b>		
Provision for personnel premiums	4.752.000	8.624.000
	<b>4.752.000</b>	<b>8.624.000</b>
<b>Long-term provisions</b>		
Provision for employment termination benefits	2.019.614	1.848.618
Provision for unused vacations	3.986.506	3.057.502
	<b>6.006.120</b>	<b>4.906.120</b>

**14. Liabilities for employee benefits**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Taxes payable and liabilities	681.647	604.731
Social security premiums payables	453.194	406.395
	<b>1.134.841</b>	<b>1.011.126</b>

**15. Prepaid expenses**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Commissions for letters of guarantees	1.406.308	1.391.811
Prepaid expenses	915.875	1.236.356
	<b>2.322.183</b>	<b>2.628.167</b>

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

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**16. Other assets and liabilities**

**Other current assets**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Due from personnel	12.043	2.558
Other	83.942	126.376
	<b>95.985</b>	<b>128.934</b>

**Other short-term liabilities**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Blocked customer accounts	1.708.571	951.431
Other taxes and funds payables	970.395	1.308.367
Other expense provisions	2.670.000	1.706.000
Other expense accruals	1.595.659	505.335
	<b>6.944.625</b>	<b>4.471.133</b>

**17. Equity**

**Paid-in capital and adjustment differences**

The paid-in capital of the Company is TL 98.918.083 (December 31, 2013: TL 98.918.083) and consists of 9.891.808.346 (December 31, 2013: 9.891.808.346) authorized shares with a nominal value of kr 1 each. The Group has no preferred share as of June 30, 2014.

The shareholders and their shares in capital with historic values as of June 30, 2014 and December 31, 2013 are as follows:

<b>Shareholders</b>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
	<b>TL</b>	<b>Pay %</b>	<b>TL</b>	<b>Pay %</b>
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
	<b>98.918.083</b>		<b>98.918.083</b>	
Adjustment to share capital	63.078.001		63.078.001	
<b>Total paid-in capital</b>	<b>161.996.084</b>		<b>161.996.084</b>	

"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.

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

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**17. Equity (continued)**

Under the Turkish Commercial Code, the Company is required to create first and second legal reserves. The first legal reserve is appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. The second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of issued and fully paid-in share capital, without limit. Legal reserves may only be used to absorb losses provided that they do not exceed 50% of the share capital.

In accordance with the CMB Financial Reporting Standards the aforementioned amounts shall be presented in "Restricted Reserves". As of June 30, 2014 restricted reserve of the Company is TL 238.768.671 (December 31, 2013: TL 61.754.489).

**Restricted reserves and previous years' profits/losses**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
First legal reserves	18.891.100	18.891.100
Second legal reserves	38.973.350	38.236.572
Special reserves <sup>(*)</sup>	180.904.221	4.626.817
<b>Total restricted reserves</b>	<b>238.768.671</b>	<b>61.754.489</b>

(\*) As of June 30, 2014 special funds amounting to TL 238.768.671 accounted under the shareholder's equity is the 75% of the profit realized from the sales of the building in 2013.

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

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Beginning of the period</b>	<b>6.285.686</b>	<b>8.198.408</b>
Minority interest decrease due to dividend payment	(3.169.117)	(4.880.210)
Minority interest net income	1.129.015	2.967.488
<b>End of the period</b>	<b>4.245.584</b>	<b>6.285.686</b>

Distribution of minority interest net income is as follows:

Minority interest income from continuing operations	1.129.735	2.967.488
	<b>1.129.735</b>	<b>2.967.488</b>

Amounting TL 92.169.117 dividend has been paid as of June 30, 2014.

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**18. Tax assets and liabilities**

**Corporate Tax**

	June 30, 2014	December 31, 2013
Corporate taxes payable	2.687.382	52.665.237
Less: prepaid taxes	(7.121.816)	(33.953.193)
<b>Taxes payable-net</b>	<b>(4.434.434)</b>	<b>18.712.044</b>
Current tax expenses	2.498.031	52.561.866
Deferred tax income/(expense)	5.831.495	(28.400.779)
<b>Total tax expense</b>	<b>8.329.526</b>	<b>24.161.087</b>

**Deferred tax assets and liabilities**

	June 30, 2014	December 31, 2013
Deferred tax assets	24.339.958	30.974.622
Deferred tax liabilities	(798.269)	(1.583.064)
<b>Deferred tax (liabilities) / assets - net</b>	<b>23.541.689</b>	<b>29.391.558</b>

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

	June 30, 2014		December 31, 2013	
	Cumulative temporary differences	Deferred tax assets / (liabilities)	Cumulative temporary differences	Deferred tax assets / (liabilities)
Valuation differences in financial assets	392.229	78.446	6.480.935	1.296.187
Impairment provision for property and equipment	2.520.243	504.049	2.520.243	504.050
Provision for unused vacations	3.986.506	797.301	3.057.502	611.500
Provision for employment termination benefits	2.019.624	403.925	1.848.618	369.724
Provision for personnel premium	4.752.000	950.400	2.189.600	437.920
Legal cases provision	1.133.731	226.746	1.062.049	212.410
Derivatives	5.204.408	1.040.882	137.527.565	27.505.513
Tax losses	97.769.056	19.553.811	-	-
Provision for expenses	3.194.535	638.907	-	-
Other	727.456	145.491	186.590	37.318
<b>Deferred tax assets</b>		<b>24.339.958</b>		<b>30.974.622</b>
Financial assets fair value increase	-	-	-	-
Net difference between the tax base and carrying amount of property and equipment	1.134.119	226.824	1.047.697	209.540
Valuation differences in financial assets	2.358.193	471.639	662.981	132.596
Derivatives	-	-	6.107.090	1.221.418
Other	499.035	99.806	97.549	19.510
<b>Deferred tax liabilities</b>		<b>798.269</b>		<b>1.583.064</b>
<b>Deferred tax (liabilities) / assets, net</b>		<b>23.541.689</b>		<b>29.391.558</b>



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**18. 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. Based on this, deferred tax liability on net fair value gains arising from equity instruments held as available for sale financial assets has been calculated using an effective tax rate of 5%. Other temporary differences are subject to an effective tax rate of 20% for deferred tax calculation.

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Beginning deferred tax assets / (liabilities), net	29.391.558	(8.140.079)
Deferred tax income / (expense)	(5.831.495)	3.385.063
Deferred tax (expense) / income netted in revaluation fund	(18.374)	(761.175)
<b>Deferred tax (liabilities) / assets at period end, net</b>	<b>23.541.689</b>	<b>(5.516.191)</b>

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**19. Revenue and cost of sales**

	January 1 – June 30 2014	April 1 – June 30 2014	January 1 - June 30 2013	April 1 – June 30 2013
<b>Revenue</b>				
Treasury bills and government bonds sales	914.688.655	793.223.805	824.020.225	658.694.357
Share certificates sales	7.444.355.054	4.378.322.486	5.645.869.444	2.291.721.822
Commissions on intermediary activities on share certificates	21.603.240	11.793.472	24.631.591	12.197.328
Fund management fees	429.467	243.290	1.888.260	950.216
Intermediary commissions on futures market	1.597.866	784.512	5.506.701	2.788.053
Outright purchase-sale transactions intermediary commissions	62.799	42.512	7.590	4.649
Repo intermediary commissions	201.811	112.795	74.341	45.327
Custody commissions	248.841	248.841	259.701	259.207
Consultancy services	91.165	54.918	143.862	8.596
Other service revenues	8.508.440	3.249.281	6.635.224	4.404.156
Other intermediary commissions	7.193.139	4.003.236	2.904.553	1.303.023
<b>Total revenue</b>	<b>8.398.980.477</b>	<b>5.192.079.148</b>	<b>6.511.941.492</b>	<b>2.972.376.734</b>
<b>Service income discounts and allowances</b>				
Commissions paid to agencies	11.358.205	6.194.057	14.961.706	6.383.148
Commission returns	142.876	55.310	182.277	64.887
<b>Total discounts and allowances</b>	<b>11.501.081</b>	<b>6.249.367</b>	<b>15.143.983</b>	<b>6.448.035</b>
<b>Revenue</b>	<b>8.387.479.396</b>	<b>5.185.829.781</b>	<b>6.496.797.509</b>	<b>2.965.928.699</b>
<b>Cost of sales</b>				
Costs of treasury bills and government bond sales	914.247.145	792.757.126	823.994.467	658.634.663
Costs of share certificate sales	7.448.042.626	4.379.700.745	5.640.381.208	2.290.831.683
<b>Total cost of sales</b>	<b>8.362.289.771</b>	<b>5.172.457.871</b>	<b>6.464.375.675</b>	<b>2.949.466.346</b>
<b>Gross operating profit from commercial activities</b>	<b>25.189.625</b>	<b>13.371.910</b>	<b>32.421.834</b>	<b>16.462.353</b>

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

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**20. Revenue and cost of financial sector activities**

	January 1 - June 30 2014	January 1 - June 30 2013
<b>Revenue from financial sector activities</b>		
Investment funds management fee	14.114.778	14.680.849
Individual pension funds management fee	3.734.725	4.861.282
<b>Fund management fee</b>	<b>17.849.503</b>	<b>19.542.131</b>
Discretionary portfolio management commission	1.969.775	2.086.151
Portfolio achievement premiums	327.506	497.764
<b>Discretionary portfolio management income</b>	<b>2.297.281</b>	<b>2.583.915</b>
Investment consultancy revenues	15.000	90.000
<b>Other revenues from financial sector activities</b>	<b>15.000</b>	<b>90.000</b>
<b>Financial sector activities revenue</b>	<b>20.161.784</b>	<b>22.216.046</b>
<b>Financial sector activities revenue</b>		
Commission expenses	(1.376.580)	(1.341.502)
Fund management commission expense	(276.846)	(295.491)
<b>Financial sector activities revenue</b>	<b>(1.653.426)</b>	<b>(1.636.993)</b>
<b>Gross profit from financial activities</b>	<b>18.508.358</b>	<b>20.579.053</b>

**21. Other income from operating activities**

	January 1- June 30 2014	January 1- June 30 2013
Income due to derivative operations	256.973.794	2.366.485
Interest income on deposit at banks	45.424.768	51.587.054
Interest income on loans	7.002.152	6.279.426
Interest income on treasury bills and government bonds	2.211.638	1.439.565
Dividend income	1.082.974	9.761.792
Other interest income	1.669.094	240.130
Futures trading income	546.509	1.059.761
Foreign Exchange gains	-	7.533.464
Increase of value of stocks	-	-
Gain on sales of property and equipment	406.266	-
	<b>315.317.195</b>	<b>80.267.677</b>

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

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**22. Other expenses from operating activities**

	<b>January 1- June 30 2014</b>	<b>January 1- June 30 2013</b>
Interest expense	134.855.177	57.792.852
Foreign Exchange loss	126.974.168	2.071
Derivatives transaction loss	5.204.408	-
Commissions paid for guarantee letters	5.189.541	5.042.927
Commission expenses	2.557.114	824.058
Depreciation of financial investments	258.389	-
Other	1.654.426	991.633
	<b>276.693.223</b>	<b>64.653.541</b>

**23. Related party explanations**

**Bank placements in related parties**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Yapı ve Kredi Bankası A.Ş. - shareholder	1.869.116.616	2.300.901.999
Yapı Kredi Nederland N.V. - other related party	100	1.517.264
	<b>1.869.116.716</b>	<b>2.302.419.263</b>

The customer deposits that are deposited in Yapı ve Kredi Bankası A.Ş are amounting to TL 20.565.988 (December 31, 2013: TL 2.779.774).

**Cash and cash equivalents in related parties**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Yapı ve Kredi Bankası A.Ş. B Tipi Likit Fon- other related party	30.810	50.171.251
	<b>30.810</b>	<b>50.171.251</b>

**Receivables from related parties**

**Commission and portfolio management fee receivables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Yapı ve Kredi Bankası A.Ş. - shareholder	135.678	439.429
	<b>135.678</b>	<b>439.429</b>

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

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**24. Related party explanations (continued)**

**Receivables from financial sector activities**

**Commission and portfolio management fee receivables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Yapı ve Kredi Bankası A.Ş. Investment funds - other related party	2.625.910	3.766.797
Allianz Yaşam Emeklilik A.Ş. Pension funds - other related party	615.710	1.029.914
	<b>3.241.620</b>	<b>4.796.711</b>

**Due to related parties**

**Trade Payables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Yapı ve Kredi Bankası A.Ş.- shareholder	4.933.379	1.964.073
	<b>4.933.379</b>	<b>1.964.073</b>

**Financial and other payables**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Yapı ve Kredi Bankası A.Ş. - shareholder	360.099	1.535.637
Koç Holding A.Ş. – other related party	67.850	5.782
Yapı Kredi Emeklilik	29.349	79.045
Zer Merkezi Hizmetler ve Ticaret A.Ş.	6.682	267.661
YKS Tesis Yönetimi Hizmetleri A.Ş. – other related party	3.280	44.382
Opet Petrolcülük A.Ş. – other related party	2.370	4.529
Setur Servis Turistik A.Ş. – other related party	-	1.937
Other	17.000	67
	<b>486.630</b>	<b>1.939.040</b>

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**24. Related party explanations (continued)**

**Operating income from related parties**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Yapı ve Kredi Bankası A.Ş. Yatırım Fonları – other related party	12.591.134	12.756.310
Yapı Kredi Emeklilik A.Ş. Emeklilik Fonları – other related party	3.731.252	4.861.282
Yapı Kredi Yatırım Menkul Değerler A.Ş. Investment funds- Other related party	1.501.686	1.924.540
Yapı Kredi Emeklilik A.Ş. ÖPY Management fee – other related party	-	60.000
Yapı Kredi Sigorta A.Ş. other related party	-	53.048
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. – associate(*)	15.000	416.212
Koç Holding A.Ş. – other related party	11.398	8.815
Türkiye Petrol Rafinerileri A.Ş. –other related party	11.398	8.815
Türk Traktör A.Ş. –other related party	11.398	8.815
Tofaş Türk Otomobil Fabrikaları A.Ş. –other related party	11.398	8.815
Arçelik A.Ş. – other related party	11.398	8.815
Otokar Otobüs Karoseri A.Ş. – other related party	11.398	8.815
Ford Otosan Otomotiv San. A.Ş. – other related party	11.398	8.815
Aygaz A.Ş. – other related party	11.398	8.815
Yapı ve Kredi Bankası A.Ş.	-	2.013.281
Marmaris Altinyunus Turistik Tesisleri A.Ş. – other related party	11.398	8.815
Tat KONSERVE ve Sanayi A.Ş. – other related party	11.398	8.815
Other– other related party	258.211	297.492
	<b>18.211.263</b>	<b>22.470.315</b>

(\*) The Company is not a related part as of 2014 year

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

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

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**23. Related party explanations (continued)**

**Other income from related parties**

**Interest income**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Yapı ve Kredi Bankası A.Ş.-shareholder	26.381.296	17.037.667
Yapı Kredi Netherland N.V. –other related party	8.483	79.018
	<b>26.389.779</b>	<b>17.116.685</b>

**Service sharing income**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.-associate	19.455	16.246
	<b>19.455</b>	<b>16.246</b>

**Rent income**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.- associate	19.455	16.246
	<b>19.455</b>	<b>16.246</b>

**Operation expenses paid to related parties**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Zer Merkezi Hizmetler ve Tic. A.Ş. – other related party	470.714	432.164
YKK Tesis Yönetimi	256.567	174.867
Setur Servis Turistik A.Ş. – other related party	246.119	158.047
Koç Sistem Bilgi ve İletişim Hizm. A.Ş. - other related party	123.579	94.683
Otokoç Otomotiv Tic. ve San. A.Ş. – other related party	107.650	86.512
Opet Petrolcülük A.Ş. – other related party	77.193	66.579
Koç Holding A.Ş. – other related party	13.077	62.712
Yapı Kredi Sigorta A.Ş.- associate(*)	-	566.312
Avis AŞ – other related party	-	73.531
YKS Facility Management	107.350	174.867
	<b>1.402.249</b>	<b>1.715.407</b>

(\*) The Company is not a related part as of 2014 year.

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

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**23. Related party explanations (continued)**

**Commission paid to related parties**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Yapı ve Kredi Bankası A.Ş.-shareholder	11.193.026	13.465.394
Yapı Kredi Emeklilik	29.349	31.512
	<b>11.222.375</b>	<b>13.496.906</b>

**Financial expenses paid to related parties**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Yapı ve Kredi Bankası A.Ş.-shareholder	1.740.097	29.548
	<b>1.740.097</b>	<b>29.548</b>

**Benefits provided to key management**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Benefits provided to key management	2.430.530	3.483.295
	<b>2.430.530</b>	<b>3.483.295</b>

**Dividend income**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Allianz Yaşam Emeklilik A.Ş. -associate	29.047	-
Takasbank	-	8.745.000
Yapı Kredi B Tipi Yatırım Ortaklığı	-	664.910
	<b>29.047</b>	<b>9.409.910</b>



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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2014 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**24. Nature and level of risks arising from financial instruments**

**a. Exchange rate risk**

As of June 30, 2014 and December 31, 2013, the Company's assets and liabilities denominated in foreign currencies are as follows

	June 30, 2014					December 31, 2013		
	TL Equivalent	USD	EURO	Other	TL Equivalent	USD	EURO	Other
Monetary financial assets	1,314,743,368	590,624,671	20,885,878	78,804	2,838,520,849	12,898,499	957,230,379	27,350
<b>Current assets</b>	<b>1,314,743,368</b>	<b>590,624,671</b>	<b>20,885,878</b>	<b>78,804</b>	<b>2,838,520,849</b>	<b>12,898,499</b>	<b>957,230,379</b>	<b>27,350</b>
Financial liabilities	(20,565,988)	(8,947,985)	(533,254)	(68,936)	(2,779,774)	(1,093,409)	(146,311)	(7,506)
<b>Short-term financial liabilities</b>	<b>(20,565,988)</b>	<b>(8,947,985)</b>	<b>(533,254)</b>	<b>(68,936)</b>	<b>(2,779,774)</b>	<b>(1,093,409)</b>	<b>(146,311)</b>	<b>(7,506)</b>
Off-balance sheet derivative instruments denominated in foreign currency	(1,291,483,209)	(581,914,532)	(19,311,142)	-	(2,836,448,271)	(10,610,000)	(958,216,703)	-
Derivative instruments								
<b>Total Net foreign currency position(*)</b>	<b>2,694,171</b>	<b>(237,846)</b>	<b>1,041,482</b>	<b>9,868</b>	<b>(707,196)</b>	<b>1,195,090</b>	<b>(1,132,635)</b>	<b>19,844</b>

(\*) 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.

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

**Notes to interim condensed consolidated financial statements for the period ended June 30, 2014**  
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**25. 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.

The table below shows the Group's sensitivity to a change of 10% in exchange rates of USD, EUR and other foreign currencies. The amounts reflect the effect of a change of 10% in exchange rates of USD, EUR and other foreign currencies on net income for the period and equity. In this analysis, all other variables, in particular the interest rates, are assumed to remain constant

June 30, 2014	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	(50.504)	50.504	-	-
<i>In case of a 10% change in EUR exchange rates:</i>				
EUR net asset/liability effect	301.186	(301.186)	-	-
<i>In case of a 10% change in other exchange rates:</i>				
Other foreign currency net effect	3.562	(3.562)	-	-
<b>Total</b>	<b>254.244</b>	<b>(254.244)</b>	<b>-</b>	<b>-</b>

December 31, 2013	Exchange Rate Sensitivity Analysis Table			
	Profit/Loss		Equity	
	Depreciation of foreign currency	Appreciation of foreign currency	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	255.068	(255.068)	-	-
<i>In case of a 10% change in EURO exchange rates:</i>				
EURO net asset/liability effect	(332.598)	332.598	-	-
<i>In case of a 10% change in other exchange rates:</i>				
Other foreign currency net effect	6.810	(6.810)	-	-
<b>Total</b>	<b>(70.720)</b>	<b>70.720</b>	<b>-</b>	<b>-</b>

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**25. 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 ISE. 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:

**June 30, 2014**

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
<b>Common stocks</b>						
Financial assets available for sale		Increase	-	-	-	-
Financial assets at a fair value through profit/loss	%10	Decrease	-	-	-	-
Financial assets		Increase	1.050.083	-	1.050.083	-
Financial assets	%10	Decrease	(1.050.083)	-	(1.050.083)	-

**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
<b>Common stocks</b>						
Financial assets available for sale		Increase	-	-	-	-
Financial assets at a fair value through profit/loss	10%	Decrease	-	-	-	-
Financial assets		Increase	2.071.863	-	2.071.863	-
Financial assets	10%	Decrease	(2.071.863)	-	(2.071.863)	-

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

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Notes to interim condensed consolidated financial statements for the period ended June 30, 2014  
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### 25. Other explanations on operations and other matters

#### a. Explanation on portfolio management operations:

At June 30, 2014, the Company managed 41 mutual funds and 19 pension funds (Funds) (December 31, 2013: 40 mutual 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 June 30, 2014, the Group earned a management fee of TL 17.873.017 (June 30, 2013: TL 19.246.640).

#### Investment funds which investment period started between the dates January 1, 2014 and June 30, 2014

Fon adı	Investment period start date
Yapı Kredi Bankası B Tipi %104 Anapara Garantili 38. Alt Fon (APG41)	21.02.2014
Yapı Kredi Bankası B Tipi %103 Anapara Garantili 39. Alt Fon (APG42)	30.05.2014
Yapı Kredi Bankası A Tipi ÖPY Hisse Senedi Alt Fonu (7. Alt Fon)	09.06.2014
Yapı Kredi Bankası B Tipi Kira Sertifikalarına Yatırım Yapan Alt Fon (KIRAS)	24.06.2014

#### Investment funds which investment period ended between the dates January 1, 2014 and June 30, 2014

Fon adı	Investment period end date
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 33. Alt Fon (APG36)	19.02.2014
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 34. Alt Fon (APG37)	19.02.2014
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 35. Alt Fon (APG38)	28.05.2014

#### 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. According to the clauses of Communiqué Series: V No: 34, the amount of equity necessary for an intermediary institution's trading operations is TL 852.000 (December 31, 2013: TL 845.000) for the period ended June 30, 2014. 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 2.139.000 (December 31, 2013: TL 2.120.000).

- 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.

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### **25. Other explanations on operations and other matters (continued)**

According to the Communiqué Series: V No: 34 4<sup>th</sup> clause, capital adequacy base of intermediary institutions is equal to the equity which is calculated according to Communiqué Series: V No: 34 3<sup>rd</sup> 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 8<sup>th</sup> 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 June 30, 2014 and December 31, 2013.

### **26. Subsequent events**

The post-liquidation extraordinary general meeting assembly of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") in liquidation was held on July 8, 2014 at which the general assembly decided for the liquidation period of YKYO to be ended, the liquidation amount to be paid and the company registration to be deleted from the trade registry and other related governmental agencies and institutions.