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

Consolidated financial statements for the period January 1 - December 31, 2014 together with independent auditor's report

(Convenience translation of financial statements and auditor's report originally issued in Turkish, see note 2.7)

(Convenience translation of financial statements originally issued in Turkish, see note 2.7)

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

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

Independent auditor's report on consolidated financial statements for the year ended December 31, 2014

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

Introduction

We have audited the accompanying consolidated statement of financial position of Yapı Kredi Yatırım Menkul Değerler A.Ş. (the "Company") and its consolidated subsidiary (together the "Group") as of December 31, 2014, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Group management related to the financial statements

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

Responsibility of the independent auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing issued by POA. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement

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

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

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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yapı Kredi Yatırım Menkul Değerler A.Ş. as of December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on other responsibilities arising from regulatory requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2014 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

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

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

As at December 31, 2014, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

T.C.

Yaşar Bivas, SMMM
Partner

DENETÇİ

January 30, 2015
İstanbul, Türkiye

A member firm of Ernst & Young Global Limited

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

Consolidated statement of financial position as of December 31, 2014 and 2013

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

		(Audited)	(Audited)
Assets	**Notes**	**December 31, 2014**	**December 31, 2013**
Current Assets		**3.177.152.027**	**3.275.959.983**
Cash and cash equivalents	6	2.761.906.774	2.945.925.831
Financial investment	7	44.579.463	57.337.570
Trade receivable	10	194.076.793	219.566.475
- Due from other parties		194.076.793	219.566.475
Receivables from financial activities	11	7.304.480	5.236.140
- Due from related parties	28	7.274.215	5.236.140
- Due from other parties		30.265	-
Other receivables	12	144.508.973	39.029.776
- Due from other parties		144.508.973	39.029.776
Derivative financial instruments	16	10.980.547	6.107.090
Prepaid expenses	19	2.447.117	2.628.167
Current period tax assets	22	11.300.975	-
Other current asset	20	46.905	128.934
Sub Total		**3.177.152.027**	**3.275.959.983**
Assets classified as held for sale	8	-	-
Total current assets		**3.177.152.027**	**3.275.959.983**
Non-current assets			
Financial investments	7	31.713.607	31.713.607
Property and equipment	13	6.839.136	5.451.013
Intangible assets	14	5.746.148	1.062.331
- Other intangible assets	14	5.746.148	1.062.331
Deffered tax assets	22	19.698.798	29.391.558
Total non-current assets		**63.997.689**	**67.618.509**
Total assets		**3.241.149.716**	**3.343.578.492**

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

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

Consolidated statement of financial position as of December 31, 2014 and 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		(Audited)	(Audited)
Liabilities	**Notes**	**December 31, 2014**	**December 31, 2013**
Short term liabilities		**2.724.838.128**	**2.799.134.634**
Short term financial liabilities	9	2.594.185.424	2.526.465.504
Trade payables	10	89.480.472	94.164.029
- Due to related parties	28	2.839.632	1.964.073
- Due to other parties		86.640.840	92.199.956
Payables due to employee benefits	18	1.463.171	1.011.126
Other payables	12	19.642.328	6.777.184
- Due to related parties	28	99.211	403.403
- Due to other parties		19.543.117	6.373.781
Derivative financial instruments	16	-	137.527.565
Current income taxes payable	22	-	18.712.044
Short term provisions	17	13.929.731	10.006.049
- Short term provisions for employee benefits	17	12.696.000	8.624.000
- Other short term provisions	15	1.233.731	1.382.049
Other short term liabilities	20	6.137.002	4.471.133
Other short term liabilities		**2.724.838.128**	**2.799.134.634**
Long term liabilities		**6.182.070**	**4.906.120**
Long term provisions			
- Provision for employee benefits	17	6.182.070	4.906.120
Deferred tax liability	22	-	-
Other long term liabilities		**6.182.070**	**4.906.120**
Total liabilities		**2.731.020.198**	**2.804.040.754**
Equity			
Paid-in share capital	21	98.918.083	98.918.083
Adjustment to share capital	21	63.078.001	63.078.001
Other comprehensive income and expenses to be reclassified in profit or loss	21	(12.187.284)	(12.111.887)
- Revaluation and measurement gains/losses		(12.093.153)	(12.230.505)
- Other gains/losses		(94.131)	118.618
Restricted reserves	21	238.768.671	61.754.489
Retained earnings	21	55.481.121	55.116.850
Net profit/(loss) for the year		60.236.932	266.496.516
Equity attributable to equity holders of the Parent		**504.295.524**	**533.252.052**
Non-controlling interest	21	**5.833.994**	**6.285.686**
Total equity		**510.129.518**	**539.537.738**
Total liabilities and equity		**3.241.149.716**	**3.343.578.492**

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

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

Consolidated statement of income for the years ended December 31, 2014 and 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Audited) December 31, 2014	(Audited) December 31, 2013
Profit and loss			
Revenue	23	16.113.684.283	13.345.148.844
Cost of sales(-)	23	(16.056.688.061)	(13.283.885.620)
Gross profit from commercial activities		**56.996.222**	**61.263.224**
Revenue from financial activities	24	45.762.524	46.563.495
Cost of financial activities (-)	24	(2.818.855)	(3.305.783)
Gross profit from financial activities		**42.943.669**	**43.257.712**
Gross profit		**99.939.891**	**104.520.936**
General administrative expenses (-)	25	(80.869.913)	(67.742.153)
Selling, marketing and distribution expenses (-)	25	(6.757.533)	(5.193.663)
Other operating income	26	494.650.855	576.432.245
Other operating expense (-)	27	(428.281.805)	(314.392.274)
Operating profit/(loss)		**78.681.495**	**293.625.091**
Profit/(loss) before tax from continuing operations		**78.681.495**	**293.625.091**
Tax (income)/expense for continuing operations			
- Current tax expense/income	22	(6.023.473)	(52.561.866)
- Deferred tax income/(expense)	22	(9.703.665)	28.400.779
Profit/(loss) before tax from continuing operations		**62.954.357**	**269.464.004**
Net profit for the year		**62.954.357**	**269.464.004**
Distribution of profit/loss			
Non-controlling interest		2.717.425	2.967.488
Attributable equity holders of the parent		60.236.932	266.496.516

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

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

Consolidated statement of comprehensive income for the years ended December 31, 2014 and 2013

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

	Audited) December 31,2014	(Audited) December 31,2013
Net profit/loss for the period	**62.954.357**	**269.464.004**
Other comprehensive income:		
Adjustments to net income/(loss) reconciliation		
Change in foreign currency translation differences	-	-
Adjustments/revaluation in financial assets available for sale	244.111	(198.077.347)
Profit /loss on cash flow hedges (effective part of the fair value changes)	-	-
Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
Adjustment of investments carried at equity method from other comprehensive income in profit/loss	-	-
Other comprehensive income elements adjusted as other profit or loss	(117.664)	148.272
Tax income/expense in other comprehensive income adjusted in profit or loss	10.905	9.130.858
- Current tax expense/income	-	-
- Deferred tax expense/income	10.905	9.130.858
Other comprehensive income	**137.352**	**(188.798.217)**
Total comprehensive income	**63.091.709**	**80.665.787**
Distribution of total comprehensive income		
Non-controlling interest	2.717.425	2.967.488
Attributable equity holders of the Parent	60.374.284	77.698.299

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

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

Consolidated statement of changes in equity for the years ended December 31, 2014 and 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

			Other comprehensive income and expenses not to be reclassified in profit or loss			Accumulated profits				
	Paid –in share capital	Adjustment to share capital	Revaluation and measurement gains/losses	Other gains /Losses	Restricted reserves	Retained earnings	Net profit for the year	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
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)	-	-	-
Dividends	-	-	-	-	(8.349.775)	(73.272.225)	-	(81.622.000)	(4.880.210)	(86.502.210)
Total comprehensive income	-	-	(188.916.835)	-	-	-	266.496.516	77.579.681	2.967.488	80.547.169
Other				118.618				118.618		118.618
Balance as at December 31,2013 (End of the period)	**98.918.083**	**63.078.001**	**(12.230.505)**	**118.618**	**61.754.489**	**55.116.850**	**266.496.516**	**533.252.052**	**6.285.686**	**539.537.738**
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**	**6.285.686**	**539.537.738**
Transfers	-	-	-	-	8.405.409	258.091.107	(266.496.516)	-	-	-
Dividends	-	-	-	-	(7.668.631)	(81.331.369)	-	(89.000.000)	(3.169.117)	(92.169.117)
Total comprehensive income	-	-	137.352	-	176.277.404	(176.395.467)	60.236.932	60.256.221	2.717.425	62.973.646
Other	-	-	-	(212.749)	-	-	-	(212.749)	-	(212.749)
Balance as at December 31,2014 (End of the period)	**98.918.083**	**63.078.001**	**(12.093.153)**	**(94.131)**	**238.768.671**	**55.481.121**	**60.236.932**	**504.295.524**	**5.833.994**	**510.129.518**

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

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

Consolidated statement of cash flows for the years ended December 31, 2014 and 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	December 31, 2014	December 31, 2013
Cash flows from operating activities:			
Current period profit		62.954.357	269.464.004
Adjustments to net income/(loss) reconciliation			
- Adjustments related to depreciation and amortization (13,14)		1.623.856	1.399.749
- Adjustments related to provisions		20.449.931	8.620.394
- Adjustments related with interest income and expense		244.298.744	81.816.148
- Unrealized foreign currency conversion adjustments		5.793.732	(278.589.378)
- Adjustments related to fair value losses/gains		(140.027.476)	221.618.484
- Adjustments related to tax expenses/incomes		15.703.605	24.217.485
- Adjustments in other components related with the investments or financial activities		12.577.275	66.043.794
Changes in working capital			
- Change in trade receivables		25.921.253	(35.439.090)
- Change in other receivables related to operations		(110.089.575)	(29.824.259)
- Change in trade payables		(29.247.327)	50.100.335
- Change in other payables related to operations		(267.241)	(1.303.078)
Cash Flow from operating activities			
Taxes paid		(36.035.894)	(28.400.779)
Cash flow from operating activities		**73.655.240**	**349.723.809**
Cash flows from investing activities:			
Cash outflow for acquisition of tangible and intangible assets		(7.695.796)	(1.587.697)
Cash inflow from sale of subsidiary		-	24.460.924
Cash flows from investing activities		**(7.695.796)**	**22.873.227**
Cash flows from investing activities:			
Cash provided from financial liabilities		54.103.333	833.606.176
Interest paid		(245.786.604)	(160.427.887)
Dividend paid		(92.169.117)	(86.502.207)
Cash flows from financial activities		**(283.852.388)**	**586.676.082**
The effect of change in foreign exchange rates on cash and cash equivalents		**(5.793.732)**	**278.589.378**
Net increase in cash and cash equivalents		**(223.686.676)**	**1.237.862.496**
Cash and cash equivalents at the beginning of the period	**6**	**2.943.146.057**	**1.705.283.561**
Cash and cash equivalents at the end of the period	**6**	**2.719.459.381**	**2.943.146.057**

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

<u>Approval of Financial Statements:</u>

Consolidated financial statements prepared as of December 31, 2014 have been approved by the Board of Directors of the Company at January 30, 2015. General Assembly and regulatory bodies have the right to amend the approved financial statements.

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

a) Purchasing and selling of capital market instruments according to Capital Market Legislation on behalf and on account of itself and its customers,

b) Under fulfilling certain requirements of Capital Market Law and the Capital Markets Board ("CMB" or "the Board")

  - Intermediating the issuance and public offering of capital market instruments listed by the Board,
  - Intermediating purchasing and selling of capital market instruments issued before for brokerage activities,
  - Purchasing and selling of marketable securities under repurchase and reverse repurchase agreements,
  - Investment consultancy,
  - Portfolio management,
  - Short selling of marketable securities, borrowing and lending of marketable securities,
  - Founding and managing Investment Funds,
  - Founding and managing Real Estate Investment and Investment Trusts,
  - Intermediating to derivative transactions,
  - Authority for leveraged buyout and sellout transactions

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

1 - Organization and nature of operations (continued)

c) Performing transactions in exchange markets by being a member of such organizations,

d) Providing custody services in accordance with Capital Market Legislation,

e) Providing services of collection, payment of principal, interest, dividends and related income and to use the pre-emptive rights to obtain new shares, free shares and acting as proxy to vote arising from possession of shares for and on behalf of its customers.

The Company has 10 funds (December 31, 2013: 10) which are established by the Company itself founded by the Group. As of December 31, 2014, the Group's number of employees is 253 (December 31, 2012: 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 December 31, 2014 and 2013, details of the subsidiary of the Group are as follows:

Company Name	2014 Share in capital	2013 Share in capital	Principal activity
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, 2013: 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

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

2 - Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Applicable accounting standards

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

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

2.1.2 Adjustments to financial statements in hyperinflationary periods

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

2.1.3 Offsetting

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

2.1.4 Going concern

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

2.1.5 Functional currency

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

2.2. Change in accounting policies and errors

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

2 - Basis of presentation of financial statements (continued)

2.3 Change in accounting estimations

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

2.4 Changes in accounting policies and interpretations

a) Changes in accounting policies and interpretations

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

(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.

TFRS 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.

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 financial statements of the Group or performance of the Group.

2 - Basis of presentation of financial statements (continued)

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 financial statements of the Group or performance 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.

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 financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the 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 January 1, 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 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 July 1, 2014. The amendments will not have an impact on the financial position and performance of the Group.

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended 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 TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position and performance of the Group.

2 - Basis of presentation of financial statements (continued)

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited 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 January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position and performance of the Group.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Annual Improvements to TAS/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements - 2010–2012 Cycle

TFRS 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.

TFRS 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 TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 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.

2 - Basis of presentation of financial statements (continued)

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

The amendment to TAS 16.35(a) and TAS 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.

TAS 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.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 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 TFRS 13 Fair Value Measurement

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

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 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.

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

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

Annual Improvements – 2010–2012 Cycle

TFRS 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.

2 - Basis of presentation of financial statements (continued)

Annual Improvements – 2011–2013 Cycle

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 January 1, 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.

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39),

Or

- Using the equity method

The entity must apply the same accounting for each category of investments.The amendment is effective for annual periods beginning on or after January 1, 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

2 - Basis of presentation of financial statements (continued)

Annual Improvements to IFRSs - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group or The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Financial Statements. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

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

2 - Basis of presentation of financial statements (continued)

2.5 Critical accounting judgements, estimates and assumptions

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

(a) Consolidation principles

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

As of December 31, 2014 and 2013, details of the subsidiary and associate of the Group are as follows:

Company Name	2014 Share in capital	2013 Share in capital	Principal activity
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, 2013: 87,32%) of the voting rights.

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

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

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

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

2 - Basis of presentation of financial statements (continued)

Associate

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

(b) Revenue recognation

(i) Fee and commission income and expenses

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

(ii) Interest income/expense and dividend income

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

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

(c) Trade receivables

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

(d) Financial assets

The Group classifies and accounts its financial assets as "Fair value through profit or loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity".

Sales and purchases of the financial assets mentioned above are recognized at the "settlement dates"

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

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

2 - Basis of presentation of financial statements (continued)

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

In the Group, financial assets which are classified as "financial assets at fair value through profit or loss" are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

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

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

The assets in this category are classified as current assets.

(ii) *Available for sale financial assets*

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

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

"Unrealized gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognized in the equity as "Revaluation fund", until there is a permanent decline in the values of such assets or they are disposed of.

When these financial assets are disposed of or impaired, the related fair value differences accumulated in the equity are transferred to the income statement.

(iii) *Held-to-maturity financial assets*

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

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

2 - Basis of presentation of financial statements (continued)

(iv) ***Loans and other receivables***

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

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

(v) Reverse repurchase agreements

Funds given against securities purchased under agreements ("Reverse Repo") to resell are accounted under "Cash and cash Equivalents" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method and is recorded as receivables from reverse repo transactions.

(e) Property and equipment

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

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

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

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

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

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

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

(f) Intangible assets

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

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

2 - Basis of presentation of financial statements (continued)

(g) Impairment of financial assets

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

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

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

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

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

(h) Financial liabilities

(i) Repurchase agreements

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

The Group has no securities lending transactions

(ii) Other financial liabilities

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

2 - Basis of presentation of financial statements (continued)

(ı) Borrowing Costs

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

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

(i) Foreign Currency Transactions

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

(j) Provisions and contingent assets and liabilities

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated and an outflow of resources is not probable, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements (Note 15).

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in the period in which the change occurs.

(k) Finance leases - the Group as lessee

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

2 - Basis of presentation of financial statements (continued)

(l) Operational lease - the Group as lessee

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

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

(m) Subsequent events

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

(n) Related parties

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

(o) Taxes calculated on corporate income

Corporate tax

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

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

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

Deffered tax

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

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

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

2 - Basis of presentation of financial statements (continued)

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

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

(ö) Employee benefits

Defined benefit plans

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

Under the Turkish Labour Law, the Company is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Company arising from this liability regarding the actuarial projections and reflected to financial statements (Note 17).

Defined contribution plans

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

(p) Capital and dividends

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

(r) Statement of cash flows

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

(s) Share certificates and issuance

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

2 - Basis of presentation of financial statements (continued)

(ş) Assets held for resale and discontinued operations

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

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

(t) Derivative financial instruments

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

2.6 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.

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

2 - Basis of presentation of financial statements (continued)

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

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

3 - Business Combinations

None (December 31, 2013 - None).

4 - Joint ventures

None (December 31, 2013 - None).

5 - Segment reporting

The main operations of the Grup is purchasing and selling of capital market instruments. As the Group's shares are not publicly traded, therefore there is no separate segment reporting disclosed in December 31, 2014 year-end financial statements.

6 – Cash and cash equivalents

	December 31, 2014	December 31, 2013
Banks		
- Demand Deposits	45.645.117	36.880.094
- Time Deposits	2.713.971.366	2.858.698.738
- Blocked Time Deposits	2.111.331	-
Receivables from reverse repurchase agreements	95.787	175.748
Investment funds	83.173	50.171.251
	2.761.906.774	**2.945.925.831**

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

	December 31, 2014	December 31, 2013
Time deposits with maturity up to three months	2.696.034.896	2.858.698.738
Demand Deposits	23.245.525	34.100.320
Receivables from reverse repurchase agreements	95.787	175.748
Investment funds	83.173	50.171.251
	2.719.459.381	**2.943.146.057**

Cash and cash equivalents belonging to the customers of the Company consist of demand deposit amounting of TL 22.399.592 as of December 31, 2014 (December 31, 2013: TL 2.779.774).

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

7 – Financial investments

Short term financial assets	**December 31, 2014**	**December 31, 2013**
Financial assets at fair value through profit and loss		
- Share certificates quoted to BIST	4.037.020	20.718.626
Available for sale financial assets		
- Private sector bonds and bills	303	-
- Share certificates	-	-
- Goverment bonds and treasury bills	-	516.359
Held to maturity financial assets		
- Goverment bonds and treasury bills	40.542.140	36.102.585
	44.579.463	**326.635.933**
Long term financial assets		
Held to maturity financial assets		
- Goverment bonds and treasury bills	-	
Available for sale financial assets		
- Share certificates	31.713.607	31.713.607
- Goverment bonds and treasury bills	-	-
- Private sector bonds and bills	-	-
	31.713.607	**31.713.607**
Total financial investments	**76.293.070**	**89.051.177**

Held-to-maturity financial investments, with the fair value of TL 38.971.718 TL and the carrying value of TL 36.839.667 are held as collateral in the CBRT, BIST and Takas ve Saklama Bankası A.Ş. ("Takasbank") as of December 31, 2014 (December 31,2013: held-to-maturity financial investments, with the fair value TL 31.274.269 and the carrying value of TL 31.627.159).

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

	December 31,2014	**December 31, 2013**
Up to 3 months	-	-
3 months – 1 year	40.542.140	36.102.585
	40.542.140	**36.102.585**

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

7 – Financial investment (continued)

Short term financial investments

	December 31, 2014		
	Cost	Fair value	Carrying value
Financial assets at fair value through profit or loss			
- Goverment bonds and treasury bills	-	-	-
- Share certificates quoted to BIST	3.820.571	4.037.020	4.037.020
Available-for-sale financial assets			
- Private sector bonds and bills	299	303	303
Held to maturity financial investments			
- Government bonds and treasury bills	38.560.993	40.623.084	40.542.140
	42.381.863	**44.660.407**	**44.579.463**

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

Long term financial investments

	December 31, 2014		
	Cost	Fair value	Carrying value
Held-to-maturity financial investments			
- Government bonds and treasury bills	-	-	-
Available-for-sale financial asset			
- Share certificates	31.713.607	31.713.607	31.713.607
- Government bonds and treasury bills	-	-	-
- Private sector bonds and bills	-	-	-
	31.713.607	**31.713.607**	**31.713.607**

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

7 - Financial investments (continued)

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

Movements of the held-to-maturity financial assets during the years ended December 31, 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
January 1	**36.102.585**	**28.775.334**
Purchases during the period	59.850.000	85.371.851
Valuation increase/decrease (rediscount rate is included)	(840.059)	355.400
Disposals in the period	(54.570.386)	(78.400.000)
December 31	**40.542.140**	**36.102.585**

As of December 31, 2014, available-for-sale financial assets subject to repurchase agreement is amounting to TL 95.787 (December 31, 2013 - TL 109.405).

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

Type	December 31, 2014		December 31, 2013	
	Amount TL	Shareholding %	Amount TL	Shareholding %
Not quoted to stock exchange				
Takasbank	31.423.700	4,37	31.423.700	4,86
Borsa İstanbul	159.712	0,04	159.712	-
Yapı Kredi Azerbaycan Ltd	92.064	0,10	92.064	0,10
Allianz 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
	31.713.607		**31.713.607**	

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

7 - Financial Investments (continued)

As of December 31, 2014 and 2013, the Group has 4,37% of the shares of Takasbank. The Group has TL 26.235.000 shares with a nominal value of 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.

8 – Assets held for sale

None (December 31, 2013 - None).

9 – Short term trade payables

	December 31, 2014	December 31, 2013
Payables to stock exchange money market	2.562.317.642	2.207.914.384
Bank loans (*)	20.005.945	314.124.753
Due to short selling transactions	10.345.533	3.150.000
Funds from repo transactions	1.516.304	1.276.367
	2.594.185.424	**2.526.465.504**

(*) Bank loans consist of borrowings from Takasbank.

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

10 – Trade receivables and payables

Trade receivables:

Short term trade receivables

	December 31, 2014	December 31, 2013
Receivables from loan customers	109.988.448	117.927.208
Receivables customers	48.610.075	47.458.870
Receivables from Takas Saklama Merkezi	32.136.497	51.181.937
Project receivables	2.005.112	2.060.862
Commission receivables	1.336.661	937.598
Doubtful receivables	111.295	111.295
Provision for doubtful receivables	(111.295)	(111.295)
Other short-term receivables	-	-
	194.076.793	**219.566.475**

The Group provides loans to customers for using in share certificate transactions. The Company has quoted share certificates as collateral against loans given whose total market value amounts to TL 210.455.271 (December 31, 2013: 245.669.560 TL).

Trade payables:

Short term trade payables

	December 31, 2014	December 31, 2013
Payables to customers	85.449.386	91.311.063
Agent commissions payable	2.623.789	1.607.269
Expense accruals	651.964	118.870
Taxes and funds payables	391.951	308.199
Other trade payables	363.382	818.628
	89.480.472	**94.164.029**

11 – Receivables and payables from financial sector activities

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

Receivables from financial sector activities

	December 31, 2014	December 31, 2013
Fund management fee receivables	2.986.805	2.630.739
Individual pension fund performance management receivables	2.152.691	-
Investment advisory receivables	1.418.825	1.136.058
Individual pension fund management receivables	715.893	1.029.914
Private portfolio management fee receivables	23.587	3.638
Other	-	435.791
	7.304.480	**5.236.140**

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

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

Portfolio management fee receivable amounting to TL 2.986.805 managed by the subsidiary, consists of management fee receivables from 40 (December 31, 2013: 41) 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.

12 – Other receivables and payables

Other receivables

	December 31, 2014	December 31, 2013
Collaterals from foreign operations	131.982.498	28.709.388
Collaterals from Takasbank	10.397.483	8.906.002
Deposits and collaterals given	2.128.992	1.190.967
Fund advances given	-	223.419
	144.508.973	**39.029.776**

Other payables

	December 31, 2014	December 31, 2013
Payables to parties other than suppliers or customers	19.150.984	6.285.840
Payables to marketable securities disposal fund	491.344	491.344
	19.642.328	**6.777.184**

13 – Property and equipment

December 31, 2014	Buildings	Vehicles	Furniture and fixtures	Leasehold improvements	Total
Net book value, January 1	**3.529.685**	-	**1.462.562**	**458.766**	**5.451.013**
Additions	-	-	2.041.164	151.087	2.192.251
Disposals	-	-	-	-	-
Depreciation expense	(170.127)	-	(482.996)	(151.005)	(804.128)
Net book value, December 31	**3.359.558**	-	**3.020.730**	**458.848**	**6.839.136**
Cost	8.506.355	-	15.212.476	4.181.311	27.900.142
Accumulated depreciation	(5.146.797)	-	(12.191.746)	(3.722.463)	(21.061.006)
Net book value, December 31	**3.359.558**	-	**3.020.730**	**458.848**	**6.839.136**

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

13 – Property and equipment (continued)

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

14 – Intangible assets

	December 31, 2014
Net book value, January 1	**1.062.331**
Additions	5.503.545
Amortization	(819.728)
Net book value, December 31	**5.746.148**
Cost	14.846.719
Accumulated amortization	(9.100.571)
Net book value, December 31	**5.746.148**

	December 31, 2013
Net book value, January 1	**1.053.828**
Additions	646.794
Amortization	(638.291)
Net book value, December 31	**1.062.331**
Cost	9.343.175
Accumulated amortization	(8.280.844)
Net book value, December 31	**1.062.331**

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

15 – Provisions, contingent assets and liabilities

Other short-term provisions	December 31, 2014	December 31, 2013
Legal provisions	1.233.731	1.062.049
Other provisions	-	320.000
	1.233.731	**1.382.049**

i) Guarantees given

	December 31, 2014	December 31, 2013
Letters of guarantee	3.403.028.783	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 454.532.607 (December 31, 2013: TL 418.352.165).

ii) Legal provisions

Several outstanding legal cases against the Group have been considered and provision amounting to TL 1.233.731 based on the best estimates has been reflected to the consolidated financial statements as of December 31, 2014 (December 31, 2013: TL 1.062.049).

16. Derivative transactions

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

	December 31, 2014			December 31, 2013	
	USD	EUR	TL	USD	EUR
Forward transactions(buy)	-	582.810		-	7.977.598
Forward transactions(sell)	-	557.446		-	7.645.379
Swap transactions(buy)	18.810.676	278.859.950		22.493.731	2.685.748.706
Swap transactions(sell)	18.447.200	266.556.150		22.644.923	2.805.825.750
	37.257.876	**546.556.356**		**45.138.654**	**5.507.197.433**

Receivables from derivative transactions

	December 31, 2014	December 31, 2013
Forward transactions	22.336	9.085
Swap transactions	10.958.211	6.098.005
	10.980.547	**6.107.090**

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

16. Derivative transactions (continued)

Payables to derivative transactions

	December 31, 2014	December 31, 2013
Forward transactions	-	361.622
Swap transactions	-	137.165.943
	-	**137.527.565**

17 – Provision for employee benefits

Short-term provisions	December 31, 2014	December 31, 2013
Provision for personnel premiums	12.696.000	8.624.000
	12.696.000	**8.624.000**
Long-term provisions		
Provision for employment termination benefits	2.359.636	1.848.618
Provision for unused vacations	3.822.434	3.057.502
	6.182.070	**4.906.120**

Provision for employment termination benefits

Under the Turkish Labour Law, the Company required to pay the employment termination benefits to each employee who have completed one year of service at the Company when they retire (for women 58, for men 60) and when they are dismissed or called up for military services or die. Due to changes in the Law on September 8, 1999, some sections regarding the temporary period related with the working period before retirement have been removed. The indemnity is one month's salary for each working year and is limited to TL 3.541,37 as of December 31, 2014 (December 31, 2013 - TL 3.438,22).

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

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

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

	December 31, 2014	December 31, 2013
Discount rate (%)	3,5	4,78
Turnover rate to estimate retirement probability (%) (*)	96,21	95,53

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The liability is revised two times in a year and in the year end calculation, the effective amount as of January 1, 2014 of TL 3.541,37 TL (January 1, 2013 - TL 3.438,22).

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

17 – Provision for employee benefits (continued)

Movements in the provision for employment termination benefits as of December 31, 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
January 1	**1.848.618**	**1.655.359**
Service cost and actuarial gain/loss	(140.049)	193.724
Interest cost	178.697	79.070
Provisions during the period	908.755	342.461
Payments during the period	(436.385)	(421.996)
December 31	**2.359.636**	**1.848.618**

18- Liabilities for employee benefits

	December 31, 2014	December 31, 2013
Taxes payable and liabilities	1.121.281	604.731
Social security premiums payables	341.890	406.395
	1.463.171	**1.011.126**

19- Prepaid expenses

	December 31, 2014	December 31, 2013
Commissions for letters of guarantees	1.375.092	1.391.811
Prepaid expenses	1.072.025	1.236.356
	2.447.117	**2.628.167**

20 – Other assets and liabilities

Other current assets

	December 31, 2014	December 31, 2013
Due from personnel	17.320	2.558
Other	29.585	126.376
	46.905	**128.934**

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

20 – Other assets and liabilities (continued)

Other short-term liabilities

	December 31, 2014	December 31, 2013
Other taxes and funds payables	2.344.104	1.984.065
Blocked customer accounts	1.727.531	951.431
Other expense accruals	1.125.417	1.535.637
Consulting expense payables	939.950	-
	6.137.002	**4.471.133**

21 - 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 December 31, 2014.

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

	December 31, 2014		December 31, 2013	
Shareholders	**TL**	**Share %**	**TL**	**Share %**
Yapı ve Kredi Bankası A.Ş.	98.895.466	99,98	98.895.466	99,98
Temel Ticaret ve Yatırım A.Ş.	20.951	0,02	20.951	0,02
Other	1.666	0,00	1.666	0,00
	98.918.083		**98.918.083**	
Adjustment to share capital	63.078.001		63.078.001	
Total paid-in capital	**161.996.084**		**161.996.084**	

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

According to Turkish Commercial Code, legal reserves consist of primary and secondary reserves. Primary reserves are reserved at 5% rate of legal profit in the period until they reach a level of 20% of the company capital. Secondary reserves are reserved at a rate of 10% of all dividend distribution exceeding 5% of company capital. Primary and secondary reserves cannot be distributed until they exceed 50% of the total capital, however, they can be used to cover losses when voluntary reserves are exhausted.

As of December 31, 2014, restricted reserves are amounting to TL 238.768.671 (December 31, 2013: TL 61.754.489).

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

21 – Equity (continued)

Restricted reserves and previous years' profits/losses

	December 31, 2014	December 31, 2013
First legal reserves	18.891.100	18.891.100
Second legal reserves	38.973.350	38.236.572
Special reserves(*)	180.904.221	4.626.817
Total restricted reserves	**238.768.671**	**61.754.489**

(*) TL 4.626.817 of the special reserves amounting to TL 238.768.671 classified under equity as of December 31, 2014 is the amount which makes up 75% of the profit obtained from the sale of buildings in 2010 and TL 176.277.404 is the amount which makes up 75% of the profit obtained from the sale of affiliates.

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

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

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

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

	December 31, 2014	December 31, 2013
Beginning of the period	**6.285.686**	**8.198.408**
Minority interest decrease due to dividend payment	(3.169.117)	(4.880.210)
Minority interest net income	2.717.425	2.967.488
End of the period	**5.833.994**	**6.285.686**

Distribution of minority interest net income is as follows:

Minority interest income from continuing operations	2.717.425	2.967.488
	2.717.425	**2.967.488**

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

22 – Tax assets and liabilities

Corporate Tax

	December 31, 2014	December 31, 2013
Corporate taxes payable	6.212.823	52.665.237
Less: prepaid taxes	(17.513.798)	(33.953.193)
Taxes payable-net	**(11.300.975)**	**18.712.044**
Current tax expenses	6.023.100	52.561.866
Deferred tax income/(expense)	9.704.038	(28.400.779)
Total tax expense	**15.727.138**	**24.161.087**

Deferred tax assets and liabilities

	December 31, 2014	December 31, 2013
Deferred tax assets	19.698.798	29.391.558
Deferred tax liabilities	-	-
Deferred tax (liabilities) / assets - net	**19.698.798**	**29.391.558**

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

	December 31, 2014	December 31, 2013
Net profit before taxes	78.681.495	293.625.091
Theoretical tax expense with 20% tax rate	(15.736.299)	(58.725.018)
Non-deductible expenses	(1.244.721)	(514.022)
Non taxable income	160.447	42.119.301
Other	1.093.435	(7.041.348)
Current year tax expense	**(15.727.138)**	**(24.161.087)**

The Corporate Tax Law was altered by Law No.5520 on June 21, 2006 and published in the Official Gazette No.26205. The majority of regulations in Corporate Tax Law No.5520 became effective as of January 1, 2006. According to this Law, the corporation tax rate of the fiscal year 2014 is 20% (2013: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (e.g. research and development expenditures deductions). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance amount utilized within the scope of the Income Tax Law transitional article 61).

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

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

22 – Tax assets and liabilities (continued)

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

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

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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

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

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

	December 31, 2014		December 31, 2013	
	Cumulative temporary differences	Deferred tax assets / (liabilities)	Cumulative temporary differences	Deferred tax assets / (liabilities)
Valuation differences in financial assets	67.952	13.590	6.480.935	1.296.187
Impairment provision for property and equipment	2.520.243	504.050	2.520.243	504.050
Provision for unused vacations	3.822.434	764.487	3.057.502	611.500
Provision for employment termination benefits	2.359.636	471.927	1.848.618	369.724
Provision for personnel premium	4.491.950	898.390	2.189.600	437.920
Legal cases provision	1.233.731	246.746	1.062.049	212.410
Derivatives	43.698	8.740	137.527.565	27.505.513
Tax Loss	96.792.739	19.358.548	-	-
Other	553.243	110.647	186.590	37.318
Deferred tax assets		**22.377.125**		**30.974.622**
Financial assets fair value increase	-	-	-	-
Net diffirence between the tax base and carrying amount of property and equipment	1.145.498	229.099	1.047.697	209.540
Valuation differences in financial assets	251.494	50.300	662.981	132.596
Derivatives	11.778.191	2.355.638	6.107.090	1.221.418
Other	216.449	43.290	97.549	19.510
Deferred tax liabilities		**2.678.327**		**1.583.064**
Deferred tax (liabilities) / assets, net		**19.698.798**		**29.391.558**

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

22 – Tax assets and liabilities (continued)

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

	December 31, 2014	December 31, 2013
Beginning deferred tax assets / (liabilities), net	29.391.558	(8.140.079)
Deferred tax income / (expense	(9.703.665)	28.400.779
Deferred tax (expense) / income netted in revaluation fund	10.905	9.130.858
Deferred tax (liabilities) / assets at period end, net	**19.698.798**	**29.391.558**

23 – Revenue and cost of sales

	December 31, 2014	December 31, 2013
Revenue		
Share certificates sales	14.347.569.028	10.292.637.412
Treasury bills and government bonds sales	1.705.328.821	2.992.611.599
Commissions on intermediary activities on share certificates	46.048.509	45.399.477
Intermediary commissions on futures market	7.625.692	7.822.068
Custody commissions	1.074.987	1.062.671
Fund management fees	942.153	3.562.831
Repo intermediary commissions	479.484	342.979
Outright purchase-sale transactions intermediary commissions	450.298	466.144
Consultancy services	182.453	127.395
Other service revenues	19.056.549	18.938.259
Other intermediary commissions	10.212.988	7.232.189
Total revenue	**16.138.970.962**	**13.370.203.024**
Service income discounts and allowances		
Commissions paid to agencies	25.024.553	24.238.198
Commission returns	262.126	815.982
Total discounts and allowances	**25.286.679**	**25.054.180**
Revenue	**16.113.684.283**	**13.345.148.844**
Cost of sales		
Costs of treasury bills and government bond sales	14.351.535.184	10.291.423.406
Costs of share certificate sales	1.705.152.877	2.992.462.214
Total cost of sales	**16.056.688.061**	**13.283.885.620**
Gross operating profit	**56.996.222**	**61.263.224**

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

24 – Revenue and cost of financial activities

	December 31, 2014	December 31,2013
Revenue from financial activities		
Investment funds management fee	30.661.614	29.824.682
Individual pension funds management fee	9.573.233	10.273.842
Fund management fee	**40.234.847**	**40.098.524**
Discretionary portfolio management commission	3.618.884	4.194.400
Portfolio achievement premiums	489.968	974.600
Discretionary portfolio management income	**4.108.852**	**5.169.000**
Investment consultancy revenues	1.418.825	1.295.971
Other revenues from financial activities	**1.418.825**	**1.295.971**
Financial activities revenue	**45.762.524**	**46.563.495**
Financial activities revenue		
Commission expenses	(2.533.195)	(2.808.523)
Fund management commission expense	(285.660)	(497.260)
Financial activities cost	**(2.818.855)**	**(3.305.783)**
Gross profit/(loss) from financial sector activities	**42.943.669**	**43.257.712**

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

25- General administrative expenses

	December 31, 2014	December 31, 2013
Personnel expenses	54.875.446	46.784.177
Information services expenses	4.761.952	3.405.401
Data processing expenses	3.615.277	2.471.964
Duties, taxes and levies	3.288.008	2.826.969
IT restructuring expenses	1.671.740	-
Communication expenses	1.413.455	1.529.422
Depreciation and amortization expenses	1.375.897	1.399.749
Rent expenses	1.350.918	901.110
Audit and advisory expenses	1.307.005	1.018.267
Meeting and travelling expenses	946.768	645.286
Vehicle expenses	763.269	639.215
Representation expenses	483.908	430.667
Maintenance service expenses	477.397	341.486
Insurance expenses	421.337	420.684
Cleaning expenses	384.851	325.160
Stationary expenses	318.452	304.483
Membership and subscription fees	20.513	919.724
Other	3.393.720	3.378.389
	80.869.913	**67.742.153**

Marketing, sales and distribution expenses:

	December 31, 2014	December 31, 2013
Brokerage and operation fees	4.176.649	3.301.407
Advertisement expenses	1.638.988	942.458
Custody commissions	941.896	949.798
	6.757.533	**5.193.663**

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

26- Other income from operating activities

	December 31, 2014	December 31, 2013
Income due to derivative operations	370.064.283	84.451.418
Interest income on deposit at banks	103.936.811	97.909.589
Interest income on loans	13.726.848	14.601.581
Interest income on treasury bills and government bonds	3.827.981	2.208.882
Dividend income	1.082.974	1.208.503
Other income	1.010.191	2.054.223
Futures trading income	625.841	3.552.694
Other interest income	375.926	806.681
Foreign Exchange gains	-	136.408.216
Income from sale of subsidiary and available for sale securities (*)	-	233.230.458
	494.650.855	**576.432.245**

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

27 - Other expense from operating activities

	December 31, 2014	December 31, 2013
Interest expense	259.403.191	153.154.710
Foreign Exchange loss	149.344.615	-
Commissions paid for guarantee letters	10.375.422	9.836.940
Commission expenses	3.800.265	2.606.568
Other expenses	2.598.989	1.437.021
Banking and insurance transactions tax expense on money market transactions	2.460.762	1.431.786
Derivative loss	225.520	137.527.565
Legal cases and other provision expenses	73.041	293.547
Impairment of financial investments	-	8.104.137
	428.281.805	**314.392.274**

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

28 – Related party explanations

Bank deposits in related parties

	December 31, 2014	December 31, 2013
Yapı ve Kredi Bankası A.Ş. - shareholder	1.739.457.158	2.300.901.999
Yapı Kredi Nederland N.V. - other related party	100	1.517.264
	1.739.457.258	**2.302.419.263**

The customer deposits that are deposited in Yapı ve Kredi Bankası A.Ş are amounting to TL 22.399.592 (December 31, 2013: TL 2.779.774).

Cash and cash equivalents in related parties

	December 31, 2014	December 31, 2013
Yapı ve Kredi Bankası A.Ş. B Tipi Likit Fon- other related party	83.173	50.171.251
	83.173	**50.171.251**

Receivables from related parties

Commission and portfolio management fee receivables

	December 31, 2014	December 31, 2013
Yapı ve Kredi Bankası A.Ş. Investment funds - other related party	2.986.805	3.766.797
Yapı ve Kredi Bankası A.Ş. - shareholder	1.418.825	439.429
Allianz Emeklilik A.Ş. Pension funds - other related party	2.868.565	1.029.914
	7.274.215	**5.236.140**

Due to related parties

Trade Payables

	December 31, 2014	December 31, 2013
Yapı ve Kredi Bankası A.Ş.- shareholder	2.839.632	1.964.073
	2.839.632	**1.964.073**

Financial and other payables

	December 31, 2014	December 31, 2013
Allianz Emeklilik	69.818	79.045
YKS Tesis Yönetimi Hizmetleri A.Ş-other related party	15.639	44.382
Opet Petrolcülük A.Ş.-other related party	7.053	4.529
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	267.661
Setur Servis Turistik A.Ş. – other related party	-	1.937
Koç Holding A.Ş. - other related party	-	5.782
Other	6.701	67
	99.211	**403.403**

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

28 – Related party explanations (continued)

Operating income from related parties

	December 31, 2014	December 31, 2013
Yapı ve Kredi Bankası A.Ş. Yatırım Fonları- other related party	28.910.970	27.439.460
Yapı Kredi Emeklilik A.Ş. Emeklilik Fonları	9.583.320	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.Yatırım Fonları- other related party	3.101.736	3.463.196
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	41.928	186.058
Koç Holding A.Ş. – other related party	11.398	8.815
Ford Otosan Otomotiv San. A.Ş. – other related party	11.398	8.815
Türkiye Petrol Rafinerileri A.Ş. – other related party	11.398	8.815
Aygaz 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
Tat Konserve ve Sanayi A.Ş. – other related party	11.398	8.815
Marmaris Altınyunus Turistik Tesisleri A.Ş. – other related party	11.398	8.815
Allianz Emeklilik. – other related party (**)	1.167	26.501
Allianz Emeklilik A.Ş. Emeklilik Fonları- other related party (**)	-	10.206.604
Allianz Emeklilik A.Ş. ÖPY Yönetim Ücreti(**)	-	215.275
Allianz Sigorta A.Ş. ÖPY Yönetim Ücreti(*)	-	65.652
Others– other related party	378.877	467.632
	42.131.972	**42.158.528**

(*) Yapı Kredi Emeklilik A.Ş. was sold to Allianz Sigorta A.S. on July 12, 2013. Represents the sales until this date.
(**) Allianz Emeklilik is formerly known as Yapı Kredi Emeklilik A.S.

Other income from related parties

Interest income

	December 31, 2014	December 31, 2013
Yapı ve Kredi Bankası A.Ş. – shareholder	58.482.084	47.272.980
Yapı Kredi Nederland N.V. – other related party	8.483	141.554
	58.490.567	**47.414.534**

Service sharing income

	December 31, 2014	December 31, 2013
Tasfiye Olmuş Yapı Kredi Yatırım Ortaklığı – associate(tasfiye)	19.455	54.144
	19.455	**54.144**

Rent income

	December 31, 2014	December 31, 2013
Yapı Kredi Yatırım Ortaklığı – associate(tasfiye)	19.455	34.193
	19.455	**34.193**

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

28 – Related party explanations (continued)

Operation expenses paid to related parties	December 31, 2014	December 31, 2013
Zer Merkezi Hizmetler ve Tic. A.Ş. – other related party	1.397.532	901.156
YKS Tesis Yönetimi	567.375	484.221
Setur Servis Turistik A.Ş. – other related party	379.880	378.445
Otokoç Otomotiv Tic. ve San. A.Ş. – other related party	327.649	206.599
Koç Sistem Bilgi ve İletişim Hizm. A.Ş. - other related party	262.188	308.050
Opet Petrolcülük A.Ş. – other related party	182.787	147.988
Avis AŞ – other related party	167.817	148.966
Koç Holding A.Ş. – other related party	150.568	160.374
Unicredit Menkul Değerler A.Ş.(tasfiye)	-	259.142
Allianz Sigorta A.Ş.	-	231.068
Diğer	387.631	1.823
	3.823.427	**3.227.832**

Commission paid to related parties

	December 31, 2014	December 31, 2013
Yapı ve Kredi Bankası A.Ş.-shareholder	24.105.751	24.162.155
Allianz Emeklilik A.Ş.	69.818	79.045
	24.175.569	**24.241.200**

Financial expenses paid to related parties

	December 31, 2014	December 31, 2013
Yapı ve Kredi Bankası A.Ş.- shareholder	1.825.806	289.957
	1.825.806	**289.957**

Benefits provided to key management

	December 31, 2014	December 31, 2013
Benefits provided to key management	4.643.416	4.684.420
	4.643.416	**4.684.420**

Dividend income

	December 31, 2014	December 31, 2013
Yapı Kredi Yatırım Ortaklığı(tasfiye)	29.047	664.910
	29.047	**664.910**

29 – Nature and level of risks arising from financial instruments

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

a. Credit risk

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

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

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

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

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

The share of the receivables from the biggest 10 credit customers in the total receivables from credit customers of the Company is 68% (December 31, 2013: 64%).

The table below shows credit risk exposure based on financial instruments as of December 31, 2014 and 2013. In the determination of the maximum amount of credit risk exposure, in addition to the collaterals received, factors that lead to credit enhancement are not taken into account.

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

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

	Receivables						
	Trade receivables		Other receivables				
December 31, 2014	Related party	Other	Related party	Other	Bank deposit	Financial investments	Derivatives
Total credit risk exposure (A+B+C)	-	194.076.793	-	144.508.973	2.761.906.774	76.293.070	10.980.547
- Amount of risk that is guaranteed with collateral *	-	109.988.448	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	-	194.076.793	-	-	2.761.906.774	76.293.070	-
B. Net book value of impaired assets	-	-	-	-	-		-
- Past due (gross book value)	-	111.295	-	-	-		-
- Impairment	-	111.295	-	-	-		-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-		-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	10.980.547

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

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

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

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

b. Information on market risk

Interest rate risk

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

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

The table below shows the interest rate position details and sensitivity analysis as of December 31, 2014 and 2013:

Interest Rate Position Table

Financial instruments with fixed interest rates	December 31, 2014	December 31, 2013
Financial assets		
Financial assets held to maturity *	40.542.140	36.102.585
Banks	2.761.906.774	2.945.925.831
Receivables from reverse repo transactions	95.787	175.748
Financial liabilities		
Funds generated from repo transactions	1.516.304	1.166.961
Financial leasing payables		-
Funds generated from Takasbank Money Market	2.562.317.642	2.207.914.384
Bank loans	20.005.945	314.124.753

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

Financial liabilities and held to maturity investments with fixed interest rates are assumed to be insensitive to changes in interest rates. Reinvestment risk arises when the cash generated due to redemption of fixed interest held to maturity investment securities is reinvested.

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

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

As of December 31, 2014 and 2013, average interest rates of financial instruments:

	2014		2013	
	TL (%)	EUR (%)	TL (%)	USD (%)
Assets				
Cash and cash equivalents	-	2,10	-	3,04
Available for sale financial assets	-	-	7,15	-
Held to maturity financial assets	9,82	-	8,82	-
Credits originated by the Company	12,43	-	9,63	-
Liabilities				
Payables to Stock Exchange Money Market	10,75	-	9,92	-
Bank loans	10,75	-	9,42	-
Funds generated from repo transactions	-	-	-	-

The Group's assets and liabilities are grouped based on their repricing maturities as follows as of December 31, 2014 and 2013:

	December 31, 2014					
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Non-interest bearing	Total
Cash and cash equivalents	2.716.261.657	-	-	-	45.645.117	2.761.906.774
Financial investments	-	25.584.892	14.957.550	-	35.750.628	76.293.070
Trade receivables	109.988.448	-	-	-	84.088.345	194.076.793
Derivative financial assets held for trading	-	-	-	-	10.980.547	10.980.547
Other receivables	-	-	-	-	186.591.557	186.591.557
	2.824.138.774	**25.584.892**	**17.068.881**	**-**	**363.056.194**	**3.229.848.741**
Financial liabilities	2.594.185.424	-	-	-	-	2.594.185.424
Trade payables	-	-	-	-	89.480.471	89.480.472
Other payables	-	-	-	-	27.711.975	47.354.303
	2.594.185.424	**-**	**-**	**-**	**136.834.774**	**2.731.020.198**
	229.953.350	**25.584.892**	**17.068.881**	**-**	**237.522.395**	**510.129.518**

	December 31, 2013					
	1 Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Non-interest bearing	Total
Cash and cash equivalents	2.544.682.894	364.362.843	-	-	36.880.094	2.945.925.831
Financial investments	-	516.359	36.102.585	-	52.432.233	89.051.177
Trade receivables	117.927.208	-	-	-	102.070.838	219.998.046
Derivative financial assets held for trading	-	-	-	-	6.107.090	6.107.090
Other receivables	-	-	-	-	82.496.348	82.496.348
	2.662.610.102	**364.879.202**	**36.102.585**	**-**	**279.986.603**	**3.343.578.492**
Financial liabilities	2.526.465.504	-	-	-	-	2.526.465.504
Trade payables	-	-	-	-	94.164.029	94.164.029
Derivative liabilities held for trading	-	-	-	-	137.527.565	137.527.565
Other payables	-	-	-	-	45.283.656	45.683.256
	2.526.465.504	**-**	**-**	**-**	**277.575.250**	**2.804.040.754**
	136.144.598	**364.879.202**	**36.102.585**	**-**	**2.411.353**	**539.537.738**

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

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

a. Exchange rate risk

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

	December 31, 2014				December 31, 2013			
	TL Equivalent	USD	EURO	Other	TL Equivalent	USD	EURO	Other
Monetary financial assets	310.356.390	15.893.364	96.874.265	73.479	2.838.520.849	12.898.499	957.230.379	27.350
Current assets	**310.356.390**	**15.893.364**	**96.874.265**	**73.479**	**2.838.520.849**	**12.898.499**	**957.230.379**	**27.350**
Financial liabilities	(22.399.592)	(8.721.236)	(726.326)	(34.499)	(2.779.774)	(1.093.409)	(146.311)	(7.506)
Short-term financial liabilities	**(22.399.592)**	**(8.721.236)**	**(726.326)**	**(34.499)**	**(2.779.774)**	**(1.093.409)**	**(146.311)**	**(7.506)**
Off-balance sheet derivative instruments denominated in foreign currency Derivative instruments	(279.442.760)	(7.955.151)	(94.500.000)	-	(2.715.887.815)	-	(968.826.703)	-
Total Net foreign currency position(*)	**8.514.038**	**783.023**	**1.647.939**	**38.980**	**119.853.260**	**11.805.090**	**11.742.635**	**19.844**

(*) 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.

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

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

Off-balance sheet liabilities in foreign currencies consist of letter of guarantees and derivative transactions (Note 16).

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

Exchange Rate Sensitivity Analysis Table

	Profit/Loss		**Equity**	
December 31, 2014	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
In case of a 10% change in USD exchange rates:				
USD net asset/liability	(78.302)	78.302		
effect			-	-
In case of a 10% change in EURO exchange rates:				
EURO net asset/liability	(164.793)	164.793		
effect		-	-	
In case of a 10% change in other exchange rates:				
Other foreign currency net effect	(3.898)	3.898	-	
Total	**(246.993)**	**246.993**		

Exchange Rate Sensitivity Analysis Table

	Profit/Loss		**Equity**	
December 31, 2013	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
In case of a 10% change in USD exchange rates:				
USD net asset/liability	(1.108.509)	1.108.509		
effect			-	-
In case of a 10% change in EURO exchange rates:				
EURO net asset/liability	(1.174.263)	1.174.263		
effect		-	-	
In case of a 10% change in other exchange rates:				
Other foreign currency net effect	(1.984)	1.984	-	
Total	**(2.284.756)**	**2.284.756**		

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

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

b. Common stock price risk

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

December 31, 2014

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Common stocks						
Financial assets		Increase	-	-	-	-
available for sale	10%	Decrease	-	-	-	
Financial assets at a						
fair value through profit/loss		Increase	4.037.020	-	4.037.020	-
Financial assets	10%	Decrease	(4.037.020)	-	4.037.020	-

December 31, 2013

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

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

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

c. Liquidity risk

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

	December 31, 2014				
	Carrying value	Up to 1 month	1 month to 1 year	1 year to 5 years	Total of contractual cash outflows
Financial liabilities	2.594.185.424	2.594.185.424	-	-	2.594.185.424
Trade payables	89.480.472	89.480.472	-	-	89.480.472
Other payables	19.642.328	19.642.328	-	-	19.642.328

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

30. Financial instruments

Fair value of financial instruments

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

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

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

i. ***Financial assets:***

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

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

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

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

30. Financial instruments (continued)

ii. Financial liabilities:

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

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

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

Financial assets and financial liabilities carried at fair value:

December 31, 2014	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit/loss	**4.037.020**	-	-
Share certificates trading on BIST	4.037.020	-	-
Public sector bonds, notes and bills	-	-	-
Available for sale financial assets	-	**31.713.909**	-
Share certificates	-	31.713.909	-
Public sector bonds, notes and bills	-	-	-
Private sector bonds and bills	-	-	-
Derivative receivables held for trading	-	*10.980.547*	-
Derivative liabilities held for trading	-	-	-

December 31, 2013	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit/loss	**20.718.626**		
Share certificates trading on BIST	20.718.626	-	-
Goverment bonds and treasury bills	-	-	-
Available for sale financial assets	**516.359**	**31.713.605**	
Share certificates	-	31.713.605	-
Public sector bonds, notes and bills	-	-	-
Private sector bonds and bills	-	-	-
Derivative receivables held for trading	-	*6.107.090*	-
Derivative liabilities held for trading	-	*137.527.565*	-

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

31 - Other explanations on operations and other matters

a. Explanation on portfolio management operations:

At December 31, the Company managed 40 mutual funds and 19 pension funds (December, 31 2013 - 40 mutual funds and 19 pension funds) In accordance with the Funds' statute, the Group purchases and sells securities and share certificates for the Funds, markets their participation certificates and provides other services and charges daily management fees. At December 31, 2014 the Group earned a management fee of TL 40.016.223 (December 31, 2012 – 39.601.264 TL).

Investment funds which investment period started between the dates January 1, 2014 and December 31, 2014;

Fund Name	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
Yapı Kredi Bankası B Tipi Platinum Büyüme Amaçlı Değişken Alt Fon (16. Alt Fon)	30.06.2014

Investment funds which investment period ended between the dates January 1, 2014 and December 31, 2014;

Fund Name	Investment period ending 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
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 36. Alt Fon (APG39)	12.11.2014
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 37. Alt Fon (APG40)	26.11.2014

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

b. Capital management and capital adequacy requirements

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

The Company defines and manages its capital in accordance with CMB's Communiqué Series:V No:34 on capital and capital adequacy of intermediary institutions. According to the related communiqué, the equity of intermediary institutions is composed of the portion of total assets, which are valued according to the valuation principles discussed in Communiqué Series:V No:34 and are present in the balance sheet prepared as of the valuation date. Communiqué Series:V No:34 and are present in the balance sheet prepared as of the valuation date. According to the clauses of Communiqué Series: V No: 34, the amount of equity necessary for an intermediary institution's trading operations is TL 825.000 (December 31, 2013: TL 845.000) for the period ended December 31, 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).

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

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

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

The Company meets the capital adequacy requirements as of December 31, 2014 and December 31, 2013.

32 - Subsequent events

None.