Halk Yatırım Menkul Değerler
Anonim Şirketi and Its Subsidiary

Consolidated Financial Statements
As at and For the Year Ended
31 December 2014 with
Independent Auditors’ Report

(Convenience Translation of Consolidated financial statements and Related Disclosures and Footnotes Originally Issued in Turkish)

17 February 2015

This report contains 2 pages of independent auditors’ report and 53 pages of consolidated financial statements together with their explanatory notes.

Halk Yatırım Menkul Değerler Anonim Şirketi and Its Subsidiary

Table of contents:

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kavacık Rüzgarlı Bahçe Mah.
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00
Fax +90 (216) 681 90 90
Internet www.kpmg.com.tr

Convenience Translation of the Independent Auditors' Report as at 31 December 2014
Originally prepared and issued in Turkish (Note 2.1.1)

To the Board of Directors of Halk Yatırım Menkul Değerler Anonim Şirketi

We have audited the consolidated statement of financial position of Halk Yatırım Menkul Değerler Anonim Şirketi (the "Company") and its subsidiary (together the "Group") as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditors' Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Halk Yatırım Menkul Değerler Anonim Şirketi and its subsidiary as at 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting principles and standards (see *Note 2*) in force as per the insurance legislation.

Report on Other Legal and Regulatory Requirements

1. Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2014, the Group's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Group's articles of association in relation to financial reporting.
2. Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ
A member of KPMG International Cooperative

Alper Güvenç, SMMM
Partner

17 February 2015
Istanbul, Turkey

Additional Paragraph for Convenience Translation to English

As explained in Note 2.1, the accompanying consolidated financial statements are not intended to present the financial position and results of its operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

INDEX

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Consoldated Statement of Financial Position (Balance Sheet) as at 31 December 2014

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

	Notes	**Audited 31 December 2014**	**Audited 31 December 2013**
ASSETS			
Current assets			
Cash and cash equivalents	*3*	91.962.025	268.901.325
Financial investments	*4*	46.940.220	20.129.609
Trade receivables	*5*	323.680.103	290.316.225
- Trade receivables from related parties	*23*	*86.957*	*2.071.341*
- Other trade receivables	*5*	*323.593.146*	*288.244.884*
Other receivables	*8*	731.026	666.419
Prepaid expenses	*10*	299.733	168.503
Current tax assets	*21*	1.158.561	1.167.132
TOTAL CURRENT ASSETS		**464.771.668**	**581.349.213**
Non current assets			
Financial investments	*4*	1.215.006	5.385.061
Investments in equity accounted investees	*9*	2.163.007	1.643.589
Tangible assets (net)	*11*	1.515.391	1.681.588
Intangible assets (net)	*12*	455.932	304.619
TOTAL NON CURRENT ASSETS		**5.349.336**	**9.014.857**
TOTAL ASSETS		**470.121.004**	**590.364.070**
LIABILITIES			
Current liabilities			
Financial liabilities	*6*	56.073.362	263.467.755
Trade payables	*5*	318.692.869	249.500.192
- Trade payables to related parties	*23*	*23.649*	*829.391*
- Other trade payables	*5*	*318.669.220*	*248.670.801*
Other payables	*8*	870.538	769.541
Derivative instruments	*7*	--	26.849
Deferred tax liabilities	*21*	2.258.906	248.992
Short term provisions		2.156.490	1.951.147
-Employee benefits	*14*	*1.722.487*	*1.529.229*
-Provisions	*13*	*434.003*	*421.918*
TOTAL CURRENT LIABILITIES		**380.052.165**	**515.964.476**
Non current liabilities			
Long term provisions		335.585	263.542
- Employee benefits	*14*	*335.585*	*263.542*
TOTAL NON CURRENT LIABILITIES		**335.585**	**263.542**
Equity	*15*		
Share capital		64.000.000	55.000.000
Restricted reserves		6.282.386	5.725.924
Accumulated other comprehensive income that are or may be reclassified to profit or loss		310.442	3.704.704
- Foreign currency translation differences		*23.010*	--
- Fair value reserves		*287.432*	*3.704.704*
Accumulated other comprehensive income that will never be reclassified to profit or loss		(210.797)	5.655
- Other gains/(losses)		*(210.797)*	*5.655*
Retained earnings		143.307	1.015.239
Profit for the year		19.207.916	8.684.530
TOTAL EQUITY		**89.733.254**	**74.136.052**
TOTAL EQUITY AND LIABILITIES		**470.121.004**	**590.364.070**

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2014
(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

	Notes	**Audited** **1 January –** **31 December 2014**	**Audited** **1 January –** **31 December 2013**
Sales revenue	*16*	398.461.517	267.443.299
Cost of sales	*16*	(367.672.589)	(234.667.927)
GROSS PROFIT		**30.788.928**	**32.775.372**
General administrative expenses	*17*	(21.426.057)	(19.667.501)
Marketing expenses	*17*	(5.275.353)	(5.789.132)
Other operating income (from operating activities)	*19*	1.557.100	955.096
Other operating expenses (from operating activities)	*19*	(168.377)	(91.061)
OPERATING PROFIT		**5.476.241**	**8.182.774**
Investment income	*4*	3.669.625	--
Share of profit/(expense) of equity accounted investees	*9*	581.918	337.296
OPERATING PROFIT BEFORE FINANCE COSTS		**9.727.784**	**8.520.070**
Finance income	*20*	39.469.417	23.307.909
Finance costs	*20*	(25.841.611)	(21.027.826)
PROFIT BEFORE TAXATION		**23.355.590**	**10.800.153**
Tax expense			
- Current income tax expense	*21*	(2.083.647)	(2.311.669)
- Deferred tax income/(expense)	*21*	(2.064.027)	196.046
PROFIT FOR THE YEAR		**19.207.916**	**8.684.530**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Change in fair value of available for sale financial assets		(3.417.272)	1.342.389
Foreign currency translation differences		23.010	--
Items that will never be reclassified to profit or loss			
Other gains/(losses)		(270.565)	7.069
Deferred tax benefit/charge for items never be reclassified to profit or loss		54.113	(1.414)
TOTAL COMPREHENSIVE INCOME		**15.597.202**	**10.032.574**

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2014

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

			Items that are or may be reclassified to profit or loss		**Items that will never be reclassified to profit or loss**		**Retained earnings**		
	Note	**Paid-in capital**	**Foreign currency translation differences**	**Fair value reserve**	**Other gains/ losses**	**Restricted reserves**	**Retained earnings**	**Profit for the year**	**Equity**
1 January 2013		**46.000.000**	**--**	**2.362.315**	**--**	**5.112.915**	**569.272**	**10.058.976**	**64.103.478**
Transfers		--	--	--	--	613.009	9.445.967	(10.058.976)	--
Profit for the year		--	--	--	--	--	--	8.684.530	8.684.530
Other comprehensive income		--	--	1.342.389	5.655	--	--	--	1.348.044
- Remeasurement of reserve for employee benefits' gain/(loss)	*15*	--	--	--	*5.655*	--	--	--	*5.655*
- Change in fair value of available for sale financial assets, net	*15*	--	--	*1.342.389*	--	--	--	--	*1.342.389*
Total comprehensive income		**--**	**--**	**1.342.389**	**5.655**	**--**	**--**	**8.684.530**	**10.032.574**
Capital increase	*15*	9.000.000	--	--	--	--	(9.000.000)	--	--
Balance at 31 December 2013		**55.000.000**	**--**	**3.704.704**	**5.655**	**5.725.924**	**1.015.239**	**8.684.530**	**74.136.052**
1 January 2014		**55.000.000**	**--**	**3.704.704**	**5.655**	**5.725.924**	**1.015.239**	**8.684.530**	**74.136.052**
Transfers		--	--	--	--	556.462	8.128.068	(8.684.530)	--
Profit for the year		--	--	--	--	---	--	19.207.916	19.207.916
Other comprehensive income		--	23.010	(3.417.272)	(216.452)	--	--	--	(3.610.714)
- Remeasurement of reserve for employee benefits' gain/(loss)	*15*	--	--	--	*(216.452)*	--	--	--	*(216.452)*
- Change in fair value of available for sale financial assets, net	*15*	--	--	*(3.417.272)*	--	--	--	--	*(3.417.272)*
- Foreign currency translation differences		--	*23.010*	--	--	--	--	--	*23.010*
Total comprehensive income		**--**	**23.010**	**(3.417.272)**	**(216.452)**	**--**	**--**	**19.207.916**	**15.597.202**
Capital increase	*15*	9.000.000	--	--	--	--	(9.000.000)	--	--
Balance at 31 December 2014		**64.000.000**	**23.010**	**287.432**	**(210.797)**	**6.282.386**	**143.307**	**19.207.916**	**89.733.254**

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

Consolidated Statement of Cash Flows For the Year Ended 31 December 2014

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

	Notes	**Audited** **1 January –** **31 December 2014**	**Audited** **1 January –** **31 December 2013**
A. Cash flows from operating activities		**56.528.068**	**16.481.265**
Profit for the year		**19.207.916**	**8.684.530**
Adjustments for:			
Depreciation and amortisation	*17*	1.102.762	963.472
Adjustments related to provisions		1.421.703	1.407.921
- Adjustments for provision expense for doubtful receivables	*5*	*46.981*	*32.596*
- Adjustments for provision expense for severance pay liability	*14*	*89.779*	*76.518*
- Adjustments for provision for unused vacations	*14*	*152.858*	*239.074*
- Adjustments for provision for personnel dividend premium	*14*	*1.120.000*	*951.683*
- Adjustments for other provisions	*13*	*12.085*	*108.050*
Adjustments related to tax expense		4.147.674	2.115.623
- Adjustments for income tax expense	*21*	*2.083.647*	*2.311.669*
- Adjustments for deferred tax expense/(income)	*21*	*2.064.027*	*(196.046)*
Adjustments related to interest expense/income		(5.520.068)	(10.999.534)
-Adjustments related to interest income	*16,20*	*(27.557.909)*	*(31.071.468)*
- Adjustments related to interest expense	*20*	*22.037.841*	*20.071.934*
Investments in equity accounted investees	*9*	(581.941)	(337.296)
Adjustments related to profit/loss reconciliation		--	812.518
- Adjustments related to dividend income		--	*(7.728)*
- Adjustments related to bonus premium expense		--	*820.246*
Changes in working capital			
Adjustments related to change in trade receivables		(33.410.859)	(83.841.881)
Adjustments related to change in trade payables		72.291.396	41.013.131
Adjustments related to change in financial investments (short term financial assets)		(27.358.923)	30.950.679
Other adjustments to working capital		(94.841)	38.891
Cash flows from operating activities			
Interest received		28.703.703	30.048.938
Dividends received		62.523	7.728
Taxes paid	*21*	(2.075.076)	(3.417.919)
Vacation pay liability payments	*14*	(127.917)	(58.343)
Employee termination benefit payments	*14*	(288.301)	(86.947)
Bonus premium payments		(951.683)	(820.246)
B. Cash flows from investing activities:		**(335.094)**	**(903.442)**
Adjustments related to change in financial investments (long term financial assets)		752.783	(250.004)
Acquisitions of tangible assets	*11*	(708.146)	(532.277)
Acquisitions of intangible assets	*12*	(379.731)	(121.161)
C. Cash flows from financing activities		**(229.459.083)**	**95.610.980**
Financial liabilities		(208.515.787)	117.191.343
Interest paid		(20.943.296)	(21.580.363)
Net cash flows before effect of change in exchange rates on cash and cash equivalents (A+B+C)		**(173.266.109)**	**111.188.803**
D. Effect of change in exchange rates on cash and cash equivalents		**23.010**	**--**
Net change in cash and cash equivalents (A+B+C+D)		**(173.243.099)**	**111.188.803**
E. Cash and cash equivalents at the beginning of the period	*3*	**256.578.228**	**145.389.425**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	*3*	**83.335.129**	**256.578.228**

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

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

1 Organisation and operations of the Group

Halk Yatırım Menkul Değerler AŞ (the "Company") was established on 2 September 1997. The purpose of the Company is to perform capital market activities in accordance with its Article of Association and Capital Markets Law number 2499 as amended by Law number 3794.

The Group has the following certificates of authorisation from Capital Market Boards of Turkey ("CMB"):

- Intermediation for public offering,
- Intermediation for trading in securities,
- Repurchase agreements and reverse repo,
- Portfolio management,
- Investment advisory,
- Short selling, lending and borrowing of marketable securities,
- Purchase and sales of derivative transactions.
- Leveraged trading transactions

According to 16 December 2014 dated and 35/1256 numbered Capital Markets Board of Turkey ("CMB") decision, repo and reverse repo transactions, previously defined as capital market activities, are not included in the scope of investment services and activities, and ancillary services in CMB Law number 6362, consequently all of the repo-reverse repo licences received pursuant to CMB numbered 2499 are considered invalid. Company's General Management is delegated to cancel the mentioned licence by announcing the cancelation in Turkish Trade Registry Gazette and render the original licence documents to Capital Markets Board, following the invalidation of the Company's 18 May 1998/ARK/RP-178 dated/numbered repo-reverse repo licence pursuant to CMB's resolution.

The main area of activity of Group's subsidiary Halk Invest Ltd., which is consolidated to Group's accompanying consolidated financial statements, is to mediate its clients on their Turkish Capital Market transactions in the name of the Group and Halk Bankası A.Ş.

The shareholders of the Group and their ownership percentages are as follows:

	31 December 2014	31 December 2013
T. Halkbankası AŞ	99,96%	99,94%
Other	0,04%	0,06%
Total	**100,00%**	**100,00%**

As at 31 December 2014, the Group has 136 employees (31 December 2013: 123). The Group operates with 10 branches (31 December 2013: 10).

1 Organisation and operations of the Group *(continued)*

With reference to agency agreement, all branches of T. Halk Bankası AŞ are agencies of the Group and there is commission sharing with these agencies.

Branch addresses of the Group are as follows:

Head Quarter : Halide Edip Adıvar Mah. Darülaceze Cad. No: 20 Şişli / İstanbul

İstanbul Branch : Halide Edip Adıvar Mah. Darülaceze Cad. No: 20 Zemin kat Şişli / İstanbul

Ankara Branch : Arjantin Cad. No: 13 Çankaya / Ankara

İzmir Branch : Cumhuriyet Bulvarı No: 45 Kat: 1 Pamuk Plaza Konak / İzmir

Göztepe Branch : Bağdat Cad. No: 251/A Pamir Apt. Göztepe/Kadıköy/İstanbul

Ulus Branch : Anafartalar Cad. No: 39 Kat: 5 Ulus/Altındağ-Ankara

Antalya Branch : Kırcamii Mah. Avni Tolunay cad. Bal İşmerkezi no:123/A Kat:6 No:38 Antalya

Bursa Branch : Atatürk Cad. Hüzmen Apt. No:65 Osmangazi / Bursa

Adana Branch : Atatürk Cad. Pandora Sok. No:61/A Seyhan / Adana

Denizli Branch : Kirişhane Mah. İzmir Bulvarı No:17 Pamukkale / Denizli

Samsun Branch : 19 Mayıs Mah. İstiklal Cad. No:71 Kat:2 İlkadım / Samsun

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

1 Organisation and operations of the Group *(continued)*

As of 31 December 2014, the details of the Group's subsidiaries and associates, which is consolidated, are presented below:

Subsidiaries:

Company	Share (%)	Foundation and operation place	Main operation area
Halk Invest Ltd.	100	London/England	Brokerage House

Halk Invest Ltd. is evaluated according to full consolidation method in the attached consolidated financial statements. The operation of subsidiary is explained below:

<u>Halk Invest Ltd.</u>

Halk Invest Ltd. was established in London on 2 June 2014 with the capital amounted GBP 300.000. The purpose of the subsidiary which has been getting operation permission from English authorities, is intermediation in Turkey capital market transactions to the clients at England in behalf of the Group and T. Halk Bankası AŞ.

Halk Yatırım Menkul Değerler AŞ owns 100% shares of Halk Invest Ltd. which is registered by UK Trade Register (Companies House) in 1 October 2013 in order to operate in international financial and capital markets. Per discussions between the consultants of Halk Invest Ltd. and FCA (England Financial Management Authority) during the process of submitting the operating authorisation application of Halk Invest Ltd. to FCA, the Compnay noticed that the expectations of FCA among the structure of the company is beyond the fisibility expectations of the organization as a result of the EU capital market legislation accepted on 2 April 2014 (Markets in Financial Instruments Directive 2).

Therefore, on 23 December 2014, it is decided to discharge and terminate the trials for obtaining licence instead of configuring Halk Invest Ltd according to FCA's demands.

Associates

Details of the Group's associates are presented below:

Company	Share (%)	Foundation and operation place	Main operation area
Halk Portföy Yönetimi AŞ	25	Istanbul	Portfolio management

Halk Portföy Yönetimi AŞ is accounted for using the equity method in the attached consolidated financial statements. Operations of Halk Portföy Yönetimi AŞ are explained below:

<u>Halk Portföy Yönetimi AŞ</u>

Halk Portföy Yönetimi AŞ was established on 24 June 2011 by registration to Istanbul Trade Registry and declaration to Trade Registry Gazette dated 30 June 2011 and numbered 7848. The purpose of the Group is top operate in capital market activities in accordance with Capital Board Markets of Turkey.

2 Basis of presentation of the consolidated financial statements

2.1. Basis of presentation

2.1.1. Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Basis for Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013.

Companies which report according to CMB regulations, applies Turkish Accounting Standards ("TAS") / Turkish Financial Reporting Standards ("TFRS") and related promulgations issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

The consolidated financial statements as at and for the year ended 31 December 2014 have been approved by the Board of Directors of the Group and authorised for issue as at 17 February 2015. General Assembly has the discretion of making changes in the accompanying consolidated financial statements after their issuance.

2.1.2. The preparation of consolidated financial statements

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments at fair value through profit and loss, derivative financial instruments and available-for-sale financial assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The forecasts and the assumptions which were prepared by the management, accounting policies of the Group applied on the consolidated financial statements as at and for the year ended 31 December 2014 are same with the accounting policies used for preparation of financial statements for the same year ended on the same date.

The consolidated financial statements includes all disclosures and notes that has to include in accordance with Turkish Financial Reporting Standards at the end of the year.

2.1.3. Functional and presentation currency

The accompanying consolidated financial statements are presented in the Group's functional and presentation currency, which is Turkish Lira ("TL"), in full unless otherwise stated.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

2. Basis of presentation of the consolidated financial statements *(continued)*

2.1. Basis of presentation *(continued)*

2.1.4. Comparative information

The accompanying consolidated financial statements are presented comparatively to determine the tendency in the financial position, performance and cash flows of the Group. If the presentation and reclassification of the financial statement items change, the prior year consolidated financial statements are reclassified accordingly to conform to the current year's presentation and the restatement is explained in the notes.

2.1.5. Foreign currency transactions

Transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such transactions are included in profit or loss.

Foreign currency rate for 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
US Dollar ("USD")	2,3189	2,1343
Sterling ("GBP")	3,5961	3,5114

2.1.6. Segment reporting

The management of the Group has not identified any segments, that financial performances of each are followed up separately, and has not presented segment reporting information accordingly.

2.1.7. Basis of consolidation

The attached financial statements represents the Company and its subsidiary's accounts as specified below "Subsidiaries" clause. During the preparation of financial statements of subsidiaries, required adjustments and reclassifications have done to the legal records with according to the reporting standards and accounting policies and presentation of the Group.

2.1.8. Subsidiaries

Subsidiaries are entities that the Group has the power to direct or indirect control over the operations. The Group has the variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has the executive power on financial and operational policies of its subsidiaries therefore it has share on the results of operations of the subsidiaries. In determining of the control power, existing and convertible voting rights are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

As of 31 December 2014, the Group owns 100% of Halk Invest Ltd. Due to the Group has full control power on the activities of Halk Invest Ltd, Halk Invest Ltd's financial statements are included in the accompanying consolidated financial statements by full consolidation method.

2 Basis of presentation of the consolidated financial statements *(continued)*

2.1.9. Transactions eliminated on consolidation

Halk Invest Ltd's statement of financial position and income statement are included in consolidated financial statements by full consolidation method and Halk Invest Ltd.'s carrying amount which is recognized as subsidiaries in accounting records of the Company and equity which is reflected in the Halk Invest Ltd's accounting records are eliminated. Intra-group balances and transactions, and any unrealised income and expense arising from intra group transactions are eliminated in the accompanying consolidated financial statements. The accounting policies of the subsidiary are changed as necessary to align them with the policies adopted by the Group.

All intra-group transactions, balances, income and expenses are eliminated in consolidation.

2.1.10. Comparative information

The accompanying consolidated financial statements are presented comparatively to determine the tendency in the financial position, performance and cash flows of the Group. If the presentation and reclassification of the financial statement items change, the prior year consolidated financial statements are reclassified accordingly to conform to the current year's presentation and the restatement is explained in the notes.

2.2. Changes in accounting policies, estimates and errors

The material changes in accounting policies are applied on a retrospective basis and the comparative consolidated financial statements have been restated where applicable. There is no any significant change on accounting policies of the Group for the current year.

2.3. Changes in accounting estimates and errors

The preparation of the consolidated financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant estimates and judgments used by the Group are included in the following notes:

Note 4 – Financial investments

2 Basis of presentation of the consolidated financial statements *(continued)*

2.3. Changes in accounting policies, estimates and errors *(continued)*

Fair value measurement

The Group's accounting policies and disclosures of financial and non-financial assets and liabilities measured at fair value requires.

Fair value, according to valuation techniques used is classified into the following levels:

Level 1: Registered (unadjusted) prices of identical assets or liabilities in active markets;

Level 2: Data which can be observed by directly (through prices) or indirectly (derived from prices) and which excludes the registered prices described in Level 1;

Level 3: Data that is not based on observable market data related to assets and liabilities (non-observable data).

Classification requires the utilisation of observable market data, if available.

Fair value measurements that use the notes are as follows:

Note 4 – Financial investments

2.4. New standards and interpretations not yet adopted as at 31 December 2014

2.4.1. Standards, amendments and interpretations to existing standards effective in 2014

The Group applied all of the relevant and required standards promulgated by POA and the interpretations of POA as at 31 December 2014.

2.4.2. New standards and interpretations not yet adopted as at 31 December 2014

Group implemented all of the admissible and compulsory standards and annotations of POA as at 31 December 2014. Certain new standards, which are not yet effective as of 31 December 2014, are not applied in preparing the accompanying financial statements. These standards and annotations are;

- TFRS 9 Financial Instruments

TFRS 9 (2010) adds additional obligations to financial commitments. The changes in TFRS 9 (2011) should affect the computations of financial commitments classified through financial assets' computation, classification and fair value difference reflect on profit or loss. The changes in fair values of financial commitments, whose fair value difference reflected on profit or loss, concerning credit risk should be presented in other comprehensive income statement. All changes made will be valid for annual periods starting on or after 1 January 2018. Group is not planning to apply this standard earlier and the effects related to mentioned changes have not been evaluated.

2. Basis of presentation of the consolidated financial statements *(continued)*

2.5. Summary of significant accounting policies

2.5.1. Accounting of revenue and expenses

Sales revenue and financial income

-Brokerage services in capital markets: The income obtained from the brokerage services is recognised in profit or loss at the transaction date. The brokerage services income are recorded daily to the profit or loss on an accrual basis until there is an estimate of the Group's management occurs related to the uncertainty of the collection.

-Interest income: Interests received from customers are presented in "Sales revenue" (Note 16), interests received from time deposits are presented in "Finance income from other operating activities" (Note 20).

-***Trading income on securities:*** Trading income/expenses on securities are recognised in the profit or loss on the same date of sale/purchase order given.

-Funds lended under reverse repurchase agreements: The terms of funds lended under repurchase agreements are short term and are comprised of government bonds and treasury bills obtained with resale commitments at an agreed term. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement.

Service income

-***Commission income:*** Commission income is comprised of the commissions received from the financial services provided and recognised as income when the service is rendered.

Other

The Group recognises the dividend and similar revenues when the right to receive payment have been established.

Interest expenses are recognised according to accrual basis in profit or loss.

Other revenue and expenses are recognised on accrual basis.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

2. Basis of presentation of the consolidated financial statements *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.2. Tangible assets

Tangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

Costs refer to expenditures directly related to acquisition of assets.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and recognised in the other operating income of the related period.

Depreciation

Tangible assets are depreciated over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis.

The estimated useful lives of tangible assets are as follows:

Tangible assets	**Estimated useful life (Year)**
Machinery and equipment	8
Furniture and fixtures	3-15
Leasehold improvements	Shorter of 5 years or lease term

Subsequent expenditure

Expenditure incurred to replace a component of an item of tangible assets that is accounted for separately, including major inspection and overhauls costs, are capitalised. Other subsequent expenditures are capitalised only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognised in profit or loss as an expense as incurred.

Profit or loss resulting from disposal of tangible assets is determined by comparing the difference of proceeds from sales and net book value of tangible asset and recognised to the relevant income or loss items.

2.5.3. Intangible assets

Intangible assets are comprised of software. Intangible assets are carried at restated cost for the effects of inflation in TL units current at 31 December 2004 for the intangible assets acquired before 1 January 2005, and intangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful lives for a period not exceeding 10 years from the date of acquisition.

2. Basis of presentation of the consolidated financial statements *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.4. Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investment in associates is accounted for using the equity method and is recognised initially at cost. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

2.5.5. Financial instruments

The Group's financial assets consist of cash and cash equivalents, financial assets at fair value through profit or loss, available-for-sale financial assets, derivative instruments and trade and other receivables; and financial liabilities consist of financial liabilities, trade and other payables.

Financial assets

The Group recognises its trade and other receivables on the date that they are originated. All other financial assets are recognised on the transaction date that is becomes a party for related financial agreements. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset and liability.

Except for those financial assets classified as fair value through profit or loss, non derivative financial assets are initially measured at fair value including the directly attributable transaction costs. Subsequent to initial recognition, the financial assets are measured as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments which their maturities are three months or less from date of acquisition, reverse repurchase agreements, and Type B liquid funds that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits at banks are initially measured at fair value and then, subsequently measured at amortised cost using the effective interest method. The carrying amount of these assets is close to their fair values.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designed as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. On initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. Derivative financial instruments which are not designed as effective hedging instruments for the financial risks, are also classified as financial assets at fair value through profit or loss. These financial assets are classified as short term.

2. Basis of presentation of the consolidated financial statements *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.5. Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are the financial assets other than assets held for trading purposes, financial assets at fair value through profit or loss, held-to-maturity financial assets and loans and receivables (trade receivables). Available-for-sale financial assets are recognised at the date of realisation of the purchase commitment of these financial assets. Gains or losses derived from the difference between the cost and discounted values calculated per effective interest rate method of the available-for-sale financial assets are recorded in profit or loss whereas their fair value and the discounted value calculated per effective interest rate method are recorded in "Fair value reserve" under shareholders' equity. When the available-for-sale financial assets are derecognised, the gain or losses accumulated in equity under fair value reserves are reclassified to profit or loss.

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as available-for-sale financial assets and are measured at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and measured at cost since their fair value may not be measured reliably.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. At the reporting date, subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method. When a trade receivable becomes uncollectible, it is written off against the allowance account. The amount of the allowance account is the difference between the carrying amount of the receivables and the collectible amount. Changes in the carrying amount of the allowance account are recognised in profit or loss. The Group's management believes that value of trade and other receivables at statement of financial position is approaching to their fair value.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, at the transaction date and then, subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

At the reporting date, the Group's derivative financial instruments consist of forward foreign exchange and currency swap transactions. The Group makes forward foreign currency purchase-sales and financial instrument backed forward transactions in order to gain economic benefit. At the reporting date, all derivative transactions are made for trading purposes and measured at their fair values and the foreign exchange gain or loss resulting from such derivative transactions is recognised in profit or loss.

2. Basis of presentation of the consolidated financial statements *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.5. Financial instruments *(continued)*

Capital

Common stock

Common stocks are classified as equity capital. Costs directly related with issuance of common stock and equity securities options are recognised as decrease in equity capital, after deducting tax effect.

2.5.6. Impairment of assets

Financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial assets and loans carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The Group assesses the impairment on its financial assets individually.

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

In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in the equity.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value of the time value of money and the disposal of asset. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined; if no impairment loss had been recognised.

2.5.7. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of consolidated financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.5.8. Borrowing costs

All borrowing costs are recognised in profit or loss in the period they incur.

2. Basis of presentation of the consolidated financial statements *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.9. Foreign currency transactions

Transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the reporting date. Exchange gains or losses arising from such transactions are included in profit or loss.

2.5.10. Earnings per share

According to TAS 33 – "Earnings per Share", companies whose shares are not traded at stock exchange, do not have to declare earnings per share. Since, the shares of the Group are not traded at stock exchange, earnings per share is not calculated in the accompanying consolidated financial statements.

2.5.11. Subsequent events

Subsequent events represents the events after reporting date comprising any event between the reporting date and the date of authorisation for the consolidated financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events after reporting date); and

- to have evidences of showing related subsequent events occurred after reporting date (non adjusting events after reporting date).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise subsequent to the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

2.5.12. Provisions, contingent liabilities and assets

According to "TAS 37 – Turkish Accounting Standards on provisions, contingent liabilities and assets" a provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes.

Contingent assets are disclosed in the notes and not recognised unless it is realised.

2.5.13. Leasing transactions

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operational leasing. Whole leasing transactions of the Group are operational leasing.

The Group as lessor

There are not any transactions of the Group as lessor.

The Group as lessee

Operational lease expense is recognised in the profit or loss on a straight-line basis for the whole lease period in the agreement. Start-up costs for the realisation and optimisation of the operational lease agreement are added to the cost of the leased asset and amortised through the leased time on a straight line basis method.

2. Basis of presentation of the consolidated financial statements *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.14. Related parties

For the purpose of the consolidated financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and associates, investments and joint ventures are considered and referred to as the related parties. Shareholders and board of directors are also included in the related parties. Related party transactions are explained as the transfer of the asset and liabilities between institutions with or without a charge.

2.5.15. Segment reporting

An operating segment is a component of the Group and its parts that engage in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The management of the Group has not identified any segments, that financial performances of each are followed up separately, and has not presented segment reporting information accordingly.

2.5.16. Income tax

Taxes on income comprise current and deferred taxes. Current taxes on income comprise tax payable calculated based on the expected taxable income for the year using the tax rates existing at the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented in the consolidated financial statements as net. However, deferred tax asset and liabilities originating from the subsidiaries are presented separately in the assets and liabilities of the consolidated financial statements on gross basis.

If transactions and other occurrences are accounted at profit or loss; current year corporate tax, deferred tax income/expense which are related to these transactions and other occurrences are also accounted at profit or loss. If transactions and other occurrences are directly accounted at equity balances; tax effects which are related to these transactions and other occurrences are also accounted at equity accounts.

2. Basis of presentation of the consolidated financial statements *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.17. Employee benefits

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

The Group recognizes employee benefits in accordance with TAS 19 (2011).

As a result of the amendments to TAS 19 (2011), all actuarial gains and losses are recognised in other comprehensive income.

Furthermore, in accordance with the existing social legislation, the Group is required to make payment against the unused vacation days of the employees.

Short term liabilities of the employee benefits are expensed in profit or loss without discounting.

2.5.18. Turkish derivatives exchange market ("TDE") transactions

The cash collaterals held in TDE on behalf of customers are classified in the statement of financial position under trade receivables and cash collaterals given by the Group for the transactions made in the TDE are classified as other receivables as gross. Gains and losses arising from the transactions in the current period are recognised in profit or loss from main operations. The net amount of fair value differences recognised in profit or loss and interest income from the remaining part of the collateral amounts arising from the open transactions are presented in trade receivables.

2.5.19. Statement of cash flows

The Group presents statement of cash flows as an integral part of other consolidated financial statements to inform the users of consolidated financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions.

In statement of cash flows, cash flows are classified according to operating, investment and financing activities. Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group. Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group. Cash flows relating to financing activities express sources of financial activities and payment schedules of the Group. Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits which their maturities are three months or less from date of acquisition. Customer assets directed to an investment and customer assets dominated in a foreign currency that are followed in the Group's bank accounts are excluded from the sum of the cash and cash equivalent in the statement of cash flows.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

3 Cash and cash equivalents

As at 31 December 2014 and 31 December 2013, cash and cash equivalents are as follows:

	31 December 2014	**31 December 2013**
Cash at banks(*)	89.828.236	267.832.783
- *Time deposits*	*79.785.604*	*255.314.345*
- *Demand deposits*	*10.042.632*	*12.518.438*
Receivables from reverse repurchase agreements	2.133.789	1.068.542
Petty cash	--	--
Cash and cash equivalents on statement of financial position	**91.962.025**	**268.901.325**
Interest income accruals on cash and cash equivalents	(792.396)	(1.389.878)
Customer assets(**)	(7.834.500)	(10.933.219)
Cash and cash equivalents on statement of cash flows	**83.335.129**	**256.578.228**

As at 31 December 2014, TL 6.019.208 of cash at banks (31 December 2013: TL 220.102.167) is held on time deposit accounts of T. Halkbankası AŞ which is main shareholder of the Group, TL 9.065.028 of cash at banks is on demand deposit accounts (31 December 2013: TL 11.843.521).

As at 31 December 2014, maturity of receivables from reverse repurchase agreements is 1 day and interest rate is 7,97% (31 December 2013: 1 day maturity, 6,65% interest rate).

(*) TL 7.834.500 (31 December 2013: TL 10.933.219) of bank accounts are customer assets which are not yet invested and evaluated with its own deposit accounts of the Group as at 31 December 2014.

(**) Customer assets amounting to TL 375.128 are not included due to used for operations.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

3 Cash and cash equivalents *(continued)*

As at 31 December 2014 and 31 December 2013, the details of time deposits are as follows:

	31 December 2014				**31 December 2013**			
	Interest rate (%)	**Maturity**	**Currency**	**Amount**	**Interest rate (%)**	**Maturity**	**Currency**	**Amount**
Other	10,30	16.01.2015	TL	20.248.329	9,40	TL	10.01.2014	15.104.301
Other	10,45	19.01.2015	TL	10.131.699	9,40	TL	11.10.2013	10.054.082
Other	10,40	15.01.2015	TL	10.122.521	9,35	TL	06.11.2013	10.053.795
Other	10,15	14.01.2015	TL	10.116.795	--	TL	--	--
Other	10,20	20.01.2015	TL	10.108.986	--	TL	--	--
Other	11,75	02.02.2015	TL	8.181.894	--	TL	--	--
Other	10,60	07.01.2015	TL	4.848.789	--	TL	--	--
T. Halk Bankası AŞ	11,30	30.01.2015	TL	2.503.096	9,35	TL	16.01.2014	40.225.425
T. Halk Bankası AŞ	11,00	27.03.2015	TL	2.468.727	9,45	TL	14.01.2014	30.178.644
T. Halk Bankası AŞ	8,00	02.01.2015	TL	550.241	9,45	TL	08.01.2014	20.134.630
T. Halk Bankası AŞ	1,50	02.01.2015	GBP	504.530	9,45	TL	15.01.2014	20.119.096
T. Halk Bankası AŞ	--	--	--	--	9,45	TL	17.01.2014	20.119.096
T. Halk Bankası AŞ	--	--	--	--	9,35	TL	15.01.2014	20.112.712
T. Halk Bankası AŞ	--	--	--	--	9,30	TL	17.01.2014	20.107.014
T. Halk Bankası AŞ	--	--	--	--	9,35	TL	20.01.2014	12.661.326
T. Halk Bankası AŞ	--	--	--	--	9,35	TL	01.11.2013	10.051.233
T. Halk Bankası AŞ	--	--	--	--	9,70	TL	03.02.2014	7.579.733
T. Halk Bankası AŞ	--	--	--	--	6,00	TL	02.01.2014	5.900.970
T. Halk Bankası AŞ	--	--	--	--	9,50	TL	26.11.2013	4.461.610
T. Halk Bankası AŞ	--	--	--	--	9,45	TL	20.01.2014	4.014.499
T. Halk Bankası AŞ	--	--	--	--	9,75	TL	25.11.2013	2.974.407
T. Halk Bankası AŞ	--	--	--	--	9,45	TL	09.01.2014	1.461.772
Total				**79.785.607**				**255.314.345**

As at 31 December 2014 and 31 December 2013, there is no blockage on cash and cash equivalents of the Group.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

4 Financial investments

Short term financial assets

As at 31 December 2014 and 31 December 2013, short term financial investments are as follows:

Financial assets at fair value through profit or loss

	31 December 2014		31 December 2013	
	Nominal value	Carrying value	Nominal value	Carrying value
Government bonds	17.000.000	16.882.144	3.618.000	3.889.190
Private sector bonds	11.276.462	11.240.654	8.281.233	8.411.399
Equity securities	4.509.844	18.817.422	3.205.416	7.829.020
Investment funds	--	--	--	--
Total		**46.940.220**		**20.129.609**

As at 31 December 2014, government bonds with nominal value TL 1.000.000 (31 December 2013: TL 1.030.000) and carrying value of TL 993.580 (31 December 2013: TL 1.006.567) is pledged as collateral at Turkish Derivatives Exchange and nominal value TL 700.000 and TL 600.000 (31 December 2013: None) and the book value TL 669.613 and TL 573.954 (31 December 2013: None) worth of government bonds are hold as deposit payments in care of BİST.

Long term financial assets

As at 31 December 2014 and 31 December 2013, long term financial assets are as follows:

Available for sale financial assets

	31 December 2014		31 December 2013	
Share investments	Carrying value	Ownership rate (%)	Carrying value	Ownership rate (%)
Halk Faktoring AŞ(1)	739.205	1,240	553.063	1,250
Halk Gayrimenkul Yatırım Ortaklığı AŞ	307.586	0,038	310.128	0,052
Borsa İstanbul AŞ(3)	159.711	0,038	159.711	0,004
Ziraat Portföy Yönetimi AŞ(2)	8.500	0,100	2.225	0,100
Halk Finansal Kiralama AŞ(1)	4	--	6	--
Halk Hayat ve Emeklilik AŞ(1)	--	--	4.359.928	0,590
Total	**1.215.006**		**5.385.061**	

(1) All of the shares belonging to Halk Hayat ve Emeklilik AŞ are sold to T. Halkbank AŞ, and TL 40.000 nominal valued portion of Halk Faktoring AŞ's shares in addition to TL 4 nominal valued portion of Halk Finansal Kiralama AŞ's shares are sold to Alternatif Dağıtım Kanalları ve Ödeme Sistemleri AŞ. The Group gained TL 3.669.625 from these sale operations in the current period.

(2) Recognised in the consolidated financial statements with cost value.

(3) According to 6362 numbered Capital Markets Board of Turkey's ("CMB") 138th clause's a article, "After registration and announcement of main agreement, 4% of shares of Borsa İstanbul distributed to Borsa İstanbul's member, 0.3% of shares of Borsa İstanbul is distributed to Precious Metals and Diamond Markets of İstanbul's member without charge and 1% of shares of Borsa İstanbul is distributed to Turkish Capital Market's Association" and regarding to this clause, 15.971.094 of shares is distributed without charge to the Group by Borsa İstanbul's 4 July 2013 dated and 2013/17 numbered decision of Board of Directory.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

5 Trade receivables and payables

Trade receivables

As at 31 December 2014 and 31 December 2013, trade receivables of the Group are as follows:

	31 December 2014	31 December 2013
Receivables from Stock Exchange Money Market ("SEMM")(1)	282.510.000	218.476.000
Receivables from loan customers(2)	27.019.348	60.721.458
Collaterals given to TDE(3)	7.298.718	6.926.160
Leveraged trading collaterals (4)	5.081.782	789.618
Receivables from customers	1.115.298	1.331.648
Collaterals given for borrowed securities	568.000	--
Receivables from related parties *(Note 23)*	86.957	2.071.341
Doubtful trade receivables	35.181	32.596
Provision for doubtful trade receivables	(35.181)	(32.596)
Total	**323.680.103**	**290.316.225**

(1) Receivables related with sales transactions made at SEMM on behalf of customers by the Group.

(2) As at 31 December 2014, average interest rate of the loans which were used by customers, are 16,75% (31 December 2013: 13,70%).

(3) The amount presented in trade receivables is the cash collaterals held in Turkish Derivative Exchange Market on behalf of customers.

(4) The amount presented in trade receivables is the cash collaterals held in Turkish Derivative Exchange Market to make leveraged trading transactions on behalf of customers.

As at 31 December 2014 and 31 December 2013, movement of doubtful receivables are as follows:

	1 January – 31 December 2014	1 January – 31 December 2013
Balance at the beginning of the year	32.596	20.460
Allowance provided during the year	46.981	32.596
Collections during the year	(44.396)	(20.460)
Balance at the end of the year	**35.181**	**32.596**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

5 Trade receivables and payables *(continued)*

Trade payables

As at 31 December 2014 and 31 December 2013, trade payables are as follows:

	31 December 2014	31 December 2013
Payables to Stock Exchange Money Market	282.510.000	218.476.000
Funds provided under repurchase agreement	14.598.348	10.954.781
Payables to customers	8.209.628	10.933.219
TDE collaterals	7.298.718	6.926.160
Leveraged trading collaterals	5.089.102	789.618
Guarantees received for lended securities	568.000	--
Payables to suppliers	395.424	422.975
Payables to related parties *(Note 23)*	23.649	829.391
Other Trade Payables	--	168.048
Total	**318.692.869**	**249.500.192**

6 Financial liabilities

As at 31 December 2014 and 31 December 2013, financial liabilities of the Group are as follows:

	31 December 2014	31 December 2013
Payables to Stock Exchange Money Market	56.073.362	263.467.755
Total	**56.073.362**	**263.467.755**

As at 31 December 2014, letter of guarantees amounting to TL 135.000.000 are given as collateral for debts to Stock Exchange Money Market (31 December 2013: TL 327.800.000).

As 31 December 2014 and 31 December 2013, the Group's financial liabilities are as follows:

	31 December 2014			31 December 2013		
	Interest rate (%)	Maturity	Amount	Interest rate (%)	Maturity	Amount
SEMM	10,25	05.01.2015	10.539.373	8,60-8,65	17.01.2014	47.632.418
SEMM	10,40	06.01.2015	8.006.508	8,70	15.01.2014	40.206.227
SEMM	10,80	30.01.2015	8.004.497	8,60-8,65	14.01.2014	40.203.425
SEMM	10,63	09.01.2015	7.502.076	8,60-8,65	16.01.2014	40.199.960
SEMM	10,30	02.01.2015	5.016.423	3,10-8,45	02.01.2014	25.804.485
SEMM	9,55	07.01.2015	4.840.956	8,80	08.01.2014	20.120.519
SEMM	9,37	02.01.2015	4.743.165	8,30	03.01.2014	20.091.961
SEMM	10,70	06.01.2015	3.636.012	8,50-8,80	10.01.2014	15.093.864
SEMM	9,37	02.01.2015	2.258.554	8,60-8,65	20.01.2014	12.654.291
SEMM	10,70	07.01.2015	1.107.308	8,65	09.01.2014	1.460.605
SEMM	10,30	07.01.2015	244.394	--	--	--
SEMM	10,60	02.02.2015	174.096	--	--	--
Total			**56.073.362**			**263.467.755**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

7 Derivative liabilities

As at 31 December 2014 and 31 December 2013, derivative liabilities of the Group are as follows:

	31 December 2014	31 December 2013
Liabilities from derivative financial instruments	--	26.849
Total	**--**	**26.849**

As at 31 December 2014, the Group does not have any liabilities due to derivative financial instruments (31 December 2013: the nominal value of short positioned foreign currency swap contract was GBP 37.800 equivalent of TL 132.701, whose fair value was TL 7.571, and the nominal value of long positioned foreign currency swap contract was USD 250.000 equivalent of TL 533.575, whose fair value was TL 19.278).

8 Other receivables and payables

Other receivables

As at 31 December 2014 and 31 December 2013, other receivables are as follows:

	31 December 2014	31 December 2013
TDE collaterals(*)	496.215	585.909
Rent deposits	135.933	--
Receivables from personnel	13.589	10.021
Other	85.289	70.489
Total	**731.026**	**666.419**

(*) Consists of cash collaterals on behalf of the Group which are given to Settlement and Custody Bank.

Other payables

As at 31 December 2014 and 31 December 2013, other payables are as follows:

	31 December 2014	31 December 2013
Taxes and dues payable	850.929	769.541
Other	19.609	--
Total	**870.538**	**769.541**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

9 Investments in equity accounted investees

	Share (%)		
Associations	**31 December 2014**	**31 December 2013**	**Main operational area**
Halk Portföy(*)	25,00	25,00	Portfolio management

	31 December 2014	**31 December 2013**
Total assets	9.572.635	7.091.152
Total liabilities	(920.608)	(516.794)
Net assets	**8.652.027**	**6.574.358**
Group's share in equity accounted investees	2.163.007	1.643.589
Investments in equity accounted investees	**2.163.007**	**1.643.589**

	31 December 2014	**31 December 2013**
Total income	6.537.666	4.686.858
Net profit / (loss) for the period	2.327.673	1.349.184
Other comprehensive income	88	(12.180)
Share of profit/(loss) for the year of equity accounted investees	**581.918**	**337.296**
Share of profit or loss and other comprehensive income of equity accounted investees	**581.918**	**334.251**

(*) Halk Portföy Yönetimi AŞ was established on 24 June 2011 by registration to Istanbul Trade Registry and declaration to Trade Registry Gazette dated 30 June 2011 and numbered 7848. The Group paid TL 1.250.000 in cash for the 25% share of Halk Portföy Yönetimi AŞ. Halk Portföy Yönetimi AŞ's share capital is comprised of 5.000.000 shares each having a nominal value of TL 1.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

10 Other current assets

As at 31 December 2014 and 31 December 2013, other current assets are as follows:

	31 December 2014	31 December 2013
Prepaid expenses	299.733	168.503
Total	**299.733**	**168.503**

11 Tangible assets

For the years ended 31 December 2014 and 31 December 2013, movement of the tangible assets are as follows:

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
Opening balance, 1 January 2013	439.891	2.048.807	1.521.598	4.010.296
Additions	209.817	131.922	190.538	532.277
Disposals	--	--	--	--
Ending balance, 31 December 2013	**649.708**	**2.180.729**	**1.712.136**	**4.542.573**
Opening balance, 1 January 2014	649.708	2.180.729	1.712.136	4.542.573
Additions	251.492	181.546	275.108	708.146
Disposals	--	--	--	--
Ending balance, 31 December 2014	**901.200**	**2.362.275**	**1.987.244**	**5.250.719**
Accumulated depreciation				
Opening balance, 1 January 2013	170.326	1.236.003	705.925	2.112.254
Current year charge	112.543	324.638	311.550	748.731
Disposals	--	--	--	--
Ending balance, 31 December 2013	**282.869**	**1.560.641**	**1.017.475**	**2.860.985**
Opening balance, 1 January 2014	282.869	1.560.641	1.017.474	2.860.984
Current year charge	176.989	326.720	370.635	874.344
Disposals	--	--	--	--
Ending balance, 31 December 2014	**459.858**	**1.887.361**	**1.388.109**	**3.735.328**
Net book value				
1 January 2013	269.565	812.804	815.673	1.898.042
31 December 2013	366.838	620.088	694.662	1.681.588
31 December 2014	441.342	474.914	599.135	1.515.391

As at 31 December 2014, total insurance on tangible assets are amounting to TL 2.983.250 (31 December 2013: TL 2.933.250).

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

12 Intangible assets

For the years ended 31 December 2014 and 31 December 2013, movement of the intangible assets are as follows:

	Software
Cost	
Opening balance, 1 January 2013	1.430.606
Additions	121.161
Ending balance, 31 December 2013	**1.551.767**
Opening balance, 1 January 2014	1.551.767
Additions	379.731
Ending balance, 31 December 2014	**1.931.498**
Accumulated amortisation	
Opening balance, 1 January 2013	1.032.407
Current year charge	214.741
Ending balance, 31 December 2013	**1.247.148**
Opening balance, 1 January 2014	1.247.148
Current year charge	228.418
Ending balance, 31 December 2014	**1.475.566**
Net book value	
1 January 2013	398.199
31 December 2013	304.619
31 December 2014	455.932

As at 31 December 2014 and 31 December 2013, the Group does not have any internally developed intangible assets.

13 Provisions, contingent assets and liabilities

Provisions

As at 31 December 2014 and 31 December 2013, short-term provisions are as follows:

	31 December 2014	**31 December 2013**
Lawsuit provisions	210.666	92.928
Agency expense participation accruals	44.330	72.909
Telephone expense accruals	28.501	29.475
Share-bond market participation accruals	18.122	5.090
Account maintenance fee expense provisions	12.578	13.014
Central Registry Agency ("CRA") Settlement and Custody Bank commission accruals	2.405	18.977
Other expense accruals	117.401	189.525
Total	**434.003**	**421.918**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

13 Provisions, contingent assets and liabilities *(continued)*

Off balance sheet liabilities

As at 31 December 2014 and 31 December 2013, off balance sheet commitments and contingencies are as follows:

Letter of guarantees given

	31 December 2014	31 December 2013
Stock Exchange Money Market Transaction Collaterals (Settlement and Custody Bank)	135.000.000	327.800.000
ISE	56.634.000	11.922.000
Capital Blockage (Settlement and Custody Bank)	1.750.000	1.750.000
TDE Guarantee Fund	--	--
CMB	1.776	1.776
Other	4.470.900	41.720
Total	**197.856.676**	**341.515.496**

As at 31 December 2014, the Group has guarantees given amounting to Euro 10.000 and USD 50.000 in ISE to make operations in foreign marketable securities market (31 December 2013: Euro 10.000 and USD 50.000).

Other off balance sheet liabilities

	31 December 2014	31 December 2013
Items held in custody (nominal)		
Equity securities	760.014.182.352	735.672.401.585
Warrants	3.646.770.000	4.288.450.000
Marketable securities	139.246.929	849.518.085
TDE agreements	4.943	2.448

As at 31 December 2014, TDE transaction collaterals amounting to TL 7.298.718 are kept at ISE Settlement and Custody Bank Inc on behalf of customers (31 December 2013: TL 6.926.160).

As at 31 December 2014 and 31 December 2013, open position transactions made on behalf of the customers in TDE market are as follows:

	31 December 2014	31 December 2013
Open position transactions amount	22.237.267	13.074.232

Lawsuits

As at 31 December 2014, total risk of lawsuits sued against the Group are amounting to approximately TL 210.666 (31 December 2013: TL 131.648) and TL 210.666 of provision is provided for these lawsuits on the consolidated financial statements (31 December 2013: TL 92.928).

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

14 Employee benefits

As at 31 December 2014 and 31 December 2013, the details of provisions related to employee benefits are below:

	31 December 2014	**31 December 2013**
Short term		
- Provision for unused vacation	602.487	577.546
- Personnel dividend bonus provision	1.120.000	951.683
Long term		
- Employee severance pay liability	335.585	263.542

Unused vacation pay liability

Unused vacation pay liability is calculated according to earned but not used vacation days of employees without discounting. As at 31 December 2014 and 31 December 2013, movements in the provision for vacation pay liability during the year were as follows:

	1 January – 31 December 2014	**1 January – 31 December 2013**
Balance at the beginning of the year	577.546	396.815
Increase during the year	152.858	239.074
Paid during the year	(127.917)	(58.343)
Balance at the end of the year	**602.487**	**577.546**

Personnel dividend bonus provision

TL 1.120.000 of personnel dividend bonus provision is calculated according to the Group's estimate for the distribution of dividend for the year 2014 (31 December 2013: TL 951.683). In accordance with TMS 19, Group recognized the mentioned amount as expense in the current period.

Employee severance pay liability

Reserve for employee severance pay liability is calculated according to the net present value of the future probable obligation due to retirement of personnel and stated in the accompanying consolidated financial statements.

As at 31 December 2014 and 31 December 2013, movements in the employee severance pay liability during the year are as follows:

	1 January – 31 December 2014	**1 January – 31 December 2013**
Balance at the beginning of the year	263.542	284.846
Interest cost	25.835	21.363
Service cost	63.944	55.155
Payments during the year	(288.301)	(86.947)
Actuarial difference	270.565	(10.875)
Balance at the end of the year	**335.585**	**263.542**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

15 Equity

Share capital

As per the resolution of General Assembly held on 25 March 2014, the Group's nominal share capital increased to TL 64.000.000 by TL 9.000.000 provided from 2013 profit amounting to TL 8.128.068 and retained earnings for the rest of the increased amount.

As at 31 December 2014, the paid in capital of the Group is TL 64.000.000 (31 December 2013: TL 55.000.000) and the Group's share capital is comprised of 64.000.000 shares each having a nominal value of TL 1. All shares of the Group are registered. TL 28.800.000 of shares is (A) Group and TL 30.174.400 is (B) Group. The Group management is formed of at least five members of the Board of Directors which are selected by General Assembly. The Group is not subject to registered capital limit system.

	31 December 2014			**31 December 2013**		
	Share (%)	**Share**	**Amount (TL)**	**Share (%)**	**Share**	**Amount (TL)**
T. Halk Bankası AŞ (A Group)	45,00	28.800.000	28.800.000	45,00	24.750.000	24.750.000
T. Halk Bankası AŞ (B Group)	54,96	35.174.400	35.174.400	54,94	30.217.000	30.217.000
Other (B Group)	0,04	25.600	25.600	0,06	33.000	33.000
Total	**100,00**	**64.000.000**	**64.000.000**	**100,00**	**55.000.000**	**55.000.000**

Restricted reserves

Legal reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5%, until the total reserve reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

As at 31 December 2014, restricted reserves (legal reserves) of the Group are amounting to TL 6.282.386 (31 December 2013: TL 5.725.924).

Fair value reserves

Fair value reserve is comprised of the net change in the fair value of available for sale marketable securities until they are disposed or impaired.

Other gains/losses

As a result of the amendments to TAS 19 (2011), all actuarial gains and losses are recognised in other gains/losses under other comprehensive income for the periods after 31 December 2012.

Retained earnings

As at 31 December 2014, retained earnings of the Group are amounting to TL 143.307 (31 December 2013: TL 1.015.239).

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

16 Sales revenue and cost of sales

For the years ended 31 December 2014 and 31 December 2013, operating income are as follows:

	1 January – 31 December 2014	1 January – 31 December 2013
Sales revenue		
Government bond sales	309.405.054	217.099.652
Equity security sales	30.844.358	4.321.470
Private sector bond sales	14.241.160	4.108.037
Sukuk rent certificates	7.793.012	--
Bank bond sales	6.791.786	5.220.095
Warrant sales	210	--
Investment fund sales	--	4.266.370
	369.075.580	**235.015.624**
Service income		
Brokerage commission income	15.364.386	14.833.008
Interest income from loans and receivables	6.533.278	7.819.786
Public offering intermediary income	4.957.956	7.908.198
Fixed returned marketable securities ("FRMC") and SEMM commission income	1.954.127	210.368
Leveraged trading income	1.713.886	333.390
TDE commission income	1.439.701	2.143.442
Funds management commission income	499.556	756.766
Default interest	234.992	172.932
Consulting and reporting services income	144.948	929.060
Total service income	**32.842.830**	**35.106.950**
Discounts from service income		
Customer commission returns	(3.456.893)	(2.679.275)
Total discounts from service income	**(3.456.893)**	**(2.679.275)**
Total sales revenue	**398.461.517**	**267.443.299**
Cost of sales		
Government bond sales	(308.612.090)	(216.847.038)
Equity security sales	(30.397.269)	(4.281.522)
Private sector bond sales	(14.127.399)	(4.069.412)
Sukuk rent certificates	(7.743.950)	--
Bank bond sales	(6.791.670)	(5.219.955)
Warrant sales	(211)	--
Investment fund sales	--	(4.250.000)
Total cost of sales	**(367.672.589)**	**(234.667.927)**
Gross profit	**30.788.928**	**32.775.372**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

17 Marketing expenses and general administrative expenses

For the years ended 31 December 2014 and 31 December 2013, general administrative expenses are as follows:

	1 January – 31 December 2014	**1 January – 31 December 2013**
General administrative expenses		
Personnel expenses	13.286.279	12.933.954
-Salaries	*10.146.328*	*9.810.648*
-Personnel insurance expenses	*1.990.140*	*1.658.289*
-Personnel service expenses	*592.342*	*586.304*
-Personnel food expenses	*429.076*	*435.470*
-Other personnel expenses	*128.393*	*443.243*
Data monitor expenses	1.583.433	518.006
Rent expenses	1.188.090	872.452
Depreciation and amortisation expenses	1.102.762	963.472
Outsourced benefits and services	800.914	750.275
Electricity, water and telephone expenses	412.117	378.313
Taxes and dues	398.121	371.888
T. Halk Bankası AŞ common expense participation provision expenses	387.448	337.884
Audit and advisory expenses	208.205	552.922
Corporate finance expenses	167.768	503.183
Maintenance and repair expenses	148.843	110.691
Other	1.742.077	1.374.461
Total	**21.426.057**	**19.667.501**

For the years ended 31 December 2014 and 31 December 2013, marketing expenses are as follows:

	1 January – 31 December 2014	**1 January – 31 December 2013**
Marketing expenses		
Share of stock exchange expenses	2.600.071	1.908.153
Data monitor expenses	854.730	488.773
Public offering commissions expenses	498.565	1.721.873
Data server expenses	441.870	440.560
Advertising, notice and subscription expenses	321.841	325.986
Commission and service expenses	236.114	325.558
Stock exchange and association subscriptions	147.367	149.395
Internet and website expenses	90.198	49.238
Stock exchange access expenses	50.858	98.867
Sponsorship expenses	27.500	212.500
Representation expenses	--	66.188
Other	6.239	2.041
Total	**5.275.353**	**5.789.132**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

18 Expenses by function

The Group has classified the expenses on function basis in the accompanying consolidated financial statements. Depreciation and amortisation expenses for the year ended 31 December 2014 are TL 1.102.762 (31 December 2013: TL 963.472). Employee severance pay liability expense for the year ended 31 December 2014 is amounting to TL 89.779. Vacation pay liability expense for the year ended 31 December 2014 is amounting TL 152.858 (31 December 2013: TL 76.518 of employee severance pay liability expense, TL 239.074 of vacation pay liability expense).

19 Other operating income / expenses

For the years ended 31 December 2014 and 31 December 2013, other operating income and expenses are as follows:

Other operating income	**1 January – 31 December 2014**	**1 January – 31 December 2013**
Other service income(*)	623.119	625.218
Other income and profits	426.018	325.568
Other extraordinary income and profits	269.154	--
Halk Invest common expenses sharing	238.809	--
Provisions no longer required	--	4.310
Total	**1.557.100**	**955.096**

(*) Comprises other income received from customers, reflected postage fees and taxes.

Other operating expenses	**1 January – 31 December 2014**	**1 January – 31 December 2013**
Lawsuit provisions	117.738	70.105
Other expenses and losses	50.639	20.956
Total	**168.377**	**91.061**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

20 Finance income / costs

For the years ended 31 December 2014 and 31 December 2013, finance income and costs are as follows:

Finance income	**1 January – 31 December 2014**	**1 January – 31 December 2013**
Interest income on time deposits	10.488.006	17.664.961
Value increase of equity investments	10.234.793	27.573
Interest income on reverse repurchase agreements	9.186.452	3.567.876
Derivative income	6.544.846	--
Exchange gains	1.157.959	193.858
Accrual income on government bonds/ treasury bills	1.115.181	1.676.598
Other	742.180	177.043
Total	**39.469.417**	**23.307.909**

Finance costs	**1 January – 31 December 2014**	**1 January – 31 December 2013**
Interest expense on borrowings	13.464.864	16.095.425
Interest expense on repurchase agreements	8.456.885	3.790.117
Discount from time deposits	1.389.891	--
Exchange losses	1.117.246	155.357
Letter of guarantee commissions	622.056	725.916
Accrual expense on government bonds/ treasury bills	116.092	186.392
Portfolio management losses	--	74.619
Other	674.577	--
Total	**25.841.611**	**21.027.826**

21 Taxation

As at 31 December 2014 and 31 December 2013, the corporate tax rate is 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law numbered 5520, published at Official Gazette dated 21 June 2006 and with number 26205. These new regulations have come into force as of 1 January 2007. New arrangements for transfer pricing are in line with guidelines of OECD about transfer pricing.

The article 13 of Corporate Tax Law and announcements related with this article makes clear how to apply arm's length principle between related parties.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Purchase, sale, manufacturing and construction transactions, leasing and renting transactions, borrowing and lending money, premium, fees and similar payment transactions are always accepted as good or service purchase or sale.

Companies are obliged to fill out transfer pricing form attached to yearly corporate tax return. This form should include amounts of all transactions made with related parties and methods of transfer pricing used for these transactions.

According to "the General Communiqué on Disguised Profit Distribution via Transfer Pricing" numbered 1, dated 18 November 2007 and published on Official Gazette, taxpayers registered in "Large Taxpayers Office" have to prepare Transfer Pricing Report for domestic or foreign transactions made with related parties in an accounting period. Other corporate taxpayers have to prepare Transfer Pricing Report for foreign transactions made with related parties in an accounting period.

As per the decision no. 2006/10731 of the Council of Ministers published in the Official Gazette no. 26237 dated 23 July 2006, certain duty rates included in the articles no. 15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased to 15% from 10%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices in the fourth month following the accounting closing date of the related year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In accordance with the tax legislation, tax losses can be carried forward up to five years.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

21 Taxation *(continued)*

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 31 December 2014 and 31 December 2013, are as follows:

	1 January – 31 December 2014	**1 January – 31 December 2013**
Profit before income tax	23.355.590	10.800.153
Corporate tax computed with statutory tax rate (20%)	4.671.118	2.160.031
Disallowable expenses	22.152	16.288
Tax exempt income	(545.596)	(60.696)
Tax expense	**4.147.674**	**2.115.623**

For the year ended 31 December 2014, effective tax rate is 18% (31 December 2013: 20%).

For the years ended 31 December 2014 and 31 December 2013, details of the tax expenses are as follows:

	1 January – 31 December 2014	**1 January – 31 December 2013**
Current income tax expense	2.083.647	2.311.669
Deferred tax (income)/expense	2.064.027	(196.046)
Tax expense	**4.147.674**	**2.115.623**

As at 31 December 2014 and 31 December 2013, the corporation tax payable after deduction of prepaid taxes is presented as in the "current income tax liabilities" account or "current tax assets" account.

	31 December 2014	**31 December 2013**
Transfer from previous year	1.167.132	60.882
Current income tax expense	(2.083.647)	(2.311.669)
Prepaid taxes	2.075.076	3.417.919
Current tax assets	**1.158.561**	**1.167.132**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

21 Taxation *(continued)*

Deferred tax

As at 31 December 2014 and 31 December 2013, assets and liabilities bearing deferred tax assets and liabilities are as follows:

	31 December 2014	31 December 2013
Deferred tax assets		
Personnel dividend bonus provision	224.000	190.337
Unused vacation pay liability	120.497	115.509
Reserve for severance pay liability	67.116	52.708
Lawsuit provision	42.133	18.586
Financial investments	12.150	--
Allowance for doubtful receivables	7.036	6.519
Derivative liabilities	--	5.370
Other	155.347	--
Total deferred tax assets	**628.279**	**389.029**
Deferred tax liabilities		
Financial assets	2.783.738	538.764
Effect of the depreciation and amortisation method difference between tax regulations and financial reporting on tangible and intangible assets	98.753	85.886
Other	4.694	13.371
Total deferred tax liabilities	**2.887.185**	**638.021**
Net deferred tax liabilities	**(2.258.906)**	**(248.992)**

22 Earnings per share

Earnings per share are not computed in accordance with third paragraph of Turkey Accounting Standard 33 ("TAS 33") about earnings per share.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

23 Related party transactions

As at 31 December 2014 and 31 December 2013, balances with related parties are as follows:

	31 December 2014	31 December 2013
Cash and cash equivalents		
T. Halk Bankası AŞ	15.084.236	231.945.688
Total	**15.084.236**	**231.945.688**
Trade receivables from related parties		
T. Halk Bankası AŞ	41.499	1.598.600
Halk Yatırım AŞ B Tipi Likit Fon	16.040	11.894
Halk Yatırım Menk. Değ. AŞ B Tipi Şemsiye Fonu	14.231	46.526
Halk Portföy Yönetimi AŞ	6.957	3.221
Halk Sigorta AŞ	5.900	5.936
Halk Yatırım AŞ İMKB 30 Endeks Fon	2.330	2.850
London subsidiary expenses	--	363.776
Halk Hayat ve Emeklilik AŞ	--	32.450
Halk GYO AŞ	--	5.900
Other	--	188
Total	**86.957**	**2.071.341**

	31 December 2014	31 December 2013
Payables to related parties		
Halk Portföy Yönetimi AŞ	22.830	--
Bilişim Alternatif Dağıtım Kanalları A.Ş	747	--
Halk Hayat ve Emeklilik AŞ	72	93
T. Halk Bankası AŞ	--	829.298
Total	**23.649**	**829.391**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

23 Related party transactions *(continued)*

Transactions with related parties

For the years ended 31 December 2014 and 31 December 2013, transactions with related parties are as follows:

Income from related parties

	1 January – 31 December 2014	1 January – 31 December 2013
T. Halk Bankası AŞ		
Interest income on time deposits	4.023.297	13.374.522
Commission income on public offer	4.125.000	3.150.000
Sales income on subsidiaries[(1)]	3.669.195	--
Advisory service income	240.000	212.400
Reflection of personnel income	105.402	--
Other income	40.752	--
Halk Yatırım B Tipi Likit Fon		
Fund management commission income	499.355	755.126
Halk Gayrimenkul Yatırım Ortaklığı AŞ		
Security offering commissions	--	4.681.598
Advisory service income	32.500	57.500
Commission income	14.643	--
Custody commission income	1.949	--
Halk Finansal Kiralama AŞ		
Advisory service income	2.500	2.950
Halk Sigorta AŞ		
Advisory service income	112.500	73.750
Commission income	7.170	16.463
Custody commission income	3	--
Halk Hayat ve Emeklilik AŞ		
Other service income	204.240	332.270
Commission income	25.242	59.946
Custody commission income	447	--
Halk Portföy Yönetimi AŞ		
Service income	65.263	63.845
Commission income	116	--
Halk Faktoring AŞ		
Service income	2.500	2.950
Halkbank A.D. Skopje/Macedonia		
Service income	--	2.950
Bileşim AŞ		
Advisory service income	2.500	--
Sales income on subsidiaries[(1) (2)]	430	--
Total	**13.175.004**	**22.786.270**

(1) Consists of the sales income on Halk Hayat Emeklilik AŞ.

(2) Consists of the sales income on Halk Faktoring AŞ and Halk Finansal Kiralama AŞ.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

23 Related party transactions *(continued)*

Expenses to related parties

	1 January – 31 December 2014	1 January – 31 December 2013
T. Halk Bankası AŞ		
Agency share note and TDE commission returns	2.722.392	2.574.957
Public offering rebates	497.732	1.721.873
Rent expenses	776.282	662.036
Common cost participation expenses	383.679	349.776
Interest expense on borrowings	14.410	235.258
Sponsorship expenses	--	200.000
Bank transaction expenses	18.833	11.763
Leveraged operation income returns	473.620	--
Letter of guarantee commissions	7.450	7.440
Halk Gayrimenkul Yatırım Ortaklığı AŞ		
Rent expenses	40.372	210.416
Repo interest expenses	169.586	--
Halk Portföy Yönetimi AŞ.		
Commission expense	21.742	64.539
Interest expense	17.676	2.329
Halk Sigorta AŞ		
Personnel and health insurance expenses	268.103	227.139
Interest expense on repurchase agreements	112.029	226
Halk Hayat ve Emeklilik AŞ		
Personnel expenses - mortality insurance expenses	32.580	22.311
Interest expense on repurchase agreements	264.758	421
Bileşim AŞ		
Service expenses	7.741	--
Total	**5.828.985**	**6.290.484**

Wages and other benefits granted to top management

For the year ended 31 December 2014, wages and similar benefits provided to the top management including Chairman, Member of the Board of Directors, General Manager, General Coordinator, and Assistant General Managers is amounting to TL 2.300.687 (31 December 2013: TL 1.921.974).

24 Nature and level of risks related to financial instruments

The Group manages its financial risk in accordance with the Communiqué Serial: V, No: 34 "Communiqué on Capital and Capital Adequacy of Brokerage Companies" ("Communiqué 34") promulgated by CMB. The Group is obliged to prepare risk provision, capital adequacy basis and liquidity requirement calculation tables in accordance with Communiqué 34 and report these to CMB periodically.

24.1 Credit risk

The Group conducts brokerage services on behalf of corporate and individual investors and provides advisory services. The Group also makes trading of various marketable securities. The Group may be exposed to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Group. In order to control or mitigate such risks, the Group wants its customers to hold cash or cash equivalents in their accounts. Loan risk management is performed by following daily values and liquidity of collaterals, by setting daily limit for counterparty risk and by following adequacy of collaterals received for loans and receivables. The Group sells trust collaterals if counterparty fails to keep its loan margin which determined before.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks related to financial instruments *(continued)*

24.1 Credit risk *(continued)*

Credit risk exposure by the Group in terms of financial instruments:

31 December 2014	Receivables: Trade receivables – Related party	Receivables: Trade receivables – Other party	Receivables: Other receivables – Related party	Receivables: Other receivables – Other party	Cash at banks(*)	Financial assets(**)
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**86.957**	**323.593.146**	--	**731.026**	**91.962.025**	**28.122.798**
- Guaranteed part of maximum credit risk with collaterals etc	--	--	--	--	--	--
A. Net carrying value of financial assets which are neither impaired nor overdue	86.957	323.500.875	--	731.026	91.962.025	28.122.798
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired	--	92.271	--	--	--	--
- Guaranteed part of risk with collaterals etc	--	92.271	--	--	--	--
D. Net carrying value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	35.181	--	--	--	--
- Impairment (-)	--	35.181	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--	--	--
- Undue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--

(*) Reverse repurchase agreements presented in cash and cash equivalents amounting to TL 2.133.789 is included.

(**) There is no marketable securities will be matured within three months presented in cash and cash equivalents. Long term financial assets are not included. Since equity securities do not bear credit risk, they are not included in financial assets.

31 December 2013	Receivables: Trade receivables – Related party	Receivables: Trade receivables – Other party	Receivables: Other receivables – Related party	Receivables: Other receivables – Other party	Cash at banks(*)	Financial assets(**)
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**2.071.341**	**288.244.884**	--	**666.419**	**268.901.325**	**12.300.589**
- Guaranteed part of maximum credit risk with collaterals etc	--	--	--	--	--	--
A. Net carrying value of financial assets which are neither impaired nor overdue	2.071.341	288.152.613	--	666.419	268.901.325	12.300.589
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired	--	92.271	--	--	--	--
- Guaranteed part of risk with collaterals etc	--	92.271	--	--	--	--
D. Net carrying value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	32.596	--	--	--	--
- Impairment (-)	--	32.596	--	--	--	--
- Guaranteed part of net value with collaterals	--	--	--	--	--	--
- Undue (gross book value)	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--

(*) Reverse repurchase agreements presented in cash and cash equivalents amounting to TL 1.068.542 is included.

(**) There is no marketable securities will be matured within three months presented in cash and cash equivalents. Long term financial assets are not included. Since equity securities do not bear credit risk, they are not included in financial assets.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks related to financial instruments *(continued)*

24.1 Credit risk *(continued)*

Aging of receivables which are overdue but not impaired are as follows:

	Receivables					
	Trade receivables		Other receivables			
31 December 2014	**Related party**	**Other party**	**Related party**	**Other party**	**Cash at banks**	**Financial investment**
Overdue 1-30 days	--	--	--	--	--	--
Overdue 1-3 months	--	--	--	--	--	--
Overdue 3-12 months	--	--	--	--	--	--
Overdue 1-5 years	--	--	--	--	--	--
Overdue more than 5 years	--	92.271	--	--	--	--
Guaranteed part with collaterals etc.	--	92.271	--	--	--	--

	Receivables					
	Trade receivables		Other receivables			
31 December 2013	**Related party**	**Other party**	**Related party**	**Other party**	**Cash at banks**	**Financial investment**
Overdue 1-30 days	--	--	--	--	--	--
Overdue 1-3 months	--	--	--	--	--	--
Overdue 3-12 months	--	--	--	--	--	--
Overdue 1-5 years	--	--	--	--	--	--
Overdue more than 5 years	--	92.271	--	--	--	--
Guaranteed part with collaterals etc.	--	92.271	--	--	--	--

24.2 Liquidity risk

The residual contractual maturities of the Group's non-derivative financial liabilities as at 31 December 2014 are as follows:

Expected maturity	**Carrying value**	**Total contractual cash outflows**	**3 months or less**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities	**374.766.231**	**374.907.305**	**374.907.305**	**--**	**--**	**--**
Financial liabilities	56.073.362	56.207.693	56.207.693	--	--	--
Trade payables	318.692.869	318.699.612	318.699.612	--	--	--
Derivative financial liabilities	**--**	**--**	**--**	**--**	**--**	**--**
Swap agreements						
Cash outflow	--	--	--	--	--	--
Cash flow	--	--	--	--	--	--

The residual contractual maturities of the Group's non-derivative financial liabilities as at 31 December 2013 are as follows:

Expected maturity	**Carrying value**	**Total contractual cash outflows**	**3 months or less**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities	**512.994.796**	**513.774.234**	**513.774.234**	**--**	**--**	**--**
Financial liabilities	263.467.755	264.235.183	264.235.183	--	--	--
Trade payables	249.500.192	249.512.202	249.512.202	--	--	--
Derivative financial liabilities	**26.849**	**(9.791)**	**--**	**(9.791)**	**--**	**--**
Swap agreements						
Cash outflow	--	632.743	--	632.743	--	--
Cash flow	26.849	(642.534)	--	(642.534)	--	--

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks related to financial instruments *(continued)*

24.2 Liquidity risk *(continued)*

As at 31 December 2014 and 31 December 2013, the liquidity requirement of the Group in accordance with Communiqué 34 is as follows:

	31 December 2014	31 December 2013
Current assets (A)	446.602.763	577.205.257
Current liabilities (B)	367.042.686	515.964.476
Current assets / current liabilities (A/B)	**1,22**	**1,12**

The Group is not exposed to liquidity risk because its current assets are more than current liabilities.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks related to financial instruments *(continued)*

24.3 Market risk

Foreign currency risk

The assets denominated in foreign currency of the Group has exposed to foreign currency risk, due to changes between currency rate at transaction date and at end of the reporting date, while translate the assets denominated in foreign currency. As of 31 December 2014 and 31 December 2013 the Group's foreign currency position is as follows:

	31 December 2014		
	TL Equivalent (Functional currency)	**USD**	**GBP**
1. Trade receivables	--	--	--
2a. Monetary financial assets (Include cash ,bank deposit accounts)	1.072.121	164.679	191.943
2b. Non-monetary financial assets	203.899	--	56.700
3. Other	33.489	--	9.313
4. Current assets (1+2+3)	**1.309.509**	**164.679**	**257.956**
5.Trade payables	--	--	--
6a. Monetary financial assets	--	--	--
6b. Non-monetary financial assets	--	--	--
7. Other	168.552	--	46.870
8. Non-current assets (5+6+7)	**168.552**	**--**	**46.870**
9. Total assets (4+8)	**1.478.061**	**164.679**	**304.826**
10. Trade payables	11.709	--	3.256
11. Financial liabilities	--	--	--
12a. Other monetary liabilities	19.609	--	5.453
12b. Other non-monetary liabilities	--	--	--
13. Short term liabilities(10+11+12)	**31.318**	**--**	**8.709**
14. Trade payables	--	--	--
15. Financial liabilities	--	--	--
16a. Other monetary liabilities	--	--	--
16b. Other non-monetary liabilities	--	--	--
17. Long term liabilities (14+15+16)	--	--	--
18.Total liabilities (13+17)	**31.319**	**--**	**8.709**
19.Off balance sheet derivatives instruments' net asset/(liabilities) position (19a-19b)	**--**	**--**	**--**
19a. The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	--	--	--
19b. The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	--	--	--
20. Net foreign currency asset position (9-18+19)	**1.446.742**	**164.679**	**296.117**
21. Net foreign currency asset/(liability) position of monetary (TFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**1.040.803**	**164.679**	**183.234**
22. Fair value of derivative instruments used in foreign currency hedge	**--**	**--**	**--**
23. The hedge amount of part of foreign currency assets	**--**	**--**	**--**
24. The hedge amount of part of foreign currency liabilities	**--**	**--**	**--**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks related to financial instruments *(continued)*

24.3 Market risk (continued)

Foreign currency risk (continued)

	31 December 2013		
	TL Equivalent (Functional currency)	**USD**	**GBP**
1. Trade receivables	--	--	--
2a. Monetary financial assets (Include cash ,bank deposit accounts)	814.306	381.533	--
2b. Non-monetary financial assets	--	--	--
3. Other	--	--	--
4. Current assets (1+2+3)	**814.306**	**381.533**	**--**
5.Trade payables	--	--	--
6a. Monetary financial assets	--	--	--
6b. Non-monetary financial assets	--	--	--
7. Other	--	--	--
8. Non-current assets (5+6+7)	**--**	**--**	**--**
9. Total assets (4+8)	**814.306**	**381.533**	**--**
10. Trade payables	--	--	--
11. Financial liabilities	--	--	--
12a. Other monetary liabilities	--	--	--
12b. Other non-monetary liabilities	--	--	--
13. Short term liabilities(10+11+12)	--	--	--
14. Trade payables	--	--	--
15. Financial liabilities	--	--	--
16a. Other monetary liabilities	--	--	--
16b. Other non-monetary liabilities	--	--	--
17. Long term liabilities (14+15+16)	--	--	--
18.Total liabilities (13+17)	--	--	--
19.Off balance sheet derivatives instruments' net asset/(liabilities) position (19a-19b)	**666.306**	**250.000**	**37.800**
19a. The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	666.306	250.000	37.800
19b. The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	--	--	--
20. Net foreign currency asset position (9-18+19)	**1.480.612**	**631.533**	**37.800**
21. Net foreign currency asset/(liability) position of monetary (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**1.480.612**	**631.533**	**37.800**
22. Fair value of derivative instruments used in foreign currency hedge	**--**	**--**	**--**
23. The hedge amount of part of foreign currency assets	**--**	**--**	**--**
24. The hedge amount of part of foreign currency liabilities	**--**	**--**	**--**

24 Nature and level of risks related to financial instruments *(continued)*

24.3 Market risk (continued)

Sensitivity to foreign currency

The Group is exposed to foreign currency risk denominated in US Dollar and Sterling.

The below table has presented sensitivity of the Group to 10% increase and decrease of Sterling and US Dollar. This rate is the rate that is used in reporting of the Group's currency risk to top management and this rate represents possible change in foreign currency rates that is expected by the management. Sensitivity analysis includes only foreign currency monetary items and represents the effect of change of 10% currency rate at the end of period. Positive value represents increase on profit/loss and other equity items.

31 December 2014	Strengthening of foreign currency	Weakening of foreign currency
10% movement of US Dollar against TL		
1- US Dollar Net asset/liability	38.188	(38.188)
2- Hedging part of US Dollar (-)	--	--
3- US Dollar net effect (1+2)	**38.188**	**(38.188)**
10% movement of Sterling against TL		
4- Sterling net asset/liability	65.893	(65.893)
5- Hedging part of Sterling (-)	--	--
6- Sterling net effect (4+5)	**65.893**	**(65.893)**
Total (3+6)	**104.081**	**(104.081)**

31 December 2013	Strengthening of foreign currency	Weakening of foreign currency
10% movement of Sterling against TL		
1- US Dollar net asset/liability	134.788	(134.788)
2- Hedging part of US Dollar (-)	--	--
3- US Dollar net effect (1+2)	**134.788**	**(134.788)**
10% movement of Sterling against TL		
4- Sterling net asset/liability	13.273	(13.273)
5- Hedging part of Sterling (-)	--	--
6- Sterling net effect (4+5)	**13.273**	**(13.273)**
Total (3+6)	**148.061**	**(148.061)**

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks related to financial instruments *(continued)*

24.3 Market risk (continued)

Price risk

Share price risk is the risk that decrease of share prices, result of change in share price index level and value of share.

As at 31 December 2014 and 31 December 2013, in case of having a 20% increase/(decrease) in BİST stock market index while having all other variables constant, the effects on profit or loss and comprehensive income would be as follows:

31 December 2014	**Profit / (loss)**		**Equity(*)**	
	20% increase	**20% decrease**	**20% increase**	**20% decrease**
Financial assets at fair value through profit or loss				
- Stocks	3.763.485	(3.763.485)	3.763.485	(3.763.485)
Available for sale financial assets				
- Stocks	--	--	61.517	(61.517)
Total	**3.763.485**	**(3.763.485)**	**3.825.002**	**(3.825.002)**

(*) Profit or loss changes are included, as well.

31 December 2013	**Profit / (loss)**		**Equity(*)**	
	20% increase	**20% decrease**	**20% increase**	**20% decrease**
Financial assets at fair value through profit or loss				
- Stocks	1.565.804	(1.565.804)	1.565.804	(1.565.804)
Available for sale financial assets				
- Stocks	--	--	62.026	(62.026)
Total	**1.565.804**	**(1.565.804)**	**1.627.830**	**(1.627.830)**

(*) Profit or loss changes are included, as well.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks related to financial instruments *(continued)*

24.3 Market risk *(continued)*

Interest rate risk

The Group uses its cash for investing in securities and time deposits by considering the market conditions.

Interest risk position table

		31 December 2014	31 December 2013
Fixed interest rate financial instruments			
Financial assets	Financial assets at fair value through profit or loss	23.144.808	3.893.024
	Time deposits	79.785.604	255.314.345
	Receivables from reverse repurchase agreements	2.133.789	1.068.542
Trade receivables	Receivables from loan customers	27.019.348	60.721.458
Financial liabilities	Financial payables	56.073.362	263.467.755
Floating interest rate financial instruments			
Financial assets	Financial assets at fair value through profit or loss	4.977.990	8.407.565
Financial liabilities	Financial payables	--	--

Equity securities are not included in financial investments.

The Group's debt securities classified as financial assets at fair value through profit or loss, are exposed to price risk depending upon interest rate changes in the market. Based on the analysis calculated by the Group, if the interest rate for TL were increased/(decreased) by 1% with the assumption of keeping all other variables constant, the effect on the fair value of fixed income financial assets and net profit/loss and the effect on equity for the year ended as at 31 December 2014 and 31 December 2013 would be as follows:

	Profit/(loss)		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2014	(142.627)	144.843	(142.627)	144.843
Debt securities				
31 December 2013				
Debt securities	(28.739)	9.541	(28.739)	9.541

24 Nature and level of risks related to financial instruments *(continued)*

24.4 Capital management

As at 31 December 2014 and 31 December 2013, the Group should have a minimum capital amounting TL 10.231.000 and TL 10.570.000, respectively in accordance with the certificates of authorisation in the scope of Communiqué 34, in order to make portfolio management, investment advisory, reverse repo and repurchase trading, margin trading, short selling, intermediary to public offerings, brokerage for trading at Turkish Derivatives Exchange.

The capital adequacy basis that has to be attained by the Group in accordance with the valuation regulations in Communiqué 34, is the amount calculated by deducting following asset items from share capital compensated by shareholders.

a) Non current assets;

1) Tangible assets (net),

2) Intangible assets (net),

3) Non current financial assets after deducting impairment and capital commitments except financial assets traded at stock exchange and other organised markets,

4) Other non current assets,

b) Unsecured receivables from personnel, shareholders, affiliates, subsidiaries, individuals or entities related with directly or indirectly even if they are customers, and marketable securities issued by these individuals or entities and are not traded at stock exchange or other organised markets.

As at 31 December 2014, capital adequacy base for the Group is TL 84.990.583 (31 December 2013: TL 68.772.284). Base for the capital adequacy liability could not be less than following items.

a) Minimum equity capital corresponding to certificate of authorisation,

b) Risk provision,

c) Operational expenses occurred last three months before valuation date.

As at 31 December 2014, capital adequacy base of the Group is higher than all items presented above.

Risk provision

The Group calculates risk provision for both statements of balance sheet and off-balance sheet items by using the rates stated in Communiqué 34. Risk provision is the sum of position risk, counter party risk, concentration risk and foreign currency risk amounts which calculated in accordance with the regulations of Communiqué 34.

(Currency: Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks related to financial instruments *(continued)*

24.4 Capital management *(continued)*

As at 31 December 2014 and 31 December 2013, the risk provision amounts calculated in accordance with the regulations of Communiqué 34 are as follows:

	31 December 2014	31 December 2013
Position risk	19.130.453	24.728.696
Counter party risk	4.957.380	13.521.422
Foreign currency risk	--	--
Concentration risk	--	--
Total	**24.087.833**	**38.250.118**

25 Financial instruments

Fair value disclosures

The Group determined the estimated current price of the financial instruments by using the appropriate valuation methods and available market information.

It is estimated that the fair values and carrying amounts of the financial assets and financial liabilities are close to each other, since they have short term maturities.

Classification relevant to fair value information

"TFRS 7 – Financial Instruments: Disclosures" standard necessitates the demonstration of a classified data sorted according to its importance and relevancy while determining the fair value of financial instruments. This classification depends on quality of related data observability. Observable data means the usage of market data received from independent sources and non-observable data means the usage of Group's estimates and assumptions about the market. This distinction reveals the following classifications.

1st level: Registered (unadjusted) prices of identical assets or liabilities in active markets.

2nd level: Data which can be observed by directly (through prices) or indirectly (derived from prices) and which excludes the registered prices described in 1st level.

3rd level: Data that is not based on observable market data related to assets and liabilities (non-observable data).

Classification requires the utilisation of observable market data, if available.

(Currency: Amounts are expressed in full Turkish Lira (“TL”) unless otherwise stated)

25 Financial instruments *(continued)*

Fair value disclosures *(continued)*

Classification relevant to fair value information (continued)

In this context, fair value classification of assets and liabilities which are measured over their fair values is as follows:

31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial investments (short term)	46.940.220	--	--	46.940.220
Financial investments (long term)	307.586	739.209	--	1.046.795
Financial liabilities				
Derivative financial instruments	--	--	--	--

31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial investments (short term)	20.129.609	--	--	20.129.609
Financial investments (long term)	310.128	4.912.997	--	5.223.125
Financial liabilities				
Derivative financial instruments	--	(26.849)	--	(26.849)

Fair values of Halk Hayat ve Emeklilik AŞ ve Halk Faktoring AŞ which are classified as Level 2 are measured by an independent valuation Group by using comparable Group method with calculating the weighted average of the amounts calculated over the market value/book value factor and net asset value.

Since Halk Gayrimenkul Yatırım Ortaklığı AŞ’s securities have been offered to public, the fair value is calculated over the market price and classified as Level 1 in the table above.

26 Events after reporting period

None.