

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

**Consolidated financial statements for the year ended
December 31, 2012 together with independent auditor's report**

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

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

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

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

**Independent auditor's report on consolidated financial statements for the year ended
December 31, 2012**

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

Introduction

We have audited the accompanying consolidated balance sheet of Yapı Kredi Yatırım Menkul Değerler A.Ş. (the "Company") and its consolidated subsidiary (together the "Group") as of December 31, 2012, 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 management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards issued by the Capital Markets Board ("CMB") of Turkey. 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. We conducted our audit in accordance with auditing standards issued by the CMB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the consolidated 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.

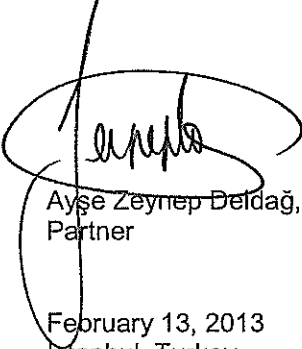
Opinion

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, 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with financial reporting standards issued by the CMB.

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

The accounting principles described in Note 2 (defined as Capital Markets Board Accounting 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 for the period between January 1- December 31, 2005 and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows of the Group in accordance with IFRS.

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



Ayşe Zeynep Deldağ, SMMM
Partner

February 13, 2013
Istanbul, Turkey

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

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

Consolidated balance sheets as of December 31, 2012 and 2011

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

		Audited	Audited
ASSETS	Note	December 31, 2012	December 31, 2011
Current assets		2.044.140.196	1.304.924.812
Cash and cash equivalents	3	1.775.221.823	1.081.427.222
Financial investments	4	60.667.524	47.219.126
Trade receivables	6	197.141.236	173.440.861
- Receivables from related parties	21	36.605	5.963.676
- Other trade receivables		197.104.631	167.477.185
Derivative financial assets held for trading	11	3.010	182.875
Other receivables	7	1.996.990	969.493
Current tax asset	20	7.200.475	-
Other current assets	13	1.909.138	1.685.235
Assets held for sale	8, 22	38.415.407	-
Non-current assets		222.164.249	172.707.163
Financial investments	4	215.453.792	130.913.762
Investments carried at equity method	8	-	34.678.565
Property and equipment	9	5.271.568	5.766.601
Intangible assets	10	1.053.828	1.063.939
Deferred tax asset	20	385.061	284.296
TOTAL ASSETS		2.304.719.852	1.477.631.975

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

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

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

Consolidated balance sheets as of December 31, 2012 and 2011

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

		Audited	Audited
LIABILITIES AND EQUITY	Note	December 31, 2012	December 31, 2011
Current liabilities		1.749.165.192	1.008.444.565
Financial liabilities	5	1.684.820.190	942.055.057
Trade payables	6	44.063.694	29.917.495
- Trade payables to related parties	21	3.365.971	1.353.284
- Other trade payables		40.697.723	28.564.211
Derivative financial liabilities held for trading	11	330.938	17.141.224
Other payables	7	3.009.031	2.225.970
Current income taxes payable	20	1.656.766	3.267.860
Provisions	11	1.088.502	1.300.752
Provision for employee benefits	12	11.546.131	9.183.308
Other current liabilities	13	2.649.940	3.352.899
Non-current liabilities		10.180.499	1.664.121
Provision for employee benefits	12	1.655.359	1.218.661
Deferred tax liability	20	8.525.140	445.460
Total liabilities		1.759.345.691	1.010.108.686
EQUITY		545.374.161	467.523.289
Paid-in share capital	14	98.918.083	98.918.083
Adjustment to share capital	14	63.078.001	63.078.001
Special reserves	14	4.626.817	-
Revaluation funds		176.686.330	96.265.043
Restricted reserves	14	57.809.838	51.645.826
Retained earnings		70.422.677	70.422.453
Net profit for the period		65.634.007	72.750.236
Equity attributable to equity holders of the Parent		537.175.753	457.706.459
Minority interest	14	8.198.408	9.816.830
TOTAL LIABILITIES AND EQUITY		2.304.719.852	1.477.631.975

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

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

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

Consolidated statements of income for the years ended December 31, 2012 and 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Audited December 31, 2012	Audited December 31, 2011
CONTINUING OPERATIONS:			
OPERATING INCOME			
Sales revenue	15	10.895.952.951	11.524.738.611
Sales	15	10.818.175.274	11.419.009.909
Services income	15	102.635.773	131.105.321
Discounts and allowances (-)	15	(24.858.096)	(25.376.619)
Cost of sales (-)	15	(10.815.506.724)	(11.418.226.566)
Net sales revenue		80.446.227	106.512.045
Interest and derivative income from operating activities (net)	15	17.464.466	15.855.343
- Interest income	15	17.705.814	15.794.946
- Derivative income	15	(241.348)	60.397
Gross operating profit		97.910.693	122.367.388
Marketing, sales and distribution expenses (-)	16	(3.976.404)	(4.750.051)
General administrative expenses (-)	16	(52.315.290)	(43.609.192)
Other operating income	17	10.549.354	4.626.521
Other operating expense (-)	17	(2.640.063)	(3.146.398)
Operating profit		49.528.290	75.488.268
Share of profit/loss of investments carried at equity method	8	-	(234.633)
Financial income	18	184.608.197	89.566.862
Financial expense (-)	19	(151.526.030)	(68.353.767)
Profit before tax from continuing operations		82.610.457	96.466.730
Tax expense on continuing operations		(13.967.961)	(18.455.065)
- Current tax expense (-)	20	(10.083.343)	(21.278.924)
- Deferred tax income/(expense)	20	(3.884.618)	2.823.859
Profit from continuing operations		68.642.496	78.011.665
DISCONTINUED OPERATIONS:			
Profit / (loss) from discontinued operations after tax	22	-	-
Net profit for the period		68.642.496	78.011.665
Distribution of net profit for the year		68.642.496	78.011.665
Minority interest	14	3.008.489	5.261.429
Equity holders of the Parent		65.634.007	72.750.236

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

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

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

**Consolidated statements of comprehensive income
for the years ended December 31, 2012 and 2011**

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

	Note	Audited December 31, 2012	Audited December 31, 2011
NET PROFIT FOR THE PERIOD		68.642.496	78.011.665
Other comprehensive income:			
Change in financial assets revaluation fund	4	84.515.584	(16.400.399)
Change in fixed assets revaluation fund		-	-
Change in financial risk hedging reserve		-	-
Change in foreign currency translation differences		-	-
Actuarial gain and loss from retirement plans		-	-
Shares from comprehensive income of investments carried at equity method		-	-
Tax (expense)/income attributable to other comprehensive income	4	(4.094.297)	834.520
OTHER COMPREHENSIVE INCOME (AFTER TAX)		80.421.287	(15.565.879)
TOTAL COMPREHENSIVE INCOME		149.063.783	62.445.786
Distribution of total comprehensive income			
Minority interest		3.008.489	5.261.429
Equity holders of the Parent		146.055.294	57.184.357

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

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

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

Consolidated statements of changes in equity for the years ended December 31, 2012 and 2011

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

	Paid-in share capital	Adjustment to share capital	Revaluation funds	Restricted reserves	Special reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Minority interest	Total equity
January 1, 2011	98.918.083	63.078.001	111.830.922	41.798.253	-	61.067.794	87.829.049	464.522.102	11.368.240	475.890.342
Transfers to reserves	-	-	-	9.847.573	4.626.817	73.354.659	(87.829.049)	(64.000.000)	-	(70.812.839)
Dividend payable	-	-	-	-	-	(64.000.000)	-	57.184.357	5.261.429	62.445.786
Total comprehensive income	-	-	(15.565.879)	-	-	-	72.750.236	-	-	-
December 31, 2011	98.918.083	63.078.001	96.265.043	51.645.826	4.626.817	70.422.453	72.750.236	457.706.459	9.816.830	467.523.289
January 1, 2012	98.918.083	63.078.001	96.265.043	51.645.826	4.626.817	70.422.453	72.750.236	457.706.459	9.816.830	467.523.289
Transfers to reserves	-	-	-	6.164.012	-	66.586.224	(72.750.236)	-	-	-
Dividend payable	-	-	-	-	-	(66.586.000)	-	(66.586.000)	(4.626.911)	(71.212.911)
Total comprehensive income	-	-	80.421.287	-	-	-	65.634.007	146.055.294	3.008.489	149.063.783
December 31, 2012	98.918.083	63.078.001	176.686.330	57.809.838	4.626.817	70.422.677	65.634.007	537.175.753	8.198.408	545.374.161

The accompanying notes form an integral part of these consolidated financial statements.
(5)

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

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

Consolidated statements of cash flows for the years ended December 31, 2012 and 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	December 31, 2012	December 31, 2011
Cash flows from operating activities:			
Current period profit from continuing operations		68.642.496	78.011.665
Current period profit from discontinued operations		-	-
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation	9	998.593	1.010.648
Amortization	10	583.730	428.674
Provision for employee benefits	12	634.210	358.419
Current tax expense	20	10.083.343	21.287.924
Deferred tax (income)/expense	20	3.884.618	(2.823.859)
Income from investments carried at equity method	8	-	234.633
The effect of change in foreign exchange rates on cash and cash equivalents		29.010.361	(45.608.636)
Interest income, net	18,19	28.358.529	(12.063.501)
Derivative loss	11	(16.630.421)	16.958.349
Interest received		89.285.846	65.995.731
Net increase in unused vacation provision	12	405.760	251.166
Premium and bonus accruals	12	8.355.000	6.397.937
Gain from sale of fixed assets	17	-	(40.725)
Net cash provided by operating activities before changes in operating assets and liabilities:		223.612.065	130.389.425
Net (increase) / decrease in trade receivables		(23.700.375)	(14.490.299)
Net (increase) / decrease in other assets and prepaid expenses		(1.251.399)	(695.712)
Net increase/ (decrease) in trade payables		12.381.510	(19.589.415)
Net (decrease) in other liabilities and other payables		(6.727.369)	(10.024.217)
Taxes paid		(18.849.539)	(22.832.616)
Net cash provided from operating activities		185.464.893	62.757.166
Cash flows from investing activities:			
Purchase of property and equipment and intangible assets	9, 10	(1.093.386)	(1.417.962)
Disposal of property and equipment and intangible assets	9, 10	16.206	90.496
Time deposits with maturity longer than 3 months		(18.163.088)	(24.144.820)
(Purchase) of securities held to maturity		(86.061.561)	(81.616.686)
Redemption of securities held to maturity		76.833.934	113.299.362
Net cash provided from investing activities		(28.467.895)	6.210.390
Cash flows from financing activities:			
Cash provided from financial liabilities		26.552.266.000	7.564.264.306
Cash paid for financial liabilities		(25.814.321.057)	(7.073.127.000)
Interest paid		(121.007.797)	(47.955.998)
Dividend paid		(71.212.911)	(70.812.839)
Net cash provided from/ (used in) financing activities		545.724.235	372.368.469
The effect of change in foreign exchange rates on cash and cash equivalents			
		(29.010.361)	45.608.636
Net increase in cash and cash equivalents		673.710.872	486.944.661
Cash and cash equivalents at the beginning of the period		1.031.572.689	544.628.028
Cash and cash equivalents at the end of the period		1.705.283.561	1.031.572.68

Takip eden açıklama ve dipnotlar bu konsolide finansal tabloların tamamlayıcı bir parçasını oluştururlar.

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

Notes to the financial statements for the year ended December 31, 2012 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and nature of operations

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

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

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

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

Consolidated financial statements prepared as of December 31, 2012 have been approved by the Board of Directors of the Company at February 13, 2013. General Assembly and regulatory bodies have the right to amend the approved financial statements.

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

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

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

Notes to the financial statements for the year ended December 31, 2012 (Continued) (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and nature of operations (continued)

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

The Group acts as the manager of 9 funds (December 31, 2011: 8) founded by the Group. As of December 31, 2012, the Group's number of employees is 208 (December 31, 2011: 188) and it has no branches.

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

2. Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Accounting standards

The Group maintains its books of account and prepares statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), The Capital Markets Board of Turkey ("CMB") and accounting principles of tax legislation.

CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced, IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS/TFRS") which are in line with the aforementioned standards shall be considered.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué No: XI-29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The consolidated financial statements and the related notes are presented in accordance with the formats recommended by the CMB, with the announcement dated April 17, 2008, including the compulsory information.

Financial statements are prepared in Turkish Lira ("TL") based on the historical cost convention, except for trading and available-for-sale financial assets which are expressed at their fair values.

The Group prepared its consolidated financial statements for the accounting period ended December 31, 2012 in coherence with its accounting policies effective as of December 31, 2011. Based on the decree of the Board of Directors dated May 28, 2012 and numbered 45, the Company decided to sell its shares of 44,97% at Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. In consequence of the subject decree, the Company's shares at Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş., which were classified under investments carried at equity method, were reclassified under assets held for sale in the consolidated financial statements dated December 31, 2012 and the subject shares

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

were recorded at their fair value. The share transfer agreement was signed among Yapı ve Kredi Bankası A.Ş., Yapı Kredi Yatırım Menkul Değerler A.Ş., Göker Mineral and Madencilik San. Tic. Ltd. Şti. and Onur Takmak on September 28, 2012. Regarding the subject sale, an application was made to Capital Market Board (CMB) on October 23, 2012. As of the report date, the share transfer has not been complete since CMB's inspection process is still ongoing and the Company's control over the shares of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. continues.

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

2.1.2 Adjustments to financial statements in hyperinflationary periods

With the decision taken on March 17, 2005, CMB has announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, International Accounting Standard ("IAS") 29 ("Financial Reporting in Hyperinflationary Economies") issued by the IASB, has not been applied in the financial statements for the accounting periods commencing from January 1, 2005.

2.1.3 Offsetting

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

2.1.4 Going concern

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

2.2. Changes in accounting policies and errors

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements.

2.2.1 Comparatives and restatement of prior periods' financial statements

In order to ascertain financial condition and performance trends, the Group's financial statements are prepared comparative with the prior period. The comparative information are rearranged or re-classified in order to be consistent with the current period financial statements when necessary.

2.2.2 New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2012. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

The new standards, amendments and interpretations which are effective as at 1 January 2012 are as follows:

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. Adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

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

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

The amendments are effective for annual periods beginning on or after July 1, 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This amendment will not have any impact on the financial position or performance of the Group.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IAS 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 IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments – Classification and Measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.).

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

Notes to the financial statements for the year ended December 31, 2012 (Continued) (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

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

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

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Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

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

The guidance is effective for annual periods beginning on or after January 1, 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Group does not expect that the project will have a significant impact on the financial position or performance of the Group.

IAS 1 Financial Statement Presentation:

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

IAS 16 Property, Plant and Equipment:

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

IAS 32 Financial Instruments: Presentation:

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

IAS 34 Interim Financial Reporting:

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

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 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 IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after January 1, 2014 with earlier application permitted. The amendment has not yet been endorsed by the EU. The amendment is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

2.3 Changes in accounting estimates

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 Summary of significant accounting policies

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, 2012 and 2011, details of the subsidiary and associate of the Group are as follows:

Company name	2012 Share in capital	2011 Share in capital	Principal activity
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	87,32%	87,32%	Portfolio Management
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (Associate)	44,97%	44,97%	Portfolio Management

Subsidiary

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

The Company's subsidiary Koç Portföy Yönetimi A.Ş. ("Koç Portföy") has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. on December 29, 2006. Accordingly, all rights, receivables, liabilities and obligations of Yapı Kredi Portföy were transferred to Koç Portföy. After merger, the Subsidiary has changed its title as Yapı Kredi Portföy Yönetimi A.Ş. and accordingly the Company has an interest of 87,32% (December 31, 2011: 87,32%) of the voting rights.

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

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.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued) (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

Associate

The Company consolidates its associate classified as financial asset, Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("Associate"), where the Company owns the 44,97% (2011: 44,97%) share using the equity method of accounting.

Associates accounted for using the equity method in consolidated financial statements are carried at cost adjusted for the change occurred in the participated associate's shareholders' equity after the purchase by the portion of the Group less impairment if any.

Based on the decree of the Board of Directors dated May 28, 2012 numbered 45, the Company's shares at Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş., which were classified under investments carried at equity method, were reclassified under assets held for sale in the consolidated financial statements dated December 31, 2012 and the subject shares were recorded at their fair value. The share transfer agreement was signed among Yapı ve Kredi Bankası A.Ş., Yapı Kredi Yatırım Menkul Değerler A.Ş., Göker Mineral and Madencilik San. Tic. Ltd. Şti. and Onur Takmak on September 28, 2012. Regarding the subject sale, an application was made to Capital Market Board (CMB) on October 23, 2012. As of the report date, the share transfer has not been complete since CMB's inspection process is still ongoing and the Company's control over the shares of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. continues.

Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (formerly Yapı Kredi Yatırım Ortaklığı A.Ş.) was established on October 2, 1995 in Istanbul. The main activity of the Associate is managing the portfolio of marketable securities and the portfolio of gold and other metals traded in national and international stock markets or other organized markets without acquiring the control over the capital and management of the partnerships according to the principles and regulations of the CMB.

Shares of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. were offered initially to the public on the dates of September 11-12, 1995. As of December 31, 2012, 88,90% of the shares, including the 44,97% shareholding of the Company, is traded on the Istanbul Stock Exchange ("ISE").

(b) Revenue recognition

(i) Fees and commission income and expense

Fees and commissions are recognized in the income statement when they are collected or paid. However, fund management fees, portfolio management fees and agency commissions are recorded on an accrual basis. Common stock transaction commissions are netted off with commission rebates (Note 15).

(ii) Interest income/expense and dividend income

Interest income and expense are recognized on an accrual basis in the relevant period's income statement. Interest 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.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

(c) Trade receivables

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

(d) Financial assets

The Group classifies and accounts its financial assets as "fair value through profit or loss", "available-for-sale", "loans and receivables" or "held-to-maturity".

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

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

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

(i) Financial assets at fair value through profit or 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.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

"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 investments

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

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

(iv) Loans and other receivables

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

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

(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 9).

Depreciation is provided on restated amounts of property and equipment using the straight-line method based on the useful lives of such assets. The estimated useful lives of assets are as follows:

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

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Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

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 10). The useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

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

(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.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

(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.

(i) Borrowing costs

If an asset needs to be classified as construction-in-progress for a significant time, in order to be available for sale or available to use, borrowing costs related to the purchase and additional construction expenses are capitalized within the cost of asset. If there is an investment income related to the unconsumed part of the loans, it will be deducted from the capitalized interest expense.

All other finance expenses will be expensed during the period incurred.

(i) Foreign exchange 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 23). 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, 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 11).

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.

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Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

(k) Finance leases (the Group as the "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.

(l) Operating leases (the Group as the "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 20).

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

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

Deferred tax

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

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Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

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.

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 12).

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 (Note 3).

(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.

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Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

2. Basis of presentation of financial statements (continued)

(§) Assets held for resale and discontinued operations

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

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

(t) Derivative financial instruments

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

2.5 Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements (continued)

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

The accounting principles described above (defined as 'CMB Financial Reporting Standards') differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between January 1, and December 31, 2005 and presentation of the basic financial statements and the notes to them. Accordingly, these financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

3. Cash and cash equivalents

	December 31, 2012	December 31, 2011
Banks		
- Demand deposits	11.741.957	10.713.889
- Time deposits	1.763.142.743	1.070.338.836
Receivables from reverse repo transactions	38.401	315.068
Investment funds	298.722	59.429
	1.775.221.823	1.081.427.222

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

	December 31, 2012	December 31, 2011
Time deposits with maturity up to three months	1.700.138.331	1.026.164.617
Demand deposits	4.808.107	5.033.575
Receivables from reverse repo transactions	38.401	315.068
Investment funds	298.722	59.429
	1.705.283.561	1.031.572.689

Cash and cash equivalents belonging to the customers of the Company consist of demand deposit amounts of TL 6.933.851 TL as of December 31, 2012 (2011: demand deposit of TL 5.680.314). The deposits belonging to customers and their accrued interests are accounted under trade payables as of December 31, 2012.

4. Financial investments

Short term financial investments	December 31, 2012	December 31, 2011
<i>Financial assets designated at fair value through profit/loss</i>		
- Government bonds and treasury bills	526.839	-
- Share certificates quoted to ISE	31.365.451	-
<i>Available-for-sale financial assets</i>		
- Private sector bonds and bills	-	6.436.451
<i>Held to maturity financial investments</i>		
- Government bonds and treasury bills	28.775.334	40.782.675
	60.667.524	47.219.126

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

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

4. Financial investments (continued)

	December 31, 2012	December 31, 2011
Long term financial investments		
<i>Held to maturity financial investments</i>		
- Government bonds and treasury bills	-	-
<i>Available-for-sale financial assets</i>		
- Share certificates	215.453.792	130.913.762
- Government bonds and treasury bills	-	-
- Private sector bonds and bills	-	-
	215.453.792	130.913.762
Total financial investments	276.121.316	178.132.888

Short term financial investments

	Cost	2012	
		Fair value	Carrying value
<i>Financial assets designated at fair value through profit/loss</i>			
- Government bonds and treasury bills	533.053	526.739	526.739
- Share certificates quoted to ISE	26.731.503	31.365.451	31.365.451
<i>Available-for-sale financial assets</i>			
- Private sector bonds and bills	-	-	-
<i>Held to maturity financial investments</i>			
- Government bonds and treasury bills	28.020.725	28.820.716	28.775.334
	55.285.281	60.712.906	60.667.524

Short term financial investments

	Cost	2011	
		Fair value	Carrying value
<i>Financial assets designated at fair value through profit/loss</i>			
- Share certificates quoted to ISE	-	-	-
<i>Held to maturity financial investments</i>			
- Government bonds and treasury bills	37.970.223	39.118.410	38.867.739
	39.556.361	40.678.293	40.427.622

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

4. Financial Investments (continued) FORMATTTT

	December 31, 2011		
	Cost	Fair value	Carrying value
<i>Financial assets designated at fair value through profit/loss</i>			
- Share certificates quoted to ISE	-	-	-
<i>Available-for-sale financial assets</i>			
- Private sector bonds and bills	6.317.134	6.436.451	6.436.451
<i>Held to maturity financial investments</i>			
- Government bonds and treasury bills	39.507.684	40.524.756	40.782.675
	45.824.818	46.961.207	47.219.126

Long term financial investments

	December 31, 2012		
	Cost	Fair value	Carrying value
<i>Held-to-maturity financial investments</i>			
- Government bonds and treasury bills	-	-	-
<i>Available-for-sale financial assets</i>			
- Share certificates	32.235.630	215.453.792	215.453.792
- Government bonds and treasury bills	-	-	-
-Private sector bonds and bills	-	-	-
	-	-	-

	December 31, 2011		
	Cost	Fair value	Carrying value
<i>Held-to-maturity financial investments</i>			
- Government bonds and treasury bills	-	-	-
<i>Available-for-sale financial assets</i>			
- Share certificates	29.581.507	130.913.762	130.913.762
- Government bonds and treasury bills	-	-	-
- Private sector bonds and bills	-	-	-
	-	-	-

Held-to-maturity financial investments, with fair value of TL 28.820.716 and carrying value of TL 28.775.334 are held as collateral in the CBRT, ISE and IMKB Takas ve Saklama Bankası A.Ş. ("Takasbank") as of December 31, 2012 (December 31, 2011 held-to-maturity financial investments, with fair value of TL 28.426.703 and carrying value of TL 28.303.289).

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

4. Financial Investments (continued)

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

	December 31, 2012	December 31, 2011
Up to 3 months	-	-
3 months - 1 year	28.775.334	40.782.675
1-5 years	-	-
	28.775.334	40.782.675

Movements of held-to-maturity financial assets during the years ended December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
January 1	40.782.675	74.361.635
Purchases during the period	46.700.000	20.187.848
Valuation increase/decrease	(407.341)	(6.826.808)
Disposals in the period	(58.300.000)	(46.940.000)
December 31	28.775.334	40.782.675

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

Type	December 31, 2012		December 31, 2011	
	Amount TL	Shareholding %	Amount TL	Shareholding %
Quoted to stock exchange				
Yapı Kredi Sigorta A.Ş.	202.963.997	11,99	118.441.770	11,99
Not quoted to stock exchange				
Takasbank	12.359.600	4,86	12.359.600	4,86
Gelişen Bilgi Teknolojileri A.Ş.	-	5,00	2.525	5,00
Yapı Kredi Azerbaycan Ltd.	92.064	0,10	71.736	0,10
Yapı Kredi Emeklilik A.Ş.	26.432	0,04	26.432	0,04
Koç Kültür Sanat ve Tanıtım Hiz. Tic. A.Ş.	11.699	4,9090	11.699	4,9090
	215.453.792		130.913.762	

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

4. Financial investments (continued)

The Group has valued its equity shares of Yapı Kredi Sigorta A.Ş. under securities available-for-sale having a cost of TL 19.218.824 (December 31, 2011: TL 16.582.504) with the market prices realized on ISE. As a result of this valuation, the Group has accounted for the valuation increase amounting to TL 183.745.173 (December 31, 2011: valuation increase amounting to TL 101.859.266) by netting-off the deferred tax liability amounting to TL 9.187.259 (December 31, 2011: deferred tax liability amounting to TL 5.092.963) due to this valuation increase under "Revaluation fund" under equity.

As of December 31, 2012 and 2011, the Group has 4,86% of the shares of Takasbank. The Group has 2.915.000 shares whose nominal value is TL 2.915.000. The related equity interest has been carried at TL 4,24 per share which is the last price announced by ISE in the balance sheet. In the current period, there is not a recent market share price announced by ISE.

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.

5. Financial liabilities

	December 31, 2012	December 31, 2011
Payables to stock exchange money market	1.654.819.548	938.241.559
Due to short selling transactions	-	3.813.498
Bank loans	30.000.642	-
	1.684.820.190	942.055.057

6. Trade receivables and payables

Trade receivables:

Short term trade receivables

	December 31, 2012	December 31, 2011
Receivables from loan customers	142.476.287	142.757.009
Receivables from customers	35.170.638	20.003.510
Takasbank guarantees	4.630.156	3.367.291
Portfolio management fee receivables	4.677.728	5.183.223
Collaterals given to foreign markets	4.822.188	1.572.557
Settlement and custody receivables	2.769.294	-
Commission receivables	1.801.013	494.602
Project receivables	750.278	-
Doubtful receivables	111.295	111.295
Provision for doubtful receivables	(111.295)	(111.295)
Other short-term receivables	43.754	62.669
	197.141.236	173.440.861

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 287.554.611 as of December 31, 2012 (December 31, 2011: TL 259.795.127).

Portfolio management fee receivable amounting to TL 4.382.003 (December 31, 2011: TL 6.303.323) managed by the subsidiary, consists of management fee receivables from 40 (December 31, 2011: 40) investment funds and 16 (December 31, 2011: 13) 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.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

6. Trade receivables and payables (continued)

Trade payables:

Short term trade payables

	December 31, 2012	December 31, 2011
Payables to customers	40.906.870	23.885.369
Payables to custody and settlement center	-	3.173.970
Agent commissions payable	3.148.174	1.318.004
Customer commission returns payable	-	20.380
Advances received for securities lending	-	1.511.120
Other trade payables	8.650	8.652
	44.063.694	29.917.495

7. Other receivables and payables

Other receivables

	December 31, 2012	December 31, 2011
Deposits and collaterals given	660.111	522.857
Fund advances given	1.336.879	446.636
	1.996.990	969.493

Other payables

	December 31, 2012	December 31, 2011
Payables to parties other than suppliers or customers	2.517.687	1.734.626
Payables to marketable securities disposal fund	491.344	491.344
	3.009.031	2.225.970

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

8. Investments carried at equity method

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	Amount TL	Shareholding Interest %	Amount TL	Shareholding Interest %
Investee				
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	-	44,97	34.678.565	44,97
	-		34.678.565	

Based on the decree of the Board of Directors dated May 28, 2012 and numbered 45, the Company decided to sell its shares of 44,97% at Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. In consequence of the subject decree, the Company's shares at Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş., which were classified under investments carried at equity method, were reclassified under assets held for sale in the consolidated financial statements dated December 31, 2012 and the subject shares were recorded at their fair value. The share transfer agreement was signed among Yapı ve Kredi Bankası A.Ş., Yapı Kredi Yatırım Menkul Değerler A.Ş., Göker Mineral and Madencilik San. Tic. Ltd. Şti. and Onur Takmak on September 28, 2012. Regarding the subject sale, an application was made to Capital Market Board (CMB) on October 23, 2012. As of the report date, the share transfer has not been complete since CMB's inspection process is still ongoing and the Company's control over the shares of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. continues.

The shares of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş., which has been consolidated using the equity accounting method, are traded on ISE. As of December 31, 2012 the market value of shareholding of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. is TL 35.756.949 (December 31, 2011: TL 20.634.445).

Summary financial information before consolidation adjustments of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. which is consolidated using the equity method is as follows:

	December 31, 2012	December 31, 2011
Current assets	86.928.174	78.358.772
Non-current assets	29.939	43.813
Total assets	86.958.113	78.402.585
Current liabilities	1.451.419	1.256.044
Non-current liabilities	90.386	34.797
Equity	85.416.308	77.111.744
Total liabilities and equity	86.958.113	78.402.585
Net profit/loss for the period	8.304.564	(527.454)

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

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

9. Property and equipment

December 31, 2012	Buildings	Vehicles	Furniture and fixtures	Leasehold improvements	Total
Net book value, January 1	3.869.940	7.858	1.031.420	857.383	5.766.601
Additions	-	-	470.243	49.523	519.766
Disposals	-	-	(16.206)	-	(16.206)
Depreciation expense	(170.128)	(6.992)	(403.753)	(417.720)	(998.593)
Net book value, December 31	3.699.812	866	1.081.704	489.186	5.271.568
Cost	8.506.355	77.327	13.729.426	5.077.912	27.391.019
Accumulated depreciation	(4.806.543)	(76.461)	(12.647.722)	(4.588.726)	(22.119.451)
Net book value, December 31	3.699.812	866	1.081.704	489.186	5.271.568

December 31, 2011	Buildings	Vehicles	Furniture and fixtures	Leasehold improvements	Total
Net book value, January 1	4.039.960	64.038	1.100.410	1.067.596	6.272.004
Additions	-	-	346.211	208.805	555.016
Disposals	-	(49.771)	-	-	(49.771)
Depreciation expense	(170.020)	(6.409)	(415.211)	(419.018)	(1.010.658)
Net book value, December 31	3.869.940	7.858	1.031.410	857.383	5.766.601
Cost	8.506.355	77.327	13.275.389	5.028.390	26.887.461
Accumulated depreciation and impairment	(4.636.415)	(69.469)	(12.243.969)	(4.171.007)	(21.120.860)
Net book value, December 31	3.869.940	7.858	1.031.420	857.383	5.766.601

Impairment provision for buildings amounting to TL 2.520.242 as of December 31, 2011 is recognized in these financial statements.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

10. Intangible assets

December 31, 2012

Net book value, January 1	1.063.939
Additions	573.619
Amortization	(583.730)
Net book value, December 31	1.053.828
Cost	8.697.404
Accumulated amortization	(7.643.576)
Net book value, December 31	1.053.828

December 31, 2011

Net book value, January 1	629.667
Additions	862.946
Amortization	(428.674)
Net book value, December 31	1.063.939
Cost	8.181.306
Accumulated amortization	(7.117.367)
Net book value, December 31	1.063.939

11. Provisions, contingent assets and liabilities

	December 31, 2012	December 31, 2011
Current provisions		
Legal provisions	1.088.502	1.300.752
	1.088.502	1.300.752

Contingent assets and liabilities

i) Guarantees given

	December 31, 2012	December 31, 2011
Letters of guarantee	2.212.641.793	1.564.355.425

Letters of guarantee are given to ISE, CMB and to Takasbank for Stock Exchange Money Market transactions. Foreign currency denominated letters of guarantee amount to TL 416.260.617 (December 31, 2011: TL 571.965.988).

ii) Legal provisions

Several outstanding legal cases against the Group have been considered and provision amounting to TL 1.088.502 based on the best estimates, has been reflected to the consolidated financial statements as of December 31, 2012 (December 31, 2011: TL 1.300.752).

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

11. Provisions, contingent assets and liabilities(continued)

iii) Derivative transactions

As of December 31, 2012 and 2011, the details of TL nominal amounts of derivative transaction are as follows:

	December 31, 2012			December 31, 2011		
	ABD Doları	EUR	TL	ABD Doları	EUR	TL
Forward transactions(buy)	-	110.229	-	-	-	5.622.355
Forward transactions(sell)	-	109.282	-	4.548.755	-	-
Swap transactions(buy)	841.640	26.812.250	-	-	-	974.533.300
Swap transactions(sell)	837.822	27.044.550	-	988.839.150	-	-
Futures transactions(buy)	-	-	-	(697.457)	-	-
Futures transactions(sell)	-	-	-	15.319.848	-	-
	1.679.462	54.076.311	-	1.008.010.296	-	980.155.655

The fair value table for derivative financial liabilities held for trading is as follows:

	December 31, 2012	December 31, 2011
Forward transactions	326.585	16.839.551
Swap transactions	1.343	102.150
Futures transactions	-	16.648
Total	327.928	16.958.349

12. Provision for employee benefits

	December 31, 2012	December 31, 2011
Current provisions		
Provision for personnel premiums	8.355.000	6.397.937
Provision for unused vacations	3.191.131	2.785.371
	11.546.131	9.183.308
Non-current provisions		
Provision for employment termination benefits	1.655.359	1.218.661
	1.655.359	1.218.661

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 3.129,25 as of December 31, 2012 (December 31, 2011: TL 2.805,04).

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

12. Provision for employee benefits

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, 2012	December 31, 2011
Discount rate (%)	3,86	4,66
Turnover rate to estimate retirement probability (%) (*)	94,28	92,99

(*) 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, 2012 of TL 3.129,25 is considered (January 1, 2012: TL 2.805,04).

Movements in the provision for employment termination benefits as of December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
January 1	1.218.661	1.017.444
Service cost	24.838	15.030
Interest cost	93.696	90.164
Provisions during the period	634.210	253.225
Payments during the period	(316.046)	(157.202)
December 31	1.655.359	1.218.661

13. Other assets and liabilities

Other current assets

	December 31, 2012	December 31, 2011
Prepaid expenses	1.908.816	1.683.253
Personelden alacaklar	200	-
Other	122	1.982
	1.909.138	1.685.235

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

13. Other assets and liabilities (continued)

Other current liabilities

	December 31, 2012	December 31, 2011
Other taxes and funds payables	1.323.707	1.769.769
Blocked customer accounts	759.616	827.408
Social security payables	330.576	257.772
Other expense accruals	236.041	497.950
	2.649.940	3.352.899

14. Equity

Paid-in capital and adjustment differences

The paid-in capital of the Company is TL 98.918.083 (2011: TL 98.918.083) and consists of 9.891.808.346 (2011: 9.891.808.346) authorized shares with a nominal value of kr 1 each. The Group has no preferred share as of December 31, 2012.

The shareholders and their shares in capital with historic values as of December 31, 2012 and 2011 are as follows:

Shareholders	December 31, 2012		December 31, 2011	
	TL	Share %	TL	Share %
Yapı ve Kredi Bankası A.Ş.	98.895.466	99,98	98.894.632	99,98
Temel Ticaret ve Yatırım A.Ş.	20.951	0,02	20.951	0,02
Other	1.666	0,00	2.500	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.

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

In accordance with the CMB Financial Reporting Standards the aforementioned amounts shall be presented in "Restricted Reserves". As of December 31, 2012 restricted reserve of the Company is TL 57.809.838 (December 31, 2011: TL 51.645.826).

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

14. Shareholders' equity (continued)

Restricted reserves and previous years' profits/losses

	December 31, 2012	December 31, 2011
First legal reserves	18.891.100	18.891.100
Second legal reserves	38.918.738	32.754.726
Total restricted reserves	57.809.838	51.645.826

Listed companies perform dividend distributions as envisaged by Turkish Capital Market Board as explained below:

In accordance with the CMB Communiqué IV No:27 Clause:5 and other several decisions of CMB, in case of dividend distribution the rate of first dividend could not be less than %20 of remaining distributable profit after deducting the prior year losses if any. Depending on the decisions taken by General Assemblies, publicly traded joint stock companies are free to distribute dividends in cash, in share certificates, in partial distribution within cash or share certificates while retaining a portion within the company or retain as a whole with distributing neither cash nor stocks.

As required by CMB decision numbered 7/242 dated February 25, 2005; amount of distributable profit, calculated from net distributable profit in accordance with CMB regulations related to minimum dividend distribution requirements shall be fully distributed, wherein the amount could be compensated by net distributable profit per statutory books, otherwise full amount of net distributable profit per statutory books will be distributed. No profit distribution shall be made in the case of net loss in either statutory books or the financial statements prepared in accordance with CMB regulations.

In accordance with the Capital Market Board decision dated January 27, 2011, concerning with distribution of dividends for publicly traded joint stock companies, it was decided that no minimum dividend distribution requirement will be applied for publicly traded joint stock companies.

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used as an internal source of capital increase, dividend distribution in cash or net off from prior period losses. In case of usage in dividend distribution in cash, it is subject to corporation tax.

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

	December 31, 2012	December 31, 2011
Beginning of the period	9.816.830	11.368.240
Minority interest decrease due dividend payment	(4.626.911)	(6.812.839)
Minority interest net income	3.008.489	5.261.429
End of the period	8.198.408	9.816.830

Distribution of minority interest net income is as follows:

Minority interest income from continuing operations	3.008.489	5.261.429
Minority interest income from discontinued operations	-	-
	3.008.489	5.261.429

Special Reserves

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

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

15. Sales and cost of sales

<i>Sales</i>	December 31, 2012	December 31, 2011
Treasury bills and government bonds sales	2.619.834.861	7.370.856.959
Share certificates sales	8.198.340.413	4.048.152.950
Total sales	10.818.175.274	11.419.009.909
<i>Services income</i>		
Fund management fees	39.201.972	57.257.973
Commissions on intermediary activities on share certificates	39.931.056	49.949.046
Intermediary commissions on futures market	6.603.125	9.014.771
Portfolio management commissions	4.211.681	2.183.376
Custody commissions	492.040	1.966.022
Repo intermediary commissions	544.078	214.076
Outright purchase-sale transactions intermediary commissions	916.544	568.921
Consultancy services	944.444	859.000
Other service revenues	6.429.337	6.798.228
Other intermediary commissions	3.361.496	2.293.908
Total service income	102.635.773	131.105.321
<i>Service income discounts and allowances</i>		
Commissions paid to agencies	(24.119.107)	(23.531.727)
Commission returns	(738.989)	(425.855)
Service income discounts	-	(1.419.037)
Total discounts and allowances	(24.858.096)	(25.376.619)
Total sales revenue	10.895.952.951	11.524.738.611
<i>Cost of sales</i>		
Costs of treasury bills and government bond sales	(2.619.153.777)	(7.369.643.129)
Costs of share certificate sales	(8.196.352.947)	(4.048.583.437)
Total cost of sales	(10.815.506.724)	(11.418.226.566)
<i>Interest and derivative income from operating activities</i>		
- Interest income	17.705.814	15.794.946
- Derivative income	(241.348)	60.397
Total interest and derivative income from operating activities	17.464.466	15.855.343
Gross operating profit	97.910.693	122.367.388

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

16. Research and development, marketing, sales and distribution and general administrative expenses

General administrative expenses:

	December 31, 2012	December 31, 2011
Personnel expenses	34.628.525	27.949.036
Duties, taxes and levies	2.523.605	2.194.569
Information services expenses	2.496.577	1.880.412
Data processing expenses	1.997.948	1.734.040
Depreciation expenses (Notes 9, 10)	1.582.323	1.439.323
Communication expenses	1.489.861	1.922.423
Audit and advisory expenses	896.542	1.050.424
Rent expenses	761.577	611.603
Vehicle expenses	566.973	486.794
Membership and subscription fees	553.597	326.863
Insurance expenses	405.714	443.677
Maintenance service expenses	362.000	552.046
Representation expenses	298.325	222.363
Cleaning expenses	241.683	287.250
Stationary expenses	224.773	295.611
Meeting and travelling expenses	199.747	195.221
Other	3.085.520	2.017.537
	52.315.290	43.609.192

Marketing, sales and distribution expenses:

Brokerage and operation fees	2.504.182	2.269.734
Custody commissions	909.295	1.609.514
Advertisement expenses	562.927	870.803
	3.976.404	4.750.051

17. Other operating income/expenses

Other operating income:

	December 31, 2012	December 31, 2011
Gain on sales of property and equipment	-	40.725
Dividend income	10.105.641	3.800.086
Income from provisions no longer required	173.345	260.997
Other	270.368	524.713
	10.549.354	4.626.521

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

17. Other operating income/expenses (continued)

Other operating expenses:	December 31, 2012	December 31, 2011
Commission expenses	944.855	1.447.133
Provision expense for legal cases	138.049	191.438
Other	1.557.159	1.507.827
	2.640.063	3.146.398

18. Financial income

	December 31, 2012	December 31, 2011
Interest income on deposits at banks	88.368.008	61.397.191
Foreign exchange gains	86.038.216	22.263.805
Interest income on share certificates	4.633.949	-
Interest income on treasury bills and government bonds	4.136.292	5.426.540
Valuation differences on assets held for sale	1.100.523	-
Other interest income	331.209	479.326
	184.608.197	89.566.862

19. Financial expenses

	December 31, 2012	December 31, 2011
Interest expenses	125.827.987	55.239.556
Foreign exchange losses	16.143.773	11.351
Commissions paid for letter of guarantees	7.067.637	2.731.053
Derivative loss	1.294.204	10.350.237
Banking and insurance transactions tax expense on money market transactions	1.173.301	-
Other	19.128	21.570
	151.526.030	68.353.767

20. Tax assets and liabilities

Corporate tax

	December 31, 2012	December 31, 2011
Corporate taxes payable	10.037.970	21.259.593
Less: prepaid taxes	(15.581.679)	(17.991.733)
Taxes payable - net	(5.543.709)	3.267.860
Tax Assets	7.200.475	-
Taxes payable	(1.656.766)	3.267.860
Taxes payable - net	5.543.709	(3.267.860)
Current tax expense	(10.083.343)	(21.278.924)
Deferred tax income / (expense)	(3.884.618)	2.823.859
Total tax expense	(13.967.961)	18.455.065

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

20. Tax assets and liabilities (continued)

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

	December 31, 2012	December 31, 2011
Net profit before taxes	82.610.457	96.466.730
Theoretical tax expense with 20% tax rate	(16.522.091)	(19.293.346)
Non-deductible expenses	246.754	362.292
Non taxable income	(294.076)	(183.044)
Other	2.601.452	659.033
Current year tax expense	(13.967.961)	(18.455.065)

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 2012 is 20% (2011: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (e.g. research and development expenditures deductions). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance amount utilized within the scope of the Income Tax Law transitional article 61).

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

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

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

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

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.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

20. Tax assets and liabilities (continued)

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	December 31, 2012	December 31, 2011
Deferred tax assets	385.061	284.296
Deferred tax liabilities	(8.525.140)	(445.460)
Deferred tax (liabilities) / assets - net	(8.140.079)	(161.164)

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

	December 31, 2012		December 31, 2011	
	Cumulative temporary differences	Deferred tax assets / (liabilities)	Cumulative temporary differences	Deferred tax assets / (liabilities)
Valuation differences in financial assets	43.507	8.701	104.008	20.802
Impairment provision for property and equipment	2.520.242	504.049	2.520.242	504.049
Provision for unused vacations	3.191.131	638.226	2.785.371	557.074
Provision for employment termination benefits	1.655.359	331.072	1.218.661	243.732
Provision for personnel premium	770.500	154.100	200.000	40.000
Legal cases provision	1.088.502	217.700	1.300.751	260.150
Other	327.928	65.586	16.958.349	3.391.670
Derivatives	1.087.459	217.492	914.505	182.901
Deferred tax assets		2.136.926		5.200.378
Financial assets fair value increase	183.213.655	9.160.683	101.335.330	5.067.904
Net difference between the tax base and carrying amount of property and equipment	909.454	181.892	976.212	195.243
Valuation differences in financial assets	4.633.949	926.789	-	-
Other	38.205	7.641	491.981	98.395
Deferred tax liabilities		10.277.005		5.361.542
Deferred tax (liabilities) / assets, net		(8.140.079)		(161.164)

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

20. Tax assets and liabilities (continued)

Starting from January 1, 2006 the treatment of tax exemption of capital gains from sales of property and participations as per the new Corporate Tax Law numbered 5520 and old Corporate Tax Law numbered 5422 was amended. According to the amendment, 75% of the gains from sales of property and shares of participation are exempted from corporate tax for property and shares that were held for at least two full years in the company's financial statements. However, for the exemption to be utilized, the exempted amounts should be accounted under a special fund account in liabilities for a period for 5 years. The remaining portion is subject to corporate tax. Based on this, deferred tax liability on net fair value gains arising from equity instruments held as available for sale financial assets has been calculated using an effective tax rate of 5%. Other temporary differences are subject to an effective tax rate of 20% for deferred tax calculation.

	December 31, 2012	December 31, 2011
Beginning deferred tax assets / (liabilities), net	(161.164)	(3.800.212)
Deferred tax income / (expense)	(3.884.618)	2.823.859
Deferred tax (expense) / income netted in revaluation fund	(4.094.297)	815.189
Deferred tax (liabilities) / assets at period end, net	(8.140.079)	(161.164)

21. Balances and transactions with related parties

Bank deposits in related parties

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş. - shareholder	378.604.948	720.541.229
Yapı Kredi Nederland N.V. - other related party	1.447.210	3.137.401
	380.052.158	723.678.630

The customer deposits that are deposited in Yapı ve Kredi Bankası A.Ş are amounting to TL 6.933.850 (December 31, 2011: TL 5.680.314).

Cash and cash equivalents in related parties

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş. B Tipi Likit Fon- other related party	298.722	59.429
	298.722	59.429

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

21. Balances and transactions with related parties (continued)

Due from related parties

Commission and portfolio management fee receivables

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş. Investment funds - other related party	2.475.027	3.436.724
Yapı Kredi Emeklilik A.Ş. Pension funds- other related party	1.403.753	945.109
Yapı ve Kredi Bankası A.Ş. - shareholder	36.514	844.272
Yapı Kredi Sigorta AŞ (associate)	-	630.681
Yapı Kredi Yatırım Menkul Değerler A.Ş. Investment funds - other related party	-	170
Other - other related party	-	106.720
	3.915.294	5.963.676

Due to related parties

Trade payables

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş. - shareholder	3.148.174	1.353.284
	3.148.174	1.353.284

Financial and other payables

	December 31, 2012	December 31, 2011
Yapı Kredi Sigorta A.Ş. - participation	217.797	272.310
Otokoç Otomotiv Tic. ve San. A.Ş. - other related party -	12.776	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. - other related party	4.119	18.640
Opet Petrolcülük A.Ş. - other related party	1.500	6.487
Yapı ve Kredi Bankası A.Ş. - shareholder	-	27.698
Setur Servis Turistik A.Ş. - participation related party	-	7.257
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. - other related party	-	73.782
Koç Holding A.Ş. - other related party	-	266
Arçelik AŞ.- other related party	-	1.040
	236.192	407.480

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

21. Balances and transactions with related parties (continued)

Operating income from related parties

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş.		
Investment funds - other related party	20.995.371	40.831.827
Yapı Kredi Yatırım Menkul Değerler A.Ş.		
Investment funds-other related party	12.741.042	6.414.936
Yapı Kredi Emeklilik A.Ş. Pension funds - other related party	3.538.030	9.640.025
Yapı ve Kredi Bankası A.Ş. - shareholder	1.644.208	3.236.049
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. - associate	815.929	190.000
Yapı Kredi Sigorta A.Ş. ÖPY Yönetim Ücreti - other related party	100.001	-
Koç Holding A.Ş. - other related party	31.584	30.318
Ford Otosan Otomotiv San. A.Ş. - other related party	24.084	17.818
Türkiye Petrol Rafinerileri A.Ş. - other related party	24.084	22.818
Aygaz A.Ş. - other related party	9.084	22.661
Türk Traktör A.Ş. - other related party	19.084	17.818
Tofaş Türk Otomobil Fabrikaları A.Ş. - other related party	16.584	15.318
Arçelik A.Ş. - other related party	16.584	15.318
Otokar Otobüs Karoseri A.Ş. - other related party	14.084	12.818
Tat Konserve ve Sanayi A.Ş. - other related party	9.084	7.818
Marmaris Altinyunus Turistik Tesisleri A.Ş. - other related party	9.084	7.818
Other - other related party	383.191	469.134
	40.391.112	60.952.494

Other income from related parties

Interest income

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş. - shareholder	64.715.385	15.841.636
Yapı Kredi Niderland N.V. - other related party	475.314	449.951
	65.190.699	16.291.587

Service sharing income

	December 31, 2012	December 31, 2011
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. - associate	32.414	29.919
	32.414	29.919

Rent income

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş. - shareholder	32.414	29.919
	32.414	29.919

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

21. Balances and transactions with related parties (continued)

Operating expenses paid to related parties

	December 31, 2012	December 31, 2011
Yapı Kredi Sigorta A.Ş. - participation	1.006.986	1.058.062
Zer Merkezi Hizmetler ve Tic. A.Ş. - other related party	778.944	418.175
YKS Tesis Yönetimi Hizmetleri A.Ş. - other related party	596.204	491.927
Setur Servis Turistik A.Ş. - other related party	226.226	213.783
Otokoç Otomotiv Tic. ve San. A.Ş. - other related party	195.617	315.377
Koç Sistem Bilgi ve İletişim Hizm. A.Ş. - other related party	169.708	371.392
Avis - Otokoç Otomotiv Tic. ve San. A.Ş. - other related party	159.197	124.675
Opet Petrolcülük A.Ş. - other related party	119.572	143.664
Koç Holding A.Ş. - other related party	64.782	75.284
Yapı Kredi Emeklilik A.Ş. - participation	-	373.072
Yapı ve Kredi Bankası A.Ş. - shareholder	-	181.351
Vehbi Koç Vakfi - other related party	-	250.000
Koç Net Haberleşme A.Ş. - other related party	-	32.496
Other - other related party	137.572	144.590
	3.454.808	4.194.889

Commission paid to related parties

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş. - shareholder	21.767.753	24.905.385
Yapı Kredi Nederland N.V. - other related party	-	27.743
	21.767.753	24.933.128

Financial expenses paid to related parties

	December 31, 2012	December 31, 2011
Yapı ve Kredi Bankası A.Ş. - shareholder	68.638	1.220.288
Yapı Kredi Nederland N.V. - other related party	-	193
	68.638	1.220.481

Benefits provided to key management

	December 31, 2012	December 31, 2011
Benefits provided to key management	2.955.058	2.765.143
	2.955.058	2.765.143

Dividend income

	December 31, 2012	December 31, 2011
Yapı Kredi Sigorta A.Ş. - participation	8.630.337	2.685.249
Takasbank - other related party	1.347.771	1.064.153
YKB Azerbaycan	18.854	43.430
Yapı Kredi Emeklilik A.Ş. - participation	13.042	7.254
	10.010.004	3.800.086

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

Notes to the financial statements for the year ended December 31, 2012 (Continued) (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

22. Assets held for sale and discontinued operations

For the presentation of all of the assets/liabilities and current year results of the business line of intermediary operations for corporate investors, that is disposed of as a part of the Group management's strategic plans, IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" has been used in the year 2011 presentation.

a) Assets and liabilities held for sale

The Group prepared its consolidated financial statements for the accounting period ended December 31, 2012 in coherence with its accounting policies effective as of December 31, 2011. Based on the decree of the Board of Directors dated May 28, 2012 and numbered 45, the Company decided to sell its shares of 44,97% at Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. In consequence of the subject decree, the Company's shares at Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş., which were classified under investments carried at equity method in the financial statements dated 31 December, were reclassified under assets held for sale in the financial statements dated December 31, 2012 and the subject shares were recorded at their fair value. The share transfer agreement was signed among Yapı ve Kredi Bankası A.Ş., Yapı Kredi Yatırım Menkul Değerler A.Ş., Göker Mineral and Madencilik San. Tic. Ltd. Şti. and Onur Takmak on September 28, 2012. Regarding the subject sale, an application was made to Capital Market Board (CMB) on October 23, 2012. As of the report date, the share transfer has not been complete since CMB's inspection process is still ongoing and the Company's control over the shares of Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. continues.

b) Profit/loss from discontinued operations

None (December 31, 2011: None).

23. Financial risk management

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.

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

23. Financial risk management (continued)

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 67% (December 31, 2011: 71%).

As of December 31, 2012 and 2011, the Group does not hold any financial assets that are past due but not impaired, or with renegotiated conditions which would otherwise be past due and impaired.

The table below shows credit risk exposure based on financial instruments as of December 31, 2012 and 2011. In the determination of the maximum amount of credit risk exposure, in addition to the collaterals received, factors that lead to credit enhancement are not taken into account.

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

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

23. Financial risk management (continued)

	Receivables		Other receivables		Bank deposit and reverse repo	Financial investments
	Trade receivables	Other	Related party	Other		
December 31, 2012						
Total credit risk exposure (A+B+C)						
- Amount of risk that is guaranteed with collateral (*)		193.225.942			1.775.221.823	60.667.524
A. Net book value of financial assets that are not past due or impaired	36.605	142.476.287	-	-	-	-
B. Net book value of impaired assets	36.605	193.225.942	-	-	1.775.221.823	60.667.524
- Past due (gross book value)	-	-	-	-	-	-
- Impairment	-	111.295	-	-	-	-
- Part of net amount that is guaranteed by collateral	-	111.295	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-
December 31, 2011						
Total credit risk exposure (A+B+C)						
- Amount of risk that is guaranteed with collateral *		167.477.355			1.081.367.793	47.219.126
A. Net book value of financial assets that are not past due or impaired	5.963.506	142.757.009	-	969.493	-	-
B. Net book value of impaired assets	5.963.506	167.477.355	-	969.493	1.081.367.793	47.219.126
- Past due (gross book value)	-	-	-	-	-	-
- Impairment	-	111.295	-	-	-	-
- Part of net amount that is guaranteed by collateral	-	111.295	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-

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

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23. Financial risk management (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, 2012 and 2011:

Interest Rate Position Table

Financial instruments with fixed interest rates	December 31, 2012	December 31, 2011
Financial assets		
Financial assets held to maturity (*)	28.775.334	40.782.674
Financial assets available for sale (**)	-	6.436.451
Bank deposit	1.775.221.823	1.070.338.836
Receivables from reverse repo transactions	38.401	315.068
Financial liabilities		
Funds generated from repo transactions	-	-
Financial leasing payables	-	-
Funds generated from Takasbank Money Market	1.654.819.548	938.241.559
Bank loans	30.000.642	-
Financial instruments with variable interest rate		
Financial assets		
Financial assets held to maturity *	-	-

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

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

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23. Financial risk management (continued)

As of December 31, 2012 and 2011, where all other variables are kept as constant the effects of a 5% increase/(decrease) in TL interest rates on interest rate sensitive assets and liabilities other than receivables from credit customers carrying amount, revaluation funds, net income for the period and equity are presented below. Financial liabilities and held to maturity investments with fixed interest rates are assumed to be insensitive to changes in interest rates. Reinvestment risk arises when the cash generated due to redemption of fixed interest held to maturity investment securities is reinvested. As of December 31, 2012, the Group has no financial assets with variable interest rate.

Thus, the analysis below is only made for financial assets and liabilities with variable interest rates as of December 31, 2011.

As of December 31, 2012 and 2011, average interest rates of financial instruments:

	2012		2011	
	TL (%)	USD (%)	TL (%)	USD (%)
<u>Assets</u>				
Cash and cash equivalents	8,15	3,90	10,34	5,00
Available for sale financial assets	7,15	-	9,16	-
Held to maturity financial assets	7,00	-	9,34	-
Credits originated by the Company	11,50	-	14,60	-
<u>Liabilities</u>				
Payables to Stock Exchange Money Market	6,80	-	12,00	-
Bank loans	6,00	-	-	-
Funds generated from repo transactions	-	-	-	-

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23. Financial risk management (continued)

The Group's assets and liabilities are grouped based on their repricing maturities as follows as of December 31, 2012 and 2011:

	December 31, 2012					Total
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Non-interest bearing	
Cash and cash equivalents	1.297.136.457	403.338.564	63.004.411	-	11.742.391	1.775.221.823
Financial investments	22.093.002	-	6.682.440	526.739	246.819.135	276.121.316
Trade receivables	142.476.287	-	-	-	54.664.949	197.141.236
Derivative financial assets held for trading	-	-	-	-	3.010	3.010
Other receivables	-	-	-	-	1.909.138	1.909.138
Other current assets	-	-	-	-	1.996.990	1.996.990
Assets Held for Sale	-	-	-	-	38.415.407	38.415.407
Investment in associate	-	-	-	-	-	-
Property and equipment	-	-	-	-	5.271.568	5.271.568
Intangible assets	-	-	-	-	1.053.828	1.053.828
Current tax asset	-	-	-	-	7.200.475	7.200.475
Deferred tax asset	-	-	-	-	385.061	385.061
	1.461.705.746	403.338.564	69.686.851	526.739	369.461.952	2.304.719.852
Financial liabilities	1.590.683.837	94.136.353	-	-	-	1.684.820.190
Trade payables	-	-	-	-	44.063.971	44.063.971
Derivative liabilities held for trading	-	-	-	-	330.938	330.938
Other payables	-	-	-	-	3.009.031	3.009.031
Current income taxes payable	-	-	-	-	1.656.766	1.656.766
Provisions	-	-	-	-	1.088.502	1.088.502
Other current liabilities	-	-	-	-	2.650.167	2.650.167
Provisions for employee benefits	-	-	-	-	13.201.490	13.201.490
Deferred tax liability	-	-	-	-	8.525.140	8.525.140
	1.590.683.837	94.136.353	-	-	74.526.005	1.759.346.195
	(128.978.091)	309.202.211	69.686.851	526.739	294.935.946	548.146.945
	December 31, 2011					Total
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Non-interest bearing	
Cash and cash equivalents	1.028.213.083	42.500.250	-	-	10.713.889	1.081.427.222
Financial investments	-	-	47.219.126	-	130.913.762	178.132.888
Trade receivables	142.757.009	-	-	-	30.683.852	173.440.861
Derivative financial assets held for trading	-	-	-	-	182.875	182.875
Other receivables	-	-	-	-	969.493	969.493
Other current assets	-	-	-	-	1.685.235	1.685.235
Investment in associate	-	-	-	-	34.678.565	34.678.565
Property and equipment	-	-	-	-	5.766.601	5.766.601
Intangible assets	-	-	-	-	1.063.939	1.063.939
Deferred tax asset	-	-	-	-	284.296	284.296
	501.170.970.092	42.500.250	47.219.126	-	216.942.507	1.477.631.975
Financial liabilities	938.241.559	-	-	-	3.813.498	942.055.057
Trade payables	-	-	-	-	29.917.495	29.917.495
Derivative financial liabilities held for trading	-	-	-	-	17.141.224	17.141.224
Other payables	-	-	-	-	2.225.970	2.225.970
Current income taxes payable	-	-	-	-	3.267.860	3.267.860
Provisions	-	-	-	-	1.300.752	1.300.752
Other current liabilities	-	-	-	-	3.352.899	3.352.899
Provisions for employee benefits	-	-	-	-	10.401.969	10.401.969
Deferred tax liability	-	-	-	-	445.460	445.460
	938.241.559	-	-	-	71.867.127	1.010.108.686
	232.728.533	42.500.250	47.219.126	-	145.075.380	467.523.289

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23. Financial risk management (continued)

Common stock price risk

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

December 31, 2012

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

December 31, 2011

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Common Stocks						
Financial assets available for sale	10%	Increase Decrease	11.844.177 (11.844.177)	11.844.177 (11.844.177)	- -	11.844.177 (11.844.177)
Financial assets at fair value through profit or loss	10%	Increase Decrease	- -	- -	- -	- -

Exchange rate risk

As of December 31, 2012 and 2011, the Company's assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2012	December 31, 2011
Assets denominated in foreign currencies	36.687.738	1.002.415.005
Liabilities denominated in foreign currencies	(7.264.789)	(24.149.783)
Net balance sheet position	29.422.949	978.265.222
Off balance sheet assets/(liabilities)	(444.253.218)	(436.044.308)

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23. Financial risk management (continued)

	Currency	December 31, 2012		December 31, 2011	
		Original amount	TL amount	Original Amount	TL amount
Assets:	USD	5.046.466	8.995.641	530.424.867	1.001.919.532
	EUR	11.757.086	27.649.138	187.744	458.809
	Other	17.470	42.959	12.569	36.664
Total			36.687.738		1.002.415.005
Liabilities:	USD	(3.845.559)	(6.855.093)	(12.536.526)	(23.680.244)
	EUR	(170.517)	(401.004)	(187.744)	(458.809)
	Other	(4.851)	(8.692)	(3.678)	(10.730)
Total			(7.264.789)		(24.149.783)
Total Net foreign currency position			29.422.949		978.265.222

Off balance sheet liabilities in foreign currencies

Letters of guarantees	USD	(233.500.000)	(416.237.100)	(290.500.000)	(548.725.450)
	EUR	(10.000)	(23.517)	(9.510.000)	(23.240.538)
Derivative Instrument	USD	(470.000)	(837.822)	(533.649.371)	(1.008.010.296)
	EUR	(11.546.872)	(27.154.779)	-	-
Net off-balance sheet foreign currency position			(444.253.218)		(1.579.976.284)
Net foreign currency position (*)			1.430.348		(29.745.074)

(*) 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.

Off-balance sheet liabilities in foreign currencies consist of letter of guarantees and derivative transactions.(Note 11)

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

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

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23. Financial risk management (continued)

December 31, 2011	Exchange Rate Sensitivity Analysis Table		Equity	
	Profit / Loss			
	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 effect	2.977.100	(2.977.100)	-	-
In case of a 10% change in Euro exchange rates:				
EUR net asset/liability effect	-	-	-	-
In case of a 10% change in other exchange rates:				
Other foreign currency net effect	(2.593)	2.593	-	-
Total	2.974.507	(2.974.507)		

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.

The Group does not have any derivative financial liabilities. The following table presents the cash flows payable by the Group under non-derivative financial liabilities to remaining contractual maturities. The balances reported in the table below are undiscounted cash flows. Interest payable on the related liabilities is also disclosed in the table below.

	December 31, 2012				
	Carrying value	Up to 1 month to 1 month	1 year to 1 year	1 year to 5 years	Total of contractual cash outflows
Financial liabilities	1.684.820.190	1.508.190.309	181.891.499	-	1.690.081.808
Trade payables	44.063.694	44.063.694	-	-	44.063.694
Other payables	3.009.031	3.009.031	-	-	3.009.031
	December 31, 2011				
	Carrying value	Up to 1 month to 1 month	1 year to 1 year	1 year to 5 years	Total of contractual cash outflows
Financial liabilities	942.055.057	945.553.299	-	-	945.553.299
Trade payables	29.917.495	29.917.495	-	-	29.917.495
Other payables	2.225.970	1.986.230	-	239.740	2.225.970

The table above includes only non-derivative contractual financial liabilities.

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24. 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 4.

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; and

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

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24. Financial instruments (continued)

Financial assets and financial liabilities carried at fair value:

December 31, 2012	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit/loss			
<i>Share certificates</i>	526.739	-	-
<i>Public sector bonds, notes and bills</i>	31.365.451	-	-
Available for sale financial assets			
<i>Share certificates</i>	203.094.192	12.359.600	-
<i>Private sector bonds and bills</i>	-	-	-
Derivative receivables held for trading	-	3.010	-
Derivative liabilities held for trading	-	330.938	-
December 31, 2011	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit/loss			
<i>Share certificates</i>	-	-	-
Available for sale financial assets			
<i>Share certificates</i>	118.554.162	12.359.600	-
<i>Public sector bonds, notes and bills</i>	-	-	-
<i>Private sector bonds and bills</i>	6.531.601	-	-
Derivative receivables held for trading	-	182.875	-
Derivative liabilities held for trading	-	17.141.224	-

Share certificates that are not quoted in stock exchange, except for Takasbank, that are classified under available for sale financial assets, are recognized at cost and are not included in the table above.

25. Other explanations on operations and other matters

a. Explanation on portfolio management operations:

At December 31, 2012, the Company managed 40 mutual funds and 16 pension funds (Funds) (December 31, 2011: 40 mutual and 13 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, 2012, the Group earned a management fee of TL 36.398.020 (December 31, 2011: TL57.257.973).

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

Investment funds which investment period started between the dates January 1, 2012 and December 31, 2012

Fund Name	Investment period start date
Yapı Kredi Bankası A Tipi Şemsiye Fonuna Bağlı İMKB Temettü Endeksi Alt Fon	20.01.2012
Yapı Kredi Bankası B Tipi Şemsiye Fonu'na Bağlı Özel Sektör Odaklı Değişken Alt Fonu	25.01.2012
Yapı Kredi Bankası B Tipi Şemsiye Fonu'na Bağlı Emtia Fonları Fon Sepeti Alt Fonu	25.01.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 27. Alt Fon (APG30)	27.01.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 28. Alt Fon (APG31)	27.01.2012
Yapı Kredi Bankası B Tipi Şemsiye Fonu'na Bağlı Bayilere Yönelik Değişken Alt Fonu	27.02.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 29. Alt Fon (APG32)	13.04.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili Dinamik Endeksi Fonu 30. Alt Fon (APG33)	27.04.2012
Yapı Kredi Bankası A Tipi Şemsiye Fonu'na bağlı İdea Model Portföy Hisse Senedi Alt Fonu	05.06.2012
Yapı Kredi Bankası A Tipi Şemsiye Fonu'na bağlı Agresif Hisse Senedi Alt Fonu	06.06.2012
Yapı Kredi Bankası B Tipi Şemsiye Fonu'na Bağlı Kısa Vadeli Tahvil ve Bono Alt Fonu (YFBL5)	09.07.2012
Yapı Kredi Yatırım B Tipi Şemsiye Fonu'na bağlı ÖPY Performans Odaklı Değişken Alt Fonu (YFBD3)	20.07.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 31. Alt Fon (APG34)	10.08.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 32. Alt Fon (APG35)	12.11.2012

Investment funds which investment period ended between the dates January 1, 2012 and December 31, 2012

Fund Name	Investment period start date
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 13. Alt Fon (APG16)	25.01.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 15. Alt Fon (APG18)	25.01.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 16. Alt Fon (APG19)	25.01.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 17. Alt Fon (APG20)	25.04.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 18. Alt Fon (APG21)	25.04.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 19. Alt Fon (APG22)	25.04.2012
Yapı Kredi Bankası A Tipi Allianz Özel Fonu	16.05.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 20. Alt Fon (APG23)	25.04.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 5. Alt Fon 2. İhraç (APG08)	08.08.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 21. Alt Fon (APG24)	08.08.2012
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 22. Alt Fon (APG25)	08.08.2012

Pension funds which investment period ended between the dates January 1, 2012 and December 31, 2012

Fund Name	Investment period start date
Yapı Kredi Emeklilik A.Ş. Alternatif Esnek Emeklilik Yatırım Fonu	01.03.2012
Yapı Kredi Emeklilik A.Ş. İMKB Temettü Endeksi Emeklilik Yatırım Fonu	01.03.2012
Yapı Kredi Emeklilik A.Ş. Koç İştirak Endeksi Emeklilik Yatırım Fonu	01.03.2012

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

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

Fund Name	Commission rates		Total Fund Value	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	%	%	Thousand TL	Thousand TL
Investment Funds				
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Değişken Alt Fonu (2. Alt Fon)	0,007	0,007	128.473	148.182
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Özel Portföy Yönetimi Büyüme Amaçlı Değişken Fonu	0,00555	0,008	24.837	5.946
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonu'na Bağlı Uzun Vadeli Tahvil ve Bono Alt Fonu (2. Alt Fon)	0,006	0,006	87.980	61.623
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonu'na Bağlı Hisse Senedi Alt Fonu (2. Alt Fon)	0,01	0,01	22.822	7.809
Yapı ve Kredi Bankası A.Ş. B Tipi Dünya Fonları Fon Sepeti Fonu	0,0014	0,0014	2.857	4.851
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Büyüme Amaçlı Değişken Alt Fonu (6. Alt Fon)	0,007	0,007	46.760	48.708
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonuna Bağlı Orta Vadeli Tahvil ve Bono Alt Fonu(3.Alt Fon)	0,006	0,006	165.788	155.899
Yapı ve Kredi Bankası A.Ş. A Tipi Allianz Sigorta Özel Fon	-	0,0027	-	1
Yapı ve Kredi Bankası A.Ş. A Tipi İMKB 100 Endeksi Fonu(Hisse Senedi Yoğun)	0,006	0,01	15.833	23.933
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonu'na Bağlı Karma Alt Fon (3. Alt Fon)	0,01	0,01	3.670	3.697
Yapı ve Kredi Bankası A.Ş. A Tipi Özel Bankacılık İMKB 30 Endeksi Fonu (Hisse Senedi Yoğun)	0,0028	0,0028	11.821	7.823
Yapı ve Kredi Bankası A.Ş. B Tipi Altın Fonu	0,0055	0,0055	85.934	118.076
Yapı ve Kredi Bankası A.Ş. B Tipi Performans Odaklı Değişken Fon	0,007	0,007	45.633	5.743
Yapı ve Kredi Bankası A.Ş. B Tipi Çok Uzun Vadeli Tahvil Bono Fon	0,007	0,007	28.895	9.027
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonuna Bağlı İMKB Temettü Endeksi Alt Fon (1.alt fon)(Hisse Senedi Yoğun)	0,006	-	16.747	-
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fon'a bağlı Bayilere Yönelik Değişken Alt Fon (7.Alt Fon) Fonu	0,0055	-	239	-
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fon'a bağlı Özel Sektör Odaklı Değişken Alt Fon (8.Alt Fon) Fonu	0,005	-	117.925	-
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fon'a bağlı Emtia Fonları Fon Sepeti Fonu (1.Alt Fon)	0,007	-	331	-
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Özel Bankacılık Değişken Alt Fonu (4. Alt Fon)	0,0055	0,0055	31.652	31.840
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Özel Bankacılık Büyüme Amaçlı Değişken Alt Fon (5. Alt Fon)	0,0055	0,0055	34.019	39.624
Yapı ve Kredi Bankası A.Ş. B Tipi Tahvil Bono (Eurobond) Fonu	0,008	0,008	14.050	5.497
Yapı ve Kredi Bankası A.Ş. İstanbul Serbest Yatırım Fonu	0,0055	0,0055	8.001	4.688
Yapı ve Kredi Bankası A.Ş. A Tipi Yabancı Menkul Kıymetler Fonu	0,01	0,01	1.238	1.214
Yapı ve Kredi Bankası A.Ş. B Tipi Likit Fon	0,003	0,0075	1.343.969	3.128.122
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonu'na Bağlı Değişken Alt Fon (5. Alt Fon)	0,003	0,003	38.230	40.002
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonu'na Bağlı Özel Portföy Yönetimi Değişken Alt Fonu (3. Alt Fon)	0,005	0,005	254.175	215.028
Yapı Kredi Yatırım Menkul Değerler A.Ş. A Tipi Şemsiye Fonu'na Bağlı Değişken Alt Fon (1. Alt Fon)	0,01	0,01	13.620	25.129
Yapı Kredi Yatırım Menkul Değerler A.Ş. A Tipi Şemsiye Fonu'na Bağlı Koç Şirketleri İşbirlik Alt Fonu (3. Alt Fon)(Hisse Senedi Yoğun)	0,01	0,01	65.617	95.721
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonuna Bağlı Kısa Vadeli Tahvil ve Bono Alt Fonu (1.Alt Fon)	0,006	0,0075	361.593	260.099
Yapı Kredi Yatırım Menkul Değerler A.Ş. A Tipi Şemsiye Fonu'na Bağlı İMKB Ulusal 30 Endeksi Alt Fonu (4. Alt Fon)(Hisse Senedi Yoğun)	0,006	0,001	23.316	20.405
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonu'na Bağlı Agresif Hisse Senedi Alt Fonu (4.Alt Fon) (Hisse Senedi Yoğun Fon)	0,01	-	167	-
Yapı ve Kredi Bankası A.Ş. A Tipi Şemsiye Fonu'na Bağlı Idea Model Portföy Hisse Senedi Alt Fonu (5.Alt Fon) (Hisse Senedi Yoğun Fon)	0,01	-	2.140	-
Yapı Kredi Yatırım Menkul Değerler A.Ş. B Tipi Şemsiye Fonu'na Bağlı Özel Portföy Yönetimi Performans Odaklı Değişken Alt Fonu (4.Alt Fon)	0,00055	-	89.172	-
Yapı ve Kredi Bankası A.Ş. B Tipi Şemsiye Fonu'na Bağlı Kısa Vadeli Tahvil ve Bono Alt Fonu (9.Alt Fon)	0,006	-	2.151.541	-
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili İMKB30 Yükselen Trend Alt Fonu	-	0,0056	-	32.773
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Onüçüncü Alt Fonu	-	0,0056	-	18.052
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Onbeşinci Alt Fonu	-	0,0059	-	246.138
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Onaltıncı Alt Fonu	-	0,0048	-	10.236
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Onyedinci Alt Fonu	-	0,0059	-	23.428
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Onsekizinci Alt Fonu	-	0,006	-	14.411
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Temiz Enerji Alt Fonu(Ondokuzuncu Alt Fonu)	-	0,0056	-	19.207
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Yirminci Alt Fon	-	0,0056	-	111.709
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Yirmibirinci Alt Fon	-	0,0058	-	20.082
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Yirmiikinci Alt Fon	-	0,006	-	152.138
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Yirmidördüncü Alt Fon	-	0,006	-	19.637
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Yirmidördüncü Alt Fon	-	0,006	-	15.485
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonuna Bağlı B Tipi % 100 Anapara Garantili Yirmibeşinci Alt Fon	0,0059	0,0059	32.398	39.476
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonuna Bağlı B Tipi % 100 Anapara Garantili Yirmialtıncı Alt Fon	0,0057	0,0057	5.387	6.560
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonuna Bağlı B Tipi % 100 Anapara Garantili Yirmisekizinci Alt Fon	0,0028	-	2.413	-
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Yirmidokuzuncu Alt Fon	0,0045	-	1.431	-
Yapı ve Kredi Bankası A.Ş. B Tipi %100 Anapara Garantili Dinamik -Otuzuncu Alt Fon	0,0055	-	3.915	-
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonu'na Bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzbirinci Alt Fonu	0,0049	-	13.272	-
Yapı ve Kredi Bankası A.Ş. Garantili Şemsiye Fonu'na Bağlı Özel Sektör Borçlanma Araçlarına Yatırım Yapan B Tipi %100 Anapara Garantili Otuzikinci Alt Fonu	0,0036	-	13.542	-
Total Investment Funds			5.311.403	5.198.019

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

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

Fund Name	Commission rates		Total fund value	
	December 31, 2012 %	December 31, 2011 %	December 31, 2012 Thousand TL	December 31, 2011 Thousand TL
Pension funds				
Yapı Kredi Emeklilik A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0,0055	0,0055	1.046.381	775.699
Yapı Kredi Emeklilik AŞ Esnek Emeklilik Yatırım Fonu	0,0055	0,0055	1.095.562	596.026
Yapı Kredi Emeklilik AŞ Para Piyasası Likit Kamu Emeklilik Yatırım Fonu	0,0055	0,0055	256.859	240.134
Yapı Kredi Emeklilik A.Ş. Gelir Amaçlı Döviz Cinsinden Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0,0055	0,0055	216.338	194.378
Yapı Kredi Emeklilik A.Ş. Büyüme Amaçlı Hisse Senedi Emeklilik Yat. Fonu	0,0055	0,0055	230.633	153.543
Yapı Kredi Emeklilik A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Grup Emeklilik Yatırım Fonu	0,0028	0,0028	191.814	95.979
Yapı Kredi Emeklilik A.Ş. Gelir Amaçlı Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu (Euro)	0,0055	0,0055	10.402	11.268
Yapı Kredi Emeklilik A.Ş. Esnek (TL) Grup Emeklilik Fonu	0,0028	0,0028	136.242	73.629
Yapı Kredi Emeklilik A.Ş. Para Piyasası Emanet Likit - Karma Emeklilik Yat. Fonu	0,0055	0,0055	42.572	5.138
Yapı Kredi Emeklilik A.Ş. Uluslararası Teknoloji Hisse Senedi Emeklilik Yatırım Fonu	0,0055	0,0055	7.582	6.912
Yapı Kredi Emeklilik A.Ş. Esnek Döviz Grup Emeklilik Yatırım Fonu	0,0028	0,0028	5.400	3.877
Yapı Kredi Emeklilik A.Ş. Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu	0,0055	0,0055	162.658	117.839
Yapı Kredi Emeklilik A.Ş. Para Y Esnek Grup Emeklilik Yatırım Fonu	0,0034	0,0034	23.150	11.231
Yapı Kredi Emeklilik A.Ş. Koç İşbirlik Endeksi Emeklilik Yatırım Fonu	0,0055	-	4.569	-
Yapı Kredi Emeklilik A.Ş. Alternatif Esnek Emeklilik Yatırım Fonu	0,0055	-	5.310	-
Yapı Kredi Emeklilik A.Ş. IMKB Temettü Endeksi Emeklilik Yatırım Fonu	0,0055	-	14.413	-
Total pension funds			3.449.885	2.285.653
Total			8.761.288	7.483.672

Portfolio management of the funds belonging to Allianz Hayat ve Emeklilik A.Ş. are ended as of July 1, 2012.

b. Capital management and capital adequacy requirements

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

The Company defines and manages its capital in accordance with CMB's Communiqué Series:V No:34 on capital and capital adequacy of intermediary institutions. According to the related communiqué, the equity of intermediary institutions is composed of the portion of total assets, which are valued according to the valuation principles discussed in Communiqué Series:V No:34 and are present in the balance sheet prepared as of the valuation date. According to the clauses of Communiqué Series: V No: 34, the amount of equity necessary for an intermediary institution's trading operations is TL 832.000 (December 31, 2011: TL815.000) for the period ended December 31, 2012. 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 10.400.000 (December 31, 2011: TL 2.045.000).

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

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

Notes to the financial statements for the year ended December 31, 2012 (Continued)

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

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

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

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

The Company meets the capital adequacy requirements as of December 31, 2012 and December 31, 2011.

26. Subsequent events

None.

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