

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

**Interim condensed consolidated financial statements
together with independent auditor's review report for the
period between January 1 – June 30, 2015**

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

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

Independent auditor's review report on the interim condensed consolidated financial statements for the period between January 1 – June 30, 2015

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

Introduction

We have reviewed the accompanying consolidated financial statements of Yapı Kredi Yatırım Menkul Değerler A.Ş. ("the Company") and its subsidiary (all together referred to as "the Group") as of June 30, 2015, which comprise the statement of consolidated financial position and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month-period then ended and a summary of significant accounting policies and explanatory notes. The management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with TAS 34 Interim Financial Reporting. ("TAS 34"). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of the review

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

Conclusion

Based on our review, nothing has come to our attention which may cause us to believe that the accompanying interim condensed consolidated financial information are not prepared, in all material respects, in accordance with TAS 34.

Additional Paragraph for Convenience Translation to English:

In the accompanying financial statements, the accounting principles described in Note 2 (defined as Financial Reporting Standards issued by Public Oversight of Accounting and Auditing Standards Board) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting which was ceased to apply one year earlier than IFRS and the presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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



July 29, 2015
İstanbul, Türkiye

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

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

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

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary
Interim condensed consolidated statement of financial position as of June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Unaudited	Audited
Assets	Notes	June 30, 2015	December 31, 2014
Current Assets		3.393.579.268	3.177.152.027
Cash and cash equivalents	3	2.992.873.228	2.761.906.774
Financial investments	4	57.843.479	44.579.463
Trade receivables	6	226.822.266	194.076.793
- due from related parties	23	250.401	-
- due from other parties		226.571.865	194.076.793
Receivables from financial sector activities	7	5.435.807	7.304.480
- due from related parties	23	4.481.341	7.274.215
- due from other parties		954.466	30.265
Other receivables	8	43.426.515	144.508.973
- due from other parties		43.426.515	144.508.973
Derivative financial assets held for trading	12	46.233.231	10.980.547
Prepaid expenses	15	1.969.743	2.447.117
Current period tax assets	18	18.748.510	11.300.975
Other current assets	16	226.489	46.905
Non-current assets		64.323.219	63.997.689
Financial investments	4	32.192.533	31.713.607
Tangible fixed assets	9	9.111.950	6.839.136
Intangible fixed assets	10	7.241.742	5.746.148
- Other intangible fixed assets	10	7.241.742	5.746.148
Deferred tax asset	18	15.776.994	19.698.798
Total assets		3.457.902.487	3.241.149.716

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

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

Yapı Kredi Yatırım Menkul Değerler A.Ş. and its Subsidiary
Interim condensed consolidated statement of financial position as of June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Unaudited	Audited
Liabilities	Notes	June 30, 2015	December 31, 2014
Short-term liabilities		2.963.261.176	2.724.838.128
Short term financial liabilities	5	2.800.149.472	2.594.185.424
Trade payables	6	113.461.249	89.480.472
- due to related parties	23	3.344.171	2.839.632
- due to other parties		110.117.078	86.640.840
Payables due to employee benefits	14	1.254.883	1.463.171
Other payables	8	20.192.356	19.642.328
- due to related parties	23	-	99.211
- due to other parties		20.192.356	19.543.117
Derivative financial liabilities held for trading	12	12.778.101	-
Short term provisions		7.993.931	13.929.731
- Provisions for employee benefits	13	6.460.200	12.696.000
- Other short-term provisions	11	1.533.731	1.233.731
Other short-term liabilities	16	7.431.184	6.137.002
Long term liabilities		7.434.132	6.182.070
Long term provisions			
- Provisions for employee benefits	13	7.434.132	6.182.070
Total liabilities		2.970.695.308	2.731.020.198
Shareholder's equity			
Paid-in capital	17	98.918.083	98.918.083
Adjustment to share capital	17	63.078.001	63.078.001
Other comprehensive income and expenses to be reclassified in profit or loss		(12.116.679)	(12.187.284)
- Revaluation and measurement gains/losses		(12.022.548)	(12.093.153)
- Other gain/loss		(94.131)	(94.131)
Restricted reserves	17	235.511.672	238.768.671
Retained earnings (loss)		62.545.052	55.481.121
Net profit for the period		34.987.352	60.236.932
Equity attributable to equity holders of the parent		482.923.481	504.295.524
Non-controlling interest	17	4.283.698	5.833.994
Total Shareholders' equity		487.207.179	510.129.518
Total liabilities and Shareholders' equity		3.457.902.487	3.241.149.716

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

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

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

**Interim condensed consolidated statement of income
statement for the period ended June 30, 2015**

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

		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	1 January- 30 June 2015	1 April- 30 June 2015	1 January- 30 June 2014	1 April- 30 June 2014
Part of profit/ (loss)					
Revenues	19	7.417.093.558	3.662.478.007	8.387.479.396	5.185.829.781
Cost of sales(-)	19	(7.387.182.305)	(3.645.295.223)	(8.362.289.771)	(5.172.457.871)
Gross profit/loss from operations		29.911.253	17.182.784	25.189.625	13.371.910
Revenues from financial sector operations	20	26.789.229	13.762.457	20.161.784	10.195.263
Cost of financial sector operations (-)	20	(2.804.041)	(1.384.969)	(1.653.426)	(775.470)
Gross profit/loss from financial sector operations		23.985.188	12.377.488	18.508.358	9.419.793
Gross profit/loss		53.896.441	29.560.272	43.697.983	22.791.703
Administration expenses (-)		(44.455.002)	(22.550.762)	(38.044.206)	(19.534.608)
Marketing, selling, distribution expenses (-)		(3.815.250)	(1.563.279)	(2.755.756)	(1.314.785)
Other operating income	21	206.454.031	94.867.580	315.317.195	41.740.600
Other operating expense(-)	22	(167.981.865)	(74.299.969)	(276.693.223)	(22.524.796)
Operating profit/(loss)		44.098.355	26.013.842	41.521.993	21.158.114
Gains from investing activities		-	-	-	-
Operating profit before finance expense / loss		44.098.355	26.013.842	41.521.993	21.158.114
Financial expenses (-)		-	-	-	-
Profit/loss continuing operations before tax		44.098.355	26.013.842	41.521.993	21.158.114
Continuing operations tax profit/(loss)					
- Income tax expense/income	18	(3.685.862)	5.729.465	(2.498.031)	(1.266.336)
- Deferred income tax income/expense	18	(3.933.085)	(9.789.503)	(5.831.495)	(2.919.860)
Continuing operations before tax profit / loss		36.479.408	21.953.804	33.192.467	16.971.918
Gain or loss in the period		36.479.408	21.953.804	33.192.467	16.971.918
Attribution of the profit or loss					
Non-controlling shares	17	1.492.056	779.358	1.129.015	596.653
Parent shares		34.987.352	21.174.446	32.063.452	16.375.265

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

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

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

Interim condensed consolidated statement of other comprehensive income for the period ended June 30, 2015

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

	Unaudited	Unaudited	Unaudited	Unaudited
	1 January- 30 June 2015	1 April- 30 June 2015	1 January- 30 June 2014	1 April- 30 June 2014
Notes				
Net profit/loss for the period	36.479.408	21.953.804	33.192.467	16.971.918
Other comprehensive income:				
Adjustments to net income/(loss) reconciliation				
Change in foreign currency translation differences	-	-	-	-
Adjustments/revaluation in financial assets available for sale	59.324	4.042	14.610	(3.045.960)
Profit /loss on cash flow hedges (effective part of the fair value changes)	-	-	-	-
Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-	-	-
Adjustment of investments carried at equity method reclassified from other comprehensive income in profit/loss	-	-	-	-
Other comprehensive income elements reclassified as other profit or loss	-	-	-	-
Tax income/expense in other comprehensive income adjusted in profit or loss	11.281	808	(18.374)	2.969.679
- Current tax expense/income	-	-	-	-
- Deferred tax expense/income	18	808	(18.374)	2.969.679
Other comprehensive income	70.605	4.850	(3.764)	(76.281)
Total comprehensive income	36.550.013	21.958.654	33.188.703	16.895.637
Distribution of total comprehensive income				
Non-controlling interest	1.492.056	779.359	1.129.015	596.652
Attributable equity holders of the Parent	35.057.957	21.179.295	32.059.688	16.298.985

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

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

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

**Consolidated statements of changes in equity for the interim periods ended June 30, 2015 and 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

	Other comprehensive income and expenses to be reclassified in profit or loss							Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	Paid -in share capital	Adjustment to share capital	Revaluation and measurement gains/losses	Other gains /Losses	Restricted reserves	Retained earnings	Net profit for the period			
Balance as at January 1, 2014 (Beginning of the period)	98.918.083	63.078.001	(12.230.505)	118.618	61.754.489	55.116.850	266.496.516	533.252.052	6.285.686	539.537.738
Transfers	-	-	-	-	8.405.409	258.091.107	(266.496.516)	-	-	-
Dividends	-	-	-	-	(7.668.631)	(81.331.369)	-	(88.000.000)	(3.169.117)	(92.169.117)
Total comprehensive income	-	-	(3.764)	-	176.277.404	(176.395.487)	32.063.452	31.941.625	1.129.015	33.070.640
Balance as at June 30, 2014 (End of the period)	98.918.083	63.078.001	(12.234.269)	118.618	238.768.671	55.481.121	32.063.452	476.193.677	4.245.584	480.439.261
Balance as at January 1, 2015 (Beginning of the period)	98.918.083	63.078.001	(12.093.153)	(94.131)	238.768.671	55.481.121	60.236.932	504.295.524	5.833.994	510.129.518
Transfers	-	-	-	-	-	60.236.932	(60.236.932)	-	-	-
Dividends	-	-	-	-	(3.256.999)	(53.173.001)	-	(56.430.000)	(3.042.352)	(59.472.352)
Total comprehensive income	-	-	70.605	-	-	-	34.987.352	35.057.957	1.492.056	36.550.013
Balance as at June 30, 2015 (End of the period)	98.918.083	63.078.001	(12.022.548)	(94.131)	235.511.672	62.545.052	34.987.352	482.933.481	4.283.698	487.207.179

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

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

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

Interim condensed consolidated statement of cash flows for the period ended June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	June 30, 2015	June 30, 2014
Cash flows from operating activities:			
Current period profit from continuing operations		36.479.408	33.192.467
Adjustments to net income/(loss) reconciliation:			
- Adjustments related to depreciation and amortization	9,10	1.231.868	753.880
- Adjustments related to provisions		3.236.700	4.080.572
- Adjustments related with interest income and expense		132.044.694	174.445.705
- Unrealized foreign currency conversion adjustments		(22.905.064)	3.285.554
- Adjustments related to fair value losses/gains		52.520.137	(155.540.453)
- Adjustments related to tax expenses/incomes		(247.223)	8.329.526
- Adjustments in other components related with the investments or financial activities		3.803.471	(8.570.910)
Changes in working capital			
- Change in trade receivables		(32.745.473)	56.919.207
- Change in other receivables related to operations		66.127.564	(51.669.706)
- Change in trade payables		23.980.777	(3.865.483)
- Change in other payables related to operations		(6.284.516)	(10.508.262)
Cash flow from operating activities			
Tax payments/returns		(23.274.558)	(25.833.860)
Cash flow from operating activities		233.967.785	25.018.237
Cash flows from investing activities:			
Cash outflow for acquisition of tangible and intangible assets	9,10	(2.480.033)	(1.820.445)
Cash flows from investing activities		(2.480.033)	(1.820.445)
Cash flows from financial activities:			
Cash provided from financial liabilities		189.493.117	37.220.935
Interest paid		(130.369.811)	(154.685.079)
Dividend paid		(59.472.352)	(92.169.117)
Cash flows from financial activities		(349.046)	(209.633.261)
The effect of change in foreign exchange rates on cash and cash equivalents		22.905.064	(3.285.555)
Net increase in cash and cash equivalents		254.043.770	(189.721.024)
Cash and cash equivalents at the beginning of the period	3	2.719.459.381	2.943.146.057
Cash and cash equivalents at the end of the period	3	2.973.503.151	2.753.425.033

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and nature of operations

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

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

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

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

Approval of financial statements:

Consolidated financial statements prepared as of June 30, 2015 have been approved by the Board of Directors of the Company at July 29, 2015. General Assembly and regulatory bodies have the right to amend the approved financial statements.

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

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

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and nature of operations (continued)

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

The Group acts as the manager of 10 funds (December 31, 2014: 10) founded by the Group. As of June 30, 2015, the Group's number of employees is 293 (December 31, 2014: 253) and the company has 12 branches perform the re-opening in 2015

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

As of June 30, 2015 and 2014 the details of subsidiary and associate of the "Group"are listed as below:

Company Name	July 30, 2015 Share % in capital	2014 Share % in capital	Principal activity
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	%87,32	%87,32	Portfolio Management

Subsidiary

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

The Company's subsidiary Koç Portföy Yönetimi A.Ş. ("Koç Portföy") has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. on December 29, 2006. Accordingly, all rights, receivables, liabilities and obligations of Yapı Kredi Portföy were transferred to Koç Portföy. After merger, the Subsidiary has changed its title as Yapı Kredi Portföy Yönetimi A.Ş. and accordingly the Company has an interest of 87,32% (December 31, 2014: 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.

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.1 Basis of presentation

2.1.1 Applicable accounting standards

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

Interim condensed consolidated financial statements for the period ended June 30, 2015, have been prepared in accordance with TAS 34.

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as of December 31, 2014.

The Group prepared its consolidated financial statements for the accounting period ended June 30, 2015 in coherence with its accounting policies effective as of December 31, 2014 except the new standards and changes which have been effectuated since January 1, 2015

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.1.2 Adjustments to financial statements in hyperinflationary periods

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

2.1.3 Offsetting

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

2.1.4 Going concern

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

2.1.5 Functional currency

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

2.2. Changes in accounting policies and errors

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

2.3 Changes in accounting estimations

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

2.4 Changes in accounting policies and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

i) The new standards, amendments and interpretations which are effective as at January 1, 2015 are as follows:

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014.

Improvements to IFRSs & TASs

POA, in September 2014 Annual Improvements for the period 2010-2012 "and" 2011-2013 Annual Improvements Regarding the term "posted the following standards regarding changes. The amendments are effective for annual periods beginning from 1 July, 2014

Annual Improvements – 2010–2012 Cycle

IFRS 2 Share-based Payment:

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

IFRS 3 Business Combinations

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

IFRS 8 Operating Segments

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

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

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

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

IAS 24 Related Party Disclosures

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

Annual Improvements – 2011–2013 Cycle

IFRS 3 Business Combinations

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

Amendment to the Basis for Conclusions on IFRS 13 Fair Value Measurement

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

IAS 40 Investment Property

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

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

ii) Standards issued but not yet effective and not early adopted

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The second package of amendments issued in November 2013 initiate further accounting requirements for financial instruments, which are explained separately below as 2013 amendment, and removed the 1 January 2015 mandatory effective date of IFRS 9. The IASB is currently working on drafting the final requirements on impairment. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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

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

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

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

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

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

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

In February 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
 - In accordance with IFRS 9,
- Or
- Using the equity method defined in TAS 28

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

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

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. *The Company / the Group is in the process of assessing the impact of the standard on financial position or performance of the Company / the Group. [OR The amendment is not applicable for the Company / the Group and will not have an impact on the financial position or performance of the Company / the Group.]*

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

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. *The amendment is not applicable for the Company / the Group and will not have an impact on the financial position or performance of the Company / the Group.*

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

TAS 1: Disclosure Initiative (Amendments to TAS 1)

In February 2015, amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after

1 January 2016. Earlier application is permitted. *These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Company / the Group.*

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

IFRS 15 – Revenue from Contracts with Customers

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

IFRS 9 Financial Instruments - Final standard (2014)

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2.5 Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

3. Cash and cash equivalents

	June 30, 2015	December 31, 2014
Banks		
- Demand Deposits	111.838.517	45.645.117
- Time Deposits	2.880.683.788	2.713.971.366
- Blocked Time Deposits	-	2.111.331
Receivables from reverse repurchase agreements	195.423	95.787
Investment funds	155.500	83.173
	2.992.873.228	2.761.906.774

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

	June 30, 2015	December 31, 2014
Time deposits with maturity up to three months	2.877.429.900	2.696.034.896
Demand Deposits	95.722.328	23.245.525
Receivables from reverse repurchase agreements	195.423	95.787
Investment funds	155.500	83.173
	2.973.503.151	2.719.459.381

Cash and cash equivalents belonging to the customers of the Company consist of demand deposit amounts of TL 16.116.189 as of June 30, 2015 (December 31, 2014: demand deposit of TL 22.399.592).

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Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
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4. Financial Investments

Short term financial investments	June 30, 2015	December 31, 2014
<i>Financial assets at fair value through profit and loss</i>		
- Share certificates quoted to BIST	3.456.923	4.037.020
<i>Available for sale financial assets</i>		
- Private sector bonds and bills	17.671.743	303
- Share certificates	-	-
- Government bonds and treasury bills	-	-
<i>Held to maturity financial assets</i>		
- Government bonds and treasury bills	36.714.813	40.542.140
Deposits with an original maturity more than three months	-	-
	57.843.479	44.579.463
Long term financial assets		
<i>Held to maturity financial assets</i>		
- Government bonds and treasury bills	-	-
<i>Available for sale financial assets</i>		
- Share certificates	32.192.533	31.713.607
- Government bonds and treasury bills	-	-
- Private sector bonds and bills	-	-
	32.192.533	31.713.607
Total financial investments	90.036.012	76.293.070

Held-to-maturity financial investments, with fair value of TL 33.827.455 and carrying value of TL 32.449.027 are held as collateral in the CBRT, ISE and Takas ve Saklama Bankası A.Ş. ("Takasbank") as of June 30, 2015.

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

	June 30, 2015	December 31, 2014
Less than 3 months	17.799.585	-
3 months – 1 year	18.915.228	40.542.140
	36.714.813	40.542.140

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
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4. Financial Investments (continued)

Movements of held-to-maturity financial assets during the periods ended June 30, 2015 and 2014 are as follows:

	June 30, 2015	June 30, 2014
January 1	40.542.140	36.102.585
Purchases during the period	18.472.000	38.000.000
Valuation increase/decrease (rediscount rate is included)	1.700.673	(810.026)
Disposals in the period	(24.000.000)	(33.400.000)
June 30,	36.714.813	39.892.559

As of June 30, 2015, is available-for-sale financial assets subject to repurchase agreement ("Repo") amount to TL 195.423. (December 31, 2014 – TL 95.787).

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

Type	June 30, 2015		December 31, 2014	
	Amount TL	Shareholding %	Amount TL	Shareholding %
Not quoted to stock exchange				
Takasbank	31.488.051	4,38	31.423.700	4,37
Borsa İstanbul	574.287	0,04	159.712	0,04
Yapı Kredi Azerbaycan Ltd.	92.064	0,10	92.064	0,10
Allianz Emeklilik A.Ş.	26.432	0,04	26.432	0,04
Koç Kültür Sanat ve Tanıtım Hiz. Tic. A.Ş.	11.699	4,90	11.699	4,90
	32.192.533		31.713.607	

As of June 30, 2015, the Group has 4,38% of the shares of Takasbank. The Group has 26.280.000 shares whose nominal value is TL 26.280.000.

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
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5. Short term trade payables

	June 30, 2015	December 31, 2014
Payables to stock exchange money market	2.742.613.973	2.562.317.642
Bank loans	50.030.959	20.005.945
Due to short selling transactions	7.342.484	10.345.533
Funds from repo transactions	162.056	1.516.304
	2.800.149.472	2.594.185.424

6. Trade receivables and payables

Trade receivables:

Short term trade receivables

	June 30, 2015	December 31, 2014
Receivables from loan customers	130.810.859	109.988.448
Receivables from customers	83.066.877	48.610.075
Project receivables	426.479	2.005.112
Commission receivables	1.410.659	1.336.661
Doubtful receivables	111.295	111.295
Provision for doubtful receivables	(111.295)	(111.295)
Receivables from Takas Saklama Merkezi	11.107.392	32.136.497
	163.078.839	194.076.793

The Group provides loans to customers for share certificate transactions. The Company has quoted share certificates as collateral against loans given whose total market value amounts to TL 246.135.905 as of June 30, 2015 (December 31, 2014: TL 210.455.271).

Trade payables:

Short term trade payables

	June 30, 2015	December 31, 2014
Payables to customers	108.258.315	85.449.386
Agent commissions payable	1.909.231	2.623.789
Expense accruals	2.550.698	651.964
Taxes and funds payables	303.201	391.951
Other trade payables(*)	439.804	363.382
	113.461.249	89.480.472

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

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

**Notes to interim condensed consolidated
financial statements for the period ended June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

7. Receivables and payables from financial sector activities

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

Receivables from financial sector activities

	June 30, 2015	December 31, 2014
Fund management fee receivables	3.726.024	2.986.805
Private portfolio management fee receivables	769.873	23.587
Individual pension fund management receivables	755.317	715.893
Private portfolio management success premium receivables	184.593	2.159.370
Investment advisory receivables	-	1.418.825
	5.435.807	7.304.480

Portfolio management fee receivable amounting to TL 3.241.620 managed by the subsidiary, consists of management fee receivables from 37 (December 31, 2014: 40) investment funds and 20 (December 31, 2014: 20) pension funds, which were established according to the Capital Market Law and related legal provisions.

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

8. Other receivables and payables

Other receivables

	June 30, 2015	December 31, 2014
Collaterals from foreign operations	-	131.982.498
Deposits and collaterals given	35.550.349	2.128.992
Futures guarantees	7.876.166	10.397.483
	43.426.515	144.508.973

Other payables

	June 30, 2015	December 31, 2014
Payables to parties other than suppliers or customers	19.701.012	19.150.984
Payables to marketable securities disposal fund	491.344	491.344
	20.192.356	19.642.328

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

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

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9. Property and equipment

In the six-month period ended June 30, 2015, the Group has purchased property plant and equipment with a value of TL 334.055 (June 30, 2014 – TL 349.291). The Group did not sale any property, plant or equipment (June 30, 2014 – none). In the same period the Group amortized TL 581.484 (June 30, 2014 – TL 377.897)

10. Intangible assets

In the six-month period ended June 30, 2015, the Group has purchased intangible assets with a value of TL 2.145.977 (June 30, 2014 – TL 1.471.154). In the same period the Group booked redemption amounting to TL 650.384 (June 30, 2014 – TL 375.983).

11. Provisions, contingent assets and liabilities

Contingent assets and liabilities

i) Guarantees given

	June 30, 2015	December 31 2014
Letters of guarantee	3.135.450.798	3.403.028.783

Letters of guarantee are given to BIST, CMB and to Takasbank for stock exchange money market transactions. Foreign currency denominated letters of guarantee amount to TL 526.544.622 (December 31, 2014: TL 454.532.607).

ii) Litigation reserves

(*) As of June 30, 2015 several outstanding legal cases against the Group exist and provision amounting to TL 1.133.731 based on the best estimates, has been reflected in the accompanying interim consolidated financial statements as of June 30, 2014 (December 31, 2014: TL 1.233.731).

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

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Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
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12. Derivative transactions

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

	June 30, 2015			December 31, 2014		
	USD	EUR	TL	USD	EUR	TL
Forward transactions(buy)	1.203.534	3.027.382	-	-	582.810	-
Forward transactions(sell)	1.172.433	2.987.872	-	-	557.446	-
Swap transactions(buy)	741.473.650	2.146.670.396	-	18.810.676	278.859.950	-
Swap transactions(sell)	722.614.700	2.146.670.396	-	18.447.200	266.556.150	-
	1.466.464.317	4.273.029.850	-	37.257.876	546.556.356	-

Receivables from derivative transactions

	June 30, 2015	December 31, 2014
Forward transactions	70.181	22.336
Swap transactions	46.163.050	10.958.211
	46.233.231	10.980.547

Payables to derivative transactions

	June 30, 2015	December 31, 2014
Forward transactions	17.517	-
Swap transactions	12.760.584	-
	12.778.101	-

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

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

Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

13. Provision for employee benefits

	June 30, 2015	December 31, 2014
Short-term provisions		
Provision for personnel premiums	6.460.200	12.696.000
	6.460.200	12.696.000
Long-term provisions		
Provision for employment termination benefits	2.790.347	2.359.636
Provision for unused vacations	4.643.785	3.822.434
	7.434.132	6.182.070

14. Liabilities for employee benefits

	June 30, 2015	December 31, 2014
Taxes payable and liabilities	846.885	1.121.281
Social security premiums payables	407.998	341.890
	1.254.883	1.463.171

15. Prepaid expenses

	June 30, 2015	December 31, 2014
Commissions for letters of guarantees	942.928	1.375.092
Prepaid expenses	1.026.815	1.072.025
	1.969.743	2.447.117

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Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
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16. Other assets and liabilities

Other current assets

	June 30, 2015	December 31, 2014
Due from personnel	183.990	17.320
Other	42.499	29.585
	226.489	46.905

Other short-term liabilities

	June 30, 2015	December 31, 2014
Blocked customer accounts	1.991.126	1.727.531
Other taxes and funds payables	1.638.796	2.344.104
Other expense provisions	537.000	-
Other expense accruals	2.644.262	1.125.417
Takasbank-BIST commision accrual	620.000	-
	7.431.184	6.137.002

17. Equity

Paid-in capital and adjustment differences

The paid-in capital of the Company is TL 98.918.083 (December 31, 2014: TL 98.918.083) and consists of 9.891.808.346 (December 31, 2014: 9.891.808.346) authorized shares with a nominal value of kr 1 each. The Group has no preferred share as of June 30, 2015.

The shareholders and their shares in capital with historic values as of June 30, 2015 and December 31, 2014 are as follows:

Shareholders	June 30, 2015		December 31, 2014	
	TL	Pay %	TL	Pay %
Yapı ve Kredi Bankası A.Ş.	98.895.466	99,98	98.895.466	99,98
Temel Ticaret ve Yatırım A.Ş.	20.951	0,02	20.951	0,02
Other	1.666	0,00	1.666	0,00
	98.918.083		98.918.083	
Adjustment to share capital	63.078.001		63.078.001	
Total paid-in capital	161.996.084		161.996.084	

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

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

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

17. Equity (continued)

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

In accordance with the CMB Financial Reporting Standards the aforementioned amounts shall be presented in "Restricted Reserves". As of June 30, 2015 restricted reserve of the Company is TL 235.511.672 (December 31, 2014: TL 238.768.671).

Restricted reserves and previous years' profits/losses

	June 30, 2015	December 31, 2014
First legal reserves	18.891.100	18.891.100
Second legal reserves	35.716.351	38.973.350
Special reserves ^(*)	180.904.221	180.904.221
Total restricted reserves	235.511.672	238.768.671

(*) As of June 30, 2015 special funds amounting to TL 235.511.672 accounted under the shareholder's equity is the 75% of the profit realized from the sales of the building in 2014.

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

	June 30, 2015	December 31, 2014
Beginning of the period	5.833.994	6.285.686
Minority interest decrease due to dividend payment	(3.042.352)	(3.169.117)
Minority interest net income	1.492.056	2.717.425
End of the period	4.283.698	5.833.994

Distribution of minority interest net income is as follows:

Minority interest income from continuing operations	4.283.698	2.717.425
	4.283.698	2.717.425

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

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18. Tax assets and liabilities

Corporate Tax

	June 30, 2015	December 31, 2014
Corporate taxes payable	4.526.048	6.212.823
Less: prepaid taxes	(23.274.558)	(17.513.798)
Taxes payable-net	(18.748.510)	(11.300.975)
Current tax expenses	3.685.862	6.023.100
Deferred tax income/(expense)	3.933.085	9.704.038
Total tax expense	7.618.947	15.727.138

Deferred tax assets and liabilities

	June 30, 2015	December 31, 2014
Deferred tax assets	25.648.069	22.377.125
Deferred tax liabilities	(9.871.075)	(2.678.327)
Deferred tax (liabilities) / assets - net	15.776.994	19.698.798

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

	June 30, 2015		December 31, 2014	
	Cumulative temporary differences	Deferred tax assets / (liabilities)	Cumulative temporary differences	Deferred tax assets / (liabilities)
Valuation differences in financial assets	-	-	67.952	13.590
Impairment provision for property and equipment	2.520.243	-	2.520.243	504.050
Provision for unused vacations	3.986.506	928.757	3.822.434	764.487
Provision for employment termination benefits	2.790.347	558.069	2.359.636	471.927
Provision for personnel premium	2.019.624	1.206.200	4.491.950	898.390
Legal cases provision	1.133.731	226.746	1.233.731	246.746
Derivatives	12.778.101	2.555.620	43.698	8.740
Tax losses	96.811.836	19.362.367	96.792.739	19.358.548
Provision for expenses	2.007.075	401.415	-	-
Other	2.044.475	408.895	553.243	110.647
Deferred tax assets		25.648.069		22.377.125
Financial assets fair value increase	-	-	-	-
Net difference between the tax base and carrying amount of property and equipment	1.584.958	316.992	1.145.498	229.099
Valuation differences in financial assets	293.718	58.744	251.494	50.300
Derivatives	46.973.065	9.394.613	11.778.191	2.355.638
Other	503.633	100.726	216.449	43.290
Deferred tax liabilities		9.871.075		2.678.327
Deferred tax (liabilities) / assets, net		15.776.994		19.698.798

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

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18. Tax assets and liabilities (continued)

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

	June 30, 2015	June 30, 2014
Beginning deferred tax assets / (liabilities), net	19.698.798	29.391.558
Deferred tax income / (expense)	(3.933.085)	(5.831.495)
Deferred tax (expense) / income netted in revaluation fund	11.281	(18.374)
Deferred tax (liabilities) / assets at period end, net	15.776.994	23.541.689

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

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19. Revenue and cost of sales

	January 1 – June 30 2015	April 1 – June 30 2015	January 1 - June 30 2014	April 1 – June 30 2014
Revenue				
Treasury bills and government bonds sales	315.431.493	137.116.537	914.688.655	793.223.805
Share certificates sales	7.067.876.840	3.507.274.929	7.444.355.054	4.378.322.486
Commissions on intermediary activities on share certificates	28.430.327	12.577.869	21.603.240	11.793.472
Fund management fees	1.180.137	586.332	429.467	243.290
Intermediary commissions on futures market	4.068.547	2.022.282	1.597.866	784.512
Outright purchase-sale transactions intermediary commissions	88.685	26.257	62.799	42.512
Repo intermediary commissions	270.603	117.737	201.811	112.795
Custody commissions	285.316	284.931	248.841	248.841
Consultancy services	250.457	120.966	91.165	54.918
Other service revenues	8.964.867	7.084.561	8.508.440	3.249.281
Other intermediary commissions	5.155.036	2.161.361	7.193.139	4.003.236
Total revenue	7.432.002.308	3.669.373.762	8.398.980.477	5.192.079.148
Service income discounts and allowances				
Commissions paid to agencies	14.624.104	6.691.960	11.358.205	6.194.057
Commission returns	284.646	203.795	142.876	55.310
Total discounts and allowances	14.908.750	6.895.755	11.501.081	6.249.367
Revenue	7.417.093.558	3.662.478.007	8.387.479.396	5.185.829.781
Cost of sales				
Costs of treasury bills and government bond sales	315.591.135	137.125.261	914.247.145	792.757.126
Costs of share certificate sales	7.071.591.170	3.508.169.962	7.448.042.626	4.379.700.745
Total cost of sales	7.387.182.305	3.645.295.223	8.362.289.771	5.172.457.871
Gross operating profit from commercial activities	29.911.253	17.182.784	25.189.625	13.371.910

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20. Revenue and cost of financial sector activities

	January 1 - June 30 2015	January 1 - June 30 2014
Revenue from financial sector activities		
Investment funds management fee	20.833.764	14.114.778
Individual pension funds management fee	4.221.201	3.734.725
Fund management fee	25.054.965	17.849.503
Discretionary portfolio management commission	1.548.614	1.969.775
Portfolio achievement premiums	185.650	327.506
Discretionary portfolio management income	1.734.264	2.297.281
Investment consultancy revenues	-	90.000
Other revenues from financial sector activities	-	90.000
Financial sector activities revenue	26.789.229	20.161.784
Financial sector activities revenue		
Commission expenses	(2.512.804)	(1.376.580)
Fund management commission expense	(291.237)	(276.846)
Financial sector activities revenue	(2.804.041)	(1.653.426)
Gross profit from financial activities	23.985.188	18.508.358

21. Other income from operating activities

	January 1- June 30 2015	January 1- June 30 2014
Income due to derivative operations	140.307.949	256.973.794
Interest income on deposit at banks	49.552.446	45.424.768
Interest income on loans	9.357.236	7.002.152
Interest income on treasury bills and government bonds	2.114.726	2.211.638
Dividend income	2.863.691	1.082.974
Other interest income	35.090	1.669.094
Futures trading income	-	546.509
Foreign Exchange gains	-	-
Increase of value of stocks	-	-
Other	2.222.893	406.266
	206.454.031	315.317.195

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22. Other expenses from operating activities

	January 1- June 30 2015	January 1- June 30 2014
Interest expense	147.800.217	134.855.177
Foreign Exchange loss	-	126.974.168
Derivatives transaction loss	12.600.851	5.204.408
Commissions paid for guarantee letters	4.415.919	5.189.541
Commission expenses	2.056.871	2.557.114
Depreciation of financial investments	-	258.389
Other	1.108.007	1.654.426
	167.981.865	276.693.223

23. Related party explanations

Bank placements in related parties

	June 30, 2015	December 31, 2014
Yapı ve Kredi Bankası A.Ş. - shareholder	1.259.756.591	1.739.457.158
Yapı Kredi Nederland N.V. - other related party	100	100
	1.259.756.691	1.739.457.258

The customer deposits that are deposited in Yapı ve Kredi Bankası A.Ş are amounting to TL 16.116.189 (December 31, 2014: TL 22.399.592).

Cash and cash equivalents in related parties

	June 30, 2015	December 31, 2014
Yapı ve Kredi Bankası A.Ş. B Tipi Likit Fon- other related party	155.500	83.173
	155.500	83.173

Receivables from related parties

Commission and portfolio management fee receivables

	June 30, 2015	December 31, 2014
Yapı ve Kredi Bankası A.Ş. - shareholder	250.401	1.418.825
Yapı ve Kredi Bankası A.Ş. Yatırım Fonları- other related party	3.726.024	2.986.805
Allianz Emeklilik A.Ş. Emeklilik Fonları- other related party	755.317	2.868.585
	4.731.742	7.274.215

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23. Related party explanations (continued)

Receivables from financial sector activities

Due to related parties

Trade Payables

	June 30, 2015	December 31, 2014
Yapı ve Kredi Bankası A.Ş.- shareholder	1.375.274	2.839.632
	1.375.274	2.839.632

Financial and other payables

	June 30, 2015	December 31, 2014
Allianz Emeklilik	37.676	69.818
YKS Tesis Yönetimi Hizmetleri AŞ- other related party	1.355	15.639
Opet Petrolcülük A.Ş. – other related party	-	7.053
Zer Merkezi Hizmetler ve Ticaret A.Ş.	5.600	-
Avis Otokoç otomotiv tic.A.Ş. –other related party	15.035	-
Yapı ve Kredi Bankası A.Ş.-shareholder	1.909.231	-
Other	-	6.701
	1.968.897	99.211

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23. Related party explanations (continued)

Operating income from related parties

	June 30, 2015	June 30, 2014
Yapı ve Kredi Bankası A.Ş. Yatırım Fonları – other related party	19.988.338	12.591.134
Allianz Yaşam Emeklilik A.Ş. Emeklilik Fonları- other related party	4.221.201	3.731.252
Yapı Kredi Yatırım Menkul Değerler A.Ş. Yatırım Fonları- Other related party	827.580	1.501.686
Allianz Yaşam Emeklilik A.Ş. – shareholders	17.847	-
Yapı Kredi Sigorta A.Ş.- shareholders(*)	-	-
Koç Holding A.Ş. – other related party	11.811	11.398
Türkiye Petrol Rafinerileri A.Ş. –other related party	11.811	11.398
Türk Traktör A.Ş. –other related party	11.811	11.398
Tofaş Türk Otomobil Fabrikaları A.Ş. – other related party	11.811	11.398
Arçelik A.Ş. – other related party	11.811	11.398
Otokar Otobüs Karoseri A.Ş. – other related party	11.811	11.398
Ford Otosan Otomotiv San. A.Ş. –other related party	11.811	11.398
Aygaz A.Ş. –other elated party	491.811	11.398
Yapı ve Kredi Bankası A.Ş.	-	-
Marmaris Altinyunus Turistik Tesisleri A.Ş. – other related party	11.811	11.398
Tat Konserve ve Sanayi A.Ş. –other related party	11.811	11.398
Other	252.892	273.211
	25.905.968	18.211.263

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

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23. Related party explanations (continued)

Other income from related parties

Interest income

	June 30, 2015	June 30, 2014
Yapı ve Kredi Bankası A.Ş.-shareholder	26.006.430	26.381.296
Yapı Kredi Netherland N.V. –other related party	-	8.483
	26.006.430	26.389.779

Operation expenses paid to related parties

	June 30, 2015	June 30, 2014
Zer Merkezi Hizmetler ve Tic. A.Ş. – other related party	218.985	470.714
YKS Tesis Yönetimi	334.683	256.567
Setur Servis Turistik A.Ş. – other related party	173.989	246.119
Koç Sistem Bilgi ve İletişim Hizm. A.Ş. - other related party	141.543	123.579
Otokoç Otomotiv Tic. ve San. A.Ş. – other related party	130.927	107.650
Opet Petrolcülük A.Ş. – other related party	64.859	77.193
Koç Holding A.Ş. – other related party	548	13.077
Allian Sigorta – other related party	45.831	-
Avis AŞ – other related party	96.069	-
Other related party	171.156	107.350
	1.378.590	1.402.249

23. Related party explanations (continued)

Commission paid to related parties

	June 30, 2015	June 30, 2014
Yapı ve Kredi Bankası A.Ş.-shareholder	14.809.864	11.193.026
Allianz Yaşam Emeklilik A.Ş- associate	37.676	29.349
	14.847.540	11.222.375

Financial expenses paid to related parties

	June 30, 2015	June 30, 2014
Yapı ve Kredi Bankası A.Ş.-shareholder	137.403	1.740.097
	137.403	1.740.097

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Benefits provided to key management

	June 30, 2015	June 30, 2014
Benefits provided to key management	3.255.522	2.430.530
	3.255.522	2.430.530

Dividend income

	June 30, 2015	June 30, 2014
Allianz Yaşam Emeklilik A.Ş. -associate	31.225	29.047
Takasbank	2.628.000	-
	2.659.225	29.047

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24. Nature and level of risks arising from financial instruments

a. Exchange rate risk

As of June 30, 2015 and December 31, 2014, the Company's assets and liabilities denominated in foreign currencies are as follows

	June 30, 2015					December 31, 2014		
	TL Equivalent	USD	EURO	Other	TL Equivalent	USD	EURO	Other
Monetary financial assets	2.899.482.026	287.680.043	713.039.558	91.535	310.356.390	15.893.364	96.874.265	73.479
Current assets	2.899.482.026	287.680.043	713.039.558	91.535	310.356.390	15.893.364	96.874.265	73.479
Financial liabilities	(16.116.189)	(5.599.402)	(312.756)	(62.779)	(22.399.592)	(8.721.236)	(726.326)	(34.499)
Short-term financial liabilities	(16.116.189)	(5.599.402)	(312.756)	(62.779)	(22.399.592)	(8.721.236)	(726.326)	(34.499)
Off-balance sheet derivative instruments denominated in foreign currency								
Derivative instruments	(2.842.958.900)	(269.000.000)	(711.000.000)	-	(285.003.350)	(7.955.151)	(94.500.000)	-
Total Net foreign currency position(*)	40.406.937	13.080.641	1.726.802	28.755	2.953.148	(783.023)	1.647.939	38.980

(*) 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.

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24. Nature and level of risks arising from financial instruments (continued)

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

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

June 30, 2015	Exchange Rate Sensitivity Analysis Table			
	Profit/Loss		Equity	
	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 10% change in USD exchange rates:</i>				
USD net asset/liability effect	(3.513.840)	3.513.840	-	-
<i>In case of a 10% change in EUR exchange rates:</i>				
EUR net asset/liability effect	(514.960)	514.960	-	-
<i>In case of a 10% change in other exchange rates:</i>				
Other foreign currency net effect	(11.893)	11.893	-	-
Total	(4.040.693)	4.040.693	-	-

December 31, 2014	Exchange Rate Sensitivity Analysis Table			
	Profit/Loss		Equity	
	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 10% change in USD exchange rates:</i>				
USD net asset/liability effect	(181.343)	181.343	-	-
<i>In case of a 10% change in EURO exchange rates:</i>				
EURO net asset/liability effect	(464.834)	464.834	-	-
<i>In case of a 10% change in other exchange rates:</i>				
Other foreign currency net effect	(11.824)	11.824	-	-
Total	(295.315)	295.315	-	-

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

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Notes to interim condensed consolidated financial statements for the period ended June 30, 2015
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24. Nature and level of risks arising from financial instruments (continued)

b. Common stock price risk

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

June 30, 2015

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		Increase	-	-	-	-
	%10	Decrease	-	-	-	-
Financial assets at a fair value through profit/loss		Increase	345.692	-	345.692	-
Financial assets	%10	Decrease	(345.692)	-	(345.692)	-

December 31, 2014

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

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25. Other explanations on operations and other matters

a. Explanation on portfolio management operations:

At June 30, 2015, the Company managed 37 mutual funds and 19 pension funds (Funds) (December 31, 2014: 40 mutual and 19 pension funds). In accordance with the Funds' statute, the Group purchases and sells securities and share certificates for the Funds, markets their participation certificates and provides other services and charges daily management fees. At June 30, 2015, the Group earned a management fee of TL 24.763.728 (June 30, 2014: TL 17.572.657).

Pension funds which investment period started between the dates January 1, 2015 and June 30, 2015

Fon adı	Investment period start date
Yapı Kredi Bankası B Tipi %100 Anapara Garantili 38. Alt Fon (APG41)	18.02.2015
Yapı ve Kredi Bankası A.Ş. A Tipi Özel Bankacılık IMKB 30 Endeksi Fonu (Hisse Senedi Yoğun Fon)	04.05.2015
Yapı Kredi Bankası B Tipi %103 Anapara Garantili 39. Alt Fon (APG42)	27.05.2015

Investment funds which investment period ended between the dates January 1, 2015 and June 30, 2015

Fon adı	Investment period end date
Allianz Yaşam ve Emeklilik A.Ş. Esnek Fon Sepeti Emeklilik Yatırım Fonu	30.01.2015

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.

The Company meets the capital adequacy requirements as of June 30, 2015 and December 31, 2014.