YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş.
AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 JUNE 2019
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH

CONVENIENCE TRANSLATION INTO ENGLISH OF
REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION
ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Yapı Kredi Yatırım Menkul Değerler A.Ş.

Introduction

We have reviewed the accompanying consolidated statement of financial position of Yapı Kredi Yatırım Menkul Değerler A.Ş. and its subsidiary (collectively referred to as the "Group") as at 30 June 2019 and the related consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with Turkish Accounting Standard 34, "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, "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 and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing 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 that causes us to conclude that the accompanying consolidated interim financial information does not give a true and fair view of the financial position of Yapı Kredi Yatırım Menkul Değerler A.Ş. and its subsidiary as of 30 June 2019, and of their financial performance and their cash flows for the six-month period then ended in accordance with TAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 30 July 2019

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2019 ORIGINALLY ISSUED IN TURKISH

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

Assets	Notes	*(Reviewed)* **30 June 2019**	*(Audited)* **31 December 2018**
Current assets			
Cash and cash equivalents	6	2,714,516,058	2,864,276,565
Financial investments	7	67,406,676	67,293,918
- Fair value through profit or loss financial assets		*17,481,716*	*6,640,553*
- Financial assets measured at fair value through other comprehensive income		*15,652,133*	*27,228,075*
- Financial assets measured at amortised cost		*34,272,827*	*33,425,290*
Trade receivables	10	292,848,172	247,512,418
- Trade receivables due from related parties	*29*	*211,536*	-
- Trade receivables due from other parties		*292,636,636*	*247,512,418*
Receivables from financial activities	11	7,812,112	10,955,775
- Receivables from financial activities due from related parties	*29*	*6,215,903*	*8,926,626*
- Receivables from financial activities due from other parties		*1,596,209*	*2,029,149*
Other receivables	12	159,334,523	132,378,014
- Other receivables due from other parties		*159,334,523*	*132,378,014*
Derivatives	17	97,958,013	70,079,659
- Derivatives held for trading		*97,958,013*	*70,079,659*
Prepaid expenses	20	5,419,902	5,577,815
- Prepaid expenses due to other parties		*5,419,902*	*5,577,815*
Current income tax assets	23	30,492,662	38,372,497
Other current assets		252,121	27,025
- Other current assets due from other parties		*252,121*	*27,025*
Total current assets		**3,376,040,239**	**3,436,473,686**
Non-current assets			
Financial investments	7	69,973,712	50,135,553
- Financial assets measured at fair value through other comprehensive income		*69,973,712*	*50,135,553*
Property, plant and equipment	13	7,971,809	8,075,277
Right of use assets	14	3,446,165	-
Intangible assets	15	30,071,356	29,633,063
Deferred tax assets	23	785,901	631,071
Total non-current assets		**112,248,943**	**88,474,964**
Total assets		**3,488,289,182**	**3,524,948,650**

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

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

Liabilities	**Notes**	***(Reviewed)*** **30 June 2019**	***(Audited)*** **31 December 2018**
Short-term liabilities			
Short term liabilities	9	2,594,272,622	2,611,074,101
- Short term liabilities due to related parties	*29*	*1,721,588*	-
- Short term liabilities due to other parties		*2,592,551,034*	*2,611,074,101*
Trade payables	10	253,197,641	199,358,659
- Trade payables due to related parties	*29*	*4,495,804*	*4,497,650*
- Trade payables due to other parties		*248,701,837*	*194,861,009*
Liabilities for employee benefits	19	3,233,846	2,809,157
Other payables	12	24,060,561	20,532,801
- Other payables due to related parties	*29*	*232,956*	*28,342*
- Other payables due to other parties		*23,827,605*	*20,504,459*
Derivatives	17	-	1,148,722
- Derivatives held for trading		-	*1,148,722*
Tax liability for the period	23	1,764,132	2,499,742
Short term provisions		46,985,321	57,234,909
- Short term provisions for employee benefits	*18*	*11,595,393*	*21,674,000*
- Other short term provisions	*16*	*35,389,928*	*35,560,909*
Other short term liabilities	21	12,564,956	13,153,032
- Other short term liabilities due to other parties		*12,564,956*	*13,153,032*
Total short term liabilities		**2,936,079,079**	**2,907,811,123**
Long-term liabilities			
Long term borrowings	9	1,432,777	-
- Long term liabilities due to related parties	*29*	*1,400,448*	-
- Long term liabilities due to other parties		*32,329*	-
Long term provisions	18	14,215,832	12,369,063
- Provisions for employee benefits		*14,215,832*	*12,369,063*
Deferred tax liabilities	23	11,457,652	1,510,089
Total long term liabilities		**27,106,261**	**13,879,152**
Total liabilities		**2,963,185,340**	**2,921,690,275**
Shareholder's equity			
Paid in capital	22	98,918,083	98,918,083
Adjustments to share capital	22	63,078,001	63,078,001
Accumulated other comprehensive income / (expenses) that will not be reclassified to profit or loss		20,064,692	11,541,601
- Profits from investments in equity instruments		*22,180,709*	*13,981,349*
- Remeasurement losses from defined benefit plans		*(2,116,017)*	*(2,439,748)*
Accumulated other comprehensive income that will be reclassified to profit or loss		191,682	71,323
- Revaluation and reclassification gains (losses)		*191,682*	*71,323*
Restricted reserves	22	173,078,307	234,277,667
Retained earnings		84,609,777	84,609,777
Net income for the period		78,601,711	102,284,058
Equity attributable to owners of the parent		**518,542,253**	**594,780,510**
Non-controlling interests	**22**	**6,561,589**	**8,477,865**
Total shareholder's equity		**525,103,842**	**603,258,375**
Total liabilities and shareholder's equity		**3,488,289,182**	**3,524,948,650**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 30 JUNE 2019 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

	Notes	*(Reviewed)* **1 January - 30 June 2019**	*(Not reviewed)* **1 April - 30 June 2019**	*(Reviewed)* **1 January - 30 June 2018**	*(Not reviewed)* **1 April - 30 June 2018**
PROFIT OR LOSS					
Revenue	24	1,891,664,299	924,119,594	6,053,714,310	2,346,462,161
Cost of sales (-)	24	(1,825,895,424)	(899,043,481)	(6,002,400,343)	(2,328,106,329)
Gross profit from business operations		**65,768,875**	**25,076,113**	**51,313,967**	**18,355,832**
Revenue from financial activities	25	36,486,764	18,909,167	37,774,206	18,791,555
Cost of financial activities (-)	25	(3,243,058)	(1,472,980)	(5,012,928)	(2,804,134)
Gross profit from financial activities		**33,243,706**	**17,436,187**	**32,761,278**	**15,987,421**
Gross profit		**99,012,581**	**42,512,300**	**84,075,245**	**34,343,253**
General administrative expenses (-)	26	(73,430,625)	(37,627,566)	(60,211,710)	(31,125,532)
Marketing, selling and distribution expenses (-)	26	(21,363,275)	(10,222,054)	(16,134,838)	(10,134,341)
Other income from operating activities	27	579,842,314	179,416,101	466,381,028	145,099,793
Other expense from operating activities (-)	28	(482,531,072)	(119,396,017)	(397,799,397)	(95,563,823)
Operating profit		**101,529,923**	**54,682,764**	**76,310,328**	**42,619,350**
Tax expense from continuing operations (-)		**(20,788,248)**	**(10,600,609)**	**(14,861,378)**	**(8,064,974)**
- Tax expense for the period (-)	23	(13,433,411)	26,957,561	(10,460,054)	21,596,070
- Deferred tax expense (-)	23	(7,354,837)	(37,558,170)	(4,401,324)	(29,661,044)
Total profit		**80,741,675**	**44,082,155**	**61,448,950**	**34,554,376**
Total profit attributable for		**80,741,675**	**44,082,155**	**61,448,950**	**34,554,376**
Profit, attributable to non-controlling interests	22	2,139,964	1,062,318	2,225,378	1,011,712
Profit, attributable to owners of parent		78,601,711	43,019,837	59,223,572	33,542,664
Earnings per share from continuing operations (Krş)		0.82	0.45	0.62	0.35

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 30 JUNE 2019 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

	Notes	*(Reviewed)* **1 January - 30 June 2019**	*(Not reviewed)* **1 April - 30 June 2019**	*(Reviewed)* **1 January - 30 June 2018**	*(Not reviewed)* **1 April - 30 June 2018**
OTHER COMPREHENSIVE INCOME					
Total profit		**80,741,675**	**44,082,155**	**61,448,950**	**34,554,376**
Components of other comprehensive income that will not be reclassified to profit or loss		**8,523,091**	**(41,593)**	**(555,396)**	**(555,396)**
Profits from investments in equity instruments		10,512,000	-	-	-
Defined benefits plans remeasurement gains/(losses)		415,040	(53,325)	(712,047)	(712,047)
Taxes related other comprehensive income that will not be reclassified to profit or loss	23	(2,403,949)	11,732	156,651	156,651
- Profits from investments in equity instruments, tax effect		*(2,312,640)*	-	-	-
- Deferred tax (expense) / income		*(91,309)*	*11,732*	*156,651*	*156,651*
Components of other comprehensive income that will be reclassified to profit or loss		**120,359**	**234,418**	**1,845,094**	**(147,337)**
Financial assets measured at fair value through other comprehensive income/(expense)		154,306	300,536	2,365,505	(188,894)
Taxes related other comprehensive income that will be reclassified to profit or loss	23	(33,947)	(66,118)	(520,411)	41,557
- Deferred tax income / (expense)		(33,947)	(66,118)	(520,411)	41,557
Other comprehensive income		**8,643,450**	**192,825**	**1,289,698**	**(702,733)**
Total comprehensive income		**89,385,125**	**44,274,980**	**62,738,648**	**33,851,643**
Total comprehensive income attributable to:		**89,385,125**	**44,274,980**	**62,738,648**	**33,851,643**
Comprehensive income, attributable to non-controlling interests		2,139,964	1,062,318	2,225,378	1,011,712
Comprehensive income, attributable to owners of parent		87,245,161	43,212,662	60,513,270	32,839,931
Total comprehensive income per share from continuing operations (Krş)		0.90	0.45	0.63	0.34

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 30 JUNE 2019 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

				Accumulated other comprehensive income or expenses will be reclassified to profit or loss	Accumulated other comprehensive income or expenses will not be reclassified to profit or loss			Accumulated profits				
	Notes	**Paid capital**	**Adjustments to share capital**	**Revaluation and reclassification gains**	**Profits from investments in equity instruments**	**Defined benefit plans remeasurement losses**	**Restricted reserves**	**Retained earnings**	**Net profit for the year**	**Equity attributable to owners of the parent**	**Non controlling interests**	**Total equity**
1 January 2018		**98,918,083**	**63,078,001**	**27,235**	**-**	**(2,500,064)**	**236,535,668**	**55,548,498**	**97,326,500**	**548,933,921**	**8,263,813**	**557,197,734**
Adjustments resulting from changes in accounting policies		-	-	-	-	-	-	(14,219,180)	-	(14,219,180)	-	(14,219,180)
- Adjustments resulting from obligatory changes in accounting policies		-	-	-	-	-	-	*(14,219,180)*	-	*(14,219,180)*	-	*(14,219,180)*
Reorganized balances as the date of 1 January 2018		**98,918,083**	**63,078,001**	**27,235**	**-**	**(2,500,064)**	**236,535,668**	**41,329,318**	**97,326,500**	**534,714,741**	**8,263,813**	**542,978,554**
Transfers		-	-	-	-	-	-	97,326,500	(97,326,500)	-	-	-
Dividends	22	-	-	-	-	-	(2,258,001)	(41,831,999)	-	(44,090,000)	(4,309,999)	(48,399,999)
Total comprehensive income/expense		-	-	1,845,094	-	(555,396)	-	-	59,223,572	60,513,270	2,225,378	62,738,648
- Net income for the period		-	-	-	-	-	-	-	*59,223,572*	*59,223,572*	*2,225,378*	*61,448,950*
- Other comprehensive income/expense		-	-	*1,845,094*	-	*(555,396)*	-	-	-	*1,289,698*	-	*1,289,698*
30 June 2019		**98,918,083**	**63,078,001**	**1,872,329**	**-**	**(3,055,460)**	**234,277,667**	**96,823,819**	**59,223,572**	**551,138,011**	**6,179,192**	**557,317,203**
1 January 2018		**98,918,083**	**63,078,001**	**71,323**	**13,981,349**	**(2,439,748)**	**234,277,667**	**84,609,777**	**102,284,058**	**594,780,510**	**8,477,865**	**603,258,375**
Transfers		-	-	-	-	-	-	102,284,058	(102,284,058)	-	-	-
Dividends	22	-	-	-	-	-	(61,199,360)	(102,284,058)	-	(163,483,418)	(4,056,240)	(167,539,658)
Total comprehensive income/expense		-	-	120,359	8,199,360	323,731	-	-	78,601,711	87,245,161	2,139,964	89,385,125
- Net income for the period		-	-	-	-	-	-	-	*78,601,711*	*78,601,711*	*2,139,964*	*80,741,675*
- Other comprehensive income/expense		-	-	*120,359*	*8,199,360*	*323,731*	-	-	-	*8,643,450*	-	*8,643,450*
30 June 2019		**98,918,083**	**63,078,001**	**191,682**	**22,180,709**	**(2,116,017)**	**173,078,307**	**84,609,777**	**78,601,711**	**518,542,253**	**6,561,589**	**525,103,842**

CONVENIENCE TRANSLATION INTO ENGLISH OF REVIEWED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 30 JUNE 2019 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

	Notes	*Reviewed* 1 January- 30 June 2019	*Reviewed* 1 January- 30 June 2018
A. Cash flows from operating activities		**(36,307,134)**	**124,896,398**
Net profit for the period		**80,741,675**	**61,448,950**
Adjustments to reconcile net income / loss to net cash provided by operating activities		**(70,150,847)**	**(21,088,679)**
Adjustments for depreciation and amortization	26	4,356,509	2,233,737
Adjustments for provisions		11,897,516	11,029,871
- Adjustments for provision for employee benefits		*12,068,497*	*11,042,571*
- Adjustments for lawsuit provisions		*(170,981)*	*(12,700)*
Adjustments for interest income and expenses		319,070,347	238,068,065
- Adjustments for interest income		*(53,323,423)*	*(63,898,353)*
- Adjustments for interest expenses		*372,393,770*	*301,966,418*
Adjustments for unrealized foreign currency translation differences		(13,131,562)	5,238,735
Adjustments for fair value losses / (gains)		(413,131,905)	(292,520,465)
- Adjustments for financial assets fair value losses		*1,892,928*	*7,296,371*
- Adjustments for derivative assets fair value losses		*(415,024,833)*	*(299,816,836)*
Adjustments for tax expense	23	20,788,248	14,861,378
Changes in operating profit		**(69,647,561)**	**92,299,314**
Decrease / (increase) in financial investments		(17,673,136)	11,786,253
Decrease / (increase) in trade receivables		(45,335,754)	27,276,414
- Decrease / (increase) in trade receivables due from related parties		*(211,536)*	*592,860*
- Decrease / (increase) in trade receivables due from other parties		*(45,124,218)*	*26,683,554*
Decrease (increase) in receivables from financial activities		3,143,663	5,085,319
Increase in other receivables		(26,956,509)	(51,598,975)
- Increase in other receivables due from other parties		*(26,956,509)*	*(51,598,975)*
Increase in derivatives (-)		(27,878,354)	(13,381,934)
Increase in prepaid expenses		157,913	637,879
Decrease in trade payables		53,838,982	58,705,534
- (Decrease) / increase in trade payables due to related part		*(1,846)*	*(1,253,591)*
- Decrease in trade payables due to other parties		*53,840,828*	*59,959,125*
Increase in payables due to employee benefits		424,689	173,971
Increase / (decrease) in other payables		2,939,684	8,535,569
- Increase in other payables due to related parties		*204,614*	*109,812*
- Increase / (decrease) in other payables due to other parties		*2,735,070*	*8,425,757*
Decrease in derivative liabilities		(1,148,722)	9,159,527
Decrease in other operating capital		(11,160,017)	35,919,757
- Decrease in other operating activities		*(11,160,017)*	*35,919,757*
Other cash flows from operating activities		**(59,056,733)**	**132,659,585**
Payments for provision for employee benefits		(20,300,333)	(19,178,358)
Dividends received		6,333,838	3,069,681
Interests received		46,989,585	60,828,672
Taxes paid		(10,273,491)	(52,483,182)
B. Cash flows from investing activities		**(2,940,922)**	**(2,871,424)**
Cash outflows from purchase of property, equipment and intangible assets		(2,940,922)	(2,871,424)
- Cash outflows from purchase of property and equipment	*13*	*(783,424)*	*(160,969)*
- Cash outflows from purchase of intangible assets	*15*	*(2,157,498)*	*(2,710,455)*
C. Cash flows from financing activities		**(148,180,868)**	**(267,532,207)**
Dividends paid		(167,539,658)	(48,399,999)
Cash inflows from borrowings		23,010,894,243	21,783,637,014
- Cash inflows from loans		*21,002,870,000*	*19,872,208,250*
- Cash inflows from issued bonds		*2,008,024,243*	*1,911,428,764*
Cash outflows from debt payments		(23,034,166,516)	(22,004,000,114)
- Cash outflows from loan repayments		*(20,807,242,675)*	*(19,756,254,956)*
- Cash outflows from issued bonds repayments		*(2,226,923,841)*	*(2,247,745,158)*
Cash inflows from derivative instruments		485,104,492	382,186,938
Cash outflows from derivative instruments		(70,079,659)	(82,370,102)
Interests paid		(372,393,770)	(298,585,944)
Net decrease in cash and cash equivalents before exchange currency effect (A+B+C)		**(187,428,924)**	**(145,507,233)**
D. Exchange currency effect on cash and cash equivalents		**13,131,562**	**(5,238,735)**
Net decrease in cash and cash equivalents (A+B+C+D)		**(174,297,362)**	**(150,745,968)**
E. Cash and cash equivalents at the beginning of the period		**2,830,984,589**	**4,101,828,110**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	**6**	**2,656,687,227**	**3,951,082,142**

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

1. ORGANISATION AND NATURE OF OPERATIONS

Yapı Kredi Yatırım Menkul Değerler A.Ş., (referred to as the "Company" or "Group" along with its subsidiary in these consolidated financial statements) was founded on 08 September 1989, under the name Finanscorp Finansman Yatırım Anonim Şirketi, in line with the provisions of Capital Market Law No. 2499 and relevant provisions of legislation, for the purpose of performing capital market operations related to all types of capital market instruments, carrying out all types of transactions and entering into contracts in connection with these operations, as well as performing intermediary operations. The founding was promulgated in Turkish Trade Registry Gazette No. 2358 dated 15 September 1989. 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 9 September 1996 and Yapı Kredi Yatırım Menkul Değerler Anonim Şirketi on 5 October 1998.

As of 28 September 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 29 December 2006 the decision to legally merge with Koç Yatırım Menkul Değerler A.Ş. ("Koç Yatırım") in accordance with the related articles of Turkish Commercial Code, Corporate Tax Law, and Capital Market Law and permission of Capital Markets Board No. B.02.1.SPK.0.16-1955 dated 15 December 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 29 December 2006 and the merger agreement as of 12 January 2007 and announced the registration at Trade Registry Gazette No. 6724 and dated 16 January 2007.

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

a) Buying and selling of capital market instruments within the scope of Capital Market Legislation in the name and account of the customer, in their own name and account or in their own name and in the account of the customer,
b) According to the Capital Market Law and Capital Market Board's Regulations ("SPK" or "Board") and "Intermediary Firm with Broad Authority" the Company have the following activities:
    - Intermediation Activities (Domestic and Foreign),
        - Shares,
        - Other Securities,
        - Derivatives Based on Shares,
        - Derivatives Based on Share Indices,
        - Other Derivatives,
    - Portfolio Management Activities (Domestic),
        - Shares,
        - Other Securities,
        - Leverage Trading
        - Derivatives Based on Shares,
        - Derivatives Based on Share Indices

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

1. ORGANISATION AND NATURE OF OPERATIONS (Continued)

- Leverage Trading,
- Investment Consulting Activities,
- Intermediation for Public Offering,
- Underwriting,
- Best Effort Underwriting,
- Limited Custodian Service.

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

d) Buying and selling of securities with repurchase and sale commitment,

e) Using the right to receive the bonus shares, the payment of capital, interest, dividends and similar incomes of the capital market instruments on its customers behalf and accounts in accordance with the authorization given by the customers.

f) Margin trading, short selling and borrowing and lending the financial instruments,

The Company has 32 investment funds (31 December 2018: 30). As of 30 June 2019, the Group has 271 employees (31 December 2018: 277).

The head office of the Company is located at Levent Mah, Cömert Sok, No: 1A A Blok, D: 21-22-23-24-25-27 Levent - Beşiktaş / İstanbul.

Subsidiary;

As of 30 June 2019 and 31 December 2018 details of the subsidiary of the Group are as follows:

Name of the shareholder	30 June 2019 Share in capital	31 December 2018 Share in capital	Main activity
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	87.32%	87.32%	Portfolio Management

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

The Company's subsidiary Koç Portföy Yönetimi A.Ş. 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% (31 December 2018: 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.

<u>Approval of consolidated financial statements:</u>

Consolidated financial statements prepared as of 30 June 2019 have been approved by the Board of Directors of the Company at 30 July 2019. General Assembly and regulatory bodies have the right to amend the approved financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 BASIS OF PRESENTATION

2.1.1 Accounting standards and the compliance to TAS

Attached financial statements as of 30 June 2019 had been prepared in accordance with clauses of "Principles Statement Related To Financial Reporting In Capital Market" Serie II-14.1, which had been published in Official Gazette dated 13 June 2013 no. 28676 by CMB. Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") and additions and comments related to these standards ("TAS / TFRS") which had been constituted by Public Oversight Accounting And Auditing Standards Board ("POA") had been grounded on relying on the fifth article of this communiqué.

The companies are free to prepare their interim period statements in full set or condensed versions in accordance with TAS 34. The Group preferred to prepare full set consolidated financial statement for the interim period in this context.

The Group complies with principles announced by CMB and uniform chart of accounts which is published by Ministry of Finance of Turkish Republic, Turkish Commercial Code ("TCC") and tax legislations in accounting entries and preparation of legal financial statements. Interim financial statements have been prepared in Turkish Lira's based on historical cost principal except of financial asset and liabilities where they are represented in fair values. Interim financial statements have been prepared via reflecting to legal records which were prepared according to historical cost principal, with required correction and classifications in order to be truly presented in accordance with TAS.

Preparation of the financial statements

The financial statements of the Group are prepared in accordance with 2019 TFRS Taxonomy published by POA.

2.1.2 Financial statement amendments in hyperinflation economies

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

2.1.3 Offsetting

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

2.1.4 Going concern

The Group prepared its consolidated financial statements based on going concern principle.

2.1.5 Comparative figures and the reclassification to the financial statements of the prior period

The Group complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the consolidated financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.5 Comparative figures and the reclassification to the financial statements of the prior period (Continued)

In order to determine the financial status and performance trends, the consolidated financial statements of the Group have been prepared in comparison with the consolidated financial statements of previous periods. The Group prepared its consolidated statement of financial position as of 30 June 2019 in comparison with the consolidated statement of financial position prepared as of 31 December 2018; prepared consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows between 1 January - 30 June 2019 in comparison with 1 January - 30 June 2018. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2.1.6 New standards, amendments and interpretations

The Group adopted the standards, amendments and interpretations published by TAS and TFRS and which are mandatory for the accounting periods beginning on or after 30 June 2019.

a. Standards, amendments and interpretations that are issued but not effective as at 30 June 2019:

- **Amendment to IFRS 9, "Financial instruments";** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- **Amendment to IAS 28, "Investments in associates and joint venture";** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

- **IFRS 16, "Leases";** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15"Revenue from Contracts with Customers" is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right of use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.6 New standards, amendments and interpretations (Continued)

- **IFRIC 23, "Uncertainty over income tax treatments";** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 "Provisions, contingent liabilities and contingent assets", applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

    - IFRS 3, "Business combinations", - a company remeasures it's previously held interest in a joint operation when it obtains control of the business.
    - IFRS 11, "Joint arrangements", - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
    - IAS 12, "Income taxes" - a company accounts for all income tax consequences of dividend payments in the same way.
    - IAS 23, "Borrowing costs" - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- **Amendments to IAS 19, "Employee benefits" on plan amendment, curtailment or settlement";** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

    - Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
    - Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.6 New standards, amendments and interpretations (Continued)

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from annual periods beginning on or after 1 January 2020. These amendments to IAS 1, "Presentation of financial statements", and IAS 8, "Accounting policies, changes in accounting estimates and errors", and consequential amendments to other IFRSs:

  - Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  - Clarify the explanation of the definition of material; and
  - Incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 3 - definition of a business;** effective from annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

  IFRS 17, "Insurance contracts"; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

2.2 CHANGES IN ACCOUNTING POLICIES AND ERRORS

Accounting policy changes arising from the initial application of a new TAS / TFRS are applied retroactively or in accordance with the transition provisions of TAS / TFRS, if applicable. Changes which are not included in any transition decree, significant changes in accounting policy or detected accounting errors are applied retrospectively and the prior period consolidated financial statements are restated.

2.2.1 Effects on Consolidated Financial Statements

As of 1 January 2019, the Group began using the "TFRS 16 - Leasing" standard when recognising its leasing transactions. The use of a facilitative practice was preferred on the first transition date, and no change was made to the comparative financial statements of the previous period.

As per the "TFRS 16 - Leasing" standard, at the beginning of the lease the Group calculates the "tenure" amount based on the present value of lease payments of the fixed asset subject to leasing, and includes this amount in "property, plant and equipment". Lease payments which were not made as of due dates are measured at their present values and registered under "obligations from leases". Lease payments are deducted using the borrowing interest rate.

Fixed assets subject to financial leasing are depreciated based on the lease period. Obligations from leases and relevant interest expenses recognised under liabilities are presented under "lease interest expenses" under "interest expenses" on the income statement, and the exchange rate difference is presented under "foreign exchange profit/loss". Lease payments are deducted from finance lease obligations.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND ERRORS (Continued)

The impact of TFRS 16 on financial statements as of 1 January 2019 is described below:

Information on obligations from leases:

	1 January 2019
Operational leasing contracts	**6,164,671**
Total lease liability as per TFRS 16 (discounted by the borrowing rate)	**4,701,409**
Obligations from financial leases	-
Obligations from leases	**4,701,409**
- Short term lease liability	3,139,070
- Long term lease liability	1,562,339

Information on total asset usage:

	30 June 2019	1 January 2019
Vehicles, net	1,910,643	2,160,168
Offices and branches, net	1,175,319	1,763,583
Other, net	360,203	777,658
Total right of use of assets	**3,446,165**	**4,701,409**

2.3 CHANGES IN ACCOUNTING ESTIMATES

If the changes in the accounting estimates are related to only one period; changes are made only in the related period, if the changes in the accounting estimates related to future periods; changes are made both for the current and future periods, oriented to future periods. There has been no significant change in the Group's accounting estimates in the current period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and it's 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 30 June 2019 and 31 December 2018 details of the subsidiary and associate of the Group are as follows:

Legal entity	30 June 2019 Ratio of shares in capital	31 December 2018 Ratio of shares in capital	Service Line
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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's subsidiary Koç Portföy Yönetimi A.Ş. 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% (31 December 2018: 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.

(b) Revenue recognition

(i) Fee and commission income and expenses

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

(ii) Interest income, expenses and dividend income

Interest income and expenses are recognized in the income statement in the period to which they relate on an accrual basis. Interest income consists of income derived from coupons of fixed-rate and variable-rate instruments, income arising from the valuation of discounted government securities on an internal rate of return basis, and interest rates arising from the Money Market and reverse repurchase transactions.

Dividend income from common stock investments are recognized when the shareholders have the right to take the dividend.

(c) Trade receivables

Trading receivables that arise as a result of providing services to the receiver by the Group 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial assets

The Group classifies and accounts its financial assets as "Financial assets measured at fair value through profit or loss", "Financial assets measured at fair value through other comprehensive income, "Financial assets measured at amortised cost" and "Loans and receivables".

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

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

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

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

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

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. It is accepted that the fair value is recognized as the best buy order as of the balance sheet date. However, if fair values cannot be obtained from the market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at "amortised 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.

(ii) Financial assets at fair value through other comprehensive income:

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI).

Financial assets at fair value through other comprehensive income are subsequently re-measured at fair value. When fair values based on market prices cannot be obtained reliably, the financial assets at fair value through other comprehensive income are carried at fair values determined by using "Effective interest rate" method.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(ii) Financial assets at fair value through other comprehensive income (Continued)

"Unrealized gains and losses" arising from changes in the fair value of financial assets classified as financial assets at fair value through other comprehensive income are recognized in the shareholders' equity as "Other accumulated comprehensive income that will be reclassified in profit or loss", until the related assets are impaired or disposed.

When these financial assets are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Interest and dividends received from Financial assets at fair value through other comprehensive income are recorded in interest income and dividend income as appropriate.

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) Assets recognized at amortised cost

Financial assets are recognized at amortised cost if the retention is in the context of a business model which aimed at collecting contractual cash flows and the contractual terms lead to cash flows contain only principal and interest payments on the principal balance and at specific dates. These assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortised cost by using "Effective interest rate method".

(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 Group provides loans to its customers for stock purchases.

(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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(e) Property and equipment

Property and equipment are carried at cost less accumulated depreciation.

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

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

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

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

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

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

(f) Intangible assets

Intangible assets consist of acquired rights, information systems and softwares. These assets are recorded at original costs and amortised over their estimated useful lives, approximately 3-5 years, using the straight-line method. Estimated useful lives and amortization method are reviewed annually and the changes in estimates are recognized to determine the possible effects of the changes in estimates.

The 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 because 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 impairment gains and loss of loans and advances is the difference between the original contracted cash flows and the modified cash flows discounted at the original effective interest rate.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(g) Impairment of financial asset (Continued)

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 with an allowance account.

In all financial assets with the exception of trade receivables where the net book value is reduced through the use of an allowance account, the impairment is deducted directly from the carrying amount of the related financial asset. In the event that the case of the trade receivable cannot be collected, become certain, the related amount is deducted from the provision account. Changes in the provision account are recognized in the income statement.

If the impairment loss decreases in the subsequent period, and this decrease can be associated with an event occurring after recognition of the impairment loss-except for equity instruments whose fair value difference is recognised under comprehensive income-the previously recognised impairment loss is written off on the income statement in such a way that it does not exceed the amortised cost occurring when the impairment of the investment is not recognised on the date the impairment is written off.

Expected credit losses measurement

The measurement of the allowance for expected credit loss for financial assets measured at amortised cost and at fair value through other comprehensive income is an area that requires the use of the financial position and future relevant economic assumptions and advanced models.

A group of important decisions is required to apply the accounting requirements for measuring expected credit losses. These are:

- Determination of criteria for significant increase in credit risk
- Selection of appropriate models and assumptions for measuring expected credit losses
- Identify the related expected credit loss and the number and likelihood of prospective scenarios for each type of product / market
- Identification of a similar group of financial assets for the purposes of measuring expected credit losses

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(h) Financial liabilities

(i) Repurchase agreements

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets measured at amortised cost" 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 amortised cost using the effective interest method.

(i) Borrowing costs

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

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

(j) 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"). 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.

(k) Provisions and contingent assets and liabilities

Provisions are recognized when there is a present legal or constructive obligation because 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(k) Provisions and contingent assets and liabilities (Continued)

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 consolidated 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 consolidated 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 consolidated financial statements in the period in which the change occurs.

(l) 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.

(m) Related parties

For the purpose of these consolidated financial statements, shareholders, subsidiaries of Yapı ve Kredi Bankası A.Ş. with direct and / or 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".

(n) Taxes calculated over Group's profit

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses.

Turkish tax regulations do not enable the parent company to give tax statement over the consolidated financial statements of its subsidiaries and affiliates. Due to this reason, tax provisions reflected to these consolidated financial statements are calculated for each company the full consolidation scope.

Corporate tax is subject to offsetting when a legal right about netting off the current tax assets and liabilities or when they are related to the corporate tax collected by the same tax regulatory.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(n) Taxes calculated over Group's profit (Continued)

Deferred tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The deferred tax assets and the deferred tax liabilities can be netted off only if there is a legal right in this respect according to the tax legislation of the country they are dependent on.

Material temporary differences arise from miscellaneous expense provisions and valuation differences related to financial assets whose fair value differences are recognised under: other comprehensive income, premises owned by the Group, personnel premium, severance pay and leave, expected credit losses, and litigation provisions.

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Company. Deferred tax assets resulting from temporary differences in the recognition of expense for income tax and financial reporting purposes are recognized to the extent that it is probable that future taxable profit will be available, against which the deferred tax asset can be utilized.

Current tax except for the related items accounted under "Revaluation and reclassification gains / (losses)" account in equity and deferred tax of the regarding period is accounted as income or expense in the statement of income.

(o) Employee benefits

Defined benefit plans:

The Group 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 "provisions for employee benefits" in the balance sheet.

Under the Turkish Labour Law, the Group 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 consolidated financial statements.

Defined contribution plans:

The Group has to pay contribution to Social Security Institution (Institution) for its employees within the contribution margin decided by the law. The Group 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(p) Capital and dividends

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

(r) Statement of cash flows

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

(s) Share certificates and issuance

At capital increases, the Group 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 Group has no decision for profit distribution after the balance sheet date.

(t) Assets held for sale 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.

(u) Derivatives

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. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 SIGNIFICANT 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:

Financial assets measured at amortised cost

Classification of financial assets as held-to-maturity is at management discretion within the scope of management's objective and capability. If the Group can not manage to retain these assets until the maturity date, they will have to reclassify them as financial assets at fair value through other comprehensive income, except specific cases as for example, selling of immaterial amount close to maturity date. In this case, investments are measured at their fair value instead of amortised cost.

Impairment of stock investments classified as financial assets at fair value through other comprehensive income

The Group calculates the fair value of financial instruments which have no active market, using market information and through arm's length transactions or by reference to the fair value of similar instruments.

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.

3. BUSINESS COMBINATIONS

None (31 December 2018: None).

4. JOINT VENTURES

None (31 December 2018: None).

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

5. SEGMENT REPORTING

Since the Group is not publicly held, there is no segment reporting in the consolidated financial statements as of 30 June 2019 and 31 December 2018.

6. CASH AND CASH EQUIVALENTS

	30 June 2019	31 December 2018
Banks		
- Demand deposits	2,551,838,809	2,824,967,305
- Time deposits	80,413,269	62,157,876
Receivables from reverse repo agreements	103,467,397	261,804
Allowances for expected credit losses (-)	(21,203,417)	(23,110,420)
	2,714,516,058	**2,864,276,565**

As of 30 June 2019, TRY832,000,156 of bank deposits (31 December 2018: TRY1,747,617,921) are held by related parties and institutions. The expected loan loss provision of the related banks and corporations is calculated to be TRY6,825,283. (31 December 2018: 13,870,692) (Note 29).

TRY75,570,762 of demand deposits (31 December 2018: TRY56,402,396) are held by the Group's bank accounts in the collateral status of the Group's customers (Note 16).

As of 30 June 2019, the average maturity for TRY and EUR time deposits is 43 and 54 days (31 December 2018: 10 and 45 days) respectively, while the average interest rates are 24.73% and 1.37% (31 December 2018: 22.69% and 2.67%) respectively

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

	30 June 2019	31 December 2018
Time deposits with maturity less than 3 months	2,548,377,323	2,824,967,305
Receivables from reverse repo agreements	103,467,397	261,804
Demand deposits	4,842,507	5,755,480
	2,656,687,227	**2,830,984,589**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

7. FINANCIAL INVESTMENTS

Short-term financial investments:

	30 June 2019		
	Cost	**Fair value**	**Carrying value**
Financial assets measured at fair value through profit or loss	17,383,553	17,481,716	17,481,716
- Shares certificate listed on the stock market	*17,383,553*	*17,481,716*	*17,481,716*
Financial assets measured at fair value through other comprehensive income	14,881,684	15,652,133	15,652,133
- Corporate sector bonds and bills	*14,881,684*	*15,668,877*	*15,668,877*
- Allowances for expected credit losses	-	*(16,744)*	*(16,744)*
Financial assets measured at amortised cost	34,025,425	33,896,843	34,272,827
- Government bonds and treasury bills	*34,025,425*	*34,025,425*	*34,401,409*
- Allowances for expected credit losses	-	*(128,582)*	*(128,582)*
	66,290,662	**67,030,692**	**67,406,676**

	31 December 2018		
	Cost	**Fair value**	**Carrying value**
Financial assets measured at fair value through profit or loss	6,768,774	6,640,553	6,640,553
- Shares certificate listed on the stock market	*6,668,774*	*6,555,354*	*6,555,354*
- Investment funds	*100,000*	*85,199*	*85,199*
Financial assets measured at fair value through other comprehensive income	27,228,075	27,228,075	27,228,075
- Corporate sector bonds and bills	*27,228,075*	*27,283,446*	*27,283,446*
- Allowances for expected credit losses	-	*(55,371)*	*(55,371)*
Financial assets measured at amortised cost	33,229,900	33,099,490	33,425,290
- Government bonds and treasury bills	*33,229,900*	*33,229,900*	*33,555,700*
- Allowances for expected credit losses	-	*(130,410)*	*(130,410)*
	67,226,749	**66,968,118**	**67,293,918**

Long-term financial investments:

	30 June 2019		
	Cost	**Fair value**	**Carrying value**
Financial assets measured at fair value through other comprehensive income	41,441,169	69,973,712	69,973,712
- Share certificates	*32,192,533*	*60,647,555*	*60,647,555*
- Corporate sector bonds and bills	*9,248,636*	*9,336,117*	*9,336,117*
- Allowances for expected credit losses	-	*(9,960)*	*(9,960)*
	41,441,169	**69,973,712**	**69,973,712**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

7. FINANCIAL INVESTMENTS (Continued)

Long-term financial investments (Continued):

	31 December 2018		
	Cost	**Fair value**	**Carrying value**
Financial assets measured at fair value through other comprehensive income	32,192,533	50,135,553	50,135,553
- Share certificates	*32,192,533*	*50,135,553*	*50,135,553*
	32,192,533	**50,135,553**	**50,135,553**

As of 30 June 2019, financial assets measured at amortised cost whose the total amount of net book value is TRY 34,272,827 (31 December 2018: TRY 33,425,290) are held as collaterals in CBRT, BİST and Istanbul Settlement and Custody Bank Inc. ("Takasbank") (Note 16).

Breakdown of the financial assets measured at amortised cost are as follows:

	30 June 2019	**31 December 2018**
1 months - 3 months	4,740,963	-
3 months - 1 year	29,531,864	33,425,290
	34,272,827	**33,425,290**

The movement table of financial assets measured at amortised cost for the periods ended 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019	**31 December 2018**
Beginning of the period	**33,425,290**	**22,768,209**
Purchases during the period	28,200,000	128,530,000
Value decreases (including interest re-discounts)	(23,881)	(212,509)
Disposals in the period (-)	(27,200,000)	(117,530,000)
Allowances for expected credit losses (-)	(128,582)	(130,410)
End of the period	**34,272,827**	**33,425,290**

The details of long-term financial assets measured at fair value through other comprehensive income are as follows;

	30 June 2019		31 December 2018	
Type	**Amount (TRY)**	**Share (%)**	**Amount (TRY)**	**Share (%)**
Share certificates not listed on the stock market				
İstanbul Takas ve Saklama Bankası A.Ş.	57,816,000	4.38	47,303,999	4.38
Borsa İstanbul A.Ş.	2,683,145	0.08	2,683,144	0.08
Yapı Kredi Azerbaycan Ltd.	110,279	0.10	110,279	0.10
Allianz Yaşam ve 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
	60,647,555		**50,135,553**	

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

7. FINANCIAL INVESTMENTS (Continued)

Long-term financial investments (Continued):

As of 30 June 2019, the Group valued its Takasbank shares 26,280,000 with bid price of TRY 2.20 announced by Takasbank notice with no 2019/5690.

As of 30 June 2019, the Group valued its Borsa İstanbul A.Ş. shares 319,422 with bid price of TRY8.4 announced by Borsa İstanbul A.Ş. notice with no 2016/110.

8. ASSETS HELD FOR SALE

None (31 December 2018: None).

9. SHORT AND LONG TERM LIABILITIES

Short-term liabilities

	30 June 2019	31 December 2018
Payables to Money Markets (*)	2,069,643,456	1,874,016,130
Issued bonds	516,437,481	735,337,079
Payables from short selling	6,011,960	1,720,892
Liabilities from leasing activities (Note 29)	2,179,725	-
	2,594,272,622	**2,611,074,101**

(*) Payables to Money Markets have an average maturity of 23 days and the average interest rate is 24.62% (31 December 2018: 34 days, 24.09%).

Details of bonds issued as 30 June 2019 are as follows:

Marketable Security	Nominal Amount	Currency	Issue Date	Maturity Date	Simple Interest (%)	Compound Interest (%)	Type
Bond	160,870,000	TRY	4 April 2019	3 July 2019	22.38	25.06	Fixed
Bond	116,510,000	TRY	22 May 2019	7 August 2019	23.80	26.50	Fixed
Bond	105,830,000	TRY	29 May 2019	21 August 2019	23.85	26.44	Fixed
Bond	100,000,000	TRY	19 June 2019	4 September 2019	23.67	26.08	Fixed
Bond	44,000,000	TRY	15 May 2019	18 July 2019	23.45	26.26	Fixed

Details of bonds issued as 31 December 2018 are as follows:

Marketable Security	Nominal Amount	Currency	Issue Date	Maturity Date	Simple Interest (%)	Compound Interest (%)	Type
Bond	300,000,000	TRY	2 November 2018	23 January 2019	26.34	29.85	Fixed
Bond	257,800,000	TRY	19 December 2018	20 March 2019	23.41	25.66	Fixed
Bond	200,000,000	TRY	13 November 2018	13 February 2019	25.08	28.03	Fixed

Long-term liabilities:

	30 June 2019	31 December 2018
Liabilities from leasing activities	1,432,777	-
	1,432,777	**-**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

10. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	30 June 2019	31 December 2018
Receivables from customers	176,508,215	76,938,781
Receivables from loan customers	108,676,182	88,762,981
Commission receivables	7,663,775	4,079,210
Doubtful trade receivables	1,021,677	1,021,677
Provision for doubtful trade receivables	(1,021,677)	(1,021,677)
Receivables from settlement and custody bank	-	77,731,446
	292,848,172	**247,512,418**

The Group allocates credit to its customers for use in stock trading. As of 30 June 2019, the amount of loans allocated to customers by the Group is TRY 108,676,182 (31 December 2018: TRY 88,762,981) and the Group holds the total market value of the share certificates which are listed on the stock market is TRY 173,387,293 as collateral (31 December 2018: TRY 170,624,166) (Note 16).

Short-term trade payables

	30 June 2019	31 December 2018
Payables to customers	199,091,480	192,619,519
Payables to settlement and custody	48,455,593	-
Agent commission payable	2,479,726	2,355,122
Payables to vendors	688,723	1,823,891
Other	2,482,119	2,560,127
	253,197,641	**199,358,659**

11. RECEIVABLES FROM FINANCIAL ACTIVITIES

Receivables from financial activities

	30 June 2019	31 December 2018
Investment fund management fee receivables (Note 29) (*)	5,247,501	5,007,395
Individual portfolio management receivables	1,217,540	60,279
Individual pension fund management fee receivables (**)	1,026,984	843,439
Individual pension fund performance fee receivables (**)	-	2,555,073
Investment advisory receivables (Note 29)	-	1,823,135
Other	320,087	666,454
	7,812,112	**10,955,775**

(*) Investment fund management commission receivables are obtained management fee receivables from 32 (31 December 2018: 30) investment funds established in accordance with the Capital Markets Law and related legislations.

(**) Pension fund commission and performance fee receivables are derived from 34 (31 December 2018: 25) individual pension funds, 29 (31 December 2018: 12) of which are related institutions.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

12. OTHER RECEIVABLES AND PAYABLES

Other receivables

	30 June 2019	31 December 2018
Deposits and collaterals given	127,896,807	115,575,771
Collaterals given to markets	28,944,265	16,802,243
Other	2,493,451	-
	159,334,523	**132,378,014**

Other payables

Deposits and collaterals received	23,569,217	20,041,457
Payables to marketable securities disposal fund	491,344	491,344
	24,060,561	**20,532,801**

13. PROPERTY, PLANT AND EQUIPMENT

30 June 2019	Buildings	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January 2019	**4,788,641**	**2,741,701**	**544,935**	**8,075,277**
Additions	-	738,324	-	**738,324**
Disposals, net	-	(17,726)	-	**(17,726)**
Depreciation expense (-)	(147,328)	(583,103)	(93,635)	**(824,066)**
Net book value, 30 June 2019	**4,641,313**	**2,879,196**	**451,300**	**7,971,809**
Cost	11,026,598	19,663,329	5,059,933	**35,749,860**
Accumulated depreciation (-)	(6,385,285)	(16,784,133)	(4,608,633)	**(27,778,051)**
Net book value, 30 June 2019	**4,641,313**	**2,879,196**	**451,300**	**7,971,809**

31 December 2018	Building	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January 2018	**5,083,298**	**2,431,472**	**711,444**	**8,226,214**
Additions	-	1,422,278	27,805	1,450,083
Depreciation expense (-)	(294,657)	(1,112,049)	(194,314)	(1,601,020)
Net book value, 31 December 2018	**4,788,641**	**2,741,701**	**544,935**	**8,075,277**
Cost	11,026,598	18,946,649	5,059,934	35,033,181
Accumulated depreciation (-)	(6,237,957)	(16,204,948)	(4,514,999)	(26,957,904)
Net book value, 31 December 2018	**4,788,641**	**2,741,701**	**544,935**	**8,075,277**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

14. RIGHT OF USE ASSET

30 June 2019	Office and branches	Vehicles	Others	Total
Net book value, 1 January 2019	**1,763,583**	**2,160,168**	**777,658**	**4,701,409**
Additions	566,585	-	-	566,585
Depreciation expense (-)	(1,154,849)	(249,525)	(417,455)	(1,821,829)
Net book value, 30 June 2019	**1,175,319**	**1,910,643**	**360,203**	**3,446,165**
Cost	2,330,168	2,160,168	777,658	5,267,994
Accumulated depreciation (-)	(1,154,849)	(249,525)	(417,455)	(1,821,829)
Net book value, 30 June 2019	**1,175,319**	**1,910,643**	**360,203**	**3,446,165**

15. INTANGIBLE ASSETS

	30 June 2019
Net book value, 1 January 2019	**29,633,063**
Additions	2,157,498
Disposals	(8,591)
Amortization (-)	(1,710,614)
Net book value, 30 June 2019	**30,071,356**
Cost	47,486,721
Accumulated amortization (-)	(17,415,365)
Net book value, 30 June 2019	**30,071,356**

	31 December 2018
Net book value, 1 January 2018	**26,986,668**
Additions	5,531,586
Amortization (-)	(2,885,191)
Net book value, 31 December 2018	**29,633,063**
Cost	45,337,814
Accumulated amortization (-)	(15,704,751)
Net book value, 31 December 2018	**29,633,063**

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Short term provisions

	30 June 2019	31 December 2018
Legal provisions	35,389,928	35,560,909
	35,389,928	**35,560,909**

Total amount of several outstanding legal cases against the Group is TRY 35,389,928 (31 December 2018: TRY 35,560,909).

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

i) Short term provisions (Continued)

The movement of litigation provisions for the years ending 30 June 2019 and 2018 is as below:

	2019	2018
Beginning of the period, 1 January	35,560,909	1,870,945
Changes within the period	(170,981)	(54,255)
Ending period, 30 June	**35,389,928**	**1,816,690**

ii) Collaterals given

	30 June 2019	31 December 2018
Guarantee letters	3,385,715,765	3,300,905,883
	3,385,715,765	**3,300,905,883**

Letters of guarantee are given to BIST, CMB and to Takasbank for money market transactions. Foreign currency denominated letters of guarantee amount to TRY 388,534,757 (31 December 2018: TRY 355,171,030).

iii) Cash collaterals given on behalf of customers

	30 June 2019	31 December 2018
VİOP collaterals given on behalf of customers (*)	371,327,571	246,030,074
	371,327,571	**246,030,074**

(*) As of 30 June 2019 cash amounting to TRY 371,327,571 has been pledged by the Group as collateral for the Futures and Options Market on behalf of the customers (31 December 2018: TRY 246,030,074)

iv) Customer deposits

Treasury bills, government bonds, share certificates and other financial assets held in trust for hiding on behalf of customers as of 30 June 2019 and 31 December 2018 are as follows:

Customer deposits	30 June 2019	31 December 2018
Investment funds	51,720,709,494	51,720,676,904
Share certificates	3,854,674,543	3,389,741,594
Government bonds	2,963,911,909	1,241,609,145
Reverse repo agreements (Money Markets)	608,863,505	824,107,659
Corporate bonds	44,970,000	50,960,000
Other	5,171,781	5,222,673
	59,198,301,232	**57,232,317,975**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

v) Other

i. Stock exchange transactions covered by the "Third Party Financial Responsibility" policy of Generali Sigorta A.Ş. amount to TRY 9,000,000 (31 December 2018: TRY 9,000,000) and those covered by the "Employer Financial Responsibility Insurance" policy of Ergo Sigorta A.Ş. amount to TRY 5,000,000 (31 December 2018: TRY 5,000,000).

ii. Demand deposits amounting to TRY 75,570,762 (31 December 2018: TRY 56,402,396) belongs to the Group's customers as a partial collateral and are held in the Group's bank accounts (Note 6).

iii. The Group allocates credit to its customers for use in stock trading. As of 30 June 2019, the Group has TRY 108,676,182 (31 December 2018: TRY 88,762,981) of loans granted to its customers and the total market value of the shares kept as collateral against those credits given is amounting to TRY 173,387,293 (31 December 2018: TRY 170,624,166) (Note 10).

iv. The financial assets measured at their amortised costs and having a book value of TRY 34,272,827 as of 30 June 2019 (31 December 2018: TRY 33,425,290) are pledged as collateral at CBRT, BIST, and Takas ve Saklama Bankası A.Ş. ("Takasbank") (Note 7).

17. DERIVATIVES

Nominal details of derivative transactions as of 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019 TRY Equivalent		31 December 2018 TRY Equivalent	
	USD	**EUR**	**USD**	**EUR**
Swap transactions (buy)	1,482,250	2,634,480,735	1,370,250	2,685,428,092
Swap transactions (sell)	1,438,775	2,505,828,829	1,315,225	2,572,438,162
Forward transactions (buy)	-	4,082,437	-	8,795,753
Forward transactions (sell)	-	3,877,772	-	8,283,931
	2,921,025	**5,148,269,773**	**2,685,475**	**5,274,945,938**

Receivables from derivative transactions

	30 June 2019	31 December 2018
Swap transactions	97,808,467	69,763,081
Forward transactions	149,546	316,578
	97,958,013	**70,079,659**

Payables from derivative transactions

Swap transactions	-	1,146,231
Forward transactions	-	2,491
	-	**1,148,722**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

18. PROVISION FOR EMPLOYEE BENEFITS

	30 June 2019	31 December 2018
Short-term provisions		
Employee premium provision	11,595,393	21,674,000
	11,595,393	**21,674,000**
Long-term provisions		
Provision for employee termination benefits	10,066,154	9,102,464
Provision for unused vacation	4,149,678	3,266,599
	14,215,832	**12,369,063**

Under the Turkish Labour Law, the Group required to pay the employment termination benefits to each employee who have completed one year of service at the Group 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 TRY 6,018 as of 30 June 2019 (31 December 2018: TRY 5,434).

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

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

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

	30 June 2019	31 December 2018
Discount rate (%)	5.65	5.65
Turnover rate to estimate retirement probability (%) (*)	95.42	95.42

(*) 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 1 July 2019 of TRY 6,380 (1 January 2019: TRY 6,018).

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

18. PROVISION FOR EMPLOYEE BENEFITS (Continued)

Movement of provision for employee benefits during the period are as follows:

	2019	2018
Beginning of the period, 1 January	**9,102,464**	**7,104,033**
Service cost	996,625	1,304,535
Interest cost	843,010	501,693
Actuarial gain	(415,040)	(555,396)
Payments during the period (-)	(460,905)	(149,496)
Ending period, 30 June	**10,066,154**	**8,205,369**

Movement of provision for unused vacations during the period are as follows:

	2019	2018
Beginning of the period, 1 January	**3,266,599**	**2,866,962**
Provisions set aside within the period	1,139,993	1,037,575
Payments during the period (-)	(256,914)	(57,620)
Ending period, 30 June	**4,149,678**	**3,846,917**

Movement of provision for employee benefits during the period are as follows:

	2019	2018
Beginning of the period, 1 January	**21,674,000**	**18,862,294**
Provisions set aside within the period	9,503,909	8,305,393
Payments during the period (-)	(19,582,516)	(18,809,687)
Ending period, 30 June	**11,595,393**	**8,358,000**

19. LIABILITIES FOR EMPLOYEE BENEFITS

	30 June 2019	31 December 2018
Social security premium paid	1,646,621	692,017
Tax and liabilities paid	1,587,225	2,117,140
	3,233,846	**2,809,157**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

20. PREPAID EXPENSES

	30 June 2019	31 December 2018
Prepaid expenses	3,194,288	3,470,432
Commissions for letters of guarantees	2,225,614	2,107,383
	5,419,902	**5,577,815**

21. OTHER ASSETS AND LIABILITIES

	30 June 2019	31 December 2018
Other short-term liabilities		
Payable taxes and funds	4,567,654	2,708,410
Expense provision	3,798,092	3,252,003
Blocked customer deposits	2,641,567	3,369,215
Other	1,557,643	3,823,404
	12,564,956	**13,153,032**

22. SHAREHOLDER'S EQUITY

Paid-in capital and adjustment differences

The paid-in capital of the Company is TRY98,918,083 (31 December 2018: TRY 98,918,083) and consists of 9,891,808,346 (31 December 2018: 9,891,808,346) authorized shares with a nominal value of Krş 1 each. The Group has no preferred share as of 30 June 2019 (31 December 2018: None).

The shareholders and their shares in capital with historic values as of 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019		31 December 2018	
Name of the shareholders	**TRY**	**Share (%)**	**Try**	**Share (%)**
Yapı ve Kredi Bankası A.Ş.	98,895,466	99.98	98,895,466	99.98
Temel Ticaret ve Yatırım A.Ş.	20,951	0.02	20,951	0.02
Other	1,666	0.00	1,666	0.00
	98,918,083	**100.00**	**98,918,083**	**100.00**
Adjustments to share capital	63,078,001		63,078,001	
Total paid-in capital	**161,996,084**		**161,996,084**	

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

22. SHAREHOLDER'S EQUITY (Continued)

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

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

As of 30 June 2019, restricted reserves are amounting to TRY 173,078,307 (31 December 2018: TRY 234,277,667).

Restricted reserves

	30 June 2019	**31 December 2018**
Real estate and affiliate sales gain fund (*)	107,765,514	180,904,217
Secondary legal reserves	46,421,693	34,482,350
Primary legal reserves	18,891,100	18,891,100
Total restricted reserves	**173,078,307**	**234,277,667**

(*) As of 30 June 2019, TRY 4,626,817 of the TRY 107,765,514 which is the gain on sale of property, equipment and subsidiary classified under equity, is 75% of the profit from the sale of buildings in the year 2010 and TRY 103,138,697 is the 75% of the profit from the sale of subsidiaries in the year 2013.

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

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

In accordance with the provisions of the said communiqué, non-listed companies may choose not to distribute dividends in the event that the calculated profit share is less than five percent of the capital stock in the most recent annual financial statements to be presented to the general assembly or in the event that the net distributable profit for the period is less than TRY 100,000 according to these financial statements. In this case, the undistributed dividends are distributed in subsequent periods.

At the company's Ordinary General Assembly meeting dated 6 March 2019 it was unanimously decided to distribute, in cash, a dividend of TRY 163,483,418 (2018: TRY 44,090,000) to the company's shareholders, and this amount was paid to shareholders on 13 March 2019.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

22. SHAREHOLDER'S EQUITY (Continued)

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

	30 June 2019	31 December 2018
Beginning period	**8,477,865**	**8,263,813**
Minority interest decrease due to dividend payment (*)	(4,056,240)	(4,309,999)
Minority interest net income	2,139,964	4,524,051
Ending period	**6,561,589**	**8,477,865**

(*) Decrease in non-controlling interests due to profit distribution represents profit share distribution of the subsidiary during the period, share of the subsidiaries of the subsidiary excluding the Company.

23. TAX ASSETS AND LIABILITIES

Corporate tax

	30 June 2019	31 December 2018
Corporate taxes payable (-)	(17,417,716)	(32,918,091)
Prepaid taxes	46,146,246	68,790,846
Current period tax assets, net	**28,728,530**	**35,872,755**

The Group's income tax expense for the periods ended 30 June 2019 and 2018 consists of the following items:

	1 January - 30 June 2019	1 January - 30 June 2018
Current period tax expense	13,433,411	10,839,298
Deferred tax (income) / expense	7,354,837	4,401,324
Prior year tax adjustment	-	(379,244)
Total tax expense	**20,788,248**	**14,861,378**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

23. TAX ASSETS AND LIABILITIES (Continued)

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

	1 January - 30 June 2019	**1 January - 30 June 2018**
Profit before tax	101,529,923	76,310,328
Theoretical tax expense arising at the legal tax rate	(22,336,583)	(16,788,272)
Impact of the dividend income that is not subject to tax	1,778,369	2,122,350
Impact of other adjustments	(230,034)	(195,456)
Current period tax expense	**(20,788,248)**	**(14,861,378)**

In Turkey, the corporation tax rate is 22% for 2019 (2018: 22%). The corporate tax rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like affiliation privilege) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made. Except for the withholding tax at the rate of 19.8%, calculated and paid on the basis of the exemption made in the event of an investment allowance exemption used in accordance with the Temporary Article 61 of the Tax Law

The Law on the Amendment of Certain Tax Acts was approved by the Parliament on 28 November 2017 and published in the Official Gazette dated December 5, 2017, putting the rate of corporate taxation to be increased from 20% to 22% for the years 2018, 2019 and 2020. In this context, the Group's effect on the tax rate change in deferred tax asset / liability calculation as of 30 June 2019 is taken into consideration.

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.

Corporations are required to pay advance corporate tax quarterly at a rate of 22% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial 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 five years from the beginning of the year following the date of filing during which period 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 Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. 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.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

23. 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

	30 June 2019	31 December 2018
Deferred tax assets	19,599,757	20,665,391
Deferred tax liabilities	(30,271,508)	(21,544,409)
Deferred tax liabilities, net (-)	**(10,671,751)**	**(879,018)**

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

	30 June 2019		31 December 2018	
	Cumulative temporary differences	Deferred tax assets / liabilities	Cumulative temporary differences	Deferred tax assets / liabilities
Legal provisions	35,389,928	7,785,784	35,560,909	7,823,400
Allowances for expected credit losses (-)	21,358,703	4,698,915	23,296,201	5,125,164
Provision for employee termination benefits	10,066,154	2,214,554	9,102,464	2,002,542
Provision for employee bonus	9,423,574	2,073,186	20,362,912	4,479,841
Expense provision	4,427,549	974,061	650	143
Provision for unused vacation	4,149,678	912,929	3,266,599	718,652
Valuation differences of financial assets	352,401	77,528	196,565	43,244
Derivatives	-	-	1,148,722	252,719
Other	3,921,817	862,800	998,573	219,686
Deferred tax assets		**19,599,757**		**20,665,391**
Derivatives	97,958,013	21,550,763	70,079,659	15,417,525
Financial assets revaluation differences	28,725,705	6,319,655	18,250,607	4,015,134
Difference between the tax base and carrying amount of non-current assets	7,940,167	1,746,837	6,947,376	1,528,423
Investments in progress	2,590,656	569,944	2,570,964	565,612
Other	383,222	84,309	80,523	17,715
Deferred tax liabilities		**30,271,508**		**21,544,409**
Deferred tax liabilities, net		**(10,671,751)**		**(879,018)**

	1 January - 30 June 2019	1 January - 30 June 2018
Beginning balance of deferred tax assets / (liabilities), net	(879,018)	(8,942,732)
Deferred tax income / (expense)	(7,354,837)	(4,401,324)
Deferred tax accounted under equity	(2,437,896)	(363,760)
Deferred tax effect of TFRS 9 opening adjustment	-	4,010,538
Period end deferred tax assets / (liabilities), net	**(10,671,751)**	**(9,697,278)**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

24. REVENUE AND COST OF SALES

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Revenue				
Share certificates sales	1,743,238,455	872,168,402	4,665,319,074	1,585,636,368
Treasury bills and government bonds sales	74,573,630	18,450,362	1,316,508,601	719,029,388
Commissions on intermediary activities on stock market	44,721,029	18,599,258	46,151,928	22,039,512
Futures exchange intermediary commissions	12,367,350	7,057,736	12,394,263	7,917,423
Corporate finance fees	7,070,569	2,566,433	13,710,810	8,506,228
Commission leveraged trading contracts	4,057,206	2,044,954	3,343,282	2,119,321
Intermediary commissions for definite buy-sale transactions	1,972,082	913,791	104,538	65,459
Consultancy services	862,602	574,482	414,919	243,202
Custody commissions	833,028	492,148	566,476	215,251
Fund management fees	374,763	175,769	535,128	214,129
Intermediary commission income from firm purchase and sales	28,666	14,971	25,039	8,683
Other services income	16,914,092	7,912,812	7,697,373	6,462,878
Other intermediary commissions	4,594,489	1,924,667	7,080,323	3,676,215
Total revenue	**1,911,607,961**	**932,895,785**	**6,073,851,754**	**2,356,134,057**
Service income discounts and allowances				
Commissions paid to agencies (-)	19,500,370	8,681,039	19,302,772	9,292,496
Commission returns (-)	443,292	95,152	834,672	379,400
Total discounts and allowances (-)	**19,943,662**	**8,776,191**	**20,137,444**	**9,671,896**
Revenue	**1,891,664,299**	**924,119,594**	**6,053,714,310**	**2,346,462,161**
Cost of sales				
Costs of share certificate sales (-)	1,751,363,215	880,605,152	4,686,346,311	1,609,229,681
Costs of treasury bills and government bond sales (-)	74,532,209	18,438,329	1,316,054,032	718,876,648
Total cost of sales (-)	**1,825,895,424**	**899,043,481**	**6,002,400,343**	**2,328,106,329**
Gross operating profit from trading operations	**65,768,875**	**25,076,113**	**51,313,967**	**18,355,832**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

25. REVENUE AND COST OF FINANCIAL ACTIVITIES

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Revenue from financial activities				
Investment funds management fee	28,546,737	14,574,888	30,678,784	15,464,928
Individual pension funds management fee	5,045,243	2,773,421	5,033,595	2,104,802
Total fund management fee	**33,591,980**	**17,348,309**	**35,712,379**	**17,569,730**
Discretionary portfolio management commission	2,583,026	1,252,295	1,696,631	864,686
Portfolio success premiums	311,758	308,563	365,196	357,139
Discretionary portfolio management income	**2,894,784**	**1,560,858**	**2,061,827**	**1,221,825**
Total financial activities revenue (a)	**36,486,764**	**18,909,167**	**37,774,206**	**18,791,555**
Financial activities cost				
Commission expenses	(2,454,102)	(1,138,220)	(1,759,878)	(895,698)
Commission expenses for investment and private pension fund management	(788,956)	(334,760)	(3,253,050)	(1,908,436)
Total financial activities cost (b)	**(3,243,058)**	**(1,472,980)**	**(5,012,928)**	**(2,804,134)**
Gross profit from financial sector activities (a-b)	**33,243,706**	**17,436,187**	**32,761,278**	**15,987,421**

26. OPERATING EXPENSES

General administrative expenses

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Personnel expenses	48,565,651	24,729,540	40,015,611	20,819,024
Information services expenses	7,868,052	5,245,618	4,266,377	2,176,869
Depreciation and amortization expenses	4,356,509	2,181,567	2,233,737	1,488,079
Taxes, duties and charges	2,214,744	1,097,747	2,560,979	903,001
Data processing expenses	1,878,575	68,986	2,989,366	1,496,763
Communication expenses	1,355,267	835,793	895,330	405,863
Audit and advisory expenses	1,155,656	595,972	989,347	611,875
IT transformation expenses	736,642	368,321	1,144,072	528,030
Insurance expenses	438,845	261,245	152,754	75,628
Maintenance service expenses	388,478	198,051	334,178	162,340
Stationery expenses	387,355	244,925	220,795	109,298
Cleaning expenses	350,422	172,976	263,767	132,034
Rent expense	304,984	156,172	1,465,438	736,260
Vehicle expenses	254,281	149,938	523,396	277,550
Representation expenses	146,895	68,075	147,751	83,202
Meeting and travelling expenses	137,245	63,264	283,139	199,636
Other	2,891,024	1,189,376	1,725,673	920,080
	73,430,625	**37,627,566**	**60,211,710**	**31,125,532**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

26. OPERATING EXPENSES (Continued)

Marketing expenses

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Brokerage and other operational fees	19,993,633	9,490,306	14,300,843	9,267,503
Custody commissions	917,876	542,766	1,513,161	808,553
Advertising expenses	451,766	188,982	320,834	58,285
	21,363,275	**10,222,054**	**16,134,838**	**10,134,341**

27. OTHER INCOME FROM OPERATING ACTIVITIES

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Income due to derivative operations	485,104,492	132,704,210	382,186,938	101,410,242
Interest income on deposit at banks	38,906,090	13,894,525	51,181,627	23,123,909
Interest income on loans	19,470,928	10,162,647	19,561,049	10,505,483
Other interest income	10,031,461	4,906,976	170,341	55,491
Dividend income	8,083,495	5,991,702	9,647,045	8,175,539
Interest income on treasury bills and government bonds.	6,333,838	2,820,494	3,069,681	1,299,599
Expected allowances for credit losses	1,713,819	1,713,819	-	-
Foreign exchange gains	683,689	680,934	-	-
Other income	9,514,502	6,540,794	564,347	529,530
	579,842,314	**179,416,101**	**466,381,028**	**145,099,793**

28. OTHER EXPENSE FROM OPERATING ACTIVITIES

	1 January - 30 June 2019	1 April - 30 June 2019	1January - 30June 2018	1 April - 30 June 2018
Interest paid to money markets	294,569,700	137,637,706	208,338,295	105,673,550
Interest expense from issued bonds and bills	86,449,050	33,831,906	76,957,081	41,570,891
Losses from derivative transactions	70,079,659	(66,385,449)	82,370,102	(137,676,506)
Commissions paid for guarantee letters	7,744,411	3,938,892	7,877,547	1,447,601
Commission expenses	5,438,864	2,920,988	8,350,730	1,652,043
Interest expense	2,013,287	1,919,750	4,930,866	72,945,452
Impairment of financial investments	990,130	(4,204,895)	1,388,888	456,299
Foreign exchange losses	60,974	60,932	5,373,444	8,350,728
Expected impairment provision	-	(4,964,583)	-	-
Other expenses	15,184,997	15,180,770	2,212,444	1,143,765
	482,531,072	**119,936,017**	**397,799,397**	**95,563,823**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) Bank deposits in related parties

	30 June 2019	31 December 2018
Yapı ve Kredi Bankası A.Ş.	832,000,156	1,747,617,921
Allowances for expected credit losses (-)	(6,825,283)	(13,870,692)
	825,174,873	**1,733,747,229**

(b) Receivables due from related parties

Trade receivables

	30 June 2019	31 December 2018
Yapı ve Kredi Bankası A.Ş.	211,536	-
	211,536	**-**

Receivables from financial activities

	30 June 2019	31 December 2018
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds (Note 11)	5,247,501	5,007,395
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	968,402	2,096,096
Yapı ve Kredi Bankası A.Ş. – Investment Consultancy (Note 11)	-	1,823,135
	6,215,903	**8,926,626**

(c) Payables due to related parties

	30 June 2019	31 December 2018
Short and long-term liabilities		
Short-term liabilities from leasing activities		
Yapı ve Kredi Bankası	741,913	-
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	598,099	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	381,576	-
	1,721,588	**-**
Long-term liabilities from leasing activities		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	1,400,448	-
	1,400,448	**-**
Trade payables		
Yapı ve Kredi Bankası A.Ş.	3,819,054	2,400,364
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	211,485	499,440
Yapı Kredi Portföy Yatırım Fonları	140,311	1,504,885
Koç Holding	137,482	-
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	92,697	52,422
Zer Merkezi Hizmetler ve Ticaret A.Ş.	90,023	24,857
YKS Tesis Yönetimi A.Ş.	3,390	-
Setur Servis Turistik A.Ş.	1,362	-
Other	-	15,682
	4,495,804	**4,497,650**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

	30 June 2019	31 December 2018
Other payables		
Allianz Emeklilik A.Ş.	154,071	-
Avis A.Ş.	48,065	2,260
Other	30,820	26,082
	232,956	**28,342**
Derivative assets / (liabilities), net		
Yapı ve Kredi Bankası A.Ş.	61,696,990	59,197,470
	61,696,990	**59,197,470**

(d) Income from related parties

Operating income due from related parties

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Yapı Kredi Portföy Investment Funds	28,225,996	14,493,518	30,678,784	15,464,928
Allianz Hayat ve Emeklilik A.Ş. Pension Funds	4,256,458	2,597,150	3,910,045	1,262,185
Otokoç Otomotiv Tic. ve San. A.Ş.	600,000	-	490,000	-
Opet Petrolcülük A.Ş.	500,000	-	1,365,000	665,000
Yapı ve Kredi Bankası A.Ş.	320,741	81,370	-	-
Koç Fiat Kredi Finansman A.Ş.	180,000	180,000	662,500	487,500
Aygaz A.Ş.	180,000	180,000	280,498	-
Koç Finansman A.Ş.	140,000	140,000	665,000	-
Allianz Hayat ve Emeklilik A.Ş. Başarı ücr.	-	-	166,853	
Türk Traktör A.Ş.	-	-	17,998	17,998
Other	1,869,863	251,212	495,296	238,308
	36,273,058	**17,923,250**	**38,731,974**	**18,135,919**

Interest income due from related parties

Yapı ve Kredi Bankası A.Ş.	15,872,348	4,849,961	18,198,248	10,337,901
	15,872,348	**4,849,961**	**18,198,248**	**10,337,901**

Derivative income due from related parties

Yapı ve Kredi Bankası A.Ş.	174,572,506	106,110,369	149,835,628	84,184,778
	174,572,506	**106,110,369**	**149,835,628**	**84,184,778**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Commission income due from related parties

Yapı ve Kredi Bankası A.Ş.	2,439,306	1,139,545	3,295,515	1,296,285
Yapı Kredi Finansal Kiralama A.O.	810,000	410,000	1,045,565	670,565
Yapı Kredi Faktoring A.Ş.	721,263	516,888	570,000	570,000
	3,970,569	**2,066,433**	**4,911,080**	**2,536,850**

Dividend income due from related parties

Takas ve Saklama Bankası A.Ş.	3,285,000	3,285,000	-	-
Borsa İstanbul A.Ş.	138,757	138,757	-	-
Allianz Yaşam ve Emeklilik A.Ş.	54,462	-	50,832	50,832
	3,478,219	**3,423,757**	**50,832**	**50,832**

(e) Expenses paid to related parties

Operating expenses paid to related parties

	1 January - 30 June 2019	**1 April - 30 June 2019**	**1 January - 30 June 2018**	**1 April - 30 June 2018**
Yapı ve Kredi Bankası A.Ş.	1,403,997	580,877	1,268,818	629,344
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	1,030,826	519,866	360,283	192,264
YKS Tesis Yönetimi A.Ş.	667,568	323,030	503,896	256,317
Otokoç Otomotiv Tic. ve San. A.Ş.	336,982	18,330	327,547	167,723
Allianz Sigorta A.Ş.	331,017	214,505	226,091	152,226
Avis A.Ş.	287,332	149,849	231,996	123,261
Zer Merkezi Hizmetler ve Tic. A.Ş.	272,477	162,692	212,347	90,687
YK Bina Yönetimi	195,918	94,747	167,443	167,443
Opet Petrolcülük A.Ş.	127,632	71,115	95,157	81,032
Setur Servis Turistik A.Ş.	67,811	32,361	171,809	113,223
Koç Holding AŞ	7,623	628	-	-
Other	271,461	141,846	225,710	107,927
	5,000,644	**2,309,846**	**3,791,097**	**2,081,447**

Commission expenses paid to related parties

Yapı ve Kredi Bankası A.Ş.	19,803,504	8,853,313	20,899,368	10,098,837
Yapı Kredi Portföy Yatırım Fonları	564,744	140,311	3,189,333	3,189,333
Allianz Yaşam ve Emeklilik A.Ş.	154,071	133,155	51,121	26,969
	20,522,319	**9,126,779**	**24,139,822**	**13,315,139**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Financial expenses paid to related parties

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Otokoç Otomotiv Tic. ve San. A.Ş.	254,829	254,829	-	-
Yapı ve Kredi Bankası A.Ş.	172,026	99,635	63,221	48,206
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	69,899	69,899	-	-
	557,654	**99,635**	**63,221**	**48,206**

Benefits provided to key management

Top management consists of members and chairman of board of directors, general managers and vice general manager. As of 30 June 2019, the total amount of salary and other benefits provided to the top management by the Group is TRY 3,995,987 (1 January - 31 December 2018: TRY4,396,136)

Dividends paid to related parties

The Group paid dividend amounting to TRY 167,539,658 in 30 June 2019 (31 December 2018: TRY 48,399,999) (Note 22).

30. EARNINGS PER SHARE

The calculation of earnings per share for the years ending 30 June 2019 and 2018 is as follows:

	30 June 2019	30 June 2018
Total profit from continuing operations	80,741,675	61,448,950
Weighted average number of shares	9,891,808,346	9,891,808,346
Earnings per share from continuing operations (Krs)	**0.82**	**0.62**

	30 June 2019	30 June 2018
Total comprehensive income	89,385,125	62,738,648
Weighted average number of shares	9,891,808,346	9,891,808,346
Comprehensive income per share from continuing operations (Krs)	**0.90**	**0.63**

The company does not have any diluted shares (31 December 2018: None).

31. FINANCIAL RISK MANAGEMENT

The Group is subject to risks because 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. Information on 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.

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.

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

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

The share of the receivables from the biggest 10 credit customers in the total receivables from credit customers of the Group is 71% (31 December 2018: 58%).

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

The table below shows credit risk exposure based on financial instruments as of 30 June 2019 and 31 December 2018. 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.

	Receivables						
	Trade receivables		**Other receivables**				
30 June 2019	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits**	**Financial Investments**	**Derivatives**
Total credit risk exposure (A+B+C)	**211,536**	**292,636,636**	**-**	**159,334,523**	**2,714,516,058**	**137,380,388**	**97,958,013**
- Amount of risk that is guaranteed with collateral	-	108,676,182	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	211,536	292,636,636	-	159,334,523	2,735,719,475	137,535,674	-
B. Net book value of impaired assets	-	-	-	-	(21,203,417)	(155,286)	-
- Past due (gross book value)	-	*1,021,677*	-	-	-	-	-
- Impairment	-	*(1,021,677)*	-	-	(21,203,417)	(155,286)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	97,958,013

	Receivables						
	Trade receivables		**Other receivables**				
31 December 2018	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits**	**Financial Investments**	**Derivatives**
Total credit risk exposure (A+B+C)	**-**	**247,512,418**	**-**	**132,378,014**	**2,864,276,565**	**117,429,471**	**70,079,659**
- Amount of risk that is guaranteed with collateral	-	88,762,981	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	-	247,512,418	-	132,378,014	2,887,386,985	117,615,252	-
B. Net book value of impaired assets	-	-	-	-	(23,110,420)	(185,781)	-
- Past due (gross book value)	*1,021,677*	-	-	*(23,110,420)*	*(185,781)*	-	
- Impairment	-	*(1,021,677)*	-	-	-	-	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	70,079,659

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

b. Information on market risk

Interest rate risk

The need of Group'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.

Financial assets classified in the Group's balance sheet either as financial assets measured at fair value through other comprehensive income or treasury bills and government treasuries measured at amortised cost with floating interest rate are exposed to price risk due to interest rate changes. Those with fixed interest rates from financial assets measured at amortised cost may be exposed to risk of re-investment if they are directed to re-invest the resulting cash.

The table below shows the interest rate position details and sensitivity analysis as of 30 June 2019 and 31 December 2018:

Interest rate position table

Fixed rate financial instruments

	30 June 2019	31 December 2018
Financial assets		
Banks	2,551,838,809	2,824,967,305
Receivables from reverse repo agreements	103,467,397	261,804
Financial assets measured at fair value through other comprehensive income	24,978,290	27,228,075
Financial assets measured at amortised cost (*)	34,272,827	33,425,290
Financial liabilities		
Funds generated from Money Market	2,069,643,456	1,874,016,130
Marketable securities issued	516,437,481	735,337,079
Bank loans	3,612,502	-

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

Financial liabilities with fixed interest rates and financial assets measured at amortised cost with fixed interest rates are assumed insensitive to changes in market interest rates. If the financial assets measured in these circumstances are measured at amortised cost, the redemption rate may be exposed to risk if the resulting cash is redirected to cash.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2019 and 31 December 2018, average interest rates of financial instruments:

	30 June 2019		31 December 2018	
	TRY (%)	EUR (%)	TRY (%)	EUR (%)
Assets				
Cash and cash equivalents	24.73	1.37	22.69	2.67
Financial assets measured at fair value through other comprehensive income	24.35	-	30.51	-
Financial assets measured at amortised cost	24.05	-	18.63	-
Liabilities				
Borrowing from Money Market	24.62	-	24.09	-
Issued bonds and bills	23.75	-	25.02	-

The Group's assets and liabilities are grouped based on their repricing maturities as follows as of 30 June 2019 and 31 December 2018.

	30 June 2019					
	Up to 1 month	Up to 3 month	3 months - to 1 year	1 year- to 5 years	Non-interest bearing	Total
Cash and cash equivalents	2,250,776,568	383,326,221	-	-	80,413,269	2,714,516,058
Financial investments	-	4,740,963	29,531,864	60,647,553	42,460,008	137,380,388
Trade receivables	108,676,182	-	-	-	184,171,990	292,848,172
Derivative financial assets held for trading	-	-	-	-	97,958,013	97,958,013
Other	-	-	-	-	245,586,551	245,586,551
	2,359,452,750	**388,067,184**	**29,531,864**	**60,647,553**	**650,589,831**	**3,488,289,182**
Financial liabilities	2,510,561,710	81,932,561	1,778,351	1,432,777	-	2,595,705,399
Trade payables	-	-	-	-	253,197,641	253,197,641
Other	-	-	-	-	114,282,300	114,282,300
	2,510,561,710	**81,932,561**	**1,778,351**	**1,432,777**	**367,479,941**	**2,963,185,340**
	(151,108,960)	**306,134,623**	**27,753,513**	**59,214,776**	**283,109,890**	**525,103,842**

	31 December 2018					
	Up to 1 months	Up to 3 months	3 months to 1 year	1 year - to 5 year	Non-interest bearing	Total
Cash and cash equivalents	2,198,583,278	603,535,411	-	-	62,157,876	2,864,276,565
Financial investments	-	-	33,425,290	50,135,553	33,868,628	117,429,471
Trade receivables	88,762,981	-	-	-	158,749,437	247,512,418
Derivative financial assets held for trading	-	-	-	-	70,079,659	70,079,659
Other	-	-	-	-	148,938,629	148,938,629
	2,287,346,259	**603,535,411**	**33,425,290**	**50,135,553**	**473,794,229**	**3,448,236,742**
Financial liabilities	2,499,242,788	111,831,313	-	-	-	2,611,074,101
Trade payables	-	-	-	-	199,358,659	199,358,659
Other	-	-	-	-	107,247,684	107,247,684
	2,499,242,788	**111,831,313**	**-**	**-**	**306,606,343**	**2,917,680,444**
	(211,896,529)	**491,704,098**	**33,425,290**	**50,135,553**	**167,187,886**	**530,556,298**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

a. Exchange rate risk

As of 30 June 2019 and 31 December 2018, the Group's assets and liabilities denominated in foreign currencies are as follows:

	30 June 2019				31 December 2018			
	TRY equivalent	USD	EUR	Other	TRY equivalent	USD	EUR	Other
Monetary financial assets	2,568,127,700	9,638,450	383,464,778	154,045	2,620,090,675	8,577,760	427,144,874	31,260
Current assets (a)	**2,568,127,700**	**9,638,450**	**383,464,778**	**154,045**	**2,620,090,675**	**8,577,760**	**427,144,874**	**31,260**
Financial liabilities	(71,443,525)	(8,909,484)	(2,980,425)	(145,410)	(53,530,603)	(7,971,631)	(1,905,131)	(27,334)
Short term financial liabilities (b)	**(71,443,525)**	**(8,909,484)**	**(2,980,425)**	**(145,410)**	**(53,530,603)**	**(7,971,631)**	**(1,905,131)**	**(27,334)**
Off-balance sheet derivatives denominated in foreign currency	(2,511,145,377)	(250,000)	(383,120,369)	-	(2,582,037,317)	(250,000)	(428,122,444)	-
Net asset / liability position of foreign currency denominated derivatives (c)	**(2,511,145,377)**	**(250,000)**	**(383,120,369)**	**-**	**(2,582,037,317)**	**(250,000)**	**(428,122,444)**	**-**
Total net foreign currency position (a+b+c)	**(14,461,202)**	**478,966**	**(2,636,016)**	**8,635**	**(15,477,245)**	**356,129**	**(2,882,701)**	**3,926**

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

Foreign currency liabilities consist of liabilities to customers.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

Off-balance sheet liabilities in foreign currencies consist of letter of guarantees and derivative transactions (Note 17).

The following table shows the sensitivity of the Group for the change of a 20% change in USD, EURO and other currencies. These amounts represent the equity effect apart from net profit for the period and effect of net profit for the period of US $, 20% increase of EURO and other foreign currencies against TRY. According to the analyses of the Group's sensitivity where, all other variables are kept as constant.

Exchange rate sensitivity analysis table

	Profit / (Loss)		**Equity**	
30 June 2019	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**
In case of a 20% change in USD exchange rates:				
USD net asset/liability effect	(551,300)	551,300	(551,300)	551,300
In case of a 20% change in EURO exchange rates				
EUR net asset/liability effect	3,453,550	(3,453,550)	3,453,550	(3,453,550)
In case of a 20% change in other exchange rates:				
Other foreign currency net effect	12,010	(12,010)	12,010	(12,010)
Total	**2,914,260**	**(2,914,260)**	**2,914,260**	**(2,914,260)**

	Profit / (Loss)		**Equity**	
31 December 2018	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**
In case of a 20% change in USD exchange rates:				
USD net asset/liability effect	(374,712)	374,712	(374,712)	374,712
In case of a 20% change in EURO exchange rates:				
EUR net asset/liability effect	3,475,384	(3,475,384)	3,475,384	(3,475,384)
In case of a 20% change in other exchange rates				
Other foreign currency net effect	5,224	(5,224)	5,224	(5,224)
Total	**3,105,896**	**(3,105,896)**	**3,105,896**	**(3,105,896)**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

b. Share certificate price risk

The majority of the stocks classified in the Group's balance sheet as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are traded on the BIST. According to the Group's analysis, if the Group has a 10% increase / decrease in the prices of the shares in its portfolio, assuming that all other variables remain constant, effects occurring on the carrying value of the shares in the portfolio which are traded in BIST, on growth funds, on the net profit of the year and shareholders' equity are presented below

30 June 2019

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Share certificates						
Financial assets measured						
at fair value through profit or loss	10%	Increase	1,748,172	-	1,748,172	1,748,172
- Financial assets	10%	Decrease	(1,748,172)	-	(1,748,172)	(1,748,172)

31 December 2018

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Share certificates						
Financial assets measured						
at fair value through profit or loss	10%	Increase	655,535	-	655,535	655,535
- Financial assets	10%	Decrease	(655,535)	-	(655,535)	(655,535)

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 because 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.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

	30 June 2019				
	Net book value	**Up to 1 month**	**1 month to 1 year**	**1 year to 5 years**	**Total of contractual cash outflows**
Financial liabilities	2,595,705,399	2,215,658,611	408,297,490	1,432,777	2,625,388,878
Trade payables	253,197,641	253,197,641	-	-	253,197,641
Other payables	24,060,561	24,060,561	-	-	24,060,561
	2,872,963,601	**2,492,916,813**	**408,297,490**	**1,432,777**	**2,902,647,080**

	31 December 2018				
	Net book value	**Up to 1 month**	**1 month to 1 year**	**1 year to 5 years**	**Total of contractual cash outflows**
Financial liabilities	2,611,074,101	2,081,400,548	572,001,140	-	2,653,401,688
Trade payables	199,358,659	199,358,659	-	-	199,358,659
Other payables	20,532,801	20,532,801	-	-	20,532,801
	2,830,965,561	**2,301,292,008**	**572,001,140**	**-**	**2,873,293,148**

32. 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 Group could realize in a current market exchange.

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

i. Financial assets:

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

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

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

32. FINANCIAL INSTRUMENTS (Continued)

ii. Financial liabilities:

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

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

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

Financial assets and financial liabilities carried at fair value:

30 June 2019	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss	17,481,716	-	-
- Share certificates trading on BIST	*17,481,716*	-	-
- Investment funds	-	-	-
Financial assets measured at fair value through other comprehensive income	-	119,898,672	-
- Share certificates	-	*60,647,555*	-
- Corporate bonds and bills	-	*59,251,117*	-
Financial receivables from derivatives held for trading	-	97,958,013	-
Financial liabilities from derivatives held for trading	-	-	-

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

32. FINANCIAL INSTRUMENTS (Continued)

31 December 2018	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss	6,640,553	-	-
- Share certificates trading on BIST	*6,555,354*	-	-
- Investment funds	*85,199*	-	-
Financial assets measured at fair value through other comprehensive income	-	110,788,918	-
- Share certificates	-	*50,135,553*	-
- Corporate bonds and bills	-	*60,653,365*	-
Financial receivables from derivatives held for trading	-	70,079,659	-
Financial liabilities from derivatives held for trading	-	1,148,722	-

33. DISCLOSURE OF OTHER MATTERS

a. Explanation on portfolio management operations:

As of 30 June 2019, the Group managed 32 mutual funds and 34 pension funds (30 June 2018: 33 mutual funds and 25 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. As of 30 June 2019, the Group earned a management fee of TRY 32,803,024 (30 June 2018: TRY 32,459,329).

b. Capital management and capital adequacy requirements

The Group 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 Group 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 Serie: V No: 34 and are present in the balance sheet prepared as of the valuation date. According to the communique which is published on 11 July 2013 and named as Communiqué Series: V No: 34, capital adequacy base of intermediary institutions cannot be lower than any of the following; TRY 2,000,000 for narrow authority intermediaries, TRY 10,000,000 for partial authorized intermediaries and 25,000,000 for broad authority intermediaries. The Company has broad authority intermediation license dated 15 January 2016 and numbered G-028 (286). Accordingly, the total equity required by the company as of 31 December 2018, including the annual revaluation, was calculated to be TRY 27,453,733 (31 December 2018: TRY 26.209,815).

34. SUBSEQUENT EVENTS

None.

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